

DECEMBER 2020

Green Bond Allocation Report



Ivanhoe
Cambridge



Contents

Introduction	3
Our commitment to CSR	4
Green bond summary	5
Allocation of proceeds	5
Details on featured projects	6
Place Ville Marie	6
Édifice Jacques-Parizeau	7
Maison Manuvie	9
Place Ste-Foy	10
Disclaimer	11

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Introduction

In December 2019, 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 green bond offering. IC II issued a 5-year, \$300-million aggregate principal amount of senior unsecured green bonds, maturing on December 12, 2024, in a desire to find innovative ways to finance the Company's activities in a sustainable way for generations to come.

This was the first issuance of unsecured green bonds in Canada by a real estate entity and was part of Ivanhoé Cambridge's commitment to play a catalytic role in the real estate industry with regard to sustainable investing and corporate social responsibility (CSR). 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 green bond offering is dedicated to funding eligible green initiatives in accordance with the Ivanhoé Cambridge Green Bond Framework [include hyperlink to the framework]. This framework was reviewed by Sustainalytics, a global leader in ESG research, ratings and analysis. Sustainalytics issued a second-party opinion confirming that the Ivanhoé Cambridge Green Bond Framework aligns with the International Capital Market Association's 2018 Green Bond Principles.

This document constitutes the Green Bond Allocation Report as required pursuant to the Green Bond Framework and aims at identifying the key elements of this green bond offering, including details of the allocation of the net proceeds and overall alignment with Ivanhoe Cambridge's ESG principles.





Our commitment to CSR

At Ivanhoé Cambridge, we invest with conviction with a focus on promoting sustainability and building a legacy for future generations. Over the long term, we believe that a sustainable investment is a profitable investment. This principle is reflected in the decisions and actions we undertake.

We strive to develop and invest in high-quality real estate properties, projects and companies that are shaping the urban fabric in dynamic cities around the world. We do so strategically and responsibly by considering and integrating 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 green finance strategy is an integral part of our engagement.

PROCESS

In our ongoing efforts to prioritize and achieve our fundamental 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 environmental benefits.

- **Certifications:** 64% of our direct investment portfolio (by gross asset value) is certified in accordance with green building standards.
- **Carbon reductions:** since 2017, the intensity of our carbon footprint has decreased by 19%. This puts us well on track to meet our current target to reduce

carbon emissions by 25% by 2025. Longer-term carbon targets are being developed.

- **Women in Governance Parity Certification:** for several years, we have been working to achieve gender equality in the workplace in order to give each individual a rightful place within our company. We are very proud to announce that we were awarded parity certification for the second time along with the 47 other organizations that obtained 2019 parity certification.
- **GRESB:** 5th consecutive year of increased score (now 85 out of 100), 5-star ranking, a 30% increase in score since initial submission in 2015. Separate submission for managed portfolio ranked #1 in North America retail and recognition as a sector leader.
- **Ranked as one of the best 50 corporate citizens in Canada:** for the second year in a row, it was named one of Canada's best 50 corporate citizens by corporate knights magazine. An increase in ranking from the previous year was linked primarily to the improvement of our waste management performance, our lower employee turnover rate and our responsible choice of suppliers, as well as the implementation of mechanisms linking executive compensation to CSR targets.

Green bond summary

Issuer	Ivanhoé Cambridge II inc.
Ratings	DBRS: AA (low)
Issue Date	December 10, 2019
Size	C\$300M
Tenor	5-Year
Maturity	December 12, 2024
Coupon	2.296%
Second Party Opinion	Sustainalytics

Allocation of proceeds

The net proceeds from the green bond (\$298.9m) have been fully allocated to the following green projects in accordance with the green bond framework:

Name of Project	Location	Percentage of Net Proceeds Allocated	Net Proceeds Allocated (in \$M)	Green Bond Eligibility Criteria	General Description of Use of Proceeds
Place Ville Marie	Montreal, QC, Canada	72%	216.035	Green Buildings - Existing Class A	General Improvements
Édifce Jacques-Parizeau	Montreal, QC, Canada	10%	28.500	Green Buildings - Existing Class A	General Improvements
Maison Manuvie	Montreal, QC, Canada	5%	16.700	Green Buildings - New Class A	New Construction
Place Ste-Foy	Quebec City, QC, Canada	13%	37.700	Green Buildings - Existing Class A	General Improvements



Details on featured projects

PLACE VILLE MARIE

Place Ville Marie is one of the most prestigious real estate complexes in Montreal, comprising five office tower addresses, an upscale shopping centre that has been a fashion reference for more than 50 years now and an Esplanade – the expansive outdoor plaza that serves as an enchanting and refreshing oasis in the downtown core. An architectural gem, the PVM 1 tower stands apart from other downtown buildings by its very shape – the famous cruciform, or cross-shaped, building is the tallest of its kind in Canada and has become an iconic symbol of Montreal’s skyline nestled in the very heart of the city. Place Ville Marie is positioned in the centre of Montreal’s business area. Via Montreal’s underground pedestrian network – which originated with Place Ville Marie – tenants can access two metro stations, two commuter train stations and a bus terminal. A combined business campus and upscale shopping destination, Place Ville Marie offers a stimulating environment for any modern company that seeks prestige, comfort and efficiency.

In 2019, Place Ville Marie renewed both its LEED Operations and Maintenance and BOMA BEST certifications to Gold level. Not only do these programs underline the property’s performance across key sustainability categories, but they also reflect on the ESG policies and practices that have been implemented to improve environmental performance, indoor environmental quality and stakeholder engagement practices.

The ongoing revitalization project at Place Ville Marie has included significant investments aimed at enhancing the property’s energy performance and reducing its operational carbon footprint. Recent and ongoing projects include upgrades to the building envelopes of PVM 2, 3 and 4.



The operations team is undertaking a project to reduce building heating requirements through the installation of heat pumps. The project will enable the recovery of waste heat, thereby significantly reducing the property’s dependence on the district steam network. It is expected to reduce carbon emissions associated with energy by 40%.

The property has a continuous commissioning program in place in which building data is monitored on an ongoing basis to identify operational measures that will improve occupant comfort while optimizing energy performance. In addition, Place Ville Marie is participating in BOMA Quebec’s Building Energy Challenge, a multi-year program in which property owners and managers across Quebec work to better understand building energy use. The Energy Challenge helps develop and implement solutions to reduce consumption and associated emissions.

Place Ville Marie

Location	Montreal, QC
Percentage/Amount of net proceeds	72%/\$216M
Asset type	Commercial office
Level of certification(s)	LEED O&M Gold, BOMA BEST Gold, WELL Health & Safety application underway
GLA	2,595,700 sq ft
KPIs	76 Energy Star Rating, 24.2 ekWh/sq ft,* 60.2 litres/sq ft, 2.87 kg CO ₂ e/sq ft **
Social/community indicators	2019-2020: Participation in the Building Energy Challenge (DEI), which fosters cooperation between property management and tenants around energy and GHG reductions

Place Ville Marie

Sample sustainability initiatives recently undertaken

- 2019: BOMA BEST & LEED recertification
- Currently: Heat pump project underway, \$5M investment to reduce carbon emissions by $\approx 40\%$
- Building envelopes for PVM 2, 3 and 4 were replaced
- Continuous commissioning has led to operational improvements and implementation of high-efficiency technologies such as the installation of variable frequency drives (VFDs)
- Currently: Piloting energy management software aimed at providing regular insight into energy performance, as well as highlighting opportunities for additional efficiencies in building operations through data analytics

Other sustainability features

- 100 Walk Score,^{***} secure indoor bike parking
- IAQ management best practices^{****} and green cleaning programs

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

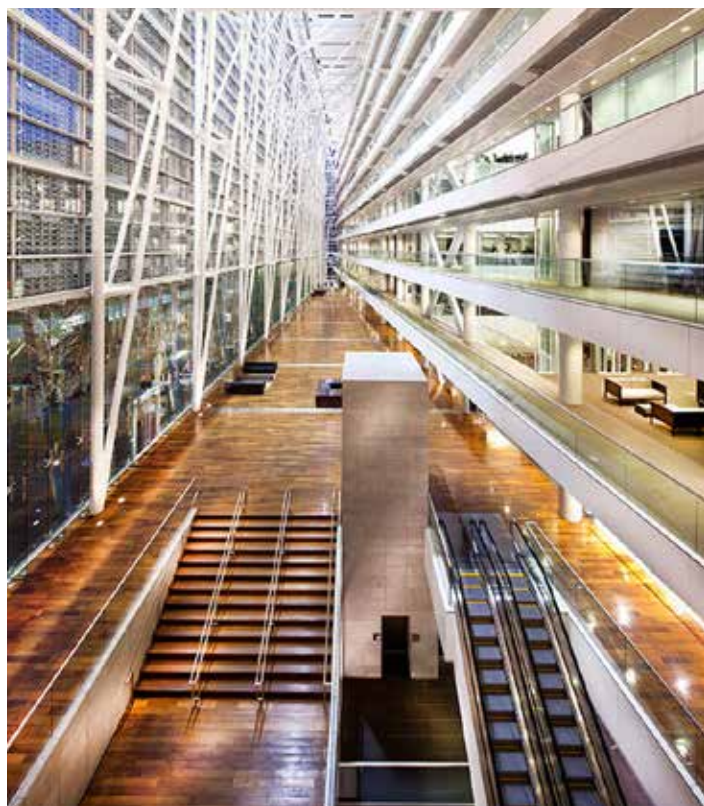
**Carbon intensity is a measure of the amount of carbon emissions generated per square foot of a building's area, noted as kgCO₂e/sq ft (kilograms of carbon dioxide equivalent per square foot)

***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/>)

****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.

ÉDIFICE JACQUES-PARIZEAU

Édifice Jacques-Parizeau houses the very latest trends in terms of energy efficiency and comfort and, as a result, is certified LEED Gold and BOMA BEST Platinum. A horizontal high-rise, the building connects the Jean-Paul-Riopelle public square and Square Victoria. The materials have been selected on the basis of their ability to maximize the amount of natural light permeating the building, a feature enjoyed by all occupants. In addition, the building offers a welcoming and truly remarkable environment. The creation of Édifice Jacques-Parizeau at the very heart of Montreal's International District has helped bridge Old Montreal and the downtown core. Linked to a network of underground shopping promenades that stretches 33 kilometres, it constitutes an ideal point from which to shuttle to and from the city's business centres. The building is home to a truly spectacular location, one of the most impressive indoor spaces in Canada: the Parquet. A vast and luminous floor-to-ceiling atrium offers an outstanding gathering space that lends itself to a host of possibilities and has become a distinctive venue for corporate events. Édifice Jacques-Parizeau houses two main head offices: Caisse de dépôt et placement du Québec and Ivanhoé Cambridge.



Édifice Jacques-Parizeau has achieved both LEED Operations and Maintenance Gold and BOMA BEST Gold certifications, as well as Energy Star certification with a rating of 90. In addition, Édifice Jacques-Parizeau was awarded CaGBC Zero Carbon Building Performance Standard certification in January 2020. With its energy-efficient design, the building was an excellent candidate for Zero Carbon Building (ZCB) – Performance certification, allowing Ivanhoé Cambridge to validate the building’s performance while also gathering valuable data on making the transition to zero carbon.

In addition to its numerous green building accolades, the property has several design features and operational practices to ensure optimal indoor environmental quality and occupant

health and well-being. The property has implemented rigorous indoor air quality management practices to ensure the proper functioning of its ventilation systems and protocols around indoor air quality testing. A high-performance green cleaning program has also been implemented to ensure the use of environmentally preferable cleaning products and equipment, as well as detailed procedures around cleaning protocols and the training of staff.

The property’s location facilitates the use of sustainable forms of transportation as evidenced in the Walk Score of 93, its Transit Score of 99 and the cycling facilities provided to its occupants which include access to showers and change rooms and secure indoor bike storage.

Édifice Jacques-Parizeau	
Location	Montreal, QC
Asset type	Commercial office
Percentage/Amount of net proceeds	10%/\$28.5M
Level of certification(s)	LEED O&M Gold, BOMA BEST Gold, CaGBC Zero Carbon Building Performance Standard
GLA	569,600 sq ft
KPIs	90 Energy Star Rating, 22.6 ekWh/sq ft, 54 litres/sq ft, 0.97 kg CO ₂ e/sq ft
Social/community indicators	2019-2020: Participation in the Building Energy Challenge (DEI), which fosters cooperation between property management and tenants around energy and GHG reductions
Sample sustainability initiatives recently undertaken	<ul style="list-style-type: none"> • 2019: BOMA BEST recertification • Continuous commissioning with dedicated energy services provider • LED lighting retrofit of the parking lot
Other sustainability features	<ul style="list-style-type: none"> • 93 Walk Score, indoor bike parking and showers • Low-flow plumbing fixtures and fittings, ensuring minimal water is used in washrooms and kitchens throughout the building • IAQ management best practices and green cleaning programs • 66% waste diversion rate, indicating 66% waste diversion-from-landfill rate

MAISON MANUVIE

Maison Manuvie is a 27-storey, Class AAA office building located in the heart of downtown Montreal. The 484,600 sq ft building offers a whole new standard of office space in Montreal. Built in partnership by Ivanhoé Cambridge and Manulife, Maison Manuvie provides a work environment featuring optimal flexibility and design efficiency, maximum brightness, superior service offering and the highest level of connectivity, which has earned Maison Manuvie the first Wired Platinum certification in Quebec. Efficiency and sustainability are at the core of Maison Manuvie's design, as is evidenced by the property's LEED Core & Shell Gold and BOMA Best Platinum certifications.

This is further reflected in the property's current environmental performance. With an energy intensity of less than 14 ekWh per square foot and water consumption of 26 litres per square foot, the property significantly outperforms industry benchmarks. Maison Manuvie's Energy Star Rating of 98 makes it one of the top energy performers for Canadian office buildings. To ensure that the property's energy and carbon footprint continues to improve, a continuous commissioning program has been put in place to monitor real-time data and uncover additional opportunities, such as reductions in energy demand, the potential for the use of waste heat, and the reduction of lighting schedules and heating and cooling setpoints.



Maison Manuvie	
Location	Montreal, QC
Asset type	Commercial office
Percentage/Amount of net proceeds	5%/\$16.7M
Level of certification(s)	LEED C&S Gold, BOMA BEST Platinum
GLA	484,600 sq ft
KPIs	98 Energy Star Rating , 13.7 ekWh/sq ft, 26.3 litres/sq ft, 0.49 kg CO ₂ e/sq ft
Social/community indicators	2019-2020: Participation in the Building Energy Challenge (DEI), which fosters cooperation between property management and tenants around energy and GHG reductions
Sample sustainability initiatives recently undertaken	<ul style="list-style-type: none"> • 2019: BOMA BEST certification • Currently: Piloting energy management software application • Continuous commissioning (focus on demand management, heat schedules and setpoints) • Cooling tower heat recovery project
Other sustainability features	<ul style="list-style-type: none"> • Floor-by-floor energy submetering allows for greater level of insight into energy-use patterns and opportunities for efficiency • 100 Walk Score, indoor bike parking and showers • Low-flow plumbing fixtures and fittings, ensuring minimal water is used in washrooms and kitchens throughout the building • IAQ management best practices and green cleaning programs • 57% of generated waste diverted from landfill

PLACE STE-FOY

Place Ste-Foy boasts an enviable geographical position on Laurier Boulevard, a major commercial and hotel artery in Quebec City. Acclaimed as a major fashion hub, Place Ste-Foy is well-known for its distinctive retail mix and high-end fashion and lifestyle retailers such as Simons, Birks, Sephora, Apple, Lululemon, Zara, SAKS, Aritzia and Michael Kors. Many brands have made Place Ste-Foy their only regional presence. The property is constantly evolving, offering a renewed shopping experience and a quality product that goes beyond customers' expectations. Place Ste-Foy welcomes 8.5 million visitors per year.

Place Ste-Foy's BOMA BEST Gold certification was renewed in the fall of 2017. The BOMA BEST certification program has provided the property with a framework it can use to promote engagement and improve sustainability performance in the challenging retail environment. The certification process included making updates to PSF's energy, water and waste management policies and practices, which require environmental performance audits on a regular basis to identify areas for potential improvement.



Through the completion of annual waste audits, the property has increased its waste diversion rate to 60%. This was achieved by providing tenants with multiple recycling streams, including organic waste and cooking oil recycling for the food court, and regular training sessions to maximize compliance. In 2019, a retro-commissioning study was completed to identify opportunities to improve the operation of the building's mechanical systems. This initiative resulted in electricity savings exceeding 1 million kWh.

Place Ste-Foy

Location	Quebec City, QC
Percentage/Amount of net proceeds	13%/\$37.7M
Asset type	Shopping centre
Level of certification(s)	BOMA BEST Gold
GLA	616,000 sq ft
KPIs	35.7 ekWh/sq ft, 0.55 kg CO ₂ e/sq ft
Sample sustainability initiatives recently undertaken	<ul style="list-style-type: none"> • Recommissioning (ReCx) study completed, aimed at finding operational efficiencies through the optimization of existing mechanical equipment, uncovered over 1,000,000 kWh in annual electricity savings
Other sustainability features	<ul style="list-style-type: none"> • Common area and parking lot lighting all high-efficient LED • Low-flow plumbing fixtures and fittings, ensuring minimal water is used in washrooms and kitchens throughout the building • IAQ management best practices and green cleaning programs • 60% of generated waste diverted from landfill

Disclaimer

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