

# AeAM Dutch Mortgage Fund 2

Information Memorandum



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# Addresses

## Manager

Aegon Investment Management B.V.  
Aegonplein 50  
2591 TV The Hague

## Title Holder

Aegon Custody B.V.  
Aegonplein 50  
2591 TV The Hague

## Accountant

PricewaterhouseCoopers Accountants N.V.  
Thomas R. Malthusstraat 5  
1066 JR Amsterdam

## Legal advisor

Allen & Overy LLP  
Apollolaan 15  
1077 AB Amsterdam

## Depository

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

## Custodian

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

## For information

Aegon Investment Management B.V.  
Aegonplein 50  
2591 TV The Hague  
[www.aegon.nl](http://www.aegon.nl)

The Hague, 16 February 2022

# Definitions

The following terms, which are capitalised in this Information Memorandum, are defined as follows:

**Aegon:** Aegon N.V. and all of its subsidiaries;

**Accountant:** PricewaterhouseCoopers Accountants N.V.;

**Affiliated Party:** a party affiliated with the Fund, the Manager or Title Holder, as referred to in Article 1 of the Bgfo;

**AFM:** the Netherlands Authority for the Financial Markets;

**AIFMD:** Alternative Investment Fund Managers Directive EU/2011/61, as amended from time to time;

**Benchmark:** JP Morgan Government Bond Index Traded Netherlands;

**BGfo:** the Dutch Market Conduct Supervision (Financial Institutions) Decree (*Besluit Gedragstoezicht financiële ondernemingen Wft*), as amended from time to time;

**BKR:** Credit Registration Office (*Stichting Bureau Krediet Registratie*);

**Call for Payment:** a written request from the Manager to the Participants to pay (part of) the Outstanding Committed Amount;

**Committed Amount:** the amount committed by a (Prospective) Participant to the Fund within the meaning of Article 6.1 of the Fund Terms and Conditions and for which a (Prospective) Participant did not invoke the Right to Revoke the Committed Amount within the meaning of Article 6.10 of the Fund Terms and Conditions;

**Common Reporting Standard:** the regulations drawn up by the Organisation for Economic Co-operation and Development (OECD) to improve tax compliance, as implemented in Dutch laws and regulations;

**Custodian:** Citibank N.A.;

**Depository:** Citibank Europe Plc, established in Dublin, Ireland, acting from the Dutch branch office, or its successor;

**Depository Agreement:** the agreement between the Manager, the Title Holder and the Depository, as amended from time to time, as described in more detail in chapter 13.4 of this Information Memorandum;

**DMF 1:** the AeAM Dutch Mortgage Fund

**DMF 1 Participants:** participants in DMF 1 who subscribe to the Fund in accordance with Article 11.14 of the Fund Terms and Conditions;

**Dodd Frank:** the Dodd-Frank Wall Street Reform and Consumer Protection Act as applicable in the United States of America;

**Dutch Corporate Governance Code:** the revised Dutch Corporate Governance Code 2016, as amended from time to time;

**Entry Form:** the form referred to in Article 6.1 of the Fund Terms and Conditions and included as Appendix III;

**FATCA:** Foreign Account Tax Compliance Act as applicable in the United States of America;

**FATCA Intergovernmental Agreement between the Netherlands and the United States:** Intergovernmental Agreement between the Netherlands and the United States to improve international tax compliance and to implement FATCA concluded on 18 December 2013;

**Fund:** AeAM Dutch Mortgage Fund 2;

**Fund Assets:** the whole of the assets and liabilities existing in connection with the Fund;

**Fund Securities:** the Fund's Investments and Liquid Assets;

**Fund Terms and Conditions:** the Terms and Conditions of Management and Custody of the Fund, as amended from time to time;

**Group Entity:** entity to which a Participant is affiliated within a group. A (corporate) group is an economical unit in which legal entities and companies are organizationally connected. Pension funds, pension schemes or pension arrangements related to the Participant can also be considered a Group Entity, as well as investment vehicles in which all the assets are fully (economically) owned by affiliated entities;

**(In)direct Investor:** an investor that qualifies as a Professional Investor which either has a direct investment in the Fund as a holder of Participations or which has an indirect investment in the Fund as it is an investor in an (alternative) investment fund ("AIF") or an undertaking for collective investment in transferable securities ("UCITS") (both as defined in the Wft), which AIF or UCITS is a Participant in the Fund;

**Individual Entry Price:** the price at which the Participant Fund acquires Participation Rights in case the Offer Risk is passed on to such Participant in accordance with Article 11.8 of the Fund Terms and Conditions;

**Information Memorandum:** this information memorandum relating to the Fund, including appendices, as amended or supplemented from time to time;

**Investment:** the mortgage receivable that meets the Mortgage Loan Criteria and was purchased and obtained by the Fund;

**Issue Date:** the date, being at most fifteen business days after a Trading Day, on which the number of Participations acquired by a Participant are entered into the register of Participants;

**Key Person:** Frank Meijer;

**Key Person Event:** the termination of the employment relationship between the Key Person and the Manager or a situation in which the Key Person no longer spends a substantial part of his working hours on the Fund;

**Legal Succession:** the substitution of a Participant in relation to its entire or a substantial part of its assets and liabilities to a Legal Successor as a result of a merger, split-off, acquisition, change of legal form, restructuring or relocation of its registered office or business location to a different country;

**Legal Successor:** a legal entity which as a result of a Legal Succession succeeds a Participant (in accordance with Article 6.6 of the Fund Terms and Conditions), or legally recognised segregated capital within it;

**Liquid Assets:** cash and cash-like instruments;

**LTV Ratio:** the Loan-to-Value ratio means, in relation to a mortgage loan, a ratio representing the outstanding amount of the mortgage loan (excluding the outstanding amount of a bridge loan) as a percentage of the current market value of the mortgage asset;

**Manager:** Aegon Investment Management B.V.;

**Master Mortgage Receivables Purchase Agreement:** the agreement between Aegon Custody B.V., Aegon Investment Management B.V. and Aegon Hypotheken B.V. concerning the purchase of mortgage receivables, as amended from time to time, which is described in Appendix IV and available for inspection at the Manager's offices;

**Meeting of Participants:** the meeting of Participants as described in more detail in chapter 12 of this Information Memorandum;

**Monthly Available Cash:** the cash that becomes available on a monthly basis from (p)repayments and interest of the mortgage receivables in the DMF 1's portfolio and is available for reinvestment in new mortgage receivables;

**Mortgage Allocation Methodology:** the allocation mechanism described for allocating mortgage receivables originated by Aegon Hypotheken B.V. as set out in the Mortgage Receivables Selection Agreement;

**Mortgage Loan Criteria:** the criteria that a mortgage loan must meet to be eligible for acquisition by the Fund, as described in the Master Mortgage Receivables Purchase Agreement and as included in Appendix IV;

**Mortgage Receivables Selection Agreement:** the agreement between Aegon Custody B.V., Aegon Investment Management B.V. and Aegon Hypotheken B.V. in which the parties agree the methods and procedures for selecting the mortgage receivables to be assigned to the Title Holder (on behalf of the Fund), which is described in Appendix IV and can be made available upon request;

**Mortgage Servicing Fee:** the fee that the Manager pays Aegon Hypotheken B.V. for managing the Investments consisting of mortgage receivables, as further set out in the Servicing Agreement;

**Net Asset Value:** the value per Participation, calculated by adding up the values of all Fund Securities, deducting the costs incurred by the Fund and the Fund's liabilities, and then dividing the outcome by the number of Participations;

**NHG:** the National Mortgage Guarantee (*Nationale Hypotheek Garantie*) provided by the Homeownership Guarantee Fund (*Stichting Waarborgfonds Eigen Woningen*);

**Non Available Cash:** cash reserved, in the following order, for:

1. Construction deposits that have not yet been drawn related to the mortgages receivables held by the Fund, cash intended for distribution of dividends, cash needed to pay fees in accordance with Articles 17.1 to 17.3 and cash needed to purchase the mortgage receivables that have already been ordered by the Fund from Aegon Hypotheken B.V, but have not yet been received.
2. The prioritised allocation of further advances (additional mortgage credit issued on top of a mortgage receivable already in the Fund, for example for a dormer or renovation etc.) and portable mortgages (*meeneemhypotheken*, a new mortgage receivable of which a part was already in the Fund) in line with the Master Mortgage Receivables Purchase Agreement;

**Non-United States Person:** a natural person or legal entity within the meaning of Commodity Futures Trading Commission Rule 4.7(A)(1)(iv), or any superseding provision;

**Non-Vertical Slice:** a non-random selection of the eligible mortgage production of Aegon Hypotheken B.V.;

**Offer Risk:** the risk of a decrease or increase in the value of a mortgage receivable between the time that a mortgage offer is provided to the mortgagor and the time that the related mortgage receivable is delivered to the Fund. Within the framework of the Fund, the concept of "offer risk" therefore has a different meaning from what is usually understood to be offer risk in the mortgage market;

**Outstanding Committed Amount:** the part of the Committed Amount not yet called up;

**Participant:** every holder of one or more Participations (for the avoidance of doubt, including DMF 1 Participants);

**Participation:** a claim conferring entitlement to a share of the Fund Assets which is held by a Participant;

**Payments:** the amount called up by means of a Call for Payment that has been or must be paid by the Participants and has not been paid back to the relevant Participant;

**Pipeline:** the total of Outstanding Committed Amounts by (Prospective) Participants exceeding the total amount of the mortgage receivables available to the Fund, creating a queue of investors waiting to enter the Fund;

**Professional Investor:** professional investor within the meaning of Article 1:1 of the Wft;

**Prospective Participant:** every person or legal entity of which the signed Entry Form has been accepted by the Manager but has not yet been issued Participations and has not invoked the Right to Revoke the Committed Amount within the meaning of Article 6.10 of these Fund Terms and Conditions or a DMF 1 Participant of which the signed Redemption and (Re)investment Form has been accepted by the Manager, but has not yet been issued Participations;

**Replacement Investor:** a party introduced by a Participant in relation to a redemption request. The Participant can designate a Replacement Investor to which it will indirectly deliver (all or part of) its Participations subject to the Fund Terms and Conditions;

**Redemption and (Re)investment Form:** a form to accommodate the procedure for DMF 1 Participants as described in Article 11.14 of the Fund Terms and Conditions to redeem from DMF 1 and subscribe to the Fund on a monthly basis;

**Right to Revoke the Committed Amount:** the right of a (Prospective) Participant to revoke the entire (therefore not only part of the) Committed Amount (and in case of a Prospective Participant thus the Entry Form) within the meaning of Article 6.10 of the Fund Terms and Conditions and within the time period specified by the Manager;

**Servicing Agreement:** the agreement between Aegon Custody B.V., Aegon Investment Management B.V. and Aegon Hypotheken B.V. concerning the management of the Investments by Aegon Hypotheken B.V., which is described in Appendix IV and available for inspection at the Manager's offices;

**Specified U.S. Person:** a natural person or legal entity within the meaning of the FATCA Intergovernmental Agreement between the Netherlands and the United States, or any superseding provision;

**Title Holder:** Aegon Custody B.V.;

**Trading Day:** every last day of the month on which the banks in the Netherlands and/or the foreign banks relevant to the Fund are open for the execution or facilitation of transactions, at the Manager's sole discretion;

**Vertical Slice:** random selection of the eligible new mortgage production of Aegon Hypotheken B.V.;

**Website:** the website [www.aegon.nl/zakelijk/fondsen](http://www.aegon.nl/zakelijk/fondsen);

**Wft:** the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), as amended from time to time; and

**Written/In Writing:** by letter, fax or e-mail, or by message transmitted via any other common means of communication that can be received in written form.

Unless the context indicates otherwise, references to the singular include references to the plural and vice versa and reference to any pronoun shall include the corresponding masculine, feminine or neuter.

# Important information

This Information Memorandum constitutes a prospectus as referred to in Section 4:37l of the Wft and as such it contains the information referred to in Articles 23(1) and 23(2) first sentence of the AIFMD. The Information Memorandum consists of general information and descriptions, the Terms and Conditions of Management & Custody and the Fund Specifications. The Fund, structured as a Dutch fund for the joint account of participants (*fonds voor gemene rekening*), is established and governed by the Information Memorandum as a whole. No part of the Information Memorandum supersedes another part.

Participants and prospective Participants in the Fund should not construe the contents of this Information Memorandum as legal, tax or financial advice. Each prospective Participant should consult its own professional advisors as to the legal and tax requirements within the country of its residence for the purchase, holding or disposal of Participations and the income and other tax consequences that may be relevant to the purchase holding or disposal of Participations. Any prospective Participant shall rely solely on its own due diligence, judgement and business analysis in evaluating an investment in the Fund. Interested parties should conduct their own investigation and analysis of the data and opportunity described.

Capitalised terms have the meaning provided for in the list of Definitions (above) or in the Definitions of the Fund Term and Conditions.

Participants and prospective Participants in the Fund are also expressly advised that an investment entails financial risks. They should therefore take careful note of the full contents of this Information Memorandum. Chapter 5 of this Information Memorandum includes a description of the most significant risks connected with investing in the Fund.

The information contained in this Information Memorandum is, to the extent that it could reasonably have been known to the Manager and its Directors, in accordance with the facts, and there are no omissions which would affect the purport of the Information Memorandum on the date of this Information Memorandum. The Manager has sole responsibility for the accuracy and completeness of the information contained in the Information Memorandum.

The issue of the Information Memorandum and sale on the basis thereof do not, under any circumstances, imply that the information set out in the Information Memorandum is still completely correct at a later date, on the understanding that essential information in the Information Memorandum will be updated as and when there is reason to do so. Prospective investors are asked to take note of the information in the chapter 3 of this Information Memorandum regarding certain implications of FATCA and Dodd-Frank regulations for participation in the Fund by persons and entities from the United States of America liable to pay tax.

The Information Memorandum does not constitute any offer of any financial instrument or an invitation to make an offer to buy any financial instrument other than the Participations offered, nor an offer to buy any financial instrument to a person in any country where such is not permitted according to the regulations in force there. This Information Memorandum may only be directed at and communicated to Professional Investors in the Netherlands and the EEA member states for which the Manager has completed the notification procedure as set out in Article 32 of the AIFMD.

## Europe

At the time of publication of this Information Memorandum, the Manager is authorised or otherwise permitted to market the Participations to Professional Investors in the following countries in Europe either by way of the AIFMD passport or through National private placement:

- Austria
- Belgium;
- Croatia;
- Denmark;
- Finland;
- France;
- Germany;
- Ireland;
- Italy;
- Luxembourg;
- Norway;
- Portugal;
- Spain;
- Sweden;
- United Kingdom.

## Switzerland

The Manager is also authorised to market the Participations to qualified investors in Switzerland (which should also qualify as Professional Investor). As this is not a Member State of the European Economic Area a Swiss representative and a paying agent have been appointed. For further information, please see appendix V.

Name of the Swiss representative: Caceis (Switzerland) SA,  
Route de Signy 35, CH-1260 Nyon, Switzerland  
Name of the Swiss paying agent: Caceis Bank, Paris, succursale de Nyon,  
Route de Signy 35, CH-1260 Nyon, Switzerland

This Information Memorandum is being circulated on a confidential basis to Professional Investors for the purpose of providing certain information about investing in the Fund only, and is not to be reproduced or used for any other purpose. Each recipient hereof by accepting delivery of this Information Memorandum agrees to keep confidential the information contained herein and to return it and all related materials to the Manager if such recipient does not undertake to purchase any Participations. The information contained in the Information Memorandum and any other documents relating to the Fund may not be provided to persons (other than professional advisors) who are not directly concerned with any Participant's decision regarding an investment in the Fund.

With regard to all returns referred to in this Information Memorandum, it should be noted that the value of investments can fluctuate. Past performance is no guarantee of future results.

The Information Memorandum is governed by Dutch law. The description is based on the legislation and regulations as applicable to the Manager's activities when this Information Memorandum was adopted.

## Complaints procedure

Participants may submit complaints regarding the Fund in writing to the Manager, for the attention of the Manager:

Aegon Investment Management B.V.  
Aegonplein 50  
2591 TV The Hague



# 1. Introduction

The Fund is an investment fund structured as a fund for the joint account of the participants (*fonds voor gemene rekening*). The Fund is managed by Aegon Investment Management B.V.. The Fund is a stand-alone investment fund and does not form part of "AEAM Funds", the fund range that Aegon Investment Management B.V. offers to institutional investors.

The Manager has been granted a licence as manager within the meaning of the Wft. Pursuant to the licence, the Manager is permitted to conduct the management of various investment schemes, including the Fund. The Fund qualifies as an externally managed collective investment scheme within the meaning of Article 1.1 of the Wft in the form of an investment fund. The Manager is subject to the licence requirements under the Wft, and the Manager and the Fund are registered with - and supervised by - the AFM, as evidenced by their registration in the public register of the AFM as referred to in Article 1:107 of the Wft. This register is available for inspection by any person on the AFM's website. Upon request, a copy of the license can be obtained from the Manager free of charge.

The Manager satisfies the requirements regarding equity capital as imposed under the Wft. In addition, the Manager retains 0.01% of the value of the assets under management of the investment funds managed by it as additional equity capital to cover liability risks.

Without prejudice to the above, the Manager has taken out liability insurance against liability as a result of errors and omissions with regard to the management of the Fund. General liability and liability for employees are covered by separate insurance. Directors' and officers' liability are insured under the Aegon Global D&O Programme. The insurance policies have been taken out with insurance companies with a high rating.

Participants and prospective Participants should be aware that investing involves 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.

## 2. Description of the mortgage market and positioning of the Fund

### 2.1 General

Since the financial crisis of 2008, the Dutch mortgage market has been subject to major changes. There has been much political debate about mortgages, including discussions about the maximum allowed Loan-to-Value Ratio, the maximum allowed loan amount given a certain salary, and the tax deductibility of interest payments on the mortgage. Decision-making in relation to this topic has become an essential part of Dutch political party programs and the platform of election campaigns.

The implemented structural reforms are aimed at reducing mortgage debt by making redemption the standard. Promoting confidence in the housing market is another important objective. In order to attain these goals, mortgage interest payments are only tax deductible for new mortgages if they are repaid as an annuity or linear over a period of at most 30 years. Existing interest only mortgages have been grandfathered, however, and continue to be tax deductible.

Lending criteria have also been tightened, as a result of which less money can be borrowed with the same income. The maximum allowed loan to value of a mortgage has been reduced step by step, by 1% per year, from 106% of the property value in 2012 to 100% of the property value as of 1 January 2018.

In addition to these measures, as of 1 January 2014 the tax deductibility of mortgage interest payments has been reduced from a maximum of 52% to 49% in 2019. The tax deductibility will go further down to a maximum of 37,05%, in steps of 3%-points per annum finalized per 2023.

Over the past few years, driven by a more competitive market landscape combined with gentle nudging from regulatory authorities, several mortgage providers in the Netherlands have started to offer automatic downward rate adjustments to borrowers. These adjustments are applied when, due to contractual repayments or prepayments, a borrower moves to a different LTV category in which the mortgage provider would have offered a lower rate if it would have concerned a new loan. As an established and proactive player in the Dutch mortgage market, Aegon Hypotheken B.V. has started to offer this feature to its clients since the third quarter of 2019.

The maximum property price for which an NHG mortgage can be obtained will also gradually be adjusted over the next few years. During the crisis, the NHG limit was temporarily raised to €350,000 (from €265,000). Effective 1 July 2012, the maximum was reduced to €320,000, effective 1 June 2013 to €290,000, effective 1 July 2014 to €265,000, effective 1 July 2015 to €245,000. Initially, the intention was to lower the NHG limit to €225,000 as of 1 July 2016. However, this idea was abandoned in light of the increase in house prices. As of 1 January 2017, the NHG limit is linked to the average house price in the Netherlands. For 2020 it is set at €310,000. Also, since 2014 the NHG guarantee does not cover 100% of the credit losses on a NHG mortgage, but only 90% of the losses.

Another measure that the government has taken in 2012 to support the housing market is the reduction of the Dutch property transfer tax from 6% to 2%.

After the housing market peaked in mid-2008, average property values fell substantially. Various assessments have indicated a decrease of between 14% and 20.5% until the lowest point in June 2013. Since 2013 the Dutch house prices have started to recover and in June 2017 they reached the levels of 2008.

The number of households with payment arrears has also increased considerably since 2007. Back in 2007, there were approximately 30,000 households with mortgage payment arrears registered at BKR. By the end of 2015, this number had risen to almost 113,000. Since the peak in 2015, this number has been slowly dropping again to 77,000 households in 2018. The increase was partly due to rising unemployment and an increase in the number of divorces. The number of homeowners with a mortgage is just above 5 million, hence the proportion of households with payment arrears was 2.2% at the peak in 2015. Conversely, the number of sales under execution has decreased slightly since the end of 2011. At its peak, sales under execution amounted to approximately 393 in January 2011. In October 2019, the number of sales under execution was only 62. This decrease is partly due to steps taken to avoid sales via execution and a very benign economic environment. The annual write downs on Dutch mortgages have been very limited, however.

## 2.2 Characteristics of newly granted Dutch residential mortgages

In general, the majority of mortgages in the Netherlands originated since 1 January 2013 are repaid as an annuity or linearly. Redemption has become the new norm and over lending is being curtailed, which is beneficial to the risk profile of mortgages, but a substantial fraction of the new origination still exists of “interest-only” mortgages; bullet mortgages that repay at maturity.

Interest-only mortgage loans are generally riskier than annuity loans: the LTV ratio of an interest only mortgage does not decrease during the lifetime of the mortgage, unless the property price increases. Moreover, the NHG guaranteed amount decreases by a 30 year annuity schedule during the lifetime of the mortgage. Hence, for interest-only mortgages, there is a mismatch between the NHG guaranteed amount and the actual outstanding balance of the mortgage. NHG guaranteed mortgages are therefore not always fully guaranteed and credit losses might arise on NHG mortgages of the interest-only type.

With the increasing house price after 2013, an increasing fraction of the population prefers to buy a new property before selling their old property. If the market value of their old property is higher than the related mortgage, the (not-yet-realized) home equity in the old property can be used to buy a more expensive new property. The mortgage on this new property will then consist of a bridge loan part. This bridge loan part will be repaid upon the release of the equity in the old property, typically within 6 months after the purchase of the new property.

Although it is not presently anticipated that the Fund will invest in fully savings-based or unit-linked mortgages (mortgage loans with a savings or capital accumulation component), in principle the Fund's investment policy does permit such investments.

The Fund includes mortgage loans with a savings or capital accumulation component, which the mortgagor incorporated in the refinancing of an older mortgage. For those types of mortgages (endowment mortgages and savings-based mortgages), a settlement risk could arise, in particular if a mortgagor whose mortgage loan is included in the Fund's portfolio also has a claim against Aegon under the savings or capital accumulation component of the product. In this type of situation, there is a risk that, should Aegon Hypotheken B.V. and/ or Aegon Levensverzekering N.V. and/or Aegon Bank N.V. go bankrupt or apply for a moratorium, the mortgagor may take the position that he is entitled to settle his debt under the mortgage loan with his claim under the savings or capital accumulation component of the product. This could have consequences for the Fund (reduction of the claim against the relevant mortgagor, recovery costs, legal costs, etc.). There are no precedents in Dutch case law at this time regarding the possibility of settlement in a situation of this type.

The mortgages in the Fund were all granted after 1 January 2017 and comply with the new guidelines on the granting of mortgages.

### 3. Target group of investors

The Participations are only available to Professional Investors.

Moreover, as a result of the requirements of FATCA and Dodd-Frank, 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 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 Dodd-Frank. If the 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 Manager will proceed to redeem the Participations as described in chapter 6.4 of this Information Memorandum. In such a case, Article 13 of the Fund Terms and Conditions applies by analogy, on the understanding that the provisions in the last sentence of Article 13.2 do not apply. The consent of a Participant to such redemption is not required.

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

Investors in the Fund are able to gain exposure to residential mortgages originated by Aegon Hypotheken B.V.. Given the illiquid character of the Fund, an investment in the Fund is intended to be for the long-term.

## 4. Profile and investment policy

### 4.1 Investment policy and objective

The Fund invests in Dutch mortgage receivables (from mortgage loans secured by a first or first and sequentially lower ranking mortgage right on a Dutch residential property) that are originated by Aegon Hypotheken B.V.. The mortgage receivables comply with the Mortgage Loan Criteria (see Appendix IV). Specifically, upon new commitments to the Fund and/or in order to reinvest available cash, the Fund subscribes, normally in advance, to the mortgage production of Aegon Hypotheken B.V. The overall new mortgage production of Aegon Hypotheken B.V. will be divided on a monthly basis between the Fund and other entities that have subscribed to the new mortgage production of Aegon Hypotheken B.V. The allocation mechanism is described in the Mortgage Allocation Methodology, as amended from time to time. The Fund will acquire the allocated mortgage receivables at their nominal value.

The Fund normally subscribes to a Vertical Slice of the mortgage production of Aegon Hypotheken B.V. An independent party verifies that the pool of mortgage receivables that is allocated to the Fund is – within statistical limits – equivalent to the pool of mortgage receivables that is not allocated to the Fund. Each year, two Participants will review the reports of the independent party in order to check whether there are findings that the Manager has failed to report.

The Manager may also subscribe to a Non-Vertical Slice of the mortgage production of Aegon Hypotheken B.V. A subscription to a Non-Vertical Slice is subject to the prior approval of Aegon Hypotheken B.V. and of the Meeting of Participants.

Fund resources that are not invested in such loans will be held in cash and cash-like instruments, in accordance with Article 4.4 of the Fund Terms and Conditions.

The Fund's investment policy is aimed at achieving a higher return, before management fees, than its Benchmark, over the longer term.

### 4.2 Benchmark

The Fund's Benchmark is the JP Morgan Government Bond Index Traded Netherlands. JP Morgan applies various restrictions to this Benchmark. The Benchmark comprises liquid fixed-interest Dutch government bonds with a term of more than 12 months. There is no minimum size requirement, but, in connection with lower liquidity, relatively small issues are omitted from the Benchmark.

The Benchmark is rebalanced on the first business day of the month (including holidays). The Benchmark is fully invested. Coupons received are immediately reinvested. More information on the Benchmark is available on the JP Morgan Markets website (<https://mm.jpmorgan.com>). A log-in code is required.

The choice of a benchmark with government bonds was prompted by the fact that mortgages are offered - via the Fund - as an alternative for government bonds. The specific JP Morgan Government Bond Index Traded Netherlands was chosen on the basis of the risk profile of the Benchmark and the total duration (between 5 and 10 years), which best align with the envisaged risk profile and the duration of the Fund.

AIM considers this Benchmark to be in scope of the EU Benchmark Regulations (2016/1011). The Benchmark is currently not registered with the European Securities Markets Authority (ESMA). AIM will monitor the registration of the Benchmark, and if - after transitional measures have ended - AIM is not allowed to use this Benchmark, AIM will stop using the Benchmark and inform Participants accordingly. The EU Benchmark Regulation requires AIM to produce and maintain robust written plans setting out the actions that it would take in the event that a benchmark (as defined by the EU Benchmark Regulations) materially changes or ceases to be provided. AIM shall comply with this obligation. Further information on the plan is available on request.

### 4.3 Investment restrictions

The Fund is only allowed to invest in mortgage receivables originated by Aegon Hypotheken B.V. that complied with the Mortgage Loan Criteria (see Appendix IV) at the time of origination. These Mortgage Loan Criteria include a maximum LTV ratio of 101% at the time of origination.

The Fund may hold NHG guaranteed mortgages and non-NHG guaranteed mortgages. There is no limit on either type of mortgage.

The Fund strategically holds 0% in freely available cash, with a minimum of -2% and a maximum of +5% of the Fund Assets. Non Available Cash is not taken into account in this respect. In the event that these margins are exceeded, the Manager will ensure that the portfolio is brought within these margins as quickly as reasonably possible. The Manager is not required to sell existing mortgage receivables to effect this.

The Fund can only invest in euro-denominated securities.

The Fund will not enter into any securities lending transactions, repos or total return swaps.

In accordance with Article 20.3 of the Fund Terms and Conditions, decisions by the Manager to change the Fund's investment policy is subject to the prior approval of the Meeting of Participants.

#### 4.4 Main legal implications

The Fund is a fund for the joint account of the participants (*fonds voor gemene rekening*) under Dutch law. Pursuant to the Fund Terms and Conditions, the legal relationship between the Manager and the Title Holder is governed by Dutch law and the courts in The Hague have jurisdiction to settle any disputes under the Fund Terms and Conditions. Each Participant accepts to be bound by the Fund Terms and Conditions by subscribing to Participations. The Fund Terms and Conditions comprise more detailed information regarding the rights and obligations of the Participants. For example, Article 16 of the Fund Terms and Conditions regulates the liability of the Manager, the Title Holder and the Depositary vis-à-vis the Fund and the Participants.

For the purposes of the Depositary Agreement, Dutch law is also applicable to the relationship between the Manager, the Title Holder and the Depositary. The Depositary Agreement also provides that the Dutch courts have jurisdiction in the event of disputes in this respect.

The Master Mortgage Receivables Purchase Agreement, the Mortgage Receivables Selection Agreement, the Servicing Agreement and the ancillary agreements referred to in Appendix IV are also subject to Dutch law and include – for the sake of certainty – an explicit choice of forum clause for the Dutch courts.

## 5. Risk factors

Investing involves risks. There are no guarantees that the investment objectives will be achieved. The Net Asset Value may rise or fall. There is no guarantee that the original investment in the Fund will be fully repaid on an exit or withdrawal.

The classification of risks set out below is intended to provide an overview of the risks that may arise in relation to a Participation in the Fund. This classification is not exhaustive. Participants and prospective Participants in the Fund are expressly asked to note that there are financial risks involved in investing in the Fund and they are advised to study this Information Memorandum thoroughly and to obtain advice if necessary.

The Fund Specification of the Fund includes the risk profile. These risks are monitored on a daily basis. The risk management system which is used is called "Risk Vision".

### 5.1 Financial risks

Within the financial risks, a distinction can be made between market risk and credit risk. Market risk is driven by developments in the financial markets, for example changes in the yield curve or spread curve. Credit risk is directly related to the debtors and is driven by their financial position.

#### Interest rate risk

The risk that the valuation of an instrument will change as a result of a change in the absolute level in the interest rate or a change in the yield curve. In the event of an interest rate increase, the mortgage rates will likely increase and consequently the market value of mortgage receivables in the Fund will generally decline.

#### Duration risk

The risk that the interest rate sensitivity ("duration") of the Fund will fluctuate over time, for example, because of a changing composition of the mortgage receivables in the Fund, or because of fluctuations in early repayments by the underlying customers (the mortgagors). Such early repayment of mortgages generally result in a lower duration of the Fund. Adding new mortgage receivables to the Fund, due to reinvestments or due to the issue of new Participations, may also change the duration of the Fund.

#### Early repayment risk

The risk of market value losses as a result of early (partly or full) repayments of a mortgage loan that is valued above par.

#### Valuation Risk

Mortgage receivables are illiquid and have no observable market value. The fair value of mortgage receivables in the Fund is model-based, with a number of variables in the valuation model, such as the discount rate and the assumed 'constant prepayment rate' (CPR). There is a risk that the Net Asset Value of the Fund decreases or increases after the Participant has entered the Fund, as a consequence of a periodic reassessment of the CPR and the discount rate used in the valuation model.

#### Reinvestment risk

The risk that available cash in the Fund, resulting for example from interest income, repayments of mortgage receivables or the issuance of more Participations, has to be reinvested into new mortgage receivables at the then applicable mortgage rates. This will affect the average yield on the Participations.

#### Dividend risk

The risk that the amount of dividend paid out to Participants changes over time, for example as a consequence of a change in the income received on the mortgage loans in the Fund.

#### Inflation risk

The risk of market value losses as a result of inflation movements. Rising inflation has an adverse effect on the value of money. Due to inflation, the purchasing power value of interim repayments and the ultimate redemption may be lower than the purchasing power value at the date of the investment in the Fund. The Fund does not make use of any index-linked instruments and has no specific policy with regard to inflation risk.

#### Concentration risk (investments/markets)

The risk of losses as a result of a concentration of investments in particular types or in particular markets. The Fund will only invest in Dutch mortgage receivables and is thus highly concentrated.

### 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). In principle, the Fund does not employ any leverage. For the purposes of liquidity management, the Manager may nevertheless temporarily - up to a maximum equal to 2% of the (value of the) Fund Securities – have an overdraft, take out loans with a treasury entity belonging to the 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 risk of a decrease or increase in the value of a mortgage receivable due to falling or rising mortgage rates between the date that a mortgage offer is provided to the underlying customer (the mortgagor) and the date the related mortgage receivable is delivered to the Fund. Within the framework of the Fund, the concept of offer risk therefore has a broader meaning than it is usually understood to mean in the mortgage market. The Fund purchases all mortgage receivables at nominal value from Aegon Hypotheken B.V., and in order to issue new Participations to acceding Participants, with minimal impact on the Net Asset Value of the existing Participations, the difference between the market value of the delivered mortgage receivables and their nominal value is for the account and risk of the acceding Participant, by means of an Individual Entry Price. In the situations provided for in the Fund Terms and Conditions, it is possible to deviate from this principle.

### Liquidity risk

The risk that Participations cannot immediately be redeemed for cash. Mortgage receivables are illiquid investments that normally cannot be liquidated. The redemption of Participations will be financed using the cash flows under the Investments or arising from new issues of Participations in the Fund. Therefore, upon exit from the Fund, Participants will be dependent on the available cash and the new inflow of (Prospective) Participants into the Fund. As a result of this restricted liquidity, outflow from the Fund may take a long time. In case of multiple and/or simultaneous requests to redeem Participations, the procedure as described in chapter 6.4 of this Information Memorandum (Redemption of Participations) is applicable.

### Pipeline risk

The risk that there may be a long period between the moment of acceptance of an Entry form and a Call for Payment. How long this period will be depends on the size of the Outstanding Committed Amounts of other (Prospective) Participants and the amount of mortgage receivables that are allocated to the Fund on a monthly basis in accordance with the Mortgage Allocation Methodology. During the period between the acceptance of the Entry Form and a Call for Payment, there is a risk that the circumstances change in such a manner that an acceding Participant, yet before he has entered the Fund, would like to withdraw his Committed Amount or request a redemption. Only for the part of the Committed Amount for which the acceding Participant has already received Participations, a request for redemption can be made to the Manager in accordance with the Fund Terms and Conditions. In principle, the Manager has already ordered the mortgage receivables for the Outstanding Committed Amount with Aegon Hypotheken B.V. and the Manager cannot withdraw that order. This risk is for the account of acceding Participants. Only in the situations provided for in the Fund Terms and Conditions, it is possible to deviate from this principle (clauses 6.10 and 6.11).

### Mortgage market risk

Mortgage loans are typically 30-year loans. There is a risk that key characteristics of mortgage receivables in the Fund are modified during this term, as a result of external factors or public pressures. For example, the risk that the conditions for early repayments of mortgage loans are modified, or the introduction of automatic adjustment of risk-surcharges when the LTV changes. Any resulting market value change of the Assets in the Fund and any other negative impact on the market value of the Assets of such mortgage loan modification is for the account of the Participant.

### Credit risk

The risk of losses on the mortgage receivables as a result of a debtor not being able to fulfil their commitments, for example due to unemployment, illness or death. When a debtor can no longer fulfil his mortgage payment commitments and the value of the collateral is insufficient to discharge his liability, this may have an adverse effect on the Net Asset Value and hence the total return of the Fund. In the case of NHG mortgages, this credit risk is for the largest part mitigated by the NHG guarantee. For non-NHG guaranteed mortgage receivables, the credit risk will largely depend on the Loan-to-Value of the mortgage at the time of foreclosure.

### Country risk

The risk pertaining to investing in or holding assets in a particular country. Country risk is related to non-economic factors such as the political climate, tax rules and culture. Country risk could arise within the Fund if the Dutch government implements policy or regulations detrimental to the Dutch housing or mortgage market.



### Bankruptcy risk

The Fund includes mortgage loans with a savings or capital accumulation component, which the mortgagor incorporated in the refinancing of an older mortgage. For those types of mortgages (endowment mortgages and savings-based mortgages), a set-off risk could arise in case of a bankruptcy or application for a moratorium of Aegon Hypotheken B.V. and/ or Aegon Levensverzekering N.V. and/or Aegon Bank N.V., in particular if a mortgagor whose mortgage loan is included in the Fund's portfolio also has a claim against Aegon under the savings or capital accumulation component of the product. In this type of situation, there is a risk that, should Aegon Hypotheken B.V. and/ or Aegon Levensverzekering N.V. and/or Aegon Bank N.V. go bankrupt or apply for a moratorium, the mortgagor may take the position that he is entitled to settle his debt under the mortgage loan with his claim under the savings or capital accumulation component of the product. This could have consequences for the Fund (reduction of the claim against the relevant mortgagor, recovery costs, legal costs, etc.). There are no precedents in Dutch case law at this time regarding the possibility of a set-off in a situation of this type.

## 5.2 Non-financial risks

### Custody risk

The risk of loss of assets held by the Custodian, as a result of insolvency, negligence or fraudulent conduct of the Custodian or any third parties appointed by it.

### Non replenishment risk

The risk that the Fund will not be able to reinvest the cash in the portfolio in new mortgage receivables from Aegon Hypotheken B.V.

### Operational risk

The risk of losses as a result of inadequate or failing internal processes, controls, people or systems, or as a result of external events. This risk includes (but is not limited to): business risk, legal and compliance risk, tax risk, fraud risk, the risk that the company is not or not adequately supervised, process and accounting risk, systemic risk, staffing risk and facility risk. This operational risk relates to the operations of the Manager as well as Aegon Hypotheken B.V.

### Risk of suspension of redemption and issue

Under certain circumstances, as set out in the Fund Terms and Conditions, the issue and redemption of Participations may be suspended. Participants run the risk of not always being able to buy or sell Participations at short notice.

### Legal and Regulatory Risk

Legal and Regulatory (including taxation) changes could adversely affect the Fund. Regulation (including taxation) of investment vehicles such as the Fund is still evolving and therefore subject to change. The effect of any future legal or regulatory (including taxation) change on the Fund is impossible to predict, but could be substantial and have adverse consequences on the rights and returns of Shareholders.

### Fund for the joint account of participants

The Fund is a fund for the joint account of participants (*fonds voor gemene rekening*) under Dutch law. As such the Fund is not a legal entity (*rechtspersoon*), but a contractual arrangement *sui generis*, subject to the Fund Terms and Conditions. In the Fund Terms and Conditions it is expressly stated that the Terms and Conditions do not establish a partnership (*maatschap/ vennootschap onder firma*), limited partnership (*commanditaire vennootschap*) under Dutch law and neither the Manager nor the Title Holder is deemed to be partners (*maten/vennoten*) of the Fund. In connection herewith, the liability of a Participant is limited in the Fund Terms and Conditions to the amount of its Committed Amount. In the past, however, the Dutch Supreme Court (*Hoge Raad*) has ruled that under certain circumstances a fund for the joint account may be considered a partnership (*maatschap*). The most important consequence of being considered a partnership is the equal liability (*aansprakelijkheid voor gelijke delen*) of all Participants.

### Change of law

The Fund Terms and Conditions, the Depositary Agreement, the Master Mortgage Receivables Purchase Agreement, the Mortgage Receivables Selection Agreement, the Servicing Agreement and the ancillary agreements referred to in Appendix IV are governed by Dutch law in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible change to Dutch law or administrative practice in the Netherlands after the date of this Information Memorandum.

## 6. Investing in the Fund

Set out below is information summarising the manner in which a Professional Investor can invest in the Fund. For more detailed information, prospective Participants are referred to the Fund Terms and Conditions, which are included as Appendix I to this Information Memorandum.

### 6.1 Open-end investment fund with limited liquidity

The Fund is structured as an open-ended fund for the joint account of the participants (*fonds voor gemene rekening*), it being understood that the degree to which Participants are able to enter and exit is at all times dependent on the mortgage production by Aegon Hypotheken B.V. and the available Liquid Assets, respectively. Within these margins, barring special circumstances and in accordance with the provisions of the Fund Terms and Conditions, the Fund is prepared to redeem and issue Participations under the conditions described in this Information Memorandum and - in more detail - in the Fund Terms and Conditions. Participations in the Fund cannot be transferred to or divested other than by redemption as referred to in paragraph 6.4.

The price of a Participation in the Fund is based on the Net Asset Value.

In principle, Participations in the Fund are issued and redeemed on a monthly basis on a Trading Day.

### 6.2 Accession to the Fund

Applications to be admitted to the Fund should be addressed to the Manager. Accession applications will only be processed after the Manager has received and accepted a fully completed Entry Form. Upon admission to the Fund, Prospective Participants agree the total amount that they wish to make available to the Fund (the Committed Amount). To participate in the Fund, a minimum Committed Amount of EUR 1 million is required. The Manager has the discretionary right to accept smaller commitments with a minimum of EUR 100,000.00 when the Committed Amount is made available by an entity to which a Participant is affiliated within a group.

After a fully completed Entry Form has been received the application to be admitted to the Fund will be accepted by the Manager when the customer due diligence procedure of the Manager has been concluded successfully and the (Prospective) Participant has been informed of the acceptance in Writing (by e-mail and/or a (confirmation) letter).

Once the application to be admitted to the Fund is accepted, the (Outstanding) Committed Amount is in principle irrevocable. The (Prospective) Participants are not entitled to withdraw from (the Pipeline of) the Fund or to withdraw or revoke any part of their (Outstanding) Committed Amounts, unless explicitly provided otherwise in the Fund Terms and Conditions (as in Articles 6.10 and 6.11 – when under certain circumstances a Right to Revoke the Committed Amount is granted by the Manager).

The Outstanding Committed Amount is subsequently called up by the Manager (possibly in several tranches) by means of one or more Call(s) for Payment as further described in the Fund Terms and Conditions, unless the Prospective Participant has invoked the Right to Revoke the Committed Amount. For DMF 1 Participants a separate procedure is in place (see paragraph 6.3.1.) which allows them to redeem a monthly amount from DMF 1 to monthly (re)invest in the Fund. The monthly amount per DMF 1 Participant may vary per month, but the total amount for all DMF 1 Participants to (re)invest per month to the Fund is maximised at the prioritised allocation amount for (re)investments of DMF 1. By signing the Redemption and (Re)investment Form a DMF 1 Participant gives its consent that a monthly amount, determined by the Manager, will be redeemed from DMF 1 and invested directly in the Fund. A DMF 1 Participant will therefore not receive a Call for Payment.

The Manager may grant the Prospective Participant the Right to Revoke the Committed Amount. The Manager informs the Prospective Participant prior to his application for accession to the Fund if the Right to Revoke the Committed Amount will be granted and under what conditions. The Manager takes into account, among other things: (i) the Pipeline and (ii) the spread level of the Investments.

In principle, the acceding Participants will bear the Offer Risk with regard to the mortgage receivables that the Manager purchases in connection with their accession (possibly in advance) from Aegon Hypotheken B.V., so that the accession of these new Participants is price-neutral for the then current Participants to the extent possible. The Offer Risk is calculated in accordance with Article 11.8 of the Fund Terms and Conditions. In certain situations, the Outstanding Committed Amount of smaller Participants may be called with priority and without Offer Risk being passed on to the acceding Participant, in accordance with Article 7.3 of the Fund Terms and Conditions.

If a (Prospective) Participant with an Outstanding Committed Amount bears the Offer Risk with regard to its Outstanding Committed Amount, this information will be included in the Call for Payment and/or the trade confirmation to the relevant acceding Participant(s), stating the calculation method and the Individual Entry Price. The DMF 1 Participants entering the Fund bear Offer Risk for the amount it enters the Fund, this information will be included in the trade confirmation.

### 6.3 Issue of Participations

Participants may be admitted to the Fund on any Trading Day. If the Manager has decided to issue Participations, it will so notify the (Prospective) Participants with an Outstanding Committed Amount by means of a Call for Payment. All Calls for Payment will include a payment deadline of at most ten (10) business days and a description of the objective for which the amount called will be used.

Subject to the Fund Terms and Conditions, any Participations to be issued on any Trading Day are allocated on the basis of all Outstanding Committed Amounts, taking into account:

- (i) new and existing Participants are treated equally;
  - (ii) Entry Forms received in the same calendar month are treated equally; and
  - (iii) Entry Forms are treated in a time sequential order, with Entry Forms received in the most distant calendar month treated first.
- When allocating Participations according to the abovementioned principles, the Manager will in principle call up the (Prospective) Participants' Outstanding Committed Amounts on a pro rata basis.

The Manager at its sole discretion may deviate from the foregoing:

- (i) in the situation as described in Article 7.3 of the Fund Terms and Conditions
- (ii) in the event that a Prospective Participant has a relatively small Committed Amount compared to the Committed Amounts of the other Prospective Participants whose Entry Form was received in the same calendar month
- (iii) In addition, a (Prospective) Participant may request the Manager to call up its Outstanding Committed Amount in phases over a longer period of time than would be appropriate on the basis of the pro rata allocation system of Article 11.4 of the Fund Terms and Conditions and
- (iv) In addition, in case the Manager has received a signed Redemption and (Re)Investment Form from a DMF 1 Participant, the procedure described in section 6.3.1. is followed.

The Manager will decide on such request as set out under (i) to (iii) above at its sole discretion and is not required to grant such a request.

The applicable procedure is described in detail in Article 6.5 of the Fund Terms and Conditions. In such a case, the Participant waives its right to a pro rata allocation of Participations, which pro rata allocation is referred to in Article 6.2 of the Fund Terms and Conditions.

A Participation is deemed to have been issued on the Trading Day prior to the Issue Date at the Net Asset Value as calculated on the Valuation Date following that Trading Day. The authority to issue Participations rests solely with the Manager. As from the relevant Trading Day, the Participations deemed to have been issued at that Trading Date will be for the Participant's account and risk and the Participant will be liable to the Fund up to the maximum of its Committed Amount.

#### 6.3.1 Issuance of Participations to DMF 1 Participants

Participations can also be issued and allocated to DMF 1 Participants on a Trading Day on the basis of:

- A signed Redemption and (Re)investment Form by a DMF 1 Participant;
- A redemption of DMF 1 consisting of part of the Monthly Available Cash from the mortgage receivables in the DMF 1 portfolio; and
- Subject to and in accordance with the prioritised amount of mortgages available to DMF 1 on a monthly basis pursuant to the Mortgage Allocation Methodology.

Aegon Hypotheken B.V. aims to protect the interests of investors with an existing portfolio of mortgage receivables and who prefer to maintain the exposure to mortgage receivables by reinvesting (p)repayments and other proceeds. This is achieved by prioritizing a monthly minimum allocation amount, which is subject to periodic adjustment by Aegon Hypotheken B.V. and subject to the available production of Aegon Hypotheken B.V.. Such a minimum allocation amount of mortgage receivables has been prioritised for DMF 1 as a large investor which has placed a steady stream of reinvestment orders. The prioritised allocation amount of mortgage receivables for DMF 1 can be used by DMF 1 Participants to (re)invest in the Fund to maintain their exposure to mortgage receivables.

By signing the Redemption and (Re)investment Form a DMF 1 Participant indicates it wants to use a part of the Monthly Available Cash from DMF 1 to invest in the Fund instead of reinvesting it in DMF 1. In practice this means that DMF 1 Participants redeem from DMF 1 for an amount every month and subscribe to the Fund for that same amount every month. As both funds

invest in the mortgage receivables from Aegon Hypotheken B.V., which will be in line with the Fund's investment policy and Mortgage Loan Criteria, the prioritised mortgage receivables acquired with the Monthly Available Cash from DMF 1 can also be allocated to the Fund.

The available amount per DMF 1 Participant (which has signed a Redemption and (Re)Investment Form) of the Monthly Available Cash of DMF 1 is based on a pro rata division of its committed amount in DMF 1 and may vary every month due to, for example, variations in possible redemption requests and (p)re-payments of the mortgages in the DMF 1 portfolio. The available amount per DMF 1 Participant is also dependent on the choice each DMF 1 Participant makes to only invest a pro rata amount or also an additional amount, if available, of the Monthly Available Cash. An additional amount may become available if some DMF 1 Participants have not signed a Redemption and (Re)investment Form to use their pro rata amount of the Monthly Available Cash to (re)invest in the Fund. In that case a part of the Monthly Available Cash of DMF 1 and a part of the set amount of prioritised mortgage receivables for DMF 1 would be left unused and therefore that part can also be divided on a pro rata basis over the DMF 1 Participants that have indicated to be interested to (re)invest in the Fund for an additional amount as mentioned in the Redemption and (Re)investment Form. The monthly available amount per DMF 1 Participant is determined by the Manager on a monthly basis. The DMF 1 Participant will not receive a Call for Payment.

On a monthly basis DMF 1 Participants can only (re)invest in the Fund up to the prioritised allocation amount of mortgages for DMF 1 as indicated in the Mortgage Allocation Methodology. Any further investment in the Fund by DMF 1 Participants in mortgage receivables that cannot be accommodated with the prioritised mortgage receivables pursuant to the Mortgage Allocation Methodology, require a completed and submitted Entry Form for the Fund (for which the Participant enters the Fund's Pipeline, as described below). At all times, allocation of all mortgage receivables in the Fund are in line with the Mortgage Allocation Methodology. It is noted that the Fund may only invest in the prioritised mortgage receivables pursuant to the Mortgage Allocation Methodology with the (re)invested amount available from DMF 1 Participants.

For the avoidance of doubts, Participations issued to DMF 1 Participants in accordance with this procedure as set out above shall entitle DMF 1 Participants to the same rights and obligations as other Participations entitle a Participant to, unless explicitly determined otherwise.

### 6.3.2 Pipeline

This concerns the time lapse between acceptance of the Entry Form and the first Call for Payment by the Manager. This period could last for either some months, many months or more than a year depending on the circumstances. The Manager can give Prospective Participants with an Outstanding Committed Amount an estimate of how many months it can roughly take, but due to the dependency on the mortgage receivables available for the Fund this remains a rough estimate, which in the interim may change if one or more other( Prospective) Participants invoke their Right to Revoke the Committed Amount.

The Fund, DMF 1 and other investors subscribe to mortgage receivables of Aegon Hypotheken B.V. for which one pipeline exists. DMF 1 has a different position in that pipeline than the Fund for as far as its reinvestment orders are concerned. A minimum allocation amount of mortgage receivables, as described in the Mortgage Allocation Methodology, is prioritised for reinvestments of DMF 1 (and in the future this may also be the case for the Fund) to keep the exposure to mortgage receivables at the same level. Therefore, the dependency on available mortgage receivables from Aegon Hypotheken B.V. for the reinvestments of DMF 1 is different than described in the paragraph above. There would normally be no such time lapse between acceptance of the Redemption and (Re)Investment Form and the issuance of Participations. From the monthly production of mortgage receivables of Aegon Hypotheken B.V., the prioritised allocation amount of mortgage receivables for reinvestments are made available to DMF 1 (and possibly to other large investors with a prioritised minimum allocation amount) first and the remaining part of the mortgage receivables production would be used to fulfil the other subscriptions and orders, including the orders of the Fund. There could still be a time lapse for DMF 1 Participants between acceptance of the Redemption and (Re)Investment Form and the issuance of Participations due to, for example, redemption requests in DMF 1. In that case the Monthly Available Cash in DMF 1 would be used for fulfilling the redemption request(s) and cannot be used for reinvestments.

### 6.3.3 Issue of new Participations in case of a special redemption procedure – Substitution by a Legal Successor, Group Entity, (In)direct Investor or Replacement Investor

The regular issue and allocation mechanism, as described above, does not apply in the event of a first issue and allocation of Participations to a Participant's Legal Successor, Group Entity, (In)direct Investor or Replacement Investor. In the case of Legal Succession, all Participations held by the Participant, and in the case of a Group Entity, (In)direct Investor or Replacement Investor all or part of the Participations held by the Participant, are redeemed by the Fund in one go immediately followed by the issue and allocation of an equal number of new Participations to the Legal Successor, Group Entity, (In)direct Investor or Replacement Investor, without consideration of the Pipeline.

In such a case, redemption and issue take place on the same Trading Day and at the same Net Asset Value, without the Offer Risk being passed on. It is a special procedure intended to (partly) substitute a Participant by a Group Entity, (In)direct Investor or Replacement Investor and to resolve exceptional situations of Legal Succession – or comparable events – of a Participant.

When assessing a request for application of the aforementioned procedure, the Manager substantively reviews whether all conditions are met to qualify as:

1. Legal Successor;
2. Group Entity;
3. (In)direct Investor; or
4. Replacement Investor.

This assessment is made at the Manager's discretion. For more information, see paragraph 6.4 below.

Every substitute has to sign an Entry Form for a Committed Amount and it must fulfil the other regular requirements to be accepted by the Fund.

In case of a special redemption procedure with regards to a Group Entity, (In)direct Investor or Replacement Investor the Committed Amount will be called up by the Manager (unless all involved parties agree otherwise) and this cash will be used to redeem an equal amount of Participations held by the original Participant. Hence, the cash from the Group Entity, (In)direct Investor or Replacement Investor will only be used, to the extent necessary, to redeem Participations of the exiting Participant that requested the special redemption, and will not be used for the redemption of other Participants that also wish to redeem their Participations. In case of a special redemption procedure with regards to a Legal Successor, the Committed Amount will not be called up by the Manager and the exiting Participant does not receive any payment in cash for the redemption, as this is deemed to be the amount paid by the Legal Successor for the newly issued Participations.

The abovementioned special redemption procedure may also apply by analogy to Prospective Participants who request that a Group Entity, (In)direct Investor, Legal Successor or Replacement Investor substitutes them in the Pipeline for the Outstanding Committed Amount (the full Outstanding Committed Amount in case of a Legal Successor and in case of a Group Entity, (In)direct Investor or Replacement Investor it may concern a part or all of the Outstanding Committed Amount). The requirements to qualify as a Group Entity, (In)direct Investor, Legal Successor or Replacement Investor have to be met. The Group Entity, (In)direct Investor, Legal Successor or Replacement Investor agrees to substitute the requesting Prospective Participant in the Pipeline (in the month the Entry Form was submitted by the requesting Prospective Participant) for the part of the Outstanding Committed Amount indicated in the Written request signed by both parties. The Group Entity, (In)direct Investor, Legal Successor or Replacement Investor takes over all the rights and obligations of the Prospective Participant in relation to its subscription to the Fund.

#### 6.3.4 Substitution by a Replacement Investor

The regular issue and allocation mechanism, as described above, does also not apply in the event of a first issue and allocation of Participations to a Replacement Investor. In the situation that a redemption request by a Participant cannot (completely) immediately be fulfilled by the Manager due to a lack of liquidity, the Participant is allowed to propose an investor that qualifies as a Professional Investor to become Participant to the Fund for the same number of Participations. The current Participant can present the Manager with a Written request in which the Replacement Investor is introduced.

To ensure an equal treatment of (entering) Participants this procedure for substitution by a Replacement Investor is only available as long as there is no Pipeline (Prospective Participants with Outstanding Committed Amounts) to provide the liquidity to fulfil the redemption request of a current Participant. The available liquidity should be too limited to fulfil the redemption request immediately or fully.

In principle a Prospective Participant can also be substituted by a Replacement Investor, however as it is required that there is no Pipeline, the requesting Prospective Participant would have to be the only Prospective Participant (left) in the Pipeline.

### 6.4 Redemption of Participations

If a Participant wishes to, or must, transfer one or more Participations to the Fund the Participant shall notify the Manager accordingly in Writing at least 1 month in advance, stating the amount and/or the number of Participations involved, in accordance with Article 13.1 of the Fund Terms and Conditions. This notification is irrevocable. The Manager, acting on behalf of the Fund, will as soon as possible proceed to redeem and acquire the Participations concerned, proportionally to the total number of Participations offered for redemption, irrespective of the calendar month in which the redemption request is received. Exiting Participants from different calendar months will therefore also be treated equally in terms of redemption of their Participations and will be repaid proportionally to the available cash on the relevant Trading Day. Redemption will be financed out of the cash flows generated by the Investments or by issuing Participations in the Fund, if and in so far as sufficient, and with the exception of Non Available Cash within the Fund.

A Participation is deemed to have been redeemed on the second Trading Day following the aforementioned Written notification at the price as calculated on the Valuation Date following that Trading Day. If the Fund's liquidity is insufficient to comply with a redemption request (in full), the relevant Participations will be 'included' again in the next redemption round according to the

same procedure, etc. If and as long as one or several Participations are offered to the Fund for redemption, the Manager will not subscribe for any additional mortgage receivables with Aegon Hypotheken B.V. until all the Participations for which a redemption request has been submitted to the Manager have been redeemed.

The amount of available cash for redemption is determined on the basis of the Manager's internal cash policy for the Fund. At the Participants' request, the Manager will provide a copy of the most recent version of that policy.

#### 6.4.1 Special redemption procedure

As mentioned above (under 6.3.4 and 6.3.3) the Fund Terms and Conditions provide for a special, alternative redemption procedure for:

1. **Legal Succession:** the situation in which a need arises for a Participant to offer all of its Participations for redemption immediately followed by the issuance and allocation of new Participations to its Legal Successor or for a Prospective Participant to transfer its Outstanding Committed Amount to its Legal Successor. This need may occur in connection with an upcoming restructuring, change of legal form and/or country of its business location or the transfer of investment activities to a different legal entity (or a segregated account within such entity). A Legal Succession request must relate to all Participations or the full Outstanding Committed Amount held by the (Prospective) Participant (or a complete, segregated part).
2. **Group Entities:** situations in which a need arises for a Participant to redeem all or part of its Participations in the Fund and to have an equal number of new Participations issued to a Group Entity or for a Prospective Participant to transfer all or a part of its Outstanding Committed Amount to a Group Entity.
3. **(In)direct Investor:** a situation in which (i) an investor wishes to convert its indirect investment in the Fund to a direct investment in the Fund or, (ii) vice versa, the situation in which a Participant wishes to convert its (direct) investment in the Fund to an indirect investment by participating in the Fund via an investment in a Participant (the Participant would qualify as an alternative investment fund (AIF) or UCITS).
  - (i) In such a case an Indirect Investor would redeem from the relevant Participant (the AIF or UCITS) for a certain amount and via the special redemption procedure of the Fund the relevant Participant (the AIF or UCITS) would redeem from the Fund for that same amount and simultaneously the Indirect Investor would subscribe to the Fund for that same amount (or for the same amount of the Outstanding Committed Amount). Or;
  - (ii) vice versa, the direct investor / Participant would subscribe to the relevant Participant (the AIF or UCITS) for a certain amount and via the special redemption procedure of the Fund the direct investor / Participant would redeem from the Fund for that same amount while the relevant Participant (AIF or UCITS) simultaneously and for that same amount (or for the same amount of the Outstanding Committed Amount) subscribes to the Fund.
4. **Replacement Investor:** situations in which a need arises for a Participant to offer all or part of its Participations in the Fund for redemption, but the Manager due to a lack of liquidity is not able to immediately or fully fulfil the redemption request. A redemption request may be fulfilled immediately in case of an issuance of Participations to a Replacement Investor designated by the current Participant. To ensure the equal treatment of (acceding) Participants the above mentioned method regarding a Replacement Investor is only available as long as:
  - there is no Pipeline;
  - there are no Outstanding Committed Amounts to provide the liquidity to fulfil the redemption request of a Participant, and
  - limited liquidity is available to fulfil the request immediately or fully.A Prospective Participant can also be substituted by a Replacement Investor if these conditions are met.

Any Participant to which one of the above situations applies may file a Written request for the special redemption procedure with the Manager as referred to in Article 6.6 of the Fund Terms and Conditions.

When assessing such a special redemption request, the Manager reviews whether all the regular requirements to be accepted to the Fund are fulfilled by the substitute and whether:

- the prospective Legal Successor, according to the requirements of the Fund, is comparable to the current Participant, both in economic terms and from a legal perspective;
- the prospective entity can be qualified as a Group Entity;
- the (prospective) Participant qualifies or will qualify as an (In)direct Investor; or
- there is a justified interest to introduce a Replacement Investor. The Manager checks the available liquidity and the possibilities to fulfil a regular redemption request. The degree of availability of liquid assets is determined on the basis of the Manager's internal cash policy for the Fund. At the Participants' request, the Manager will provide a copy of the most recent version of that policy.

If the Manager accepts the request, redemption and issue will take place on the same Trading Day and at the same Net Asset Value, with all Participations to be issued to the Legal Successor, Group Entity, (In)direct Investor or Replacement Investor being allocated to it at the same time. A Group Entity, (In)direct Investor or Replacement Investor will in principle receive a Call for Payment before the Participations are issued, and the exiting Participant will receive cash for the redemption of its Participations, unless agreed otherwise with all the parties involved. In case of Legal Succession, the Legal Successor does not receive a Call for Payment and the exiting Participant does not receive any payment in cash for the redemption, as this is deemed to be the amount paid by the Legal Successor for the newly issued Participations.

For more details on this special redemption procedure and the cases in which it may be applied, please refer to Articles 6.2, 6.6 to 6.9 inclusive, 7.6, 11.2 to 11.4 inclusive and 13.1 of the Fund Terms and Conditions.

## 6.5 Suspension of issue and redemption of Participations

In accordance with the Fund Terms and Conditions, at the request of the Participants, Participations will be directly redeemed or repaid by the Fund out of the cash flow generated by the Investments, with due observance of the frequency of entry/exit. The Manager will endeavour to honour requests for redemption. However, Participants should note that the degree to which the Fund is able to honour requests for redemption of Participations is dependent on the cash generated by the Investments or arising from new issues of Participations in the Fund. The amount of available cash for redemption is determined on the basis of the Manager's internal cash policy for the Fund. At the Participants' request, the Manager will provide a copy of the most recent version of that policy. See also the chapter on Risk factors (5) and the Fund Terms and Conditions.

The redemption of Participations and repayment of Participations may be suspended if, at the Manager's sole discretion, such suspension is justified by a special or extraordinary circumstance.

A **special circumstance** may be a situation in which continuation of the redemption of Participations in the Fund can reasonably be expected to result in disproportionate harm to the interests of the majority of the remaining Participants, or of one or more groups of Participants. A special circumstance may also be that, at the Manager's sole discretion, the Fund's liquidity position does not allow for such a redemption and, moreover, at the Manager's sole discretion, a sale of the Fund's investments required for redemption would be irresponsible or impossible in view of the market conditions or in view of the relevant provisions in the Master Mortgage Receivables Purchase Agreement.

An **extraordinary circumstance** may occur when the Manager has received a substantial redemption request or several concurrent redemption requests after which the Fund's liquidity position as a whole does not allow for immediate or full redemption.

The Manager will, in all cases, convene a Meeting of Participants in the Fund within one month of the suspension in order to explain the suspension decision.

## 6.6 Issue and redemption price of Participations

The issue price of a Participation will be equivalent to the Net Asset Value on the Trading Day on which the issue is deemed to take place, it being understood that, in principle, the Manager will pass on the Offer Risk to the Participant(s) using the Individual Entry Price in accordance with Article 7.2 and 11.8 of the Fund Terms and Conditions. The redemption price of a Participation in the Fund is equivalent to the Net Asset Value on the second Trading Day following a request for redemption, as referred to in paragraph 6.4 of this Information Memorandum, at the price as calculated on the Valuation Date following that Trading Day.

The foregoing does not apply in the event of a special redemption and issue to a Legal Successor, Group Entity, Replacement Investor or (In)direct Investor as described in the paragraphs 6.3 and 6.4 above. In that event, redemption and issue take place on the same Trading Day and the Net Asset Value of the redeemed Participations on the Trading Day of exit – as determined according to the method described above – determines both the redemption price and the issue price of the Participations.

## 6.7 Key features of Participations

The Fund is not listed on a regulated market or any other regular, regularly functioning, recognised open market. Participations in the Fund are registered Participations. No Participation certificates will be issued. The Manager keeps a register of all Participants and outstanding Participations.

## 6.8 Communications

Article 21 of the Fund Terms and Conditions describes how communications are made to Participants. The Manager will make reasonable efforts to satisfy in the short term any reasonable request for information by a Participant.

Should a Key Person Event occur then the Manager will promptly notify the Participants, it being understood that the circumstances referred to in Article 19.2 of the Fund Terms and Conditions as such cannot trigger a Key Person Event.

## 6.9 Equal treatment of Participants

Articles 6.7, 6.8, 6.9, 7.2, 7.3, 7.4, 7.5, 7.6, 8.3, 9.2, 11.3, 11.4, 11.8, 11.10, 13.2, 17.4 and 20.7 of the Fund Terms and Conditions contain information for each relevant aspect of the Fund's management about how the Manager safeguards that Participants in similar circumstances will be treated equally.

## 7. Dividend distribution

The Fund distributes dividend to Participants on an annual basis. The Manager determines the amount of the dividend distribution.

Dividend may be distributed in Participations or in cash. Upon initial entry, the Participant must indicate on the Entry Form how it wishes to receive any dividend distributions. Subsequently, if so desired, the Participant may communicate a different choice once every financial year by means of a Written request to the Manager, which request must be received by the Manager prior to 15 December of the financial year in respect of which the distribution is to be made. The choice thus made applies at any given time to a Participant's entire investment; therefore, only one choice can be made for the total Committed Amount, including any follow-up investment(s). If a Participant increases its Committed Amount during the term of the Fund, the choice made will thus always be deemed to relate to the follow-up investment as well.

The dividends distributed by the Fund are not subject to Dutch dividend withholding tax.



## 8. Tax aspects

### 8.1 General

Set out below is an overview of the most important tax aspects of the Fund and for Participants that are, or are deemed to be, resident in the Netherlands for tax purposes. The information provided is not exhaustive and is based on the legislation, regulations and case law that applied when this Information Memorandum was adopted. It is recommended that all Participants consult their tax advisor to understand the tax aspects of the acquisition, holding and divestment of Participations in the Fund in light of their specific circumstances.

### 8.2 Taxation of the Fund in the Netherlands

Where Participations in the Fund cannot be transferred, other than by way of redemption to the Fund as set out in the Terms and Conditions, the Fund is considered to be a closed (*besloten*) fund for joint account (*fonds voor gemene rekening*) and therefore tax transparent for Dutch corporate income tax and Dutch dividend tax purposes. As a consequence of the tax transparency, the Fund itself is not subject to Dutch corporate income tax and no Dutch dividend withholding tax applies on distributions made by the Fund to its Participants. Instead, all assets and liabilities of the Fund as well as all income and gains derived by the Fund are directly attributed to the Participants prorate to their Participation in the Fund. In case the Fund should no longer be qualified as tax transparent, the Fund becomes subject to Dutch corporate income tax for its fiscal profits up to a rate of 25%. In addition, the Fund would be required to levy dividend tax (statutory rate 15%) on profit to Participants.

### 8.3 Taxation of Dutch resident Participants subject to corporate income tax in the Netherlands

A Participant which is, or is deemed to be, resident in The Netherlands for Dutch corporate income tax purposes and which is not tax exempt, will generally be subject to corporate income tax in The Netherlands in respect of income or capital gains derived from the assets and liabilities of the Fund at rates up to 25%. Furthermore, changes of the proportional interest of a holder of a Participation, e.g. as a result of a new participant investing in the Fund, may lead to the recognition of a capital gain by the holder of the Participation for Dutch corporate income tax purposes. Participants should assess before participating in the Fund whether the information reported (as described in section 11) is sufficient to establish their individual tax position.

### 8.4 Taxation of Dutch resident Participants exempt from corporate income tax in the Netherlands.

Participants that are exempt from corporate income tax in the Netherlands, are not taxed for income or gains derived from the assets and liabilities of the Fund, unless and to the extent that these Participations must be allocated to activities that do not directly relate to the Participant's exempted activities.

### 8.5 Other taxes

The application, issue, placement, delivery or redemption of a Participation will not be subject to registration tax, stamp duty or any other similar tax or duty due or payable in The Netherlands.

## 9. Valuation of the Fund

The Net Asset Value is determined at least once a month. The Manager may decide to determine the Net Asset Value more than once a month. The Net Asset Value is determined per Participation in euros to four decimals. The Net Asset Value is published on [www.aegon.nl/zakelijk/fondsen](http://www.aegon.nl/zakelijk/fondsen).

The Fund Securities belonging to the Fund are valued by the Manager in a consistent manner. In this respect the following valuation principles apply:

- Upon determination of the Net Asset Value, the Fund Securities are valued according to generally accepted accounting standards (Dutch GAAP);
- Unless otherwise indicated below, the Fund's Assets and liabilities are recognised at par value;
- The value of a mortgage receivable is determined by discounting the future contractual cash flows, taking into account early repayments by the mortgagor. The discount rate of the cash flows will be equal to the official mortgage rate of Aegon Hypotheken B.V., as published on the website of Aegon, for a comparable mortgage at such time, given that the difference between those rates and rates offered in the market is smaller than 25 basis points. If this would not be the case, the discount rate would be adjusted downward if the rate exceeds the market by more than 25 basis points, and vice versa in case the rate is more than 25 basis points below the market. Each such adjustment shall be made only to the extent needed to reach a discount rate that differs from the market rate with a maximum of 25 basis points. A comparable mortgage means a mortgage with a comparable Loan-to-Value and comparable (remaining) fixed rate period. And any possible discount Aegon Hypotheken B.V. might apply to the official mortgage rates are not taken into account in determining the discount rate for the mortgage receivables in the Fund;
- If mortgage payments are in arrears, a discount will apply to the above valuation of those mortgage receivables. The discount takes into account several factors, such as the months in arrears, the Loan-to-Value and whether or not a NHG guarantee applies; and
- Liquid Assets: cash-like instruments are valued at market value and cash is valued at nominal value.

If information which leads to a materially different view as regards the Net Asset Value to be published becomes available following determination of the Net Asset Value on 31 December but prior to publication of the annual report for the past financial year, this will be stated in the report. The additional information will be incorporated upon the next determination of the Net Asset Value.

In case of an incorrect Net Asset Value calculation, the Manager will compensate the Fund and/or the acceding or exiting Participant only if the correction of the Net Asset Value exceeds 0.5% of the published Net Asset Value.

Should the Manager intend to change the valuation policy substantially, the Manager will inform each Participant in this respect no later than twenty business days before the entry into force and will provide a summary of the intended change.

# 10. Costs and fees

## 10.1 Ongoing costs borne by the Fund

### 10.1.1 Management fee

The Manager charges the Fund a management fee for the management of the Fund Assets. The management fee is determined as a percentage on an annual basis. The management fee is charged to the Fund each day on the basis of the Net Asset Value at the end of the preceding Trading Day. Settlement takes place between the Manager and the Fund once a month. The management fee is 0.21%, calculated on the Net Asset Value of the Fund.

### 10.1.2 Service fee

The Manager charges the Fund a service fee, which is determined as a percentage on an annual basis. The service fee is charged to the Fund each day on the basis of the Net Asset Value of the Fund at the end of the preceding Trading Day. Settlement takes place between the Manager and the Fund once a month. The service fee is 0.02%, calculated on the Net Asset Value of the Fund. The service fee serves as compensation for the costs of maintaining the Fund, such as custody costs / costs charged by the Depositary, auditors' fees, attorneys' and consultants' fees, formation costs, administrative costs and marketing and communication costs.

### 10.1.3 Mortgage Servicing Fee

The Fund pays a fee to Aegon Hypotheken B.V. for services in the context of mortgage origination and the management (and special credits management) of the mortgage portfolio. These services include the administration of the mortgage portfolio, communicating with underlying debtors, taking care of all payments concerning mortgage loans and reporting for the purposes of management of the Fund. The Mortgage Servicing Fee is 0.27% of the par value of the Investments.

### 10.1.4 Discounts

The Manager is authorised to grant a Participant a discount on the total amount of costs and fees described above. The amount of such discount is based on the outcome of commercial negotiations. Article 17.4 of the Fund Terms and Conditions provides further information regarding discounts.

### 10.1.5 Indebtedness of costs and fees

A Participant is liable for payment of the costs and fees as per the Trading Day of its accession pro rata to the called-up portion of its Committed Amount.

## 10.2 Subscription fee and redemption fee

The Fund does not apply any mark-ups or mark-downs on Fund entries or exits. In the cases provided for in Article 13.3 of the Fund Terms and Conditions, however, the Manager has the option of passing costs incurred in connection with the sale of mortgage receivables to Aegon Hypotheken B.V. on to the relevant Participant.

## 10.3 Financing interest costs

The Fund acquires mortgages originated by Aegon Hypotheken B.V. from Aegon Hypotheken B.V. with effect from the mortgages' lending date at par value. Consequently, all risks and cash flows pertaining to the mortgages acquired are for the Fund's account with effect from the lending date. These can also consist of financing interest costs.

## 10.4 Ongoing Charges Figure

The Ongoing Charges Figure (OCF) is published in the annual report and the most recent fund specifications of the Fund. The OCF is calculated by dividing the total costs of the Fund by the average Net Asset Value during the reporting period. The OCF includes all costs charged to the Fund Assets during the reporting period, with the exception of any mark-ups and mark-downs related to acceding and exiting Participants, any performance fees, investment transaction costs and interest charges on bank accounts.

# 11. Reporting and other information

The Fund's financial year coincides with the calendar year.

Annually, within five months of the end of each financial year of the Fund, the Manager draws up financial statements and an annual report in accordance with the applicable laws and regulations. The financial statements will be audited by the Accountant. The Net Asset Value as at 31 December of the relevant financial year is published in the annual report, as well as a multi annual overview regarding the returns generated by the Fund (based on the development of the Net Asset Value). The most recent Net Asset Value will be published continuously on the Website.

The Manager will provide the Participants with the financial statements, the auditor's statement and the annual report in Writing within fourteen days of adoption of the financial statements. In addition, the most recent financial statements and annual report are available via the Website and may be obtained free of charge from the Manager on request.

Each month, the Manager will provide the Participants in Writing with the following reports pertaining to the mortgage receivables that are part of the Fund Assets:

- i Net Asset Value report;
- ii a mortgage arrears report;
- iii stratification tables of the mortgages;
- iv loan-level-data of the mortgages via Portal, a line by line overview of all mortgages in the portfolio;
- v cash flow projections;
- vi Mortgages Monthly, a monthly fund report including portfolio management comments;
- vii Look-through reporting;
- viii duration of the portfolio; and
- ix a NAV estimate as at month-end within T+5. (Before the 5th business day of each month the NAV is disclosed / published).

Each quarter, the Participant can request a conference call with the Key Person or another Portfolio Manager of the Fund.

In consultation with the Manager, additional reports may be provided at cost at the Written request of the Participant.

## Data Protection

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

The 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 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 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 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 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.

## 12. Meeting of Participants

### 12.1 General

The Manager will convene a Meeting of Participants in the situations provided for in the Fund Terms and Conditions and if it is deemed necessary in the interest of the Participants. A Meeting of Participants can also be held by telephone. The Manager will call a Meeting of Participants at least once a year. If applicable, the agenda will include the adoption of the financial statements of the Fund and any proposed change to the applicable tax regime. In addition, the Manager will call a Meeting of Participants at the request of one or more Participants, alone or jointly representing at least 1/4 of the total votes that can be cast by Participants. A notice convening a Meeting of Participants will be provided in Writing at least 8 days in advance. The Meeting shall be minuted.

### 12.2 Decision-making

During the Meeting of Participants, resolutions will be adopted by a majority of 75% of the votes cast at the Meeting, unless the Fund Terms and Conditions prescribe any other majority; resolutions thus adopted will be binding on all Participants. Each Participation confers the right to cast one vote for the adoption of resolutions; blank votes are deemed not to have been cast. Participants' resolutions may also be adopted outside a meeting, provided that they are in Writing, all Participants have been given an opportunity to cast their votes, and none of them has objected to this manner of decision-making.

### 12.3 Power of approval

Pursuant to Article 20.3 of the Fund Terms and Conditions, resolutions to amend the Mortgage Loan Criteria and (specific parts of) the Fund's investment policy, as well as resolutions adversely affecting the legal position of Participants, may not be adopted by the Manager before having obtained prior approval from the Meeting of Participants.

### 12.4 Chairman

In principle, the chairman of the Meeting of Participants is a Participant in the DMF 1 and/or the Fund, unless the Fund Terms and Conditions determine otherwise. Participants can volunteer for the chairmanship and the chairmanship rotates every two (2) years. In case several Participants volunteer for the chairmanship, the Participant with the most (aggregate) assets under management in the DMF 1 and the Fund will be appointed as the chairman by the Manager. In case none of the Participants in the DMF1 or the Fund have volunteered for the chairmanship, the Manager will provide a chairman for the next Meeting of Participants. Articles 20.10 and 20.11 of the Fund Terms and Conditions further describe the appointment procedure. In the event a Meeting of Participants is held at the request of one or more of the Participants in line with the Fund Terms and Conditions, the Meeting of Participants will not necessarily be combined with DMF 1 and the Manager will provide the chairman of the meeting.

## 13. Manager, Title Holder, mortgage provider and servicer

### 13.1 Manager

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

The Manager's day-to-day policy is determined by its Management Board consisting of the following members:

Name	Position
B. Bakker	Managing Director and Chief Executive Officer
O.A.W.J. van den Heuvel	Managing Director and Chief Investments Officer
R.R.S. Santokhi	Managing Director and Chief Financial Officer

The Manager's financial year coincides with the calendar year. In accordance with Dutch law and the Articles of Association, the 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 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.aegon.nl/zakelijk/fondsen](http://www.aegon.nl/zakelijk/fondsen).

### 13.2 Title Holder

The Title Holder (legal owner) of the Fund Assets is Aegon Custody B.V., a wholly owned subsidiary of Aegon Asset Management Holding B.V. The Title Holder is a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*). The Title Holder was incorporated on 25 April 1991 and is registered with the Chamber of Commerce under registration number 27134727.

The Title Holder holds the Fund Assets of the Fund in its own name but for the account and risk of the Fund. The Title Holder also holds assets for other funds managed by the Manager.

### 13.3 Mortgage provider and servicer

The mortgage loans the Fund invests in are originated by Aegon Hypotheken B.V.. Pursuant to the Master Mortgage Receivables Purchase Agreement, a portion of the mortgage loans originated by Aegon Hypotheken B.V. is assigned to the Fund. Pursuant to the Servicing Agreement between the Manager, the Title Holder (both acting on behalf of the Fund) and Aegon Hypotheken B.V., the latter also acts as servicer of the Fund's mortgage portfolio. This means that Aegon Hypotheken B.V. performs the underwriting and approval process pertaining to mortgage applications, administers all relevant data, takes care of communication with the underlying debtors (also in the event of default), receives all payments pertaining to the mortgage loans and pays them on to the Fund, and provides regular reports to the Manager for the purposes of the management of the Fund.

#### **Mortgage application credit assessment and approval process**

The credit assessment and approval process for mortgages is performed by Aegon Nederland N.V.'s mortgage department. All mortgage loans are originated in the Netherlands.

The vast majority of mortgages are offered via intermediaries, the remaining by Aegon directly.

Aegon has appointed a wide range of intermediaries (self-employed as well as other independent advisors). Only professional regional and national parties that meet Aegon's standards and requirements are permitted to act as its intermediaries. These intermediaries only collect the client's personal details and have no involvement in the underwriting and approval process.

## Production of mortgages

During the underwriting process three aspects are assessed: i) income details and employment history of the applicant; ii) payment history of the applicant; and iii) value and quality of the property as collateral.

Aegon's underwriting criteria meet the Mortgage Finance Code of Conduct, the Wft and the Temporary Rules for Mortgage Credit (*Tijdelijke regeling hypothecair krediet*) that apply since 1 January 2013.

The Code of Conduct gives Aegon the option to deviate from the criteria in respect of the maximum borrowing capacity on an individual basis. Such mortgage loans involve extensive documentation and are designated as customised arrangements.

## 13.4 Depositary

### 13.4.1 Introduction

The Manager has appointed Citibank Europe Plc, acting from its Dutch branch office, as the Depositary of the Fund. The Depositary is responsible for the supervision of the Fund in so far as required under and in accordance with applicable legislation. The Manager, the Title Holder and the Dutch branch office of Citibank Europe Plc have entered into a Depositary Agreement.

### 13.4.2 Main duties

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

- i monitoring and verifying the Fund's cash flows, including the payments from and to acceding and exiting Participants;
- ii holding the Fund's assets in safe custody, including determining that the assets have been acquired by the Fund and that this has been recorded in the books;
- iii determining that the issue, redemption, repayment and cancellation of the Participations in the Fund were performed in accordance with the Fund Terms and Conditions and the applicable legislation and regulations;
- iv verifying whether the (net asset) value of the Fund 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 Fund's assets is paid to the Fund in good time;
- v verifying whether the Fund's proceeds are used for the designated purpose in accordance with the applicable legislation and regulations and the Fund Terms and Conditions; and
- vi carrying out the Manager's instructions, unless these are contrary to the Articles of Association or applicable legislation and regulations.

### 13.4.3 Dismissal of the Depositary

The Depositary can be dismissed by the Manager, or resign, on certain grounds and on certain conditions as set out in the Depositary Agreement. In the event of the Depositary's dismissal (or intention of such dismissal), the Manager will appoint a successor for the Depositary with due observance of the applicable legislation.

### 13.4.4 The Depositary's liability

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 Manager. If the Manager refuses to cooperate with such request, the Participants are authorised to file the claim for damages directly with the Depositary.

### 13.4.5 Delegation and conflicts of interest

Under the Depositary Agreement, the Depositary is authorised to delegate certain duties. Accordingly, the Depositary has outsourced its custodian duties to the Custodian. The Manager will immediately inform the Participants if another 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 (possible) conflict of interests that may arise during the normal course of events, the Depositary will comply with the applicable legislation.

### 13.4.6 The Depositary's background

Citibank Europe Plc is a public limited company registered with the Companies Registration Office in Ireland under registration number 132781. The Depositary has a banking licence in Ireland. The Depositary performs its duties from its Dutch branch office, which was incorporated on 3 May 2002 and is established at Schiphol Boulevard 257, 1118 BH Schiphol, and is registered with the Chamber of Commerce and Industry, Amsterdam office, under registration number 34161334. The Depositary is supervised by the Central Bank of Ireland in Ireland and in the Netherlands, within the context of liquidity, by the Dutch Central Bank (De Nederlandsche Bank).

### 13.5 Outsourcing of management duties by the Manager

For the purposes of the management of investment funds, the Manager has delegated duties to the following parties:

1. Aegon Asset Management Value Hub B.V.: a shared service centre for transaction processing activities and performance measurement;
2. AEGON N.V. (Group Treasury): cash management services;
3. Citibank N.A.: fund administration; and
4. Aegon Asset Management UK plc: calculation of fund performance and benchmark performance.

The aforementioned parties are not involved in the management of the Fund.

The Manager has not appointed prime brokers in connection with the management of the Fund, or any other investment fund managed by it.



## 14. Affiliated Parties

The Fund, the Manager and the Title Holder may conclude agreements with Affiliated Parties. This includes, but is not limited to, agreements with related investment institutions. Transactions are executed at arm's length conditions. Investments for the account of the Fund may be executed with Affiliated Parties of the 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.

Appendix IV contains a summary of the key contracts with Affiliated Parties connected to the Fund.

## 15. Other information

### 15.1 Dutch Financial Supervision Act (Wft)

The Fund qualifies as an externally managed collective investment scheme within the meaning of Article 1.1 of the Wft in the form of an investment fund. The Manager has a licence for managing investment schemes within the meaning of Article 2:65 of the Wft and will therefore comply with all statutory obligations pursuant to the Wft. Within this context the Manager has appointed the Depositary as an independent depositary within the meaning of the Wft following implementation of AIFMD. Pursuant to the aforementioned license, the Manager is also authorised to provide the following investment services to Professional Investors: “individual portfolio management in relation to financial instruments”, “advise on financial instruments” and “reception and transmissions of orders”.

The Depositary is responsible for the supervision of the Fund in so far as required under and in accordance with the Wft. The Manager, the Title Holder and the Depositary have entered into the Depositary Agreement for the benefit of the Fund and the Participants.

### 15.2 Amendments to terms and conditions

Should the Manager decide to amend the Fund Terms and Conditions, it will notify each Participant in Writing at their respective addresses. The Manager will explain the amendment.

Without prejudice to the provisions in Article 20.3 (ii) of the Fund Terms and Conditions, an amendment to the Fund Terms and Conditions, as a result of which the rights or security of the Participants are reduced, or burdens are imposed on the Participants, will not take effect until one month has elapsed since the date on which the Participants were notified of such amendment in Writing.

## 16. Responsible Investing and Active Ownership

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.

The Fund Manager applies active ownership practices where possible and relevant, depending on the fund assets. Engaging with corporate issuers is a key active ownership practice. Aegon AM can decide to engage with a company both as a shareholder, as well as a bondholder or provider of any other debt. The Aegon AM Active Ownership policy provides more detail on the process how we implement our active ownership practices.

For listed equity portfolios, the Fund Manager ensures that voting rights are exercised according to the applicable voting policy, which is the Aegon Nederland Voting policy that can be found on the responsible investing page of the Aegon Netherlands website [www.aegon.nl](http://www.aegon.nl). This voting policy incorporates binding and voluntary regulation, requirements, and industry best-practices. The underlying principles of the voting policy are founded in the Dutch Corporate Governance Code and the Dutch Stewardship Code. The policy is regularly updated to reflect changes in the regulatory and active ownership landscape.

### 16.1 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 sustainable related disclosures in the financial services sector (SFDR).

ESG risks are managed by the Fund Manager in this Fund. The Fund Manager integrates material ESG risks in the investment decisions in order to arrive at an independent, comprehensive view of an investment. By doing this, the Fund Manager identifies financially material factors which could affect the issuer's long-term growth potential, profitability or creditworthiness, and assess if investments are appropriately priced. The process consists of integrating financially material ESG factors in the traditional financial analysis framework to help inform the decision making. A non-exhaustive list of potentially material ESG factors includes greenhouse emissions, energy efficiency, human rights and labour standards, board diversity, anticorruption policies, among others. For further details, please refer to the Aegon AM Sustainability Risks and Impacts Policy applicable to this fund, which can be found on the Aegon AM website, documents section.

A significant and growing body of academic research, such as the study "ESG and Financial Performance: Aggregated Evidence from More than 2000 Empirical Studies" by Friede et al, demonstrates that good ESG practices can enhance corporate financial performance in the long-term. This value can manifest itself in the form of lower cost of and access to capital, better operational performance, reduced reputational risks and in turn, potentially superior long-term returns. Aegon AM believes environmental and social risks are investment risks. Exogenous risks, such as natural disasters and pandemics, can disrupt industries and threaten business models. Failure to effectively manage such risks can lead to a range of financial, legal and reputational consequences for the issuer. A company's ability to mitigate such risks can have a profound effect on their ability to create and sustain long-term value. Furthermore, considering ESG factors can help uncover opportunities. We believe integrating ESG factors into investment decisions can lead to better investment outcomes as we seek to maximize long-term performance. We find that it is quite challenging to analyse future profitability without considering ESG factors. By focusing solely on financial metrics, we may inadvertently overlook opportunities to generate value.

### 16.2 Taxonomy Regulation

The Taxonomy Regulation establishes criteria for determining whether an economic activity qualifies as environmentally sustainable in the context of particular environmental objectives. Currently two environmental objectives have entered into force which are "climate change mitigation" and "climate change adaptation" (the "Climate Objectives").

The Taxonomy Regulation also 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 the relevant Fund promotes ESG characteristics through, amongst other things, consideration of a wide range of environmental characteristics, including the Climate Objectives.

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 Climate 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.

The technical screening criteria are very detailed and require the availability of multiple, specific data points regarding each investment. As at the date hereof, there is insufficient data available to be able to assess investments using the technical screening criteria. As such, the Fund is not in a position to describe: (a) the extent to which the investments of the Fund are in economic activities that qualify as environmentally sustainable pursuant to the technical screening criteria; (b) the proportion, as a percentage of the portfolio as a whole, of investments in environmentally sustainable economic activities; or (c) the proportion, as a percentage of the portfolio as a whole, of enabling and transitional activities (as such are described in the Taxonomy Regulation). Therefore, the Manager considers that the most prudent course of action, at present, is to disclose that 0% of such Funds' investments are in environmentally sustainable economic activities for the purposes of the Taxonomy Regulation.

The "do no significant harm" principle referred to above applies only to those investments underlying the relevant Fund that take into account the EU criteria for environmentally sustainable economic activities; investors should note that at present none of the relevant Funds take into account the EU criteria for environmentally sustainable economic activities.

The Manager is keeping this situation under active review and where sufficient reliable, timely and verifiable data on the investment becomes available, it will re-evaluate its approach to the Taxonomy Regulation and relevant documentation will be updated.

# Appendix I

## Returns of the AeAM Dutch Mortgage Fund 2

Net annual return

<b>Fund</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
AeAM Dutch Mortgage Fund 2	2,03%	3,03%	8,67%	--	--

# Appendix II

## Terms and Conditions of Management and Custody of AeAM Dutch Mortgage Fund 2

These are the Terms and Conditions of Management and Custody of AeAM Dutch Mortgage Fund 2, adopted on 30 November 2017, and then most recently amended on 16 February 2022, by

Aegon Investment Management B.V., a private limited liability company having its registered office in The Hague and its principal place of business at Aegonplein 50, 2591 TV The Hague, acting in this matter as the manager of the Fund to be referred to below (as such hereinafter to be referred to as the “Manager”); and

Aegon Custody B.V., a private limited liability company having its registered office in The Hague and its principal place of business at Aegonplein 50, 2591 TV The Hague, acting in this matter as the Title Holder of the assets of the Fund to be referred to below (as such hereinafter to be referred to as the “Title Holder”).

### 1 Definitions

In these Fund Terms and Conditions, the following defined terms have the following meanings:

**Benchmark:** JP Morgan Government Bond Index Traded Netherlands;

**Call for Payment:** a written request from the Manager to the Participants to pay (part of) the Outstanding Committed Amount;

**Capital Payments:** the amount called for in a Call for Payment that was or must be paid by the Participants ;

**Committed Amount:** the amount committed by a (Prospective) Participant to the Fund within the meaning of Article 6.1 of these Fund Terms and Conditions and for which a (Prospective) Participant did not invoke the Right to Revoke the Committed Amount within the meaning of Article 6.10 of these Fund Terms and Conditions;

**Common Reporting Standard:** the regulations drawn up by the Organisation for Economic Co-operation and Development (OECD) to improve tax compliance, as implemented in Dutch laws and regulations;

**Depositary:** Citibank Europe Plc, established in Dublin, Ireland, acting from the Dutch branch office, or its successor;

**Depositary Agreement:** the agreement between the Manager, the Title Holder and the Depositary, as amended, as described in more detail in chapter 13.4 of the Information Memorandum;

**DMF 1:** the AeAM Dutch Mortgage Fund

**DMF 1 Participants:** participants in DMF 1 who subscribe to the Fund in accordance with Article 11.14 of the Fund Terms and Conditions;

**Entry Form:** the form referred to in Article 6.1 of these Fund Terms and Conditions and included as Appendix III;

**Fund:** AeAM Dutch Mortgage Fund 2, to which these Fund Terms and Conditions apply;

**Fund Assets:** the whole of the assets and liabilities existing in connection with the Fund;

**Fund Securities:** the Investments and cash that are part of the Fund Assets;

**Fund Terms and Conditions:** these terms and conditions of management and custody of the Fund, as amended from time to time;

**Group Entity:** an entity to which a Participant is affiliated within a group. A (corporate) group is an economical unit in which legal entities and companies are organizationally connected. Pension funds, pension schemes or pension arrangements related to the Participant can also be considered a Group Entity, as well as investment vehicles in which all the assets are fully (economically) owned by affiliated entities;

**(In)direct Investor:** an investor that qualifies as a Professional Investor which either has a direct investment in the Fund as a holder of Participations or which has an indirect investment in the Fund as it is an investor in an undertaking for collective investment in transferable securities (“UCITS”) or an (alternative) investment fund (as defined in the Wft), which UCITS or (alternative) investment fund is a Participant in the Fund;

**Individual Entry Price:** the entry price as defined in Article 11.8 of these Fund Terms and Conditions;

**Investment:** mortgage receivables that meet the Mortgage Loan Criteria and that were purchased and obtained by the Fund;

**Issue Date:** the date, being at most fifteen business days after a Trading Day, on which the number of Participations acquired by a Participant are entered into the register of Participants;

**Key Person:** Frank Meijer;

**Key Person Event:** the termination of the employment relationship between the Key Person and the Manager or a situation in which the Key Person no longer spends a substantial part of his working hours on the Fund;

**Legal Succession:** the substitution of an existing Participant in relation to its entire or a substantial part of its assets and liabilities to, a Legal Successor as a result of a merger, split-off, acquisition, change of legal form, restructuring or relocation of its registered office or business location to a different country;

**Legal Successor:** a legal entity designated by an existing Participant in connection with Legal Succession in accordance with Article 6.6 of these Fund Terms and Conditions;

**LTV Ratio:** the Loan-to-Value ratio means, in relation to a mortgage loan, a ratio representing the outstanding amount of the mortgage loan (excluding the outstanding amount of a bridge loan) as a percentage of the current market value of the mortgage asset;

**Manager:** Aegon Investment Management B.V., having its registered office in The Hague, or its legal successor appointed in accordance with these Terms and Conditions;

**Master Mortgage Receivables Purchase Agreement:** the agreement between Aegon Custody B.V., Aegon Investment Management B.V. and Aegon Hypotheken B.V. concerning the purchase of mortgage receivables, which is described in Appendix III and available for inspection at the Manager's offices;

**Meeting of Participants:** the meeting of Participants as described in more detail in Article 20 of the Fund Terms and Conditions;

**Monthly Available Cash:** the cash that becomes available on a monthly basis from (p)repayments and interest of the mortgage receivables in the fund's portfolio and is available for reinvestment in new mortgage receivables;

**Mortgage Allocation Methodology:** the allocation mechanism for allocating mortgage receivables originated by Aegon Hypotheken B.V. as set out in the Mortgage Receivables Selection Agreement;

**Mortgage Loan Criteria:** the criteria that a mortgage loan must meet to be eligible for acquisition by the Fund, as described in the Master Mortgage Receivables Purchase Agreement and as included in Appendix III;

**Mortgage Receivables Selection Agreement:** the agreement between Aegon Custody B.V., Aegon Investment Management B.V. and Aegon Hypotheken B.V. in which the parties agree the methods and procedures for selecting the mortgage receivables to be assigned to the Title Holder (on behalf of the Fund), which is described in Appendix III and can be made available upon request;

**Mortgage Servicing Fee:** the fee that Aegon Hypotheken B.V. charges the Fund for managing the Investments. The arrangements in this regard have been laid down in the Servicing Agreement;

**Net Asset Value:** the net asset value is calculated by adding up the values of all Fund Securities, deducting the costs incurred by the Fund and the Fund's liabilities, and then dividing the outcome by the number of Participations outstanding;

**NHG:** the National Mortgage Guarantee (*Nationale Hypotheek Garantie*) provided by the Home ownership Guarantee Fund (*Stichting Waarborgfonds Eigen Woningen*);

**Non Available Cash:** cash reserved, in the following order, for:

1. Construction deposits that have not yet been drawn related to the mortgages receivables held by the Fund, cash intended for distribution of dividends, cash needed to pay fees in accordance with Articles 17.1 to 17.3 and cash needed to purchase the mortgage receivables that have already been ordered by the Fund from Aegon Hypotheken B.V, but have not yet been received.
2. The prioritised allocation of further advances (additional mortgage credit issued on top of a mortgage receivable already in the Fund, for example for a dormer or renovation etc.) and portable mortgages (*meeneemhypotheken*, a new mortgage receivable of which a part was already in the Fund) in line with the Master Mortgage Receivables Purchase Agreement. ;

**Non-United States Person:** a natural person or legal entity within the meaning of Commodity Futures Trading Commission Rule 4.7(A)(1)(iv), or any superseding provision;

**Offer Risk:** the risk of a decrease or increase in the value of a mortgage receivable due to falling or rising mortgage rates between the time that a mortgage offer is issued to the mortgagor and the time that the related mortgage receivable is delivered to the Fund. Within the framework of the Fund, the concept of "offer risk" therefore has a different meaning from what is usually understood to be offer risk in the mortgage market;

**Outstanding Committed Amount:** the part of the Committed Amount not yet called up;

**Participant:** every person or entity entitled to one or more Participations (for the avoidance of doubt, including DMF 1 Participants);

**Participation:** a claim conferring the beneficial entitlement consisting of a proportionate part of the Fund Assets held by a Participant;

**Professional Investor:** professional investor within the meaning of Article 1:1 Wft;

**Prospective Participant:** every person or legal entity of which the Signed Entry Form has been accepted by the Manager but has not been issued Participations and has not invoked the Right to Revoke the Committed Amount within the meaning of Article 6.10 of these Fund Terms and Conditions or a DMF 1 Participant of which the signed the Redemption and (Re)Investment form has been accepted by the Manager but has not yet been issued Participations;

**Redemption and (Re)investment Form:** a form to accommodate the procedure for DMF 1 Participants as described in Article 11.14 of the Fund Terms and Conditions to redeem from DMF 1 and subscribe to the Fund on a monthly basis;

**Replacement Investor:** a party introduced by a Participant in relation to a redemption request. The Participant can designate a Replacement Investor to transfer (all or part of) its Participations to, subject to the Fund Terms and Conditions;

**Right to Revoke the Committed Amount:** the right of the (Prospective) Participant to revoke the entire Committed Amount (and thus the Entry Form) within the meaning of Article 6.10 of the Fund Terms and Conditions and within the time period specified by the Manager;

**Servicing Agreement:** the agreement between Aegon Custody B.V., Aegon Investment Management B.V. and Aegon Hypotheken B.V. concerning the management of the Investments by Aegon Hypotheken B.V., which is described in Appendix III and available for inspection at the Manager's offices;

**Signed Entry Form:** the Entry Form filled out and signed by a person or entity that intends to become a Participant;

**Specified U.S. Person:** a natural person or legal entity within the meaning of the FATCA Intergovernmental Agreement between the United States and the Netherlands, or any superseding provision;

**Title Holder:** Aegon Custody B.V.;

**Trading Day:** every last day of the month on which the banks in the Netherlands and/or the foreign banks relevant to the Fund are open for the execution or facilitation of transactions, at the Manager's sole discretion;

**Valuation Date:** the date, being at most fifteen business days after each Trading Day, on which the Net Asset Value on the preceding Trading Day is calculated in accordance with Article 10 of the Fund Terms and Conditions;

**Vertical Slice:** random selection of the eligible new mortgage production of Aegon Hypotheken B.V.;

**Waiver Period:** the two week period after the payment date in Article 8.1 of the Fund Terms and Conditions;

**Website:** [www.aegon.nl/zakelijk/fondsen/](http://www.aegon.nl/zakelijk/fondsen/);

**Wft:** the Dutch Financial Supervision Act (*Wet op het financieel toezicht*);

**Written/In Writing:** by letter, fax or e-mail, or by message transmitted via any other common means of communication that can be received in written form.

## 2 Name, seat, legal status and duration

- 2.1 The Fund's name is AeAM Dutch Mortgage Fund 2.
- 2.2 The Fund has its registered office at the Manager's offices.
- 2.3 The Fund has been created for an indefinite period of time.

## 3 Nature and tax status

- 3.1 The Fund is organised as a fund for the joint account of the participants (*fonds voor gemene rekening*) and is transparent for tax purposes. The Fund is not a tax subject for the purposes of the Dutch Corporate Income Tax Act (*Wet op de vennootschapsbelasting*) and the Dutch Dividend Withholding Tax Act (*Wet op de dividendbelasting*). The Fund's assets, debts, income and expenses are allocated directly to Participants.
- 3.2 Due to the tax transparent nature of the Fund, Participations may only be sold to the Fund itself. Except in the event of special circumstances, a Participant may offer Participations for redemption on each Trading Day in accordance with Article 13 of these Fund Terms and Conditions.
- 3.3 The Fund qualifies as an externally managed alternative investment fund (*beleggingsinstelling*) within the meaning of Article 1.1 of the Wft in the form of an investment fund. The Manager is licensed to manage alternative investment funds within the meaning of Article 2:65 of the Wft and is required to satisfy all statutory requirements as included in the Wft, the AIFMD and ancillary rules and regulations applicable to it.  
In this respect, the Manager has appointed the Depositary as an independent depositary within the meaning of Article 4:37f(1) of the Wft.
- 3.4 The Depositary is responsible for the supervision of the Fund in so far as required in accordance with the Wft. The Manager, the Title Holder and the Depositary have entered into the Depositary Agreement for the benefit of the Fund and the Participants.

## 4 Object, investment policy and dividend distribution

- 4.1 The Fund's object is to directly or indirectly invest assets for the account and risk of Participants, mainly in mortgage receivables based on Dutch mortgage loans granted by Aegon Hypotheken B.V., which meet the Mortgage Loan Criteria. Any means not invested in such mortgage receivables will be held in Liquid Assets in accordance with Article 4.4 of these Fund Terms and Conditions.
- 4.2 In principle, the mortgage receivables acquired by the Title Holder for the account and risk of the Participants are held to maturity and will not be sold or traded. In certain situations, the Master Mortgage Receivables Purchase Agreement provides for (i) the option to offer mortgage receivables for sale to Aegon Hypotheken B.V. or another legal entity that is a member of the Aegon group of companies, or a collective investment scheme managed by a manager that is a member of the Aegon group of companies, and (ii) an obligation for Aegon Hypotheken B.V. to repurchase mortgage receivables.
- 4.3 With respect to the Investments, the Manager invests within the following margins:
  - (i) mortgage receivables with NHG: at least 0%;
  - (ii) mortgage receivables without NHG: up to 100%; and
  - (iii) LTV Ratio: up to 101% at time of origination.
- 4.4 With respect to the Liquid Assets in the Fund, the Manager manages within the following margins:
  - (i) the freely available cash position: minimum exposure: -2%, maximum exposure: +5% with a target of 0%; and
  - (ii) excluding Non Available Cash.
- 4.5 The investment policy is aimed at achieving returns exceeding the Benchmark in the longer term.



- 4.6 The use of other techniques, instruments and/or structures requires the prior approval of the Meeting of Participants in accordance with Article 20.3 of these Fund Terms and Conditions.
- 4.7 The Investments will be Euro-denominated. The Fund distributes dividends to Participants on an annual basis. The Manager determines the amount of the dividend distribution. The dividend distribution is equal to the average mortgage loan interest rate on the Investments during the relevant financial year, less the sum of costs and fees as referred to in Article 17 of these Fund Terms and Conditions. The dividend is distributed pro rata the called-up portion of the Committed Amount.
- 4.8 Dividends may be distributed in Participations or in cash. The Participant requests in Writing how it wishes to receive a dividend distribution, which request must be received by the Manager before 15 December of the financial year in respect of which the dividend is to be distributed. The choice must be made for the entire Committed Amount. The dividends distributed by the Fund are not subject to dividend withholding tax.
- 4.9 If dividend is distributed in the form of Participations, the number of the Participations to be issued will be determined based on the Net Asset Value of the Valuation Date following the date on which the dividend amount is determined.
- 4.10 If the Manager has complied with a request as referred to in Article 6.6 of these Fund Terms and Conditions, the choice made by the original Participant in accordance with Article 4.8 is deemed to have been made by its Legal Successor, Group Entity, (In)direct Investor or Replacement Investor and the original Participant's right to dividend distribution passes to its Legal Successor, Group Entity, (In)direct Investor or Replacement Investor. As of the date the Manager has complied with a request as referred to in Article 6.6 of these Fund Terms and Conditions, dividend is distributed to the Legal Successor, Group Entity, (In)direct Investor or Replacement Investor at the time and in the manner provided in Articles 4.7 to 4.9 inclusive of these Fund Terms and Conditions.

## 5 Creation of the Fund

- 5.1 The Fund is only open for investment by Professional Investors. Further, an investment in the Fund is subject to the ongoing condition that the (Prospective) Participant and any ultimate beneficiaries:
  - (i) are Non-United States Persons; and
  - (ii) are not designated as Specified U.S. Persons.
- 5.2 The (Prospective) Participant is required to provide the Manager with all information necessary to determine or re-determine and verify its status (and the status of any ultimate beneficiaries) as a Non-United States Person and/ or Specified U.S. Person, as well as its identity, classification and tax residence in accordance with the Common Reporting Standard. The same applies by analogy in respect of any prospective Legal Successor, Group Entity, (In)direct Investor or Replacement Investor. The Participant is also required to notify the Manager in Writing of any material changes to that information.
- 5.3 The Fund is set up pursuant to a resolution adopted by the Manager and the Title Holder. By signing the agreement of management and custody, the Manager and the Title Holder shall be bound by these Fund Terms and Conditions.
- 5.4 The Fund is a contractual arrangement sui generis between the Manager and the Title Holder governed by these Terms and Conditions. These Terms and Conditions do not form a partnership (*maatschap/vennootschap onder firma*) or a limited partnership (*commanditaire vennootschap*) under Dutch law and neither the Manager nor the Title Holder are deemed to be partners (*maten/vennoten*) of the Fund. These Terms and Conditions, the execution of an Entry Form or the acceptance of these Terms and Conditions by a Participant do not form an agreement between any or all of the Participants and the terms hereof do not constitute any right or obligation existing between any of the Participants vis-à-vis each other or a (cooperation) agreement between the Manager, the Title Holder and the Participants. These Terms and Conditions govern the rights and obligations of (i) the Manager and each of the Title Holder vis-à-vis each Participant and vice versa and (ii) the Manager vis-à-vis the Title Holder and vice versa.
- 5.5 By signing the Entry Form, the Participants are deemed to have taken note of and shall be bound by these Fund Terms and Conditions.

## 6 Entry to the Fund/ Right to Revoke the Committed Amount

- 6.1 Prospective Participants may request to be admitted to the Fund by submitting the Signed Entry Form, stating the Committed Amount and, where possible at the Manager's discretion, such amount in instalments or, for DMF 1 Participants, by submitting a signed Redemption and (Re)investment form. The Manager will not admit any person or entity to the Fund who (or whose ultimate beneficiary) does not meet or no longer meets the requirements referred to in Article 5.1 of these Fund Terms and Conditions. The Manager is entitled at all times to refuse accession requests or to impose further conditions on admission, including setting a limit on the Committed Amount of a Prospective Participant. In doing so, the Manager will refer to the applicable regulations, the Fund's interests and/or the interests of the majority of the Participants.
- 6.2 The (Prospective) Participants will make their Outstanding Committed Amounts available upon receipt of a Call for Payment. Upon acceptance by the Manager of a request as referred to in Article 6.6 of these Fund Terms and Conditions, the original Participant's rights and obligations in respect of the Outstanding Committed Amount at that time are deemed to pass to its Legal Successor, Group Entity, (In)direct Investor or Replacement Investor, including – without limitation – the right to the pro rata allocation of Participations in accordance with Article 11.2 of these Fund Terms and Conditions and the obligation to comply with a Call for Payment. Following the issue of Participations to a Legal Successor, Group Entity, (In)direct Investor or Replacement Investor in accordance with Article 11.2 of these Fund Terms and Conditions, the Outstanding Committed Amount will be called up in due course by means of one or several Calls for Payment in accordance with the regular provisions of these Fund Terms and Conditions.
- 6.3 The Prospective Participant is not entitled to any interest in respect of the Outstanding Committed Amount.

- 6.4 The Prospective Participants are not entitled to withdraw from (the Pipeline of) the Fund or to withdraw or revoke any part of their (Outstanding) Committed Amounts, unless explicitly provided otherwise in these Fund Terms and Conditions (as in Articles 6.10 and 6.11).
- 6.5 Without prejudice to the provisions of Article 6.4 of these Fund Terms and Conditions, a (Prospective) Participant may request the Manager in Writing – in derogation of Article 11.2 of these Fund Terms and Conditions – to call up its Outstanding Committed Amount in phases over a longer period of time than would be appropriate on the basis of the pro rata allocation system of said Article. This entails that the Participant waives its right to pro rata allocation referred to in said Article, the Manager will assess the request in light of the expected allocation of mortgage receivables to the Fund by Aegon Hypotheken B.V., any Outstanding Committed Amounts at that time and any outstanding redemption requests and the other circumstances it deems relevant. The Manager is never required to agree to the request and may reject it without stating reasons. If the Manager agrees to such a request, the part of the Outstanding Committed Amount of the relevant (Prospective) Participant(s) that is not called up as a result of application of the scheme in the relevant calendar month will be proportionately divided among the other (Prospective) Participants according to the system of Article 11.2 of these Fund Terms and Conditions. Subject to the provisions of Articles 7.3 and 11.2 of these Fund Terms and Conditions, Article 7.2 (Offer Risk) of these Fund Terms and Conditions applies in full in the event that the Outstanding Committed Amount of one or more (Prospective) Participants is called up in phases in accordance with this paragraph.
- 6.6 A Participant may make a Written request to the Manager for a special redemption. It is a request for a redemption of Participations held by it, for the simultaneous issue of the same number of Participations to a Legal Successor, Group Entity, (In)direct Investor or Replacement Investor of that Participant. The special redemption request in case of Legal Succession must concern all of the Participations held by the Participant (or a complete, segregated part). The special redemption request with regard to a Group Entity, (In)direct Investor or Replacement Investor may concern all or part of the Participants Participations. A special redemption request must be accompanied by all information requested by the Manager with regard to the prospective Legal Successor, Group Entity, (In)direct Investor or Replacement Investor for the purpose of an accession. The Participant guarantees the accuracy of the information provided to the Manager. By analogy such a special redemption can also be requested by a Prospective Participant to be substituted by a Legal Successor, Group Entity, (In)direct Investor or Replacement Investor for its Outstanding Committed Amount.
- 6.7 The authority to determine whether a legal entity designated pursuant to the previous paragraph actually qualifies as a Legal Successor, Group Entity, (In)direct Investor or Replacement Investor rests exclusively with the Manager. The Manager will only comply with the request if:
- the Legal Successor, according to objective standards, can be deemed to succeed said Participant both in a legal sense and in economic terms; or
  - the Group Entity, according to objective standards, can be deemed an affiliated entity, organizationally connected in one group; or
  - the Participant has a justified interest to designate a Replacement Investor to acquire all or part of its Participations in the Fund by way of redemption of such Participations and the issue of the same number of Participations to the Replacement Investor, in relation to a redemption request which and in so far the Manager is not able to immediately or fully fulfil due to a lack of (available) liquidity. The Manager will take the interest of other (Prospective) Participants into account;
  - the (In)direct Investor is indeed (or will be) an investor in a Participant and can be considered an indirect / economic owner of Participations in the Fund; and
  - the Legal Successor, Group Entity, (In)direct Investor or Replacement Investor meets the regular requirements for accession, as mentioned in Articles 5.1 and 6.1 of these Fund Terms and Conditions.
- In order to assess the request, the Manager is authorised to request supporting documents or declarations from the Participant, or to require guarantees. If the Manager complies with the request for a Legal Successor, the exiting Participant does not receive any payment in cash for the redemption. The portion of the Fund Assets related to the redeemed Participations will be considered as a payment by the Legal Successor on the same number of Participations to be newly issued.
- 6.8 The Manager will not make a Call for Payment in the following events: an issue procedure in accordance with Article 11.14, in the event of a special redemption procedure requested by a Prospective Participant (concerning the Outstanding Committed Amount) and in the event of a special redemption procedure requested by a Legal Successor (concerning its Participations or its Outstanding Committed Amount). In principle the Manager will make a Call for Payment in case of a special redemption procedure concerning a Group Entity, (In)direct Investor or Replacement Investor, unless agreed otherwise with all the involved parties. In the event of a special redemption request the exiting Participant will exit, while its Legal Successor, Group Entity, (In)direct Investor or Replacement Investor will enter, on the same Trading Day, with both entry and exit taking place at the Net Asset Value of the redeemed Participations on the Valuation Date referred to in Article 13.1, final sentence. These Fund Terms and Conditions also provide for deviating provisions in respect of the Offer Risk (Article 7.6), issue and allocation of Participations (Articles 11.2 to 11.8 inclusive), Individual Entry Price (Article 11.8) and redemption (Articles 13.1 and 13.2). In the event of a special redemption request from a Prospective Participant, the Prospective Participant will exit the Pipeline for the (Outstanding) Committed Amount indicated on the Written special redemption request, while its Legal Successor, Group Entity, (In)direct Investor or Replacement Investor will immediately substitute the Prospective Participant for that same amount and place (month) in the Pipeline. All rights and obligations of the requesting Prospective Participant with regards to the subscription to the Fund are transferred to its substitute

when the Written (special redemption) request is signed by both parties and accepted by the Manager. The regular Call for Payment in due time will be addressed to the substitute to be followed by a regular issuance of Participations pursuant to these Fund Terms and Conditions, no deviations apply.

- 6.9 If the Manager has complied with a request as referred to in Article 6.6 of these Fund Terms and Conditions, it will explain the reasons for complying at the next Meeting of Participants.
- 6.10 The Manager has the discretion to grant a (Prospective) Participant a right to revoke the entire remaining Committed Amount (the Right to Revoke the Committed Amount). The power to determine the day(s) on and the conditions under which the Right to Revoke the Committed Amount is invoked, rests solely with the Manager. The Manager informs the (Prospective) Participant prior to the provision of the Entry Form on the Right to Revoke the Committed Amount. The (Prospective) Participant may exercise the Right to Revoke the Committed Amount by submitting a request thereto in Writing.
- 6.11 In addition, the Manager has the discretion, but not the obligation, to grant the (Prospective) Participant a right to revoke any part of the Committed Amount if the Fund, in the sole opinion of the Manager, has sufficient other sources of cash to purchase the mortgage receivables that were subscribed for from Aegon Hypotheken B.V. on behalf of the (Prospective) Participant.

## 7 Offer Risk

- 7.1 After having received and accepted the Signed Entry Forms and signed Redemption and (Re)Investment Forms, the Manager assesses the total Committed Amounts in that calendar month and the expected liquidity needs of the Fund in the near future, and orders, if necessary, additional mortgage receivables (possibly in advance) from Aegon Hypotheken B.V., in accordance with the Master Mortgages Receivables Purchase Agreement. The purchase price of the mortgage receivables is equal to their nominal value.
- 7.2 During the date that a mortgage offer is issued to the mortgagor and the date that the related mortgage receivable is assigned to the Fund, there is exposure to Offer Risk. In principle, the Offer Risk will be for the account and risk of the Prospective Participant(s), such that the entry of these Prospective Participants does not affect the Net Asset Value of existing Participants to the extent possible. The Offer Risk is calculated in accordance with Article 11.8 of these Fund Terms and Conditions.
- 7.3 At the Manager's discretion, the costs of the Offer Risk will not be charged to the Participant if and to the extent that (the sum of) the Outstanding Committed Amount(s) of the Prospective Participant(s) is not expected to result in exposure to cash (with the exception of non-used portions of construction deposits) that exceeds the maximum of 5%, as provided in Article 4.3 (iv). In that event the related Offer Risk will not be deemed to be materially adverse to the existing Participants. In addition, after receipt of a Signed Entry Form by the Manager, the Outstanding Committed Amount may be called up from the Prospective Participants with priority, in accordance with Article 11.3 of these Fund Terms and Conditions.
- 7.4 If the Manager intends to apply the scheme of Article 7.3 to one or more Prospective Participants, the expected exposure to cash will be calculated at the time the Signed Entry Form of the relevant Prospective Participant(s) is being processed.
- 7.5 If the Manager is required to charge the Offer Risk in accordance with Article 7.2, the information on the Offer Risk will be included in the Call for Payment and/or the trade confirmation to the relevant Prospective Participant(s), stating the calculation method.
- 7.6 In the event of a first issue of Participations to a Legal Successor, Group Entity, (In)direct Investor or Replacement Investor in accordance with Article 11.2 of these Fund Terms and Conditions, there is no Offer Risk. No Offer Risk is therefore imposed on a Legal Successor, Group Entity, (In)direct Investor or Replacement Investor acceding the Fund.

## 8 Default of payment

- 8.1 In the event that a Participant fails to pay any part of its Outstanding Committed Amount or fails to do so on time in accordance with the provisions of the Call for Payment including the payment date stated therein, the Participant concerned will immediately be in default (the Defaulting Participant). The payment date stated in the Call for Payment is considered a due date as meant in Article 6:83(a) of the Dutch Civil Code.
- 8.2 The Defaulting Participant will, with regard to the relevant part of its Committed Amount regarding which it is in default:
- (i) pay the Fund 5% interest on an annual basis for the portion of the Committed Amount called up by the Manager regarding which it is in default, to be calculated as from the date on which the default arose until the date of full payment of the portion of the Committed Amount called up;
  - (ii) reimburse the Fund for all damages incurred as a result of the non-payment or late payment of the portion of the Committed Amount called up;
  - (iii) not be entitled to any distribution, of whatever nature, on or with regard to the Participations concerned for as long as the default has not been remedied; and
  - (iv) not be able to exercise the voting rights on the Participations concerned until the default has been remedied in full.
- 8.3 If the Defaulting Participant fails to pay within the Waiver Period, the Defaulting Participant will be deemed to have offered the Participations concerned to the Fund for no consideration. The Manager is authorised to deviate from the provisions in Articles 8.1, 8.2 and 8.3 of these Fund Terms and Conditions to the benefit of the Participants, provided that all Participants are treated equally.

- 8.4 Each Defaulting Participant hereby undertakes vis-à-vis the Manager and the Title Holder to perform all acts that may be necessary to execute the transfer of the Participations under Article 8.3 immediately upon the Manager's first request and hereby grants the Manager and the Title Holder now and in the future an irrevocable power of attorney with right of substitution to transfer the Participations it holds to the Fund in accordance with the provisions of Article 8.3, including the performance of all acts that the authorised representative may consider useful or necessary in that respect.
- 8.5 The provisions of Articles 8.1 to 8.4 inclusive do not affect the relevant Defaulting Participant's obligation to make available to the Title Holder the Capital Payment as called up pursuant to the Call for Payment.

## 9 Participations

- 9.1 The proportional part of beneficial entitlement to the Fund Assets is expressed in Participations. Each Participation confers entitlement to a proportionate share in the Fund Assets with due observance of the other provisions of these Fund Terms and Conditions. The minimum Committed Amount requirement is at least EUR 1,000,000 (one million euro). The Manager reserves the right to apply a higher minimum Committed Amount in accordance with the provisions of Article 6.1, third sentence of these Fund Terms and Conditions. Each increase in the Committed Amount must be at least EUR 1,000,000 (one million). The Manager has the discretionary right to accept smaller amounts when the Committed Amount is made available by an entity to which a Participant is affiliated within a group.
- 9.2 Subject to Article 17.4 or any expressly contrary provision in these Fund Terms and Conditions, the Manager will treat Participants equally. This means, among other things, that the Manager, unless expressly provided to the contrary, will apply the same standards to all Participants with regard to reporting, information obligations and notification obligations.
- 9.3 The Participants are liable vis-à-vis the Fund up to the maximum of their Committed Amounts.
- 9.4 Participations are understood to include fractions of Participations that may be issued to four decimals. The Participations are registered participations. No Participation certificates will be issued.
- 9.5 All benefits and losses connected with the Fund will be for the account of the Participants pro rata their Participations as described in paragraph 1 of this Article.
- 9.6 Registration is effected by entry in the register of Participants to be kept by the Manager. Registration is effected on the Issue Date. Each registration will include:
- (i) the name of the contact person of the Participant and address where the Participant wishes to receive correspondence;
  - (ii) the Participant's seat and actual business location;
  - (iii) the Committed Amount, the Capital Payments, the number of Participations held as well as the date of acquisition of the Participations;
  - (iv) the Participant's tax status for corporate income tax purposes; and
  - (v) any other information that the Manager may deem useful to include in the register of Participants.
- 9.7 A Participant will immediately inform the Manager in Writing of any change of address, change of seat, change of business location and (potential) change of its tax status.
- 9.8 The register will be updated regularly. The register may consist of an automated file.
- 9.9 Upon request, the Manager will provide a Participant with a non-negotiable extract from the register of Participants signed by the Manager, stating as a minimum the number of Participations and the value per Participation of the requesting Participant.
- 9.10 The register is available for inspection by the Participants.

## 10 Determination of the Net Asset Value of the Participations

- 10.1 Net Asset Value of Participations issued on a Trading Day is determined monthly in arrears on the Valuation Date. Upon determination of the Net Asset Value, the Fund Securities are valued according to generally accepted accounting standards (Dutch GAAP). The fair value of a mortgage receivable is determined by discounting the future contractual cash flows, taking into account the expected early repayments by the mortgagors. The discount rate of each mortgage receivable will be equal to the official mortgage rate of Aegon Hypotheken B.V. for a comparable mortgage, based on factors including NHG, LTV Ratio and remaining fixed-rate period, given that the difference between those rates and rates offered in the market is smaller than 25 basis points. If this would not be the case, the discount rate would be adjusted downward if the rate exceeds the market by more than 25 basis points, and vice versa in case the rate is more than 25 basis points below the market. Each such adjustment shall be made only to the extent needed to reach a discount rate that differs from the market rate with a maximum of 25 basis points. This adjustment to maintain a maximum limit of 25 basis points between Aegon rates and the market is implemented from as of September 30, 2019. The official mortgage rates are published on the Aegon website, and possible discounts on these official rates are not taken into account in the valuation of the mortgage receivables in the Fund.
- Liquid Assets: Cash-like instruments are valued at market value and cash is valued at nominal value.
- 10.2 The costs and fees as referred to in Article 17 of the Fund Terms and Conditions will be deducted from the Fund Assets, taking into account as much as possible any costs incurred but not yet paid.
- 10.3 Mortgage receivables that are in arrears are valued in accordance with Article 10.1, but with a haircut as determined by the Manager. The applicable haircut depends on factors such as LTV Ratio, time in arrears, and NHG guarantee.

- 10.4 As per the Trading Day of its accession, a Participant is liable for the costs and fees as referred to in Article 17 of these Fund Terms and Conditions in proportion to the Capital Payments made by it. The foregoing applies by analogy in respect of a Legal Successor, Group Entity, (In)direct Investor or Replacement Investor acceding the Fund for the first time as a result of the application of the special arrangement of Articles 6.6 to 6.8 inclusive of these Fund Terms and Conditions, unless otherwise agreed.
- 10.5 Annually, the auditor referred to in Article 18 of these Fund Terms and Conditions audits the Net Asset Value determined by the Manager as at 31 December. The Manager will inform all Participants of each audited Net Asset Value in accordance with this paragraph.
- 10.6 If the Manager intends to make material changes to the valuation policy, the Manager will inform each Participant in this respect no later than twenty business days before the effective date, providing a summary of the intended change.

## 11 Issue of Participations

- 11.1 Participants may access the Fund on any Trading Day. As from that Trading Day, the Participations deemed to be issued on that Trading Date will be for the Participant's account and risk and the Participant will be liable to the Fund for its Committed Amount.
- 11.2 Except for the issue procedure in line with Article 6.8, Participations are only issued by the Manager if and once a Participant has complied with a Call for Payment. The authority to set the date on which a Call for Payment is issued rests solely with the Manager. A Participation is deemed to have been issued on the Trading Day prior to the Issue Date at the Net Asset Value as calculated on the Valuation Date following that Trading Day. In derogation of the previous sentence, the first issue of Participations to a Legal Successor, Group Entity, (In)direct Investor or Replacement Investor takes place on the Trading Day on which the original Participant's Participations are redeemed in accordance with Article 13.1 and at the Net Asset Value as calculated on the Valuation Date following that Trading Day.
- Participations to be issued on any Trading Day are in principle allocated on the following basis:
- (i) Entry Forms will be treated in a time sequential order, with Entry Forms received in the most distant calendar month treated first; Entry Forms of existing and new applicants will be treated equally; and
  - (ii) Entry Forms that have been received in the same calendar month will be treated equally;
- With due observance of the provisions in Article 11.3, the Manager will in principle call up the Outstanding Committed Amounts on a pro rata basis. Each Call for Payment will be 5 to 10 business days prior to the actual payment date.
- 11.3 In the event of DMF 1 Participants which have signed a Redemption and (Re)Investment Form, a monthly amount is redeemed from DMF 1 directly followed by an issue of Participations in the Fund for the same amount on the same Trading Day. The Manager will use the prioritised mortgage receivables available for DMF 1 pursuant to the Mortgage Allocation Methodology for (re)investment by DMF 1 Participants in the Fund.
- In the event of a Legal Successor, Group Entity, (In)direct Investor or Replacement Investor, issue takes place without regard to the Outstanding Committed Amounts and all Participations to be issued to the Legal Successor, Group Entity, (In)direct Investor or Replacement Investor are allocated to it simultaneously on the same Trading Day as the one on which the original Participant's Participations are redeemed in accordance with Article 13.1, final sentence, of these Fund Terms and Conditions. With effect from said Trading Day, the Legal Successor, Group Entity, (In)direct Investor or Replacement Investor is regarded as a Participant for the purposes of these Fund Terms and Conditions, including – without limitation – in respect of the obligation to comply with a Call for Payment from the Manager in connection with the Outstanding Committed Amount of the Participant substituted by the Legal Successor, Group Entity, (In)direct Investor or Replacement Investor.
- 11.4 The Manager may deviate from Article 11.2:
- (i) on the basis of Article 6.5 (a waiver of the right to pro rata allocation) of these Fund Terms and Conditions, if and in so far as it has agreed to a request made by a (Prospective) Participant;
  - (ii) in the event a (Prospective) Participant has a relatively small Committed Amount in comparison with the Committed Amounts of the other Prospective Participants in the same calendar month; and
  - (iii) in the case referred to in Article 7.3 (no charge for Offer Risk) of these Fund Terms and Conditions.
- Calling up the Outstanding Committed Amount from Participants with such a relatively small Committed Amount with priority until the Committed Amount of such Participant has been called up for the full amount will not be deemed to be materially adverse to the other Participants and will prevent having to call up the Outstanding Committed Amount of Participants with a relatively lower Committed Amount over several calendar months in small parts, all in the sole discretion of the Manager. The Manager will exercise restraint in respect of its authority to call up the Committed Amount from one or several Participants with priority, as mentioned at (ii) above.
- 11.5 Each Call for Payment includes a description of the purpose for which the amount called up will be used as well as, if and in so far as applicable, a description of the Investment that will be made, on the understanding that the Manager may exclude specific information if the law or an agreement does not allow the disclosure of such information.
- 11.6 Upon the Fund's first issue of Participations, the issue price per Participation is EUR 10.00 (ten euro). Except in the event of a first issue of Participations to a Legal Successor, Group Entity, (In)direct Investor or Replacement Investor in accordance with Article 11.3, the issue price for each subsequent issue of Participations will, in principle, be equivalent to the Net Asset Value, it being understood that, in the event provided for in Article 7.2, the Manager will pass on the Offer Risk to the Acceding Participant(s) using the Individual Entry Price in accordance with Articles 11.8.

- 11.7 Subject to the provisions of Article 11.2, once a Call for Payment has been complied with, the Manager will determine the Net Asset Value on the next Valuation Date. The number of Participations to be issued to a Participant is calculated by dividing the called-up and paid-up portion of the Committed Amount by that Net Asset Value.
- 11.8 If the costs related to the Offer Risk must be charged on to one or more acceding Participant(s) in accordance with Article 7.2 of these Fund Terms and Conditions, the number of Participations to be issued to a Participant upon entry will be calculated according to the following formula (the Individual Entry Price):

$$\frac{X}{(A+B)}$$

in which:

X is the called-up portion of the Committed Amount;

A 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) at the time of that entry; and

B is the most recently adopted Net Asset Value at the time of that entry

- 11.9 Within five business days of the Issue Date, the Participant will receive a statement of the number of Participations to be recorded in the register on its behalf.
- 11.10 In the Participants' interest, the issue of Participations in the Fund may be suspended by the Manager if, at the Manager's sole discretion, such suspension is justified by a special or extraordinary circumstance. Such a special circumstance may be a situation in which continuation of the issue of Participations in the Fund can reasonably be expected to result in disproportionate harm to the interests of the majority of the existing Participants, or of one or more groups of Participants. Such a special circumstance may also be that, at the Manager's sole discretion, the Fund's investment of the amount to be received for the issue of Participations would be irresponsible or impossible in view of the relevant market conditions.
- 11.11 In the event referred to in Article 11.10, within one month after the suspension the Manager will convene a Meeting of Participants to explain the suspension decision.
- 11.12 All Capital Payments must be made in euro by transfer to the account to be designated by the Manager and available in the aforementioned account by the date designated by the Manager. If the called-up portion of the Committed Amount has been transferred to that account before the designated date, the Fund will not owe the Participants any (interest) compensation in respect of that amount. The Outstanding Committed Amount per Participant will be reduced by the amount of the Capital Payment made by the (existing or acceding) Participant concerned.
- 11.13 None of the Participants is entitled to suspend its payment or contribution obligations vis-à-vis the Fund (by virtue of Article 6:52 of the Dutch Civil Code) or to rely on a set off vis-à-vis the Fund.
- 11.14 An issuance of Participations to DMF 1 Participants is possible on the basis of:
- a signed Redemption and (Re)investment Form by a DMF 1 Participant;
  - a (pro rata) part of the Monthly Available Cash of DMF 1; and
  - the prioritised mortgage receivables available to DMF 1 pursuant to the Mortgage Allocation Methodology.
- In line with the Mortgage Allocation Methodology a prioritised allocation amount of mortgage receivables is available for DMF 1 (amended periodically) to enable reinvestments and keep exposure to mortgage receivables in the portfolio at the same level. By signing the Redemption and (Re)Investment Form a DMF 1 Participant reinvests a part of the Monthly Available Cash of DMF 1 by redemption from DMF 1 and investing that same amount in the Fund, keeping its individual exposure to mortgage receivables at the same level (roughly, taking into account the Offer Risk). The prioritised mortgage receivables for DMF 1 are allocated to the Fund for this (re)investment of DMF 1 Participants. As the mortgage receivables in DMF 1 and the Fund are both from Aegon Hypotheken B.V. and will comply with the Mortgage Loan Criteria, the prioritised mortgage receivables that are normally ordered for reinvestment of DMF 1, can be allocated to the Fund. For the avoidance of doubt, Participations issued to DMF 1 Participants in accordance with the above shall entitle the DMF 1 Participants to the same rights and obligations as other Participations entitle a Participant to, unless explicitly determined otherwise.

## 12 Transfer of Participations to the Fund

- 12.1 A Participant who no longer qualifies as a Professional Investor will transfer its Participations to the Fund immediately, in which case the Manager will act on behalf of the Fund. The same applies in the event referred to in Article 13.8 of these Fund Terms and Conditions. A Participant may neither pledge, nor encumber its Participations nor create a right of usufruct on its Participations.
- 12.2 Participations may only be transferred – with the Manager's assistance – to the Fund and in the manner described in Article 13 of these Fund Terms and Conditions.

## 13 Redemption of Participations

- 13.1 If a Participant wishes to or must transfer one or more Participations to the Fund, the Participant shall notify the Manager accordingly in Writing at least one month in advance stating the amount and/or the number of Participations to be redeemed. This notification is irrevocable. The redemption of Participations will take place on a Trading Day. The foregoing applies by analogy in the event of a Written (special redemption) request as referred to in Article 6.6 of these Fund Terms and Conditions. Without prejudice to the provisions of Article 13.2, a Participation is deemed to have been redeemed on the second Trading Day following such Written notification or such Written request at the Net Asset Value as calculated on the Valuation Date following that Trading Day in the event redemption is possible.

13.2 The Manager, acting in that regard on behalf of the Fund, will immediately proceed to redeem and acquire the Participations concerned, as far as possible pro rata parte of the total number of Participations offered for redemption, irrespective of the calendar month in which the redemption request is received. The exiting Participants from different calendar months will therefore be treated equally in terms of redemption of their Participations and will receive pro rata parte of the available funds at the Trading Day.

The Manager is not obliged to raise funds in order to redeem Participations, but will use the cash flows generated by the Investments or the proceeds of new issues of Participations, if and in so far as sufficient, and Non Available Cash will not be used in this respect.

As Participation redemption in connection with Legal Succession or the issue of Participations to a Group Entity, (In)direct Investor or Replacement Investor as referred to in Article 6.6 of these Fund Terms and Conditions does not depend on the availability of Liquid Assets, the foregoing does not apply to such redemption. In that case, redemption takes place without regard to any outstanding requests for redemption and all Participations to be redeemed are redeemed on the Trading Day mentioned in Article 13.1, final sentence, of these Fund Terms and Conditions. If and as long as one or several Participations are offered to the Fund for redemption, the Manager will not order additional mortgage receivable with Aegon Hypotheken B.V. until all Participations offered have been redeemed.

13.3 In very exceptional cases and in so far as possible, at a Participant's request, the Manager may offer Investments for purchase to Aegon Hypotheken B.V. or another legal entity that is a member of the Aegon group of companies, or a collective investment scheme managed by a manager that is a member of the Aegon group of companies, all in accordance with the provisions of the Master Mortgage Receivables Purchase Agreement. In such a case, the provisions of Article 13.2 do not apply. Aegon Hypotheken B.V. or another legal entity within the Aegon group of companies will never be obliged to effect such a purchase. If any parties are interested in purchasing the Investments so offered, the Manager will submit the proposal to the Participant concerned. The Manager will charge costs to the Participant who wishes to redeem its Participations in this manner. These costs consist of the costs for such a transaction plus the difference between the valuation of the relevant Investments applicable at such time and the sales price actually obtained.

13.4 The redemption of Participations may be suspended or delayed by the Manager if, at the Manager's sole discretion, such suspension or delay is justified by a special or exceptional circumstance. Such a special circumstance may be a substantial or accumulated redemption request(s), under which circumstance the Fund's liquidity position as a whole does not allow a full and immediate cash redemption. In doing so, the Manager will refer to the applicable regulations, the Fund's interests or interests of the Participants.

13.5 In the event referred to in Article 13.4, the Manager will inform the Participants who want to redeem their Participations of the suspension.

13.6 The Manager is entitled at all times to impose further conditions on such redemption.

13.7 The amount for which the Fund redeems Participations is equal to the product of  
(i) the Net Asset Value on the Valuation Date as referred to in Article 13.1; and  
(ii) the number of Participations to be redeemed.

A Participation is extinguished by confusion as a result of its transfer to the Fund. The Participant will be informed of the redemption price after it has been determined and the redemption price will then be paid as soon as possible

13.8 The Manager is authorised to redeem a Participant's Participations without its consent if the Manager has reason to assume that a Participant and/or its ultimate beneficiary: (i) is not or is no longer a Non-United States Person; or (ii) can be considered a Specified U.S. Person, or if the Manager is of the opinion that a Participant has failed to provide any information or sufficient information to enable the Manager to determine the Participant's status (or the status of its ultimate beneficiaries). If the Manager avails itself of this authority, the provisions regarding redemption in this Article 13 apply mutatis mutandis, whereby the Manager is deemed to give notification on behalf of the Participant under Article 13.1. The Participant will be informed of the Manager's decision to invoke the aforementioned authority in accordance with Article 21 of these Fund Terms and Conditions. If the Participant's status or a change to the Participant's status under United States law and regulations creates additional reporting or other obligations for the Manager, the Participant will compensate the Manager for any resulting damage at the Manager's request.

## 14 Management and Legal Ownership

14.1 Management of the Fund is performed by the Manager. The Manager acts solely in the interest of the Participants. The Manager is authorised to perform all acts of management with regard to the Fund Assets, with due observance of the provisions of these Fund Terms and Conditions. Management is also understood to include determining and executing the investment policy, making investments and doing everything related to that in the broadest sense of the word. The Manager is only authorised to dispose of the Fund Assets together with the Title Holder. The Manager is authorised, under its own responsibility, to outsource part of the management and the ensuing duties to one or more third parties, not being the Title Holder, to be appointed by the Manager.

14.2 The Manager is authorised at all times to make such changes to the Fund Assets as the Manager considers to be in the interest of the joint Participants.

- 14.3 For the purposes of liquidity management, the Manager may, on behalf of and for the account of the Fund, together with the Title Holder, have an overdraft, take out short-term loans from an entity belonging to the Manager's group or temporarily raise funds in any other manner, up to a maximum equal to 2% of the Fund Securities at market conditions and rates in the discretion of the Manager. Such transactions will not be concluded with the purpose of structurally increasing the Fund's position.
- 14.4 The Title Holder's duty is to hold legal title to the Fund Securities for the account and risk of the Participants. The Title Holder is the title holder of and the party entitled to all the Fund Assets.
- 14.5 In so far as necessary, the Fund Securities will be deposited for safe custody with financial institutions generally considered acceptable for this purpose, such in the Title Holder's name. The Fund Assets will be registered for the Fund in the Title Holder's name. All of the Fund's bank accounts will also be registered in the Title Holder's name, with a statement that the Title Holder holds the accounts as the Fund's trustee. The Title Holder always acquires the Fund Assets as trustee on behalf of the Participants and acts solely in the interests of the Participants in that respect.
- 14.6 The Depositary must hold the Fund Securities in safe custody in such a manner that they can only be disposed of by the Manager and the Title Holder jointly.
- 14.7 The Title Holder hereby authorises the Manager to perform all legal acts with regard to all Fund Securities, including Liquid Assets, that have been or will be deposited with the Depositary for safe custody in the Title Holder's name but for the Fund's account. This power of attorney also includes the performance of all acts of disposition, including the acquisition, sale and encumbrance of goods, and taking receipt thereof in accordance with the proper execution of the management duties.
- 14.8 The power of attorney referred to above is restricted to the performance of those legal acts that the Title Holder is authorised to perform by virtue of its duties.
- 14.9 The Manager will provide the Depositary with all information that, in the Depositary's sole discretion, the Depositary needs in order to properly perform its duties.

## 15 Replacement of the Manager or Title Holder

- 15.1 The Manager and/or the Title Holder will retire from office:
- (i) on a voluntary basis;
  - (ii) due to its dissolution, suspension of payments or bankruptcy; and
  - (iii) pursuant to a resolution adopted by the majority of the Participants present or represented at the Meeting of Participants, which majority represents at least 3/4 of the total amount of votes that can be cast by Participants present or represented at that meeting.
- However, as long as no successive Manager or successive Title Holder has been appointed, the current Manager or current Title Holder, respectively, will continue to act in this capacity.
- 15.2 If the Title Holder wishes to or must resign pursuant to Article 15.1, the Manager is authorised to designate and appoint a successor.
- 15.3 If the Manager wishes to or must resign pursuant to Article 15.1, the Manager's shareholder is authorised to designate and appoint a successor. No appointment will take place before the Meeting of Participants has been given the opportunity to give its view on the suitability of the proposed successor.
- 15.4 If the Manager or the Title Holder wishes to or must resign as Manager or Title Holder, as the case may be, in accordance with Article 15.1, a Meeting of Participants shall be convened within four (4) weeks after this has become evident, at which meeting an explanation will be given of the reasons for this resignation .
- 15.5 If no successor has been appointed within a period of six (6) weeks of the Meeting of Participants referred to in Article 15.4, the Meeting of Participants is authorised to appoint a successor. In that case, the Manager will convene a Meeting of Participants to provide for the appointment of a successor. Such appointment requires a qualified majority of at least 2/3 of the total amount of votes that can be cast by Participants at that meeting.

## 16 Liability

- 16.1 All liability for the management conducted and its consequences is excluded by the Manager, except in the event of damage incurred by a Participant that is the direct result of an attributable failure by the Manager in the performance of its management duties or of any acts in contravention of these Fund Terms and Conditions.
- 16.2 The Depositary is liable vis-à-vis the Fund and Participants for any damage incurred by them in so far as the damage is the result of imputable non-performance or improper performance of its obligations, even if the Depositary has entrusted all or part of the assets deposited with it for safe custody to a third party.
- 16.3 The Depositary is legally liable to 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.
- 16.4 The Depositary is also legally liable to 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 by means of the Manager. If the Manager refuses to cooperate with such a request, the Participants are authorised to file the claim for damages directly with the Depositary.



16.5 In accordance with Article 5.1 of these Fund Terms and Conditions, the Fund is only open to participation by natural persons and legal entities (including any ultimate beneficiaries) who (i) are Non-United States Persons; and (ii) cannot be considered Specified U.S. Persons. If a (current or acceding) Participant has provided the Manager with inaccurate or incomplete information, or has failed to inform the Manager of its status or a change to its status under United States law and regulations and this creates additional reporting, licence or other obligations for the Manager under the aforementioned regulations, the Participant will compensate the Manager for any resulting damage at the Manager's request. The Manager undertakes to observe the requirements of reasonableness and fairness at all times when availing itself of this authority.

## 17 Costs and fees

- 17.1 The Manager receives a fee for the management conducted. This management fee is 0.21% per year and is charged in respect of the Net Asset Value of the Fund Assets on a daily basis as at the end of the previous Trading Day.
- 17.2 Aegon Hypotheken B.V. charges the Mortgage Servicing Fee directly to the Fund. The Mortgage Servicing Fee is withheld from the cash flows under the Investments consisting of mortgage receivables on a monthly basis. The Mortgage Servicing Fee is 0.27% per year on the principal value of the Investments.
- 17.3 The Manager charges a service fee of 0,02% per year and is charged in respect of the Net Asset Value of the Fund Assets on a daily basis as at the end of the previous Trading Day. The service fee serves as compensation for costs such as the fee of the Depositary under the Depositary Agreement, regulatory costs, custody costs, auditors' fees, attorneys' and consultants' fees, formation costs, administrative costs and marketing and communication costs.
- 17.4 The Manager is authorised to grant a Participant a discount on the total amount of the costs and fees described in Articles 17.1 to 17.3, inclusive. These discounts depend on factors such as the market conditions at the time of entry; the size of the Committed Amount, the status of the Participant concerned, the engagement by the Participant of certain fiduciary or investment managers and other circumstances deemed relevant by the Manager could be taken into account.
- 17.5 If a Participant decides to increase its Committed Amount during the term of the Fund, the Manager is not required to apply any discounts granted previously to the amount by which the Committed Amount is increased.
- 17.6 In so far as applicable, transaction costs incurred in the purchase of Investments are capitalised as part of the acquisition price and are recognised in the income statement as part of the unrealised gains and losses on investments. As a result, no transaction costs are capitalised as at the end of the financial year. Transaction costs incurred on the sale of Investments are recognised as part of the realised gains and losses.

## 18 Reporting

- 18.1 The Fund's financial year coincides with the calendar year.
- 18.2 The Manager keeps the records of the Fund.
- 18.3 Annually, within five months of the end of each financial year, the Manager draws up financial statements that comply with generally accepted accounting standards. The financial statements are adopted by the Manager.
- 18.4 The Manager engages a chartered accountant or any other expert within the meaning of Article 393(1), Book 2 of the Dutch Civil Code – both hereinafter also to be referred to as: auditor – to audit the financial statements adopted as well as the books and records pertaining to the Fund's administration.
- 18.5 The auditor reports to the Manager and the Title Holder with regard to its audit and presents the results of its audit in an opinion. The Manager may withdraw the engagement granted to the expert at all times.
- 18.6 The Manager also draws up an annual report within the period stated in Article 18.3. The annual report will be compliant with the applicable Wft requirements.
- 18.7 The Manager sends the financial statements, the auditor's opinion and the annual report to the Participants in accordance with the provisions of Article 21 of these Fund Terms and Conditions within fourteen days of adoption of the financial statements.
- 18.8 The Manager may grant engagements to the auditor referred to in paragraph 4 of this Article or to another expert.
- 18.9 Each month, the Manager provides the Participants in Writing with the following reports pertaining to the mortgage receivables that are part of the Fund Assets:
- (i) NAV report;
  - (ii) mortgage arrears report;
  - (iii) stratification tables of the mortgages;
  - (iv) Loan-level-data of the mortgages via portal, a line by line overview of all mortgages in the portfolio;
  - (v) Cash flow projections;
  - (vi) Mortgages monthly, a monthly fund report including portfolio management comments;
  - (vii) Look-through reporting;
  - (viii) duration of the portfolio; and
  - (ix) a NAV estimate as at month-end within T+5 (before the 5th business day of each month the NAV is disclosed/published)
- 18.10 Each quarter, the Participant is entitled to a conference call with the Key Person or another portfolio manager of the Fund.
- 18.11 In consultation with the Manager, in addition to the reports mentioned in Article 18.9, additional reports may be provided at extra cost at the Manager's discretion. The Participant must submit a Written request to this end with the Manager.

## 19 Key Person

- 19.1 If a Key Person Event occurs at any time, the Manager will promptly notify the Participants.

- 19.2 The following circumstances cannot, in and of themselves, cause a Key Person Event: (i) temporary absence due to illness or holiday for a period of at most six (6) weeks, (ii) time spent by the Key Person on establishing the Fund, operational activities relating to the Fund and the management of the Fund Securities, (iii) time spent on the management of the Manager or (iv) other activities approved by the Meeting of Participants.

## 20 Meeting of Participants

- 20.1 In the situations provided for in these Fund Terms and Conditions, as well as if the Manager considers such desirable in the interest of the Participants, the Manager will convene a Meeting of Participants. The Manager will convene a Meeting of Participants at least once a year. In principle, Meetings of Participants of the DMF1 and the Fund will be combined, unless explicitly determined otherwise in the Fund Terms and Conditions.
- 20.2 At the request of one or more Participants, alone or jointly representing at least 1/4 of the total amount of votes that can be cast by Participants, the Manager will call a Meeting of Participants of the Fund (not DMF 1). In such a request, the relevant Participant(s) may request the Manager in Writing to place one or more items or proposals on the agenda for discussion or voting purposes, along with the accompanying documents. The Manager is not obliged to act according to the outcome of such discussion or vote.
- 20.3 The following resolutions cannot be adopted by the Manager other than after having obtained prior approval from the Meeting of Participants:
- (i) resolutions to amend the Mortgage Loan Criteria or the investment policy of the Fund, as described in Articles 4.1, 4.3 and 4.6 of these Fund Terms and Conditions; and
  - (ii) resolutions to amend these Fund Terms and Conditions, as a result of which the rights or security of the Participants are reduced or burdens are imposed on them.
- 20.4 Every convening notice for a Meeting of Participants will be effected with due observance of the provisions in Article 21 of these Fund Terms and Conditions, and will state the location where the meeting will be held, as well as the agenda items. If applicable, the agenda will contain the adoption of the annual accounts of the Fund and any proposed change to the applicable tax regime. A Meeting of Participants can also be held by telephone. In addition, either all documents that are important for Participants to note when dealing with the agenda will be enclosed with the convening notice, or the convening notice will state where these documents may be obtained by the Participants free of charge as from the date of the convocation. In an event as referred to in Article 20.2, the Manager will, barring compelling reasons, place the items or proposals concerned and the accompanying documents on the agenda.
- 20.5 Items that are not on the agenda cannot be discussed.
- 20.6 At the Meeting of Participants, resolutions are adopted by a majority of 75% of the votes cast at the meeting, unless these Fund Terms and Conditions prescribe any other majority; these resolutions will be binding on all Participants at such time.
- 20.7 Each Participation confers the right to cast one vote when adopting resolutions.
- 20.8 Blank votes are deemed not to have been cast.
- 20.9 All meetings must be convened with at least eight (8) days' notice, not including the day of convocation and the day of the meeting. Meetings are convened in accordance with the provisions of Article 21 of these Fund Terms and Conditions.
- 20.10 Participants can volunteer for the chairmanship. The chairman of the yearly Meeting of Participants is appointed by the Manager unless the Terms and Conditions determine otherwise. The premise is that the chairmanship rotates every two (2) years between any of the Participants of the DMF1 or the Fund. In case several Participants of DMF 1 and/or the Fund volunteer for the chairmanship, the Participant with the most assets under management in the DMF1 and the Fund will be appointed by the Manager, with the last three (3) chairmen not being eligible. When determining the size of the assets under management, the reference date will be the Trading Day immediately preceding the meeting.
- 20.11 Only natural persons affiliated with a Participant as a director, employee or otherwise may be nominated as candidates for the chairmanship. If none of the Participants of the DMF1 or the Fund volunteer, the Manager is authorized to provide and appoint the chairman for the Meeting of Participants. In case of a Meeting of Participants within the meaning of Article 20.2, it will not be combined with the DMF 1 unless such a request was also made for the DMF 1 and the chairman will be provided by the Manager.
- 20.12 The Meeting of Participants may be attended by the Manager, the Title Holder and the (Prospective) Participants, as well as persons who have received permission from the chairman, after prior consent from the Manager.
- 20.13 Minutes are kept of the business transacted at a meeting.
- 20.14 Participants' resolutions may also be adopted outside of a meeting, provided that this is done in Writing, all Participants have been given an opportunity to cast their vote and none of them has objected to this manner of decision-making.

## 21 Communications

- 21.1 The Manager will make reasonable efforts to satisfy in the short term any reasonable request for information about a Participation that a Participant requires to be able to comply with a request from and notification obligation to the competent regulator.
- 21.2 All notifications and communications to and convocations of Participants are made by the Manager in Writing to the e-mail or other addresses included in the register of Participants, or on the Manager's website in English. If the Participant's address is not known to the Manager, it is assumed that the Participant has elected the Manager's office address as its address.

## 22 Amendment of the Fund Terms and Conditions

- 22.1 These Fund Terms and Conditions may be amended pursuant to a resolution adopted by the Manager.
- 22.2 An amendment takes effect on the date to be determined by the Manager without prejudice to the provisions of Article The Manager will communicate any amendment to the Fund Terms and Conditions to the Participants in the manner referred to in Article 21 of these Fund Terms and Conditions promptly after a resolution to that end has been adopted.
- 22.3 Without prejudice to the provisions of Article 20.3 at (ii) of the Fund Terms and Conditions, any amendments to the Fund Terms and Conditions, as a result of which the rights or security of the Participants are reduced, or burdens are imposed on them, will not take effect until thirty days have elapsed since the date on which the Participants were notified of those amendments in Writing.

## 23 Dissolution and winding-up

- 23.1 A resolution to dissolve the Fund will be adopted by the Manager. The Participants will be informed of the Fund's dissolution. Unless resolved otherwise by the Participants, the Manager will act as liquidator of the Fund.
- 23.2 The value per Participation upon dissolution is equal to the calculated Net Asset Value, determined with due observance of Article 10 of these Fund Terms and Conditions, as at the date of dissolution. In respect of the value determined in this manner, the Participants will only be charged the costs and fees still ongoing within the meaning of Article 17 of these Fund Terms and Conditions and any taxes still owed. Redemption of Participations within the meaning of Article 12 and Article 13 of these Fund Terms and Conditions is no longer possible after a resolution to dissolve the Fund has been adopted.
- 23.3 The positive balance remaining after winding-up will be distributed to the Participants in proportion to the number of each Participant's Participations.
- 23.4 The underlying Fund Terms and Conditions will remain applicable as far as possible during the Fund's dissolution and winding-up.

## 24 Applicable law and disputes

These Fund Terms and Conditions are governed by Dutch law. All disputes arising under these Terms and Conditions will be submitted to the competent court in The Hague.

# Appendix III

## Entry Form AeAM Dutch Mortgage Fund 2

### The undersigned:

Legal entity's name (the Participant) \_\_\_\_\_

Chamber of Commerce number \_\_\_\_\_

Bank Account number (IBAN) \_\_\_\_\_

### Contact person

Surname \_\_\_\_\_

Given names \_\_\_\_\_

Address \_\_\_\_\_

Postcode/City \_\_\_\_\_

Correspondence address \_\_\_\_\_

Telephone number \_\_\_\_\_

E-mail \_\_\_\_\_

The (Prospective) Participant declares that, at the Manager's request, it will make the amount called up in a Call for Payment available on the account designated for that purpose by the Manager on the payment date indicated by the Manager.

The (Prospective) Participant is aware that entry applications are accepted by Aegon Investment Management B.V. in its capacity as Manager when customer due diligence procedures of the Manager have been concluded successfully, a fully completed Entry Form has been received and the (Prospective) Participant has been informed by the Manager of the acceptance by e-mail and/or (confirmation) letter.

The (Prospective) Participant is aware that once a completed Entry Form is accepted by the Manager, the (Outstanding) Committed Amount is irrevocable and the (Prospective) Participant cannot withdraw any part, unless a Right to Revoke the Committed Amount was granted by the Manager which can still be invoked.

The (Prospective) Participant is aware that the Manager is entitled not to process an entry form that has not been fully completed or that has not been submitted on time.

The (Prospective) Participant is aware that the Manager is entitled to refuse an issue in whole or in part without stating reasons or to impose further conditions on such an issue.

The (Prospective) Participant declares that: (i) it is a "Non-United States Person" within the meaning of Commodity Futures Trading Commission Rule 4.7(a)(1)(iv); and (ii) it cannot be qualified as a "Specified U.S. Person" within the meaning of the Intergovernmental Agreement between the United States and the Netherlands with regard to the Foreign Accounts Tax Compliance Act and that it will promptly inform the Manager in Writing of any changes to its status under the regulations referred to above.

The (Prospective) Participant declares that the information it has provided to the Manager regarding its "tax residence", as referred to in the Common Reporting Standard, is both accurate and complete, and that it will inform the Manager in Writing of any changes in such information.

The (Prospective) Participant declares that it has enclosed a clearly legible copy of valid proof of identity (passport, ID card or driving license) as well as (if the Participant is a legal entity) an extract from the Chamber of Commerce trade register that is not more than three months old and a clearly legible copy of valid proof of identity (passport, ID card or driving license) of the director(s) signing this form.

The (Prospective) Participant is aware that (personal) information regarding the Participant and any associated data subjects (including contacts) may be shared within the Aegon Asset Management group. Any sharing of personal data within the group will be subject to all applicable laws and regulations and strict operating controls, as well as the robust data security practices adopted by the Manager. For detailed information how we process personal data please consult the privacy statement: [www.aegonam.com/en/tertiary-navigation/privacy-statement-aim/](http://www.aegonam.com/en/tertiary-navigation/privacy-statement-aim/).

The (Prospective) Participant hereby grants the Manager permission, in the event of participation in the Fund, to inform other Participants of its participation in the Fund, both in Writing and in conversations. Relevant information regarding the undersigned will be included in the register of Participants, which register is available for inspection by the Participants.

Please indicate how the Participant wishes to receive dividend distributions:

In Cash      In Participations

With regard to the cash distributions by the Fund - if applicable – the (Prospective) Participant declares that it wishes to receive it in the cash account designated by it, at the Manager's request.

The (Prospective) Participant guarantees the Manager that the following is true to date:

- The (Prospective) Participant has taken note of and declares that it agrees to the full contents of the information memorandum, including the terms and conditions of management and custody of AeAM Dutch Mortgage Fund 2 and other appendices, as amended from time to time (the Information Memorandum).
- The (Prospective) Participant is aware that the terms defined in this form have the meanings assigned to them in the Information Memorandum, unless otherwise explicitly evident from the wording of this form.
- The (Prospective) Participant has been given sufficient opportunity to ask the Manager questions with regard to the Fund's structure, the Fund's investment objectives, the Information Memorandum and any other aspects concerning participation in the Fund. These questions have been adequately answered by the Manager. Further, the Participant has been given an opportunity to obtain further information on the basis of which the Participant has been able to verify the accuracy of the Information Memorandum and has been able to properly weigh the benefits and risks involved in participation in the Fund.
- The (Prospective) Participant is aware that the Manager will pass on the Offer Risk referred to in Article 7.2 in accordance with Article 11.9 of the Fund Terms and Conditions, such that the entry of new Participants is price-neutral for the existing Participants to the extent possible.
- The (Prospective) Participant is aware of the risks that may be involved in participation in the Fund.
- The (Prospective) Participant is aware that this Entry Form will not be processed by the Manager until the arrangements with regard to the Entry have been definitively agreed in Writing.

The (Prospective) Participant wishes to participate in the Fund with a Committed Amount of \_\_\_\_\_ euro (EUR \_\_\_\_\_).

Signature	_____	Signature	_____
Name:	_____	Name:	_____
Date:	_____	Date:	_____
City:	_____	City:	_____

Please complete this form in full and send a signed copy to:

**Aegon Investment Management B.V.**  
Attn. Operational Account Management  
Aegonplein 50  
2591 TV 's Gravenhage

AAMaccountmanagement@aegon.nl

Space for specific commitments.

# Appendix IV

## Summary of key contracts with Affiliated Parties

### Aegon N.V.

Aegon N.V. performs day-to-day cash management duties and manages the aggregate cash pool of the funds managed by the Manager.

### Aegon Asset Management UK plc

A Service Level Agreement has been concluded with Aegon Asset Management UK plc (formerly Kames Capital) to make arrangements regarding the calculation of fund and benchmark performance that the Manager uses for reporting in respect of the Fund.

### Aegon EDC Limited

Services related to the IT infrastructure.

### Aegon Asset Management Value Hub B.V.

A shared service centre for transaction processing activities and performance measurement.

## Servicing Agreement, Selection Agreement and Master Mortgage Receivables Purchase Agreement in connection with the Fund

A number of agreements have been concluded in connection with the Fund between the Manager and the Title Holder on the one hand and Aegon Hypotheken B.V. on the other:

- I. Servicing Agreement: the Servicing Agreement addresses the services rendered by Aegon Hypotheken B.V. with regard to the Title Holder (on behalf of the Fund). These principally include administering and managing the Fund's mortgage portfolio and communicating with underlying debtors, including measures in the event of default.
- II. Mortgage Receivables Selection Agreement: the agreement in which the parties agree the methods and procedures for selecting the mortgage receivables to be assigned to the Title Holder (on behalf of the Fund).
- III. Master Mortgage Receivables Purchase Agreement: this agreement forms the basis for:
  - a) the continuous assignment by Aegon Hypotheken B.V. of mortgage loans and claims regarding those loans to the Title Holder (on behalf of the Fund) for inclusion in the Fund's portfolio; and
  - b) the passing on to the Fund of payments received by Aegon Hypotheken B.V. under those mortgage loans.

Furthermore, this agreement covers a range of matters between AIM, Aegon Custody B.V. and Aegon Hypotheken B.V., among which, liabilities and indemnities, consequences of breach and representations and warranties relating to mortgage loans and mortgage receivables. Upon request the schedule with representations and warranties relating to mortgage loans and mortgage receivables can be made available to Participants under (non-disclosure) conditions.

In connection with the assignment of mortgages with a savings or capital accumulation component, a number of ancillary agreements have also been concluded pursuant to the Master Mortgage Receivables Purchase Agreement: Bank Savings Participation Agreement, Insurance Savings Participation Agreement, Beneficiary Waiver Agreement. These agreements contain mechanisms providing for continued payment of the credit balance of the relevant accounts and/or pledging of the relevant insurance policies to the Fund. In addition to the Manager and the Title Holder, Aegon Bank N.V. and Aegon Hypotheken B.V., and/or Aegon Levensverzekeringen N.V., respectively, are parties to these agreements. These agreements are available for inspection at the Manager's offices.

## Mortgage Loan Criteria

As included in the Master Mortgage Receivables Purchase Agreement, which is subject to amendment by the Manager, the Title Holder and Aegon Hypotheken B.V., each of the mortgage loans and mortgage receivable will meet the following criteria on the relevant purchase date on which such mortgage receivable are sold and assigned to the Fund:

1. the mortgage loan is a newly originated mortgage loan, which has been not more than three (3) months prior to the relevant purchase date;
2. the mortgage loan includes solely one or more of the following loan types:
  - a) a linear mortgage loan (*lineaire hypotheek*);
  - b) an interest-only mortgage loan (*aflossingsvrije hypotheek*);
  - c) an annuity mortgage loan (*annuïteitenhypotheek*);
  - d) an investment mortgage loan (*beleggingshypotheek*);
  - e) a life mortgage loan (*levenhypotheek*);
  - f) an universal life mortgage loan (*levensloophypotheek*);

- g) a savings mortgage loan (*sparhypotheek*);
  - h) a bank savings mortgage loan (*bankspaarhypotheek*); or
  - i) a bridge loan (*overbruggingshypotheek*); or
  - j) any other type of mortgage loans as may be agreed between the parties.
3. the borrower was at the time of origination, a resident of the Netherlands and not employed by Aegon group entities;
  4. each mortgage receivable (other than resulting from a bridge loan) is
    - (i) secured by a first-ranking Mortgage (*eerste recht van hypotheek*) or, in the case of mortgage loan (for the avoidance of doubt including any further advance, as the case may be) secured on the same mortgaged asset, first and sequentially lower ranking mortgages over real estate (*onroerende zaak*), an apartment right (*appartementsrecht*), or a long lease (*erfpacht*) situated in the Netherlands; and
    - (ii) governed by Dutch law;
  5. the mortgage loan
    - (i) is fully disbursed (i.e. does not qualify as a construction mortgage (*bouwhypotheek*)) or
    - (ii) is a fully disbursed construction mortgage loan subject only to the related construction deposit;
  6. (i) the applicable mortgage conditions provide that
    - a) the mortgaged asset may not be the subject of residential letting at the time of origination, and
    - b) the mortgaged asset is for residential use and has to be occupied by the relevant borrower at and after the time of origination and
 (ii) no consent for residential letting of the mortgaged asset has been given by Aegon Hypotheken B.V. at origination;
  7. the interest rate on the mortgage loan (or if the mortgage loan consists of more than one loan part, on each loan part) is a floating rate or a fixed rate, subject to an interest reset from time to time;
  8. the aggregate gross outstanding principal amount of the mortgage loan does not exceed EUR 950,000;
  9. interest payments on the mortgage loan are scheduled to be made monthly in arrear by direct debit;
  10. where compulsory under the applicable mortgage conditions, the mortgage loan has a life insurance policy or risk insurance policy attached to it;
  11. the outstanding principal amount of a NHG mortgage loan as applicable at the time it was originated does not exceed the maximum loan amount as stipulated by the relevant NHG conditions;
  12. upon origination the outstanding principal amount of each mortgage loan did not exceed 101% of the market value of the mortgaged asset; and
  13. the mortgage loan is denominated in euro.

# Appendix V

## Additional information for Swiss investors

### 1. Swiss representative

Pursuant to Swiss law the Fund is required to have a representative in Switzerland towards local qualified investors and the Swiss Financial Market Supervisory Authority. The Swiss representative of the Fund is CACEIS (Switzerland) SA, Route de Signy 35, 1260 Nyon, Switzerland.

### 2. Paying agent

Pursuant to Swiss law a bank must be appointed as a service provider for payments (in so far as applicable) of foreign collective investment schemes like the Fund. The paying agent of the Fund in Switzerland is CACEIS Bank, Paris, succursale de Nyon / Suisse, Route de Signy 35, 1260 Nyon, Switzerland.

### 3. Place where the relevant documents may be obtained

The Information Memorandum as well as the annual report of the Fund may be obtained free of charge from the Swiss representative and on the website of the Manager.

### 4. Fees, retrocessions and rebates

In line with Article 17.3 of the Terms and Conditions of the DMF 2 the Manager will pay a fee to the Swiss representative and paying agent. The Manager of the Fund is required to have a Swiss representative and paying agent under Swiss law to be able to undertake distribution activities of the Fund in or from Switzerland. Only the Manager of the Fund provides distribution activities of the Fund in or from Switzerland with the Swiss representative acting as representative agent. There are no other distributors and/or sales partners for distribution activities of the Fund in or from Switzerland, therefore no other fees, retrocessions or rebates are paid for such activities.

### 5. Place of performance and jurisdiction

In respect of the Fund distributed in and from Switzerland, the place of performance and jurisdiction is at the registered office of the Swiss representative.





# AeAM Dutch Mortgage Fund 2

The following are the fund specifications (the 'Specifications') of the AeAM Dutch Mortgage Fund 2 (the 'Fund'). AEGON Investment Management B.V. is the Fund's Manager. These Specifications must be read in conjunction with the Information Memorandum AeAM Dutch Mortgage Fund 2. These Specifications were updated on 16/2/2022.

## Fund Profile

### Fund Formation

Formation date: 31/5/18

### Legal Status

The Fund is a fund for the joint account of the participants ("fonds voor gemene rekening"). The Fund is only accessible to professional investors ("professionele beleggers") as defined in the Financial Supervision Act (Wet op het financieel toezicht).

### Status for Tax Purposes

The Fund is a fund for the joint account of the participants and is transparent for tax purposes. The Fund is not liable for tax pursuant to the Corporation Tax Act (Wet op de vennootschapsbelasting 1969) and the Dividend Withholding Tax Act (Wet op de dividendbelasting 1965). The Fund's assets, liabilities, income and expenses are directly attributed to its participants.

### Objective and Benchmark

The investment policy is aimed at achieving a higher return, before management fees, than the benchmark as a consequence of the spread between Dutch mortgages and Dutch government bonds.

The Fund's benchmark is: JP Morgan Government Bond Index Traded Netherlands.

The benchmark(s) used is / are provided by a benchmark supplier located outside the EU. For these benchmark(s) a transition period until 31 December 2023 applies, after which benchmark suppliers are obliged to have their benchmarks registered at ESMA. EURIBOR benchmarks are provided by a benchmark supplier that is registered at ESMA. The Manager uses a Benchmark Regulation Policy and will take measures to guarantee that benchmarks used comply with Benchmark Regulation.

### Investment Policy

The Fund invests in Dutch mortgage receivables originated by Aegon Hypotheken B.V. and which are secured by private Dutch homes. The Fund acquires mortgage receivables by subscribing to Aegon Hypotheken B.V.'s new mortgage production. In principal, a Vertical Slice of Aegon Hypotheken B.V.'s eligible new mortgage production is acquired, unless explicitly otherwise agreed between the Manager and Aegon Hypotheken B.V.. In addition, cash may be held to facilitate exit and distribution of profits, for example. The use of other techniques, instruments and/or structures requires prior approval of the Meeting of Participants. The Fund participates in: Not applicable

### Securities Lending & Repo Trading

The Fund is not permitted to engage in securities lending. The Fund is not permitted to engage in repo trading.

### Currency Policy

The Fund solely invests in assets denominated in euros. As a result there is no currency risk.

### Dividend Policy

Income from investments will be distributed to participants annually.

### Restrictions

#### Investment Universe

The Fund may invest in mortgages (the receivables) originated by Aegon Hypotheken B.V., cash and cash-like instruments. The Fund's freely available cash position must be between -2% and 5% of the Fund's assets. There is no limit on Non Available Cash in the Fund. Non Available Cash includes, for example, cash that is reserved for undrawn construction deposits related to the mortgages receivables held in the Fund and dividend payments.

#### Investment Strategies

The Fund's assets may be invested in:

- National Mortgage Guarantee Scheme (NHG) Mortgages;
- Non-NHG Mortgages;
- The Loan-to-Value ratio must be 101% or lower, at time of origination. The Loan-to-Value ratio is calculated by dividing the total outstanding principle balance of the mortgage claim by the original market value of the collateral.

#### Leverage

For the purposes of liquidity management, the permitted leverage, or the exposure resulting from allowable overdrawn on bank account or temporarily raised funds (calculated on the basis of the commitment method), is maximized at 2% of the Fund's assets. The permitted leverage, based on Gross Method is 102% of the Fund's assets.

#### Short-term Variances

Short-term variances from the above-referenced restrictions are permitted due to a major entry into the Fund or exit from the Fund. Such variances must be brought back to within the specified limits as quickly as reasonably possible.

## Risk Profile

The Fund's value trend is dependent on developments on the capital, securities, currency and commodity markets. This means that there is a possibility that:

- The Fund may fail to generate any or may generate only little income;
- In case of unfavorable market movements, the Fund's value may be completely or partially lost.

The value of the Fund's investments can fluctuate. Results achieved in the past offer no guarantee for the future.

The overview below contains the risks to which the Fund may be exposed. Each Fund risk is classified as high, medium or low. The risks listed below are not exhaustive. The Fund may be exposed to additional risks. The Information Memorandum AeAM Dutch Mortgage Fund 2 contains a description of the risks. The prospectus also sets out that the market risk may be subdivided into different sub-risks.

Classification	Type of risk
High	concentration risk, liquidity risk
Medium	interest rate risk, mortgage market risk
Low	bankruptcy risk, counterparty risk, leverage risk, operational risk

## Costs and Fees

### Management Fee

The Fund Manager charges a management fee of 0.21% per year on the Fund's assets for managing the Fund.

### Service Fee

The Fund Manager charges a service fee to the Fund. The Fund's Manager charges a service fee of 0.02% per annum and in respect of the Net Asset Value of the Fund's assets on a daily basis as at the end of the previous Trading Day. The Mortgage Servicing Fee is charged by the Fund's mortgage servicer, Aegon Hypotheken B.V., as remuneration for the origination and the management of the Fund's mortgage portfolio. The Mortgage Servicing Fee is withheld from the cash flows under the mortgage receivables by Aegon Hypotheken B.V. on a monthly basis. The Mortgage Servicing Fee is 0.27% per annum on the principal value of the Investments.

### Mark-up / Mark-down

The mark-up is 0.00%. The mark-down is 0.00%. The mark-up and mark-down accrue to the Fund in full and are not part of the cost ratio referred to below.

### Total Costs charged to the Fund

The ongoing charges figure (OCF) in 2020 was: 0.47%. The OCF includes all costs that were charged to the Fund's assets during the reporting period, excluding the mark-ups and mark-downs of entering and exiting Participants, any investments performance fees and transaction costs, and interest charges on bank accounts. The Fund can invest in other Aegon funds. In addition to the costs directly recognized by the Fund, the calculation of the Fund's ongoing costs also includes the ongoing costs of other Aegon funds in which the Fund invests and the costs of fee sharing agreements. No other costs are applicable to the Fund, then the costs mentioned in the Information Memorandum and Fund Specifications. The OCR includes all costs that were charged to the Fund's assets during the reporting period, any investments performance fees and transaction costs, and interest charges on bank accounts. In addition to the costs directly incurred by the Fund, the calculation of the Fund's ongoing costs also includes the ongoing costs of other Aegon funds in which the Fund invests and the costs of fee sharing agreements. The Fund is not charged other costs than those mentioned in the Information Memorandum and the Fund Specifications.

### Entry / Exit

Participants can enter or exit the Fund on a monthly basis at the Net Asset Value of the participation in the Fund. The Participants' ability to enter and exit the Fund on a monthly basis is at all times dependent on the mortgage production at Aegon Hypotheken B.V. and on the availability of cash in the Fund respectively. The Entry Form must be used to apply for participation in the Fund. The entry and exit process is described in further detail in the Information Memorandum at [www.aegonam.com](http://www.aegonam.com).

### SFDR

Details of 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), can be found in the Responsible Investing and Active Ownership section of the prospectus.

This fund aims to promote ESG characteristics, as described in Article 8 of the SFDR regulation. The Investment Manager aims to promote ESG characteristics in this fund by screening issuers, engaging with them, exercising voting rights, and applying exclusions lists. The relevance of these actions in each fund depends on the specific asset classes included in the portfolios. For further details, please refer to the Aegon AM Sustainability Risks and Impacts Policy applicable to this fund, which can be found on the fund page of the Aegon AM website.

In addition, this Fund promotes environmental characteristics by investing in mortgage receivables from originators who actively promote environmental considerations as part of their underwriting and lending process. The Investment Manager works with the mortgage originator to further encourage the consideration of environmental factors, such as energy efficiency, into the underwriting and lending process. For example, the mortgage originator actively promotes a "sustainability loan" which can be used by borrowers to improve the energy performance of their home. Furthermore, the mortgage originator offers more favorable financing conditions for homes with superior energy performance. The Investment Manager requires the mortgage originator to provide regular biannual reporting, describing the extent to which the associated environmental characteristics are met, which should include, amongst others, the percentage of loans distributed to different energy labels, greenhouse gas emissions generated by the portfolios of the Fund, sustainability loans and energy saving measures that have been undertaken.

The benchmark of this fund does not promote the ESG characteristics that the fund does. The fund's benchmark is a standard point of reference that facilitate the fund's performance assessment and risk monitoring. Therefore, the benchmark may assist in the client's assessment of the fund's suitability. More information on the methodology to calculate the benchmark can be found on the benchmark administrator's website and/or is available through the Investment Manager on request.

# About Aegon Asset Management

Aegon Asset Management is an active global investor. Our 375 investment professionals manage and advise on assets of USD 460.8 billion\* for a global client-base of pension plans, public funds, insurance companies, banks, wealth managers, family offices and foundations.

\*As at September 30, 2021

## Disclaimer

This information is composed with great care. Although we always strive to ensure accuracy, completeness and correctness of the information, imperfections due to human errors may occur, as a result of which presented data and calculations may differ. Therefore, no rights may be derived from the provided data and calculations. Past Performance is not indicative of future returns. The value of the Fund is (among others) subordinated to the developments on financial markets and, if applicable, other markets. Only professional investors within the meaning of the Dutch Financial Supervision Act ("Wft") can participate in the Fund. AIM BV is the management company of the fund and is registered as such with the Netherlands Authority for the Financial Markets. The Dutch Prospectus is leading.

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