

# AeAM Dutch Mortgage Fund 3

## Information Memorandum

2 July 2024

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## 1. ADDRESSES / CONTACT DETAILS

### *Fund Manager*

Aegon Investment Management B.V.  
AEGONplein 50  
2591 TV The Hague  
The Netherlands

### *Title Holder*

Stichting Juridisch Eigenaar AeAM Dutch Mortgage Fund 3  
AEGONplein 50  
2591 TV The Hague  
The Netherlands

### *Depositary*

Citibank Europe Plc, Netherlands branch  
Schiphol Boulevard 257  
1118 BH SchipholThe Netherlands

### *Custodian*

Citibank N.A., London Branch  
25 Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

### *Auditor*

Ernst & Young  
Antonio Vivaldistraat 150  
1083 HP Amsterdam  
The Netherlands

### *Legal advisor to the Fund Manager*

De Brauw Blackstone Westbroek N.V.  
Claude Debussylaan 80  
1082 MD Amsterdam  
The Netherlands

## 2. IMPORTANT INFORMATION

The Fund is an investment fund structured as a fund for the joint account of the participants (fonds voor gemene rekening). The Fund qualifies as an externally managed collective investment scheme within the meaning of Article 1.1 DFSA in the form of an investment fund and which is managed by Aegon Investment Management B.V.. The Fund does not form part of the “AEAM Funds”, a fund range that Aegon Investment Management B.V. also offers to professional investors (professionele beleggers) as referred to in Section 1:1 of the DFSA.

Prospective investors in the Fund are expressly warned that participating in the Fund entails financial risks. The value of a Participation may increase, but may also decrease, as a result of which losses may be suffered and the possibility exists that Participants might lose part or all of their investment. They must therefore take good note of the contents of this Information Memorandum in its entirety. Prospective investors in the Fund should not construe the contents of this Information Memorandum as legal, tax or financial advice. If necessary, they should consult independent advisers.

It should be noted that forward-looking statements entail, by their very nature, risks and uncertainties since they relate to events and are dependent on circumstances that may or may not occur in the future.

The value of an investment can fluctuate. Results achieved in the past are no guarantee for future performance.

### No offer

This Information Memorandum does not constitute an offer to acquire Participations, nor a solicitation of such an offer. It is merely a description of the offer and contains information for Participants and prospective investors in order to make a sound assessment of the offer. Every Participant and prospective investor is required to seek independent tax, supervisory and other legal advice in this respect, as well as in connection with the risks involved in holding Participations.

### No stock exchange listing

The Participations are not listed on a regulated market or comparable platform.

### Information

The Fund Manager declares that, in so far as it can reasonably be expected to be aware, the data in this Information Memorandum reflects the actual situation and that no data has been omitted the inclusion of which would have altered the contents of this Information Memorandum.

This Information Memorandum pertains to the Fund and the Sub-Funds and is the investor disclosure document referred to in Article 23 AIFMD with respect to the Fund.

Only the Fund Manager may provide information or make statements concerning the Fund. If any such information has been provided or any such statements have been made by parties other than the Fund Manager, no reliance may be placed on such information or statements. The publication of this Information Memorandum does not mean that the information it contains will still be correct after the date of the Information Memorandum.

This Information Memorandum is directed to and may only be used by (prospective) Participants in order to form an opinion on whether to participate in the Fund. Any reproduction or distribution of this Information Memorandum, in whole or in part, without the consent of the Fund Manager, is prohibited.

The Fund Manager is responsible for the correctness of this Information Memorandum. The information included herein is correct as per the date included on the first page of this Information Memorandum.

### Regulation

The Fund Manager has a license to manage alternative investment funds as referred to in the AIFMD. Under this license, the Fund Manager is subject to ongoing primary supervision by the AFM as evidenced by their registration in the public register of the AFM as referred to in Article 1:107 DFSA. This register is available for inspection by any person on the AFM's website.

### Distribution of the Information Memorandum

Participations may only be offered to and held by investors that fall within the definition of professional investors (*professionele belegger*) as referred to in the AIFMD and Section 1:1 of the DFSA, and who (i) are not transparent for Dutch tax purposes, or (ii) form a Dutch fund for joint account that is transparent for Dutch tax purposes as a result of applying the repurchase mechanism (*inkoopvariant*) only whereby the investors in this fund are not transparent for Dutch tax purposes. In any event, participation in the Fund is open exclusively to non-consumers.

Non-Dutch investors can be admitted as a Participant provided they are permitted in their jurisdiction to acquire Participations in the Fund without this leading to an authorisation or registration requirement for the Fund, the Fund Manager, the Title Holder and/or the Depositary or would lead to any of these parties being subject to any form of supervision in the jurisdiction of the Participant concerned. No Participations are offered or deemed to have been offered by way of the distribution of this information memorandum in any jurisdiction in which the offering would lead to an authorisation or registration requirement as referred to in the preceding sentence.

Chapter 3 of this Information Memorandum contains an overview of the jurisdictions to which the Fund has been passported or otherwise registered for marketing by the Fund Manager.

Furthermore, in relation to FATCA and CRS requirements, Participation in the Fund is subject to the ongoing condition that the (Prospective) Participant and any ultimate beneficiaries are Non-United States Persons and are not designated as Specified U.S. Persons.

Every Participant is required to seek independent tax, supervisory and other legal advice in this respect, as well as in connection with the risks involved in holding Participations. In addition, a Participant will only be admitted if this does not affect the Fund's tax transparent status under Dutch tax rules.

### Dutch law

This Information Memorandum is governed by Dutch law. Each party has the right to submit such a dispute in relation with the Fund to the District Court of Amsterdam.

### 3. SELLING RESTRICTIONS

#### General

This Information Memorandum is directed to Participants and prospective investors. This Information Memorandum is the investor disclosure document referred to in Article 23 AIFMD with respect to the Fund. It does not constitute a prospectus within the meaning of Regulation 2017/1129/EU and, as a consequence, has not been prepared in accordance with this regulation and this Information Memorandum has not been approved by, and filed with, the AFM as a prospectus under the said regulation.

At the time of publication of this Information Memorandum, the Fund Manager is authorised or otherwise permitted to market the Participations to Professional Investors. This Information Memorandum is presented only to Participants and prospective investors in the following countries in Europe either by way of the AIFMD passport or through National private placement:

- Netherlands,
- Belgium,
- France,
- Germany,
- Italy,
- Luxembourg

(the **Passported EEA jurisdictions**) and

- the United Kingdom.

No offer to participate in the Fund shall be made to Participants outside the aforementioned jurisdictions.

The Fund is marketed in the countries listed above. In addition, the Fund Manager may decide at its sole discretion that the Participations will be registered in additional European countries to allow further marketing outside the Netherlands. Participants who are based outside the Netherlands may participate in the Fund, unless the Fund would as a consequence thereof become subject to additional legal requirements inside or outside the Netherlands.

For the purposes of the AIFMD, the Fund will constitute an EU Alternative Investment Fund whose alternative investment fund manager is the Fund Manager. The Fund Manager is licensed as an fund manager for the Fund and the marketing of the Participations in the Netherlands to professional investors within the meaning of the AIFMD and is supervised by the AFM and DNB.

The offer or sale of the Participations described herein is made only to professional investors (*professionele beleggers*) within the meaning of Section 1:1 DFSA. Pursuant to Section 2:65 of the DFSA, the AIFM is licensed as a manager for the Fund and the marketing of the Participations. Therefore, the AIFM will be supervised by the AFM and DNB.

#### Notice to investors in the EEA

The Fund qualifies as an alternative investment fund within the meaning of the AIFMD. The Fund will only be marketed to professional investors within the meaning of the AIFMD. In any jurisdiction within the European Economic Area (the "EEA") besides the Netherlands, interests in the Fund will only be marketed after notification in conformity with article 32 AIFMD or pre-marketed after notification in conformity with article 30a AIFMD. Other than in relation to the Passported EEA Jurisdictions, before relying on the language above, please approach the Fund Manager in order to establish if a (pre-)marketing notification has taken place in relation to your relevant jurisdiction. Furthermore, Participations in the Fund are only offered, sold, transferred or delivered, directly or indirectly, to investors within the Passported EEA Jurisdictions which qualify as qualified investors within the meaning of article 1(4)(a) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "**Prospectus Regulation**"). Neither this Information Memorandum nor any other offer material relating to the Participations is intended or will be marketed to investors other than professional investors (as defined in the AIFMD). This Information Memorandum nor any other

offer material relating to the Participations cannot be distributed or reproduced (in whole or in part) by the recipients of this Information Memorandum.

#### **Additional notice to investors in the United Kingdom**

The Fund is a collective investment scheme which has not been authorised or recognised by the Financial Conduct Authority in the United Kingdom. This Information Memorandum is not being distributed and must not be passed on, to the general public in the United Kingdom. This Information Memorandum is not to be distributed, delivered or passed on to any person resident in the United Kingdom, unless it is being made only to, or directed only at, persons falling within the below categories:

**The content of this promotion has not been approved by an authorised person within the meaning of The Financial Services and Markets Act 2000. Reliance on this promotion for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets invested.**

(i) If made by a person who is not an authorised person under the Financial Services and Markets Act 2000 (the FSMA), is being made only to or directed only at:

- (a) persons falling within the categories of “investment professionals” as defined in Article 19(6) of the Financial Services and Markets Act (Financial Promotion) Order 2005, as amended (the FPO),
- (b) persons falling within any of the categories of persons described in Article 49(2) FPO (high net worth companies, unincorporated associations etc),
- (c) persons falling within the categories of “certified high net worth individual” described in Article 48(2) FPO (being individuals who have certified their net worth in the form and as required by the FPO) and “self-certified sophisticated investors” described in Article 50A(1) FPO (being individuals who have certified that they are a sophisticated investor, in the form and as required by the FPO), or
- (d) any other person to whom it may otherwise lawfully be made (all such persons together being referred to as Relevant Persons); or

**Reliance on this promotion for the purpose of buying the participations to which the promotion relates may expose an individual to a significant risk of losing all of the assets invested.**

(ii) If made by a person who is an authorised person under FSMA, is being made only to or directed only at persons falling within:

- (a) Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 as amended (the “CISO”) (investment professionals),
- (b) Article 22(2) CISO (high net worth companies, unincorporated associations etc),
- (c) persons falling within the categories of “certified high net worth individual” described in Article 21(2) of the CISO (being individuals who have certified their net worth in the form and as required by the promotions of the CISO) and “self-certified sophisticated investors” described in Article 23A(1) CISO (being individuals who have certified that they are a sophisticated investor, in the form and as required by the CISO),
- (d) Chapter 4.12 of the Conduct of Business Sourcebook of the FCA Handbook and any successor regulations made by virtue of section 238(5) FSMA, or
- (e) any other persons to whom it may otherwise lawfully be made (all such persons together being referred to as “Relevant Persons”).

This Information Memorandum must not be acted on or relied on by persons who are not Relevant Persons. Prospective Participants in the United Kingdom are advised that all, or most of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Fund and that compensation will not be available under the United Kingdom financial services compensation scheme.

## FATCA and CRS

As a result of the requirements of FATCA and CRS, the Fund is only open to Professional Investors (including any ultimate beneficial owners) who qualify as Non-United States Persons and are not designated as Specified U.S. Persons.

The Fund Manager is authorised at all times to ask current or acceding Participants to provide information with a view to determining (or re-determining) their status (as well as that of any ultimate beneficial owners) under FATCA and CRS. If the Fund Manager is of the opinion that a current or acceding Participant and/or any beneficial owner can reasonably be deemed not to meet or to no longer meet one or more of the aforementioned conditions, the Fund Manager will proceed to redeem the Participations as described in Chapter 12 of this Information Memorandum. In such a case, Article 10.9 of the Fund Terms and Conditions applies. The consent of a Participant to such redemption is not required.

Current and acceding Participants are advised that the Fund Manager adheres to the Dutch regulations implementing the CRS. As a result, the Fund Manager is required to ascertain the tax residence and actual business location of each Participant in accordance with the CRS and report these to supervisory authorities under certain circumstances.



## 4. SUMMARY

Below is a summary of this Information Memorandum. The summary contains a selection of the subjects in the Information Memorandum and is not intended to be exhaustive. Participants and prospective Participants who consider investing in the Fund should study the Information Memorandum in its entirety.

### Investment objective

The Fund offers Participants the opportunity to invest in the receivables of Dutch residential Mortgage Loans which are offered to consumers by ASR Levensverzekering N.V.. The objective of the Fund is generating income for the benefit of the Participants by acquiring Mortgage Receivables.

The Mortgage Loans from which the Mortgage Receivables are acquired will be serviced by ASR Levensverzekering N.V. and by Stater N.V. as sub-servicer. Aegon Investment Management B.V. is the fund manager.

The Fund consists of two Sub-Funds:

- (i) the sub-fund which invests in the receivables of NHG Mortgage Loans (Sub-Fund NHG), and
- (ii) the sub-fund which invests in the receivables of Mortgage Loans for which no NHG Guarantee is requested (Sub-Fund non-NHG).

The Fund Manager acquires mortgage receivables for the Sub-Funds in accordance with the Investment Policy.

### Investment policy

To achieve the investment objective, the Mortgage Receivables the Fund invests in have the characteristics at origination as set out in Schedule A to the Terms and Conditions.

### The Fund

The Fund is set up as a tax transparent fund for joint account (*fonds voor gemene rekening*) as referred to in Section 2(4) of the Dutch Corporation Tax Act (*Wet op de vennootschapsbelasting*) 1969. The Fund is governed by the Terms and Conditions (*Annex 1*). By signing the Participation Agreement (*Annex 2*) each Participant agrees to be bound by the Terms and Conditions. The Fund does not have the object of being a partnership, general partnership, limited partnership, public company or dormant partnership under Dutch law.

### Risks

Investing in Mortgage Receivables entails certain risks, which are set out in more detail in Chapter 9 of this Information Memorandum. These risks involve among other things the property market and the limited liquidity of the Fund's investments.

### Target group

The Fund is intended primarily for institutional investors, such as pension funds and insurance companies. A Participant should at all times be a professional investor (*professionele belegger*) as referred to in Section 1:1 DFSA, should not be transparent for Dutch tax purposes and should be non-consumer.

### Fund Manager and Title Holder

The fund manager of the Fund is Aegon Investment Management B.V.. The Fund Manager is responsible for developing and formulating the Investment Policy and for its implementation.

The Title Holder is Stichting Juridisch Eigenaar AeAM Dutch Mortgage Fund 3. The Title Holder is the party holding legal title to all the Fund's assets and liabilities.

### Subscription and redemption of Participations

Only Professional Investors may, by means of a Subscription Form, submit a request to the Fund Manager to accede to the Fund. On the Subscription Form, the Professional Investor shall indicate for which amount it subscribes per Sub-Fund. A Subscription Form submitted with the Fund Manager constitutes an offer (*aanbod*) of the relevant prospective

Participant to the Fund to accede to the Fund for an amount equal to the Subscription Amount as specified in the Subscription Form.

After acceptance of the subscription, the Fund Manager allocates the Subscription Amount concerned to a monthly Vintage. The Fund Manager may partially or fully call the Outstanding Subscription Amount of a Participant by means of a Payment Request, whereby the Fund Manager will first call the Outstanding Subscription Amounts subscribed for during the oldest Vintage on a pro rata basis. The Fund Manager will inform the Participant about the number of Participations that the Fund will issue to that Participant following the Subscription Payment.

The Fund Manager is not required to meet Redemption Requests.

In principle, Monthly Repayment Results will be reinvested in new Mortgage Receivables. However, a Participant may request the Fund Manager to use the Monthly Repayment Result that corresponds to its investment to redeem its Participations. As such, the investment of the Participant in the Fund will develop in line with its pro rata participation in the portfolio of the Fund.

A Participant may also request the Fund Manager by means of a Redemption Form to redeem one or more additional Participations. Such request can be met by applying (i) available Outstanding Subscription Amounts and (ii) available Monthly Repayment Results.

#### Tax aspects

The Fund is set up as a tax transparent fund for joint account for Dutch tax purposes and is therefore, in principle, not a taxable entity for Dutch corporate income tax purposes. To this end, the Terms and Conditions contain, amongst other things, certain restrictions with respect to transferability in accordance with applicable Dutch tax law. Participations are non-transferable. In addition, Participations will in principle not be redeemed. Participants may only exit the Fund by requesting the Fund Manager to redeem (*inkopen*) their Participations. The Participations and the Participant's rights and obligations arising therefrom are, other than by means of redemption by the Fund, non-assignable and non-transferable and may not be encumbered with a right of pledge. For Dutch tax purposes, the Fund's income, gains and losses are directly allocated to the individual Participants in accordance with their pro rata investment. Distributions by the Fund are not subject to Dutch dividend withholding tax.

#### Distributions

The Fund Manager will, in principle, make preliminary distributions in connection with the Monthly Interest Result and final distributions in connection with the Annual Result.

To the extent possible, the Monthly Interest Result of the preceding month will be distributed in cash to the Participants of each Sub-Fund in proportion to the Participations they hold in a Sub-Fund on the last day of the preceding calendar month.

Upon the adoption of the Annual Report by the Participants Meeting, the Fund Manager shall determine the final distribution, which, if necessary, will be set-off against preliminary distributions.

#### Fees and costs

The Fund Manager shall charge a yearly Management Fee of forty-five basis points (0.45%) of the Net Asset Value of each Sub-Fund, to be paid in monthly arrears. The Management Fee will be paid to the Fund Manager out of the Fund Assets of each Sub-Fund. The Management Fee covers:

- (i) a fee for the activities of the Fund Manager relating to the management of the Fund;
- (ii) costs of the Fund Manager relating to the management of the Fund;
- (iii) a fee for the servicing of the (underlying) Mortgage Loans of the Fund which the Fund Manager will - on behalf of the Fund - pay through to the Servicer; and
- (iv) a fee for the origination of the (underlying) Mortgage Loans of the Fund which the Fund Manager will - on behalf of the Fund - pay through to the Originator.

All fees and costs will be borne pro rata by the Sub-Funds, unless the Fund Manager determines in its sole discretion that these shall be allocated to a specific Sub-Fund.

## **5. DEFINITIONS**

In this Information Memorandum, capitalised terms have the meaning as defined in Clause 1 of the Terms and Conditions, which are included in Annex 1.

## 6. INTRODUCTION

The Fund is formed in 2017 with a view to allowing investors to invest in the Portfolio. The Fund Manager of the Fund is Aegon Investment Management B.V..

The Portfolio will comprise of Mortgage Receivables resulting from Mortgage Loans originated by ASR Levensverzekering N.V. and entered into by inhabitants of the Netherlands. The Fund consists of a Sub-Fund NHG and a Sub-Fund non-NHG. Sub-Fund NHG contains Mortgage Receivables resulting from NHG Mortgage Loans, while the Sub-Fund non-NHG contains such Mortgage Receivables resulting from Mortgage Loans for which no NHG Guarantee is requested.

The Portfolio provides the opportunity to invest in the Dutch mortgage market, in significant scale through a directly yielding portfolio. It is expected to generate income with low volatility in returns.

The Fund will acquire the Mortgage Receivables on each purchase date and fund the acquisition of these Mortgage Receivables with the proceeds from the issuance of Participations to Professional Investors and the available Monthly Repayment Result.

The Fund will use the Monthly Interest Result available for the purpose of making preliminary distributions. The Monthly Repayment Result will in principle be reinvested.

In Dutch translations or documents with regard to the Fund, the Fund may also be referred to as 'DMF 3' as abbreviation of the full fund name and historically it may also be referred to as 'ASR Mortgage Fund' or 'ASR Hypotheekfonds' since the originator of the Mortgage Loans from which the Mortgage Receivables held by the Fund result, is ASR Levensverzekering N.V. and ASR Vermogensbeheer N.V. was originally the Fund Manager.

## 7. DESCRIPTION OF THE DUTCH MORTGAGE MARKET

### Dutch residential mortgage market<sup>1</sup>

The Dutch residential mortgage debt stock is relatively sizeable, especially when compared to other European countries. Since the 1990s, the mortgage debt stock of Dutch households has grown considerably, mainly on the back of mortgage lending on the basis of two incomes in a household, the introduction of tax-efficient product structures, financial deregulation and increased competition among originators. After a brief decline between 2012 and 2015, mortgage debt reached a new peak of EUR 823.3 billion in Q3 2023<sup>2</sup>. This represents a rise of EUR 12.3 billion compared to Q3 2022.

#### *Tax system*

The Dutch tax system plays an important role in the Dutch mortgage market, as it allows for partial deductibility of mortgage interest payments from taxable income. Historically, this has resulted in various deferred amortisation mortgage products, most importantly the use of interest-only loan parts.

Since 1 January 2013, all new mortgage loans have to be repaid in full within 30 years, at least on an annuity basis, in order to be eligible for tax relief (linear mortgage loans are also eligible). The tax benefits on mortgage loans, of which the underlying property was bought before 1 January 2013, have remained unchanged and are grandfathered, even in case of refinancing and relocation. As such, new mortgage loan originations still include older loan products, including interest-only. However, any additional loan on top of the borrower's grandfathered product structure, has to meet the mandatory full redemption standards to allow for tax deductibility and the interest only loan part is capped at 50% of the market value of the property value.

A second reform imposed in 2013 was to reduce the tax deductibility by gradually lowering the maximum deduction percentage. As a result, the highest tax rate against which the mortgage interest may be deducted is 36.93% (equal to the lowest income tax bracket) in 2023. No further reductions are currently planned.

There are several housing-related taxes which are linked to the fiscal appraisal value ("WOZ") of the house, both imposed on the national and local level. Moreover, a transfer tax of 2% is due when a house is acquired for owner-occupation. From 2021, house buyers aged between 18 and 35 years will no longer pay any transfer tax. Currently, this exemption only applies to houses sold for 440,000 euros or less and can only be applied once. For 2023, a transfer tax of 10.4% is due upon transfer of houses which are not owner-occupied (compared to 8% in 2022).

Although these taxes partially unwind the benefits of tax deductibility of interest payments, and several restrictions to this tax deductibility have been applied, tax relief on mortgage loans in general is still substantial.

#### *Loan products*

The Dutch residential mortgage market is characterised by a wide range of mortgage loan products. In general, three types of mortgage loans can be distinguished.

Firstly, the "classical" Dutch mortgage product is an annuity loan. Secondly, there is a relatively big presence of interest-only mortgage loans in the Dutch market. Full interest-only mortgage loans were popular in the late nineties and in the early years of this century. Mortgage loans including an interest-only loan part were the norm until 2013, and even today, grandfathering of older tax benefits still results in a considerable amount of interest-only loan originations.

A typical Dutch mortgage loan consists of multiple loan parts, e.g. an interest-only loan part that is combined with an annuity loan part. Newer mortgage loans, in particular those for first-time buyers after 2013, are full annuity and often consists of only one loan part. Nonetheless, tax grandfathering of older mortgage loan product structures still results in the origination of mortgage loans including multiple loan parts.

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<sup>1</sup> Source: dutchsecuritisation.nl

<sup>2</sup> Statistics Netherlands, household data.

Most interest rates on Dutch mortgage loans are not fixed for the full duration of the loan, but they are typically fixed for a period between five and 20 years. Rate term fixings differ by vintage, however. In recent years, there was a strong bias to longer term fixings (20-30 years) but since Q2 2022 10 year fixings have rapidly increased in popularity as the sharply increased mortgage rates drove borrowers to seek lower mortgage payments by going for shorter fixings. Most borrowers remain subject to interest rate risk, but compared to countries in which floating rates are the norm, Dutch mortgage borrowers are relatively well-insulated against interest rate fluctuations.

#### *Underwriting criteria*

Most of the Dutch underwriting standards follow from special underwriting legislation ("*Tijdelijke regeling hypothecair krediet*"). This law has been present since 2013 and strictly regulates maximum LTV and Loan-to-Income (LTI) ratios. The current maximum LTV is 100% or 106% when financing energy saving measures.. LTI limits are set according to a fixed table including references to gross income of the borrower and mortgage interest rates. This table is updated annually by the consumer budget advisory organisation "NIBUD" and ensures that income after (gross) mortgage servicing costs is still sufficient to cover normal costs of living.

Prior to the underwriting legislation, the underwriting criteria followed from the Code of Conduct for Mortgage Lending. Although the Code of Conduct is currently largely overruled by the underwriting legislation, it is still in force. The major restriction it currently regulates, in addition to the criteria in the underwriting legislation, is the cap of interest-only loan parts to 50% of the market value of the residence. This cap was introduced in 2011 and is in principle applicable to all new mortgage contracts.

#### Recent developments in the Dutch housing market

After a year of declining prices, house prices started rising again in the summer of 2023. In May 2023, existing owner-occupied homes were still 6.1% cheaper than at the market peak in 2022. But by December 2023 the difference had shrunk to minus 3.0%.

The fact that house prices are on the rise again has everything to do with the rapidly improving affordability this year. As a result, the demand for owner-occupied houses is now clearly picking up again. Market parties have seen the number of viewings per house increase in recent months. At the same time, there are still few houses for sale and the trend is declining, and that puts upward pressure on house prices. Due to the decline in new construction, this trend is likely to continue in the coming years. Less new construction means more scarcity.

Over 182,000 existing owner-occupied houses changed hands in 2023, down roughly 5.5% from a year earlier. The relatively low number of existing owner-occupied homes being sold is not so much related to prospective homebuyers dropping out (because demand is picking up), but more to the lack of supply. On average, there were some 21% fewer houses for sale in the Netherlands in November than in the same month last year. Real estate brokers association NVM attributes this to the fact that fewer people put their homes up for sale. Presumably this is also because it is often no longer possible for people to move up on the property ladder taking advantage of a lower interest rate when moving house in order to live in a larger or more attractive home for the same monthly cost.

Despite the significant impact of rising interest rates on affordability and on confidence and expectations about the owner-occupied housing market, fears for a major market correction have not materialized. Moreover, since the summer, we have seen the housing market rebound more and more clearly. The development of fundamentals may well explain this. In fact, the real net mortgage cost of the average owner-occupied home (if fully financed by a mortgage) is now back to where it was at the end of 2021. The net real disposable incomes of households are a few percent higher than at the end of 2021, due to increased wages and more hours worked, and borrowing space has also recovered. The fact that we are now seeing price increases for owner-occupied homes at similar levels of affordability and borrowing space – despite the decline in the housing market – is an important indication that homes are not overvalued. The fact that the market does not appear to be overvalued, despite high price levels, is inextricably linked to the very tight housing market.

### *Forced sales*

Compared to other jurisdictions, performance statistics of Dutch mortgage loans show relatively low arrears and loss rates<sup>3</sup>. The most important reason for default is relationship termination, although the increase in unemployment following the economic downturn post financial crisis was increasingly also a reason for payment problems. The ultimate attempt to loss recovery to a defaulted mortgage borrower is the forced sale of the underlying property.

For a long time, mortgage servicers opted to perform this forced sale by an auction process. The advantage of this auction process is the high speed of execution, but the drawback is a discount on the selling price. The Land Registry recorded 46 forced sales by auction in the October and November 2023 (0.147% of total number of sales in those months).

### **ASR mortgage products**

The Originator offers a wide range of products consisting of:

- (1) Linear Mortgage Loans (*lineaire hypotheek*);
- (2) Interest-only Mortgage Loans (*aflossingsvrije hypotheek*);
- (3) Annuity Mortgage Loans (*annuïteitshypotheek*);
- (4) Extended Annuity Mortgage Loans (*startershypotheek*);
- (5) Sustainability mortgage loans (*Duurzaamheidshypotheek*);
- (6) Bridge Mortgage Loans (*overbruggingshypotheek*);

#### *Linear Mortgage Loans*

Under a linear mortgage loan, the borrower repays a fixed amount of the principal each month towards redemption of this mortgage loan (or relevant part thereof) until maturity. Interest is payable monthly and is calculated on the outstanding balance of the mortgage loan.

#### *Interest-only Mortgage Loans*

Under an interest-only mortgage loan, the borrower may not be obliged to repay the principal of the relevant mortgage loan (or relevant part thereof) until maturity. If that is the case and if there is no default on the loan at maturity, the loan will be prolonged. The loan is always subject to repayment at the time of sale of the property. Interest is payable monthly and is calculated on the outstanding balance of the mortgage loan.

#### *Common Annuity Mortgage Loans*

Under an annuity mortgage loan, the borrower pays a fixed monthly instalment, made up of an initially high and thereafter decreasing interest portion and an initially low and thereafter increasing repayment portion, and is calculated in such manner that the Annuity Mortgage Loan will be fully redeemed at maturity. The maximum tenor of this loan is 30 years.

#### *Extended Annuity Mortgage loans*

Under an extended annuity mortgage loan, the borrower pays a fixed monthly instalment, made up of an initially high and thereafter decreasing interest portion and an initially low and thereafter increasing principal portion, and calculated in such manner that the Annuity Mortgage Loan will be fully redeemed at maturity. The maximum tenor of this loan is 40 years. Since the maximum duration of tax deductibility is 30 years, part of the loan will not be tax deductible. This part will increase over time and will be administrated separately from the tax deductible part of the loan.

#### *Sustainability loans*

The sustainability loans are offered to all customers to enable them to improve their property to a better energy level (less energy usage or higher energy production). The standard maximum amount of this loan is EUR 9,000, but this maximum can be extended up to EUR 25,000. The loan can only be used for sustainable home improvements. The loan is repaid in fifteen years as on the basis of annuities.

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<sup>3</sup> Comparison of Moody's RMBS index delinquency data.



### *Bridge loans*

A bridge loan is a short loan for maximal 2 years to finance the profits to be made on selling the existing property. The loan is repaid as soon as the existing property is sold. The Fund may acquire Mortgage Receivables resulting from Bridge Mortgage Loan. No origination fee will be charged to the Fund for these Mortgage Receivables.

### Segments of borrowers

The group of mortgage borrowers can be divided in 3 major groups:

- First time buyers (*starters*)
- Next time buyers (*doorstromers*)
- Refinancers (*oversluiters*)

#### *First time buyers (starters)*

This group has no history of deducting mortgage loan interest payments from income tax, and therefore the vast majority of these applicants applies for an annuity loan. The majority of this group will apply for a NHG guarantee. This group is the main target for the newcomers on the mortgage market.

#### *Next time buyers (doorstromers) and refinancers (oversluiters)*

These groups already have a history of deducting mortgage loan interest payments from income tax. This tax history is taken into account by the mortgage advisor. In many cases, the advice is to maintain the same or similar products, either with the same or a different originator. This is the group that takes out the interest only loans.

### Interest Rates

The Originator offers the following types of interest rates:

#### *Fixed Interest*

A fixed rate of interest subject to resets from time to time.

#### *Floating Interest*

An interest rate subject to reset every month.

### Distribution

Distribution in de Dutch market is dominated by the independent financial brokers. Although the major banks have own branches where consumers can come in for a mortgage advice, the gross majority of the consumers go to an independent financial broker. A very small portion of the market (approximately 3%) is execution only (no advice). In the market of the independent brokers there are some specialized mortgage franchise formulas which make up for about 15% of the market. To create access to the market there are specialized companies (service providers) who make the bridge between mortgage providers and the independent financial advisers. These service providers mainly service the new players in the market. Mortgage loans of the Originator are exclusively offered by an extensive group of independent mortgage advisors, which are licensed under Dutch law.

### ESG attributes of the Originator

ASR has committed to become net zero in 2050, in line with the Paris agreement in 2015. Subsequently ASR has published an updated climate strategy with carbon reduction targets and fossil fuel phase out strategy in 2021. The Dutch origination market is seeing several ESG-related activities, most of them with the emphasis on environment.

#### *Environmental*

The society faces challenging but transparent targets for the urban environment, up to 2050. Reason for some parties to take their responsibility and renew their existing propositions. Besides that more and more parties have adapt their product conditions to meet the legal standard in which the maximum loan amount can be increased above 100% market value (up to 106%) for energy saving expenditures.

ASR is one of the few parties in the Dutch market that offer an extra individual sustainability loan with specific terms and rates without discrimination based on the existing energy label of the collateral. We expect more parties going to introduce a similar product in the near future.

#### *Social*

The problems in the first time buyer market are still not solved. At this moment first time buyers experience problems to access the housing market and are confronted with high monthly payments. In this problematic market ASR is still the only originator who offers an extended annuity to first time buyers. This will reduce monthly payments.

Automatic interest rate adjustment is becoming the new market standard. When a loan falls in a lower LTV bucket (for example as a result of monthly repayments), the interest rate will automatically be adjusted. The majority of the top 20 originators currently offer this feature in their products.

#### *Governance*

The ASR mortgage department has recently joined the TCFD program (Taskforce Climate-related Financial Disclosures).

ASR is member of the Partnership for Carbon Accounting Financials (“PCAF”), an industry-led partnership to standardize carbon accounting for the financial sector, representing over 85 trillion dollars in assets. The members have committed themselves to assess and disclose the GHG emissions of their loans and investments. ASR is also a member of the Energy Efficient Mortgages (EEM) NL hub together with other Dutch mortgage originators.

## 8. INVESTMENT POLICY

The Fund invests primarily in Mortgage Receivables of Dutch Mortgage Loans which are originated by the Originator. The Mortgage Loan criteria and Investment Policy as set out in Schedule A to the Terms and Conditions provide the investment guidelines for Mortgage Receivables to be acquired by the Fund. Dutch residential real estate serves as collateral for the Mortgage Loans.

Each Mortgage Loan is entered into after 1 January 2013. The Fund aims to purchase the Mortgage Receivables of Mortgage Loans that were originated at most 60 days prior to the date of purchase or in respect of which the most recent interest reset date was at most 60 days prior to the date of purchase. Such Mortgage Receivables will be acquired against nominal value.

Any Mortgage Loans that were originated more than 60 days prior to the date of purchase or in respect of which the most recent interest reset date was 60 days or more prior to the date of purchase, will be purchased for a purchase price as otherwise agreed between the Originator and the Purchaser, which shall include the accrued interest.

The origination date of a Mortgage Loan is determined on the basis of the date on which the Originator becomes lender of record of the Mortgage Loan concerned.

The Fund will consist of a Sub-Fund NHG and a Sub-Fund Non-NHG. Sub-Fund NHG has a lower risk profile and invests in NHG Mortgage Receivables. Sub-Fund Non-NHG has a higher return profile and invests in the receivables of Mortgage Loans with different loan-to-value categories for which no NHG Guarantee is requested.

Please note, although the Sub-Fund's target is to only purchase the receivables of either Non-NHG Mortgage Loans or NHG Mortgage Loans (dependant on the specific Sub-Fund), the Non-NHG Sub-Fund may also hold some receivables of NHG Mortgage Loans and vice versa due to Mortgage Loans which are refinanced or adjusted (for example due to a Further Advance or a Mover Mortgage Loan).

Purpose of the Fund is to invest in a stable fixed-income investment category with a low risk-profile, with Dutch assets, aimed to create a long-term stable and direct income stream. The Sub-Funds do not use a benchmark.

The Fund invests in a cross-section of the recent Mortgage Loan production of the Originator, having regard at the investment guidelines set out in Schedule A to the Terms and Conditions. By investing in this 'cross-section', the Fund will have the opportunity to invest in similar Mortgage Loans as ASR.

### Amendment of the Investment Policy

The Investment Policy may only be amended by a resolution of the Participants Meeting which has been adopted with a majority of eighty percent (80%) of the votes cast, unless amendment of the Investment Policy is required as a result of changes in applicable laws or a request by a supervisory authority in which case the Fund Manager may unilaterally amend the Terms and Conditions or the Investment Policy. Chapter 18 addresses the details of the Participants Meeting.

### Integration of sustainability risks in investment decisions

The Fund Manager applies the Investment Policy for the acquisition of Mortgage Receivables. Chapter 20 addresses certain sustainability-related topics.

Sustainability risks are part of Fund Manager's ongoing risk assessment of the Fund's portfolio and the Investment Policy. In view hereof, the Fund Manager and the Originator periodically discuss the impact of sustainability risks on the Dutch housing market, the Fund's Mortgage Receivables and the Originator's mortgage production. If the Fund Manager would – in view of sustainability risks – find a change of the Investment Policy appropriate, it will discuss this topic with the Participants.

### **Impact of sustainability risks on the performance of the Fund**

Sustainability risks can have an impact on the performance of the Fund. For instance, the materialisation of climate risks can have a significant impact on the value of the assets that serve as collateral for the Mortgage Receivables.

One of the aims of the abovementioned ongoing risk assessment is to ensure that the possible negative impacts of sustainability risks are mitigated. A potential positive effect of the Fund Manager's risk assessment is additional value-creation for the Fund.

### **ESG characteristics of the Fund**

The ESG characteristics of the Fund are set out in Annex 5.

## 9. RISKS

### General

Prospective investors in the Fund are expressly warned that participating in the Fund entails financial risks. They should study and endorse the content of this Information Memorandum and must, if necessary, obtain advice from an independent tax consultant, legal adviser, auditor, actuary or investment consultant.

The value of an investment in the Fund can fluctuate. Results achieved in the past are no guarantee of future performance. No guarantee can be given that Participants will receive back their original investment on leaving the Fund.

### Investment risk

The investment results of the Fund depend in part on the performance of the Fund Manager. There is no guarantee that the Fund will achieve its investment objective and that all Mortgage Receivables match with the Mortgage Loan criteria or Investment Policy set out Schedule A of the Terms and Conditions.

### Repayment risk

The main source of income of the Fund are the cash flows resulting from the Mortgage Receivables. If the financial position of the borrower(s) of the Mortgage Loan(s) declines, this may adversely affect the return of the Fund when the borrower(s) stop (fully) paying its monthly (re)payments.

### Property market risk

The investment results of the Fund depend in part on the state of the property market. Any deterioration in the residential market in the Netherlands (which could have several reasons, including, among others, environmental risks, such as floods and earthquakes) may cause falling prices of the residential properties that serve as security for the Mortgage Receivables and hence adversely affect the Fund's return.

### Risk relating to individual registered properties

The investment results of the Fund depend in part on the sale price of individual registered properties which are financed by the Mortgage Loans. The value of the registered properties may be adversely affected by such factors as hidden defects at the time of purchase.

### Concentration risk

The Fund will invest in Mortgage Receivables of Mortgage Loans originated by the Originator and entered into by inhabitants of the Netherlands. Due to the geographical and sector concentration of the Fund's investments, any factors having an impact on these investment areas may have an adverse effect on the Fund's income and/or the value of a Participation.

### Cost of funding / Leverage risk (investments with borrowed funds)

The risk of leverage arises if, on behalf of investors or for their account and risk, borrowed funds are invested, which can lead to leverage (the greater the investment, the higher the market risk incurred). The Fund will in principle not use leverage. However, the Fund Manager may decide to use leverage in case of a liquidity shortfall. For the purposes of liquidity management, the Fund Manager may nevertheless temporarily - up to a maximum equal to 5% of the (value of the) Fund Assets – have an overdraft, take out loans with a treasury entity belonging to the Fund Manager's group or raise debt capital in any other manner. Such transactions will not be concluded with the purpose of structurally increasing the Fund's position, but may result in leverage arising in the Fund to a limited extent and on a temporary basis. All the aforementioned transactions will be effected at arm's length conditions and rates.

### Offer Risk

The purchase price of the Mortgage Receivables that the Fund acquires is equal to their nominal value at the time of issue to the underlying customers, unless the maturity of the Mortgage Loan concerned is over sixty days. During the period between the moment that a mortgage offer is provided to the underlying customer and the moment that the related Mortgage Receivable is delivered to the Fund, the value of those Mortgage Receivables may be subject to change. The Offer Risk is the risk of a decrease in the value of a Mortgage Receivable in aforementioned period. On the other hand,

the value of such Mortgage Receivable may also increase in this period, in which event such increase will be for the benefit of the acceding Participant(s).

The Terms and Conditions provide for a calculation mechanism for the determination of the number of Participations to issue to subscribing Participants, that aims to ensure that the Offer Risk relating to the Mortgage Receivables that are acquired with the funds contributed to the Sub-Fund by the acceding Participant will be for the account and risk of the acceding Participant(s), and not for the existing Participants, including Participants from which Participations are redeemed, to the extent possible. A Participant that acquires additional Participations shall for this purpose be considered - for that amount - an acceding Participant.

This calculation mechanism entails that the Fund Manager will take the Offer Risk into account in determining the number of Participations to be issued to a Participant for the Issue Price. For that reason, the number of Participations issued to a Participant may deviate from the number of Participations that would be issued for the same Issue Price if the Offer Risk would not be taken into account.

The Offer Risk may also materialise when the Fund acquires new Mortgage Loans or Further Advances with the Monthly Repayment Result. In this event, the Offer Risk will be for the account of all Participants in the Sub-Fund concerned on a pro rata basis.

In the context of the Fund, the concept of offer risk therefore has a different, broader meaning than it is usually understood to mean in the mortgage market.

#### **Interest rate risk**

High interest rates can adversely affect the value of the assets that serve as security for the Mortgage Loans, while at the same time also affecting the demand for new mortgage loans. An increase in mortgage interest rates will also have a direct negative impact on the NAV.

#### **Interest reset rate risk**

The Originator is the lender of record of the Mortgage Loans. Therefore, the Originator (i) determines the interest rates that are offered when a borrower initially enters into a Mortgage Loan and (ii) determines the interest rates that are offered to a borrower for the interest reset of such Mortgage Loan.

The interest rates that apply to Mortgage Loans influence the market value of those Mortgage Loans. Therefore, the Originator's policy with regard to interest rates and interest reset rates has a direct influence on the value of the Mortgage Loans and the yield of the Fund.

#### **Insurance risk**

The properties which are financed by the Mortgage Loans of the Fund are insured. The relevant policies generally provide only very limited cover for loss or damage as a consequence of certain exceptional events, such as war, natural disasters or terrorist attacks.

#### **Inflation risk**

The Fund Assets or income from the Fund may be worth less in real terms in the future as inflation decreases the value of money. As inflation increases, the real value of the Fund Assets will decline unless it grows by more than the rate of inflation.

#### **NHG risk**

Sub-Fund NHG invests in the receivables of NHG Mortgage Loans. If Stichting Waarborgfonds Eigen Woningen would default, this may adversely affect the Fund's return. If Stichting Waarborgfonds Eigen Woningen would cease to provide guarantees, Sub-Fund NHG will not be able to acquire new Mortgage Loans.

#### **Limited liquidity of investments**

The Mortgage Loans contain limited conditions under which the principal sum can be claimed back. This reduces the liquidity of the Fund's investments and may adversely affect its return.

### Commitment of Subscription Amounts

Subscription Amounts are committed for a period of at least six (6) months and a Participant may revoke an Outstanding Subscription Amount only subject to a six (6) months' notice. During this notice period, the Fund Manager may still make a Payment Request with regard to this Outstanding Subscription Amount. Only after completion of this six months' notice period, the Fund Manager may not call a revoked Outstanding Subscription Amount anymore.

### Tax risk

The Fund aims to be a fund for joint account which is treated as tax transparent for Dutch tax purposes. As a result, the Fund is, in principle, not subject to corporate income tax in the Netherlands and distributions and deemed distributions by the Fund to its Participants are not subject to Dutch dividend withholding tax. The tax status of the Fund may change during the term of the Fund. Consequently, the Fund may become subject to corporate income tax or dividend withholding tax in the Netherlands. Whether the Fund qualifies as a Dutch fund for joint account which is tax transparent for Dutch tax purposes is assessed based on both the Terms and Conditions as well as all other relevant facts and circumstances.

### Tax treatment of mortgage interest

The Dutch tax system allows borrowers to deduct, subject to certain limitations, mortgage interest payments for owner-occupied residences from their taxable income. The deduction period allowed is restricted to a term of thirty (30) years and it only applies to mortgage loans secured by owner occupied properties.

Per 2020, rules were introduced to gradually limit deductibility of mortgage interest payments. In 2024, the highest tax rate against which the mortgage interest may be deducted is 36.97%.

This above could ultimately have an adverse impact on the ability of borrowers to pay interest and principal on their Mortgage Loans and may lead to different prepayment behaviour by such borrowers. This may result in higher or lower prepayment rates of such Mortgage Loans and thus may adversely affect the return on Mortgage Loans and thus the Fund's return.

### FATCA- and CRS-related risks

The Fund Manager will endeavour to satisfy requirements imposed on the Fund by relevant tax data sharing agreements including but not limited to FATCA and CRS. Although the Netherlands have entered into an intergovernmental agreement with the U.S. to simplify the FATCA compliance process and minimise the risk of withholding tax, there can be no guarantee or assurance that the Fund Manager will be able to comply with all requirements imposed by applicable tax data sharing laws in respect of the Fund. For example, in the event that the Fund is not able to comply with certain requirements imposed by FATCA and the Fund does suffer US withholding tax on certain withhold able payments as a result of such non-compliance, the Net Asset Value may be adversely affected and Participants may suffer loss as a result.

### Change in legislation

A change in the relevant legislation, with or without retroactive effect, for example in relation to property investments, the environment, collective investment schemes or tax regimes, may adversely affect the Fund's return.

### Majority decisions of Participants

The power of decision in relation to various subjects is exercised by a given majority of the Participants or the number of voting rights. This may mean that a Participant is bound by a decision to which it has not consented or which it has not approved.

### Limited marketability

The Participations are non-transferable. Participations will in principle not be redeemed. Participants may exit the Fund by requesting the Fund Manager to redeem their Participations, but the Fund Manager is not obliged to grant a redemption request. This entails that redemption may not be possible or be possible only to a very limited extent.

### Conflicts of interest

As the Fund Manager is also a manager of other collective investment schemes and advises parties on investments on an individual basis, the possibility that conflicts of interest may arise in certain circumstances cannot be excluded. The Fund Manager should always deal with conflicts of interest in a fair and equitable manner and in accordance with the Terms and Conditions. Reference is also made to the paragraph 'conflicts of interest' in Chapter 10.

### Insolvency of Title Holder

If the Title Holder – Stichting Juridisch Eigenaar AeAM Dutch Mortgage Fund 3 – becomes insolvent, it is theoretically possible that creditors of the Title Holder that are not creditors of the Fund may seek recovery against the Fund Assets. In practice, however, the Title Holder will have few creditors that are not creditors of the Fund as the Title Holder may not perform activities other than those which it performs for the Fund. Noting that the Fund Assets which the Title Holder legally owns are segregated under Dutch regulatory law.

### Interrelationship Sub-Funds

Although highly unlikely, it cannot be fully excluded that a Sub-Fund will have a negative Net Asset Value. In such event, the results of the other Sub-Fund may be negatively affected.

*The foregoing factors are not exhaustive and do not purport to be a complete explanation of all the risks and considerations involved in investing in the Fund. In particular, the Fund's performance may be affected by changes in market conditions, and legal, regulatory and tax requirements. The Fund will be responsible for paying the fees, charges and expenses referred to in this document regardless of the level of profitability.*



## 10. LEGAL STRUCTURE AND GOVERNANCE

### Fund structure

This section sets out the legal structure of the Fund.

The Fund is set up as a tax transparent fund for joint account (*fonds voor gemene rekening*) as referred to in Section 2 (4) of the Dutch Corporation Tax Act (*Wet op de vennootschapsbelasting*) 1969. The manager of the Fund is Aegon Investment Management B.V., while Stichting Juridisch Eigenaar AeAM Dutch Mortgage Fund 3 acts as title holder. The Fund is a collective investment scheme. It is a *sui generis* arrangement<sup>4</sup> based on contractual agreements between the Fund Manager, the Title Holder and the Participants.

The Fund does not have the object of being a partnership, a general partnership, limited partnership, public company or dormant partnership under Dutch law. The Participants exclusively accede into an agreement with the Fund Manager and the Title Holder and do not accede into an agreement with each other. The Participants therefore do not have any mutual rights and obligations towards each other in respect of the Participations they hold in the Fund.

The Terms and Conditions, as amended from time to time, apply from July 7, 2017. They contain a description of the rights and obligations of the Fund Manager, the Title Holder and the Participants. The Terms and Conditions include provisions regulating the manner in which the Fund is managed and how the Participations are to be redeemed and issued. They also contain provisions concerning the control exercised by Participants.

The Terms and Conditions may be changed in certain circumstances, subject to the prior consent of the Participants Meeting.

The Fund was established on March 17, 2017 for an unlimited period. The Terms and Conditions set out the situations in which the Fund can be dissolved. This is the case, for example, if the Fund Manager or the Participants Meeting decides so in given circumstances.

### Fund Manager

This section describes the role and responsibilities of the Fund Manager.

The Fund Manager is a manager of alternative investment funds specialising in the management of collective investment institutions and providing investment services. The Fund Manager has obtained an authorisation as referred to in Section 2:65 of the DFSA.

Both the Fund Manager and the Fund are subject to the permanent supervision of the AFM and DNB.

The fund manager is Aegon Investment Management B.V., a wholly owned subsidiary of Aegon Asset Management Holding B.V.. The Fund Manager is a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*). The Fund Manager was incorporated on 6 November 1968 and is registered with the Chamber of Commerce under registration number 27075825.

The Fund Manager's day-to-day policy is determined by its management board consisting of the following members at the date of this information memorandum:

Name	Position
O.A. W.J. van den Heuvel	Managing Director
D. Jacobovits de Szeged	Managing Director
W.H.M van de Kraats	Managing Director
T.E.J.F. Stassen	Managing Director

<sup>4</sup> This is an arrangement that is not referred to as such in the legislation.

The Fund Manager's financial year coincides with the calendar year. In accordance with Dutch law and its articles of association, the Fund Manager's management board draws up financial statements within five (5) months after the end of each financial year. This period may be extended by the Fund Manager's general meeting of shareholders on the grounds of special circumstances only and by five (5) months at the most. The financial statements are published on [www.aegonam.com](http://www.aegonam.com).

The Fund Manager satisfies the requirements regarding equity capital as imposed under applicable legislation.

Solely the Fund Manager is responsible for the management of the Fund. In carrying out its task, the Fund Manager acts exclusively in the interest of the Participants. The management and administration of the Fund encompasses investing the Fund Assets in accordance with the Terms and Conditions and all activities in connection therewith.

The Fund Manager performs its activities for the account and risk of the Participants. Any benefits and losses resulting therefrom will be for the benefit of or be borne by the Participants.

The Fund Manager's liability is limited. The Fund Manager will only be liable for a loss suffered by a Participant in connection with the performance of its duties under the Terms and Conditions, if such loss is a direct result of attributable breach (*toerekenbare tekortkoming*) of the Fund Manager under these Terms and Conditions.

The Fund Manager is never liable for indirect loss (*indirecte schade*), consequential loss (*gevolgschade*) and/or loss of profits (*gederfde winst*).

For all losses for which the Fund Manager is liable, the Fund Manager's liability shall be capped to any loss or losses up to the amount of the Management Fee in the twelve (12) months preceding the event that caused the Fund Manager's liability. Any losses or any part of a loss exceeding the amount set out in the previous sentence, are for the expense and account of the Participant or the aggregate Participants, where applicable.

The Fund Manager may outsource (*uitbesteden*) the management and administration of the Fund or any part of it to a third-party in accordance with all applicable legislation. The Fund Manager will only be liable for a loss suffered by a Participant in connection with the performance of its duties by a third party if and to the extent that such loss has arisen as a result of such third party's wilful misconduct or gross negligence (*opzet of grove schuld*).

The Fund Manager is granted the authority by all Participants, either based on a power of attorney or in its own name based on a mandate, to claim damages and/or conduct legal proceedings pertaining to the Fund and to perform all (preparatory) actions relating thereto according to the Fund Manager and the Fund Manager deems necessary or desirable, under which acceding into a settlement and collecting claims on behalf of the Fund. At request of the Fund Manager, the Participant shall perform all (legal) acts that are necessary in relation to the foregoing. As long as the Participant holds Participations in the Fund, aforementioned power of attorney and mandate cannot be terminated.

#### Title Holder

The Title Holder is the legal owner of the Fund Assets and the debtor of the Fund Obligations. This means that the Title Holder acquires and holds the Fund Assets in its own name but for the account and risk of the Participants. The bank accounts of the Sub-Funds shall be opened in the name of the Title Holder.

The Title Holder has granted a power of attorney to the Fund Manager to (i) perform all legal acts with regard to the Fund Assets and the Fund Liabilities, including to acquire, dispose of or encumber assets in the Title Holder's name and for the account of the Fund and (ii) assume obligations in the Title Holder's name and for the account of the Fund.

The Title Holder has appointed the Originator as servicer (*kredietbeheerder*) as referred to in Section 3 of the Exemption Regulation under the Act on Financial Supervision (*Vrijstellingsregeling Wft*), as amended from time to time. To the extent reasonably possible, the Fund Manager shall ensure that the Title Holder shall continue to comply with Section 3 of the Exemption Regulation under the Act on Financial Supervision (*Vrijstellingsregeling Wft*), as amended from time to time.

The Title Holder's liability is limited: it is never liable for indirect loss (*indirecte schade*), consequential loss (*gevolgschade*) and/or loss of profits (*gederfde winst*).

### Sub-Fund structure

The Fund consists of two Sub-Funds: (i) the sub-fund which invests in the receivables of NHG Mortgage Loans (Sub-Fund NHG), and (ii) the sub-fund which invests in the receivables of Mortgage Loans for which no NHG Guarantee is requested (Sub-Fund non-NHG). Differences in investment policy of both Sub-Funds are set out in the Investment Policy.

Participants have the possibility to invest either in one Sub-Fund or in both. On the Subscription Form, the Participant indicates for which amount it subscribes per Sub-Fund. When the Fund Manager makes a Payment Request, it indicates to which Sub-Fund the request pertains.

Upon Redemption, the Participant has to indicate to which Sub-Fund his request for Redemption pertains.

As set out in Chapter 13 of this Information Memorandum, during a Participants Meeting, only Participants in a Sub-Fund have voting rights in respect of topics that pertain to that specific Sub-Fund.

The Fund Manager keeps records for both Sub-Funds. Costs are, in so far they are directly attributable to a Sub-Fund, charged to that Sub-Fund. Costs that are not directly attributable to one of the Sub-Funds, are charged to both Sub-Funds in proportion to their respective Net Asset Values.

### Role of ASR

ASR Levensverzekering N.V. is the Originator of the Mortgage Loans and the Servicer of those Mortgage Loans. In addition, it participates in the Fund. ASR Schadeverzekering N.V. directly purchases Mortgage Loans from ASR Levensverzekering N.V..

The Originator is responsible for origination and the pricing of Mortgage Loans. This process does not form part of the operations of the Fund. The Fund Manager will inform the Originator about the parameters of the Mortgage Receivables it wants to purchase. The Originator and the Fund Manager will meet on a regular basis to discuss the pricing of the Mortgage Loans of which the receivables may be acquired by the Fund. The Mortgage Loan criteria and Investment Policy as set out in Schedule A to the Terms and Conditions provide the investment guidelines for Mortgage Receivables to be acquired by the Fund.

In principle, the Originator remains lender of record of the Mortgage Loans. In that capacity the Originator will - among others - determine which interest rate is offered to borrowers on an interest reset date.

Entities which are part of or linked to the ASR group may participate in the Fund at arm's length basis.

### Depositary

The Fund Manager appoints, also for the benefit of the Fund and the Participants, a Depositary pursuant to Section 4:62m of the DFSA. To that end, the Fund Manager entered into a Depositary Agreement with the Depositary.

The Depositary is liable towards the Fund and the Participants for the loss of any financial instrument taken into custody by the Depositary or by a third party to which it has transferred the custody. The Depositary will not be liable if it can demonstrate that the loss was caused by an external event beyond its reasonable control, the consequences of which were unavoidable despite any efforts to prevent them.

The Depositary is also liable towards the Fund and the Participants for any other losses they suffer due to the Depositary's failure to properly fulfil its obligations under the Depositary Agreement with intent or due to negligence. Participants may indirectly invoke the liability of the Depositary via the Fund Manager. If the Fund Manager refuses to cooperate with such request, the Participants are authorised to file the claim for damages directly with the Depositary.

### Main duties

The main duties to be performed by the Depositary in the context of holding the Funds' investments in safe custody are as follows:

- monitoring and verifying the Funds' cash flows, including the payments from and to entering and exiting Participants;

- holding the Funds' assets in safe custody, including determining that the assets have been acquired by the Funds and that this has been recorded in the books;
- determining that the issue, redemption, repayment and cancellation of the Participations in the Funds were performed in accordance with the Fund Terms and Conditions and the applicable legislation and regulations;
- verifying whether the (net asset) value of the Funds is determined correctly, and periodically assessing whether the procedures for determining the net asset value are satisfactory as well as verifying that the cash equivalent of transactions with regard to the Funds' assets is paid to the Funds in good time;
- verifying whether the Funds' proceeds are used for the designated purpose in accordance with the applicable legislation and regulations and the Fund Terms and Conditions; and
- carrying out the Fund Manager's instructions, unless these are contrary to the Terms and Conditions or applicable legislation and regulations.

Citibank Europe Plc has outsourced the custodian duties to Citibank N.A..

#### *Delegation and conflicts of interest*

Under the Depositary Agreement, the Depositary is authorized to delegate certain duties. The Fund Manager will inform the Participants if a certain duty is outsourced. In principle, any delegation leaves the Depositary's liability intact. However, the Depositary may discharge itself of liability if the Depositary Agreement so permits and all delegation requirements, as set out in the applicable legislation, have been satisfied.

From time to time, conflicts of interest may arise between the Depositary and third parties to which a duty has been outsourced. In the event of a (potential) conflict of interest that may arise, the Depositary will comply with the applicable legislation.

#### *The Depositary's background*

Citibank Europe Plc is a private limited company registered in the English Companies House under registration number 1088249. The Depositary has a banking license in the United Kingdom. The Depositary performs its duties from its Dutch branch office, which was incorporated on 1 February 1964, is established at Schiphol Boulevard 257, 1118 BH Schiphol, and is registered with the Chamber of Commerce and Industry, Amsterdam office, under registration number 64729206. Within the context of liquidity, the Custodian is regulated by the Prudential Regulation Authority in the United Kingdom and by DNB in the Netherlands.

#### **Conflicts of interest**

The Fund Manager took organisational and administrative measures to identify, prevent and control conflicts of interest. These measures aim to prevent that conflicts of interest have a negative effect on the interests of the Fund and the Participants. In the event a conflict of interest arises, the Fund Manager shall observe the interests of the Participants, after reasonable consideration of the relevant facts and circumstances. The Fund Manager shall particularly consider the interests of the Participants in case of outsourcing of its activities.

The Fund Manager can, apart from the management of the Fund, pursuant to its licence also provide individual portfolio management services ("*individueel vermogensbeheer*"), the reception and transmission of orders in relation to financial instruments ("*ontvangen en doorgeven van orders met betrekking tot financiële instrumenten*") and investment advice ("*beleggingsadvies*"). Therefore, the Fund Manager may also render advice to other parties on direct investments in mortgage receivables and manage investments on behalf of such parties. The Fund Manager has a policy in place that aims to prevent or manage conflicts of interest between aforementioned parties and the Fund (and its Participants), which can be found on its website (<https://www.aegonam.com/en/disclosures>).

For the role of the ASR group entities that perform activities with respect to the Mortgage Loans, we refer to Chapter 11 of this Information Memorandum.

#### **Equal treatment Participants**

The Fund Manager will treat Participants equally in equal circumstances. The equal treatment of Participants is safeguarded by the Terms and Conditions, this Information Memorandum and the legal framework wherein the Fund operates.

In principle, Participants will not be granted a preferential treatment. However, the Fund Manager is authorised to grant a Participant a discount on the Management Fee, we refer to Chapter 16 of this Information Memorandum and Article 19.3 of the Fund Terms and Conditions.

### Reporting

The financial year of the Fund coincides with the calendar year. Each year the Fund Manager must draw up the Annual Accounts and Annual Report of the Sub-Funds within six (6) months of the end of the financial year. The Fund Manager engages the Auditor that will audit the Sub-Fund's Annual Accounts. Within six (6) months of the end of each financial year, the Fund Manager submits Annual Accounts, the Annual Reports and the Auditor's reports to the Participants Meeting for approval.

### Data Protection

The General Data Protection Regulation came into force on 25 May 2018. The Fund Manager endorses the importance of this legislation and protects and processes personal data in accordance with this regulation.

The Fund Manager processes client information, including personal data, and as a global organization this information may be exchanged within the worldwide Aegon Asset Management (AAM) group. The Fund Manager only shares personal data for the purposes mentioned in the privacy statement (available on the website). The sharing of personal data will be subject to all applicable laws and regulation and strict operating controls, as well as the robust data security practices adopted by the Fund and the Fund Manager. If your personal data is transferred to a country where the local regulation does not reach the EU adequate level of data protection the Fund Manager will take measures to ensure that your personal data is adequately protected, such as entering into EU Standard Contractual Clauses with these parties.

For detailed information about how the Fund Manager processes personal data, please consult the privacy statement on the website: [www.aegonam.com/en/tertiary-navigation/privacy-statement-aim](http://www.aegonam.com/en/tertiary-navigation/privacy-statement-aim). Please note that the privacy statement will be amended from time to time.

## 11. INVESTMENT PROCESS AND PORTFOLIO MANAGEMENT

### General

The Fund will in principle on a monthly basis acquire Mortgage Receivables from the Originator and fund these Mortgage Receivables with the proceeds from the issuance of Participations (as set out in Clause 9 of the Terms and Conditions) and the Monthly Repayment Result. Only Professional Investors may acquire Participations.

A Mortgage Receivable will first be evaluated in light of the Investment Policy by the Fund Manager before it will be acquired by the Fund. The evaluation process will in principle be carried out by the Fund Manager.

The Fund will acquire Mortgage Receivables against their nominal value or market value depending on the date of origination or interest reset. It should be noted that at the moment of the transfer of a Mortgage Receivable to the Fund, the market value of such Mortgage Receivable may differ from its nominal value. This may for instance be the case if on the day on which the Fund acquires the Mortgage Receivables, the interest that applies to the Mortgage Loan concerned, deviates from the interest rates that the Originator offers to its clients for a comparable Mortgage Loan. This risk, the Offer Risk, is described in Chapter 9.

The Fund Manager will monitor the performance of the Fund on an ongoing basis. This monitoring will be based on investor reports and other management information. This is both a backward-looking and forward-looking process, involving reviews of past performance and future business plans and pipeline projections.

A risk assessment, in which context the existing portfolio will be taken into account, will take place on a monthly basis to ensure that the portfolio as a whole is - in the Fund Manager's view - in line with the interests of the Participants.

### Investments and purchase of Mortgage Receivables

Under the Mortgage Receivables Purchase Agreement, the Fund will from time to time be required to purchase Mortgage Receivables (including, for the avoidance of doubt, Further Advance Receivables, Bridge Mover Mortgage Receivables and Mover Mortgage Receivables) and accept the assignment of such Mortgage Receivables offered by the Originator by means of either a notarial or a registered deed of assignment as a result of which legal title to the Mortgage Receivables is transferred to the Fund. The assignment of the Mortgage Receivables to the Fund will not be notified to the borrowers, except upon the occurrence of any assignment notification event. Until such notification the borrowers will only be entitled to validly pay (*bevrijdend betalen*) to the Originator. The Originator will pay or procure payment to the Fund of all proceeds received in respect of the Mortgage Receivables.

The Fund aims to purchase Mortgage Receivables at nominal value if the Mortgage Loans from which these Mortgage Receivables result were originated at most 60 days prior to the date of purchase or if the interest reset date of the Mortgage Loans from which these Mortgage Receivables result was at most 60 days prior to the date of purchase. Other Mortgage Receivables will be purchased for a purchase price as otherwise agreed between the Originator and the Purchaser, which shall include the accrued interest.

The purchase by the Fund of any Mortgage Receivables will in all cases be subject to the condition that on the relevant purchase date the purchase conditions set forth in the Mortgage Receivables Purchase Agreement are complied with, including that

- (i) the available NHG commitment and available liquidity is sufficient to pay the purchase price for the relevant NHG Mortgage Receivables,
- (ii) the available non-NHG commitment and available liquidity is sufficient to pay the purchase price for the relevant non-NHG Mortgage Receivables, if any and
- (iii) the Mortgage Loans comply with the Mortgage Loan criteria set out in Schedule 5 to the Mortgage Receivables Purchase Agreement, after taking into account the sale and purchase of such Mortgage Receivables.

The Originator will on each purchase date with respect to the Mortgage Loans and the Mortgage Receivables resulting therefrom represent and warrant the representations as set out in the Mortgage Receivables Purchase Agreement, including that:

- (a) it has full right and title (*titel*) to the Mortgage Receivable;
- (b) it has the power of disposition (*is beschikkingsbevoegd*) to sell and assign the Mortgage Receivables; and

(c) each Mortgage Loan meets the mortgage loan criteria set out in the Mortgage Receivables Purchase Agreement.

If the Fund makes a claim relating to a breach of the representations in respect of a Mortgage Receivable and any of such representations given by the Originator in respect of a Mortgage Receivable proves to be untrue or incorrect in any material respect, then the Originator has the option to be exercised at its sole discretion, but not the obligation to repurchase the relevant Mortgage Receivables, against a repurchase price as determined in accordance with the Valuation Method.

### Servicing Agreement

In the Servicing Agreement (attached as Annex 8) ASR Levensverzekering N.V. as the Servicer will agree to provide management services to the Fund on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables resulting from such Mortgage Loans, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Mortgage Receivables, all administrative actions in relation thereto and the implementation of arrears procedures including the enforcement of mortgage rights and any other collateral and prepare and provide the Fund with certain information as required by law, for submission to the relevant regulatory authorities. The Servicer will be obliged to manage the Mortgage Loans and the Mortgage Receivables with the same level of skill, care and diligence as mortgage loans in its own or, as the case may be, the originator's portfolio.

The Servicing Agreement may be terminated by the Fund upon the occurrence of certain termination events, including but not limited to,

- a failure by the Servicer to comply with its obligations (unless remedied within the applicable grace period),
- dissolution or liquidation of the Servicer,
- the Servicer being declared bankrupt or granted a suspension of payments or
- in case the Servicer no longer holds a licence as intermediary (*bemiddelaar*) or offeror of credit (*aanbieder*) under the DFSA,

provided always that no such termination shall be effective unless on the date prior to the proposed termination date either 1) Stater N.V. as sub-servicer shall provide the mortgage loan services directly to the Fund or 2) in the event Borrowers of the Mortgage Loans are notified that its Mortgage Loan(s) have previously been transferred to the Purchaser and a substitute servicer is appointed to provide the mortgage loan services.

In addition the Servicing Agreement may be terminated by the Servicer in case the Servicer will stop providing mortgage loan services all together or the Borrowers have been notified of the assignment of the Mortgage Receivables, provided always that no such termination shall be effective unless on the date prior to the proposed termination date either 1) Stater N.V. as sub-servicer shall provide the mortgage loan services directly to the Fund or 2) in the event the Borrowers of the Mortgage Loans are notified that its Mortgage Loan(s) have previously been transferred to the Purchaser and a substitute servicer is appointed to provide the mortgage loan services.

The liability of the Servicer and the Originator is limited. The Servicer is liable in case a loss, liability, claim, expense or damage is suffered or incurred by the Fund and/or the Fund Manager as a result of any gross negligence (*grove nalatigheid*) or wilful misconduct (*opzet*) of the Servicer or any material breach (*ernstige toerekenbare tekortkoming*) by the Servicer of the provisions of the Servicing Agreement. It is noted that there is a threshold and a cap applicable to the liability of the Servicer and the Originator. For further details we refer to the relevant Clauses in the agreements in Annex 7 and Annex 8.



## 12. ISSUE, REDEMPTION AND MARKETABILITY

### Participations

The Participations are units in the form of contractual rights administered in the name of the Participant. They may be issued in fractions to four (4) decimal places. Participation certificates will not be issued. Instead, Participations will be issued by means of registration of the issue in the name of the Participant in the Register. The Register serves as conclusive evidence against a Participant, subject to proof to the contrary to be provided by the relevant Participant. The Register will be kept at the office of the Fund Manager for inspection by the Participants.

The Participations and the Participant's rights and obligations arising therefrom are, other than by means of redemption by the Fund, non-assignable and non-transferable and may not be encumbered with a right of pledge.

Participants are not liable for the obligations of the Fund Manager and the Title Holder. The liability of the Participants for the losses of the Fund (including Sub-Funds) is capped to the amount of their investment in the Fund plus their Outstanding Subscription Amount, which may be claimed by a bankruptcy trustee in case of the bankruptcy of the Title Holder.

If the Fund is no longer considered tax transparent because of a change in the tax status of a Participant, this Participant is liable to the Fund for all financial disadvantages which occurred as a consequence thereof.

### Marketing

The Fund Manager performs the marketing of the Fund. Any issue or redemption of Participants in the Fund shall be executed by the Fund Manager.

### Subscription

This section describes the procedure for the issue of Participations.

Only Professional Investors may, by completing a Subscription Form, request to accede to the Fund. This accession shall take place for at least the Minimum Subscription Amount, which is EUR 5,000,000. On the Subscription Form, the Professional Investor shall indicate for which amount it subscribes per Sub-Fund.

A Subscription Form submitted with the Fund Manager constitutes an offer (*aanbod*) of the relevant prospective investor to the Fund to accede to the Fund for an amount equal to the Subscription Amount as specified in the Subscription Form. The Participant may revoke (*herroepen*) such offer subject to a six (6) months' notice.

The Fund Manager may in its sole discretion decide to accept or not to accept a subscription. Following the acceptance of a subscription, the Fund Manager will allocate the Subscription Amount concerned to a (monthly) Vintage. The Fund Manager will in principle allocate a Subscription Amount to the Vintage period during which the subscription was accepted. At the request of the Subscriber, the Fund Manager may allocate (part of) the Subscription Amount to one or more Vintage periods which have not commenced yet. If the subscription has been accepted, the Fund Manager will notify the Subscriber to which Vintage the Subscription Amount has been allocated.

The Fund Manager may, if this is in the interest of the Fund, choose to (i) decline the offer, (ii) suspend the offer or (iii) stipulate additional conditions with respect to the offer.

### Payment Request

After subscription, the Fund Manager may partially or fully call the Outstanding Subscription Amount of a Participant by means of a Payment Request.

Prior to Outstanding Subscription Amounts being called, the Fund Manager shall apply the available Monthly Repayment Result and, subsequently, the relevant Available Monthly Interest Result to purchase additional Mortgage Receivables.



Thereafter, Outstanding Subscription Amounts shall be called to fund the acquisition of Mortgage Receivables on the basis of the following principles:

- (i) Outstanding Subscription Amounts shall be called in the order of priority based on the Vintage during which the Subscription Form concerned was submitted by the Subscriber;
- (ii) Subscription Forms submitted during the same Vintage shall have equal priority; and
- (iii) Outstanding Subscription Amounts shall in principle not be called during a Vintage prior to the Vintage to which they were allocated.

This entails that Outstanding Subscription Amounts shall be called in accordance with the following procedure:

- (i) The Fund Manager will determine which Outstanding Subscription Amounts are allocated to the current or previous Vintage;
- (ii) Of these Outstanding Subscription Amounts, those in respect of which the Subscription Form was submitted during the oldest Vintage shall be called first;
- (iii) Subsequently, Outstanding Subscription Amounts in respect of which the Subscription Form was submitted during the next oldest Vintage shall be called;
- (iv) This will be repeated until all Outstanding Subscription Amounts that were allocated to the current Vintage period have been called;
- (v) If subsequently, additional Outstanding Subscription Amounts are called (e.g. in the event that the Fund is required to purchase more Mortgage Receivables than anticipated), Outstanding Subscription Amounts that were allocated to future Vintages shall be called, whereby those allocated to the nearest Vintage shall be called first.

Outstanding Subscription Amounts allocated to a particular Vintage may be called while that Vintage is still open to (prospective) Participants to accede to the Fund or to subscribe for additional Participations.

The Fund Manager will inform the relevant Participants on a monthly basis about the expected Outstanding Subscription Amount it will call before the next Issue Date.

A Participant that receives a Payment Request is obliged to pay the corresponding amount within the payment term specified in the Payment Request, which is at least three (3) Business Days. In an event of emergency the Fund Manager and the Participants shall discuss whether a shorter payment term can be observed.

A Participant that complied with a Payment Request will receive the number of Participations in accordance with the calculation method set out below. A Participant is immediately in default (*in verzuim*) if such Participant does not, not timely or not fully comply with a Payment Request.

### Issue of Participations

The issue of Participations will only take place after satisfaction of the Payment Request, unless it concerns Participations that are issued in respect of distribution of the Monthly Interest Result or Annual Result.

If the Fund Manager determines that suspension of the issue of Participations by the Fund is in the interest of the Fund and the Participants, the Fund Manager may temporarily suspend the issue of Participations by the Fund.

A Participation will be deemed to be issued by the Fund on the relevant Issue Date based on the Issue Price.

On the first Issue Date, the Participation Value will be equal to EUR 10,000 (ten thousand euro).

On all subsequent Issue Dates, the Fund Manager will calculate the Issue Price per Participation to be issued in a Sub-Fund on the basis of the Net Asset Value at the final day of the preceding calendar month.

### *Accrued assets and accrued liabilities*

The Fund Manager shall, in determining the number of Participations to be issued to a Participant, take into account the value of the accrued assets (such as the accrued Monthly Repayment Result and the Monthly Interest Result) and accrued liabilities (such as the accrued Management Fee) per the Issue Date.

### *Offer risk*

To the extent that the Fund acquires Mortgage Receivables with the Subscription Payment(s) of one or more Participants who accede to the Fund on an Issue Date, the Fund Manager will take the Offer Risk into account in determining the number of Participations to be issued to all Participants to whom Participations are issued on that Issue Date. The Offer Risk will be for the account and risk of the Participants that acquire such Participations on that Issue Date, such that the issue of those Participations is price-neutral for the existing Participants to the extent possible. The number of Participations that a Participant receives for the Issue Price will be calculated in accordance with the following formula:

$X / Y$

Whereby:

- X is the sum of the present value of the Mortgage Receivables that were purchased as a result of the entry of the relevant Participant(s) in the Sub-Fund concerned at the time of that entry; and
- Y is the Participation Value of the Sub-Fund concerned on the basis of the valuation of the Net Asset Value of the Sub-Fund concerned at the final day of the preceding calendar month.

Below, some simplified examples, in which reinvestments are disregarded, of the calculation of the number of Participations to be issued is set out to illustrate this. For each of these examples, the following initial situation applies:

Net Asset Value:	1,000
Number of outstanding Participations:	500
Participation Value:	2
Subscription Payment:	100

#### Example 1 (present value of Mortgage Receivables equals their nominal value)

If the present value of the Mortgage Receivables that are purchased by applying the funds subscribed by the acceding Participant is 100 (which represents the X in the formula set out above), the Participant concerned will receive 50 Participations.

#### Example 2 (present value of Mortgage Receivables is lower than their nominal value)

If the present value of the Mortgage Receivables that are purchased by applying the funds subscribed by the acceding Participant is 96 (which represents the X in the formula set out above), the Participant concerned will receive 48 Participations.

#### Example 3 (present value of Mortgage Receivables is higher than their nominal value)

If the present value of the Mortgage Receivables that are purchased by applying the funds subscribed by the acceding Participant is 104 (which represents the X in the formula set out above), the Participant concerned will receive 52 Participations.

To the extent that the Fund does not acquire Mortgage Receivables with the Subscription Payment(s), the Fund Manager will not take Offer Risk into account in determining the number of Participations to be issued.

To the extent that on an Issue Date Subscription Payments are both (i) used to redeem Participations of one or more Participants and (ii) used to acquire new Mortgage Receivables, the Offer Risk will be for the account of all Participants that acquire new Participations on that Issue Date on a pro rata basis.

### **Redemption of the Participations**

This section describes the procedure for Redemption of Participations.

In principle, no redemption of the Participations at the request of the Participants will take place. Redemption will only take place at the discretion of the Fund Manager and will only take place on a Redemption Date.

The Fund Manager shall not apply the Monthly Repayment Result, in whole or in part, for redemption if the Monthly Repayment Result is required to acquire Mortgage Receivables, under a commitment of the Fund Manager to the Originator.

#### *Monthly pro rata redemption*

A Participant may request the Fund Manager in the Participation Agreement or on a Redemption Form to use the Monthly Repayment Result that corresponds to the amount of Participations obtained as a result of (a) Subscription Payment(s) in accordance with a Subscription Form, to redeem Participations from that Participant. The Fund Manager shall apply the percentage of the Monthly Repayment Result that corresponds to the percentage of Participations that are offered for redemption to redeem Participations from that Participant.

#### *Redemption request*

Given the nature of the Fund Assets, the Fund has restricted liquidity and Participants cannot require the Fund Manager to redeem Participations. Nevertheless, if a Participant submits a Redemption Request to the Fund to redeem Participations in addition to the monthly pro rata redemption, the Fund Manager will strive to meet such request.

As of the date of acceptance of the Redemption Request, the Fund Manager will in principle earmark the liquidity that is expected to become available as a result of:

- (i) new subscriptions for Participations; and
- (ii) additional, future Monthly Repayment Results;

to redeem the Participations concerned. In other words, as of that date any freely available liquidity will first be earmarked to meet the Redemption Request.

If there are outstanding Redemption Requests, the part of the Monthly Repayment Result that is not earmarked to purchase Mortgage Receivables or for monthly pro rata redemption as set out above shall thus be applied by the Fund Manager to meet Redemption Requests.

In addition, the Fund Manager will call Outstanding Subscription Amounts to make funds available to meet such Redemption Request. Naturally, only Outstanding Subscription Amounts that are not earmarked to purchase Mortgage Receivables can be called for this purpose. In addition, such call can only be made in respect of Outstanding Subscription Amounts allocated to a prior or the current Vintage. The Fund Manager shall not be required to match Outstanding Subscription Amounts with Redemption Requests at the request of a Participant.

Also, the Available Monthly Interest Result can be applied to meet Redemption Requests.

The Redemption Price will be based on the Participation Value on the final day of the preceding calendar month. This Redemption Price will be adjusted by adding the value of the accrued assets (which shall include the accrued Monthly Repayment Result and the accrued Monthly Interest Result) and by deducting the accrued liabilities (which shall include the accrued Management Fee) attributable to the Participations which will be redeemed, whereby the accrual period will be the period between final day of the preceding calendar month and the Redemption Date. The Fund Manager shall calculate the value of the accrued assets and the accrued liabilities concerned.

#### *Redemption Form*

A Participant may submit a request for monthly pro rata redemption and an additional Redemption Request to the Fund Manager by means of a Redemption Form. A Redemption Form submitted with the Fund Manager constitutes an irrevocable offer (*onherroepelijk aanbod*) to redeem of the relevant Participant to the Fund. The Participant shall indicate to which Sub-Fund the request pertains.

#### *Redemption in other situations*

In the following special situations the Fund Manager may redeem Participations by a simple notification to the Participant concerned:

- (i) if the Participant is in default (*in verzuim*) in relation to a Payment Request;
- (ii) if the relevant Participant no longer qualifies as a Professional Investor;
- (iii) if the relevant Participant (and any ultimate beneficiaries) no longer qualifies as a Non-United States Person and / or is designated as a Specified U.S. Person for FATCA and CRS purposes;

- (iv) if the relevant Participant acted or continues to act in breach of the Terms and Conditions to such a degree that the Fund Manager deems the redemption justified with a view to the interests of the majority of the Participants in the Fund;
- (v) the Fund is no longer considered tax transparent because of a change in the tax status of the Participant concerned; or
- (vi) the number of outstanding Participations of the relevant Participant is so small that this would be detrimental to the adequate and efficient management of the Fund.

*Special redemption*

If one or more Participants wish to redeem Participations and if one or more Subscribers wish to simultaneously acquire new Participations in situations as set out under (i) – (ii) below, the Participant(s) and Subscriber(s) concerned may request the Fund Manager to facilitate this. The Fund Manager may – at its sole discretion – facilitate a simultaneous redemption and issue of new Participations in the following situations:

- (i) the redeeming Participant(s) and the Subscriber(s) concerned form part of the same Group; or
- (ii) in the view of the Fund Manager there is an objective and close link between the redeeming Participant and the related (*gelieerde*) Subscriber that justifies that the regular calling order on the basis of Vintages shall not apply to the Subscriber.

Examples of an objective and close links as referred to under (ii) above are:

- a Participant wishes to transform its direct participation in the Fund, into an indirect Participation through an investment vehicle;
- an investor wishes to transform its indirect participation in the Fund through an investment vehicle, into a direct participation in the Fund; or
- an investor wishes that its indirect participation in the Fund through an investment vehicle, is to be held by another investment vehicle.

If the Fund Manager decides to facilitate such simultaneous redemptions and issue of new Participations, the regular calling order on the basis of Vintages shall not apply.

### 13. PARTICIPANTS MEETING

The Fund Manager will convene a Participants Meeting at least every year and determines the agenda of the Participants Meeting. One or more Participants that alone or jointly hold at least ten percent (10%) of the Participations in a Sub-Fund, or to the extent the Participants Meeting pertains to the Fund as a whole, in the Fund, may instruct the Fund Manager to convene an extraordinary Participants Meeting and may instruct the Fund Manager to place a topic on the agenda.

The Participants Meetings will take place in the Netherlands. The Fund Manager may decide that a Participants Meeting takes place by telephone call or video conference.

Each Participant has a number of votes corresponding to the number of its Participations. If the Fund Manager has indicated that a resolution pertains to one Sub-Fund, only Participants in that Sub-Fund are allowed to cast a vote in relation to such resolution.

Resolutions of the Participants Meeting are adopted if the Participants present at the Participants Meeting represent at least seventy-five percent (75%) of all votes and a simple majority of votes is cast for the resolution. Resolutions that pertain to a specific Sub-Fund are adopted if the Participants present at the Participants Meeting represent at least seventy-five percent (75%) of all votes in that Sub-Fund and, unless provided otherwise, a simple majority of the votes in that Sub-Fund is cast for the resolution.

If the abovementioned quorum of seventy-five percent (75%) is not met, a second Participants Meeting will be held not less than fourteen (14) calendar days after the first Participants Meeting. At the second Participants Meeting, business shall be transacted regardless of the quorum present at such second Participants Meeting.

If a topic on the agenda only pertains to one specific Sub-Fund, only Participants of that Sub-Fund have the right to participate in discussions with regard to that topic during the Participants Meeting.

The following resolutions of the Participants Meeting require a larger majority than a simple majority:

- a resolution which aims to change the Terms and Conditions or Investment Policy requires a majority of eighty percent (80%);
- a resolution which aims to remove the Fund Manager requires a majority of eighty percent (80%);
- a resolution with regard to the intended resignation of the Title Holder requires an unanimous vote;
- a resolution which aims to amend the Valuation Method requires a majority of eighty percent (80%) of the votes; and
- a resolution which aims to dissolve the Fund requires a majority of eighty percent (80%) of the votes.

## 14. COOPERATION WITH THIRD PARTIES AND DELEGATIONS

The Fund, the Fund Manager and the Title Holder may conclude agreements with third parties and / or affiliated parties. Transactions are executed at arm's length conditions. Investments for the account of the Fund may be executed with affiliated parties of the Fund Manager and/or the Title Holder, or fees may be agreed with such affiliated parties, but only at arm's length rates and provided they are permitted by law. Transactions with affiliated parties outside of a regulated market will always be based on an independent valuation of similar transactions.

The outsourcings policy of the Fund Manager will be applied, where relevant, to key supplier relations. This policy aims to guarantee the continuity and quality of the outsourced activities.

For the purposes of the management of the Fund, the Fund Manager has delegated certain activities to the following parties:

- Aegon Asset Management Hungary B.V.: a shared service centre for investment operations (such as trade operations, cash and asset reconciliation) and performance measurement; and
- Citibank N.A.: fund administration.

The following are key contracts with (affiliated) parties for supporting the Fund Manager's activities:

- ASR Levensverzekering N.V.: servicing and credit risk management activities, which services may be subdelegated;
  - Stater N.V.: responsible for the delivery of portfolio data (as sub-servicer of ASR Levensverzekering N.V.);
- Aegon EDC Limited: Services related to the IT infrastructure.

The Fund Manager has not appointed prime brokers in connection with the management of the Fund.

## 15. VALUATION

### Valuation method

The valuation of the Mortgage Receivables is estimated using an internal DCF approach based on the projected principal balance run-off of the Mortgages Loans (comprising of the contractual cash flows, adjusted for prepayment) and a discount curve reflecting the interest term structure as of the valuation date. The discount curve is derived from the interest rates that the Originator offers under its label WelThuis with similar remaining interest period.

The Fund Manager will on a monthly basis compare the aforementioned WelThuis interest rates with the average of the top-10 lowest interest rates available in the market (multiple rates per offeror and rates of combined offerors are disregarded). If and when the WelThuis interest rates deviate from this market average with more than 0.20%, the WelThuis interest rates concerned will for the purpose of the valuation of the Fund be replaced with:

- (i) the market average plus 0.20% if the WelThuis interest rate is higher than the market average;
- (ii) the market average minus 0.20% if the WelThuis interest rate is lower than the market average.

The valuation of the Mortgage Receivables is calculated on a monthly basis. The description of the valuation methodology will be made available for inspection by the Participants or their representatives at the registered office of the Fund Manager. On request, the Fund Manager may provide a Participant with information with regard to the underlying mortgage portfolio and may charge that Participant costs with regard to the provision of such information.

### Net Asset Value

The Net Asset Value (and the Net Asset Value per Sub-Fund) will be determined at each valuation date and is calculated by the Fund Manager. The Net Asset Value and the Net Asset Value per Participation will be notified to the Participants and will be published on the website and in the investor report.

### Compensation for incorrect calculation of the Net Asset Value

If the Fund Manager discovers an error in the calculation of the Net Asset Value, the Fund Manager shall within four (4) Business Days prepare a report on the errors that were made and which correction needs to be made to the Net Asset Value. The Fund Manager shall send this report to each Participant forthwith. If a correction of more than 1% of the Net Asset Value is required, the error caused a direct loss of the Participant, and the loss is the direct result of fraud (*fraude*), willful misconduct or gross negligence (*opzet of grove schuld*) of the Fund Manager, the Fund Manager shall provide the Participant(s) concerned compensation for the actual loss incurred.

## 16. FEES AND COSTS

This section describes the fees and costs in relation to the Fund.

The Fund Manager charges each Sub-Fund a yearly Management Fee of forty-five basis points (0.45%) of the Net Asset Value of that Sub-Fund. The Management Fee will be payable on a monthly basis and is due on every sixth (6<sup>th</sup>) Business Day of the calendar month following the calendar month to which it pertains. This monthly Management Fee shall be 1/12<sup>th</sup> of forty-five basis points (0.45%) of the Net Asset Value, calculated on the last Business Day of the calendar month concerned.

The Fund Manager can, in its sole discretion, grant a discount on the Management Fee to an individual Participant, which discount shall be the result of a separate agreement between the Fund Manager and the Participant concerned. Such discount shall be reimbursed by the Fund Manager to that Participant from the Management Fee received by the Fund Manager.

The Management Fee covers:

1. a fee for the activities of the Fund Manager relating to the management of the Fund;
2. the following costs of the Fund Manager relating to the management of the Fund: costs and fees for the Depositary and the Title Holder, costs of accountants, costs of legal and tax assistance, costs of (legal) documentation, annual reports, investor reports, and all other documents pertaining to the Sub-Fund, costs of registrations of the (Sub) Fund, costs in relation to calculating and publishing the Net Asset Value, costs in relation to pool data, the costs in relation to the Register, the costs of keeping records, the costs of Participant Meetings and the fees payable to the Authority for the Financial Markets (*Autoriteit Financiële Markten*) and the Dutch Central Bank (*De Nederlandsche Bank*);
3. a fee for the servicing of the Mortgage Loans (from which the Mortgage Receivables held by the Fund result) which the Fund Manager will - on behalf of the Fund - pay through to the Servicer; and
4. a fee for the origination of the Mortgage Loans (from which the Mortgage Receivables held by the Fund result) which the Fund Manager will - on behalf of the Fund - pay through to the Originator.

All fees and costs will be borne pro rata by the Sub-Funds, unless the Fund Manager determines in its sole discretion that these shall be allocated to a specific Sub-Fund. All fees are exclusive of VAT (*BTW*), if applicable.



## 17. DISTRIBUTIONS OF DIVIDENDS AND REPAYMENTS

This section describes the distributions to be made by the Fund.

To the extent possible, the Fund Manager will make preliminary distributions in connection with the Monthly Interest Result and final distributions in connection with the Annual Result.

The Fund Manager shall, to the extent possible, distribute the Monthly Interest Result of the preceding month in cash to the Participants of each Sub-Fund in proportion to the Participations they hold in a Sub-Fund on the last day of the preceding calendar month.

If a Participant wants to receive the distributions in Participations instead of in cash, it shall inform the Fund Manager in writing at least thirty-five (35) Business Days before the end of a calendar month to which the distribution pertains. The Fund Manager will then in principle provide all following distributions to that Participant in Participations. If the Participant subsequently informs the Fund Manager at least thirty-five (35) Business Days before an Issue Date that it wants to receive the distributions in cash, subsequent distributions shall in principle be made in cash.

If a Participant indicated to the Fund Manager that it wants to receive the distribution in Participations, the Fund Manager shall issue Participations to that Participant on the first Issue Date following the calendar month to which the distribution pertains. The number of Participations to be issued, is based on the Participation Value on the Issue Date.

Upon the adoption of the Annual Report by the Participants Meeting, the Fund Manager shall determine the final distribution, which, if necessary, will be set-off against preliminary distributions.

If the Annual Result is higher than the Monthly Interest Results that were distributed during the preceding calendar year, the Fund shall make a final distribution. If the Annual Result is lower than the Monthly Interest Results that were distributed during the preceding calendar year, (i) the Participants are obliged to re-pay any surplus amounts they received in cash over the preceding year, which surplus amounts will be set off, to the extent possible, with any other distributions that the Fund is obliged to make; and (ii) to the extent the Monthly Interest Result has been provided in Participations, Participations corresponding to the surplus shall be withdrawn by the Fund Manager without consideration.

The Fund Manager may determine that (part of) the Monthly Repayment Result shall be used to reduce the Net Asset Value by repaying an amount on each Participation in the Sub-Fund concerned. Such repayment shall be made on a pro rata basis to each Participant and for an identical amount on each Participation and shall entail that the Participation Value shall be reduced with such amount. The Fund Manager cannot repay an amount that is higher than the Participation Value. The Fund Manager shall inform the Participants of such repayment at least one week in advance.

## 18. REPORTING

### Fund reporting

The Fund Manager will on a periodic basis provide each Participant with a report which contains information on the subjects set out below. Where possible, the information will be broken down by Sub-Fund.

1. Net Asset Value report;
2. The total value of investments;
3. Mortgage Loans arrears report and defaulted Mortgage Loans;
4. Stratification tables of the mortgages;
5. Loan-level-data of the mortgages, a line by line overview of all mortgages in the portfolio;
6. Cash flow projections;
7. Look-through reporting;
8. Duration of the portfolio;
9. Monthly Interest Result;
10. To the extent leverage is employed by the Fund:
  - a. The maximum level of leverage and any changes to the maximum level of leverage;
  - b. any right of the reuse of collateral or any guarantee granted under the leveraging arrangement; and
  - c. The total amount of leverage employed.

Pursuant to the periodic disclosure requirements applicable to the Fund, if and when applicable and to the extent relevant, the Fund Manager will provide the following information to the Participants:

- the percentage of the Fund's assets which are subject to special arrangements arising from their illiquid nature;
- any new arrangements for managing the liquidity of the Fund; and
- changes to the risk profile of the Fund and the risk management systems employed by the Fund Manager to manage those risks.

### Annual Accounts

The financial year of the Fund coincides with the calendar year. Within six (6) months after the end of each financial year, the Fund Manager shall prepare the Annual Accounts and the Annual Report. The Fund Manager shall instruct the Auditor to audit the Annual Accounts. The Auditor shall report to the Fund Manager on its audit and incorporate the results of its audit in a report. Within six (6) months after the end of each financial year, the Fund Manager shall submit the Annual Accounts, the Annual Report and the Auditor's report for approval by the Participants Meeting. The Annual Report shall include the necessary SFDR reporting.

### Performance of the Fund

Annex 4 contains an overview of the historical performance available on the date of this Information Memorandum. The Fund Manager publishes the latest Participation Value on its website.

## 19. DUTCH TAX ASPECTS

### General

Set out below is an overview of the most important Dutch tax aspects of the Fund and of participation in the Fund by Participants domiciled in the Netherlands. The description is based on Dutch legislation, regulations and case law that applied when this Information Memorandum was adopted. It is recommended that Participants obtain advice themselves regarding the tax aspects of the acquisition, holding and divestment of Participations in the Fund in light of their specific circumstances.

### Corporate income tax and dividend tax

The Fund is structured as a transparent fund for joint account and is, in general, not liable to corporate income tax and distributions made by the Fund are not subject to Dutch dividend withholding tax. To preserve the Fund's transparent tax status, Participations in the Fund may only be transferred to the Fund. All revenue received by the Fund, both ongoing revenue and capital gains, will be immediately allocated to the Participants in the Fund for Dutch tax purposes in proportion to their relative holding of the number of outstanding Participations.

The Fund could nonetheless become subject to Dutch corporate income tax and distributions may become subject to Dutch dividend withholding tax, based on the Dutch reverse hybrid entity rules. A reverse hybrid is an entity that is considered transparent for tax purposes in its resident jurisdiction, whereas that entity is considered opaque, i.e. non-transparent, for tax purposes in the jurisdiction of one or more related participants of that entity. The Fund may qualify as a reverse hybrid entity if 50% or more of the voting rights, capital interest or profit rights of the Fund are held by related Investors that are located in jurisdictions that consider the Fund as opaque. In that case, and to the extent attributable to Investors that qualify the entity as opaque, the Fund will become subject to Dutch corporate income tax and the Fund will subsequently become obligated to withhold Dutch dividend withholding tax.

### Dutch tax aspects for Participants domiciled in the Netherlands

#### *Participants liable to pay tax*

For Participants subject to Dutch corporate income tax, profit made on the Participations (including capital gains or losses) is taxed at the nominal corporate income tax rate. Due to the transparent tax character of the Fund, revenue or capital gains obtained by a Participant with a Participation will be regarded as revenue or capital gains-losses obtained with the Fund Assets pro rata their Participation in the Fund. This also applies to divestment gains/losses obtained on the redemption and/or subscription of Participations. Changes to a Participant's relative holding, for example as a result of the entry to the Fund of a new Participant, may lead to the realisation of capital gain or loss for Dutch tax purposes for the other Participants. Participants cannot apply the participation exemption to Participations in the Fund.

#### *Exempted Participants*

For Participants that are exempted from corporate income tax in the Netherlands (such as pension funds), the profit obtained by the Fund is not subject to corporate income tax, to the extent that these Participations fall within the scope of a relevant exemption applied by the Participant. Exempted Participants are advised to consult their own tax advisor in this respect.

### FATCA and the CRS

On 1 July 2014 the Foreign Account Tax Compliance Act (FATCA) came into effect. The Netherlands has implemented FATCA in its domestic legislation, as a result of which it exchanges certain information with the United States on financial accounts that U.S. persons maintain with Dutch Financial Institutions.

Furthermore, the Organization of Economic Co-operation and Development (OECD) released the Common Reporting Standard (CRS) and its Commentary on 21 July 2014. Over one hundred (100) countries, including The Netherlands, have publicly committed to implement the CRS. On 9 December 2014 EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation (DAC2) which provides for mandatory automatic exchange of financial

information as foreseen in the OECD global standard. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU (DAC1). Since the CRS and DAC2 were implemented into Dutch legislation as from 1 January 2016, Dutch financial institutions have to identify the account holder's country of residence and in turn exchange specified account information with the home country's tax administration.

The Fund Manager is taking necessary measures to comply with the FATCA and CRS requirements, if and where applicable. Participants may be required to provide additional information to the Fund Manager to enable it to satisfy its obligations under FATCA and CRS.

## 20. RESPONSIBLE INVESTING

As a signatory of the Principles for Responsible Investment since 2011, the Fund Manager as a part of the Aegon Asset Management group (Aegon AM) is committed to incorporating financially material Environmental, Social and Governance (ESG) factors into investment analysis and decision-making processes, with the aim to help mitigate risk and uncover opportunities. We believe this will support long-term value creation. Aegon AM's approach to ESG integration is further elaborated in the Aegon AM Responsible Investment Framework.

Portfolios managed by the Fund Manager are subject to the Aegon AM Sustainability Risks and Impacts Policy that can be found in the responsible investing page of the Aegon AM website [www.aegonam.com](http://www.aegonam.com). This policy outlines specific requirements that find its origin in regulation as well as in widely accepted international standards, treaties, and guidelines.

### SFDR regulation

This subsection explains how ESG risks are integrated in investment decisions and the likely impacts of ESG on the returns, corresponding to the Article 6 of the European regulation on sustainability related disclosures in the financial services sector (SFDR).

Integrating ESG factors requires striking the right balance between quantitative and qualitative insights. AAM makes an assessment of environmental, social and corporate governance considerations on the side of the originator and underwriter. Compared to equities or corporate bonds, the formal ESG integration within mortgages is in an early stage. There is no third party ESG research and there are limited industry standards for ESG assessment in this asset class.

ESG criteria are a critical component of our engagement with the originator, therefore AAM works with the originator to ensure that ESG factors remain relevant through the whole investment cycle.

The following topics are taken into account in our engagement with the Originator:

- Governance of the firm: Whether the firm has a clear commitment to ESG Integration, Responsible Investment Policies and practices and the necessary reporting framework in place.
- Culture of the originator: How knowledgeable the originator is with ESG topics relevant to the portfolio, the extent to which it is discussed internally and externally by the team and the team's philosophy on ESG Integration.
- Process: Quality and integrity of the process around ESG integration, as signaled by the actual implementation of ESG integration.

More information about the ESG characteristics of this Fund, corresponding to the Article 8 of SFDR, can be found in the precontractual information of the Fund as included in Appendix 4 SFDR disclosures.

### Taxonomy Regulation

The Taxonomy Regulation requires disclosure regarding how and to what extent the investments of each Fund are in economic activities that qualify as environmentally sustainable pursuant to those criteria. These disclosures are set out below.

For this Fund, the investment policy, as set out in the Fund Specifications, describes how this Fund promotes ESG characteristics through, amongst other things, consideration of a wide range of environmental indicators.

In order for an investment to qualify as environmentally sustainable as at the date hereof, it must meet a number of different criteria, including that it contributes substantially to a Taxonomy Regulation objective, as measured according to the technical screening criteria set out in the Taxonomy Regulation, and that it must not significantly harm any of the other environmental objectives set out in the Taxonomy Regulation.

This Fund seeks to promote environmental characteristics, based on the data provided by the Originator, the Fund's investments are partly Taxonomy-aligned. As such 8,25% of the NAV of the Sub-Fund NHG is invested in Taxonomy-aligned

sustainable investments and 14,61% of the NAV of the Sub-Fund Non-NHG is invested in Taxonomy-aligned sustainable investments.

The “do no significant harm” principle applies only to those investments underlying the relevant Fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the relevant Fund do not take into account the EU criteria for environmentally sustainable economic activities.

#### **Principal Adverse Impact consideration**

For this Fund, details on how the Fund Manager considers adverse impacts of investment decision on sustainability factors as referred in article 7 SFDR, can be found in the Fund’s SFDR disclosures in Annex 5.

**ANNEX 1 – TERMS AND CONDITIONS**

**ANNEX 2 – TEMPLATE PARTICIPATION AGREEMENT**



**ANNEX 3 – TEMPLATE AGREEMENT OF MANAGEMENT AND CUSTODY**

## ANNEX 4 – HISTORICAL PERFORMANCE

### Returns of the AeAM Dutch Mortgage Fund 3

<b>AeAM Dutch Mortgage Fund 3</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Sub-Fund NHG	3,98	-19.44%	1.73%	3.51%	8.30%	2.23%	3.07%
Sub-Fund Non-NHG	4,45	-19.20%	3.65%	2.16%	9.27%	1.80%	2.56%

## **ANNEX 5 – SFDR DISCLOSURE**

This Annex is a part of the Information Memorandum, but is separately published on the website: Documents | Aegon Asset Management ([aegonam.com](https://aegonam.com)).

**ANNEX 6 – FUND SPECIFICATIONS**

**ANNEX 7 – MORTGAGE RECEIVABLES PURCHASE AGREEMENT**

**ANNEX 8 – SERVICING AGREEMENT**