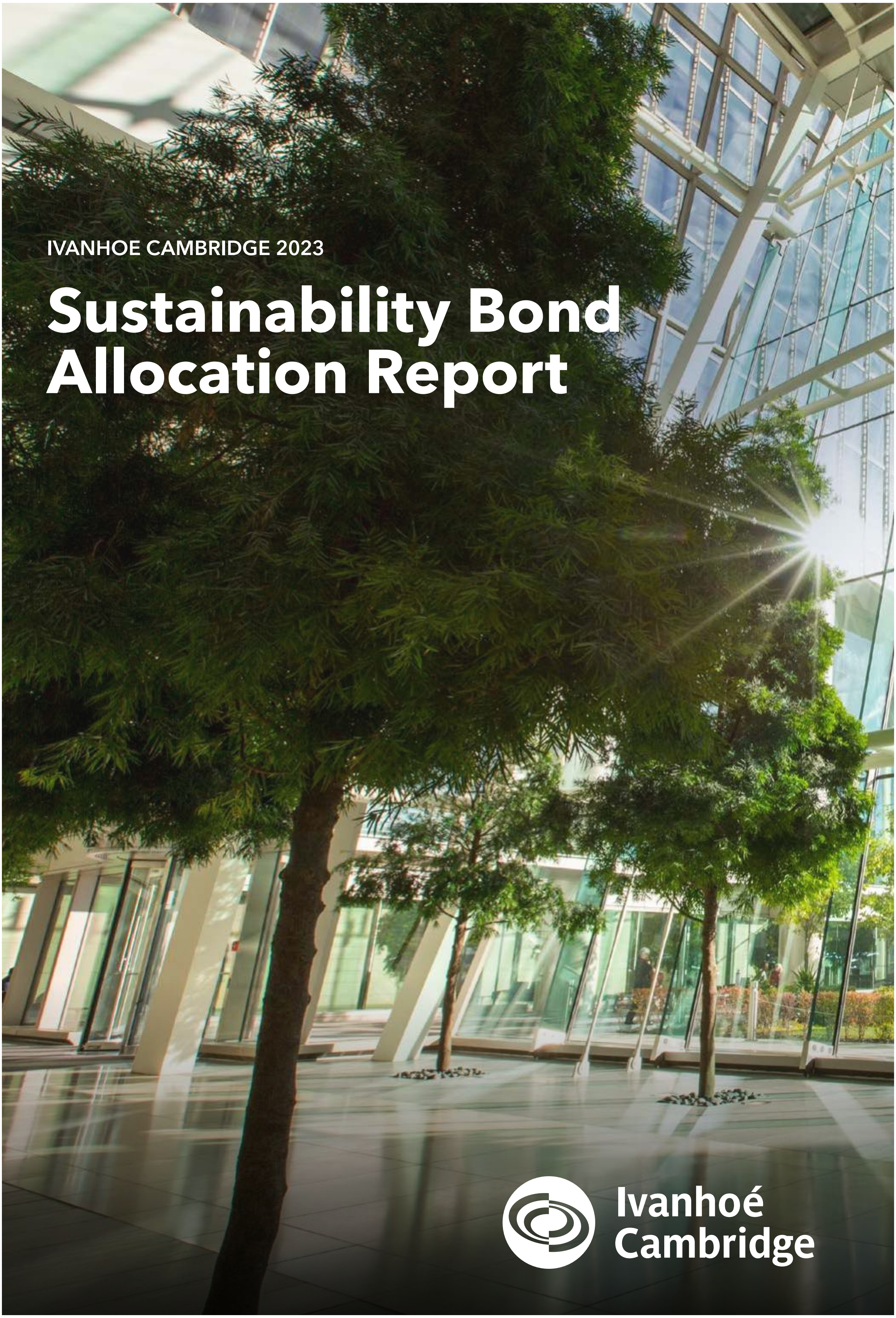
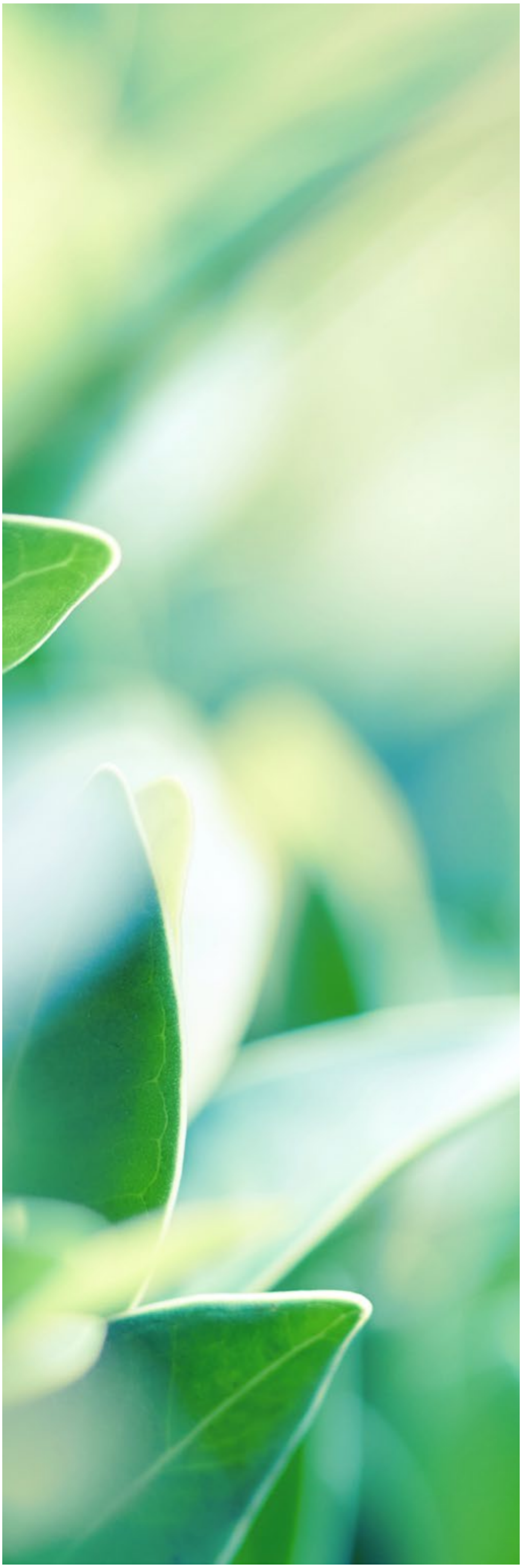
IVANHOE CAMBRIDGE 2023

Sustainability Bond Allocation Report



Ivanhoé Cambridge



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Introduction

In May 2023, it was announced that the principal holder of Ivanhoé Cambridge's Canadian retail and office portfolio, Ivanhoé Cambridge II Inc. ("IC II"), had completed a sustainability bond offering. IC II issued a C$300 million aggregate principal amount of 4.994% senior unsecured sustainability bond, maturing on June 2, 2028, in a desire to find innovative ways to finance Ivanhoé Cambridge's activities in a sustainable way for generations to come.

This was the first sustainability bond issued by Ivanhoé Cambridge and the first issuance of senior unsecured sustainability bond in Canada by a real estate entity. This initative is part part of Ivanhoé Cambridge's commitment to play a catalytic role in the real estate industry with regard to sustainable investment. Under this strategy, Ivanhoé Cambridge aims to tie the environmental, social and governance (ESG) performance and achievements of the property portfolio to the Company's financing strategies.

This sustainability bond offering is dedicated to funding eligible projects as defined in our **Sustainable Financing Framework**. Sustainalytics, a global leader in research and ratings, provided a second party opinion (SPO) confirming that Ivanhoé Cambridge Sustainable Financing Framework is credible and impactful and aligns with the International Capital Market Association's Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2023, and Social Loan Principles 2023. The favorable SPO reinforces our new sustainable finance program, which focuses on green buildings and affordable housing.

This document constitutes the Sustainability Bond Allocation Report as required pursuant to the Sustainable Financing Framework and aims at identifying the key elements of this sustainability bond offering, including details of the allocation of the net proceeds and overall alignment with Ivanhoé Cambridge's sustainable investment principles.

Our Commitment to Sustainable Investment

At Ivanhoé Cambridge, we have made sustainable investment a priority and an integral part of our vision and mission. We invest to ensure the financial security of 6 million Quebecers through their retirement. Our Sustainable Investment Policy applies to our global investment portfolio and to all employees of Ivanhoé Cambridge across the jurisdictions where we operate, formalizing our approach to integrating ESG factors into our investment processes. Moreover, over the long term, we believe that a sustainable real estate investment is a profitable investment. We have strong ambitions for our capital to be constructive, i.e. invested with the intention of generating positive impacts on the environment and the communities, in addition to generating a financial return that satisfies our fiduciary obligations. We believe that part of the resilience of our assets lies in their strong environmental and social performance. This principle is reflected in the decisions and actions we undertake.

We develop and invest in high-quality real estate properties, projects and companies that are shaping inclusive communities, and the urban fabric in dynamic cities around the world. We do so strategically and responsibly by considering and integrating environmental, social and governance (ESG) factors alongside traditional investment criteria to reduce risks and maximize value creation. We are committed to creating living spaces that foster the well-being of people and communities, while improving our environmental footprint.

Developing a robust sustainable finance strategy is an integral part of our engagement. We ensure that our financing strategy supports our ESG objectives. Our industry-leading approach to sustainable finance incorporates ESG factors into a number of our transactions. This approach allows us to broaden our pool of investors and drive innovation forward within the real estate industry. We have deployed more than C$6.0 billion of assets certified LEED Gold or higher since 2020.

PROCESS

In our ongoing efforts to prioritize and achieve our sustainable investment objectives, we are taking concrete actions across our portfolio. These actions include:

- Evaluating fundamental ESG elements throughout the investment and asset management process.
- Developing short, medium, and long-term environmental targets pertaining to energy use and carbon reduction.
- Leveraging advancements in technology aimed at reducing environmental impacts.
- Defining expectations related to environmental certifications for new and existing developments.
- Implementing sustainability guidelines and best practices aimed at highlighting and advancing in areas critical to improving our overall ESG performance.

Efforts to date in these areas have resulted in significant sustainability-related benefits.

- **Building Certifications:** Over 58% of our stabilized directly owned portfolio (by gross asset value) is certified in accordance with green building rating systems.
- **Carbon reductions:** Since 2017, the operational carbon intensity of our directly owned portfolio has been reduced by approximately 30%. This puts us on track to meet our current target to reduce carbon emissions by 35% by 2025.
- **Parity Certification from Women in Governance:** For several years, we have been working to achieve gender equality in the workplace to give each individual a rightful place within our company. In Q1 of 2024, we obtained Gold Parity Certification for the first time, after four consecutive Silver-level years from Women in Governance.
- **EDGE PLUS:** In 2023, we achieved this global certification for gender equity and intersectional equity, which represents a major step in our strategic social impact and inclusion plan. Through EDGE, the global leader in assessing and certifying organizations for gender equity and intersectional equity, we joined over 150 organizations worldwide that put diversity, equity, and inclusion at the forefront to create and invest for a sustainable future.
- **GRESB 2023:** We continue to demonstrate our ambitious and ongoing commitment to the sustainable performance of our portfolio. For 2023, our overall GRESB score reached 84 (out of 100), up one point from 2022, exceeding our peer group average of 77 and the overall GRESB average of 75. We continue to perform very highly in the context of ESG management (leadership, policies, and reporting) with a maximum score of 30/30.

Sustainability Bond Summary

Issuer	**Ivanhoé Cambridge II inc.**
Ratings	**DBRS: AA (low)**
Issue Date	**May 30, 2023**
Size	**C$300M**
Tenor	**5-Year**
Maturity	**June 2, 2028**
Coupon	**4.994%**
Second Party Opinion	**Sustainalytics**

Allocation of Proceeds

The net proceeds from the sustainability bond (C$298.94M) have been fully allocated to the following projects in accordance with the Sustainability Bond Framework:

Name of Project	Location	Percentage of Net Proceeds Allocated	Net Proceeds Allocated (in C$M)	Sustainability Bond Eligibility Criteria	General Description of Use of Proceeds
CIBC Square – 81 Bay Street	Toronto, ON Canada	66.67%	C$199.30M	Green Buildings	LEED O&M Platinum Certification
Greystar – Avana Properties • Avana Eastlake • Avana One Six Four • Avana Southview • Avana Sugar Land • Avana Weymouth • Avana Woods	USA	33.33%	C$99.64M	Affordable Housing	Investments in the construction, development, operation, renovation and/or maintenance of properties

Details on featured projects

CIBC SQUARE – 81 BAY STREET

81 Bay Street represents the first of two office towers that collectively make up CIBC SQUARE. Overall, the asset is setting a new standard for community. Through a partnership between Ivanhoé Cambridge and Hines, architects WilkinsonEyre and Adamson Associates designed 2 world-class towers totalling nearly 3 million square feet. 81 Bay Street is fully leased and has been operational since 2021. The second tower, located at 141 Bay Street, is under construction and is set to open late 2025. Upon completion, the 2 assets will be physically connected via an elevated park that is open to the public.

CIBC SQUARE is designed to bring people together and offer exceptional, forward-thinking features and amenities. It is a groundbreaking accomplishment that connects Toronto's financial core to the south core and waterfront. The park, which spans over the rail corridor, is the first of its kind in Canada.

The asset at 81 Bay Street was designed to deliver a healthier, greener, and more enjoyable environment to maximize the human experience and promote well-being. Sustainability is more than being green—it's about people and collaboration. CIBC SQUARE is the new international standard of community.

The complex has attained LEED® Platinum Core & Shell certification, WELL Certification, and WiredScore Platinum accreditation. Along with these certifications, CIBC SQUARE is committed to the ongoing reduction of greenhouse gas (GHG) emissions and the amount of energy being consumed. The asset contains smart metering technology that monitors real-time energy consumption. This allows opportunities for tenant feedback which will result in ongoing conservation initiatives. Based on the most recent performance data, 81 Bay Street has received an Energy Star score of 91, which puts it in the top 12% of commercial office performance in North America. In support of eco-friendly methods of transportation, 20% of car parking stalls are dedicated to Electric Vehicle Charging.

At the asset level, 81 Bay Street has implemented a number of measures, including:

- Installation of submetering for all tenants to encourage energy reduction.
- A preventative maintenance plan to maximize efficiency and maintain optimal equipment performance.
- Annual measurement of energy, GHG emissions and waste reduction.
- Annual energy, GHG emissions and water reduction goals.
- Benchmarking of energy performance using ENERGYSTAR, with a goal to improve this over time.
- Green lease features included in standard leases (e.g., data sharing, submetering).

Operational GHG emissions are calculated based on the energy performance, an annual exercise which will allow the property team to build a longer-term carbon reduction strategy. The building was designed with high-efficiency equipment, designed to reduce energy costs by 40% compared to the baseline. The property team participates annually in ESG and carbon-specific training.

In addition to energy-initiatives, 81 Bay Street also employs an air filtration system that exceeds ASHRAE standards. MERV-14 filters are used throughout the building as part of a proac-tive approach to indoor air quality[1].

Beyond the environmental focus, 81 Bay Street has an active com-mitment to social impact throughout the asset.

[1] Indoor air quality management best practices prevent IAQ concerns and help sustain the comfort and well-being of building occupants. IAQ management includes setting appropriate air quality goals, setting protocols around surveillance and testing, establishing ventilation system maintenance plans and defining procedures for addressing occupant concerns.

CIBC Square – 81 Bay Street	
Location	Toronto, Ontario
Percentage/Amount of net proceeds	66.6%/C$199.30M
Asset type	Commercial office
Level of certification(s)	LEED O&M Platinum, WELL Health & Safety rating, WELL certification (bronze), Wiredscore Platinum
GLA	2.9M sq ft
KPIs	91 Energy Star Rating, 13.1 ekWh/sq ft[2], 26.6 litres/sq ft[3], 1.1 kg CO_2e/sq ft[4]
Social initiatives include:	• Supporting DEI programs • Inclusion of gender-neutral washrooms, a library of resources that focus on mental and physical health, 10 accessible parking spaces and a support dog relief area. • Permanent art collection of 18 diverse Canadian artists curated for the food hall with BIPOC & LGBTQ+ representation. • Incorporation of wayfinding features for neurodiverse individuals and users with unique needs. • Change tables throughout the building. • First-class fitness facility with extensive programming, 20 showers, changing rooms, outdoor fitness area and locker access. • Water filling stations. • Low carbon transportation options - over 500 bicycle parking spots, showers for cyclists and direct connection to city's largest public transit node. • Walkscore[5] 98/100. • Tenant access to outdoor space. • Floor design promotes access to daylight. • Sun Sculpture art installation to bring awareness to mental health issues as well as emulate sunlight to help combat effects of Seasonal Affective Disorder (SAD) • Meditation / reflection room available to tenants.

[2] Energy intensity is a measure of the amount of energy used per square foot of a building's area, noted as ekWh/sq ft (equivalent kilowatt hours per square foot)

[3] Water intensity is a measure of the amount of water used per square foot of a building's area, noted as litres/sq ft.

[4] Carbon intensity is a measure of the amount of carbon emissions generated per square foot of a building's area, noted as kgCO2e/sq ft (kilograms of carbon dioxide equivalent per square foot).

[5] Walk Score measures the walkability of any address rated on a scale out of 100; a score of 90 to 100 indicates that occupants can complete daily errands without a car (**https://www.walkscore.com/**)

GREYSTAR – MULTIRESIDENTIAL ASSETS

Greystar Real Estate Partners, LLC ("Greystar"), is a global leader in the investment, development, and management of high-quality real estate, including rental housing, logistics, and life sciences. Greystar's vertically integrated platform leverages extensive local market knowledge to deliver projects that span every form of rental housing from student to senior and from urban mixed-use projects to warehouse, supported through their unique business model and ability to own, operate, and develop properties around the world.

Greystar believes its ESG strategy is an important part of being a trusted business partner, a great employer, and a meaningful member of the communities in which we operate. This commitment is exemplified in their approach across all lines of business, where they consistently integrate sustainable principles and responsible practices into their operations.

Ivanhoé Cambridge's partnership with Greystar started in 2013. Since then, Ivanhoé Cambridge has invested with them across multiple strategies and markets, with a large exposure in US. The Palmetto Portfolio was our latest in Q4 2021. Today the Greystar portfolio represents Ivanhoé Cambridge's 2nd largest partnership.

At Ivanhoé Cambridge, we are committed to invest more intentionally towards quality housing that is affordable and accessible to more people.

We support investments in the construction, development, operation, renovation and/or maintenance of properties for accredited or registered affordable housing based on local classification systems, or investments that contribute towards housing access for the low-income population.

We started outlining our vision and ambition for the future. We will continue to build on these efforts in the years to come, working in close collaboration with our partners and local authorities.

With this sustainability bond offering, we have selected assets from our Greystar multifamily portfolio that comply with both US regulations and our internal definition of affordable housing. The acquisition of this portfolio has been financed by mortgage loans financed by Fannie Mae. More than 50% of the units meet the FHFA's designation of "Mission Driven" housing goals that the agencies are mandated to achieve.

We allocated the bond proceeds to the refinancing of a portion of the equity contributed for the acquisition of six buildings including in this portfolio. This acquisition was completed in November 2021.

These six assets comprise a total of 9,107 housing units. A proportion of 33.33%, or approximately C$100M of the net proceeds was allocated towards the acquisition of affordable housing units within these assets.

The assets comply with the following criteria:

- At least 40% of the units are affordable for Low-Income Households where Low Income Households are defined as those whose incomes are below 80% of the Area Median Income (AMI[6]); and
- The effective rents charged in the selected units do no exceed 30% of the monthly household income.

[6] The average area median income of the six counties where the selected assets are located as of 31 December 2022 US Census Bureau data shared by Fannie Mae in June 2023 was USD116,217.

Avana Southview

Location Inver Grove, Minnesota

Asset type Multi-residential

GFA 492,725 sq.ft

Affordable Units: 417 affordable units (out of 424 units)

Amenities/Details
Fitness centre and yoga room, clubhouse, swimming pool, picnic areas, Energy Star Certified

Avana Sugar Land

Location Sugar Land, Texas

Asset type Multi-residential

GFA 256,730 sq.ft

Affordable Units: 182 affordable units (out of 240 units)

Amenities/Details
Fitness centre, swimming pool, picnic areas, valet waste services

Avana Woods

Location Alpharetta, Georgia

Asset type Multi-residential

GFA 480,589 sq.ft

Affordable Units: 371 affordable units (out of 437 units)

Amenities/Details
Clubhouse, fitness centre, swimming pool, tennis courts, outdoor community spaces, game room and billiards

Avana One Six Four

Location Lynnwood, Washington

Asset type Multi-residential

GFA 555,629 sq.ft

Affordable Units: 472 affordable units (out of 506 units)

Amenities/Details
Fitness centre, swimming pool and spa, extensive landscaping, local entertainment and experiences easily accessible, Energy Star and IREM (Institute of Real Estate Management) Certified Sustainable Property (CSP).

Avana Weymouth

Location Weymouth, Massachusetts

Asset type Multi-residential

GFA 443,220 sq.ft

Affordable Units: 412 affordable units (out of 418 units)

Amenities/Details
Fitness centre, swimming pool and spa, billiards and arcade, games room, Energy Star and IREM (Institute of Real Estate Management) Certified Sustainable Property (CSP).

Avana Eastlake

Location Thornton, Colorado

Asset type Multi-residential

GFA 305,234 sq.ft

Affordable Units: 326 affordable units (out of 336 units)

Amenities/Details
Clubhouse, fitness centre, swimming pools, strategically positioned near major public transit routes, Kingslea Award winner for tenant satisfaction

TOTAL	
Average AMI (USD)[7]	$116,217
Nb Units	9,107
Units @ 80% AMI	2,180%
% Units @ 80% AMI	24%
Equity (USD)	$160,753,775
Affordable Equity (USD)	$149,076,996
50% Equity (USD)	$80,376,888
50% Equity (CAD)[8]	$100,471,109
Rounding	$100,000,000

[7] This is the average area median income of the six counties where the assets are located as of 31 December 2022 US Census Bureau data shared by Fannie Mae in June 2023.

[8] The exchange rate applicable at the moment of issuing this bond in June 2023 was CAD 1.25 per USD 1.

Disclaimer

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CONTACT

Ivanhoé Cambridge

1001, rue du Square-Victoria
Montréal, Québec
Canada H2Z 2B5

ivanhoecambridge.com