

URBANIC NETHERLANDS IV C.V.

An investment in the Dutch Market for Residential Housing

Information Memorandum

INFORMATION MEMORANDUM

URBANIC NETHERLANDS IV CV

(a limited partnership under Dutch Law with its statutory seat at Amsteldijk 131H in Amsterdam, registered with the Dutch Chamber of Commerce under number 85826405), website www.urbanic.nl.

Urbanic Netherlands IV CV is an initiative of Urbanic B.V., registered with the Chamber of Commerce under number 64696006. This Information Memorandum is published in connection with the offering of maximum 200 Participations in Urbanic Netherlands IV CV, with a nominal value of € 50.000 each. The minimum subscription is for two participations.

Investment in the Participations carries certain risks. In paragraph 7 these risks will be discussed.

Urbanic B.V. and Urbanic Netherlands IV C.V. are subject to the supervision by the Authority for the Financial Markets (AFM) and the Dutch Central Bank. On April 11, 2022 Urbanic B.V. was granted a license by the Dutch Authority for the Financial Markets under article 2:65 Wft.

The date of this Information Memorandum is July 1, 2022.

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ANNEX II Urbanic Netherlands IV CV Forecasted Return

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IMPORTANT INFORMATION

Warning

Potential investors in the Fund are explicitly warned about the financial risks involved in investing in the Fund. They should take good notice of the full content of this Information Memorandum (including the annexes) and, if necessary, obtain independent advice to properly assess those risks. The value of an investment in the Fund may fluctuate. It is possible that an investor loses money invested in the Fund. Past performance offers no guarantee for future results.

Responsibility for the contents of this Information Memorandum

The Fund Manager accepts responsibility for the accuracy and completeness of the information contained in this Information Memorandum. This information is in accordance with the facts to the best knowledge and belief of the Fund Manager at the date of issuance. No facts are omitted that would change the content of this Information Memorandum, had such information been included. The distribution and delivery of this Information Memorandum does not imply that all information contained herein is still correct at that time.

Information about the Fund provided by third parties

The Fund Manager is not responsible for the accuracy of any information concerning the Fund that is provided by third parties.

Selling restrictions regarding other countries

Law in certain jurisdictions may restrict the distribution of this Information Memorandum. The same applies to the subscription and redemption of Participations in the Fund. The Fund Manager requests persons who obtain this Information Memorandum to inform themselves about any such restrictions and to observe them. This Information Memorandum does not constitute an offer, or a solicitation of an offer, in any jurisdiction in which such offer or solicitation is against the law, or to any person to whom it is unlawful to make such an offer or invitation. The Fund Manager is not liable for any infringement of such restrictions by any person whatsoever, irrespective of whether that person is a potential purchaser of Participations.

Applicable Law

This Information Memorandum is governed by Dutch Law. It will be published in the English language only. Translations of Dutch legal terms used in this Information Memorandum are for convenience only and shall not influence the interpretation thereof.

1. Summary

This summary should be read as an introduction to the Information Memorandum. Any investment decision should be based on reading the entire Information Memorandum including all annexes.

1.1 The Opportunity

- Participate in the development of a portfolio of residential properties in the Netherlands, focused on young professionals and seniors living, delivering solid return and opportunity for Capital Gain, as long-term house price trends in the Netherlands are positive and rented houses attract strong demand from (institutional) investors.
- Target of an average Net Initial Rental Yield of 5,00% on property level. Assuming leverage of 65% an Internal Rate of Return of 9,21% is forecasted (including an annual increase in the value of the portfolio of 1,87%).
- Multiple exit scenarios: portfolio sale or sale of individual properties as apartments/ single-family residences. Capital Gains are likely, as long-term house price trends are positive, but capital losses cannot be excluded.
- Taxation of investment – individual investors are currently subject to annual Dutch income tax of 31% over a fictitious return of approximately 4,366%¹, this is equal to approximately 1,3% of net investment whereby real estate is valued at a percentage of the value for municipal taxes (“WOZ value”)². For foreign investors this income may be tax exempt in their country of residence.

This taxation is very favorable for private investors, but likely subject to change. Refer paragraph 5 for taxation issues.

1.2 Risks

- Participating in the Fund entails certain risks that are outlined in this Information Memorandum. Before participating a Participant should first be aware of the size and relevance of the risks involved and whether an investment is suitable. There is a possibility that the investment increases in value. However, it is also possible that the investment in the Fund will generate limited or no income and that the investment may lose its value partially or completely. The possible negative returns are the risk of the individual Participant in the Fund. Neither the Fund Manager, nor the Management Team and its staff members, nor the Supervisory Committee, nor the Custodian is liable for losses incurred by one or more Participants, unless in case of gross negligence by any of these parties.

¹ The exact percentage is dependent on the size of investment and other personal factors

² Usually 85%

- Risks including the risk of higher than expected ongoing or maintenance costs, political or regulatory changes, inflation and changes in financing costs can have a negative impact on the performance and ultimately the investment in the Fund. These effects might be increased due to a lack of diversification of the Fund.
- Chapter 7 of the Information Memorandum contains a more detailed overview of the risks related to participating in the Fund. Any investor must carefully read all outlined risks before making any investment decision.

1.3 Investment rationale

- The Dutch housing market is characterized by a significant shortage of accommodation options. At the same time demand for safe quality accommodation continues to increase.
- Favorable outlook for residential investments due to attractive risk adjusted returns, low bad debt and income resiliency for economic cycles.
- Pro-active sourcing and in-depth knowledge of the local real estate market, project management and construction/construction management are made available through FlinqVastgoed B.V., a subsidiary of Urbanic Holding B.V.

1.4 Strategy

- Building a portfolio of approximately € 28,5 million³ of residential properties in sought-after locations in Central Rotterdam, Tilburg, The Hague and other cities with a high population of young professional and/or seniors.
- Acquire houses in price range of approximately EUR 250.000 – 2.500.000, reconfigure for communal living but anticipate potential alternative use, in order to limit downside risk.
- Acquire offices and similar properties in urban communities and transform those properties to residential buildings. Rental contracts will include an annual rent adjustment clause allowing rent increases equal to inflation plus a markup of 1% or more. Rent increases may be limited by benchmarks prescribed by the government. Where pre let properties are acquired different rent increase clauses may apply.

³ The amount of € 28,5 million is based on € 10 million equity (approximately 35% equity and 65% debt). If actual equity is lower, the total portfolio will also become proportionally smaller.

2. Definitions

The words and terms used in this Information Memorandum and which are spelled with capital letters have the following meaning, unless it is apparent from the context that this is not the case. The definitions are equally applicable to the singular and plural use of the words and terms.

Acquisition Cost

The onetime cost made to purchase and prepare a property for rent: including real estate transfer tax, notarial and registration fees, construction costs and project management costs. These costs are discussed in greater detail in paragraph 4.2.1.

Act on Financial Supervision (AFS)

Dutch Act on Financial Supervision (*Wet op het financieel toezicht*)

Dutch Authority for the Financial Markets (AFM)

The foundation 'Stichting Autoriteit Financiële Markten' ('Dutch Authority for the Financial Markets') responsible for supervising the operation of the financial markets.

Average Net Rental Return (%)

The average of the annual Net Rental Returns over the Fund Life.

Capital Gain

The result that will be realized through the sale of the portfolio of properties or individual properties, calculated as the sales price less Acquisition Cost and sales cost borne by the Fund.

Custodian

The stichting (foundation) Stichting Urbanic Netherlands IV under Dutch law that functions as the custodian of the legal ownership of properties acquired and other assets of the Fund.

Direct Rental Costs

The direct rental costs are the costs directly attributed to the rental activity and include insurance costs, local taxes, maintenance costs, real estate management fees, CV overhead costs and an estimated vacancy cost of 2% of estimated revenues. This normally amounts to 15 - 20% of the gross rental revenues.

Final Closing

The final date on which an application to the Fund will be accepted, being September 30, 2022.

Flinq Vastgoed B.V.

Real estate management company, also referred to as "Flinq", a subsidiary of Urbanic Holding B.V.

Fund

Urbanic Netherlands IV C.V., a limited partnership under Dutch law.

Fund Formation Cost

The onetime cost made by and on behalf of the Fund at its creation. We refer to paragraph 4.2.2 for further details.

Fund Life

The period starting on the day of the Fund formation and ending on the day that the Fund is wound up.

Fund Manager

The manager of the Fund, being Urbanic B.V., a private company with limited liability under Dutch law, formally resident and with its office at Amsteldijk 131H, Amsterdam. The Fund Manager was formed on 4 December 2015 and is registered in the Trade Register under number 64696006.

Initial Closing

The final date on which the first round of applications will be accepted.

Information Memorandum

This information memorandum dated, July 1, 2022, possibly subject to change.

Internal Rate of Return (%)

The internal annual rate of return as calculated by the cash flows of the Participants.

Investment Period

The period from the date of the formation of the Fund until the moment that it is fully invested.

Managing Partner

The Managing Partner of the Fund being Urbanic Netherlands IV B.V. is a private company with limited liability under Dutch law, formally resident and with its office at Amsteldijk 131H, Amsterdam. The Managing Partner was formed on February 23, 2022 and is registered in the Trade Register under number 85595624.

Management Team

Means the board of Urbanic B.V., in its capacity of Fund Manager.

Minimum Net Initial Rental Yield (%)

The Minimum Net Initial Rental Yield of 4,50% at a property level.

Net Initial Rental Yield (%)

The net initial rental return, expressed as a percentage, calculated at the time of renting a property as the initial rent revenues net of Direct Rental Costs/Acquisition Cost.

Net Rental Return (%)

The rental revenues net of Direct Rental Costs, interest cost on debt and portfolio management fees/Total Equity expressed as a percentage.

Participation

A unit representing the contractual interest of a Participant in the Fund.

Participant

Each holder of one or more Participations, also referred to a limited partner in the Limited Partnership Agreement.

Payment Request

A request made by the Fund Manager to one or more Participants to pay part or the entire outstanding subscription amount.

Performance Fee

The fee that the Fund Manager is entitled to equal to 20% of the Total Return in excess of the Preferred Return without catch-up.

Portfolio Management Fee

The fee that the Fund Manager will receive from the Fund. Reference is made to paragraph 4.2.3.

Preferred Return

An Internal Rate of Return of 5% annually on all subscriptions realized.

Preliminary Closing

The date on which the Fund has been legally established by accepting one or more applications.

Real Estate Management Fees

The fee of 5% of rental receipts that Flinq Vastgoed B.V. will receive from the Fund for the tenant, commercial and technical management of the Fund's properties.

Supervisory Committee

An internal Supervisory Committee of the Fund composed of three members.

Terms and Conditions

The terms and conditions of management and custody (included as Annex III).

Total Equity

The total amount subscribed and paid by the limited partners of the Fund.

Total Return

The total return, net of all fees and cost, for the limited partners calculated as the total distributions to the limited partners in excess of the equity provided.

Total Subscription Amount

The sum of all subscriptions made by the Participants.

3. Real Estate Investments

The Fund will primarily invest in residential real estate in and around large and midsize cities in the Netherlands. The focus is on real estate that requires extensive renovation or transformation from commercial to residential use. As part of a transaction the Fund may acquire ancillary commercial spaces such as shops or small offices. Even though these ancillary commercial spaces are not within the strategic focus of the Fund, the Fund may decide on a case-to-case basis whether these will be kept in portfolio or are sold.

The Fund's main focus is on housing for the fastest growing segment of the market: single people in and around large and midsize cities in the Netherlands.

3.1 Investment Focus

The shortage of houses is currently estimated at 279.000 and is expected to grow to 316.000 (3,9%) in 2024. It is estimated that even though the construction of new houses is expected to significantly grow, the shortage of houses will still be 2% of all houses in 2035.

The population continues to grow because of immigration. As the Dutch economy is performing very well the labor force is extremely stretched and shortage of labor is one of the major concerns. Although this may be partially addressed by improved productivity, the expectation is that the Dutch economy will continue to attract many immigrants.

More important is the fast growth in the number of households, in particular the growth of single households. In the Netherlands the number of households is expected to grow by 4,7% between 2022 and 2026. In and around large and midsize Dutch cities single households currently make up

around 50% of all households. It is estimated that around 69% of the growth in the number of households between 2022 – 2026 will be single households.⁴

We estimate that roughly 60% of the single households are in 23 – 65 age group, a segment that is expected to grow by about 10% between 2022 and 2035. Persons younger than 23 years old make up about 15% of the single households, a segment that will most likely shrink. The fastest growing group of single households is the 65+ age group. Today they make up about 25% of the number of single households, but this segment is expected to grow by 35% between 2022 and 2035.

Therefore, the primary investment focus of the Fund is on housing solutions for single people over 23 years old in and around large and midsize cities in the Netherlands. These cities may include Amsterdam, The Hague, Rotterdam, Gouda, Tilburg, Breda, Eindhoven, Arnhem, Amersfoort and Apeldoorn, as well as communities surrounding these cities. These single people may live alone and form a single household, live together with one other person, or choose to live together with 1 - 5 other singles in apartments configured for communal living.

The Fund will particularly focus on working young people between 23 and 35 and the 65+ age group.

3.2 Housing Strategies and Target Properties

The Fund will focus on communal and other housing solutions for the age group 23-35 and more traditional housing concepts for the 65+ age group. The housing concepts for the 65+ age group may include health and other care, but Urbanic will only focus on the real estate and not be involved in providing such care.

3.2.1 Financial Parameters

When considering acquiring a property an analysis will be made of the expected Net Initial Rental Yield. The Fund will normally only acquire

⁴ Promos Prognose 2021

a property if the expected Net Initial Rental Yield is equal to or exceeds 4,5% (Minimum Net Initial Rental Yield).

There may be instances where the Fund Manager believes that a strong business case exists to acquire a property even though the 4,5% Minimum Net Initial Rental Yield cannot be met. In that case the property can only be acquired after obtaining approval from the Fund's Supervisory Committee (see paragraph 6.7).

3.2.2 Acquiring Single Properties

The Fund will acquire houses and apartments in central and up-and-coming parts of target cities in the Netherlands. This may be a single property or portfolios of properties.

The properties acquired will, to the extent necessary, be renovated and generally be reconfigured for communal living by young professionals and other working young people between 23 and 35.

The design of the communal living units will be characterized by spaciousness (generally at least 15-25 m² per occupant), modern kitchens and bathrooms, and high-quality finishing.

When acquiring single properties or portfolios of properties, the Fund may acquire shops, business properties or rented residential properties. The Fund will only do so if these properties are ancillary to the investment focus and if the purchase meets the financial parameters of the Fund.

3.2.3 Transformations

The Fund will acquire properties that may be transformed into residential properties. This will be offices, schools, shops and other properties that may be transformed to residential use. We expect these projects to be normally in the € 2 to 10 million range, but smaller and bigger projects may be undertaken.

These properties may be developed for communal housing, single household units or other housing concepts for our target tenants in the 23 – 35 and 65+ age groups in consultation with the local community.

3.3 Sustainability

The Fund does not have specific sustainability objectives in its investments.

However, in evaluating investment opportunities all risks and opportunities, including those associated with sustainability, are taken into account. For instance, the Fund will strive to properly prepare properties for excessive rainfall as a result of climate change. Also, it aims for energy labels A or B for most properties, as this reduces energy consumption by our tenants and therefore supports future valuations of such properties in the market.

The Fund does not consider the adverse impacts of investment decisions on sustainability factors. Sustainability factors include environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. Urbanic does not take into account adverse impacts of investment decisions on sustainability factors for the following reasons:

- there is currently insufficient (reliable) data available to determine the possible adverse impacts of Urbanic's investments. If reliable data is available, this is often at high costs.
- the real estate in which the Fund invests is often part of a larger building, therefore it is hard to quantify the adverse impacts directly to the real estate of the Fund.

On a periodic basis the Fund will review whether it is feasible to take the principal adverse impacts into account.

3.4 Our experience

Over the past seven years Urbanic, through its first four funds, acquired, renovated and rented out more than 250 units for communal living in

Amsterdam and Rotterdam. In total Urbanic managed approximately € 35 – 40 million in construction/renovations projects.

All properties were rented shortly after the renovation or transformation was completed.

The portfolio of the first Fund was sold in March of 2020 with a net multiple for the investor of 2,32 and an Internal Rate of Return of 29,4%.

At this moment Urbanic B.V. acts as Fund manager for the following Funds:

- Urbanic Netherlands I CV
- Urbanic Netherlands II CV
- Urbanic Netherlands III CV

4. Financial Aspects and Forecasted Return

Urbanic Netherlands IV C.V. (“UNIV CV”) was established on March 2, 2022. It has no past or current activities and no historical financial information, other than the acquisition in Vlaardingen and the funding thereof discussed in paragraph 4.1 below.

All amounts below are including value added tax where applicable.

The expected return analysis is prepared based on the assumptions as discussed in this Information Memorandum.

The Investment Period of the Fund has been set at a maximum of 3 years. It is expected that from the formation of the Fund it will take up to 24 months to fully invest the Fund’s capital. This 24 months Investment Period has been taken into account in the expected return analysis; any further delay has not.

4.1 Vlaardingen Acquisition

On March 4 UNIV CV acquired a commercial building in Vlaardingen, a community just west of Rotterdam, which will be transformed in approximately 2700 m2 of residential and 600m2 of commercial property with a total Net initial Rental Yield of 5,03%. The government announced on the 19th of May that new rent regulations will be introduced in 2024. Although details are lacking, we estimate the effect on the Net Initial Rental Yield to be only -0,24% in the worst-case scenario. On April 11 the property was legally transferred to the Fund.

UNIV CV financed this purchase of around €2.9 million with € 700.000 of equity subscribed by four shareholders of the Urbanic group, Michiel Jansen, Wytze Lucas, Gys Ekker and Arco Bakker, and € 2.3 million in bridge loans provided by investors in the other Urbanic funds. These bridge loans are

provided under the terms described in paragraph 4.3.3.

4.2 Investments and Fund Formation Costs

The expected Fund Life is between 5 and 8 years, depending on market conditions deciding the optimal moment to sell the real estate portfolio. However, if due to market conditions a sale is not attractive, the life of the Fund may be extended to 10 or more years. For the expected return analysis, it has been assumed that the Fund Life is equal to 8 years from the day of the Initial Closing.

4.2.1 Acquisition Costs

The Fund will acquire houses and transformation projects in and around large and midsize cities in the Netherlands at marketprices from third parties. Once a price has been agreed, the following costs will be added to the investment if and to the extent incurred:

- Real estate transfer tax of (generally) 8% of the purchase price of properties is due at the moment of purchase.
- Notarial cost which are subject to negotiation and estimated at 0,4% of the acquisition price.
- Registration fees of approximately €500.
- Construction cost. This amount cannot be specified, as it is property specific.
- A development fee for Urbanic BV of 4,15% of Acquisition Cost. This fee will be increased to 4,70% if the Net Initial Rental Yield of a property exceeds 5,35% and reduced to 3,55% (including VAT) if the Net Initial Rental Yield is below 4,65% before reducing this fee. The increase and reduction of the fee cannot reduce the Net Initial Rental Yield below 5,35% or increase the Net Initial Rental Yield above 4,65%.
- A Fling project fee of 1,08% excl VAT of Acquisition Cost.

The Total Acquisition Cost of a property will be capitalized and not depreciated over the Life of the Fund as long as the expected sales price

Purchase price	100
Notary / legal cost	0,4
Tax	8
Construction cost (say 10)	30
Total cost before development fee Urbanic and Flinq project fee	138,4
Urbanic development fee	4,91
Flinq project fee	1,55
Total capitalized cost	144,86

of the properties is equal to or exceeds the total Acquisition Cost.

Table 1 Example of capitalized acquisition cost

4.2.2 Fund formation cost

The cost to establish the Fund include the cost for the creation of the Limited Partnership, Stichting Urbanic Netherlands IV as Custodian and Urbanic Netherlands IV B.V. as Managing Partner, the preparation of the agreements between the Fund and Flinq Vastgoed B.V., the Fund and the Custodian and advice regarding the legal and tax positions of the Participants and management.

EY advises on tax matters. The law firm of Birkway advises on legal issues.

The Fund formation costs are estimated to be in the range of € 25,000 – € 50,000 and will be charged to the Fund and amortized over 5 years.

4.2.3 Fees and Expenses

Portfolio Management Fees

The Fund Manager will receive from the Fund a Portfolio Management Fee of 0,6% per year of the Acquisition Cost of real estate under management from the moment the property is acquired.

In addition, the Fund Manager will receive from the Fund a Portfolio Management Fee of 0,3% per year on equity committed but not called over the first 24 months of the Fund's existence.⁵

If investments are made in the course of the year Portfolio Management Fees will be pro-rated.

Performance Fee

The fee that the Fund Manager is entitled to equal to 20% of the Total Return in excess of an Internal Rate of Return of 5% (the Preferred Return) without catch-up.

Real Estate Management Fees

Flinq will be engaged for tenant, commercial and technical management of the Fund's properties. Flinq will charge a fee of 5,00% (excluding VAT) of rents received.

Cost of Real Estate Ownership

This includes a variety of cost categories such as real estate taxes, contributions to owners' communities, contributions to water management companies, sewer rights and insurance premiums.

Maintenance Cost

This is the estimated maintenance cost of the properties owned by the Fund. This amount is relatively low as all properties acquired by the Fund will be in excellent maintenance condition after acquisition and subsequent renovation. The Fund reserves 1% of rents for long term maintenance.

Advisors

Advisors fees are fees in relation to letting of properties, auditing of the annual accounts and other financial, legal or tax advice.

Interest

The forecast includes financing cost of 3,50% that combines mortgage interest and bank fees amortized over the term of the loan.

⁵ For instance, if on a commitment of € 250.000 an amount of € 150.000 has been called, an amount of €

100.00 remains not called. This amount is subject to the 0,3% Portfolio Management Fee.

Normally we expect the loans to have a 5-year fixed interest rate term. However, part of the debt may be at a variable interest rate.

Depreciation of Property

The total Acquisition Cost of a property will be capitalized and not depreciated over the Fund Life as long as the expected sales price of the properties at the end of the life of the Fund is equal to or exceeds the total Acquisition Cost.

Fund Formation Cost

Fund Formation Cost (see 4.2.2) will be amortized over 5 years.

4.3 Fund Financing

4.3.1 Fund Capitalization

The Fund will be financed with a maximum amount of € 10 million equity. This is the Participation of the limited partners. The minimum Participation by a limited partner is for two participations of € 50.000 each. The equity will be approximately 35% of the Fund financing. In case of oversubscription, in the first place all subscriptions will be reduced proportionally until a minimum of € 100.000. If after this oversubscription has not been eliminated, limited partners will be chosen on a first come, first served basis.

4.3.2 Fund Debt

Debt will approximately be 65% of the Fund Financing. If the amount of equity will be € 10 million, debt will be around € 18.571.000.

Table 3: Fund capitalization (on the basis of a capital investment of Participants of € 10 million)

Equity	€ 10.000.000	35%
Debt	€ 18.571.000	65%
Total assets	€ 28.571.000	

Debt financing will be obtained from one or more banks or other financial institutions. Normally the Fund would opt mainly for 5

years fixed interest rate loans, which are currently being offered at an interest rate of around 3,50% and need to be repaid at 2% per annum. As stated before, in the forecasted return analysis an interest rate of 3,50% (including related bank fees, see below) has been taken into account. The financing conditions and the choices made by the Fund may change over time. Related bank fees are subject to negotiation but would expected to be equal to approximately 0,5% of the loan amount annually.

4.3.2 Liquidity Reserve and Management

It is expected that at the formation of the Fund a liquidity reserve of approximately € 50.000 will be formed to cover unexpected operational costs.

4.3.3 Bridge Financing

From time-to-time the Fund may require short to medium term bridge financing between the time of the acquisition of a property and the moment that bank financing is in place.

If the need for short term bridge financing arises, the Fund will offer all its limited partners the opportunity to provide bridge financing in relation to a specific asset purchase at the following terms:

- subscription to bridge loan opens when Fund management identifies need for short term financing and makes a call for such loan.
- if the total amount of bridge loans offered exceeds the amount required, bridge loans will be allocated to the limited partners pro-rata to their subscription to the bridge loan . If Fund management members subscribe, their subscriptions will only be accepted after the full amount of all other subscriptions has been accepted, if and to the extent that the total amount of the required bridge loan has not yet been reached.
- short to medium term, typically not more than 4 - 6 weeks, sometimes up to 12 weeks.

- If identified in the bridge finance documentation joint bridge loan providers are required to purchase the property as indicated in the bridge loan document if no bank financing can be obtained, pro rata to their participation in the bridge financing.
- interest rate 6%.

If bridge financing is obtained the additional interest cost will be added to the Acquisition Cost of the property if the necessity of bridge financing is identified at the time of the purchase.

4.4 Forecasted return

The Fund has prepared a forecast of return on investment. This forecast, as well as the underlying assumptions, are included as Annex II and are based on the circumstances at the time of writing this Information Memorandum.

Unless stated differently, all forecasts in this Information Memorandum are based on estimated numbers, based on contracts and prior experience of the Fund Manager.

4.4.1 Forecast Net Rental Return

The estimated Average Net Rental Return over a Fund Life of 8 years is 9,21% per year. This is net of all costs and fees and assuming an average Initial Net Rental Yield of 5,00%.

The key factors impacting the forecasted return are discussed in paragraphs 4.4.2 and 4.4.3.

4.4.2 Rental income

The Fund will hold strictly to its Minimum Net Initial Rental Yield of 5,00% of the Acquisition Cost.

Rental income is estimated on the basis of current market prices and expected future developments.

Considering current and expected market

conditions vacancy has been estimated conservatively to be 2%.

Rents are indexed. Rental contracts will include an indexation clause that allows rents to be increased annually with inflation in accordance with the Consumer Price Index (CPI) published by the Central Bureau of Statistics of the Netherlands plus a market factor of at least 1%, while the minimum annual increase is generally set between 1,5% and 2,5%. Where pre let properties are acquired different rent increases clauses may apply.

From time to time the Dutch government may issue binding rules on annual rental increases. For instance, at this moment rental increases are maximized at inflation plus 1%, whereby the government publishes the annual inflation rate once a year. For calculating rent increases in 2022 inflation is set at 2,3% maximizing the total rent increase to 3,3%.

The estimated Average Net Rental Return assumes an annual CPI increase of 2% and a market factor of 1% point.

Repayments

We expect that the Fund will repay 2% of the original mortgage amount annually.

4.4.3 Forecasted Capital Gains

The Fund Life is expected to be between 5 and 8 years, depending on market conditions deciding the optimal moment to sell the real estate or real estate portfolio. The life of the Fund may be extended to 10 or more years with approval from the Supervisory Committee.

Fund management may at any time during the life of the Fund decide to sell the portfolio, partially or in whole.

From year 6 Fund management will annually advise on the ideal sales moment. In year 8 Fund management will seek offers for the entire remaining real estate portfolio, unless the Fund Life has been extended.

The assumed capital gain over the 8- year Fund Life is 15,9%, or 1,87% per year, assuming the portfolio is sold at the same Net Initial Rental Yield as at purchase. We expect, however, the Capital Gains to be slightly higher.

The future sales price of the real estate portfolio depends on a number of future circumstances such as the economic situation, interest rates, development of rental prices, inflation, the situation on the Dutch real estate market and developments in the areas where the real estate is located.

Sales Cost

The Fund Manager has a financial incentive to complete a successful sale through the Performance Fee. The Fund Manager will therefore not charge any cost associated with the sale.

Advisory costs associated with the sale of real properties, as well as potential financing cost associated with a sale will be borne by the Fund. The Fund forecasts that these costs will not exceed € 150.000.

4.4.4 Forecasted Internal Rate of Return

Over the Fund Life the forecasted Internal Rate of Return is equal to 9,21% after the Performance Fee for the Fund Manager.

4.4.5 Distributions

Annual distributions

It is intended that returns will be distributed annually in the month of May after the completion of the annual accounts. The cash distribution over the first three years is expected to be almost nil. Over year four the cash distribution is expected to be approximately 5,31% and this distribution is expected to increase to approximately 7,43% in year 8 (excluding any Capital Gain realized on the sale of the portfolio).

Final distribution

A final distribution will be made after the sale of all properties and the settlement of the Fund.

5. Taxation

Tax laws, jurisprudence and their interpretation are changing continuously. The information in this Information Memorandum is provided on the basis of the state of the law, jurisprudence and rules and regulations on January 1, 2022.

This section contains general information on the tax consequences for individuals and corporations participating as limited partners in the Fund and is not intended as advice on the specific circumstances of an investor. Potential Participants are encouraged to discuss this with their own advisers.

5.1 Income Taxation for Individual Investors

5.1.1 Current taxation

When the admission or substitution of partners can only take place with the consent of all partners (except in the case of inheritance) the CV will be transparent for Dutch tax purposes. Therefore, the CV itself is not subject to Dutch taxation but tax will be levied at the level of the individual investor depending on his or her own tax position.

An individual investor who does not hold its Participation in the CV as part of a business enterprise or business operation would generally be subject to a statutory taxation of 31% on a fictitious return expressed as a percentage of the net value of the Participation at the beginning of a calendar year (Box 3 Dutch Income Tax law) of which € 50.650 is exempt (€ 101.300 for couples). The fictitious return is as follows:

- 1,818% on the value up to € 50.651
- 4,366% on the value between €50.651 and € 962.351.
- 5,53% on the value in excess of € 962.351.

This calculation is therefore not dependent on the actual return on investment. The net value of the Participation normally equals the pro rata parte value of the underlying properties less debt. For income tax purposes the value of the property will be derived from the municipal taxation(WOZ value). Depending on the actual rental income the WOZ value may be reduced with at least 15%.

Currently the WOZ values of properties in the Netherlands are generally below the fair market value. These low WOZ values are expected to increase over time. Also taking into account the 15% reduction the tax base for individuals will be moderate. For the first 2 years we expect the tax base for individuals to be zero or close to zero. Capital Gains are not taxed.

Each non-resident limited partner will have to file an income tax return annually from the moment that his taxable base is positive. It is expected that for a non- resident investor without other activities or investments in the Netherlands the cost of tax return preparation will not exceed € 200. The Fund manager will coordinate the preparation and filing of tax returns for non-resident investors.

5.1.2 Potential changes

It is expected that the box 3 taxation will change substantially in the near future. The government has announced that they expect to start taxing actual income from 2025 and is looking for short term changes for 2023 and 2024.

It is impossible to predict whether this legislative process will be initiated and discussed this year and if so, what the outcome would be.

5.2 Income taxation for corporate investors

When the admission or substitution of partners can only take place with the consent of all partners (except in the case of inheritance) the CV will be transparent for Dutch tax purposes. Therefore the CV itself is not subject to Dutch taxation but tax will be levied at the level of the corporate investor depending on his or her own tax position.

A (foreign or domestic) corporation is taxed on its net profit. In 2022 the corporate income tax rate is 15% on profits up to € 395.000 and 25,8% on profits in excess of € 395.000.

Net profit is broadly equal to net rental income less interest, fees and other costs.

If a real property is sold, the gain can be allocated to a reinvestment reserve and tax can thus be deferred.

5.3 Avoidance of double taxation

For foreign investors, depending on the country of residence, the income from the Fund may be tax exempt. For instance, under the tax treaty between the Netherlands and Spain, for Spanish Participants the income derived from the Fund may be taxed in the Netherlands and should be exempt from taxation in Spain. This applies to both individual and corporate investors.

6. Fund Structure and Operations

6.1 Legal structure of the Fund

The Fund will be a Dutch Limited Partnership (*Commanditaire Vennootschap*) with Urbanic Netherlands IV B.V. as Managing Partner and the Participants as limited partners.

Urbanic Netherlands IV B.V. is wholly owned by Urbanic B.V.

The Limited Partnership is a contractual arrangement between the Managing Partner and the limited partners. The Managing Partner is the legal representative of the Limited Partnership and acts on behalf of the Limited Partnership. The Managing Partner is fully liable for all actions on behalf of the Limited Partnership.

Stichting Urbanic Netherlands IV, the Custodian, acts to preserve the interest of the Participants in the Fund. The Custodian shall hold the legal title of the assets and liabilities of the Fund for the purpose of management and custody on behalf and for the account of the Participants. For a more detailed overview of the structure in this respect reference is made to paragraph 6.6.

The liability of a limited partner is limited to the amount of their investment as long as the limited partner does not undertake management activities.

The admission or substitution of partners, including the sale and transfer of a Participation, will be restricted and can only take place with the consent of all partners. This restriction is to ensure transparency for tax purposes. For details refer to Article 13 of Annex I Urbanic Netherlands IV CV agreement. The Managing Partner will not approve a sale and transfer i) of less than two Participations; or ii) that would result in a Participant holding less than two Participations.

The above two factors drive the choice for the Limited Partnership: ensuring limited liability for the limited partners and transparency for tax purposes.

6.2 Participations

The Participations in the Fund are quoted in euro. The Fund will issue a maximum of 200 Participations of € 50.000 each at the formation of the Fund. The minimum subscription is for 2 Participations. As the Fund is closed-end, no further Participations will be issued after the final closing of the Fund.

The Participants are entitled to the results of the Fund in proportion to the number of Participations owned. However, a limited partner cannot be forced to contribute to losses exceeding the amount of their investment.

Annually within 6 months after the end of the financial year a Participants meeting will be held. During this meeting the activities and results of the past year will be discussed. Each Participation has one vote during the Participants meeting.

6.3 Participation in subsequent closings

In the event that Participants are admitted to the Fund during any closing after the Preliminary Closing and Initial Closing, unless there has been a material change or significant event relating to an investment that would justify at the sole discretion of the Fund Manager a different valuation (or the exclusion of new limited partners from participation in an investment), such Participants will contribute to the Fund an amount equal to:

- (a) their pro rata share of all drawn commitments; plus
- (b) interest on the average daily balance of such amount at a per annum rate equal to 10%.

6.4 Fund Manager

Urbanic B.V. will be the Fund Manager. Urbanic B.V. was incorporated on 4 December 2015.

Urbanic B.V. wholly owns the Managing Partner.

6.5 Management Team

The managing director of Urbanic Netherlands IV B.V. is Urbanic B.V. The management team of Urbanic B.V. consists of Arco Bakker, Gys Ekker and Fred Bootsma and is supported by Wytze Lucas and Michiel Jansen.

Arco Bakker

Arco Bakker has a background as a Dutch tax advisor. After taking a master degree in Fiscal Economics from the University of Amsterdam and jobs with Peat Marwick Tax Advisors (predecessor firm to KPMG) and Gist brocades NV he joined EY in 1990. In 1996 he was promoted to partner. After a long career with EY, including foreign assignments to Japan, the USA and Brazil and membership of EY's EMEIA management team for TAX for 8 years he retired on July 1, 2015.

Arco will be responsible for the legal, tax, financial matters and administration of the Fund.

Gys Ekker

Gys Ekker studied Econometrics at the University of Amsterdam. He has been working in the financial industry since 1984, starting in the Economic Bureau of Pierson, Heldring & Pierson in the Netherlands. His main activities have been in asset and wealth management in Spain and the Netherlands. At present he is a partner at Orienta Capital, a Spanish multi-family office.

Fred Bootsma

Fred Bootsma holds master's degrees from the University of Amsterdam in Civil and Tax Law. He has more than 25 years experience in providing international tax advisory and administrative services and is well versed in the regulatory aspects of the financial markets.

Wytze Lucas

Wytze Lucas studied Construction and Business at the University of applied sciences Amsterdam. During his study he did an internship at a major construction company, J.P. van Eesteren. In 2011 he joined C111 Vastgoedconsultancy B.V. Over the past years Wytze played a major role in developing the portfolios of Urbanic. Together with Michiel Jansen, he established Flinq Vastgoed B.V., responsible for the project and property management of Urbanic portfolios. He works in Amsterdam since 2010.

Michiel Jansen

Michiel Jansen studied Construction and Business at the University of applied sciences Amsterdam. During his study he did an internship at a major construction company, Dura Vermeer. After working for two years at Coen Hagendoorn he joined C111 Vastgoedconsultancy B.V. in 2016. Over the past years Michiel played a major role in developing the portfolios of Urbanic. He lives and works in Amsterdam since 2009.

6.6 Relation between Fund Manager and Custodian

The Fund Manager acts as the manager (*beheerder*) of the Fund. Within the limits as set out in this Information Memorandum and the Terms and Conditions of Management and Custody (see Annex III to this Information Memorandum), the Fund Manager has the authority to make investments and divestments on behalf of the Fund, where appropriate as attorney-in-fact (*gevolmachtigde*) of and in the name of the Custodian. To this extent, the Custodian has granted the Fund Manager a power of attorney.

The Fund Manager and the Custodian have agreed upon the Terms and Conditions of Management and Custody.

The foundation under Dutch law Stichting Urbanic Netherlands IV, being the Custodian, will act as titleholder and will in that capacity be the legal owner of all assets of the Fund. The Custodian will acquire and hold the assets of the Fund and assume obligations on behalf and for the account of the Participants. The Custodian will act solely in the interest of the Participants. The Custodian is not entitled to perform any other activities.

Legally, the Custodian will acquire and hold the assets for the purpose of management and custody (*ten titel van beheer en bewaring*) on behalf and for the account of the Participants. Such interest of the Participants is represented by the Participations held by each of them. A Participation gives the Participant a contractual claim against the Custodian for payment of an amount equal to the value of a pro rata share of the net asset value of the Fund subject to the Terms and Conditions of Management and Custody. Participants have no proprietary rights with respect to the assets of the Fund but an economic interest in the assets of the Fund. Participations represent an identical interest in the assets of the Fund.

The Custodian as title holder shall only be liable towards the Participants for a loss suffered by them in connection with the performance of its duties and responsibilities, if and to the extent that such loss is directly caused by gross negligence (*'grove nalatigheid'*) or willful default (*'opzet'*). Otherwise the Custodian shall not be liable towards the Participants for any loss suffered by them as a result of any act or omission of a third party (including the Fund Manager).

The Fund Manager believes that the use of the Custodian is important. As the Fund is not an entity with legal personality, it cannot hold legal title to assets and liabilities itself. Without the involvement of a Custodian acting as title holder, legal title to the assets and liabilities would be held by the Managing Partner of the Fund which would create a conflict of interest and/or additional counterparty risk which is not created with the appointment of a Custodian.

6.7 Supervisory Committee

The Fund will have an internal Supervisory Committee. The Supervisory Committee will be composed of three members, not being members of the Management Team or the Managing Partner. The members of the Supervisory Committee shall be approved by simple majority of the present limited partners in the general meeting of limited partners.

The tasks of the Supervisory Committee will be to:

- upon request of any limited partner supervise or discuss specific matters with the Fund Manager;
- settle any conflict of interest between the Fund and the Fund Manager or any member of the Management Team. The Fund Manager will inform as soon as reasonably possible any potential

conflict of interest to the Supervisory Committee, who will take a decision which is binding;

- approve an extension of the investment period of the Fund of 1 year;
- approve an extension of the Fund Life;
- approve the sale of a property at a loss;
- approve any investment below an expected Net Initial Rental Yield of 4,5%;
- approve the activities undertaken by the Fund Manager such as sales and renting of communal housing if not undertaken through the Fund;

The Supervisory Committee will meet at least once a year. Any decision of the Supervisory Committee needs to be taken with at least two votes in favor.

6.8 AIFM Bewaarder

CSC Depositary B.V. acts as independent depositary of the Fund. The main duties of the depositary are as follows:

- Monitor and verify cash flows
- Safekeeping of the assets of the Fund
- Monitor the sale and issuance of participations in the Fund, ensure compliance with legal requirements and Fund documentation and review profit distributions

If the depositary is of the opinion that the Fund Manager is not meeting all requirements it will discuss this with the Fund Manager and can, if no satisfactory solution is found, report its conclusions directly to the Dutch Authority for the Financial Markets.

A copy of the agreement between the Fund and CSC Depositary B.V. can be requested from the Fund Manager at no cost.

6.9 Limitation on the Establishment of New Funds

The Fund Manager may decide to initiate a new fund with a same or similar focus as

Urbanic Netherlands IV CV, provided that the Fund is invested for a minimum of 90%.

6.10 Supervision by the Authority Financial Markets (“AFM”)

Urbanic B.V., as the Fund Manager, is registered with the AFM pursuant to Act on Financial Supervision (‘Wet op het financieel toezicht’). Urbanic B.V. has obtained a license under article 2:65 of the Act on Financial Supervision from the Dutch Authority for the Financial Markets.

Urbanic B.V. reports on a quarterly basis to the AFM on system risks in relation to the Fund such as changes in liquidity management, risk management issues and leveraged financing.

6.11 Information, Reporting and Valuation

6.11.1 Reporting to Participants

The Fund will report quarterly to the limited partners about the progress of the Fund.

Once a year the Fund will publish its audited annual accounts under Dutch General Accepted Accounting Principles. In the annual accounts the Fund will also report on the percentage of the AIF’s assets which are subject to special arrangements arising from their illiquid nature, any new arrangements for managing the liquidity of the AIF, the current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks, any changes to the maximum level of leverage which the Fund may employ as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement and the total amount of leverage employed by that AIF.

6.11.2 Audit and Valuation

The auditor of the Fund is CPAccountants B.V.

The annual accounts of the Fund will include the intrinsic value of the Participations. To determine the intrinsic value of the Participations the Fund values its real estate properties at their Acquisition Cost, unless a permanent reduction in market value occurs.

The bank providing mortgage financing periodically engages an external valuer to determine the market value of the Fund's real estate properties. If the external valuation differs materially from the Acquisition Cost Urbanic will determine the cause of this difference. Depending on the cause of the difference Urbanic may seek a further valuation, possibly by another external valuer.

6.12 Conflict of Interest

A potential area of conflict of interest is the relationship between the Fund and Flinq Vastgoed B.V. that might imply a lack of independence as discussed in the next paragraph. This relationship will be documented in an agreement and will be subject to several restrictions, which, we believe, will properly cover those potential conflicts of interest.

6.13 Outsourcing ("Uitbesteding")

6.13.1 Agreement between the Fund and Flinq Vastgoed B.V.

The Fund will enter into outsourcing agreements with Flinq, a company wholly owned by Urbanic Holding B.V.

Flinq will be engaged to perform the following activities:

- Support activities relating to the preparation of re-design and re-development plans for properties acquired
- Contractor management
- Initial letting of properties.
- tenant, commercial and technical management of the Fund's properties.

6.13.2 Agreement between Urbanic B.V. and Charco & Dique B.V.

Urbanic B.V. has entered into an agreement with Charco & Dique B.V. to act as external compliance officer for Urbanic and the

Urbanic funds.

6.14 Complaints Procedure

Complaints about the Fund or the Fund Manager can only be filed in writing to the Fund Manager. A complaint should include a detailed description of the complaint. The Fund Manager aims to address the complaint within 4 weeks. If no satisfactory solution can be found a committee will be formed which will consist of one person nominated by the Fund, one person nominated by the complainant and a third person nominated by both. The complaint will then be discussed in this committee who will do a binding recommendation.

6.15 Professional Negligence

By law Urbanic is required to maintain a minimum available equity of € 125.000.

In addition, Urbanic must be covered for professional negligence through either i) a professional liability insurance or ii) an increase in the minimum available equity by 1/100 % of total assets under management. Urbanic has no professional liability insurance but has chosen to keep sufficient equity available to meet this increased threshold set by the law.

7 Major Risk Factors

7.1 General

Investments in real property carry risks. If these risks are realized, it can have a negative impact on the forecasted return. The value of an investment may increase and decrease and it is possible that the Participants realize a negative return or, in the worst case, lose their entire investment.

Below the most significant risks associated with an investment in the Fund are summarized and discussed. This section is not meant as an exhaustive overview of every possible risk.

7.2 Non-investment risk

Prices in the Dutch real estate market continued to trend up until March of 2022; further market developments are uncertain. This may affect the availability of real estate at prices that allow for the forecasted return, leading to a lower investment than envisaged.

7.3 Debtor risk

The income of the Fund will primarily consist of rent received. It is possible that a tenant will not pay the rent or that the rent agreement will be terminated, which would negatively affect the return for the Participants.

We have a variety of strategies to mitigate this risk. When properties are let to students we try to get additional certainty. Generally we succeed to have a parent of the tenant co-sign the rental agreement.

Another aspect of our risk strategy is to stay close to our tenants. Flinq personnel knows all of our tenants personally, frequently visits our properties and takes immediate action when defects are reported or when tenants report nuisance from other tenants in the same property.

We feel that this strategy of “knowing

our tenants” is effective and will minimize debtor risk. However, none of these strategies can guarantee that debtor risk will not occur.

7.4 Vacancy risk

Rental agreements can be terminated. If at the time of the termination no new tenants have been identified vacancy may occur. Vacancy would lead to a reduction of the Fund’s income and would negatively affect the return for the Participants.

Our strategy to mitigate this risk is to build our brand as a provider of quality housing with a high service level in the sense that we take care of our tenants and maintain close relationships with intermediaries on the rental market.

7.5 Sales value risk

The sales value of the properties or the portfolio of properties may be affected by negative developments in the Rotterdam, The Hague and other real estate markets where the Fund is active. A lower sales price would lead to a reduction of the Fund’s income and would negatively affect the return for the Participants.

7.6 Inflation risk

Inflation is dependent on a variety of economic factors. The rental prices of the properties are linked to inflation. If actual inflation is lower than percentages used in the forecast or rent increases for inflation are restricted by the government, the return for the Participants may be lower than forecasted.

7.7 Liquidity risk

Negative occurrences during the Fund Life that exceed the liquidity reserve can negatively affect the forecasted distributions to the Participants or, in a worst-case scenario, affect the continuation of the Fund. In that case the Participants may wholly or partially lose their investment.

7.8 Interest rate risk

The Fund will apply for a mortgage for every property acquired. As interest rates change over time, there is a risk that a higher interest rate will have to be accepted than used in the forecast.

The Fund will for a majority of the debt try to obtain fixed term fixed interest financing. After the agreed term the interest rates would be reset.

Higher than anticipated interest rates would negatively affect the return to the Participants.

In addition, higher interest rates may negatively affect the sales value of properties, which would negatively affect the return to the Participants.

7.9 Refinancing risk

The Fund would normally try to obtain fixed term fixed interest financing. There is a risk that at the end of the fixed term no new financing would be available or only at considerably worse conditions.

In that case the Fund may be forced to sell properties. Normally the sales prices in a forced sale are lower which would negatively affect the return to the Participants. If refinancing can only be obtained at worse conditions this would negatively affect the return to Participants.

7.10 Risk of limited exit options

The Participations can only be sold and transferred with the approval of all other Partners in the Fund. For the Participants this constitutes a risk that during the Fund Life they may not be able to sell their Participations.

7.11 Risk that the actual Fund Life of the Fund exceeds the expected Fund Life

The actual Fund Life may exceed the expected Fund Life of between 5 and 8 years.

For example, in case market circumstances do not allow for a satisfactory sale of the property portfolio and the end of the expected Fund Life and/or the partners meeting does not agree to a proposed sale. In that case the Participants would need to own the Participations longer than anticipated.

7.12 Maintenance risk

Maintenance costs may be higher or lower than forecasted. If the Properties are not properly maintained this may negatively affect the sales value of the properties.

Higher than forecasted maintenance cost and reductions in the sales values of the properties would negatively affect the return to Participants. We ensure that maintenance cost is controlled and minimized by bringing properties in excellent condition when renovated after acquisition and respond immediately to maintenance issues.

7.13 Tax risk

As Fund Life is expected to be between 5 and 8 years the taxation of the returns of the Participants is uncertain. The tax treatment of a Participation, a limited partner or a service provider to the Fund can change over time and could negatively affect return to the Participants.

7.14 Unexpected costs

Paragraph 4 of this Information Memorandum provides a forecast of the return to the Participants. This forecast is based on the assumptions discussed in paragraph 4.

Actual costs may be higher or lower. If actual costs are higher than forecasted the return to the Participants may be negatively affected.

7.15 Legal Risk

The Information Memorandum is based on the laws and regulations at the date of this Information Memorandum. Future law changes, however, may lead to additional costs for the Fund, which would negatively affect the return to the Participants. The Dutch housing markets

are partially regulated. The Fund invests outside the regulated sector, but certain market regulations apply, in particular in the rental sector. Specifically the license regime for communal living in Amsterdam, or the interpretation thereof, may change from time to time.

The Fund will operate within these market regulations and in line with general market behavior. But it needs to be recognized that these regulations are not always easy to interpret, which leads to the risk of unexpected interpretation and/or enforcement. Also these regulations may change.

Changes in regulation or unexpected interpretation and/or enforcement may negatively affect the return to the Participants.

7.16 Execution risk

The Fund will acquire 20 to 50 properties, including a number of houses and apartments with overdue maintenance. Houses and apartments, especially those with overdue maintenance, may have unexpected defects. Also the subsequent construction phase may include unforeseen risks.

These execution risks may lead to higher construction and /or maintenance costs, which could negatively affect the return to Participants.

7.17 Risk of damages

Water, storm and fire damages could negatively affect receiving rent and the value of the property. Costs to repair damages caused by such unforeseen circumstances might be unexpectedly high.

7.18 Political risk

The Fund's operations may be adversely affected in the future by governmental policies relating to the economy. There is no assurance that the Fund will not be affected by governmental policies or public attitudes

towards ecological impact of real property investments.

7.19 Concentration risk

The Fund concentrates its investments in real estate. As a result, the Fund's portfolio is significantly impacted by the performance of the real estate market generally, and the Fund maybe exposed to greater risk and experience higher volatility than would a more diversified portfolio. In particular, the value of the Fund's Participations will be impacted by factors generally affecting the value of real estate and the earnings of companies engaged in the real estate industry. Property values may fall due to increasing vacancies or declining rents resulting from economic, legal, cultural or technological developments.

8. Subscribing to Participations

8.1 Subscriptions

Both natural and legal persons can participate in the Fund with an initial Participation of EUR 100.000. By signing the Subscription Form investors confirm their interest to participate as a Participant in the Fund.

Registration for the Fund will be open for investors at the time of publication of the Information Memorandum and closes when all Participations are assigned being no later than the final closing. Investors shall include in their Subscription Form a copy of their (valid) passport / identity document and PEP declaration. Legal entities should enclose a certified copy of the certificate of incorporation, an extract from the Dutch Chamber of Commerce Commercial Register or similar non-Dutch register showing the registered company address, member(s) of the Board of Directors, UBO- and PEP-declaration for which we provide you the relevant forms, and copies of the passports of the UBO and member(s) of the Board of Directors.

Subscription Forms must be sent by mail, by fax or by electronic mail. Participations will be issued at a closing of the Fund. The amount must be transferred from a credit institution with a registered office in a member state of the European union from an account number in the name of the Participant or from a joint account of the Participant and his or her partner (spouse or registered partner).

Upon acceptance of the subscription the Fund Manager will send the Participant a written confirmation of its Participation and allocation of the Participations containing practical information on the settlement date and the time of accession the Fund. There is no need for physical presence of the Participant upon completion of its Participation.

By signing the Application Form the Participant accepts and agrees to be bound by the terms and conditions set out in the Information Memorandum and its attachments. The Participant expressly agrees to the authorization of the Managing Partner to act on behalf of the Fund and therefore is entitled to enter into binding agreements on behalf of the Fund.

If this is in the interest of the Fund, the Fund Manager may in relation to an offer, decline such offer, suspend such an offer or stipulate additional conditions with respect to such an offer.

8.2 Payment Request

The Fund Manager may partially or fully call the outstanding subscription amount of a Participant by means of a Payment Request, also referred to as capital call:

- to enable the Fund to comply with funding demands; and
- for payment of expenses of the Fund or reservation for expenses that the Fund or Fund Manager will incur within the next three months.

A Participant that receives a Payment Request is obliged to pay the corresponding amount within the payment term as specified in the Payment Request, which term shall be a minimum of ten business days from the date of receipt by a Participant.

A Participant is in default if such Participant does not, not timely or not fully comply with a Payment Request. The payment term specified in the Payment Request constitutes a final term. If the requested payment is not received on the date specified in the Payment Request the Participant must compensate any damages that the Fund suffers as a consequence of the late payment by the Participant, excluding consequential damages as a result thereof.

The Fund Manager is entitled to charge a penalty interest of EURIBOR +10% over the

amount of the capital called to the Participant that is in default 10 days after the payment date of a Payment Request. The Fund Manager is entitled to redeem the Participations of the Participant as soon as the Participant is in default 45 days after the payment date of a Payment Request for the benefit of the Fund for the amount of nil, provided the Participant has been informed at least 10 working days before by the Fund Manager of its intention to redeem the Participation by registered mail. In that case the Participant will not be entitled to any distribution from the Fund and will no longer have any voting right. In addition, the Fund Manager is entitled to exclude the Participant from any future Payment Request. The Participant therefore will lose its right to participate in future investments.

9. Amendments

Amendment of the Terms and Conditions can only take place upon prior written consent of all Participants. The Fund Manager in collaboration with the Custodian will send each Participant the proposed amendments by e-mail.

In the event that one or more Participants fail to approve the amendments as mentioned above, the Fund Manager shall notify the relevant Participants by registered mail of their failure to do so. If the relevant Participant still fails to approve within one month after the notification and the relevant Participant has not informed the Fund Manager ~~other Participants~~ of its objection to the amendment(s), the relevant Participant shall be deemed to have approved the amendments. The actual signature of the other Participants shall be binding on all Participants.

10. Declaration of the Fund Manager and other matters

10.1 Declaration of the Fund Manager

The Fund Manager declares that it, the Fund, the Custodian and the Information Memorandum comply with the rules pursuant to Dutch law and the Alternative Investment Fund Directive (AIFMD), including the requirements set out in and based on the Act on Financial Supervision (Wet op het financieel toezicht) as in force at the date of this Information Memorandum, to the extent applicable.

This Information Memorandum has been prepared by the Fund Manager. The Fund Manager is responsible for the contents hereof. The information included in this Information Memorandum, insofar as the Fund Manager could reasonably be aware, is true and no information has been omitted which, if included, would alter the meaning of this Information Memorandum.

10.2 Leveraged Financing

Properties acquired by the Fund will be partially financed with debt secured by mortgage on those properties. These loans will be taken up at the time of the acquisition of a property or, if smaller properties are acquired when, as a result of subsequent acquisitions, a loan can be negotiated for a group of properties with a market value of at least € 2 – 3 million. The exact threshold depends on requirements of the bank or alternative credit institution.

It is the Fund's aim to finance the total portfolio with mortgage debt equal to approximately 65% of the Acquisition Cost of the portfolio. During the Investment Period the 65% threshold may periodically be exceeded, but leverage will not exceed 70% of the Acquisition Cost of the Fund's portfolio and will be reduced to 65% within 6 months after the excess occurs.

The Fund manager may decide to wholly or partially refinance the portfolio when mortgage loans expire or when the Fund Manager considers this in the best interest of the Participants. At the time of refinancing the mortgage loans may not exceed 70% of the last assessed value of the properties.

In addition, the Fund may from time-to-time require short to medium term bridge financing between the time of the acquisition of a property and the moment that bank or other financing can be arranged. Such bridge financing would be obtained from one or more of the Fund's limited partners. When bridge financing is obtained, total leverage (mortgage debt + bridge financing)/portfolio acquisition cost) will not exceed 70% of the Acquisition Cost of the Fund's portfolio. We refer to paragraph 4.3.3 for further details on bridge financing.

The Fund does not expect to incur other debt to finance its portfolio.

If the Fund Manager at any time during the Fund Life concludes that total leverage should be increased, the Fund Manager will inform the Participants in detail of:

- The original and the revised maximum leverage;
- Any reuse of collateral;
- Any guarantees given;
- The total amount of leverage in absolute terms and as a percentage of the Acquisition Cost and latest assessed value of the portfolio.

10.3 Liquidity Management

The Fund will maintain sufficient liquidity to ensure that it, in normal circumstances, can meet its financial obligations as specified in the budget and cash flow projection. The budget and cash flow projection are prepared once a year before the start of the year and amended when necessary.

As the Fund is closed-end, purchases of Participations or repayments to Participants do not have to be considered in the Fund's cash flow projections. Only short-term obligations associated with the financing and the exploitation of the Fund's portfolio and operating and maintaining the Fund are relevant.

The cash flow projection of the Fund is monitored on a quarterly basis when the quarterly reports are prepared. When it is determined that the Fund's liquidity is or will be insufficient to meet its short-term obligations the Fund Manager will determine which measures will be taken and inform the Participants accordingly. These measures may include discussions with the providers of mortgage loans to discuss deferral of repayments, obtaining additional financing, or reducing distributions to Participants.

10.4 Collateral and asset reuse arrangements

There are no collateral and asset reuse

arrangements.

10.5 Fair Treatment of Participants

The Fund manager ensures the fair treatment of Participants: all Participations have equal rights, and all Participants are treated equal. No Participant has preferential rights of any kind.

The Fund will in any decision consider whether the consequences of such decision may be unfair for the Participants, considering what the Participants could expect based on the contents of the Information memorandum and applicable legislation. The Fund will not enter into any transaction which could favor the Fund Manager, other Investment Funds, the depositary or entities related to them, other than on a strictly arm's length basis.

In the same way the Fund ensures the fair treatment of Participants it will ensure fair treatment of bridge finance providers (refer paragraph 4.3.3).

11. Parties Involved

Initiator and Fund Manager

Urbanic B.V.
Amsteldijk 131H
1078 RT Amsterdam

Managing Partner

Urbanic Netherlands IV B.V.
Amsteldijk 131H
1078 RT Amsterdam

Custodian/Stichting Bewaarder

Stichting Urbanic Netherlands IV
Amsteldijk 131H
1078 RT Amsterdam

Depositary

CSC Depositary B.V.
Woudenbergseweg 13
3953 ME Maarsbergen

Auditor

CPAccountants B.V.
Pieter Ghijsenlaan 24 B
1506 PV Zaandam

Tax Advisor

EY Belastingadviseurs LLP
Antonio Vivaldistraat 150
1083 HP Amsterdam

Legal Advisor

Birkway Advocaten
J.J. Viottastraat 33 1071
JP Amsterdam

Notary

Rox Legal
Weena 220
3012 NJ Rotterdam

Project Management and Real Estate Management

Flinq Vastgoed B.V.
Amsteldijk 131H
1078 RT Amsterdam
