

Sustainability *Report*

NIAM



Näsby Castle Residential Development, Sweden

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Founded in 1998.
 Offices in Stockholm, Helsinki, Oslo and Copenhagen.
 57 employees (~63% real estate professionals).
 Assets under management of €3.6 billion.
 Creating value through active asset management including
 NOI increasing activities, tenant improvements, technical
 upgrades, redevelopments and developments.
 Currently managing 4 close-ended private equity real estate funds.
 Niam Nordic V (2011)
 Niam Nordic VI (2015)
 Niam Nordic Core-Plus (2012)
 Niam Nordic Core-Plus II (2016)
 Niam Fund VI with €800 million in equity is the largest
 opportunistic real estate fund raised in the Nordics.

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Blekholmen, Sweden



Näsby Castle Residential Development, Sweden

Sustainability – a long term commitment

It is at the core of our business to develop properties in a way that they are occupied by quality tenants and that we can increase the effectiveness in the use of resources required to operate buildings and spaces. To take into account environmental concerns truly goes hand in hand with that. It clearly does affect the way our tenants value us in terms of property owners, and it is also clearly linked to all our energy and water efficiency measures. In this report we highlight some projects that show we work to improve assets during our holding.

We continue to commit ourselves to the UN Global Compact and its 10 principles and are proud to say that this is our first report that we publish as our Communication on Progress. This is how we like

to approach sustainability. With a long term perspective, and always in a systematic way. It is important for us to use third party standards and certifications as it increases the trustworthiness in our relation to our stakeholders. These standards and systems, including INREV, ISO-standards, building certification schemes to mention a few, all contribute to us staying alert.

Our employees continue to show that they are engaged and committed. In a time when attracting talent is a challenge for many, we are very proud to see that our employees stay with us and that we continue to give them a chance to develop. This is what really delivers value to our clients, and to all of us as individuals.

NIAM is *experience and* local presence

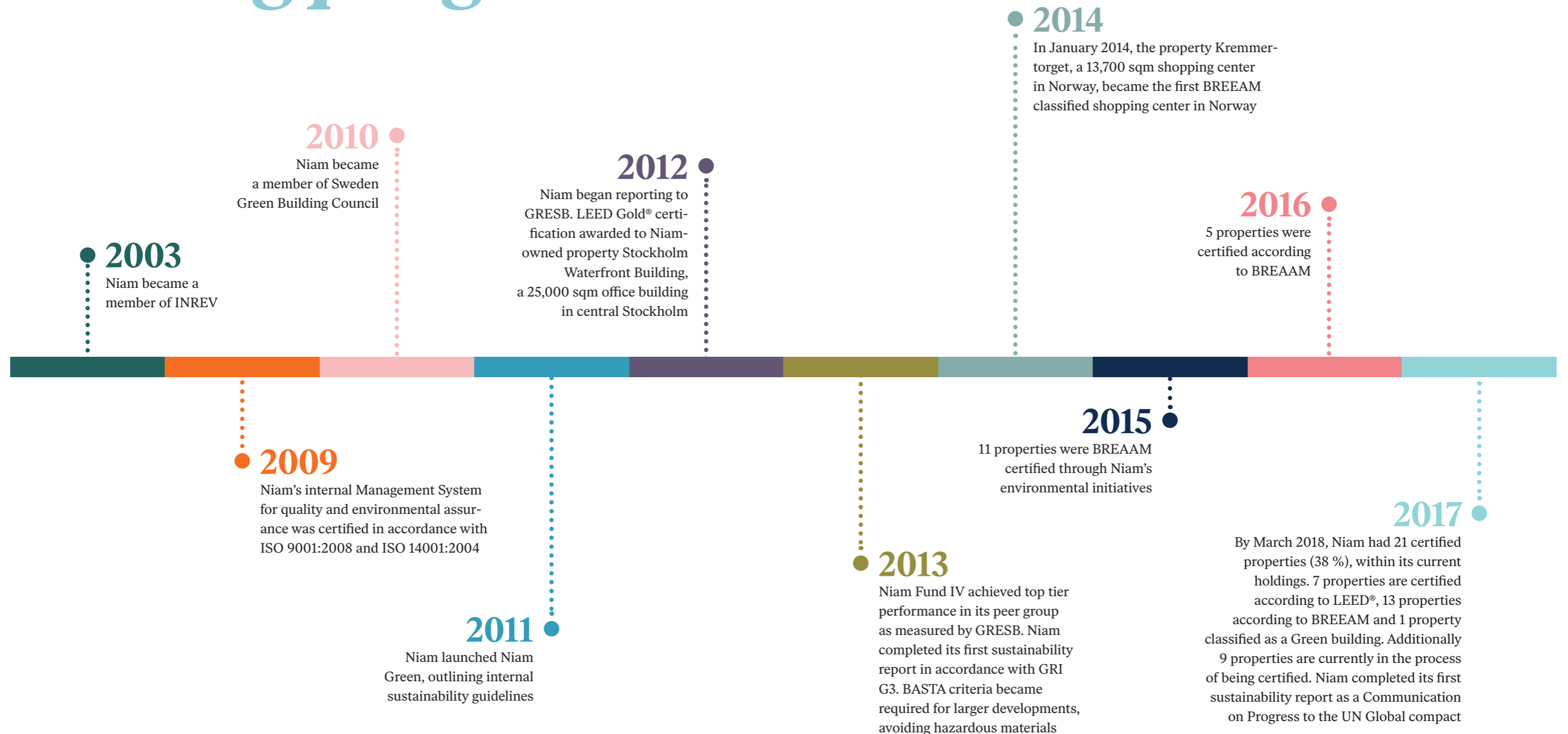
Niam AB, founded in 1998, is a leading private equity real estate firm in Northern Europe with real estate assets under management of approximately €3.6 billion as of December 31, 2017.

The head office is located in Stockholm, Sweden, with local offices in the Nordic capital cities of Helsinki, Oslo and Copenhagen. Niam employs 57 people and has one of the largest real estate teams specifically focused on the Nordic Region with 36 acquisitions and asset management professionals.

A key competitive advantage for Niam is its local presence and hands-on real estate competence. The top 20 real estate professionals average over 25 years of direct real estate experience. Simply stated... Niam's success is driven by its people.

We are also one of the largest private owners of real estate in the Nordic region. We follow an active asset management strategy, including project development, which involves regular interaction with property managers, tenants, city planners, politicians and authorities to understand their interests and perspectives.

NIAM is *making progress*





Boulevardi 56, Finland

Sustainability at NIAM

Niam aims to optimize operational efficiency and sustainability in all of our properties. One way of doing this is by managing Niam's environmental impact to further enhance its financial performance. To understand the environmental performance of a property, technical and environmental due diligence are mandatory parts of the acquisition process.

To be able to offer our tenants attractive premises, we work with them to understand their current and future needs. This includes an evaluation of the qualities of the building, the indoor work environment, floor plans and capacity. We sometimes acquire buildings that may be considered old or obsolete, with the intention to convert and improve them. It is then important to provide assurance to the tenants that the property will meet their future needs which will enable us to maintain or improve the financial performance. For example, a major maintenance program may require an uplift of technical standards and installations. Once a program is executed, many certification targets are likely to be fulfilled. One way to provide this assurance is then through environmental certifications.

Our criteria to certify a property is met if the completed inventory shows that with reasonable investment requirements, the resulting certification would result in a favorable financial position in negotiations with tenants, future buyers, NOI improvement, etc. Niam is well-aware of the benefits of incorporating sustainable investments and initiatives into its properties since it provides cost savings, value to its customers and capital partners as well as benefits to the wider society. A way of creating premises that is more attractive and optimizes the use of them, is for us to focus more on digital solutions. As one example, we communicate with our tenants about public transport departures or waste management, etc., through digital display boards.

The key to NIAM's success is its people

Niam recognizes that we operate in a competitive and ever changing marketplace where employees should have the courage to be entrepreneurial and where minor mistakes form part of the natural learning process. Niam's employees are encouraged to use their expertise and experience to take action and responsibility.

The management encourages a holistic approach to developing its people by using coaching and feedback to guide and support employees. Niam is highly focused on attracting and developing the best people to move the organization forward because, simply put, the key to its success is its people. All employees have permanent employment with us and when required, Niam engages specialists on a consultancy basis.

PLAYING IT FAIR

A cornerstone of our Code of Conduct is Fair Employment Practice, in which rules for employment, employee conduct and remuneration is outlined. When hiring new people, management base employment decisions on job qualifications and merit and

make all employment-related decisions and actions without regard to a person's race, gender, sexual orientation, age, disability or other characteristics protected by law. Niam has had no incidences of reported discrimination or sexual harassment.

EMPLOYEES STAY, AND THEY STAY ENGAGED

Satisfied employees are a prerequisite for satisfied clients and investors. It is our people who interact with the real estate community to deliver the performance expected from a full service institutional fund manager. Therefore, we are proud to maintain strong, consistent employee satisfaction over the years and a low employee turnover. In 2017 the employee turnover was 0%.



EMPLOYEE SATISFACTION

2013	2014	2015	2016	2017
4.5	4.6	4.8	4.6	4.5

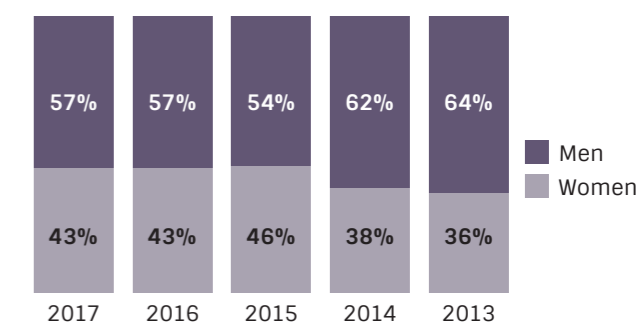
Employee satisfaction is measured through an annual survey which engages all employees in the process of evaluating the work environment and identifying areas for improvement. The survey is conducted in cooperation with the Great Place to Work Institute and it covers areas such as credibility, respect, fairness, pride, camaraderie and values. The response rate to the employee satisfaction survey, which was 100% in the 2017 survey, has been consistently high over the years, which is a clear indication of high employee engagement.

INDIVIDUAL EFFORTS – SHARED SUCCESS

Niam has fully embraced a plan-do-check-act approach across all strategic aspects of the business including company goals, fund specific objectives, property performance and, most importantly, employee development. We utilize a Performance Management system to strengthen our entrepreneurial culture and clearly communicate company goals and individual development expectations. All employees review their annual goals and development objectives three times per year with their manager and individual targets and training needs are established. The corporate objectives and individual development goals are strongly aligned and linked to employee compensation incentives and reviewed regularly.

EQUAL OPPORTUNITIES

In the Nordics, the real estate sector and private equity sector have a history of an uneven gender composition. This has started to change and we see an increase of women in these two sectors, at all levels. At Niam we also see a change in our workforce where we are now almost reaching a 50/50 distribution. Though, in our management team we still have 80% men and 20% women.



CARING ABOUT PEOPLE

Niam endeavors to provide a secure workplace, both physically and psychologically, for our employees and those who work on behalf of us in our properties and projects. Compliance with applicable laws and certain work environment requirements are ensured through active efforts to maintain a healthy work atmosphere. Since 2013, Niam has reviewed incident reports from our property managers and is focused on improving the requirements through our contractual agreements which include a commitment to Niam's Code of Conduct.

NIAM is *transparency and* responsibility

We understand the importance of continuous improvement and communicating openly and transparently toward investors, regulatory agencies and other key stakeholders. This report, referencing the UN Global Compact, is one example of Niam adopting global standards and increasing transparency. We also report to the Global Real Estate Sustainability Benchmark (GRESB) in order to properly measure and communicate our sustainability efforts in the Niam Nordic Core-Plus fund.



HOW WE MANAGE RISK

To improve transparency, Niam has also been a member of the European Association for Investors in Non-Listed Real Estate Vehicles (INREV) since 2003, supporting their objective to improve transparency, professionalism and best practices across the real estate sector in order to make the asset class more accessible and attractive to investors. With the INREV goals and our investors' interests in mind, we are working to integrate INREV's recommended reporting initiatives. Our Core-Plus funds also comply with INREV's reporting guidelines in interim financial reporting. All of our financial reporting also follow local GAAP and IFRS financial reporting standards.

Our commitment to rigorous internal controls and risk management is reflected in our Management System where our operating processes are documented and reviewed regularly. The Management System was certified in 2009 according to the ISO standard of quality, 9001:2004, and environment, 14001:2008. In 2017 our Management System was updated according to the new standards, ISO 9001:2015 and 14001:2015. Through that, we adopt a process-driven approach when developing, implementing and improving the effectiveness of a quality- and environmental management system, including risk management, to enhance customer satisfaction and performance.

CODE OF CONDUCT, RESPECT FOR PEOPLE AND BUSINESS

Niam has adopted a Code of Conduct which incorporates the Niam values to ensure that all company activities comply with the highest standards of ethics and integrity and are fully in accordance with all applicable laws. The Code of Conduct establishes standards to govern the actions of all company employees, officers and directors and all Niam personnel are responsible for understanding its content. Key aspects of the Code of Conduct include fair treatment and privacy policies, conflict of interest, anti-corruption, anti-money laundering, anti-bribery policies and the sustainability statement. Niam has had no incidents of corruption, money laundering or bribery and all employees have been trained on issues related to the Code of Conduct.

REGULATORY AND FINANCIAL AUTHORITY OVERSIGHT

Niam AB is an Exempt Reporting Adviser under the US Investment Advisers Act of 1940. The initial registration pursuant to the Dodd Frank Act was made in April 2012, and Niam AB is subject to the U.S. Securities and Exchange Commission (SEC). In 2014, Niam AB was registered as an Alternative Investment Fund Manager pursuant to the Directive on Alternative Investment Fund Managers (AIFMD) and also became a subject to the Swedish Financial Supervisory Authority. The AIFMD controls our organization, functions and processes and requires, for example, that we have an independent function for risk and compliance, valuations of our assets and an independent internal audit function. It also requires us to provide quarterly reports to the Swedish Financial Supervisory Authority. Niam was the first real estate private equity firm to complete this registration in Sweden. Risk Management is one of the primary purposes of the AIFMD and by being registered as an AIFM, Niam has a structured way of identifying and managing risks, which benefits all of our stakeholders but most importantly our investors. All Niam employees are trained regularly in risk management and compliance.

On May 25, 2018, the EU General Data Protection Regulation (GDPR) became effective, replacing the Data Protection Directive. GDPR was designed to harmonize data privacy laws across Europe, to protect and empower all EU citizens data privacy and to reshape the way organizations across the region approach data privacy. Organizations handling personal data must have a clear purpose and legal ground for processing and retaining personal data. The GDPR also entitles data subjects the right to access, rectification, data portability and erasure. The regulation also includes requirements on safeguards to ensure that the data is protected properly, and any breaches must be reported to the Swedish Data Protection Authority and the data subject.

Niam have adapted its processes to comply with GDPR.



NIAM is getting better and greener

In 2017 our Management System was updated according to the new standard ISO 14001:2015. Since 2009, we have had a certified system and proactively focus on managing our environmental impact to further enhance our financial performance. We have improved our criteria for regularly measuring our environmental impact and when the appropriate measurements were identified, we introduced energy targets. In 2017 the target in the Core Plus fund was to have a 2% lower aggregated energy consumption across the fund.

Niam Green is Niam's corporate initiative to reduce its environmental impact. The policy guides Niam's employees as well as its business partners to develop more sustainable properties. The policy involves property certifications, energy saving measures and other initiatives such as preventing the usage of hazardous materials.

In order to monitor our properties performance in terms of energy consumption, Niam uses the software system Mestro. Mestro electronically reads the

meters in our properties and collects the data in a portal. The system enables us to store, analyze, diagnose and better report all consumption data. Additionally, the system facilitates that selective measurements are taken place so that we can identify where we can reduce our carbon footprint.

GRESB collects and assesses the environmental, social and governance (ESG) performance from real estate owners around the world. Niam annually report to GRESB in order to benchmark our ESG performance against our peers. The result gives us guidance where we can improve performance related to these issues and is a tool to monitor and manage ESG risks and opportunities. In 2017 Niam received a score of 67 out of 100, a higher score than average among our peers. The sections relating to governance and management and policy was specifically highly scored.



BRICKS Lund

BRICKS Lund, located outside Lund center, is a multi-let office building totaling more than 25,000 sqm. The property, previously called Gamla Vattentornet, was originally single-let to Ericsson, but in 2015 they decided to vacate half of the premises. Niam decided to convert the property to a multi-let product, and the property was re-branded under the name BRICKS Lund. Within the concept of Bricks Lund there is an office hotel, meeting rooms and auditorium available for rent by the day. The concept also includes a popular café and lunch restaurant which attract customers from the adjacent area. Today the property is a modern office building with a high technical standard and the vacancy rate has dropped significantly.

This conversion resulted in a number of green activities:

- Adjustments of heat, ventilation and cooling
- Solar film on all windows that are exposed to sun to handle heat radiation
- Conversion to LED lights in the converted parts of the office
- Installation of charging stations for electric cars

- Installation of a new, more energy-efficient, industrial dishwasher
- Upgraded the building monitoring system (BMS) to optimize operation

By adjusting the heat, ventilation and cooling, Niam expects the operating costs to be reduced by 20-30%. The municipality is planning for a tramway from the city center in 2020. With a tram stop in close connection to the property, it will facilitate people using public transport to work rather than taking the car. In April 2018, the property was certified according to BREEAM In-Use -Very Good.

Location: Lund, Sweden
Property Type: Multi-let office building
Freehold/leasehold: Freehold
Number of Properties / Size: 1 / 25,000 sqm
Certification: BREEAM In-Use - Very Good

NIAM is measuring performance

Through Niam's environmental management system we monitor and evaluate consumption each year. By keeping track of our buildings energy consumption we can clearly target our actions to reduce the impact on the environment.

ENERGY CONSUMPTION

During 2017, energy consumption represented 21% (electricity 11%, heating and cooling 10%) of all operating expenses across the funds. It is fair to say that energy consumption has a substantial impact not only on our environmental performance, but also has a large financial impact. In order to decrease consumption, objectives are set property-by-property depending on the specific technical status of the buildings. In 2017, the total energy consumption of Niam's properties was 119 GWh or 126 kWh/sqm in the Core plus funds and 172 kWh in the opportunistic funds. The consumption corresponded to approx. 5 000 tons of carbon emissions. The corresponding numbers in 2016 was 132 kWh/sqm in the Core plus funds and 164 kWh in the opportunistic funds¹. In some cases when the tenant owns the contract, unfortunately we have no access to the data.

WASTE MANAGEMENT

Unfortunately monitoring waste consumption and weighing waste is not possible in all locations where Niam is operating. However, property managers are requested to have waste management policies in place and to regularly follow up and improve where applicable. Waste is mainly generated by our tenants' operations and therefore it is important that our tenants have the facilities required to sort their waste. In cases where Niam is involved in construction work, waste management is agreed with the construction firm.

WATER USAGE

In 2017, Niam's properties consumed 119 000 m³ compared to 148 000 m³ in 2016¹. However, consumption per sqm was 0,4 m³ in both years. All water used at our properties is from the municipal water supply and consumption is measured at least annually. As opposed to electricity and heating meters, water readers are often read manually instead of electronically. In those cases, we request the property managers to report the consumption data.

BUILDING CERTIFICATIONS IN PLACE

As part of our internal guidelines, Niam Green, building certifications should be pursued when they are financially sound for new construction and major renovations. A sustainability target in our Core Plus funds is to perform and evaluate energy- and environmental inventories on all newly acquired assets. The result is a good foundation when deciding to enter a certification process. Niam has not committed itself to any specific certification but uses the type of certification that is most suitable in each case. As of March 2018, Niam had 21 buildings certified with, LEED (7), BREEAM (13) and Green Building (1). That is 38% of total possession. An additional 9 buildings are in the process of being certified.

¹ Residential properties excluded.



CC Varehus

CC Varehus, located at the gate of Drammen, is a shopping center 30 minutes from Oslo and easily accessible by bus and train. CC Varehus, previously owned by Oslo Areal, was acquired by Niam in 2012 as part of a portfolio. At acquisition, CC Varehus had a high vacancy and held the highest percentage of non-retail areas in the portfolio. The short-term goal at acquisition was to identify and prepare for new anchor tenants, and the long-term strategy was to implement a commercial restructuring of the property.

During Niam's holding period an extensive restructuring of CC Varehus has been performed in order to make it more attractive to tenants, visitors and potential buyers. The internal structure of the building has been improved and several green activities has been performed:

- Improved isolation, including windows
- Heating system replaced with a new one that recycles heat
- Recycling from the ice water circuit that keeps the building cool
- New central operating management system for the entire property and new automatization on all existing ventilation systems
- Upgraded ventilation system
- External lighting replaced by LED

- Street heating adjusted according to outside temperature
- Energy follow-up according to BREEAM
- VAV-system (Variable Air Volume) in the entire center to improve indoor air quality
- New air heating systems at the entrances

Niam is currently going through the process of having CC Varehus certified according to BREEAM.

Location: Drammen, Norway
Property Type: Retail
Freehold/Leasehold: Freehold
Number of Properties / Size: 1 / 15,466 sqm
Main tenant: Norgesgruppen, GMAX

From global principles to local stakeholder expectations

JOINING THE GLOBAL COMPACT

In May 2017, Niam AB signed the UN Global Compact (UNGC) and we are on the signatory engagement level. We thereby commit ourselves to working in accordance with the UN Global Compact's 10 principles. This report constitutes our first official Communication on Progress (COP). The report is accessible to the public on our website and in the UN Global Compact participant portal.

Our Code of Conduct (2016) is aligned with the principles of Global Compact. It covers fair treatment and privacy policies, conflict of interest, anticorruption, anti-money laundering, anti-bribery policies and a sustainability statement.

STAKEHOLDERS AND OUR USE OF REPORTING GUIDELINES

Our key stakeholders are Niam employees, municipal politicians and officers, tenants, debt providers, investors and regulatory authorities. Our debt and equity providers, some of which are signatories of the UN Principles for Responsible Investment (PRI), show an increasing focus on responsible investment and our sustainability report is a tool for communicating our focus on sustainability initiatives and responsible investments.

A task group, consisting of representatives from fund management, project development, investor relations and external experts (TomorrowToday), were involved in defining the scope and content of our sustainability report. Niam has been reporting to GRESB since 2012. We find the GRESB framework to be highly relevant when defining the content of this report, as it has been developed to meet investor expectations regarding their assessment of environmental, social and governance performance.

When determining the relevant objectives for Niam, we focus on sustainability initiatives with respect to Niam as a company, Niam's employees and the impact on our properties. For determining significant environmental aspects, Niam has used the Swedish government's sixteen environmental quality objectives as a framework. We are currently updating our Management System according to the new standard, ISO 14001:2015, a process that also included a review of our environmental aspects. In June 2017, Niam was audited by LRQA according to the new standard and in June 2018 we will have our re-certification audit according to ISO 14001:2015 and ISO 9001:2015.

SCOPE OF DATA

This is our third sustainability report. All data reported is for the fiscal year 2017 unless otherwise stated. There have been no significant changes regarding the size, structure or ownership of Niam, nor have there been significant changes from the previous reporting period regarding scope and measurement methods or any re-statements of information stated in the earlier report. The real estate performance measurements and associated definitions are in accordance with GRESB unless otherwise stated.

The report covers real estate performance measurements for all Niam Funds with the exception of the owner occupied residential properties in Fund V and Fund VI (approximately a total of 350 thousand sqm) where we do not measure consumption. They are excluded since Niam has a limited opportunity to

influence utility performance and purchasing policies. Also a few properties with triple net leases, where the tenant owns the consumption contracts, are excluded since Niam has no control of the actual consumption nor data.

Data concerning employees covers all operations of Niam AB. For joint ventures and co-owned properties, data is presented pro rata to the respective fund's ownership. LEED®, and its related logo, is a trademark owned by the U.S. Green Building Council® and is used with permission. The same applies to any other logos used in this report.

UN GLOBAL COMPACT REFERENCE TABLE

PRINCIPLES	PAGE REFERENCE AND COMMENTS
Human Rights Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.	All major contracts include a commitment to Niam's Code of Conduct. Fair employment practice is a cornerstone of our Code of Conduct. p.13
Labour Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.	All major contracts include a commitment to Niam's Code of Conduct. Fair employment practice is a cornerstone of our Code of Conduct. p.10-11, p.13
Environment Principle 7: Business should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Niam has an environmental policy covering these principles. p. 14-17
Anti-corruption Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Niam has a zero-tolerance to bribery and corruption. We uphold all laws relevant to countering bribery and corruption in all the jurisdictions we operate, including but not limited to the UK Bribery Act 2010 as well as Swedish and US law. p.13

**For further questions regarding
this report, its content or Niam
in general please contact:**

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