

# 2024 Climate-related Disclosures



# Reporting entity and statement of compliance

**Kiwi Property Group Limited is a climate reporting entity under the Financial Markets Conduct Act 2013. These climate statements include climate-related disclosures for Kiwi Property Group Limited and its controlled entities. References to “Kiwi Property”, “we” and “our” in these climate statements are to the group as a whole.**

The climate-related disclosures in these climate statements comply with the Aotearoa New Zealand Climate Standards (“NZ CS”) issued by the External Reporting Board (“XRB”).

In preparing these climate statements, Kiwi Property has elected to use the following adoption provisions contained in NZ CS 2:

- i. Adoption provision 1, which exempts Kiwi Property from disclosing in its first reporting period the current financial impacts of its physical and transition impacts;
- ii. Adoption provision 2, which exempts Kiwi Property from disclosing in its first reporting period the anticipated financial impacts of climate-related risks and opportunities it reasonably expects;
- iii. Adoption provision 3, which exempts Kiwi Property from disclosing in its first reporting period the transition plan aspects of its strategy and the extent to which these are aligned with its internal capital deployment and funding decision-making processes;
- iv. Adoption provision 4, which exempts Kiwi Property from disclosing in its first reporting period greenhouse gas (“GHG”) emissions in metric tonnes of carbon dioxide equivalent classified as scope 3. Kiwi Property has elected to use this exemption in respect of the following categories of scope 3 emissions, which it has not disclosed:
  - Category 3: Indirect emissions from transportation – other than business travel.
  - Category 4: Indirect emissions from products used by organisation – other than transmission & distribution losses for electricity and gas, water supply and waste to landfill.
  - Category 5: Indirect emissions associated with the use of products from the organisation.
  - Category 6: Indirect emissions from other sources.
- v. Adoption provision 6, which exempts Kiwi Property from disclosing comparative information for metrics from the immediately preceding two reporting periods; and
- vi. Adoption provision 7, which exempts Kiwi Property from disclosing an analysis of the main trends evident from a comparison of each metric from previous reporting periods to the current reporting period.

## Period covered

This disclosure covers the period from 1 April 2023 to 31 March 2024.

## Important notice

These climate statements contain both current and forward-looking information that is based on:

- incomplete and estimated data; and
- our judgements, opinions and assumptions about matters relating to climate change and its impact on Kiwi Property.

The information in this report is given in good faith and has been obtained from sources believed to be reliable and accurate at the date of preparation. However, climate change and the frameworks that govern it are subject to uncertainties and data challenges, and this gives rise to uncertainties as to the impact of these matters on Kiwi Property's business and the conditions in which it operates. We caution reliance being placed on information that is necessarily subject to significant risks, uncertainties and/or assumptions.

These climate statements contain forward-looking statements and opinions, including climate-related ambitions, targets, assumptions, scenarios, risks and opportunities, anticipated impacts and strategies. These forward-looking statements should not be taken as facts or guarantees of future performance, but rather as estimates, goals, forecasts and judgements based on Kiwi Property's understanding and estimates of the current and anticipated impacts of climate change as at the date of publication of these climate statements. Forward-looking statements and opinions involve known and unknown risks, uncertainties and other factors that are, in many cases, beyond

Kiwi Property's control and/or likely to change over time. Kiwi Property's performance against its climate-related ambitions and targets, and the strategies that it adopts, may differ materially from what is described in this report. In addition, climate-related risks and opportunities may be more or less significant than described in this report and new risks and opportunities may eventuate over time. Assumptions and scenarios are subject to change without notice, as are statements about climate change and the global and domestic response to it.

Kiwi Property expects that some forward-looking statements and/or opinions in this document may be restated or amended in future disclosures as methodologies, data and strategies continue to improve. Kiwi Property does not represent that those forward-looking statements and/or opinions will not change following publication of these climate statements, and gives no undertaking to update the information in these climate statements over time (subject to legal or regulatory requirements, including requirements to produce climate statements under the Financial Markets Conduct 2013 in future years).

These climate statements are not an offer document and do not constitute an offer or recommendation to invest in, distribute or purchase financial products. Nothing in this Report should be taken as investment, capital growth, earnings or any other legal, financial, tax or other advice or guidance.

Approved on behalf of the Board on 19th June 2024.



Chris Aiken  
Environmental, Social  
Governance Committee  
Chair



Mary Jane Daly  
Audit and Risk  
Committee  
Chair



## Contents

Governance	6
Strategy	10
Risk management	19
Metrics and Targets	21
Appendix One: Our climate scenarios	27
Appendix Two: GHG emissions methodology and assumptions	30



# Governance

**This section sets out how Kiwi Property's Board oversees climate-related risks and climate-related opportunities, and the role our management plays in assessing and managing those climate-related risks and opportunities.**

## Kiwi Property's Board of Directors

Kiwi Property's Board of Directors (Board) has overall responsibility for oversight of business risks and opportunities, including in relation to climate change. The Board establishes Kiwi Property's strategic direction and financial and non-financial objectives, including by approving Kiwi Property's Sustainability Strategy. In addition, the Board is responsible for understanding and ensuring the management of the risks facing Kiwi Property in achieving its objectives, including climate-related risks.

The Board is supported in its oversight of climate-related risks and opportunities by the following Board sub-committees:

- The Audit and Risk Committee (ARC) assists the Board in its oversight of Kiwi Property's risk management framework and the monitoring of compliance within that framework, including in relation to climate-related risk.
- The Environmental, Social and Governance Committee (ESGC) also assists the Board in its oversight of climate-related risks and opportunities, including by reviewing and recommending to the Board for approval Kiwi Property's Sustainability Strategy.

A Due Diligence Committee (DDC) was established to assist the Board by coordinating and overseeing the due diligence process for the FY24 climate-related disclosures.

**Table 1: Organisational structure relating to oversight and management of climate-related risks and opportunities**

Governance	
<p><b>Kiwi Property Board</b></p> <p>Oversees the business and affairs of Kiwi Property and establishes the strategic direction and objectives, including approving the Sustainability Strategy.</p> <p>Understands and ensures the management of business risks, including climate-related risks.</p>	
<p style="text-align: center;"><b>ARC</b></p> <p>Purpose is to assist the Board with the proper and efficient discharge of its responsibilities to exercise due care, diligence and skill in relation to the oversight of (amongst other things) the risk management framework and the monitoring of compliance within that framework.</p> <p>Reviews Kiwi Property’s key enterprise risks, including climate-related risk, on a quarterly basis.</p> <p>Together with the ESGC, oversees compliance with Kiwi Property’s sustainable debt framework.</p> <p>Meets at least four times a year.</p>	<p style="text-align: center;"><b>ESGC</b></p> <p>Purpose is to identify and consider all relevant Environmental, Social and Governance (ESG) matters and to assist the Board in fully integrating ESG principles into the governance of the business.</p> <p>Reviews and recommends to the Board the Sustainability Strategy, objectives and targets.</p> <p>Monitors and reports to the Board in relation to Kiwi Property’s material ESG matters (including climate-related).</p> <p>Oversees compliance with statutory responsibilities relating to sustainability.</p> <p>Together with the ARC, oversees compliance with Kiwi Property’s sustainable debt framework.</p> <p>Meets at least four times a year.</p>
<p><b>Due Diligence Committee</b></p> <p>Comprising of Chair of ARC, Chair of ESGC, a Director (Chair of DDC), Chief Financial Officer, GM Asset Management, General Counsel &amp; Company Secretary.</p> <p>Co-ordinates and oversees the due diligence process for the preparation of the FY24 climate-related disclosures.</p>	
Management	
<p><b>Executive Team</b></p> <p>Comprising of Chief Executive Officer, GM Income and Leasing, GM Development, GM People, GM Asset Management and Chief Financial Officer.</p> <p>Participates in the climate risk assessment process. In FY24, this included reviewing Kiwi Property’s climate-related risks and opportunities and the impact on Kiwi Property’s strategy.</p> <p>GM Asset Management is responsible for day-to-day management of the Sustainability Strategy.</p>	
<p style="text-align: center;"><b>Risk and Compliance Committee</b></p> <p>Comprising of Chief Executive Officer, GM Development, GM People, GM Asset Management, Chief Financial Officer, and General Counsel &amp; Company Secretary.</p> <p>Reviews the register of key risks, which includes climate change risk.</p> <p>Reports quarterly to the ARC.</p>	<p style="text-align: center;"><b>ESG Leadership Team</b></p> <p>Comprised of GM Asset Management, GM Development, General Counsel &amp; Company Secretary, Head of Sustainability, Finance Director, Head of Communications &amp; Investor Relations and Head of Facilities &amp; Tenancy Delivery.</p> <p>Participates in the climate risk assessment process.</p> <p>Oversees the operational implementation of the Sustainability Strategy across the business.</p> <p>Meets at least four times a year.</p> <p>Reports progress to the ESGC at each meeting.</p>
<p><b>Asset Management Teams</b></p> <p>Comprised of Facilities and Asset Management Teams.</p> <p>Implements sustainability plans (including where these relate to climate-related risks) at asset and operational levels.</p>	

## Governance continued

The Board (including Board sub-committees) is informed about climate-related risks and opportunities in the following ways:

- Since FY22, Kiwi Property has undertaken a climate risk assessment each year. This is undertaken by the ESG Leadership Team and Executive Team, and the results are reported to the ESGC. The climate risk assessment is then amended to reflect feedback from the ESGC, before being recommended by the ESGC for approval by the Board. In FY24, the annual climate risk assessment was approved by the Board on 27 February 2024.
- Climate change appears as a key risk in our register of key risks. This register is considered and reported to the ARC quarterly. All directors can access ARC papers and attend ARC meetings at any time.
- The ESGC approves the actions that Kiwi Property is intending to take in relation to the Sustainability Strategy annually and reviews our performance against those identified actions at each quarterly meeting. For FY24 these actions included undertaking a climate risk assessment and developing a decarbonisation plan for each asset, as well as waste management initiatives, to respond to climate-related risks. The ESGC also receives an annual update on our progress on emissions reductions and achieving sustainability ratings for our property portfolio, as described further in the Metrics and Targets section of this report.
- In FY24, the ESGC met four times. The ESGC Chair updates the Board on material ESG matters at each quarterly Board meeting, and all directors can access ESGC papers and attend ESGC meetings at any time.

### Competency and skillset of the Board

The Board aims to ensure that it has the appropriate mix of skills and competencies to provide effective governance of Kiwi Property, including in relation to climate-related risks and opportunities.

Management regularly provides information notes to the ESGC on climate-related topics such as carbon offsetting and New Zealand's carbon markets, embodied carbon, and our carbon emissions profile. The ESGC is also provided with regular updates on Kiwi Property's climate-related disclosures and on progress towards deliverables directly related to the Sustainability Strategy.

In FY24, the Board was provided with a detailed climate-related risks and opportunities assessment report, the Kiwi Property climate scenarios and the output of an Executive Team workshop on scenario analysis.

The ESGC accesses expertise in climate-related issues from management and from external consultants as required.

Kiwi Property uses a Board skills matrix to assess the skills and competency of the Board. Refer to the Director Skills Matrix on page 94 of our Annual Report available [here](#) on our website. This does not currently include climate change specifically but does include governance of ESG / Sustainability.

### Integrating climate issues into our strategy

In 2023, we evolved our business strategy to reflect the changing operating environment and our ambitious vision for the company. One of the key priorities of this strategy is to "build a future fit business", which includes delivering on Kiwi Property's Sustainability Strategy.

The business strategy and Sustainability Strategy inform the sustainability deliverables that the ESGC approves for implementation each year. For example, a key objective in the business strategy is to deliver on our climate resilience plans. The associated deliverable for FY24 was for a climate risk assessment to be undertaken for each Kiwi Property asset. Management report on progress against these sustainability deliverables at each ESGC meeting.

Another key priority of our business strategy is to "grow with diverse sources of capital". Sources of capital include both debt and equity investors. In response to increasing investor expectations in relation to sustainability matters, such as the sustainability credentials of our real estate assets, an initiative under our business strategy is to increase our green asset pool (being assets that are able to achieve sustainability ratings as outlined further on page 25).

### Performance and incentivisation

Our Board approved Sustainability Strategy incorporates a number of ambitions and plans for managing climate risks and opportunities. This includes Kiwi Property's ambition to be in a position whereby its Scope 1, Scope 2 and selected Scope 3 emissions are "net carbon negative" by 2030 as described further in the Metrics and Targets section



## Governance continued

of this report on page 22. It also includes our targets in relation to achievement of asset sustainability ratings, also as outlined further in the Metrics and Targets section.

The ESGC receives annual reporting on our progress on emissions reduction and sustainability ratings. A number of other metrics developed by Kiwi Property in response to climate-related risks and opportunities are outlined in the Metrics and Targets section of this report, which has in turn been approved by the Board.

Remuneration for selected members of the Asset Management Leadership Team was linked to our climate-related risks assessment and emissions performance through our short-term incentive framework. Those team members had sustainability and climate-related goals, including the creation of a detailed Decarbonisation Plan and asset level climate risk assessments. These goals drove greater integration of sustainability into business operations. Performance against those goals was taken into account in the short-term incentive portion of remuneration for those team members.

### The role of Management

Day-to-day management of Kiwi Property's business is undertaken by the Executive Team, which is led by Kiwi Property's Chief Executive and is made up of 6 senior roles as described in the structure in Table 1. In FY24, the Executive Team was involved in Kiwi Property's climate risk assessment process, including testing the business against climate-related scenarios as part of the scenario analysis process described in the Strategy section of this report on page 11.

Kiwi Property's GM Asset Management is responsible for the day-to-day execution of the Sustainability Strategy, including management of climate-related risks and opportunities to the extent that these are relevant to the Sustainability Strategy. These responsibilities include implementation of the Sustainability Strategy and reporting progress against the ESGC approved sustainability deliverables (including any climate-related initiatives) relating to that strategy to the ESGC at each ESGC meeting.

Kiwi Property also has a management level Risk and Compliance Committee which meets quarterly and is responsible for:-

- A quarterly review of the company risk register, which includes climate risk as an overarching key risk. The review includes confirming the current status of each key risk and providing commentary on any change to risk ratings.

- Ensuring regular risk reports are provided to the ARC on the status of key risks, including climate change risk.

The ESG Leadership Team meets a minimum of four times a year and:-

- Participates in the annual climate risk and opportunity assessment process, including by overseeing the scenario analysis process in FY24.
- Oversees and monitors the operational implementation of the Sustainability Strategy. This includes monitoring of agreed actions relating to climate-related risks and opportunities.
- Implements external and internal stakeholder feedback mechanisms.
- Monitors progress against the ESGC-approved sustainability deliverables (including any climate-related initiatives relating to the Sustainability Strategy) and reports on progress in respect of those deliverables to the ESGC (with this reporting led by the GM Asset Management).

Where climate-related matters are reported to Board sub-committees as described above, the members of the relevant committees have the opportunity to discuss matters and raise questions with the relevant member(s) of management.

The primary method by which management is informed about climate-related risks and opportunities is the climate risk assessment that has occurred each year since FY22. Some decisions that relate to climate-related risks and opportunities are made at the asset level with oversight from the GM Asset Management (e.g. decisions relating to specific asset upgrades). Business-level decisions as to climate-related risks and opportunities are made by management (with approval from the ESGC and/or Board, where appropriate) including as part of the annual process to agree actions that Kiwi Property intends to implement under the Sustainability Strategy as described above.

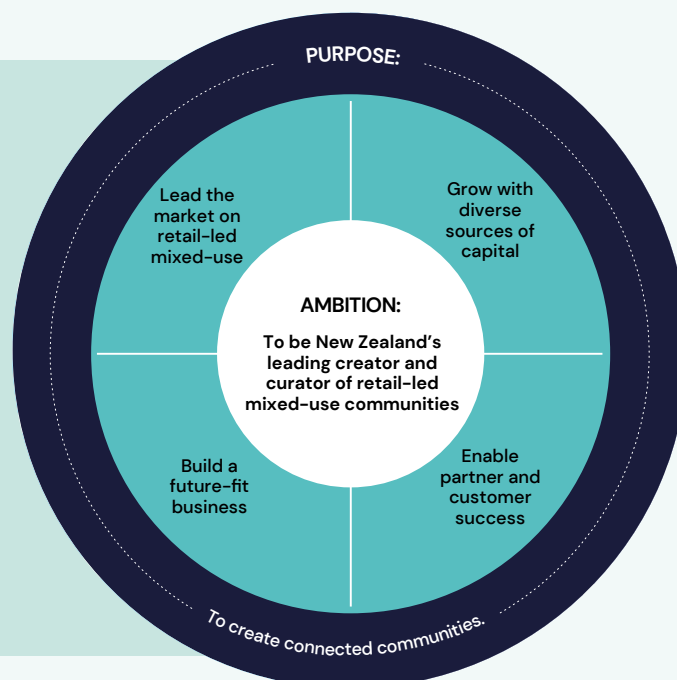
Further information on Management's response to climate-related risks can be found in the Strategy section on pages 15 & 16 and further information about how Kiwi Property identifies, assesses, and manages climate-related risks are set out in the Risk Management Section.

# Strategy

This section describes the scenario analysis we have undertaken, the current impacts of climate change on our business, the climate-related risks and opportunities we have identified, the anticipated impacts of these, and how we are positioning ourselves for a low-emissions, climate-resilient future.

## Our business strategy

Kiwi Property's ambition is to be New Zealand's leading creator and curator of retail-led mixed-use communities. We have a four-pillar strategy designed to drive business performance and create value for our shareholders and other stakeholders.



The four pillars of our strategy are explained further below.

### Lead the market on retail-led mixed-use

Reposition the business by creating flagship mixed-use assets at high-growth metropolitan town centres, driving increased income, more resilient valuations and greater shareholder returns.

### Grow with diverse capital sources

Recycle capital and partner with investors to grow assets under management, unlocking higher quality, lower risk returns.

### Enable customer and partner success

Drive asset performance through the creation of market leading centres and developing strategic long-term customer relationships.

### Build a future fit business

Promote operational excellence by harnessing the power of digital, delivering on sustainability and building a winning team.

We develop, own and manage a diversified range of mixed-use precincts, retail centres and premium office buildings. We own a diverse mix of assets, with a weighting towards CBD offices and large mixed-use properties that we'll continue to develop over time. We have a strong bias towards Auckland and New Zealand's economic golden triangle.

## Strategy continued

The strategic pillar “build a future fit business” includes delivering on our Sustainability Strategy. The Sustainability Strategy includes our climate-related ambitions and targets as described in the Metrics and Targets section of this report. Under the Sustainability Strategy, the ESGC agrees actions that Kiwi Property intends to take each year. In FY24, this included undertaking a climate risk assessment and developing a decarbonisation for each asset in the Kiwi Property portfolio.

### Scenario analysis

In 2023, Kiwi Property conducted a standalone scenario analysis process, the purpose of which was two-fold: to help us identify our climate-related risks and opportunities, and to test the resilience of our business model and strategy.

Together with other industry participants, we participated in the development of climate scenarios for the construction and property sector through a technical working group established in 2022 by the New Zealand Green Building Council (NZBGC). BECA facilitated and provided technical expertise to the working group. These climate scenarios were published in May 2023 and we refer to these in this report as the “Sector Scenarios”.<sup>1</sup>

To develop bespoke climate scenarios for our business, we began with the Sector Scenarios. These scenarios combine physical climate parameters (changes to climate conditions and consequently impacts such as weather events) and socio-economic parameters (for example, policy and technological changes that drive changes to economies and behaviour).

Our external advisers (BWD Strategic) facilitated a process to customise the Sector Scenarios for our business. This took into account Kiwi Property’s specific position within the sector and an analysis of the ‘key drivers’ (or critical uncertainties) for our business across a range of possible climate futures.

The customisation process focused the scenarios on the key drivers which were insurance, extreme weather events, scarcity of low carbon materials, spatial strategies and land use change. The scenario narratives we developed particularly focused on the following aspects of Kiwi Property’s position within the sector:

- retail and mixed-use asset base,
- the particular geographical locations (focused on Auckland),
- NZX listed and operates only in New Zealand, and
- we are a user of imported construction materials.

Consistent with the Sector Scenarios, the scenarios that we have used include an ‘Orderly transition’ scenario, a ‘Disorderly transition’ scenario, and a ‘Hot house world’ scenario. For more detail on Kiwi Property’s scenarios see Appendix One on page 27.

Our scenario analysis process was overseen by the ESG Leadership Team. As noted in the Governance section, the Board approved the output of the climate risks and opportunities process. No modelling was undertaken as part of the scenario analysis process.

The scope of operations covered in our scenario analysis process was Kiwi Property’s full supply chain, including tenants, suppliers, contractors and investors.

1. Beca Limited, Climate Scenarios for the Construction and Property Sector, Ngā Horopaki Ahuarangi mō te Rāngai Hanganga me ngā Whare, New Zealand Green Building Council (2023).

## Strategy continued

The following graphic summarises the key elements of each scenario used, including key pathway data sources, emissions reduction pathways and the assumptions underlying pathway development over time. More detail is available in the descriptions of the scenario narratives on pages 27–29.

	Orderly	Disorderly	Hot House World
<b>Policy ambition</b>	1.5°C	~2.0°C	>3°C
<b>Policy</b>	Immediate and smooth	Delayed	None – current policies
<b>Socio-political instability</b>	Low – moderate Social changes start to occur due to changes in market behaviour, working habits, required knowledge/skills, purchasing and investment behaviours, and the changing focus of government funding.	Moderate Minimal social changes occur prior to 2030, however the pace of change around 2030 is unprecedented.	High Extreme weather events cause disruptions to global food supplies in the medium-term (2031– 2050). Social cohesion starts to degrade and conflict and unrest become common.
<b>Insurance</b>	In response to continued high intensity rainfall events, properties in floodplains, or subject to unstable ground conditions (e.g. near cliffs/ softer coastal soils), experience increasing insurance premiums above inflation and experience insurance retreat by 2050.	Properties in floodplains experience increasing insurance premiums above inflation and experience insurance retreat by 2040.	Properties in floodplains experience increasing insurance premiums and likely experience insurance retreat by 2040.
<b>Land use</b>	The primary driver of changes to land use and densification is GHG emissions reduction, with changes in transportation use and community connections being of primary importance out to 2050.	After 2030, the primary driver of changes to land use and densification switches to GHG emissions reduction, with changes in transportation use and community connections being of primary importance.  The impacts of climate change on floodplains and drought-prone regions combined with significant transition efforts around 2030 cause a change in population distribution as residents and businesses retreat to lower risk areas.	There are changes in population distribution and land use post-2050. Food insecurity and growing populations drive retreat from cities.  People begin to retreat from areas at risk from physical impacts and significant managed retreat from coastal areas moves populations inland to areas that are less vulnerable to climate hazards.
<b>Energy pathways</b>	The pressure to achieve net-zero emissions by 2050 means the global energy grid shifts uniformly and quickly away from fossil fuel use to increased use of renewables.  New builds are required to meet stringent energy standards in design and operation.	In the short-term, there is limited-to-no change in fossil fuel use or energy transition for the sector.  Stringent decarbonisation policies enacted in 2030 include the introduction of energy efficiency requirements for buildings.	New Zealand’s electricity grid is gradually decarbonised but does not achieve neutrality in the long term. This means buildings wishing to achieve net zero carbon emissions must invest in their own zero carbon generation.

## Strategy continued

	Orderly	Disorderly	Hot House World
<b>Macro-economic</b>	A global shift towards a more sustainable path stems from well-signalled and broadly supported regulatory changes.	Abrupt policy and market changes for the property and construction sector post-2030	No additional climate policy, including for the building and construction sector. Regulatory changes are slow and focus on adaptation and managing climate-driven immigration/refugees. National policy shifts towards addressing national and regional security and resource scarcity.
<b>Technology Change</b>	Fast change Rapid scale-up of carbon removal technologies New technologies used in production of low carbon materials begin to make a tangible difference to the sector.	Slow / fast change Rapid, disordered change post 2030 with a focus on carbon sequestration, capture and storage.	Slow change Little investment in technology and innovation that does not serve urgent adaptation needs.
<b>Behaviour change</b>	Fast change	Slow / fast change	Slow change
<b>Physical risk severity</b>	Moderate	Moderate	Extreme
<b>Transition risk severity</b>	Moderate	High	Low
<b>Pathways<sup>2</sup></b>	NGFS 'Net Zero 2050' IPCC SSP 1-1.9 IEA 'Net Zero Emissions' CCC 'Tailwinds' IPCC RCP 2.6	NGFS 'Delayed Transition' IPCC SSP 1-2.6 IEA 'Sustainable Development' CCC 'Headwinds' IPCC RCP 2.6	NGFS 'Current Policies' IPCC SSP 3-7.0 IEA 'Stated Policies' CCC 'Current Policies' IPCC RCP 8.5

2. These pathways refer to existing scenarios used as "building blocks" in development of the Sector Scenarios, which have also formed the basis for our scenarios. These include global scenarios developed by the Intergovernmental Panel on Climate Change (SSP and RCP, with the RCP scenarios having been downscaled for New Zealand by the National Institute of Water and Atmospheric Research), scenarios developed by the Network for Greening the Financial System (NGFS) and the International Energy Agency (IEA), and New Zealand scenarios developed by the Climate Change Commission (CCC).

## Strategy continued

### Scenario analysis – Methods and assumptions

#### Why we chose these scenarios

As noted above, we developed three scenarios to test the resilience of our business strategy and to identify our climate risks and opportunities. Our three scenarios fit within the architecture of the Sector Scenarios, but the narratives have been further developed to reflect the nature of our business, strategy and our key drivers.

We believe that the scenarios that we have used, which are based on the Sector Scenarios with further development for our business, are relevant and appropriate for assessing the resilience of Kiwi Property's business model and strategy to climate-related risks and opportunities. The New Zealand Climate Standards mandate that climate-reporting entities analyse a 1.5°C and >3°C scenario, and these are reflected in the Orderly and Hot-house World scenarios. The Orderly scenario is weighted towards transition risk, while the Hot-house World scenario represents physical risk, and using these two scenarios accordingly enables Kiwi Property to explore the resilience of our business and strategy to these different types of risk.

The CRD regime requires the selection of a third scenario to couple with a 1.5°C scenario and a >3°C or greater scenario. We developed a Disorderly transition scenario to meet this requirement as we believe it captures a strong combination of physical and transition effects and is a plausible pathway.

By adopting scenarios consistent with the NZGBC scenarios, our choice of scenarios also maximises the use of existing resources and creates stronger comparability with the results of our peers.

#### Time horizons

Each of our scenario narratives is bounded by the end date of 2050, rather than 2100 as used in the Sector Scenarios. We consider that 2050 is sufficiently far away to allow for physical risks to materialise and escalate, but still within a timeframe relevant to our pipeline of work. For example, this timeframe provides sufficient time to substantially progress our Drury masterplan and Sylvia Park precinct development programme. The following table sets out the short, medium and long-term horizons we used for our scenario analysis:

0–3 years Short-term	3–10 years Medium-term	10–30 years Long-term
Our short-term time horizon of 0–3 years is aligned with our Risk Management Framework and focused on cost reduction opportunities and meeting organisational priorities, such as installing solar arrays where applicable at our assets.	Our medium-term time horizon of 3–10 years reflects the typical tenant lease cycle (6–12 years). This is also the timeframe over which substantial upgrades to buildings are planned and delivered.	Our long-term time horizon of 10–30 years reflects building life expectancy (typically up to 50 years).

Further detail in relation to the three scenarios for FY24 can be found in Appendix One.

### Our material climate-related risks and opportunities

Through the climate scenario analysis process, we identified the following material climate risks set out in the table below. Kiwi Property has chosen to utilise adoption provision 2: anticipated financial impacts, which exempts us from disclosing anticipated financial impacts of climate-related risks and opportunities in FY24.

The risks outlined on page 15 are based on current information and understanding. There may however be risks that develop that Kiwi Property is not aware of, and risks that have been considered may have impacts that Kiwi Property does not currently anticipate. We use short, medium and long term for the purposes of our climate-related risks and opportunities consistent with the time horizons considered for the purposes of our scenario analysis as described on page 11. The table above sets out how those time horizons are linked to Kiwi Property's strategic planning and capital deployment plans.

Climate risk	Risk impact rating & time horizon	Anticipated impacts if risks materialise	Risk management response
<p><b>Physical Risk</b></p> <p><b>Extreme weather events (rainfall, high winds, storms, flooding)</b></p> <p>Increased severity and frequency of storm events could result in physical damage to and interruption at our assets across New Zealand. These weather events may also disrupt tenants and customers' ability to travel to our assets and onshore supply chains.</p>	<p>Disorderly and Hot house – long term</p> <p>Moderate impact</p>	<p>Increased extreme weather events could:</p> <ul style="list-style-type: none"> <li>Place stress on existing assets and cause delays and disruption to developments.</li> <li>Close or damage transportation routes and infrastructure necessary to access our assets.</li> <li>Increase capital expenditure for repairs and mitigation initiatives, that cannot be recovered from tenants.</li> <li>Result in a decrease of revenue due to inaccessibility of assets during and following weather events.</li> <li>Lead to delays and increased costs for new developments.</li> </ul>	<p>Operational teams carry out physical risk assessments on assets to plan mitigation initiatives such as increased capacity of guttering for our existing shopping centres. These initiatives are built into capex budgets each year.</p> <p>When undertaking new developments, we consider resilience to weather events. For example, when designing 3 Te Kehu Way we built above the Council's recommended minimum freeboard to mitigate against pluvial flooding.</p>
<p><b>Transition Risk</b></p> <p><b>Sustainability ratings for assets</b></p> <p>Failure to meet investor, shareholder and tenant expectations to maintain and/or improve the sustainability ratings of our assets. This risk is particularly relevant to our office portfolio where tenant expectations for sustainability ratings are higher.</p>	<p>Orderly – short and medium term</p> <p>Disorderly medium term</p> <p>Moderate impact</p>	<p>Increased emphasis on sustainability ratings could lead to:</p> <ul style="list-style-type: none"> <li>Change in attractiveness to tenants.</li> <li>Equity investors may seek to exit their investment in Kiwi Property if there is a failure to meet their expectations regarding asset sustainability performance, potentially resulting in a weaker share price performance and the ability to support further investment and growth.</li> <li>Increase in the cost of debt from banks and bond holders if there is a failure to meet lenders' expectations regarding asset sustainability performance.</li> <li>Acceleration of decarbonisation initiatives to meet market expectations e.g. removal of gas.</li> <li>Increased cost of development to keep pace with sustainability ratings for new buildings i.e. from shortage of expertise, materials and alternative products.</li> </ul>	<p>Kiwi Property has implemented the following targets:</p> <ul style="list-style-type: none"> <li>Existing office buildings to target a minimum 4 star NABERSNZ rating.</li> <li>New office and retail buildings to target a minimum 5 star Green Star rating.</li> <li>New residential buildings to target a minimum 7 star Homestar rating.</li> </ul> <p>Decarbonisation and energy efficiency initiatives that positively impact on NABERSNZ ratings are a focus at our assets and the capital expenditure required to undertake those initiatives is included in budget planning.</p>

## Strategy continued

Climate risk	Risk impact rating & time horizon	Anticipated impacts if risks materialise	Risk management response
<p><b>Transition risk</b></p> <p><b>Increased regulation and market expectation for low carbon development</b></p> <p>The introduction of new climate-related regulation or policy for the built environment and increased expectations from the market for low carbon development.</p>	<p>Orderly – short and medium term</p> <p>Disorderly medium term</p> <p>Moderate impact</p>	<p>Increased regulation and/or expectation for low-carbon development could:</p> <ul style="list-style-type: none"> <li>• Increase capital expenditure due to higher procurement costs for development, refurbishment/retrofit and upgrades.</li> <li>• Result in feasibility of new developments not meeting return on capital hurdles due to increased cost.</li> <li>• Result in delays from supply and expertise shortages.</li> <li>• Constrain supply and increase cost of low carbon building materials and expertise.</li> </ul>	<p>We are preparing for an increased requirement for low-carbon development by:</p> <ul style="list-style-type: none"> <li>• Monitoring regulatory and legislative trends and developments. This helps us to understand potential regulatory change and any associated risks, opportunities and impacts.</li> <li>• Working closely with industry bodies and our partners to understand incoming regulation and changes to building certification requirements.</li> <li>• Building and expanding expertise in our project teams to include design of low carbon buildings and use of low carbon materials so that we meet market expectations and any incoming regulation or policy change.</li> <li>• Updating our 10 year capital expenditure forecast on an annual basis to reflect changes in costs and building regulation requirements, as well as advancements in building technology.</li> </ul>
<p><b>Transition risk</b></p> <p><b>Insurance premiums and retreat</b></p> <p>Risk that insurance premiums may increase substantially as insurers attempt to cover losses from major events</p> <p>Insurance retreat, where insurers decline to cover assets exposed to certain hazards, such as flooding and coastal inundation is also a risk.</p>	<p>Orderly – medium term</p> <p>Disorderly – medium term</p> <p>Moderate impact</p>	<p>Insurance premiums and retreat could:</p> <ul style="list-style-type: none"> <li>• See the cost of insuring assets increase significantly, with potential flow-on effects for tenancy cost of occupancy.</li> <li>• Potentially affect the value of an asset(s) in the event of an insurance retreat.</li> </ul>	<p>To mitigate the risks of rising insurance premiums and insurance retreat, Kiwi Property maintains relationships with a diverse range of local and overseas insurers and implements proactive risk management practices (including loss modelling) to help inform insurance buying decisions.</p> <p>On an operational level our teams carry out physical risk assessments on assets and plan mitigation initiatives with the aim of reducing the risk of having to make insurance claims.</p>



## Strategy continued

### Our material climate-related opportunity

We identified the following climate-related opportunity as material to our business, from a longlist of eight opportunities developed in the climate scenario analysis process described in the Risk Management section on page 19.

Opportunity	Opportunity type & time horizon	Anticipated impacts	Management response
<p><b>Sustainability ratings</b></p> <p>Kiwi Property has assessed that achieving Green Star and Homestar ratings for new buildings and maintaining and/or improving NABERSNZ ratings for existing assets is an opportunity.</p> <p>These sustainability ratings may improve value by attracting premium tenants and help secure new sources of capital.</p> <p>We believe that advancements in building materials, processes and technology present an opportunity to improve ratings or create opportunity to obtain ratings, that could not otherwise be obtained.</p>	<p>Transition</p> <p>Short term</p> <p>Medium term</p> <p>Long term</p>	<p>Focus on achieving, maintaining and improving sustainability ratings for existing and new assets could:</p> <ul style="list-style-type: none"> <li>• Provide access to a wider pool of capital through our Sustainable Debt Framework.</li> <li>• Help us to secure finance to support sustainability ambitions and building certification targets.</li> <li>• Reduce consumption of energy and water, reducing expenditure.</li> <li>• Have flow-on effects on asset values and the attractiveness of the portfolio to investors and tenants.</li> </ul>	<p>Kiwi Property is focused on maintaining and where possible growing our pool of assets that meet the requirements of relevant sustainability certifications. Kiwi Property is implementing this through energy efficiency initiatives and emissions reductions for existing assets and through targeting Green Star and Homestar certifications for our new developments.</p>

### Current climate impacts on our business

Climate change is already having an impact on New Zealand. In early 2023, the North Island of New Zealand was impacted by two significant weather events, being the Auckland Anniversary floods in January 2023 and Cyclone Gabrielle in February 2023. Although a number of our assets are located in the affected regions, they experienced little to no damage during last year's weather events. Recent weather events are in any event impacting the way that Kiwi Property operates, as described further below.

Kiwi Property has identified that climate change is currently impacting its business in the following ways:

#### Extreme weather events – physical risk

Recent storm events have meant we are planning for more frequent high intensity rainfall for example by implementing increased capacity for guttering on our existing shopping centres. When undertaking new developments, we also consider resilience to weather events.

## Strategy continued

### Insurance costs – transition risk

In recent years, the costs associated with Kiwi Property's insurance programme have increased. While Kiwi Property understands that a range of considerations are taken into account by its insurers in determining pricing, our understanding is that the increased frequency and severity of extreme weather events is one factor placing upwards pressure on insurance prices. This, in turn, has impacted Kiwi Property's operational expenditure, where it can't be fully recovered from tenants.

### Tenant expectations – transition risk

There is already expectation from anchor tenants, to continue improving the energy efficiency performance of our existing assets and new developments. We expect this to continue as awareness of possible climate impacts grows. Our continuing efforts to develop and upgrade to highly-rated, high-performing and climate-resilient assets are considered 'no regrets' actions that improve both their current appeal and future performance.

As outlined in the statement of compliance on page 2, Kiwi Property has chosen to use adoption provision 1: current financial impacts, which exempts us from disclosing current financial impacts of climate-related risks and opportunities in FY24.

## Impact of climate-related risks and opportunities on capital deployment and funding

Our climate-related risks and opportunities have informed our internal capital deployment and funding decision-making processes in the following ways:

- Reflecting increased demand for buildings with sustainability ratings, we have set targets in relation to the achievement of sustainability ratings for new and existing assets as set out further in the Metrics and Targets section of this report. These targets in turn influence capital allocation decisions about new and existing assets.
- We established a green bond programme in 2021, with total outstanding issuance of \$500 million as at 31 March 2024. The most recent green bond was \$125 million issued in March 2023 for a 6.5-year term. This followed a successful \$150 million 7-year green bond issue in July 2021.

Green bonds are use of proceeds instruments where borrowed funds are notionally used for specific sustainability-related purposes. In the case of our most recent green bond issue, this purpose was to notionally finance or refinance low carbon and energy efficient buildings. The green bonds are underpinned by our Sustainable Debt Framework, which sets out how we intend to use sustainable debt and the external principles and standards we use to govern their management, reporting and assurance.

- Other sources of expenditure related to emissions reductions and climate risk mitigation occur primarily through capital expenditure budgets for our assets.

### Progress towards transition planning

As outlined in the statement of compliance on page 2, Kiwi Property has elected to use adoption provision 3, which exempts Kiwi Property from disclosing in its first reporting period the transition plan aspects of its strategy and the extent to which these are aligned with its internal capital and funding decision-making processes.

Kiwi Property's Decarbonisation Plan guides our initiatives to reduce our emissions. The plan focuses on working with our partners to implement efficiency programmes such as improved metering to optimise building performance, replacing fossil fuels with onsite renewable energy, and reducing waste and water use. In FY24 our initiatives included replacing gas water heaters with electric, refining our building management systems and continued our focus on our waste management practices.

The NZ CS define a transition plan as "an aspect of an entity's overall strategy that describes an entity's targets, including any interim targets, and actions for its transition towards a low-emissions, climate-resilient future." While Kiwi Property has not yet developed a full transition plan, we are already enacting a number of strategic, operational, and financial responses to our climate risks as outlined throughout this report (see, in particular the responses to our climate-related risks on pages 15 and 16). We anticipate communicating more information about our transition plan in FY25.

# Risk management

**This section sets out how Kiwi Property identifies, assesses and manages climate-related risks and opportunities, and how these processes are integrated into existing risk management processes.**

## Kiwi Property risk management framework

Kiwi Property has adopted a risk management framework which aligns with the New Zealand and Australian Risk Management Standard (AS/NZS ISO 31000:2009).

Our Risk Management Policy includes our risk management principles. The key objectives of this policy are to ensure:

- we manage effectively the risks we face in achieving our objectives, and
- our people are aware of and meet their responsibilities to identify, evaluate and treat the risks that may prevent or restrict us from achieving our objectives.

As outlined in the Governance section of this report, our Board is ultimately responsible for ensuring we manage the risks we face and the Audit and Risk Committee assists the Board in relation to the oversight of our risk management framework and policy.

## Identifying and assessing climate-related risks

Kiwi Property's process for identifying and assessing climate-related risks is led by the ESG Leadership Team with input from the Executive Team. Since FY22, Kiwi Property has undertaken an annual assessment of its climate-related risks.

In FY24, Kiwi Property undertook a detailed climate risk assessment using its Risk Management Framework (RMF). A key aspect of this assessment was the scenario analysis outlined in the Strategy section of this report. External advisers facilitated a multi-month process, involving two workshops with our ESG Leadership Team, to identify and assess climate-related risks and opportunities. A final workshop was held with our Executive Team to confirm results.

Our process considered both physical risks (being risks relating to the physical impacts of climate change) and transition risks (being risks related to the transition to a low-emissions, climate-resilient economy). No parts of our value chain were excluded from this assessment however, many suppliers in our value chain are still developing their climate risk maturity and as such Kiwi Property's current understanding of climate-related risks across the whole value chain, particularly the supply chain, is limited by availability and quality of data and information. The sources used to identify potential climate risks as part of Kiwi Property's climate risk assessment in 2024 included:

- An internal 'current climate impacts' survey which asked relevant individuals within Kiwi Property to provide information about the impacts of climate change on the parts of the business in which they are involved.
- A facilitated exploration of the three scenario narratives customised for our business.
- Asset level climate risks assessments undertaken during FY24. These asset-level assessments were undertaken by the operational team, with oversight from the Head of Sustainability.
- The climate risk longlist provided in the NZGBC sector-specific scenarios work (described in the Strategy section of this report).

## Risk management continued

Risks from these sources were screened for relevance to our business. In a workshop setting, the ESG Leadership Team then used a software platform (Menti) to assess the likelihood and potential impact of these risks, with reference to our RMF and our risk timeframes (shown on page 14). The Executive Team and Board each made minor modifications to the results before the risks were approved by the Board.

### Managing climate-related risks

Decisions as to how specific climate-related risks will be managed are made by Kiwi Property in the following ways:

- At the asset level, decisions about improvements to assets are made by Kiwi Property's operational team, with oversight from the GM Asset Management. For example, this includes decisions to re-roof buildings which increases the resilience of our assets to heavy rainfall.
- At the business level, decisions as to the management of climate-related risks and opportunities are made by management. For example, this included the decision to implement targets for the achievement of NABERSNZ and Green Star ratings where buildings are eligible for these (with these targets subsequently being approved by the Board as part of the Sustainability Strategy).
- The ESG Leadership Team is responsible for overseeing the operational implementation of the Sustainability Strategy. This includes making decisions relevant to the management of some climate-related risks and opportunities, with approval from the ESGC. For example, this included the agreed deliverables for FY24 to undertake climate risk assessments and develop decarbonisation plans for each Kiwi Property asset. More information on this is set out in the Governance section on page 8.

Specific actions that Kiwi Property is taking to respond to Kiwi Property's material climate-related risks are set out in the Strategy section on pages 15 & 16. They include capital expenditure on roof upgrades and energy efficiency initiatives.

### Integrating climate risks into our risk management process

Climate risk is integrated into our enterprise-level risk processes and treated equivalently to other enterprise-level risks with oversight from the GM Asset Management, the Risk and Compliance Committee and the ARC. The RMF is also the primary tool that Kiwi Property uses to prioritise climate-related risks relative to other types of risk by enabling comparison between all categories of risk.

Climate change risk appears as a key risk in our register of key risks, which is maintained by management and reviewed by the ARC quarterly. This risk is included as an overarching risk, with more detail of specific climate risks provided underneath the overarching risk. New granular climate risks identified in FY24 have not to date been incorporated into the risk register, but these have been recorded for future monitoring and action as Kiwi Property determines to be appropriate.

### Time horizons

Our time horizons used for our risk assessment are detailed under the Strategy section on page 14 of this report.

# Metrics and Targets

**This section outlines the metrics and targets relating to the measurement and management of Kiwi Property's climate-related risks and opportunities.**

For all the metrics disclosed in this section, Kiwi Property has chosen to utilise Adoption Provision 6: Comparatives for metrics, which exempts us from disclosing comparative information

for the immediately preceding two reporting periods in FY24.

## Greenhouse gas emissions

The table below sets out Kiwi Property's Scope 1, Scope 2 and selected Scope 3 greenhouse gas (GHG) emissions, expressed in metric tonnes of carbon dioxide equivalent (TCO<sub>2</sub>e).

### GHG emissions by scope for FY24

Scope	Category	Emissions tCO <sub>2</sub> e
<b>Scope 1</b>	Category 1: Direct emissions	327.72
	<ul style="list-style-type: none"> <li>Natural gas</li> <li>Diesel used in back-up generators and sprinkler pump systems and</li> <li>Fugitive refrigerant from Heating, Ventilation and Air Conditioning</li> </ul>	
<b>Scope 2</b> Location based method	Category 2: Indirect emissions from imported energy	727.26
	<ul style="list-style-type: none"> <li>Electricity used in common areas and Head Office</li> </ul>	
<b>Scope 3</b>	Category 3: Indirect emissions from transportation	106.44
	<ul style="list-style-type: none"> <li>Business travel</li> </ul>	
	Category 4: Indirect emissions from products used by organisation	689.77
	<ul style="list-style-type: none"> <li>Transmission of energy (transmission and distribution losses)</li> <li>Water supply</li> <li>Waste to landfill</li> </ul>	
	Category 5: Indirect emissions associated with the use of products from the organisation	–
	<ul style="list-style-type: none"> <li>Not measured</li> </ul>	
	Category 6: Indirect emissions from other sources	–
	<ul style="list-style-type: none"> <li>Not measured</li> </ul>	
<b>Total gross emissions</b>		<b>1851.19</b>
	Category 1 direct removals	0
	Purchased emission reductions	0
<b>Total net emissions</b>		<b>1851.19</b>

The GHG emissions in this table have been measured in accordance with ISO 14064-1 2018 Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals. Emissions are reported using a location-based methodology.

Scope 1 and 2 emissions include the “base build” emissions (refrigeration and natural gas associated with heating and cooling, diesel usage for back generators and sprinkler pumps, and electricity used in common areas and Head Office).

## Metrics and Targets continued

Scope 3 emissions are indirect emissions and Kiwi Property is measuring and disclosing in FY24 emissions from the following sources: business travel (flights, mileage, taxis and rental vehicles), transmission and distribution losses for natural gas and electricity, and water and waste that is controlled through Kiwi Property loading docks.

Kiwi Property has utilised Adoption provision 4, which exempts us from disclosing Scope 3

emissions. Kiwi Property has chosen to disclose a subset of its scope 3 emissions.

For further information on the methods and assumptions used to calculate or (where applicable) estimate Kiwi Property's GHG emissions, the limitations of those methods, and uncertainties relevant to the quantification of Kiwi Property's GHG emissions, please refer to Appendix Two of this report.

## Climate-related metrics, ambitions and targets for managing climate risks

Kiwi Property's climate-related metrics, ambitions and targets, along with our performance against them as at 31 March 2024 are detailed in the tables below.

Metric / Ambition	Assessment	Comment
<b>GHG emissions intensity</b> Scope 1 + 2 GHG emissions (tCO <sub>2</sub> e) / square metre lettable area =	0.00283 tCO <sub>2</sub> e	GHG emissions per net lettable area (NLA) is an emissions intensity measure used in the property sector to allow like-for-like comparisons between different sized assets. NLA is the amount of space (sqm) in a property available for leasing.
<b>Emissions reductions</b> By 2030, Kiwi Property has set an ambition to be in a position whereby its net Scope 1, Scope 2 and selected Scope 3 emissions are "net carbon negative" in the sense that they are more than fully offset by the purchase of voluntary carbon credits in that year.	In terms of performance against this ambition, as at 31 March 2024 Kiwi Property has achieved a 73% reduction in the relevant emissions (being Scope 1, Scope 2 and selected Scope 3) on a gross basis compared to 2012, our first year of recording these emissions. When compared against FY23, this reduction is 24%. We have previously used 2012 (calendar year) as the base year for measuring progress against our 2030 ambition, however in FY24 Kiwi Property has reset its base year to be the financial year ending 31 March 2024.	We are describing this as an "ambition" rather than a target, given that its achievement relies on the purchase of offsets in 2030 rather than a reduction in our gross greenhouse gas emissions by a specified amount over time. Kiwi Property has, however, put in place a Decarbonisation Plan as part of this overarching ambition which includes intended actions to reduce Scope 1, Scope 2 and selected Scope 3 emissions, on an absolute basis.  In FY25, we are intending to expand the scope of our emissions measurement and reporting and review our emissions reduction ambitions. It is possible our approach to offsetting will change as a result of our intended review of our 2030 ambition.

While Kiwi Property has prepared a Decarbonisation Plan and has been implementing emission reductions initiatives as outlined in this report, it has not to date set an all-scopes target that aligns with scientific pathways to limiting global warming to 1.5 degrees Celsius. In FY25, as we measure and report additional scope 3 emissions categories, we are aiming to revisit our aspirations for future emissions reductions. However, Kiwi Property recognises that decarbonising the construction sector in line with scientific pathways to 1.5 degrees

is challenging, including because "embodied carbon" in construction materials is a significant source of emissions (which Kiwi Property does not presently quantify).

Kiwi Property's Decarbonisation Plan is focused on reducing operational emissions with the offsetting of any residual balance with carbon credits purchased on the voluntary carbon market currently planned for 2030. The final quantity of offsets is not yet known, nor have particular offset schemes been chosen.

## Metrics and Targets continued

Target	Time frame	Base year	Status	FY24 Performance
Existing office buildings to target a minimum 4 star NABERSNZ rating.	Short Medium Long	2021	Achieved for current portfolio.  Ongoing for future developments.	All eligible <sup>3</sup> buildings have achieved a minimum 4 star NABERSNZ rating. <ul style="list-style-type: none"> <li>• ANZ Raranga 5.5 stars</li> <li>• ASB North Wharf 5 stars</li> <li>• Aurora Centre 5.5 stars</li> <li>• Vero Centre 4 stars</li> <li>• 65 Bryce Street 4.5 stars</li> <li>• Sylvia Park Shopping Centre indicative 6 stars</li> </ul>
New office and retail buildings to target a minimum 5 Green Star rating.	Short Medium Long	2021	Achieved for new developments since target was set.  Ongoing for future developments.	3 Te Kehu Way office development awarded a 6 Green Star Design & As Built NZ v1.0 rating.
New residential buildings to target a minimum 7 Homestar rating.	Short Medium Long	2021	On track for Resido Lynton.  Ongoing for future developments.	Resido, our BTR development at Sylvia Park has been awarded an 8 star Homestar Design rating and is on track for an 8 star Built rating on completion.

3. Office buildings are eligible for a NABERSNZ rating once they have been operational for a minimum of 12 months.

### Remuneration

A description of the overall management remuneration linked to climate-related risks and opportunities is set out in the governance section of this report on page 9.

### Other key performance indicators

Kiwi Property does not currently use any key performance indicators other than the metrics outlined in this report to measure and manage climate-related risks and opportunities.

### Carbon pricing and offsetting

We currently do not use an internal emissions price and are not offsetting. As described on page 22, our 2030 ambition includes the purchase of offsets, but it is possible this will be reviewed in future.

## Metrics and Targets continued

### Capital deployment toward climate-related risks and opportunities

The table below shows the capital expenditure on climate related initiatives for FY24.

Risks/opportunity and items	FY24 gross capital expenditure (exc. GST)	Method/assumptions
<b>Sustainability ratings for buildings</b>		
<ul style="list-style-type: none"> <li>Operational emissions reductions.</li> </ul>	\$163,028	Taken from actual spend in FY24. Kiwi Property spent \$163,028 in capital expenditure to reduce operational emissions. Initiatives included chiller and Building Management System (BMS) upgrades. A BMS is used to monitor to monitor energy use and temperatures, in a building and modern BMS can be used to switch off equipment when it's not needed to help with energy efficiency.
<ul style="list-style-type: none"> <li>Heating, Ventilation and Air Conditioning (HVAC) system.</li> </ul>	\$77,322	Taken from actual spend in FY24. Kiwi Property spent \$77,322 remediating HVAC units to progress our programme of preventing leakage of refrigerants.
<ul style="list-style-type: none"> <li>Homestar Development (Resido).</li> </ul>	\$126,674,142	Taken from actual spend in FY24. During FY24, Kiwi Property deployed a gross amount of \$126,674,142 in capital expenditure towards our Build To Rent Homestar development – Resido. This gross expenditure figure does not separate between those costs that are climate-related and those which are general costs associated with the Resido development, and accordingly includes costs that are not linked to climate-related risks and/or opportunities.
<b>Extreme weather mitigations</b>		
<ul style="list-style-type: none"> <li>Roofing projects</li> </ul>	\$340,984	Taken from actual spend in FY24. Kiwi Property spent \$340,984 in FY24 on reroofing projects to better accommodate for increasing rain volumes during storm events.



## Metrics and Targets continued

### Exposure to climate-related risks and opportunities

Kiwi Property undertook a high-level, qualitative process to assess the potential exposure of its portfolio to physical and transition risks and to climate-related opportunities. Our approach and understanding of how climate-related risks and opportunities could impact our portfolio and business will develop over time, and this may allow for more detailed reporting on these metrics in the future.

Metric	Assessment	Comment
<p>Percentage of portfolio by value that has a sustainability rating i.e. NABERSNZ, Green Star and Homestar.</p> <p>This is an industry-based metric.</p>	<p>37% of our portfolio by value<sup>4</sup> has a sustainability rating.</p>	<p>Our sustainability performance and ratings allow us to access ESG-focused capital markets. Green bonds are use of proceeds instruments where borrowed funds are notionally used for specific sustainability-related purposes. In the case of our most recent green bond issue, this includes notionally financing or refinancing low carbon and energy efficient buildings. Our Sustainable Debt Framework, which sets out how we intend to use sustainable debt and the external principles and standards we use to govern their management, reporting and assurance, is underpinned by our pool of "Green Assets".</p> <p>Sustainability ratings also help attract quality tenants into our office portfolio.</p>
<p>Amount of portfolio vulnerable to transition risks.</p>	<p>All owned assets are vulnerable to transition risks to some extent.</p>	<p>In FY24 Kiwi Property experienced an increase in insurance premiums which has increased operating expenses. Kiwi Property understands that this increase is attributable to a number of factors, including matters relating to climate change.</p> <p>Flooding and extreme weather events have contributed to a challenging insurance market. We expect that, over the medium to long term, particularly under Scenario 3, properties with proximity to the waterfront and in known flood zones will be continually reviewed by our insurers and may be subject to changes to availability of insurance.</p> <p>We have identified that only one of our commercial assets has natural gas in the base build so it has some vulnerability to the risk of not maintaining a NABERSNZ rating that meets the expectations of our premium office tenants. Kiwi Property has put in place a decarbonisation plan and NABERSNZ improvement plan for the asset with a view to mitigating this risk.</p> <p>Under the new Green Star Buildings tool, all new developments will be required to achieve a minimum reduction in embodied carbon. In order to achieve a Green Star Rating, Kiwi Property will need to meet this requirement through design and use of low-carbon building materials.</p>

4. Excluding properties categorised as "Sylvia Park adjoining properties" in the FY24 consolidated financial statements.

## Metrics and Targets continued

Metric	Assessment	Comment
Amount of portfolio vulnerable to physical risks.	All owned assets are vulnerable to physical risks to some extent.	<p>Kiwi Property undertook a high-level, qualitative assessment of potential risk to our assets from extreme weather events. We reviewed the following data and information to inform our view:-</p> <ul style="list-style-type: none"> <li>• Sea level rise using NIWA's extreme sea level flood maps<sup>5</sup>.</li> <li>• Council flood maps</li> <li>• Historical experience of the storm events</li> <li>• Our assessment found that:-</li> <li>• Assessing our assets using Scenario 3 and a 2050 end point, these assessments suggest that our portfolio is not at significant risk from sea-level rise.</li> <li>• Kiwi Property's assets were at risk of moderate levels of impact from flooding during extreme weather events under Scenario 3 over the long-term time horizon.</li> </ul> <p>Due to the nature of the assessment undertaken there are inherent limitations and uncertainties involved with this metric.</p> <p>New developments are being designed to mitigate risk from surface flooding and mitigation plans are in place at all existing assets. These include guttering and roofing upgrades as well as pumps for basement carparks where required.</p>

5. These maps provide a modelled representation of New Zealand's 1% annual exceedance probability (AEP) extreme sea level flooding under current climatic sea conditions, plus relative sea level rise up to 2m above present-day mean sea level. 1% AEP means conditions that have a 1% change of occurring once every 100 years).

# Appendix One

## Our climate scenarios

A description of each scenario is outlined in the table below, with a detailed description, methods, assumptions, and sources of data used to construct the Sector Scenarios, on which Kiwi Property's scenarios are based on NZGBC's website: [www.nzgbc.org.nz/research-and-reports](http://www.nzgbc.org.nz/research-and-reports)

Scenario	Brief description
<b>1 – Orderly transition</b>	<p><b>By 2025, world leaders have committed to a clear timeline to phase out fossil fuels and pursue a steady transition towards a low-carbon global economy. The financial sector quickly makes large amounts of capital available for the transition.</b></p> <p>The global momentum takes little time to permeate to New Zealand, as in consecutive summers in 2024 and 2025 a sequence of bushfires, floods and ex-tropical cyclones create revamped support for a stronger domestic response. This support overwhelms the Government's claim that the country is 'too small to make a difference', and in 2026 leads to the election of a new Government with a mandate to lead New Zealand towards a decarbonised, adapted version of its economy and society.</p> <p>The new Government invests heavily in public transport and continues transport resilience efforts. Combined with congestion charging and ever-rising petrol prices, people rely far more heavily on public transport for commuting, shopping and entertainment. This in turn affects the value of housing and other assets according to their reach within transport modes.</p> <p>The new Government also tightens building standards, requiring gas to be phased out from both existing non-residential and residential buildings as well as preventing the installation of fossil gas infrastructure and connections in buildings except where there are no technically viable low emissions alternatives. New builds are required to meet stringent energy standards in design and operation as well as report on its whole-of-life embodied carbon, which spurs the construction of several remarkable buildings in prominent city locations. More commonly, however, the effect of the new standards is to increase costs across the sector, and to make it more attractive to refurbish and repurpose existing buildings. As this cannot be achieved for all buildings, the new standards create asset impairment for – and a rush to dump – non-viable older buildings.</p> <p>By 2028, the ongoing, cumulative impacts of major weather events mean that local and central governments reduce financial support for damages, including buy outs, with commercial buildings only covered for 50 percent of rateable value. Home and business owners become acutely aware of their financial exposure as more granular hazard maps, with distinct property IDs, are leaked from a major commercial entity.</p> <p>By 2030, insurance cover has moved entirely towards risk-based pricing, which in almost all situations has meant an increase in premiums. Insurance retreat is now a clear pattern for residential property and has begun to be applied to storm surge- and floodplain-prone assets with the non-residential property sector. Where insurance cover remains, more stringent physical risk assessments and building modifications are becoming an annual headache for asset owners.</p>

Scenario	Brief description
<p><b>2 – Disorderly transition</b></p>	<p><b>From 2024 onwards, the international political community produces a string of failures at COPs, leading to a global stall on emissions reduction efforts and momentum. New Zealand mirrors this domestically, entering what will become known retrospectively as ‘the lost decade’ on climate. Through the mid-late 2020s, consecutive New Zealand governments concoct legal and diplomatic manoeuvres to skirt the activation of the ‘climate clause’ within the 2023 EU-NZ free trade agreement.</b></p> <p>In the heavy storms of the summer of 2025-26, however, excessive rainfall leads to failure of stormwater systems around several prominent retail assets. Financial actors – including insurers and banks – act from a commercial imperative to tighten requirements around the location, resilience and carbon-intensity of property assets they support. Asset owners bear the costs of demonstrating – through costly modelling, ongoing renovations and changes to designs – that their assets can absorb the extreme weather that the country is becoming more familiar with. Investors begin to question the merits of the property sector relative to other places to invest their wealth.</p> <p>In the northern hemisphere, an unrelenting season of fires in mid-2029 sparks a reckoning about business practices for major companies in Europe and the US, whose commercial backers start to question the viability – in carbon terms – of transporting their goods long distances to remote markets. A shift in corporate reporting away from maximising shareholder profits means that even viable commercial opportunities are subject to extra regulatory and investor screens.</p> <p>Against this backdrop, the global political community reawakens to the climate crisis between 2030-32, where governments worldwide are elected with a wave of support for strong intervention to safeguard their societies’ future.</p> <p>In NZ, assets built to standards prior to 2030 face a suddenly increased risk of stranding, while assets in design are delayed while costly redesign processes are undertaken. The sector finds it is ill-equipped to accelerate its performance, as other countries begin using their market power to sign preferential trade agreements with producers of key building materials (including low-carbon cement and strengthened timber). A similar rush ensues for the talent and expertise required to deploy these materials. As a small player, NZ is at the back of the queue, restricting the sector’s ability to deliver on its targets. This subjects it to a high carbon credit burden under the ETS, and the temptation of accepting less-than-savoury carbon credits in voluntary markets.</p> <p>The situation stabilises for the property sector over the remainder of the decade to 2050, though transport and electricity systems never regain the degree of reliability that the population – and asset owners – crave. Climate migration allows NZ to reach a population of 6 million; however, keeping it as a somewhat attractive destination for foreign companies with the capital to rely on wind-assisted container ships to deliver a modest range of product to this isolated market.</p>

Scenario	Brief description
<p><b>3 – Hot house world</b></p>	<p><b>In New Zealand, two years after the 2023 Auckland Anniversary floods and Cyclone Gabrielle, an initially constructive response from local and central governments is soon swallowed up by mounting popular opposition to rates rises and the daunting engineering challenges of repairing so much vulnerable infrastructure simultaneously. An air of climate ambivalence takes root, which matches the prevailing sentiment abroad, where far-right governments abandon emission reductions and cultivate a sense of ‘what’s in it for me?’.</b></p> <p>Amid this environment small areas of climate action persist in the New Zealand property and construction sector. Between 2025 and 2027, each of the major banks announces new restrictions on lending to new builds for assets that aren’t deemed sufficiently climate resilient. Two major insurers go even further in 2028 when they lay out near-term plans for insurance retreat for non-residential property assets on floodplains and vulnerable to storm surges or landslips. This has the effect of gutting many mid-market asset owners, while leaving larger companies with much higher compliance burdens and costs.</p> <p>International companies still interested in a presence in New Zealand demand much higher asset standards on resilience and embodied carbon, which are needed not only for their own sustainability credentials but also the safety of their employees and customers. A lack of investment in renewables on the grid means this needs to be met through costly on-site renewable installations at assets.</p> <p>In 2029, the cumulative effect of high emissions causes a chain of climate catastrophes, precipitating a bursting of the ‘carbon bubble’ and leading to a financial meltdown greater than the 2007-2008 financial crisis. This quickly carries through to New Zealand property and construction, stalling many multi-year builds. Consumption spikes briefly as people begin setting themselves up for simpler, more self-sufficient lifestyles, then drops off a cliff as people permanently rein in discretionary spending.</p> <p>Within two years, the financial crisis has stabilised but the property sector is now focused on improving physical resilience at existing assets, in the face of climate impacts and a generally uncertain economic future. In 2032, a new New Zealand Government promotes a radical shift – though minimal financial support – for a pivot towards resilience and adaptation against future climate impacts. This ‘least-worst’ option means an increase in rates to cover infrastructure costs, further denting consumer spending, and soon also brings restrictions on the use of resources (cars, heating, cooling) for non-critical purposes.</p>

# Appendix Two

## GHG Emissions methodology and assumptions

### Reporting period and base year

The reporting period covered by this report, including in relation to the disclosure of GHG emissions, is FY24 (1 April 2023 to 31 March 2024).

For the purposes of tracking its progress on emissions reduction, Kiwi Property has previously used different time periods, and in FY24 it updated its base year. Between 2012 and 2019, Kiwi Property measured its emissions by reference to the calendar year i.e. 1<sup>st</sup> January to 31<sup>st</sup> December. The base year that Kiwi Property used for GHG emissions measurement and associated reporting was 1<sup>st</sup> January 2012 to 31<sup>st</sup> December 2012.

For benchmarking purposes and comparability to other REINZ (Real Estate Institute New Zealand) companies, the decision was made in 2020 to align the reporting period to Kiwi Property Group's financial reporting, which is 1st April to 31<sup>st</sup> March.

To ensure accuracy, reporting from all previous years were independently verified by Ekos, this resulted in no significant changes and therefore we did not recalculate the previous years.

In describing our progress on emissions reduction in this report, calendar year emissions are indicated by the year (e.g. 2012 represents 1<sup>st</sup> January 2012 – 31<sup>st</sup> December 2012) and financial year emissions indicated by 'FY' preceding the year (e.g. FY24 represents 1<sup>st</sup> April 2023 – 31<sup>st</sup> March 2024).

In FY24 Kiwi Property has reset its base year from 2012 to FY24 to account for significant changes to the portfolio. Kiwi Property's base year measurement period is now 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024. This has resulted in a decrease to the base year inventory of 4,710.81 tCO<sub>2</sub>e. Accordingly, when describing our emissions reduction progress on page 22, we have explained this by reference to both the calendar year of 2012 and the financial year of FY23.

### Organisational boundary and consolidation approach

Kiwi Property applies an operational control approach to identify and determine the boundary of our GHG inventory.

A company has operational control over an asset/operation if it has the authority to introduce and implement operating policies at the operation. This consolidation approach allows us to focus on those emission sources over which we have operational control and can therefore implement management actions consistent with Kiwi Property's sustainability strategy. It does not, at this stage, cover new building construction or major renovations of buildings which are undertaken by Kiwi Property suppliers.

Organisational boundaries were set with reference to the methodology described in the GHG Protocol and ISO 14064-1:2018 standards.

### Methodologies and uncertainties

Emissions have been quantified using the calculation-based method based on activity multiplied by greenhouse gas emission factors. Emission factors and Global Warming Potential rates have been sourced from Toitū emanage who source them from the Ministry for the Environment. To minimise uncertainties in accuracy of this inventory, data has been sourced wherever possible from a verifiable source, as detailed on page 32.

Estimates have been used when reliable data has not been available. Estimates were used for the following:-

- Westgate Lifestyle Diesel usage for April 2023
- Sylvia Park Electricity usage for October 2023
- The Plaza water usage for 3 days in March 2024
- The Base water usage from 6 to 31 March 2024
- Sylvia Park water usage for January, February and March 2024
- Aurora Centre water usage from 20 February to 31 March 2024
- The Base LFR electricity for March 2024

## Appendix Two continued

### Operational boundary

The FY24 GHG emissions inventory covers scope 1 and 2 emissions and scope 3 emissions where the group has sufficiently reliable measurements for scope 3 categories.

Improving the accuracy and extent of our scope 3 measurement is an ongoing area of focus, working towards reliable measurement of all material scope 3 emissions categories in FY25.

Scope 1 and 2 emissions include the “base build” emissions (refrigeration and natural gas associated

with heating and cooling, and stationary diesel and electricity).

Scope 3 emissions are indirect emissions and currently includes business travel (flights, employee mileage, taxis and rental vehicles), transmission and distribution losses from electricity and natural gas, water and waste. Waste in this report is waste to landfill that is controlled through Kiwi Property loading docks.

The table below shows the assets that have been included in Kiwi Property’s inventory.

Kiwi Property Group Limited Head office – Level 7 Vero Centre		
Mixed-use	Retail	Office
Sylvia Park Precinct	The Plaza	The Aurora Centre
LynnMall	Centre Place North	Vero Centre
The Base	Westgate Lifestyle	65 Bryce Street

### Excluded assets

#### Assets under Management

Centre Place South – Kiwi Property does not own Centre Place South and has a limited operational management contract for this building, which does not include decision making on capital investments, energy contracts or building operation hours. Centre Place South’s electricity, gas and HFC’s are excluded. Kiwi Property manages and sets waste disposal processes which the tenants are encouraged to follow. Waste data for Centre Place South is captured in Centre Place North’s reporting.

Northlands – Kiwi Property does not own Northlands and has a limited operational management contract for this building, which does not include decision making on capital investments, energy contracts or building operation hours.

ASB North Wharf – A single tenant occupies most of this office asset and Kiwi Property has limited operational control.

#### Development Land and sundry properties

Sundry properties are either residential or industrial and emissions are controlled by tenants. Where there is common area that is controlled by Kiwi Property such as at 77 & 89 Carbine Road those emissions are included in this report.

Drury and other bare development land has been excluded.

## Appendix Two continued

### GHG emissions sources included

GHG emissions category	GHG emissions source or sink subcategory	Data source	Explanation of uncertainties or assumptions around data and evidence
<b>Scope 1 Indirect emissions</b>			
Category 1 Natural gas – stationary	Natural gas is used for heating buildings common areas.	Supplier invoices. Check meters.	<p>The gas usage is metered when it comes into the building and the gas providers then invoice Kiwi Property. Check meters in the building provide readings for tenant usage.</p> <p>Data is read on internal check meters and allocated to tenants or common areas accordingly. If tenant check meters are used then the remainder is allocated to landlord consumption.</p> <p>These meters have a +/-2% accuracy by law and so the usage is considered to have low uncertainty.</p>
Stationary diesel	Diesel is used in pumps for sprinkler systems and in back-up generators.	Supplier records.	<p>The sprinkler systems are regularly tested by external contractors, who invoice Kiwi Property and report on diesel used. The Facilities Managers report this usage.</p> <p>There is low uncertainty as the Facilities Managers can check usage against levels of stored diesel.</p>
Fugitive emissions from air conditioning units	Leakage of refrigerants from HVAC systems in common areas.	Records from suppliers.	<p>Refrigeration data is collected annually.</p> <p>The HVAC systems are regularly maintained by external contractors, who report the refrigerant top ups. There is low uncertainty as the kilograms of refrigerant added is measured.</p> <p>Refrigerants used include: HCFC-22 (R-22, Genetron 22 or Freon 22), HFC-134a, R-404A, R-407C, R-410A.</p>
<b>Overall assessment of uncertainty for Category 1</b>			<b>Low</b>
<b>Scope 2 Indirect emissions</b>			
Electricity	Electricity consumption from common areas.	Records from embedded network operator and invoices from electricity suppliers.	<p>Electricity is imported by Kiwi Property Group for common areas and administration areas of buildings, and head office. This electricity is primarily used for lighting, heating and cooling.</p> <p>The electricity usage is metered when it comes into the building and providers then invoice Kiwi Property.</p> <p>Where there is an embedded network Kiwi Property receives a report from the embedded network operator which states the residual which is used for common areas.</p> <p>These meters have a +/-2% accuracy by law and so the kwh usage is considered to have low uncertainty.</p>
<b>Overall assessment of uncertainty for Category 2 emissions and removals</b>			<b>Low</b>



## Appendix Two continued

GHG emissions category	GHG emissions source or sink subcategory	Data source	Explanation of uncertainties or assumptions around data and evidence
<b>Scope 3 Indirect emissions</b>			
Category 3 Business travel – Transport (non-company owned vehicles)	Flights, mileage, taxis and rental vehicles.	Supplier report.  Internal finance system.	Kiwi Property Group uses Flight Centre to book all travel. A report is provided by Flight Centre that includes flight information that is used to calculate the emissions. The sources of data are considered reliable.  Taxis and mileage are recorded in our internal financial tracking system. There is a higher level of uncertainty as kms are reported by the employee and type of vehicle is not currently collected. This represents a smaller portion of the emissions.
Category 4 Water	Water supply.	Supplier invoices.  Check meters.	The water usage is metered when it comes into the building and the water providers then invoice Kiwi Property. Check meters in the building provide readings for tenant usage.  Data is read on internal check meters and allocated to tenants or common areas accordingly. If tenant check meters are used then the remainder is allocated to landlord consumption.  These meters have a +/-2% accuracy by law and so the usage is considered to have low uncertainty.
Waste	Waste generated from building operations.	Supplier reports.	Waste generated within the buildings is recorded. This waste is primarily produced by tenants and shoppers in the retail centres.  The data is reported monthly by waste collection providers who weigh the bins as they are collected and then provide monthly reports with the weight of collections stated in kilograms or tonnes.  Waste data collected is waste to landfill that is controlled through Kiwi Property loading docks. Waste that is controlled by tenants with their own loading docks, where Kiwi Property has no operational control, is excluded. For example all supermarkets and most major retailers have their own loading docks. The tenants at Bryce Street and Aurora Centre also manage their own waste.  Construction waste is currently excluded from this inventory.  All landfill waste is sent to landfills with gas recovery. There is low uncertainty regarding the waste calculations.
Transmission of energy (T&D losses)	Electricity distributed T&D losses, Natural Gas distributed T&D losses.	Supplier invoices.	Data for electricity and gas were sourced from invoices and meter readings taken monthly. By law, meters used for billing should operate within a 2% error tolerance. The kWh data is reviewed by Facilities Managers on a monthly basis and reported to senior management, creating a low level of uncertainty.
<b>Overall assessment of uncertainty for Category 4 emissions and removals</b>			<b>Low</b>

## Appendix Two continued

### GHG emissions sources excluded

Scope	GHG emissions category	GHG emissions source	Reason for exclusion
<b>Upstream (purchased goods &amp; services)</b>			
3	Purchased goods & services.	Expenses related to operational activity i.e. office supplies, legal, insurance, consultants and construction sites.	Reliable calculation of emissions not available. Work underway in 2024 to determine these emissions.
3	Capital goods (e.g. plant, property & equipment).	Upstream emissions from goods used to build/repair a building. Embodied carbon in development properties.	Reliable calculation of emissions not available. Work underway in 2024 to determine these emissions.
3	Transportation & distribution.	Emissions from transportation of products purchased by company.	Emissions from couriers used by Kiwi Property fall below the 1% threshold and are excluded.
3	Employee commuting.	Travel between work and home.	Reliable calculation of emissions not available. Work underway in 2024 to determine these emissions.
<b>Downstream (sold goods and services)</b>			
3	Downstream leased assets (properties).		Reliable calculation of emissions not available. Work underway in 2024 to determine these emissions.
3	End of Life Treatment of sold product/ Use of sold product.		Not applicable
3	Investments.		Not applicable
3	Franchises.		Not applicable
3	Processing of sold products.		Not applicable
3	Transportation & distribution.		Not applicable

### Biogenic carbon

Kiwi Property does not use any biofuel, burn biomass or have any agriculture or forestry activities so has no biogenic emissions or carbon removals.



