



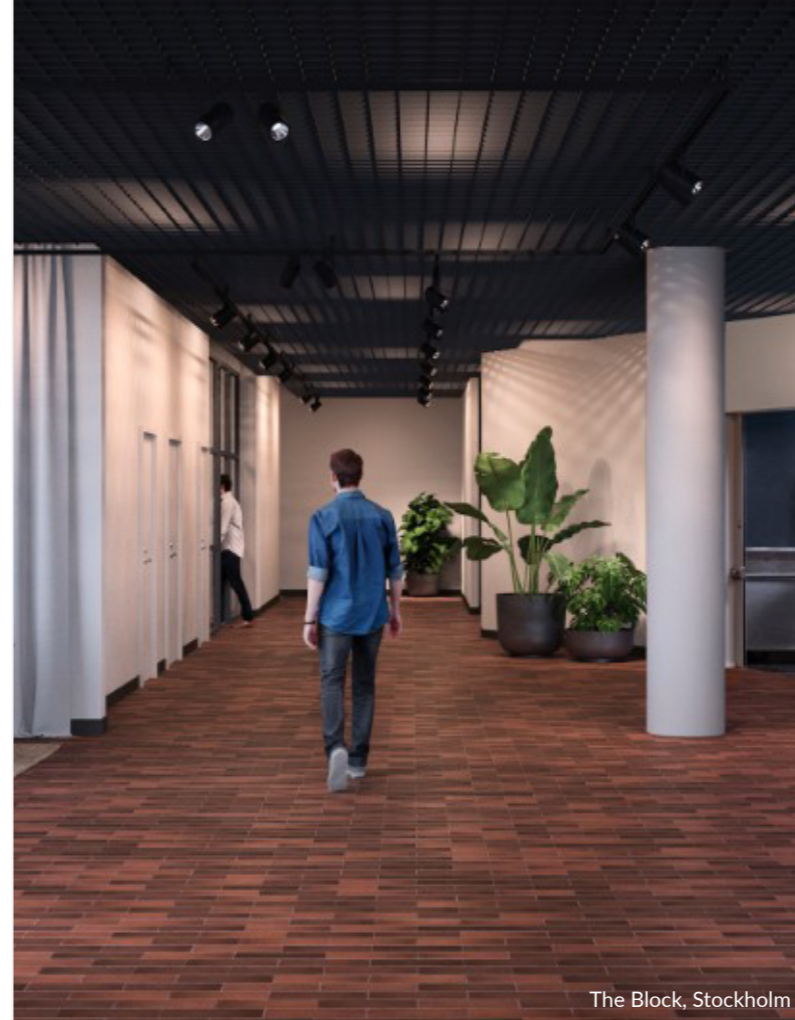
**Genesta Annual
Sustainability Report**

**20
19**

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The Block, Stockholm



Roihu, Helsinki



Fab9, Helsinki



Filmstaden 23, Stockholm

An Eventful Year of Achievements

Year 2019 represents a year of growth and success in the history of Genesta. We continued to execute our strategy to develop sustainable and efficient properties that offer inspiring spaces for our tenants and generate value for our investors. Alongside our two fully operational funds, GNRE Fund II and GNRE Core Plus, we completed the first closing of our third value add fund, GNRE Fund III. We were pleased with the support from our existing investor base, which demonstrates our clients' strong belief in our strategy.

Our vision is to be the preferred partner for real estate investment in the Nordics and the go-to sustainable landlord for tenants. Responsibility has been an integral part of our operations for years now and being able to provide our investors with strong risk-adjusted returns, while also improving our ESG performance, reinforces our belief that sustainable real estate development is the winning strategy. We are constantly adjusting our approach to sustainability to reflect changes and trends in the real estate markets, emphasizing the importance of active tenant engagement combined with resource scarcity and emission reduction measures. In 2019 we decided to demonstrate our commitment to sustainability even further by joining UN-supported Principles for Responsible Investment. We will continue and further expand our efforts as it has proven to influence our business only positively.



David C. Neil,
CEO, Genesta

Going forward, Genesta will only offer green leases and introduce Greenesta concept. As the use phase of the buildings is a significant part of the lifecycle footprint, we aim to increase tenant awareness and ownership of environmental matters. Therefore in 2019 we developed our very own Greenesta concept. Greenesta means that both Genesta and our tenants commit to work together for better environmental performance. More co-operation, more actions and better results.

Sustainability is becoming business-as-usual. A shift towards a more sustainable and low-carbon future has started. We see that our sustainability work gives us an advantage and reinforces our resilience against both climate change and transition related risks. Simultaneously, the events taking place in our operational environment may cause unexpected impacts on all areas of life and business. Considering the current global situation, resilience is crucial in maintaining successful business and providing a safe work environment also in the future. Therefore, we will even further emphasize and enhance our work on risk management and resilience to be prepared for the changes that lie ahead of us.

Stockholm, 29 of May 2020



Genesta in Brief

Our vision is to be the preferred partner for real estate investment in the Nordics and make the existing building stock more sustainable.

Genesta is a private limited company registered in Sweden. We are an independent real estate fund and investment manager company specialized in commercial real estate in four Nordic countries: Sweden, Finland, Norway and Denmark. Genesta's headquarters is located in Stockholm, but we operate also locally through our offices in Helsinki, Copenhagen and Luxembourg. Our 33 employees are responsible for all Genesta's key operations, analysis, acquisitions, and fund and asset management, which are supported by corporate functions.

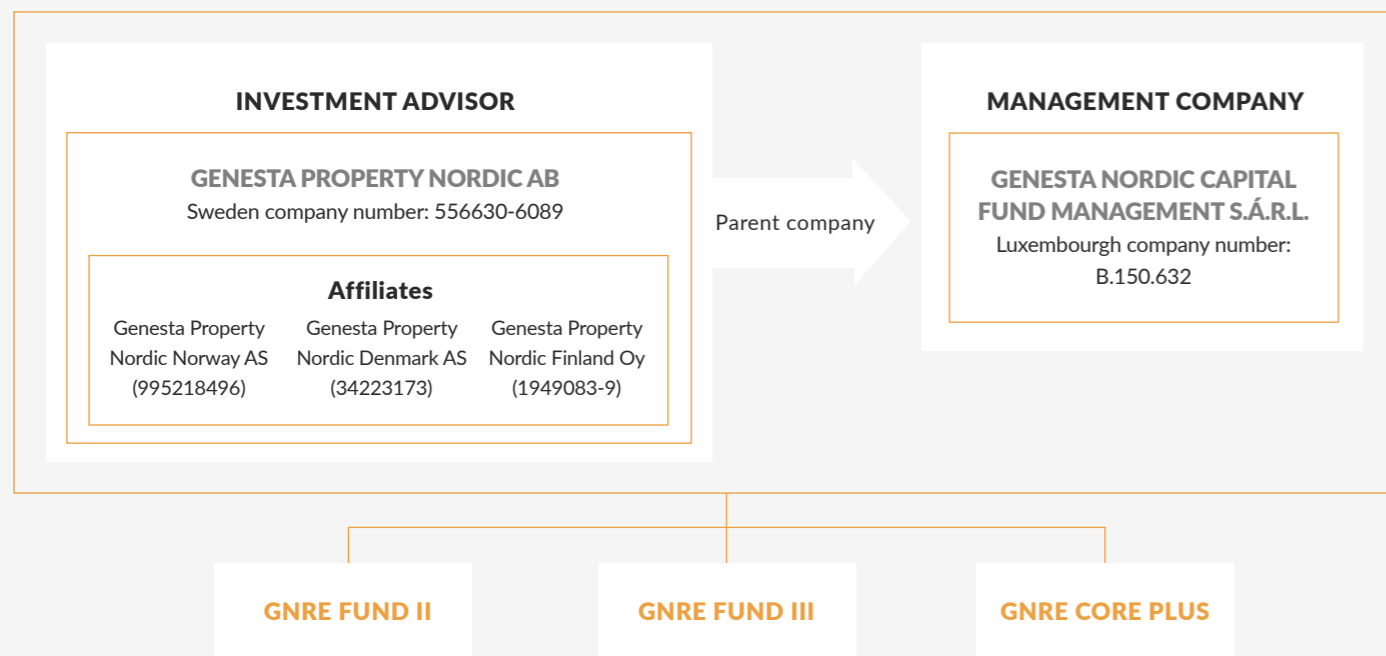
The objective of our fund management practices is to achieve strong returns in a sustainable manner. We invest in well-located real estate assets and enhance investment returns through active asset management. In the end of 2019, we managed three real estate funds: an operational value-add fund, an operational core plus fund and a value-add fund, of which first signing was completed in 2019. In total, 13 properties were managed through these funds in the end of 2019.

Genesta Governance

Genesta's governance and management of operations is executed through two companies: Genesta Property Nordic AB, which is the parent company of the Genesta group, based in Sweden, and Genesta Nordic Capital Fund Management S.á.r.l., based in Luxembourg.







Genesta Nordic Capital Fund Management S.á.r.l. is the Management Company, which is the managing body of the funds. The Management Company delegates asset management and investment advisory services to Genesta Property Nordic AB and its affiliates. Genesta Property Nordic AB and its affiliates make recommendations to the Management Company regarding the acquisition, asset management and disposal activities of the funds.

The Management Company has appointed three committees to give advises and recommendations on its decision-making: The Finance and Investment Committee (FIC), the Valuing and Risk Committee (VaRC) and the Executive Committee (ExCo).

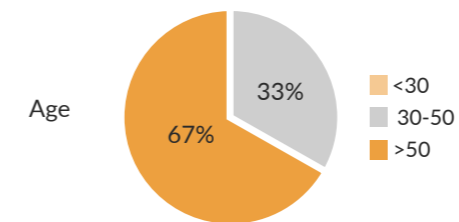


BOARD OF GENESTA NORDIC CAPITAL FUND MANAGEMENT S.Á.R.L.

The Board of the Management Company operates also as the Board of all funds.

	Mr. David C. Neil Swedish citizen 16/09/1965		Mr. Allan Strand Olesen Danish citizen 17/12/1967		Mrs. Marja Liisa Suutarinen Finnish citizen 03/06/1960
	Mr. John Jones Australian citizen 24/06/1973		Mr. Abdelaziz Daoudi Belgian citizen 10/08/1981		Mr. Sven Rein German citizen 03/11/1967

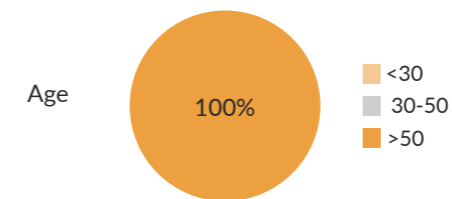
DIVERSITY OF THE BOARD



BOARD OF GENESTA PROPERTY NORDIC AB

	Mr. David C. Neil Swedish citizen 16/09/1965		Mr. Allan Strand Olesen Danish citizen 17/12/1967		Mr. Anders Palmgren Swedish citizen 13/12/1959
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DIVERSITY OF THE BOARD





Explore our Funds & Properties

Filmstaden 23, Stockholm



Roihu, Helsinki

GNRE Fund II

GENESTA NORDIC REAL ESTATE FUND II FCP-SIF ("GNRE Fund II") is a specialized investment fund structured as a common contractual fund, registered in Luxembourg and being operational since June 2015. The Fund is Genesta's second value-add fund focusing on the Nordic region.



A1 Helsinki, Finland | Sold: 2/2019
Asset type: Office | Area: 11,200 | Acquired: 12/2015



ARNINGE CENTRUM Täby, Sweden
Asset type: Retail | Area: 20,500 | Acquired: 9/2017



BULEVARDI 21 Helsinki, Finland
Asset type: Office | Area: 10,100 | Acquired: 12/2015



DMG15 Oslo, Norway | Sold: 2/2019
Asset type: Office | Area: 8,300 | Acquired: 4/2016



FAB 9 Helsinki, Finland
Asset type: Office | Area: 7,700 | Acquired: 7/2016



JUVANMALMI 25 Espoo, Finland
Asset type: Logistics | Area: 68,500 | Acquired: 1/2018



KB32 Copenhagen, Denmark | Forward sold: 12/2019
Asset type: Office | Area: 30,800 | Acquired: 2/2018



M13 Oslo, Norway | Sold: 12/2019
Asset type: Office | Area: 14,000 | Acquired: 6/2017



NORRA HAMNEN KUBIKLAGER Malmö, Sweden
Asset type: Logistics | Area: 19,600 | Acquired: 1/2019



ROIHU Helsinki, Finland
Asset type: Office | Area: 15,600 | Acquired: 7/2018



SVEA ARTILLERI Stockholm, Sweden
Asset type: Office | Area: 12,800 | Acquired: 6/2018



THE VÄINÖ HOUSE Helsinki, Finland
Asset type: Office | Area: 9,900 | Acquired: 1/2017

GNRE Core Plus

GENESTA NORDIC REAL ESTATE CORE PLUS FCP-RAIF (“GNRE Core Plus”) is a reserved alternative investment fund structured as a common contractual fund, registered in Luxembourg and being operational since June 2018. GNRE Core Plus is Genesta’s first core plus fund.



SOLÅSEN HANDEL Jönköping, Sweden
Asset type: Retail | Area: 35,200 | Acquired: 6/2018



THE BLOCK Stockholm, Sweden
Asset type: Office | Area: 13,400 | Acquired: 7/2018

GNRE Fund III

GENESTA NORDIC REAL ESTATE FUND III FCP-RAIF (“GNRE Fund III”) is a reserved alternative investment fund structured as a common contractual fund, registered in Luxembourg and being operational since May 2019. The Fund is Genesta’s third value-add fund focusing on the Nordic region and its first acquisitions were conducted in the beginning of 2020.



FILMSTADEN Stockholm, Sweden
Asset type: Office | Area: 9,400 | Acquired: 12/2019



LINNÉGATAN 18 Stockholm, Sweden
Asset type: Office | Area: 6,100 | Acquired: 4/2020

Genesta's Values Are at the Heart of our Operations

Our values have been prepared as a joint effort between our employees and management. Senior management promotes these values, leading by example, following them by their spirit, and expecting the same from others.

PROACTIVE

We believe in showing initiative and taking responsibility. Our clients have come to us for quality and results – a high level of professionalism, innovation ability and strong local presence. To meet these expectations, we encourage active teamwork, continuous learning and good partnership.

PASSIONATE

We are an ambitious "can do" company. We get inspiration from professional challenges and we are triggered by high expectations. But, above all, we have a passion for results. We believe that success is inevitable for a company with a strong reputation for delivering on its promises.

RESPECTFUL

Our business can only thrive when built on transparency and founded on trust. Therefore, we believe in treating our clients, business partners and our own people with fairness, openness and respect. By supporting each other and sharing ideas, we will achieve our vision and bring enjoyment into our work.

DIVERSE

Each and every one makes a difference. In a company of experts, each and every one makes a difference. To serve our clients and support our mission, we encourage diversity – of people, opinions, and ideas. We believe that a diverse and engaging environment inspires people to reach their highest potential, ignites real teamwork and attracts the best new talent.



How We Act

The most central policies steering our operations are Genesta's Code of Ethics and Code of Conduct. Code of Ethics is the basis of our commitment to the highest standards of ethical behavior whereas Code of Conduct sets the standards for dealing ethically with employees, investors, customers, regulatory bodies and the financial and wider community. These ethical principles are then put into practice through our more specific and hands-on policies and process descriptions.

Our risk management process includes detecting, measuring, managing and following up all the risks of each new investment or material changes for existing investments. Thus, we ensure that the risk profiles of the funds are adequate in light of the size, portfolio's structure, strategies and investment objectives of the particular fund. Daily risk and compliance processes across the business are led by the Risk and Compliance Manager.

Our approach to responsible investment and ownership as well as governance is described in more detail in our Responsible Investment Policy.

In September 2019, our Risk Management team held a training on the 4th and 5th AML Directive, focusing on the real estate industry and prospective suspicious activities, for all our employees. During the training, we also introduced our new risk register that aims to make identification and reporting of any operational risks easier for our employees.

In 2019 we decided to strengthen our commitment to corporate responsibility and transparency of our business operations by signing the UN-supported Principles of Responsible Investment (PRI). We believe that PRI provides us a tool to holistically assess our investment practices and transparently communicate the outcomes.

Genesta's Approach to Sustainability

Genesta's approach to sustainability is twofold: First, we must operate responsibly as an organization and employer. Second, our fund management approach must be sustainable and resilient. Therefore, we have set separate sustainability targets for Genesta as an organization and the funds as investment vehicles. The management approach, targets and achievements are presented separately in this report.

Sustainability is integrated into our business operations and is a part of the daily work of all our employees. The coordination of sustainability management is executed by a sustainability consultant and Genesta's CEO. Local part-time consultants support the implementation of the practices on asset-level.

Our sustainability priorities are identified and continuously reviewed in collaboration with our stakeholders. These priorities build a foundation for setting appropriate and adequate sustainability targets and measures for both Genesta and the funds.

ECONOMIC	ENVIRONMENTAL	SOCIAL
Business ethics, integrity and transparency	Improving energy efficiency at the properties	Health and safety of tenants and property users
Risk assessment and risk management	Environmental awareness of tenants, suppliers and service providers	Wellbeing of employees
	Providing tenants with feedback data on waste recycling, energy and water consumption	Wellbeing of tenants

Read more about our sustainability priorities on our [Website](#).



Photo: Eino Ansio

GENESTA'S SUSTAINABILITY TARGETS

TARGET

Good Place to Work

- Conducting an employee satisfaction survey
- Identifying key issues arising from the survey, setting targets and follow-up
- Offer early career opportunities

Sustainable Fund Management

- Become a PRI signatory
- Funds achieve four stars in GRESB Assessment during the fund's lifetime

Sustainable Landlord

- Conducting a tenant satisfaction survey
- Implementation of Greenesta programme

ACHIEVEMENTS 2019

81% of the respondents are satisfied with their employment.

3 trainees in 2019.

PRI application submitted in December 2019.

GNRE Fund II achieved 4 stars in GRESB Real Estate Assessment.

Pan-Nordic tenant satisfaction survey, overall satisfaction 3.47.

Concept developed during 2019.

Active Stakeholder Engagement

Our stakeholders are those individuals, groups of individuals and organizations that affect or are affected by our business and activities. We strive to meet our stakeholders in accordance with our values and we aim for an active and open dialogue with them.



Genesta Office, Helsinki
Photo: Eino Ansio

TENANTS AND BUILDING OCCUPIERS

We continuously work towards improved tenant satisfaction and aim to understand our tenants' needs better. Our aim is to engage tenants with the funds' sustainability work, increase awareness about the sustainable operation of the premises and how we can support tenants' own sustainability work by providing high-quality, sustainable business premises, share information and mutually improve sustainability performance.

Read more: [Sustainable landlord](#)

EMPLOYEES

At Genesta every person makes a difference. We encourage diversity, equal opportunities and continuous professional development. We believe that a diverse and engaging environment inspires people to reach their highest potential, ignites real teamwork and enhances job satisfaction of employees.

Read more: [Good Place to Work](#)

SUPPLY CHAIN

Through a systematic purchasing process, we choose suppliers with care, ensure cost-effectiveness and a high quality of execution. Supplier selection is part of our risk management process with a specific focus on ethical business conduct and the avoidance of corruption and conflicts of interest. We aim to contract local suppliers for operations and maintenance contracts. Our contractors are required to comply with the local legislation.

INDUSTRY ASSOCIATIONS AND SOCIETY

Being an active member of the fund and investment management is an important part of our sustainability work. Active membership of domestic and international associations and initiatives, open interaction with stakeholders, and participating in events are our main tools to develop the industry towards sustainability, transparency and fair dealings.

Good Place to Work

Genesta is a company about people and we make effort to make sure our employees are satisfied and happy with their work. We value diversity, equal opportunities and continuous professional development.

Our employee and management manual cover sustainability, business ethics, values, diversity, community involvement and health and safety. This manual contains the overriding objective of increasing the percentage of women in leadership positions, and promotion of a culture that values diversity, inclusion and flexibility. All the employees are employed by Genesta, but additionally we use in-house consultants to complete our team with their specialized expertise.



Photo: Eino Ansio

CASE

Taking employee wellbeing to a next level

Did you know that Genesta office in Helsinki has a N.A.P pod? Despite the name, the pod is not just for a regular siesta session during the day, but N.A.P. stands for Neuron Activation Pod.

We have realized the benefits of health and wellbeing in the workplace and a quick powernap can greatly improve employee concentration and productivity. The pod is equipped with groundbreaking Finnish technology from the company Neurosonic and it offers sensory tissue stimulation and very low frequency sinusoidal vibration, which is extremely relaxing both physically and mentally. The treatment enhances quality of sleep, eases stress, muscle tensions and swelling. It activates metabolism and assists in both physical and mental recovery. Welcome to relax!



Photo from www.allasseapool.fi/

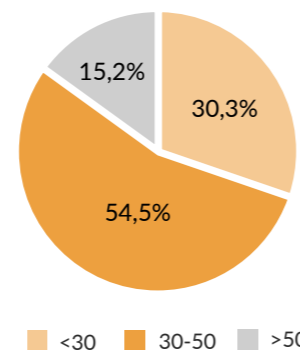
To promote work-life balance and wellbeing, our team in Sweden enjoys complementary yoga on Wednesday mornings and our team in Finland enjoyed Allas Sea Pool outdoor swims.

Genesta as an Employer

We consider job satisfaction as one of the most important factors in achieving good results and success and therefore conduct an annual employee satisfaction survey and analyze the results carefully. Response rate 2019 was 100% giving us a comprehensive picture of the employee satisfaction. Each year the management team chooses the most pressing topics that arise from the survey results and works on those topics together with the employees to assure that the employees understand that their concerns are heard and dealt with.

We were pleased to discover that 81% of the respondents are satisfied with their employment, compared to 72% in the last survey and that 86% of the respondents are motivated in their daily work, compared to 81% in the last survey.

AGE DISTRIBUTION

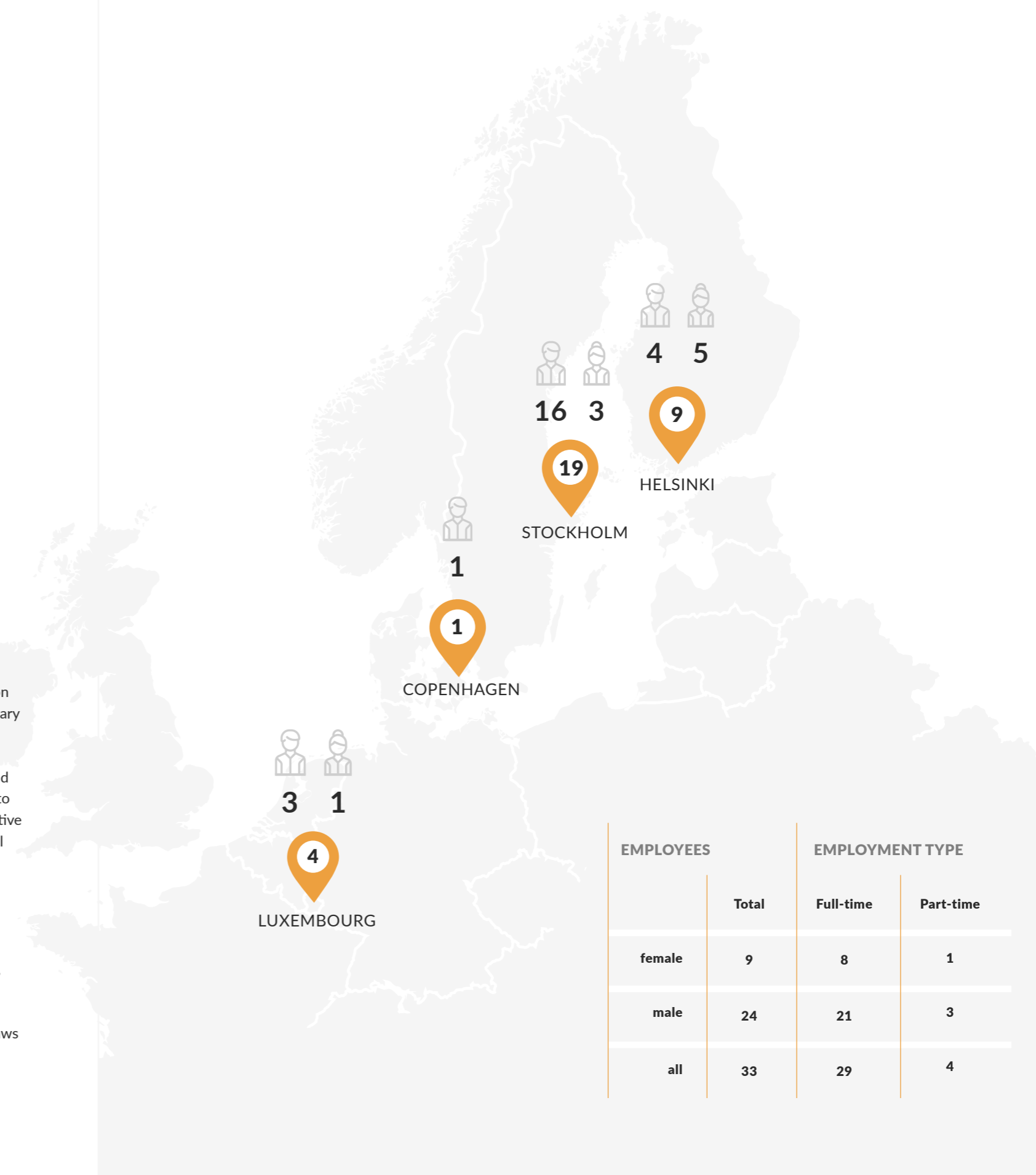


Career and performance evaluation discussions, so-called Value Creating Discussions (VCDs) were conducted with each employee in 2019. VCDs offer a confidential environment to discuss employees' future career plans and receive feedback.

	Training days	Absence days due to sickness	Injuries
2018	79	157	0
2019	88	99	0

Full-time employees are also offered a health maintenance program which aims to support and provide an incentive to our employees to take part in sports activities. Depending on a person's tasks, phone and car benefits with diverse monetary values are offered. Employees in Sweden, Finland and Luxembourg are also covered by complementary health insurance. Flexible working hours apply to all employees, and remote working is enabled. We want employees to be able to develop and grow within the company. We encourage initiative and support employees to further develop their professional skills. Once a year, we have an internal training session held over two to four days themed with changing topics.

In the end of 2019, Genesta's personnel totaled 29 full-time and 4 part-time employees. Additionally, 6 in-house consultants work closely with us on a regular basis. In 2019, 9 new employees joined our team and 6 employees left the company. Employees are all white collar and hired through formal contracts in accordance with national employment laws and labor regulations.



EMPLOYEES	EMPLOYMENT TYPE		
	Total	Full-time	Part-time
female	9	8	1
male	24	21	3
all	33	29	4

Sustainable Landlord

Tenant satisfaction and continuous improvement of tenant engagement are the key steering factors in our landlord practices. Therefore, we conducted a Pan-Nordic tenant satisfaction survey in Finland and Sweden, covering all the properties under our management.

Overall tenant satisfaction was 3.47 out of five and satisfaction with Genesta's sustainability measures was slightly higher, 3.53. Sustainability was seen as an important factor for all our tenants in decision-making related to premises, scoring an average score of 4.09. Based on the survey results, we have prepared both Genesta and asset-level action plans to improve tenants' perception and fulfil their needs.

The development of the Greenesta programme was our most central action to improve tenant engagement in 2019. It aims to increase our tenants' commitment to improve sustainability of the premises. Additionally, we have conducted several tenant meetings and recreational events at the properties.

WE UPHOLD THE PRINCIPLE OF ZERO INJURIES

No business or activity is so important that it will be pursued at the expense of health and safety of our employees, tenants, service providers, and the communities surrounding our operations and environment. Therefore, we continuously evaluate and develop our health and safety practices across our operations. We aim to improve health and safety at the properties proactively. In 2019, we implemented total of 170 health and safety improvements at eleven assets.

We started to develop a digital health and safety data management tool by integrating the LAWLY tool with our existing internal data management practices. The database includes both up-to-date regulations as well as our own requirements for health and safety practices. Additionally, we developed our safety walk practices. Now our local health and safety consultants visit the construction sites at least once in a month and make observations of possible occupational safety risks.



Mockup

INTRODUCING



WHAT

Greenesta, a concept to inspire and enable our tenants to act in a more sustainable way. The word itself describes how we approach sustainability – sustainability is integrated throughout the whole of Genesta. Greenesta means that both Genesta and our tenants commit to work together for better environmental performance.

WHY

When analyzing our sustainability performance, we reached the conclusion that we meet our goals regarding construction and improving environmental performance of our assets, but we fall short when it comes to green leases and tenant engagement. Genesta wants to be a sustainable landlord and we want to enable and encourage sustainable behavior in our premises.

Also, energy consumption during use is the single largest factor impacting the environmental performance of the property during a building's lifecycle and we want to find a way to reduce it.

HOW

Our ultimate goal is to offer only green leases in the future. When a tenant signs a lease with us, they sign up to co-operate together with us towards better sustainability performance. As a part of the Greenesta concept we will offer our tenants a sustainability assessment and give them tailored guidance on how to reduce their environmental impacts and improve their performance. We will also seek for ways to improve on tenant health and wellbeing.

WHEN

Concept development started 2019 and implementation starts 2020. We signed our first lease with the new concept in March 2020.

CASE

Sustainable Spaces in Bulevardi 21

Our tenant Spaces in Bulevardi 21 offers creative and flexible co-working environment solutions to its clients. Klaus Koponen, the Country Manager of International Workplace Group, says:

“We find it important that landlord considers us as a partner rather than a traditional tenant. That way we are able to increase co-operation and create extraordinary Spaces. With Genesta, everything has been fluent. From the lease negotiations all the way to the renovation timetable and quality of the work.”

At Bulevardi 21, Genesta realized a number of significant changes on Spaces' wish list: Opening the façade with large, street level windows and a new entrance influenced the whole perception of the building and had a positive influence on the street space around Bulevardi 21.

“With Spaces, it is all about location and flexibility. We need to be able to offer a variety of working solutions, from co-working areas to private offices and meeting rooms, within one location.”

When looking into new locations, Spaces pays special attention to environmental matters;

“We prefer certified properties; it means that recycling and energy efficiency matters are well managed.”



Bulevardi 21, Helsinki



KB32, Copenhagen



Sustainable Fund Management

A1, Helsinki



M13, Oslo



DMG15, Oslo

GREETINGS FROM THE FUND MANAGER

Year 2019 was busy and exciting from a fund manager point of view. GNRE Fund II has undergone significant changes during 2019: Three office properties, A1 in Helsinki, DMG15 and MG13 in Oslo were sold. KB32, an office building in Copenhagen, was sold in a forward-sale arrangement. The fund also acquired its final property, the logistics property Norra Hamnen Kubiklager.

In addition to the one acquisition and four disposals on behalf of GNRE Fund II, we also acquired the first asset for GNRE Fund III, and we are delighted to have the unique Filmstaden 23 in our portfolio.

Being proactive and “walking the talk” is one of the key principles of our way to work. In the context of sustainability, this means carrying out concrete sustainability improvements at the properties. In addition to the work done on management and policy-levels, we have also continued implementing sustainability improvements in our properties as set in our fund’s respective targets. One of the major highlights in our property development is Juvanmalmi 25, a logistic center in Espoo that started producing solar electricity in September.



Allan Strand Olesen
Fund Manager, Genesta

We kicked off nine building certification projects last year and we are excited to say that our target to certify at least 70 percent of our properties in GNRE Fund II will be exceeded. We are also piloting a Fitwel certification scheme that focuses on health and wellbeing in Roihu, an office building in Helsinki.

GNRE Fund II maintained its 4-star rating in the GRESB Real Estate assessment for the 3rd year in a row. GRESB gives us a framework to holistically assess and steer the sustainability work of the funds and transparently communicate our sustainability performance to the investors and other stakeholders. We are pleased to see that our practical efforts to promote sustainability on property level can be seen and measured on a portfolio level. As GNRE Core Plus is now fully operational, both GNRE Fund II and GNRE Core Plus will participate in the GRESB Assessment in 2020.

In 2020, we will **continue to improve the sustainability performance** of our assets and funds by implementing our Sustainable Construction Guide, engaging with tenants and developing climate resilience of our funds further.

Stockholm, 29 of May 2020

Sustainability Targets for our Funds

Our overall vision, that we follow in everything we do, is to make the existing building stock more sustainable.

We have set targets on portfolio performance to monitor not only environmental performance, but also health and safety. Our energy and emission reduction targets are in line with Paris Agreement although introducing long-term reduction targets to a short-term ownership has its challenges.

In the long run, we are committed to improving energy intensity per square meter on average by 30% by 2030 (compared to 2015) to be on track to meet global climate ambitions set out in the Paris Agreement. During our relatively short-term ownership this means reducing energy consumption by an average of 10%.

During 2019 we continued to implement a variety of energy efficiency related upgrades, such as high-efficiency equipment installations, ventilation and heating system improvements, building automation upgrades and renewable energy solutions to meet our targets.

In addition to these, we also implemented improvements that have smaller impact on building performance, but a larger impact on building users, such as sustainability screens, advanced bicycle facilities and e-car charging possibilities. We also focused a lot on sustainability communication and trainings; throughout the year we held several trainings on Genesta sustainability principles and targets for our own staff and property managers.

Genesta's Sustainable Construction Guide is one of our key tools to guarantee that sustainability is put into practice at our properties and we meet our sustainability targets. It provides hands-on guidance to our construction team on measures and practices that need to be implemented. During 2019, Arninge Centrum was audited to observe the level of implementation of the guidance. The guide was also updated to comply with the green certification criteria to ease certification processes and to ensure that our refurbishments are planned in line with certification requirements.



Charge



Green Electricity



On-site renewables



Energy Efficient



Water Saving



Recycle

GOALS FOR THE FUND'S LIFETIME

ACHIEVEMENTS 2019

	GNRE FUND II	GNRE CORE PLUS
Four Stars in GRESB Assessment	Four stars achieved for 3rd year in a row	Core Plus will participate in GRESB during 2020 for the first time
Improve overall environmental performance of the portfolio <ul style="list-style-type: none"> Reduce energy consumption by 10% (kWh/m²_{occupied}) Reduce greenhouse gas emissions by 15% (kWh/ m²_{occupied}) Reduce water consumption by 5% (kWh/ m²_{occupied}) Recycle 50% of the waste produced 	Energy efficiency improvements in GNRE Fund II assets during 2019; <ul style="list-style-type: none"> HVAC modernizations Building automation system renewals LED installations Improvements in heat recovery and heating systems Renewable energy installations Like-for-like KPIs 2018-2019: <ul style="list-style-type: none"> Energy Consumption -10% GHG Emissions -4% Water Consumption -5% Recycling rate 45% 	Planned energy efficiency improvements in Core Plus assets; <ul style="list-style-type: none"> HVAC modernizations Building automation system renewals LED installations Solar panel installations investigated Like-for-like data not applicable due to incomplete comparison period
Certify 50 - 70% of the buildings	<ul style="list-style-type: none"> 3 properties certified during 2018 8 certification processes started during 2019 	<ul style="list-style-type: none"> 1 certification process started during 2019
Make buildings better and smarter <ul style="list-style-type: none"> Follow Genesta Sustainable Construction guidelines Implement automated measurements Encourage sustainable commuting Assess and implement renewable energy options Implement indoor air quality measurements 	Sustainable Construction Guide: <ul style="list-style-type: none"> Construction and project managers trained on the use and implementation of the guide Guide specification used as procurement specifications for renovations and tenant improvements 	
	Renewable Energy Solutions: <ul style="list-style-type: none"> Solar Panels: <ul style="list-style-type: none"> 300 kWp at Juvanalmi 25 2.65 kWp at M13 Geothermal: <ul style="list-style-type: none"> Geothermal permit applied for Svea Artilleri Replacement of old geothermal pumps in Arninge Centrum planned Indoor Air Quality: <ul style="list-style-type: none"> Indoor air quality monitored in one asset Other assets under development 	Sustainable commuting improvements in The Block: <ul style="list-style-type: none"> Eight e-car chargers installed during 2019 Changing facilities for bicycle commuters Renewable Energy Solutions: <ul style="list-style-type: none"> Solar panels assessments conducted for both properties Discussions with tenants on co-operation
Implement Greenesta programme: <ul style="list-style-type: none"> Green leases across portfolio Sustainability co-operation with tenants 	<ul style="list-style-type: none"> Greenesta programme developed during 2019 Standard leasing template is green now 	
	<ul style="list-style-type: none"> First green lease signed in March 2020 	<ul style="list-style-type: none"> Tenants negotiation ongoing



Norra Hamnen Kubiklager, Malmö

CASE

Norra Hamnen Kubiklager: Promoting Sustainability of a Logistics Centre

Facility manager Malick Moussa talks about Genesta's logistic property Norra Hamnen Kubiklager:

"Norra Hamnen Kubiklager is a newly built logistics property in Malmö, Sweden that was acquired by Genesta in the beginning of 2019. Norra Hamnen Kubiklager is a well performing, efficient building with two tenants. Active tenant engagement is in the core of Genesta and in Norra Hamnen Kubiklager, we have formal tenant meetings biannually to guarantee that the tenants are always updated with the latest building information and that their needs are heard. In addition, there is of course continuous informal interaction between Genesta and tenants.



Malick Moussa, Facility Manager

In order to improve the sustainability performance of the asset, Genesta started a BREEAM In-Use certification process in 2019 and we expect to achieve level "Very Good" during 2020. Tenants have been involved in the process and we have done improvements such as LED lighting that increase both tenant satisfaction and environmental performance of the building.

BREEAM In-Use is a practical way to increase environmental awareness of both tenants and the staff being responsible for the maintenance and development of the property. Additionally, as a facility manager, you learn your building completely. It has also given me tools to look at other buildings I manage through sustainability goggles.

In addition to the certification process, we have also implemented other sustainability measures in Norra Hamnen Kubiklager. In 2019, we installed new cycling facilities, including both bicycle parking and appropriate social facilities. It seems to me that after the installation, cycling to the property has increased among the occupiers. We have also installed tenant screens at Norra Hamnen Kubiklager. In addition to real time information and sustainability messages, the building sustainability guide is available on the screens giving our tenants tips and guidance on sustainability aspects. During 2020 we will install e-car chargers to promote sustainable commuting methods.

All these improvements are in line with Genesta's approach to sustainable asset management. However, continuous follow-up of the performance is needed in order to guarantee and make the most out of the positive impacts of the measures. "

CASE

M13: Sustainability Embedded into Tenant Spaces

M13 is an office property located in central Oslo, Norway. It was acquired by Genesta in summer 2017 and during our ownership it has undergone a significant refurbishment and rebranding as well as improvement of sustainability performance.

The building was certified with BREEAM In-Use certification with level "Good". Additionally, we installed e-car chargers and cycling facilities to promote low-carbon commuting. Carbon footprint of the property's operational energy consumption was reduced by installing a 2.65 kWp solar panel system.

Before



After



Roof Terrace in the Heart of Oslo City Center - Mariboeg Gate 13, Oslo



Solar Panel Installation on the Roof of Juvanmalmi Logistics Centre, Espoo

CASE

On-site Renewable Energy Production Started at Juvanmalmi 25

As a part of our due diligence process, we assess if a property is suitable for renewable energy options. If conditions such as roof and shading or underground structures look promising, we conduct a more thorough feasibility assessment.

At Juvanmalmi 25, the conditions and feasibility assessment encouraged us to install a 300 kWp solar panel system and in September 2019 the system went live. The panels will produce approximately 270 MWh annually and reduce carbon emissions by 42 tons¹.

kWp is the peak power of a photo voltaic system or panel. kWp stands for kilowatt 'peak' of a system. The power is calculated under a standardized test for panels across all manufacturers to ensure that the values listed are capable of comparison



¹Calculation based on the average CO₂ emission due to electricity production in Finland, 5-year rolling average.

GNRE Fund II - Performance

GNRE Fund II achieved a 4-star rating from the GRESB Real Estate Assessment in 2019 for the 3rd year in a row.

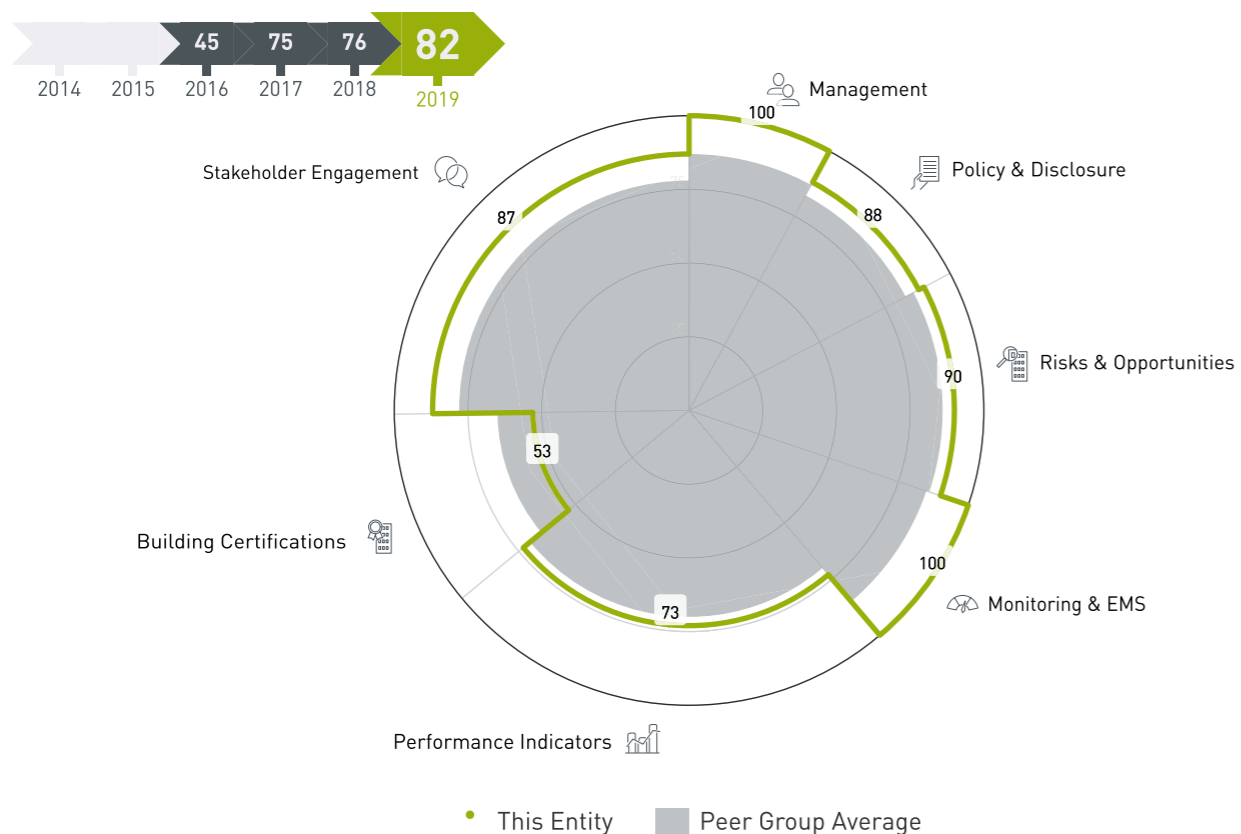


“We are proud to have once again earned a 4-star rating and we will continue to strengthen our efforts on ESG-matters by enhancing stakeholder engagement and implementing more concrete sustainability upgrades at our properties”

- David C. Neil, Genesta CEO

Our continuous work on ESG matters rewarded GNRE Fund II 82 out of 100 points in total, outperforming the global GRESB average by 10 points. GNRE Fund II gained six new points showing a steady improvement especially in Building Certifications, Management and Monitoring & EMS categories.

As GRESB gives us a framework to holistically assess and steer the sustainability work, we always conduct a gap analysis of the GRESB results and choose a few items we are going to work on to maintain our rating and improve our performance.



ENVIRONMENTAL PERFORMANCE

The absolute energy and water consumption, CO₂ emissions, and waste generated at the properties illustrate the concrete environmental impacts of the Fund. However, due to continuous changes in the portfolio, occupancy rates and renovations, they are not descriptive for assessing development of the fund's overall sustainability performance.

Energy consumption

The energy consumption of our properties consists of district heating, cooling and electricity. Absolute consumption consists of all consumption data consumed and available at the fund's properties during the reporting year.

ABSOLUTE CONSUMPTION		2017	2018	2019
Energy	Electricity (MWh)	4,424	9,049	7,951
	District heating & cooling (MWh)	4,255	16,133	14,136
Water	Water (m ³)	19,775	36,629	34,432

Like-for-like data

Like-for-like data provides a more accurate comparison of the performance between years. Like-for-like comparison is reported in line with the GRESB methodology. Assets that have been acquired or disposed during the last two years or have been under development or have undergone a major renovation¹ during the reporting period (2018-2019) are excluded. Short holding periods of the properties explain the small number of assets included in the like-for-like comparison. Like-for-like data is calculated both for occupied floor area and gross floor area.

LIKE-FOR-LIKE PERFORMANCE		2018	2019	NUMBER OF PROPERTIES INCLUDED ²	CHANGE
Energy	Electricity (kWh/m ² occupied)	173.7	147.9	4	-15%
	Electricity (kWh/gross m ²)	46.8	42.4	4	-10%
	District heating (kWh/m ² occupied)	336.9	313.3	4	-7%
	District heating (kWh/gross m ²)	90.8	89.7	4	-1%
Water	Water (l/m ² occupied)	661.7	630.3	4	-5%
	Water (l/gross m ²)	178.4	157.4	4	-12%

¹Renovations and changes that affect more than 50 percent of the total building floor area or cause relocation of more than 50 percent of building occupants.

²Properties included in like for like comparison: Arninge Centrum, Bulevardi 21, The Väinö House and Juvanmalmi 25

Emissions

We report our Scope 2 greenhouse gas emissions using two different calculation methods as recommended by GHG Protocol and GRESB. First, the national emission factors (the location-based method) are used to provide globally comparable data, and second, the energy producers' factors (the market-based method) to be able to present the concrete emissions generated by the properties in GNRE Fund II.

ABSOLUTE GREENHOUSE GAS EMISSIONS		2018	2019
CO ₂ -eqv	Scope 2: Market-based CO ₂ emissions (t)	3,641.7	2,992.7
	Scope 2: Location-based CO ₂ emissions (t)	3,468.3	2,876.4

Greenhouse gas emissions intensities are calculated for properties that are included in the like-for-like comparison.

GREENHOUSE GAS EMISSIONS INTENSITIES		2018	2019	NUMBER OF PROPERTIES INCLUDED ¹	CHANGE
CO ₂ -eqv	Scope 2: Market-based CO ₂ emissions (kg/ m ² occupied)	77.8	75.0	4	-3.6%
	Scope 2: Market-based CO ₂ emissions (kg/gross m ²)	28.9	28.9	4	0 %
	Scope 2: Location-based CO ₂ emissions (kg/ m ² occupied)	78.1	70.0	4	-10.4%
	Scope 2: Location-based CO ₂ emissions (kg/gross m ²)	21.1	20.0	4	-4.8%

Even though like-for-like comparison showed a 15% reduction in energy consumption between 2018-2019, the CO₂ emissions reduced by only 3.6% during the period. This inconsistency resulted from the fact that the Helsinki district heating provider changed their calculation method for the CO₂-factor between 2018 and 2019. The CO₂-factor for 2018 was 158 g/kWh and for 2019 198 g/kWh. The previous calculation method would have provided 134 g/kWh for 2019 leading to a 15.2% reduction in our like-for-like CO₂ emissions (kg/m² occupied).

RENEWABLE ENERGY	2017	2018	2019
Renewable energy purchased (off-site), MWh	1,435	4,111	6,955
Renewable energy produced (on-site), MWh	N/a	N/a	17.2

Waste

The table includes the data from waste management services Genesta offers to its tenants. It does not include waste that is managed by individual tenants.

WASTE	2017	2018	2019
Hazardous waste (t)	1.0	8.1	19.7
Total weight of non-hazardous waste (t)	260	335	528
Diverted – waste to energy (%)	58%	67%	55%
Diverted – recycled (%)	38%	33%	45%
Other (i.e. landfill, incineration) (%)	4%	1%	1%

HEALTH & SAFETY PERFORMANCE

Annual evacuation drills and health and safety trainings on every property are among our health and safety management practices on property-level. We also aim to proactively improve health and safety at the properties. In 2019, we implemented 113 health and safety improvements in GNRE Fund II assets, covering nine buildings.



¹Properties included in like for like comparison: Arninge Centrum, Bulevardi 21, The Väinö House and Juvanmalmi 25

GNRE Core Plus - Performance

ENVIRONMENTAL PERFORMANCE

The absolute energy and water consumption, CO₂ emissions, and waste generated at the properties illustrate the concrete environmental impact of the fund. However, due to continuous changes in the portfolio, occupancy rates and renovations, they are not descriptive for assessing development of the fund's overall sustainability performance.

Energy consumption

Energy consumption of our assets consist of district heating, cooling and electricity. Absolute consumption consists of all consumption data consumed in the properties of GNRE Core Plus during the reporting year.

ABSOLUTE CONSUMPTION		2017	2018	2019
Energy	Electricity (MWh)	N/a	849.3	1709.2
	District heating & cooling (MWh)	N/a	787.3	2122.1
Water	Water (m ³)	N/a	2280	9591

As GNRE Core Plus has not been operational for two full years, it is not possible to represent comparable like-for-like data of its assets.

Emissions

We report our Scope 2 greenhouse gas emissions using two different calculation methods as recommended by GHG Protocol and GRESB. First, the national emission factors (the location-based method) are used to provide globally comparable data, and second, the energy producers' factors (the market-based method) to be able to present the concrete emissions generated by the properties of GNRE Core Plus.

According to the energy provider, the climate impact of district heating used in Solåsen Handel is net positive and district heating used in The Block is near zero. Together with carbon-neutral electricity, the overall climate impact of the portfolio is positive.

ABSOLUTE GREENHOUSE GAS EMISSIONS		2018	2019
CO ₂ -eqv	Scope 2: Market-based CO ₂ emissions (t)	-80	-240
	Scope 2: Location-based CO ₂ emissions (t)	61.4	103.5

RENEWABLE ENERGY

	2018	2019
Renewable energy purchased (off-site), MWh	849	1,709
Renewable energy produced (on-site), MWh	N/a	N/a

Waste

In both Solåsen Handel and The Block, tenants are responsible for managing waste generated by their own operations. Therefore, no data on waste generated at the properties is available.

HEALTH & SAFETY PERFORMANCE

Annual evacuation drills and health and safety trainings on every property are among our health & safety management practices on property-level. We also aim to proactively improve health and safety at the properties. In 2019, we implemented 57 health and safety improvements in GNRE Core Plus assets, covering both buildings.



The Block, Stockholm

APPENDIX I:

Reporting Principles

Genesta's Annual Sustainability Report is published annually, and the information presented herein corresponds with the calendar year, from the 1st January to the 31st December of the reporting year 2019, unless otherwise stated. The previous report was published in the second quarter of 2019, which included only GNRE Fund II activities as GNRE Core Plus was not fully operational by the end of the reporting year. The next GRI / INREV-compliant sustainability report will be published during the second quarter of 2021.

This is the fifth annual sustainability report of GNRE Fund II and has been prepared in accordance with the GRI Standards: Core option. Also, the GRI Construction and Real Estate Sector Supplement's (CRESS) recommendations and INREV Sustainability Reporting Guidelines are applied. The report describes the funds', and Genesta's approach and commitment to sustainability and corporate responsibility. Genesta's stakeholders have been engaged in defining the material aspects of Genesta's sustainability through a stakeholder survey conducted in December 2017.

In 2019, we revised and restructured our sustainability targets to describe the distinction between Genesta as a management company and employer, and the funds and real estate management in a clearer way. This is supported by the new reporting structure that first describes the targets and actions at a management company level and then proceeds to the fund and asset-level targets and activities.

The Annual Sustainability Report 2019 is not assured externally.

MATERIAL ASPECTS AND REPORTING BOUNDARIES

The content, structure and assessment of material aspects of this report are based on different views that have been identified through various stakeholder activities and communication with Genesta's main stakeholder groups: Employees, tenants and investors. Sustainability stakeholder and employee surveys form the basis of our materiality assessment. Both surveys were conducted in December 2017 by Genesta. We also actively follow public debate about sustainability issues and trends in the real estate industry. Participating in GRESB Assessment gives us valuable insights on material issues and development areas that we may need to focus on.

This Annual Sustainability Report includes two funds: GNRE Fund II and GNRE Core Plus, The Management Company and Genesta both as the investment advisor and as the group entity acting as the employer. Therefore, this report aims firstly to describe sustainability performance of the funds and their properties and secondly the sustainability performance of Genesta as an employer.

The following table illustrates the topic boundaries of the reported sustainability aspects and whether their impact occur within Genesta or the funds or outside of Genesta.

SUSTAINABILITY ASPECTS

- Economic performance
- Energy
- Water
- Emissions
- Waste
- Employment
- Occupational Health and Safety
- Training
- Diversity and Equal Opportunity
- Discrimination
- Anti-corruption
- Compliance
- Property Health and Safety
- Tenant Satisfaction
- Environmental Certifications

ASPECT BOUNDARY

- Within Genesta/Funds/Outside of Genesta**
- Within Genesta/Funds/Outside of Genesta**
- Within Genesta/Funds/Outside of Genesta**
- Within Genesta/Funds/Outside of Genesta**
- Within Genesta/Funds/Outside of Genesta**
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- Within Genesta/Funds**
- Within Genesta/Funds/Outside of Genesta**
- Within Genesta/Funds/Outside of Genesta**
- Within Genesta/Funds**

CALCULATION METHOD

Previously, we have followed, monitored and reported the environmental performance of our properties during their holding periods on intensities that are normalized using the occupied square meter (m² occupied). However, due to the business model of value-add funds with short holding periods after renovations, we have been seeking for different ways to represent our performance in a reliable, accurate way. In this report, we have calculated the intensities for like-for-like consumption and emissions normalized both with the occupied floor area and the gross floor area, believing that this increases comparability of the data.

We have also developed our emission calculation method further. In this report, we disclose our emissions using two different calculation methods: location-based emissions are calculated by using the most recent national emission factors available and market-based emissions are calculated by

using the most recent emission factors offered by the energy producers. Genesta's properties are not a source of Scope 1 emissions and currently we are not able to report Scope 3 emissions. The corresponding emission reduction of the purchased certificates of origin are calculated using the local emission factors provided by the energy companies.

We use the GRESB approach to like-for-like comparison and exclude assets that have been acquired or disposed during the last two years or have been under development or have undergone a major renovation during the reporting period (2018-2019). Our business model with short holding periods of the assets explains the limited number of assets included in the like-for-like comparison.

APPENDIX II:

GRI Content Index

GRI DISCLOSURE	INREV 2016	DISCLOSURES	PAGE	COMMENT
Organizational profile				
102-1		Name of the organization	6	
102-2		Activities, brands, products, and services	5-6	
102-3		Locations of headquarters	5	
102-4		Locations of operations	5	
102-5		Ownership and legal form	6	
102-6		Markets served	5-6	
102-7		Scale of the organization	5, 23	
102-8		Information on employees and other workers	22-23	
102-9	ESG - LTS 1.1 R	Supply chain	19	
102-10		Significant changes to the organization and its supply chain		No significant changes occurred during 2019.
102-11		Precautionary principles or approach	15	
102-12		External initiatives		The assets in Finland are involved in the Energy Efficiency Agreement of Commercial Real Estate.
102-13		Membership of association		Please refer to our website: https://genesta.eu/investors/governance
Strategy				
102-14	ESG - LTS 1.1 R	Statement from a senior decisionmaker	4, 28	
102-15	ESG - LTS 1.1 R; ESG - LTS 1.2 R	Key impacts, risks, and opportunities	15-16	

GRI DISCLOSURE	INREV 2016	DISCLOSURES	PAGE	COMMENT
Ethics and integrity				
102-16		Values, principles, standards, and norms of behavior	14-16	
Governance				
102-18	ESG - LTS 1.2 R	Governance structure	6-7	
Stakeholder engagement				
102-40		List of stakeholder groups	19	
102-41		Collective bargaining agreements		Genesta's employees are not directly subject to collective labor agreements.
102-42		Identifying and selecting stakeholders	18-19	
102-43	ESG - LTS 2.1 BP	Approach to stakeholder engagement	18-19, 25	
102-44	ESG - LTS 2.1 BP	Key topics and concerns raised	22-24	
Reporting Practice				
102-45		Entities included in the consolidated financial statement		See fund specific financial statements
102-46		Defining report content and topic boundaries	44	
102-47	ESG - LTS 1.1 R	List of material topics	16, 44	
102-48		Restatement of information		Not relevant in the annual report for 2019.
102-49		Changes in reporting	16, 44	
102-50		Reporting period	44	
102-51		Date of the most recent report	44	
102-52		Reporting cycle	44	
102-53		Contact point for questions regarding the report	50	
102-54		Claims of reporting in accordance with the GRI standards	44	
102-55		GRI content index	46-48	
102-56		External assurance		The non-financial information of this report is not externally assured.

GRI DISCLOSURE	INREV 2016	DISCLOSURES	PAGE	COMMENT
Management approach				
103-1		Explanation of the material topic and its boundaries	44-45	
103-2	ESG - LTS 2.1 R; ESG - ANN 1.1 (objectives)	The management approach and its components	30-31	
103-3		Evaluation of the management approach	31	
Economic				
201-1		Direct economic value generated and distributed		See fund specific financial statements.
205-1	ESG - LTS 1.2 R	Operations assessed for risks related to corruption	15	
205-2	ESG - LTS 1.2 R	Communication and training about anti-corruption policies and procedures	15	
205-3	ESG - LTS 1.2 R	Confirmed incidents of corruption and actions taken		No incidents of corruption in 2019.
Environmental				
302-1	ESG - ENV 1.1R, ESG - ANN 1.1, ESG - ENV 2.1	Energy consumption within the organization	39, 42	
302-2		Energy consumption outside of the organization	39, 42	
302-3		Energy intensity	39, 42	
302-4		Reduction of energy consumption	39, 42	
303-1		Water withdrawal by source	39, 42	
305-1		Direct (Scope 1) GHG emissions		No Scope 1 Emissions.
305-2		Energy indirect (Scope 2) GHG emissions	40, 42	
306-2		Waste by type and disposal method	41, 43	
307-1		Non-compliance with environmental laws and regulations		No cases of non-compliance with environmental laws and regulations in 2019.

GRI DISCLOSURE	INREV 2016	DISCLOSURES	PAGE	COMMENT
Social				
401-1		New employee hires and employee turnover	22	
401-2		Benefits provided to full-time employees that are not provided to temporary or part-time employees	22	
401-3		Parental leave	22	
402-1		Minimum notice periods regarding operational changes	22	
403-2		Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	22	
404-1		Average hours of training per year per employee	22	
404-2		Programs for upgrading employee skills and transition assistance programs	22	
404-3		Percentage of employees receiving regular performance and career development reviews	22	
405-1		Diversity of governance bodies and employees	7, 23	
416-1		Assessment of the health and safety impacts of product and service categories	24, 41, 43	
416-2		Incidents of non-compliance concerning the health and safety impacts of products and services		No incidents of non-compliance concerning the health and safety impacts of products and services.
419-1		Non-compliance with laws and regulations in the social and economic area		No incidents of non-compliance with laws and regulations in the social and economic area.



Christmas Event with Genesta

FOR FURTHER INFORMATION,

Please visit www.genesta.eu or contact us:

David C. Neil
Genesta CEO
Tel. +46 850649714
david.neil@genesta.eu

Allan Strand Olesen
Fund Management
Tel. +45 41933093
allan.strand-olesen@genesta.dk

Philip Björk
Investor Relations
Tel. +46 850649716
philip.bjork@genesta.se