



Driving Positive Change Through Eco-Social Commercial Mortgages

2025 Eco-Social
Commercial Mortgages Report



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Leadership Perspective and Key Highlights

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Leadership Perspective

Strengthening Communities Through Purpose Driven Commercial Mortgage Investment

Canada is facing a convergence of urgent housing and environmental challenges that demand innovative financial solutions. Housing affordability has reached critical levels across many regions, deepening inequalities and threatening economic stability for many Canadians. At the same time, climate change is reshaping expectations for businesses, investors, and regulators alike. From devastating wildfires to catastrophic floods, climate impacts are felt nationwide—requiring significant capital investment in resilient, low-carbon, and socially inclusive infrastructure.

In this context, commercial mortgage investments can act as a lever for change. We developed this strategy because commercial mortgages can be a powerful tool for financing tangible, real-economy outcomes that align with our core mission, while maintaining the rigour of secured lending. By financing properties that improve energy efficiency, reduce greenhouse gas (GHG) emissions, and expand access to affordable housing, we can help deliver both financial performance and sustainability outcomes aligned with several United Nations Sustainable Development Goals (UN SDGs). This includes supporting properties providing affordable housing, health and education services, or that meet climate and energy efficiency standards, while also striving to provide investors with long-term, stable, risk-adjusted financial returns.

Launched at the end of 2021, the Eco-Social Commercial Mortgage Pooled Fund represents more than an innovative investment product; it signifies a strategic evolution in the responsibilities of investment managers. Today's investors are increasingly seeking to facilitate a low-carbon, socially resilient future, while communities across Canada require dedicated capital to realize these ambitions.

The Eco-Social Commercial Mortgage Pooled Fund was established to allocate capital toward environmental and social themes which we believe are essential foundations of Canada's future economic resilience. This Pooled Fund is designed to meet the needs of asset owners who seek to align their capital more closely with their purpose of serving Canadian communities.

Our conviction remains strong: commercial mortgage investments can meet growing expectations for positive outcomes while maintaining disciplined risk management and providing risk-adjusted added value. In 2025, the Eco-Social Commercial Mortgages Pooled Fund advanced its mission by financing properties that promote energy efficiency, community development, and affordability—all while delivering financial performance that has consistently outpaced its benchmark since inception.

Looking ahead to 2026, we are further prioritizing investments in:

- **Multi-Family apartment developments** dedicated to meeting affordable housing needs.
- **Energy-efficient buildings**, through retrofit and new construction of properties that reduce emissions and operating costs, while improving resilience and sustainability.
- **Healthcare facilities and hospitals** focused on providing health service needs of the community.

As we reaffirm our dedication to sustainable finance, we are proud to present the first Impact Report for the Eco-Social Commercial Mortgages Pooled Fund, showcasing how sustainable mortgage investment can deliver both financial performance and positive societal and UN SDG alignment.



Tyler M. McKinna, CIM
Vice-President, Commercial Mortgages

Sustainable Highlights

Since its inception in late 2021, the Addenda Eco-Social Commercial Mortgages Fund has a strong track record of financial returns alongside positive environmental and social themes of Affordable Housing, Green Buildings, Health and Education, Cultural and Community facilities along with supporting Underrepresented borrowers.

At the end of 2025, the assets in the Eco-Social commercial mortgages Fund helped deliver or maintain the following:

33
affordable
housing units

48
co-operative
housing units

128,635 sq ft
of designated
heritage buildings

679
units of seniors and
supportive housing

137,988 sq ft
of hospitals,
healthcare and social
services facilities

789,702 sq ft
of LEED/BOMA
Best/Built
Green buildings

7
borrowing entities with majority shareholders
comprising of women or visible minorities

Market Highlights

The current environment of interest rate cuts continues to improve borrowing conditions, sparking renewed activity in new lending programs. Credit spreads in 2025 remained flat across commercial mortgage risk categories, signaling stability in market pricing. Competition for Conventional Plus¹ transactions remained elevated, but we were able to fund several deals through disciplined execution. Conventional Plus transactions are part of the ESCM, as many of these loans support property retrofits to enhance energy efficiency. The entry of several new issuers has increased competition and enhanced market liquidity. In this environment, our strategy is to focus on shorter-term floating-rate loans with prime-based floors, which allows us to capture higher coupon levels while maintaining portfolio flexibility.

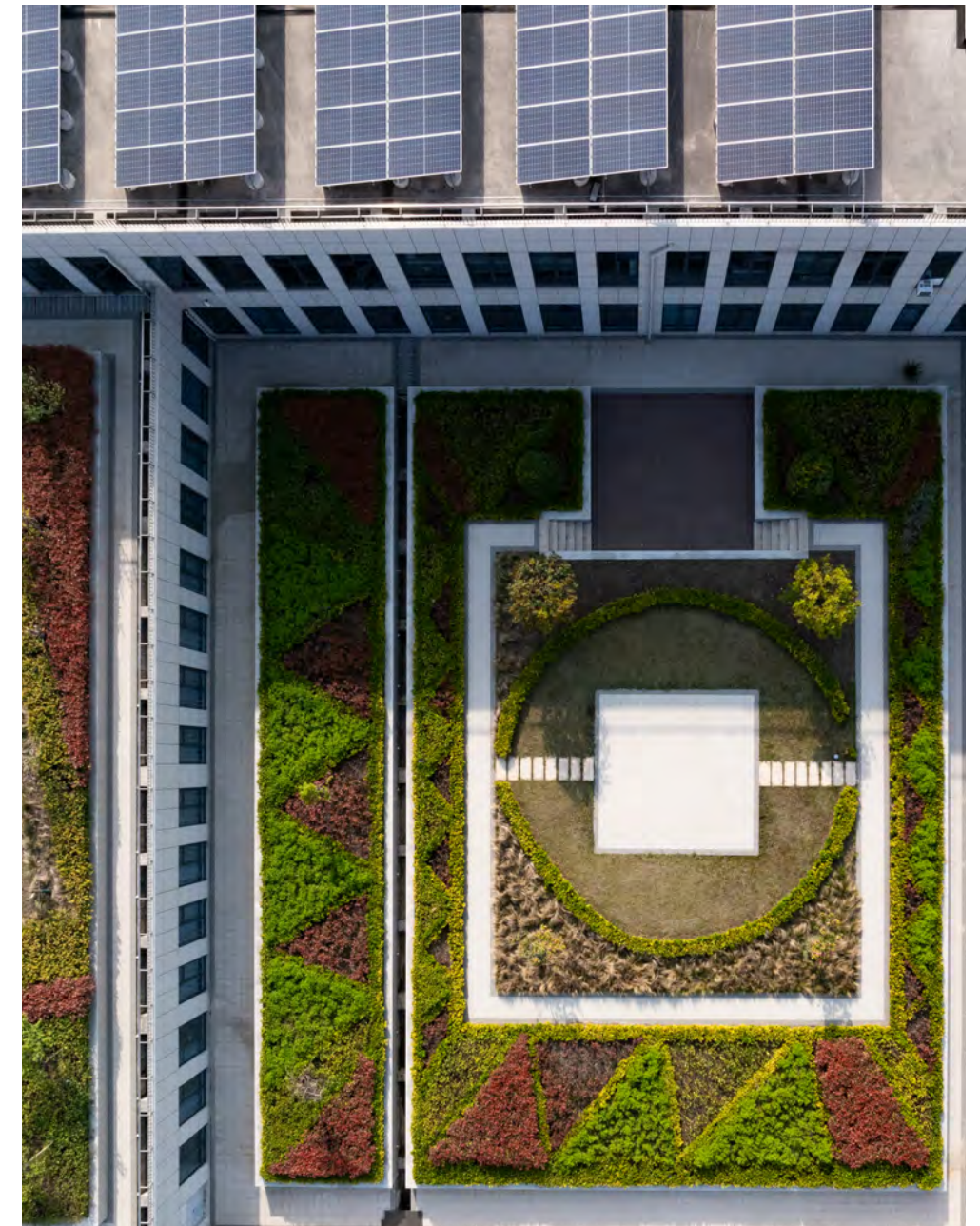
Across all property types, our Eco Social Commercial Mortgage Pooled Fund prioritizes resilience and selectivity. The office sector continues its gradual recovery, supported by the lowest new supply since 2019. Demand is rising for well-tenanted assets where efficiency and sustainability enhancements can create long-term value—features increasingly sought by occupiers. Retail remains resilient, yet we are more discerning, focusing on community-serving centres anchored by essential services. In multifamily, demand is strongest for attainable or socially inclusive housing. We support established and new market-affordable assets that sustain low vacancies while advancing affordability, quality, and tenant security.

A key emerging opportunity lies in green building retrofits for small and medium-sized property owners, many of whom lack the resources or certifications, such as LEED or BOMA BEST, to pursue energy upgrades despite significant potential to contribute to the

decarbonation of existing buildings. Our Fund is well positioned to finance these improvements and support owners who lack the capacity of large institutional investors, helping bridge the gap between sustainability goals and access to capital while meeting rising demand for modern, environmentally responsible buildings.

Government policy continues to accelerate this momentum. Canada Mortgage and Housing Corporation (CMHC) programs that reward affordability and green improvements offer better loan terms, stimulating retrofit and sustainability-focused investment. *The MLI Select program*² further supports this by providing reduced premiums, longer amortization, and incentives tied to affordability, energy efficiency and accessibility, enabling developers to unlock more favourable financing as their projects deliver stronger social and environmental outcomes. *Build Canada Homes*³ amplifies this progress by acting as a federal housing developer focused on large-scale affordable construction. By leveraging public land, low-cost financing, and modern modular and factory-built methods, the program reduces costs, shortens timelines, and mobilizes private, nonprofit, and Indigenous partners. Its focus on deeply affordable, energy-efficient projects helps move developments more quickly from planning to construction.

Together, these targeted financing tools and federal delivery mechanisms are expanding the supply of sustainable, energy-efficient, and affordable housing across Canada. The Eco-Social Commercial Mortgage Pooled Fund builds on these public initiatives by mobilizing private capital toward similar objectives, financing affordability, energy efficiency, and community resilience.



¹ **Conventional Plus transactions** are still first mortgages. The enhanced yield comes with land, construction, or repositioning risk and/or stretched metrics relative to conventional term structures.

² Canada Mortgage and Housing Corporation (2025). *CMHC MLI Select*.

³ Housing, Infrastructure and Communities Canada (2026). *Build Canada Homes*. Government of Canada.



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Investment Performance

Performance Results

Addenda Eco-social Commercial Mortgages Pooled Fund — For the periods ending December 31, 2025
Currency: CAD

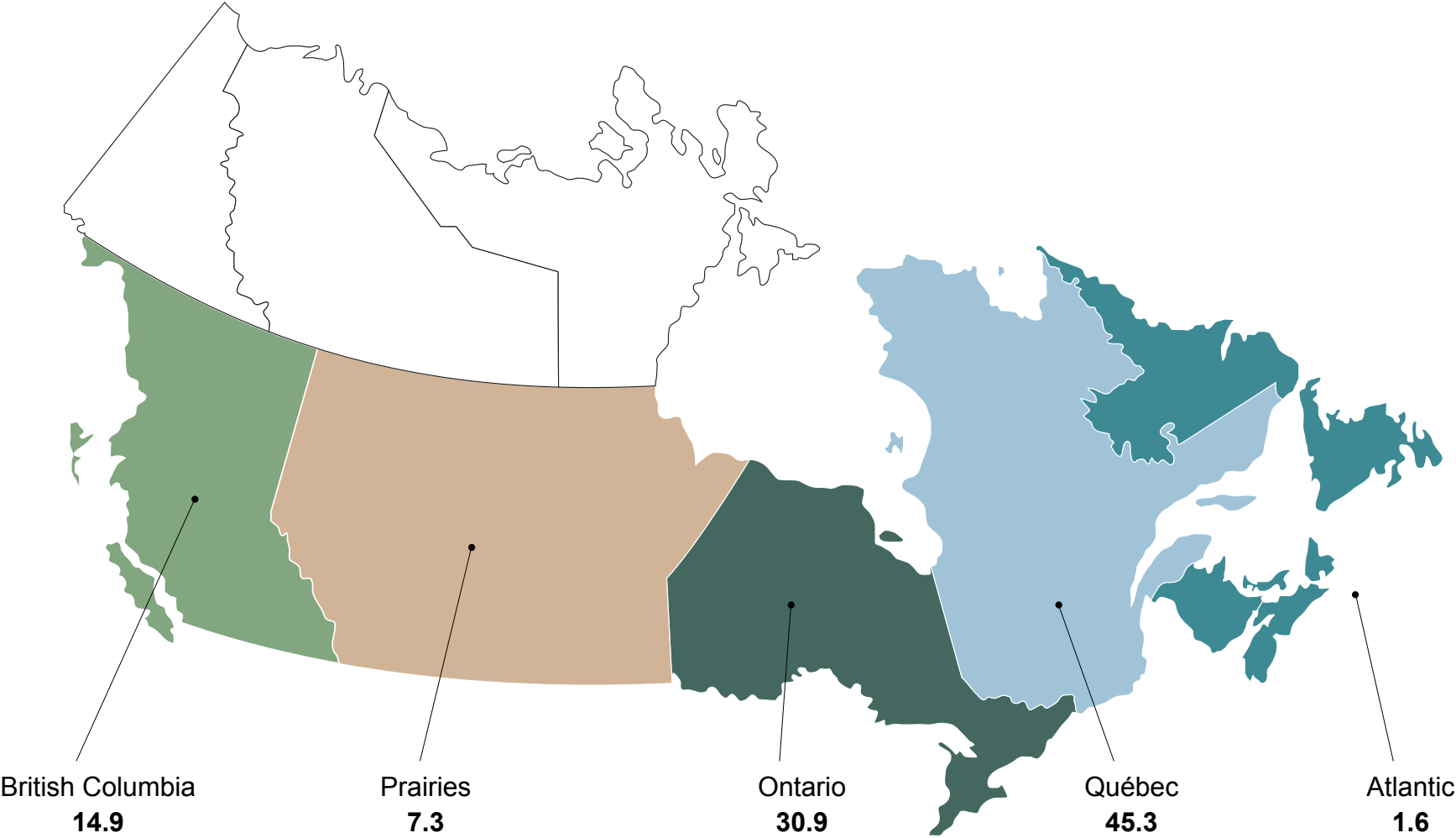
Annualized Gross Returns						
	Quarter	1 Year	2 Years	3 Years	4 Years	Start (2021-11-30)
Composite (%)	0.88	6.31	6.64	7.11	4.04	4.19
Benchmark Index* (%)	0.33	3.88	4.78	4.86	2.56	2.60
Added Value (bps)	55	243	186	225	148	159

*Benchmark Index: FTSE Canada Short Term Overall Bond Index



Portfolio Characteristics

Regional Diversification (%)⁴



Characteristics

Number of mortgage investments	45
Average current yield (based on market value) (%)*	4.53
Average yield to maturity (%)*	4.53
Average yield to maturity (%)**	4.49
Modified duration (yrs)*	2.60
Modified duration (yrs)**	2.56
Average Loan to Value Ratio (%)*	55.2

* Commercial mortgage investments only
** Total Portfolio

Property Diversification (%)⁴

Industrial	16.1
Office	32.5
Residential Multifamily	37.7
Retail	4.1
Other	9.7

⁴ Based on book value; commercial mortgages only

Portfolio Carbon Footprint

Measuring the carbon⁵ footprint of commercial mortgage portfolios is an emerging discipline, with disclosure from building and property owners still limited across the market. Since 2024, we have been refining our methodology to calculate the financed emissions of our commercial mortgage portfolios. Our approach involves developing emission factors that account for both the energy consumption patterns of various building types and the relevant provincial energy sources.

Our approach is grounded in the Partnership for Carbon Accounting Financials (PCAF) methodology and leverages the best available data at the time of analysis⁶. To improve the accuracy of our portfolio’s carbon footprint, we include floor area data in our calculations, as recommended by PCAF. Currently, we only account for Scope 1 and Scope 2 emissions, but we calculate financed emissions for each loan.

This method leverages energy intensity ratios by building type, integrated with each province’s unique energy mix, utilizing the latest Natural Resources Canada data sources. This approach produces a carbon footprint that represents regional variations across Canada. Energy-intensive sectors such as healthcare and industry have greater energy needs, while provincial energy profiles, from low-emitting hydropower in some regions to higher-emission sources in others, significantly influence results. By applying current provincial emission factors to each energy source, the method captures these distinctions and accounts for ongoing changes in grid composition.

By the end of 2025, most investments in properties within the Eco-Social commercial mortgages Fund were concentrated in apartments, industrial facilities, and healthcare sectors (such as senior homes and medical offices), with over three-quarters of these properties located in Ontario and Québec. The financed emissions of the Eco-Social commercial mortgages Fund totaled 2,882.1 tCO₂e, with a PCAF score of 4.2—indicating relatively poor data quality and limited direct disclosure. See Appendix for additional details and definitions.

2025 Eco-social Commercial Mortgages Fund Emissions

	Total Scope 1 Financed Emissions (tCO ₂ e)	Total Scope 2 Financed Emissions (tCO ₂ e)	Total Financed Emissions (tCO ₂ e)	Financed Emissions Intensity (tCO ₂ e/\$M invested)	PCAF Data Quality Score
2025	2,876.6	5.5	2,882.1	22.8	4.2

⁵ Throughout this report, the term “carbon” refers to the carbon equivalent, which encompasses carbon dioxide (CO₂e), methane (CH₄), nitrous oxide (N₂O) emissions and as well as other gases identified by the IPCC as having a Global Warming Potential (GWP).

⁶ Partnership for Carbon Accounting Financials (2025). The global GHG accounting and reporting standard: Part A—Financed emissions (3rd ed.). <https://carbonaccountingfinancials.com/files/standard-launch-2025/PCAF-PartA-2025-V3-15012026.pdf>



Strategy, Framework, and Themes

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Eco-Social Investing at Addenda Capital

At Addenda Capital, we are guided by the conviction that finance can meet both return/risk objectives and sustainability goals. We regard capital not merely as a vehicle for generating returns, but as a strategic instrument to support communities, drive energy efficiency and sustainability practices, and foster a more inclusive society. This belief shapes our commitment to delivering investment solutions that strive to generate robust financial performance while acting as a catalyst for positive change.

Although many investors express interest in environmental and social themes, there remain significant barriers to accessing investment solutions that deliver measurable, meaningful impact within the Canadian context. This challenge is especially pronounced in the commercial mortgage market, where sustainable investment is not widely promoted or adopted. We recognized an opportunity to address this need by developing authentic, transparent, and outcome-driven investment solutions for that sector.

At the core of our approach is a rigorous and disciplined underwriting process, supported by a robust in-house loan tracking and administration system. Together, these elements establish a strong foundation for responsible and resilient commercial mortgage investing.

GRESB Lender Pilot (2025)

Establishing a baseline in GRESB's inaugural lender benchmark

Participating in the inaugural GRESB Real Estate Lender Assessment provided meaningful external validation of our Eco Social commercial mortgage pool fund strategy. The assessment highlighted the quality of our practices in embedding environmental and social considerations throughout the loan lifecycle, especially in impact-oriented lending and risk management. As this was a pilot year, the results establish a first baseline and help us pinpoint priority areas for further improvement, such as sustainability data collection, target setting, and ongoing loan monitoring. Ultimately, the GRESB outcomes reflect our commitment to advancing positive environmental and social impacts through our real estate lending activities.



Eco-Social Investment Framework

Addenda established this Pooled Fund to advance a more sustainable commercial mortgage market. Its social and environmental proprietary criteria guide the selection of eligible commercial mortgages, ensuring that each investment supports credibility, purpose and portfolio diversification. The Sustainable Investing (SI) Team and the Commercial Mortgage Team have built a highly collaborative vetting process to assess each loan’s alignment with the Fund’s objectives, themes, focus areas and relevant UN SDG goals.

Addenda applies a due diligence process so that all portfolio investments meet clearly established criteria. Each mortgage must support at least one activity or initiative that delivers a measurable environmental or social benefit. The framework is organized around five Eco-Social themes and 16 underlying focus areas. For example, a multi-family residential building with ground-floor retail located in a historic neighbourhood and preserving its original facade may qualify under the Cultural and Community Facilities theme within the Heritage Facilities focus area.

Eco-Social Fund Themes and Focus Areas

Ecosocial Themes	Focus Areas	Related UN SDGs
Affordable Housing	- Affordable housing - Co-operative housing	1 NO POVERTY 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES
Green Buildings	Green buildings with energy efficiencies, renewables or advanced water and waste management	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION
Underrepresented Groups	Borrower entity owned and controlled by: - Visible minorities - Women - Persons with disabilities 2SLGBTQI+ - Indigenous People	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
Cultural and Community Facilities	- Arts facilities and museums - Recreation facilities - Heritage buildings (verifiable heritage designation or equivalent) - Registered charities	1 NO POVERTY 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES
Health and Education	- Hospitals, Healthcare facilities and Social Services facilities - Educational institutions - Seniors and supportive housing - Student Housing	1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION

Why Eco-Social Themes Matter

Affordable Housing

Affordable Housing and Co-operative Housing play a critical role in addressing the ongoing challenges of supply and affordability in Canada. This is a structural issue that public programs alone cannot resolve at the necessary scale or speed. While the National Housing Strategy has directed tens of billions in funding toward these priorities, a persistent gap between need and supply remains, requiring significant mobilization of private capital alongside public incentives. Our communities are facing unprecedented challenges globally and in Canada. The lack of affordable housing contributes to increasing homelessness, overcrowding and financial instability for families. To address this gap, Canada will need to build roughly 400,000 affordable housing units annually over the next decade, about double current levels. Recent assessments of national housing needs suggest total housing starts must rise to approximately 430,000 to 480,000 units per year through 2035 to meet projected demand and restore affordability.⁷

Affordable housing has evolved from a specialized concern to a major macroeconomic constraint, limiting economic inclusion, labour mobility, and household stability. Despite recent increases in housing starts, structural complexity continues to define the Canadian housing system. In this context, the most effective impact strategy is not speculation on pricing, but the consistent financing of projects that expand and preserve genuinely affordable housing.

Affordability is defined as shelter costs (rental or mortgage) that amount to less than 30% of a household’s gross, before-tax income. It is intended for low-to-moderate-income households and can include subsidized, non-profit, or private market units where costs are kept below the median market rent.⁸

Investment Qualification: We analyze rent levels and other supporting documentation to determine whether the property meets the best practice guidelines and definitions of affordability, including regional context adjustments. A commitment to maintain affordable rents is also required.

Investment Impact and Sustainability Outcomes: The investment enables the construction, acquisition, and preservation of affordable and community housing assets, resulting in more units delivered or protected and supporting affordability for Canadians.

Green Buildings

Green Buildings help directly address the building sector’s significant contribution to national emissions and energy consumption. Buildings are among the largest global contributors to climate change. According to recent UN Environment Programme data, the buildings and construction sector consumes 32% of global energy and generates 34% of global CO₂ emissions, making it one of the highest-emitting

sectors worldwide⁹. In Canada, buildings also represent a significant share of national emissions: combining residential and commercial/institutional sectors, building operations accounted for approximately 81 Mt CO₂e in 2024, or about 12% of Canada’s total emissions that year (685 Mt CO₂e)¹⁰.

As one of the most actionable climate opportunities, green buildings draw on proven industrial and technology solutions: deep retrofits, electrification, high-performance building, renewable energy, water and waste optimization. However, scaling these solutions requires capital aligned with the sector’s long asset lives and extended payback periods. With Canada’s climate commitments becoming more ambitious, building decarbonization has become a central policy and market priority. Leading frameworks, such as the Canada Green Building Council’s Zero Carbon Building Standards, underscore how best-in-class building performance is increasingly assessed, including through measurable carbon reduction outcomes.

Green buildings are defined as structures designed, built, operated, and maintained in ways that reduce environmental impact and improve human health across their entire lifecycle, from planning and construction to operation and demolition.

⁷ Laberge, M., ab Iorwerth, A., Hughes, K., & Bourassa Ochoa, T. (2025). *Canada’s housing supply shortages: Moving to a new framework*. Canada Mortgage and Housing Corporation. <https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/housing-markets-data-and-research/housing-research/research-reports/accelerate-supply/canadas-housing-supply-shortages-new-framework/2025-canadas-housing-supply-shortages-new-framework-en.pdf>

⁸ Canada Mortgage and Housing Corporation. (2018). *CMHC MLI Select*. <https://www.cmhc-schl.gc.ca/professionals/industry-innovation-and-leadership/industry-expertise/affordable-housing/about-affordable-housing/affordable-housing-in-canada>

⁹ United Nations Environment Programme (2025). *Global status report for buildings and construction 2024/2025: Not just another brick in the wall—The solutions exist. Scaling them will build on progress and cut emissions fast*. <https://doi.org/10.59117/20.500.11822/47214>

¹⁰ Environment and Climate Change Canada. (2026). *Canada’s official greenhouse gas inventory*. Government of Canada. <https://www.canada.ca/en/environment-climate-change/services/climate-change/greenhouse-gas-emissions/inventory.html>

Investment Qualification: The asset-level improvements, or retrofits, must meet efficiency thresholds in line with recognized best practices and regional energy-efficiency standards to qualify. These efficiency thresholds can be measured against a “business-as-usual” scenario, which models the continuation of energy and/or water consumption patterns without the asset-level improvements, or against a reference building. Evidence of the improvements must be provided; as such, a third-party attestation (or an Energy Efficiency Measures Assessment report) is required.

Investment Impact and Sustainability Outcomes: The investment is linked to asset-level improvements (efficiency/renewables/water), enabling reductions in operating emissions and improved resilience, often without sacrificing credit quality.

Underrepresented Groups

Underrepresented groups, including women, Indigenous peoples, and other communities, continue to experience significant barriers to accessing capital, especially within commercial lending and mortgage markets. These persistent disparities demonstrate that unequal access to financing opportunity is both a social challenge and a capital allocation issue, with long-term implications for inclusive economic development.

Structural and systemic barriers restrict participation in entrepreneurship and property ownership. Indigenous communities face additional obstacles due to land-tenure systems and jurisdictional complexities, which limit access to conventional financing¹¹. Women entrepreneurs often encounter gender-based bias, smaller average loan sizes, higher interest rates, and limited access to networks that facilitate investment, such as mortgages.¹²

Development finance institutions increasingly recognize that limited access to capital is a major barrier for minority and underrepresented entrepreneurs. Addressing this challenge requires advancing more inclusive ownership and governance structures, expanding access to commercial mortgage markets, and broadening affordable financing options. Equitable access to capital is fundamental to building lasting community wealth and ensuring meaningful participation in the broader economy.

In the context of borrower eligibility, the notion of an “underrepresented group” is based on the federal Employment Equity Act framework¹³, which historically recognized four designated groups facing systemic barriers to economic participation: women, Indigenous Peoples, persons with disabilities, and members of visible minorities. The 2023 modernization of the Act extended this framework by adding Black people and 2SLGBTQI+ people as designated groups. It also replaced “Aboriginal Peoples” with “Indigenous Peoples” (First Nations, Métis, and Inuit), consistent with the United Nations Declaration on the Rights of Indigenous Peoples Act¹⁴, and replacing “members of visible minorities” with “racialized people”.

Investment Qualification: Borrowers, or the borrowing organization’s leadership, must self-identify as belonging to one of the underrepresented groups above.

Investment Impact and Sustainability Outcomes: Enables enterprises and community organizations led by underrepresented groups to access capital, strengthening economic inclusion.



Cultural and Community Facilities

Cultural and Community Facilities serve as the vital connective tissue of communities, fostering belonging, resilience, and local identity. Although often overlooked by traditional financing priorities, arts facilities, recreation centers, heritage buildings, and charitable organizations form essential components of core social infrastructure. People living and working together to address local needs and improve their lives are the bedrock of resilient and healthy communities. Facilities such as libraries, museums and historical buildings strengthen the social fabric and create meaningful connections to the past, present and future. These assets play a critical role in reducing social isolation, reinforcing local identity, and anchoring neighbourhood vitality.

Cultural and community facilities refer to publicly accessible or community-serving buildings that provide cultural, educational, recreational, or social services. They may operate on a non-profit, public, or commercial basis, provided they serve a broad community function.

Investment Qualification: A majority of the activities and/or services provided in the building must be cultural or community-related. For heritage buildings, third-party evidence or registration of the historical nature of the building is also used to determine the eligibility of the property.

Investment Impact and Sustainability Outcomes: Financing these facilities preserves community assets that are frequently underfunded by traditional markets, thereby strengthening community cohesion, cultural vitality, local identity, and supporting sustained local economic activity.

¹¹ Addenda Capital (2025, April 29). *The \$500 billion gap: Understanding Indigenous finance challenges in Canada*.
¹² Malmström, M., Burkhard, B., Sirén, C., Shepherd, D., & Wincent, J. (2024). A Meta-Analysis of the Impact of Entrepreneurs’ Gender on their Access to Bank Finance: *M. Malmström et al., Journal of Business Ethics*, 192(4), 803–820.
¹³ Treasury Board of Canada Secretariat. (2024, June 12). Modernization of the Official Languages Act. <https://www.canada.ca/en/treasury-board-secretariat/topics/values-ethics/official-languages/modernization-official-languages-act.html>
¹⁴ Employment and Social Development Canada. (2023, December 11). Minister O'Regan receives Task Force report on Employment Equity Act modernization. <https://www.canada.ca/en/employment-social-development/news/2023/12/minister-oregan-receives-task-force-report-on-employment-equity-act-modernization.html>

Health and Education

Investments in health are increasingly vital as Canada’s population ages. Access to healthcare, supportive housing, and education-related infrastructure is crucial for long-term community resilience. A majority of Canadians aged 50 and older express a strong desire to age in place¹⁵, driving demand for innovative supportive-housing and integrated care solutions. At the same time, the country faces unprecedented healthcare pressures in a post-pandemic, warming and increasingly polluted world. With 2.5 hospital beds per 1,000 inhabitants, Canada ranks far below the Organisation for Economic Co-operation and Development (OECD) average of 4.2 beds¹⁶. In 2024, over 5.7 million Canadians lacked a regular healthcare provider¹⁷.

Healthcare facilities refer to properties used to deliver medical, clinical, or health-related services to the public. Education at all levels is crucial for social and economic development and strongly correlated with improved health and well-being. Educational facilities refer to properties used for delivering academic, vocational, or childcare-related instruction and services.

Education infrastructure plays an equally vital role, forming the backbone of both social progress and economic growth. The relationship between higher education and local economies extends far beyond academic achievement; it is a dynamic partnership in which educational institutions actively drive economic growth and societal progress. Higher education and local economies are deeply interconnected, with colleges and universities acting as engines of economic and social advancement. By fostering innovation, building skilled workforces, higher education creates opportunities for long-term impact. Research, partnerships, and investment in infrastructure and scholarships help turn academic knowledge into real-world solutions, reduce inequality, and drive inclusive growth that benefits communities for years to come.

Additionally, universities are significant economic drivers in Canada, supporting over 410,000 jobs and contributing more than \$48.6 billion to the economy¹⁸ annually through salaries, procurement, and infrastructure projects, yet many face significant underinvestment gaps and budget shortfalls. Canadian universities, critical to the country’s economic competitiveness, have been facing years of funding gaps, policy uncertainty and aging infrastructure.

Investment Qualification: A majority of the activities and/or services provided in the building must align with educational, healthcare, or well-being services. Healthcare and well-being facilities encompasses a range of services aimed at both health and social services in line with provincial healthcare systems.

Investment Impact and Sustainability Outcomes: Strategic lending bolsters hospitals, long-term care facilities, supportive housing, and educational infrastructure—assets that are central to community well-being.



¹⁵ T Qureshi, G Gallant, T Bronstein, M Hazelden, A Brierley & S Sinha. Perspectives on Growing Older in Canada: The 2025 NIA Ageing in Canada Survey. Toronto, ON: National Institute on Ageing (2026), Toronto Metropolitan University.

¹⁶ OECD (2025), Health at a Glance 2025: OECD Indicators, OECD Publishing, Paris, <https://doi.org/10.1787/8f9e3f98-en>.

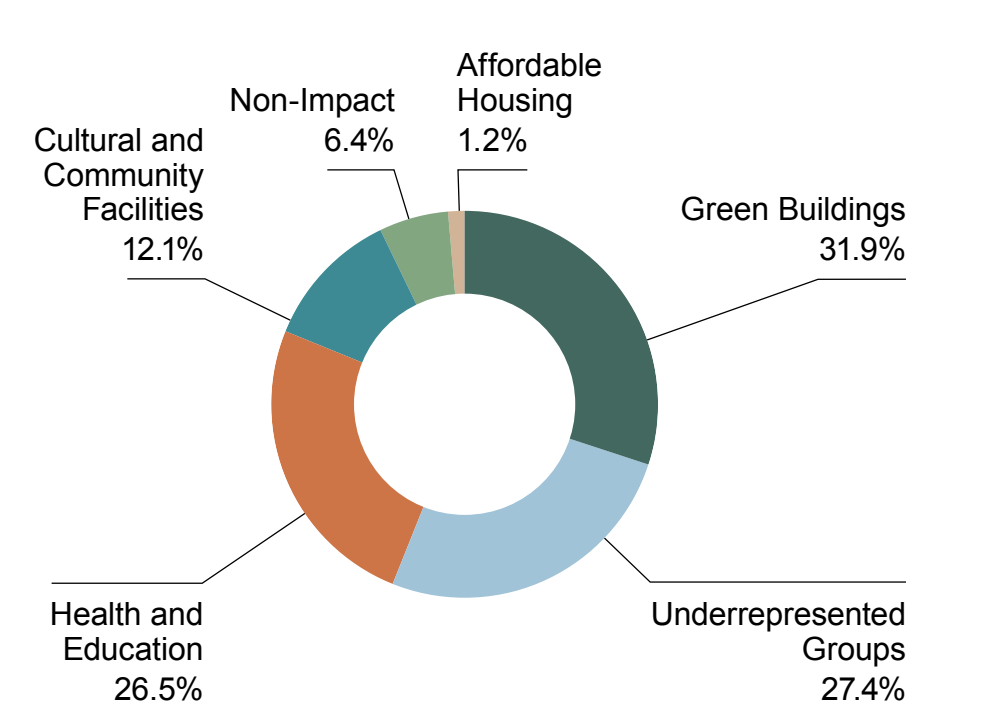
¹⁷ Canadian Institute for Health Information. The state of the health workforce in Canada, 2024.

¹⁸ Universities Canada (2026). *Facts and stats*. <https://univcan.ca/about-universities-canada/facts-and-stats/>

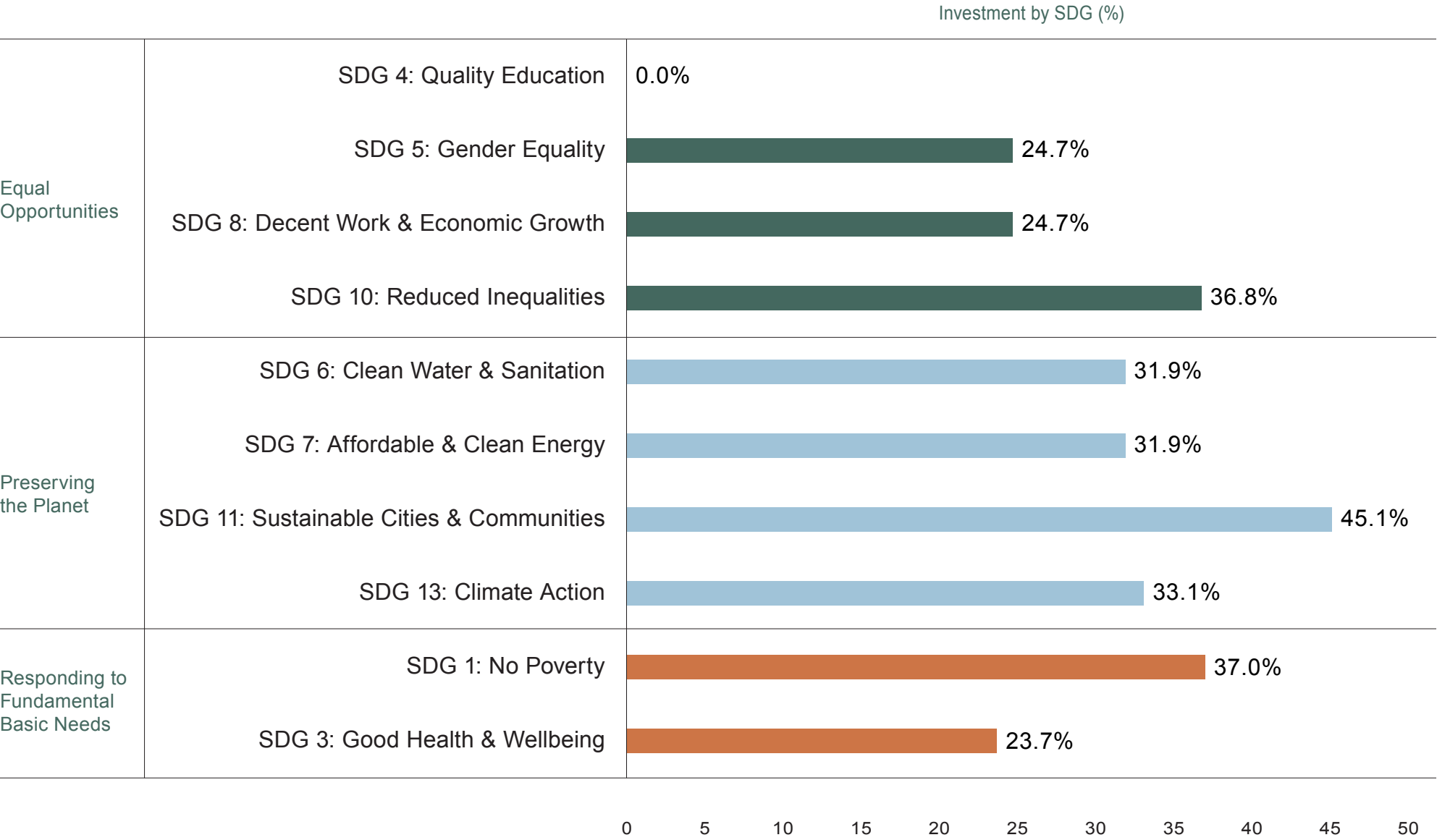
Investment Allocation by Themes

As at December 31, 2025, the Fund’s investments were allocated across the following Eco-Social themes.

Impact Loan Allocation AUM (%)



Sustainable Development Goals (UN SDG) Alignment Distribution and Aggregated by AUM¹⁹



¹⁹ As an investment can be aligned with more than one Sustainable Development Goals (SDG), the sum of all the SDGs exceeds 100%.



Governance and Risk Integration

Governance

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Risk Management Framework

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Governance

The Sustainable Investment Team conducts regular, comprehensive reviews of the investment themes and focus area criteria that guide the Eco-Social Commercial Mortgage Fund. This assessment evaluates the relevance of current themes, identifies emerging sustainability issues, and recommends adjustments to ensure continued alignment with market developments and Addenda's objectives. The review also considers long-term trends, assesses the effectiveness of current themes, and highlights opportunities to refine or expand the strategy. Any significant proposed changes to the framework are presented to the Sustainable Investing Committee (SIC), chaired by Addenda's President and CEO, for discussion and approval.

On a monthly basis, the Sustainable Investment, Compliance, and Commercial Mortgage Teams meet to jointly review current and prospective eco-social mortgage opportunities, monitor new trends in sustainable finance, and address any areas of uncertainty regarding eligibility criteria. This process helps to align all investments with the Fund's Social and Environmental Focus Criteria and supports rigorous, well informed decision making. These regular cross-team discussions also promote a shared understanding of sustainability principles and maintain a uniform, disciplined application of the framework across all new investments.



Risk Management Framework

The Fund employs a rigorous, multidimensional risk management framework designed to identify, assess, and mitigate environmental, social, and operational risks throughout the mortgage lifecycle. Each investment must meet all financial minimum thresholds as well as the Fund’s core ESG (environmental, social and governance) integration requirements. The final ESG score may also influence the internal rating assigned to a commercial mortgage property. All qualifying mortgages undergo a “Do No Significant Harm” assessment to ensure they do not cause adverse environmental impacts, such as biodiversity loss or significant pollution, or severely negatively affect local communities²⁰. This review helps prevent financing projects that could undermine the Fund’s sustainability or social objectives. If a loan no longer meets our criteria, the Commercial Mortgage Team will not offer a renewal and reassess the situation.

Climate and Physical Risk Assessment

The increasing impact of climate change on commercial real estate is integrated into underwriting and portfolio monitoring. The team uses Swiss Re’s CatNet tool to map each property’s exposure to extreme weather events, including flooding, wildfire, high wind events, and heat stress. Identified physical hazards are documented and tracked over time to inform risk adjusted pricing, insurance considerations, and long-term asset resilience.

Environmental Due Diligence

Borrowers are required to complete an Environmental Site Assessment (ESA) to detect any historical or existing contamination risks. Findings are incorporated into credit evaluation, and remediation plans are required where applicable to safeguard lenders, borrowers, and communities.

Building Performance and Certification

The Fund reviews the property’s LEED or BOMA BEST certifications. These benchmarks help assess energy efficiency, water stewardship, and overall building sustainability, reducing long-term operational and transition risks. This can potentially lower the risk profile of the property, since, most credit quality tenants want to occupy sustainable spaces as part of their own business practices. Therefore, properties with these attributes can attract high-quality tenants.

For individual borrowers or smaller retrofit projects where formal green building certifications are often cost-prohibitive, the Fund relies on Energy Efficiency Measures Assessment reports evaluating the borrower’s proposed upgrades, such as HVAC improvements, insulation, building envelope repairs, lighting efficiency, and renewable energy systems, to determine projected environmental benefits and operational savings. A qualified third party must independently verify these improvements, with an engineer certifying the work both prior to and following completion.

Social Risks and Opportunities

The Fund seeks opportunities that improve access to quality housing for populations that traditionally face barriers—such as seniors and students. For projects targeting these groups, the team assesses affordability, accessibility features, on-site services, and the borrower’s capacity to manage specialized housing needs. This supports the Fund’s eco-social mandate while helping mitigate operational risks associated with vulnerable tenant populations. For mixed-use developments or properties intended to support “work/live/play” environments, the Fund evaluates the project’s potential

to enhance community cohesion and local economic vitality. This includes reviewing proximity to essential services, transit access, community-oriented design, and alignment with municipal planning priorities. Such projects can have positive social externalities and contributions to local communities.

Reputational and Ethical Integrity Screening

All borrowers undergo a review using London Stock Exchange Group’s World-Check One platform, enabling the Fund to screen for regulatory exposure, sanctions, adverse media, or other reputational risks. This aims to align with the Fund’s impact mandate and reduce governance-related concerns.

Ongoing Monitoring

The investment team maintains a structured monitoring program that includes periodic reviews of physical climate hazards, updated CatNet assessments, borrower ESG performance, insurance adequacy, and site specific environmental conditions. This proactive approach supports early detection of emerging risks and facilitates timely engagement with borrowers.

²⁰ Government of Canada (2022). *Taxonomy roadmap report: Mobilizing finance for sustainable growth by defining green and transition investments*. Department of Finance Canada. <https://www.canada.ca/en/department-finance/programs/financial-sector-policy/sustainable-finance/sustainable-finance-action-council/taxonomy-roadmap-report.html>



Case Studies

Case Studies

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Vancouver Island Health Care Centres

Health Care and Social Services Facilities, British Columbia

Theme Impact Health & Education

Focus Areas Health Care Facilities and Social Services Facilities



Investment

\$18.7 million mortgage to refinance debt on three newly built primary care centres in Nanaimo, Ucluelet, and Duncan, BC, leased to the Vancouver Island Health Authority until 2035.

The loan provides a 25-bp spread premium and a conservative 20-year amortization, enhancing our exposure to essential-service medical office assets and aligning with our impact-investing objectives.

Security includes full recourse to the borrowing group and a 20% limited personal guarantee. The sponsor has a strong track record in developing purpose-built medical facilities for the Health Authority, with net worth equivalent to 50–99% of the loan amount.

Impact Outcome

The centres will offer critical access to team-based primary care in growing and underserved communities and alleviate pressure on emergency care facilities in the region.

Potential Impact Metrics

The three facilities are expected to support over 142,000 patient visits annually in growing rural communities.

Investment Metrics

Coupon: 5.20% | Loan to value (LTV): 71 % |

Debt service coverage ratio (DSCR): 1.29x | Maturity: January 1, 2036 |

Term: 10 years | Amortization: 20 years

District Lupel

Energy Efficiency Installations and Upgrades/Retrofits in Trois-Rivières, Québec

Theme Impact Green Buildings

Focus Areas Energy Efficiency Installations and Upgrades/Retrofits



Investment

The District Lupel project is a historical flagship industrial property for the city of Trois-Rivières, dating back to the pulp-and-paper era.

Phase 2 of the District Lupel redevelopment enhances the property's value and long-term viability. The project is transforming the former Cascades Lupel industrial complex into an agro-food accelerator, adding 125,000 square feet of new industrial space purpose-built for production, processing, storage and distribution by food and agri-processing companies.

The investment offers a strong floating-rate return with a floor, locked at an opportune time during a higher interest rate environment.

Impact Outcome

Retrofitting the abandoned industrial site with a high-performance solar wall and a mixed water loop—a single water system that circulates throughout the building, enabling efficient heating, cooling, and waste-heat recovery—reduces its ecological footprint.

Potential Impact Metrics

- 56.7% reduction in current energy consumption compared to baseline
- 1,270 tCO₂e/year reduction (representing 98.8% of GHG emissions)
- \$162,350/year savings in energy costs

Investment Metrics

Coupon: 6.95% | LTV: <70 % | DSCR: >1.30x |
Maturity: October 10, 2028 | Term: 3-years

Cambridge Manor

Seniors and supportive housing in Calgary, Alberta

Theme Impact Green Buildings | Health and Education
Focus Areas Energy Efficiency Installations and Upgrades/Retrofits
Seniors and supportive housing



Investment

This facility, awarded Built Green Gold, offers Assisted Living and Long-Term Care for seniors backed by an established non-profit charitable foundation. Moreover, security offers exposure to strong credit fundamentals and low leverage.

The investment combines exposure to top tier loan metrics with positive social and environmental outcomes.

Impact Outcome

The investment delivers a meaningful social impact by expanding access to quality seniors' care while simultaneously lowering the ecological footprint of an energy intensive property shown by its Built Green Gold certification.

Potential Impact Metrics

- 32.4% energy performance improvement against industry standard
- 158 long-term-care beds with 60 beds dedicated to memory care 56 private assisted living beds and 26 private pay beds

Investment Metrics

Coupon on \$28.4m: 3.67% | Coupon on \$10m: 3.77% | LTV: <50 % | DSCR: >2.00x | Maturity: May 1, 2051 | Term: 30 years



Appendix

Carbon Methodology

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GIPS Performance

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Carbon Methodology

Limitations

Data from PCAF and national inventories (such as NRCan) are updated periodically but with a significant reporting lag. For instance, the building-type energy consumption used to develop emissions factors relies on 2023 data. Using such proxy data can result in discrepancies between reported emissions and the actual, current energy performance of various building types at the time of reporting. Consequently, emissions profiles may not fully reflect recent changes in building characteristics, retrofits, or shifts in energy consumption patterns.

Some properties in the commercial mortgage investment portfolio lack available square footage or property values at origination. Where square footage was missing, estimates were based on publicly available data (e.g., the average Canadian square footage for a

1-bedroom apartment). As a result, the estimated emissions footprint may differ from the properties’ actual financed emissions.

When multiple properties are secured by a single loan, the outstanding principal for each property is the same, but property size and values at origination vary. Financed emissions are calculated at the loan level, which yields accurate results when all properties under a loan are in the same province and are of the same property type. However, if properties differ by type, we conservatively apply the emission factor of the property type with the highest value to all properties under that loan, avoiding underestimation of emissions.

Certain loan types (such as land loans) are not included in the NRCan Energy Survey, so no emission factor can be calculated for these assets. As these investments do not generate income or operational energy use, their emission profiles can reasonably be assumed to be near zero, excluding biogenic carbon emissions.

The PCAF Standard uses a data quality scale from 5 (lowest certainty) to 1 (highest certainty) to indicate the reliability of data used in calculations. For real estate-related intensity metrics, PCAF data quality scores range from 4 (when based on floor area) to 5 (when based on unit type or when building characteristics are estimated).

Carbon Methodology

Portfolio Financed Emissions: Tons CO₂e/CA\$M invested

Utility of the Metric	What is my portfolio’s normalized carbon footprint per million dollars invested?
Calculation	$\frac{\sum_n \left(\frac{\text{Outstanding amount (CAD)}_i}{\text{Property value at origination (CAD)}_i} \right) \cdot \text{Square footage (m}^2\text{)} \cdot \text{Emission factor}_b}{\text{Current portfolio value (millions of CAD)}}$ (where <i>b</i> is the building type and <i>i</i> is the loan)
In-scope Building Types	Multi-residential (apartments), office, industrial and healthcare facilities (i.e., senior housing, medical offices)
Out-of-Scope Asset Types	Land

GIPS Performance

Addenda Eco-Social Commercial Mortgages Pooled Fund

	Annual Gross Returns as at December 31st, 2025				
	2025	2024	2023	2022	2021 ¹
Fund (%)	6.31	6.98	8.05	-4.65	0.91
Benchmark Index (%)*	3.88	5.70	5.02	-4.04	0.36
Added Value (bps)	243	128	303	-61	55
Standard Deviation — Fund (3yr) (%)**	1.62	2.69	—	—	—
Standard Deviation — Benchmark Index (3yr) (%)**	2.22	3.01	—	—	—
Composite Assets (million \$)	141	97	100	60	57
Total Firm Assets (million \$)	38,598	37,050	34,498	32,342	38,126

*Benchmark Index: FTSE Canada Short Term Overall Bond Index
**3-year standard deviation is only presented for periods where 36 months of performance are available
¹ Partial Year — Returns are for the period from November 30, 2021 to December 31, 2021

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1. Addenda Capital Inc. is an investment management firm providing customized investment solutions for institutional and high net worth clients. In April 2008, Addenda Capital Inc. merged its activities with Co-operators Investment Counselling Limited and now operates under the Addenda Capital Inc. name. A list of composite and limited distribution pooled fund descriptions and policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.

2. The Addenda Eco-Social Commercial Mortgages Pooled Fund’s objective is to maximize income while investing in a diversified portfolio of quality mortgages secured by real property in Canada that are aligned with the United Nations Sustainability Development Goals. The Fund’s Investment process is based on rigorous underwriting and continuous attention to loan administration throughout the investment cycle. The fundamental investment analysis is enhanced by incorporating environmental, social and governance (ESG) considerations that could have an impact on loan performance. The benchmark is the FTSE Canada Short Term Overall Bond Index.

3. The Fund inception date is November 30, 2021, which corresponds to the initial investment.

4. Gross fund returns are net of transaction costs and do not reflect the deduction of any pooled fund fees or costs, nor management fees. The management fee schedule for the Addenda Eco-Social Commercial Mortgages Pooled Fund is: 0.50% for the first \$10 million; 0.40% for the next \$40 million; 0.30% for amounts over \$50 million. Minimum investment size is \$10 million. The total expense ratio for the Fund is 0.20% and excludes management fees.

5. Returns are calculated using the time-weighted rate of return methodology and represent total returns (including income, realized and non-realized gains and losses). Valuations and rates of returns are computed and stated in Canadian dollars.

6. The three-year annualized ex-post standard deviation measures the variability of the Fund (using gross returns) and the benchmark over the preceding 36-month period.

7. Past performance is not indicative of future results. As with any investment there is always potential for gains as well as the possibility of losses.

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