2024

Climate Related Disclosures

Precinct™

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COS

Contents

Introduction

This report presents Precinct's first Climate Statement for the FY24 reporting period in accordance with Aotearoa New Zealand Climate Standards issued by the External Reporting Board (XRB):

- **NZ CS 1: Climate-related Disclosures**
- **NZ CS 2: Adoption of Aotearoa New Zealand Climate Standards**
- **NZ CS 3: General Requirements for Climate-related Disclosures**

As a business, Precinct is committed to creating a more sustainable environment. This means identifying and assessing the risks and opportunities presented by climate change. We recognise our role as a long-term owner, manager and developer of real estate, as well as an employer. We are taking a thoughtful approach to climate change action, as well as disclosure. Precinct is fully supportive of a low-carbon future for Aotearoa New Zealand.

Climate change is important to Precinct as a real estate organisation due to its potential impact on property values, insurance costs, and risk management. As temperatures rise and extreme weather events potentially become more frequent and severe, properties in general face increased vulnerability to damage from floods, storm events, wildfires, and other natural disasters. Our organisation takes this into consideration, alongside transition risks and climate change opportunities, when assessing investment risks and making strategic decisions about property development and management. We understand and utilise current advice about the various ways we can address climate change to enhance the long-term sustainability and profitability of our business.

This report is approved on behalf of Precinct Properties New Zealand Limited and Precinct Properties Investments Limited on 17th October 2024.

Anne Urlwin
Independent Director
and Chair

Nicola Greer
Independent Director
and Chair of the
Environmental, Social &
Governance Committee

About Precinct

Listed on the NZX Main Board under the ticker code PCT and ranked in the NZX top 30, Precinct is the largest owner, manager and developer of premium city centre real estate in Auckland and Wellington. Precinct is predominantly invested in office buildings and also includes investment in Generator, Commercial Bay retail and a multi-unit residential development business. As at 30 June 2024, Precinct's directly-held portfolio (on-completion value) totalled $3.3 billion and Precinct had a further $1.6 billion of capital partnering assets under management: $1.1 billion of these were assets in which Precinct holds a minority interest; with the balance being managed on behalf of third party partners.

For information visit: www.precinct.co.nz

Disclaimer

This report sets out Precinct's current understanding of, and response to, climate-related risks and opportunities as they impact Precinct as at 17th October 2024, and the current and anticipated impacts of climate change, which may evolve over time. Climate change is an evolving challenge, with high levels of uncertainty.

By its nature, this report contains forward looking statements, including climate scenarios, targets, assumptions, climate projections, forecasts, statements of future intentions, estimates and judgements. Forward looking statements involve assumptions, forecasts and projections about Precinct's present and future strategies and the environment in which Precinct will operate in the future, which are inherently uncertain and subject to limitations. While Precinct has taken all reasonable care in making these forward-looking statements, these statements, together with the risks and opportunities described in this report, and our strategies to achieve our targets, may not eventuate or may be more or less significant than anticipated. There are many factors that could cause actual results, performance or achievement of climate-related metrics and targets to differ materially from that described, many of which are outside of Precinct's control, including economic and technological viability, as well as climatic, government, consumer, and market factors.

Nothing in this report should be interpreted as legal, financial, tax, earnings or other advice or guidance.

Statement of Compliance

Precinct Properties New Zealand Limited (**PPNZ**) and Precinct Properties Investments Limited (**PPIL**) (together, **Precinct**) are both climate reporting entities (**CREs**) under the Financial Markets Conduct Act 2013 (**FMCA**).

PPNZ and PPIL have been granted an exemption from the FMCA, the Financial Markets Conduct (Climate Statements – Precinct Properties Group) Exemption Notice 2024 (Exemption Notice), which permits PPNZ and PPIL, subject to conditions set out in the exemption notice, to prepare climate statements in respect of Precinct, while they remain stapled (in place of separate climate statements for each company).

These climate-related disclosures comply with the Aotearoa New Zealand Climate Standards (NZ CS 1, 2, and 3) issued by the External Reporting Board, subject to the Exemption Notice.

In preparing this report, Precinct has elected to use the following exemptions as referenced in NZ CS 2:

Adoption Provision 1 - Current Financial Impacts

- Paragraph 12(b) of NZ CS 1 Climate-related Disclosures requires the following disclosure: the current financial impacts of its physical and transition impacts identified in paragraph 12(a).
- Paragraph 12(c) of NZ CS 1: if the entity is unable to disclose quantitative information for paragraph 12(b), an explanation of why that is the case.

Adoption Provision 2 - Anticipated Financial Impacts

- Paragraph 15(b) of NZ CS 1 Climate-related Disclosures requires the following disclosure: the anticipated financial impacts of climate-related risks and opportunities reasonably expected by the entity.
- Paragraph 15(c) of NZ CS 1: a description of the time horizons over which the anticipated financial impacts of climate-related risks and opportunities could reasonably be expected to occur.
- Paragraph 15(d) of NZ CS 1: if the entity is unable to disclose quantitative information for paragraph 15(b), an explanation of why that is the case.

Adoption Provision 3 – Transition Planning

- Paragraphs 16(b) and 16(c) of NZ CS 1 require the following disclosure: the transition plan aspects of its strategy, including how its business model and strategy might change to address its climate-related risks and opportunities; and the extent to which transition plan aspects of its strategy are aligned with its internal capital deployment and funding decision-making processes.

- Precinct has elected to use the Provision 3 exemptions for this first year of reporting on the basis that, while key aspects related to transitioning the business have been introduced in line with identified climate-related risks and opportunities, these are not yet exhaustive in consideration of all available areas identified. Precinct looks forward to progressing this work for the FY25 climate statement. See the Strategy section for further information on our progress to date.

Adoption Provision 4 – Scope 3 GHG emissions

- Paragraph 22(a)(iii) of NZ CS 1 requires the following disclosure: greenhouse gas (**GHG**) emissions: gross emissions in metric tonnes of carbon dioxide equivalent (CO2e) classified as scope 3.

- Precinct has adopted the exemptions allowed for in Provision 4 for this first year of reporting on the basis that, while Scope 3 is reported for FY24, the coverage for all Scope 3 reporting categories is not yet comprehensive. The unreported Scope 3 categories are identified in the Metrics & Targets section of this report. Precinct looks forward to progressing this work ahead of the first mandatory assurance required for our FY25 climate statement.

Adoption provision 6 - Comparatives for metrics

- Paragraph 40 of NZ CS 3 requires the following disclosure: For each metric disclosed in the current reporting period an entity must disclose comparative information for the immediately preceding two reporting periods.

Adoption provision 7 - Analysis of trends

- Paragraph 42 of NZ CS 3 requires the following disclosure: An entity must disclose an analysis of the main trends evident from a comparison of each metric from previous reporting periods to the current reporting period.

Refer to Appendix 1 for a list of external parties and a description of the services provided in preparation of this report.

Governance

This section outlines the role of Precinct's Board of Directors in overseeing climate-related risks and opportunities and the role of Precinct Management in assessing and managing climate-related risks and opportunities.

Governance

Board of Directors

The governance body responsible for oversight of climate-related risks and opportunities at Precinct is our Board of Directors. Full Director bios can be found on Precinct's website.

Precinct's Board of Directors established an ESG Committee in May 2021 to assist with implementing and monitoring the Company's strategic objectives in relation to ESG issues and other key risks (including sustainability and climate-related risks) having regard to Precinct's circumstances and portfolio of businesses. However, the Board retains ultimate oversight of climate-related risks and opportunities. The Board evaluates the performance and work of the ESG Committee together with the Chair of the ESG Committee. As part of this process, the Board undertakes an annual review of the ESG Committee's objectives and activities in terms of its responsibilities as set out in the ESG Committee Charter.

Upon the recommendation of the People and Performance Committee, the Board approves Precinct's people-focussed policies and processes to support Precinct to deliver on its long-term strategies and goals. This includes evaluating the competencies required of Directors and setting performance-based metrics that link executive remuneration to Precinct's climate-related targets as part of the annual remuneration process and short-term incentive framework.

The Board of Directors is informed on climate-related risks and opportunities by Management on a quarterly basis through a standing climate-related section in Board reporting with further in-depth updates provided during bi-annual ESG Committee meetings. In these bi-annual ESG Committee reports, Management provides the Board of Directors with an update on progress against established material risks and opportunities which are addressed accordingly. The Board also considers climate risks and opportunities on an ad-hoc (out of cycle) basis as needs arise, for example in relation to any acquisition as part of the Board sign-off process on due diligence and feasibility, and in decisions to divest properties. A table setting out the number of Board and Management engagements during FY24 is set out in Appendix 5.

As part of its annual business planning, the Board integrates climate-related risks and opportunities into its development of Precinct's overall ESG strategy, framework and initiatives.

The Board of Directors also has oversight over Precinct's performance against its metrics and targets. The introduction of new, or adjustment of existing, significant and strategic climate-related metrics and targets is discussed and agreed by the Board, having received the recommendation of the ESG Committee. Once agreed, Precinct's performance against its climate-related metrics and targets is discussed as a standing item within the ESG Committee reporting.

Board of Directors skills and competencies

Precinct's current Directors' skills matrix can be found in Precinct's 2024 Annual Report available on Precinct's website. The Directors' skills matrix reflects the director attributes which the Board considers are required to oversee Precinct's strategic business objectives. Sustainability, which includes climate-related matters, is one of the ten capabilities against which directors assess their current skills.

During the year, Anne Urlwin, Chair of the Board, participated in the New Zealand Institute of Directors' Advanced Climate Governance Programme and Nicola Greer, Chair of the ESG Committee, completed the New Zealand Institute of Directors' Climate Change Governance Essentials Course.

Management informs the Board of Directors of recommended climate-related training and education within ESG Committee meetings.

ESG Committee

The ESG Committee assists the Board's oversight of climate-related risks and opportunities and is comprised of four independent directors. During FY24 the ESG Committee held two committee meetings, each followed by an ESG Committee report to the Board. Precinct's CEO, Deputy CEO, CFO, Head of Sustainability and other key representatives across the business also attended the meetings to set objectives, review Precinct's Climate Risk register, track updates and discuss and approve current and future strategic initiatives which help manage Precinct's impacts on the economy, environment and people. The ESG Committee can seek independent professional advice and invite expert third parties to attend meetings to ensure appropriate climate-related skills and competencies are available to the Board.

The Committee is guided by the ESG Committee Charter (available in Precinct's Corporate Governance Manual on Precinct's website), which requires the Committee to, among other things:

- review and recommend for Board approval the climate-related strategy, framework and initiatives;
- oversee the implementation of Precinct's Sustainability Policy and practices;
- oversee the identification, preparation and review of climate related risks and opportunities ahead of incorporating into the Audit & Risk Committee risk register;
- assess and recommend to the Board any changes to Precinct's climate change risk management framework and processes; and
- assist in the review of other key internal policies to support effective consideration of climate-related issues.

The ESG Committee recommends climate-related metrics and targets to the Board. The Board approves metrics and targets, except those that are operational in nature, which do not require Board approval. Once approved, the Board delegates responsibility for monitoring performance against climate-related targets to the ESG Committee, the ESG sub-committees and Management. The ESG Committee also reviewed and recommended the Board approve the climate scenarios in the Strategy section of this report. Following the recommendation of the ESG Committee, the Board approved the climate scenarios. As outlined in the ESG Committee Charter, the Chair of the ESG Committee is required to report back to the Board no less than twice a year on key points of discussion at ESG Committee meetings, including the progress toward strategic climate-related targets and the efficacy of associated performance metrics, and present the recommendations of the ESG Committee at the next scheduled meeting of the Board.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in overseeing Precinct's climate-related risks. The Committee oversees Precinct's risk register and reviews it at least annually with Management to track existing risks and the emergence of new risks. Key climate-related risks are included in Precinct's risk register and reported to the Board along with an evaluation of the strategic ramifications of the risks.

Following the recommendation of the ESG Committee, the Audit and Risk Committee's role with respect to oversight of the CRD process includes:

- reviewing draft climate related disclosure documentation;
- ensuring due process is followed in order to achieve compliance with FMCA/NZCS1-3 requirements;
- engaging external providers to provide verification and/or assurance as required; and
- recommending that the Board approve the CRD.

The Audit and Risk Committee meets every quarter (FY24: four meetings) and reports back to the Board in respect to financial reporting, compliance and risk management which includes climate-related risks.

Governance

Executive and Senior Management

Led by Precinct's Chief Executive Officer, Precinct's Executive team is collectively responsible for the execution and delivery of Precinct's sustainability strategy, including managing climate-related risks and opportunities. Management's role in assessing and managing climate-related risks and opportunities is to ensure the impacts of transition and physical risks to the business are reported and integrated into key workstreams. Management updates the Board on a regular basis through the ESG Committee and the Audit and Risk Committee.

Precinct's Chief Financial Officer oversees Precinct's sustainability strategy and, together with the Executive and Senior Management, is primarily informed about climate-related risks and opportunities through updates from the Head of Sustainability through the bi-monthly ESG Business Performance Committee (**BPC**). Performance against climate-related metrics and targets along with updates on Precinct's management of climate-related risks and opportunities are presented based on key workstreams of four internal ESG sub-committees which are detailed below. Precinct's Head of Sustainability reports directly to Precinct's Chief Financial Officer and is responsible for managing and assessing Precinct's climate-related risks and opportunities. Precinct has a dedicated ESG Analyst and seeks advice from specialist external sustainability consultants as and when required.

The full Executive Team and bios can be found on Precinct's website.

ESG BPC and ESG Sub-Committees

Precinct's ESG BPC informs the Executive, Senior Management and the ESG sub-committees on climate-related initiatives, risks and opportunities. The Head of Sustainability provides updates on progress from the ESG sub-committees at the ESG BPC. Precinct's ESG sub-committees are responsible for assessing, actioning and driving climate-related issues (including climate-related risks and opportunities), reviewing performance against climate-related metrics and targets and incorporating Precinct's long-term sustainability strategy into business activities. The ESG sub-committees comprise four key focus areas as outlined below and include representatives from various parts of our business:

- Building Developments (meet bi-monthly);
- Building Operations (meet monthly);
- Corporate, Legal & Marketing (meet monthly); and
- Finance & Acquisitions (meet bi-annually).

Strategy

This section describes the scenario analysis undertaken by Precinct, the climate-related risks and opportunities we have identified, as well as the current and anticipated impacts of climate change, and how our business is taking action to position itself towards a low-emissions, climate-resilient future.

Precinct recognises sustainability (including managing climate change risks and opportunities) is an important part of our business activities and our sustainability strategy has been designed in parallel with Precinct's broader business strategy.

Our business model is designed to generate, and regenerate, sustainable value.

City centre specialists dedicated to enabling sustainable and successful businesses

We have defined sustainability at Precinct as enabling sustainable and successful business, improving our operational performance and incorporating sustainable design across our portfolio of properties.

Our sustainable value is fuelled by Precinct's principles of success:

- focus on strategic locations;
- maintain and grow client occupier relationships;
- invest in quality assets and environments;
- maintain a long-term view;
- leverage Precinct's people and its platform; and
- identify, cultivate, and maintain strong long term capital partnerships.

Precinct has maintained our focus on climate change as one of the core components of our materiality assessment initially completed in 2019 and validated annually by a desktop review.

Precinct's 'double materiality' approach

As proposed by the XRB (NZ CS3 [38]), Precinct has adopted a broad approach to assessing and acting on current climate-related impacts across our operations. Precinct has summarised our approach to identifying and managing climate risks by assessing both:

- **Impacts on us** – in considering how our business will be affected by climate change, we have pursued detailed analysis across our portfolio to understand the extent of physical and transition risks and opportunities expected to occur under the three climate-related scenarios detailed in this section.
- **Impacts by us -** by analysing our Scope 1, 2 and full value chain Scope 3 emissions, we are able to better understand the impact our business has on contributing to our changing climate. This also assists us to prioritise our efforts to make a difference in our supply chain alongside our industry peers and more broadly across industry.

This approach is sometimes referred to as 'double materiality', and refers to an approach to assessing climate impacts including both the impacts a company faces due to the effects of climate change, as well as the impacts that the company's activities may have on climate change. Applying that concept to Precinct, we understand that our business will be affected by climate change and we also understand that our actions as a member of the real estate industry contribute to climate change and therefore its impacts.

Strategy

Climate scenario analysis

To understand the resilience of Precinct's business model and response to climate-related risks and opportunities, we have relied on internal resources and working groups as well as external advice to develop our climate scenarios. These climate scenarios were developed and reviewed by the ESG Committee and were approved by the Board on the ESG Committee's recommendation.

Climate-related risks and opportunities are integrated as part of Precinct's strategy processes. However, the climate scenario analysis is currently a standalone process. Precinct will look to integrate this as part of our annual strategy and business planning moving forward.

To support the establishment of a consistent baseline for the property industry in New Zealand, Precinct participated in workshops organised by the New Zealand Green Building Council. These workshops, facilitated by engineering firm Beca, aimed to develop three climate scenarios for the Construction and Property sector. The resulting scenarios were published in May 2023 by the New Zealand Green Building Council in its report, *Climate Scenarios for the Construction and Property Sector: Ngā Horopaki Āhuarangi mō te Rāngai Hanganga me ngā Whare*.

A summary of the sources of data used to prepare these climate scenarios are set out in Appendix 2. The full NZGBC report, which includes a detailed description of the scenario development process, data sources, and further information regarding the assumptions and data behind each scenario (including for example sequestration from afforestation and nature-based solutions), is available here.

Like many of our peers in the Construction and Property sector, Precinct has adopted the narrative, key assumptions, and conditions outlined in these climate scenarios. We believe these scenarios are well-suited for assessing the resilience of our business model and strategy, as they were developed specifically for our sector with guidance from the New Zealand Green Building Council, and aligned with the working draft of the XRB's guidance, *Scenario Analysis: Getting Started at the Sector Level* (2022).

We consider the scenarios represent a plausible and challenging description of how the future may develop based on a coherent and internally consistent set of assumptions about key driving forces and relationships impacting the Construction and Property sector, covering both physical and transition risks alongside anticipated opportunities.

However, Precinct acknowledges that while these scenarios provide a consistent baseline, individual property companies are responsible for interpreting and applying them as best suited to their specific operations. Accordingly, Precinct has conducted its own assessment of the sector scenarios to identify areas material to our business. Through this process, we have identified key risks and opportunities relevant to our operations. In addition to utilising the scenarios prepared by the NZGBC, Precinct has undertaken our own modelling and conducted workshops using the Construction and Property Sector Scenarios as set out in further detail in the Risk Management section of this report. Inputs to our own modelling have utilised the same anticipated scenarios and time horizons to ensure consistency.

Precinct defines time horizons based on the life cycle of its assets. Generally, the overall economic life of a building structure is between 50 - 60 years. Consistent with the NZGBC sector specific scenarios, the table below outlines the time horizons used by Precinct in our approach to scenario analysis:

Time Horizon	Period	Description
Short-term	Present - 2030	Short-term risks are those that may impact near-term financial results including income, operating costs and increased repairs and maintenance.
Medium-term	2031 - 2050	Medium-term risks include climate related impacts that may impact our financial results from 2030 onward. These impacts may require Precinct to adjust core elements of its strategy.
Long-term	2051 - 2100	Precinct's assets generally have a 50-year life cycle, therefore buildings in planning, under development and approaching completion will be subject to these long-term conditions and the risks that may impact the financial viability and long-term strategy of Precinct.

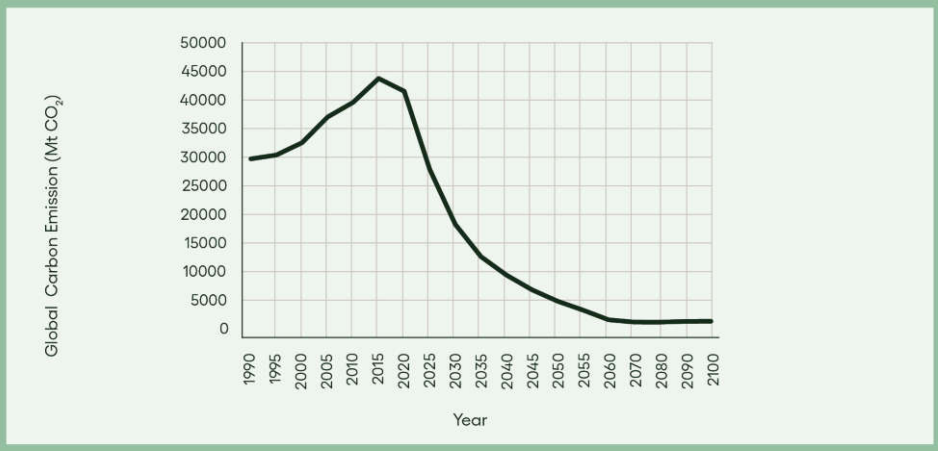
Scenario One

Orderly

Scenario One describes a world where globally we succeed in limiting global warming to 1.5°C. Ambitious decarbonisation goals are introduced immediately, and emissions decline rapidly and steadily towards net zero 2050 goals.

Policy Ambition	Policy Reaction	Technology Change	Behaviour Changes	Physical Risk Severity	Transition Risk Severity	Socio-political Instability
1.5ºC	Immediate and smooth	Fast change	Fast change	Moderate	Low - mediocre	Low - mediocre

Scenario One Global Emissions Trajectory



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An orderly transition to a decarbonised society by 2050, resulting in a Net Zero grid with near-zero emissions, would significantly impact both the economy and energy sector. International energy-intensive industries would be attracted, boosting industrial activity. However, electricity prices would rise due to increased pressure on the grid, and there would be shortfalls in generation capacity as demand for electricity grows. It is expected that assets located in central CBD locations will be prioritised for service restoration. Additionally, the cost of carbon would increase to $250 per tonne of CO2-equivalent, reflecting the higher cost of emitting carbon in this new landscape. In addition to transitioning to a Net Zero grid by 2050, society will experience a range of impacts due to increased rainfall intensity (6%) and the necessary medium-term capital expenditure for fossil fuel removal and energy efficiency retrofits driven by short-term carbon disclosures. Contractors will shift their focus to refurbishments rather than new builds due to the high carbon intensity of new construction projects. There will be a significant rise in investment in Carbon Capture and Storage (CCS) technology as one of the primary decarbonisation tools for hard-to-abate fossil fuel use. Short-term pressures from investors and customers to meet the 1.5-degree reduction target will lead to financial penalties from lenders, including restricted access to capital, government funding limitations, and adjusted interest rates. Sustainable and decarbonised buildings will be prioritised for premium occupiers subject to their own net zero and climate-related targets. Additionally, the number of hot days will increase by 40%, and a reduction in urban sprawl to decarbonise infrastructure will result in more inner-city high-rise residential developments. Properties in floodplains or areas with unstable ground conditions will face rising insurance premiums above inflation and a retreat by 2050. There will be public and private support for workers in high-intensity industries and professions. New Zealand's population is expected to grow to 6.13 million by 2050, with 23.3% of the population being elderly. In consideration of carbon sequestration from afforestation and nature-based solutions, a coordinated effort between government, businesses and communities to preserve and enhance ecosystems would take place led by government incentives, targeted projects and a well considered land use strategy. These strategies would likely incorporate native planting and regeneration projects.

Scenario Two

Disorderly

Scenario Two describes a world where globally we succeed in limiting global warming to less than 2.0°C. New decarbonisation policies are not introduced until 2030, at which point there is a rapid and stringent effort to decarbonise. This leads to high transition risk severity in the medium term (2030 – 2050) as Aotearoa New Zealand and the sector rush to meet net zero 2050 goals.

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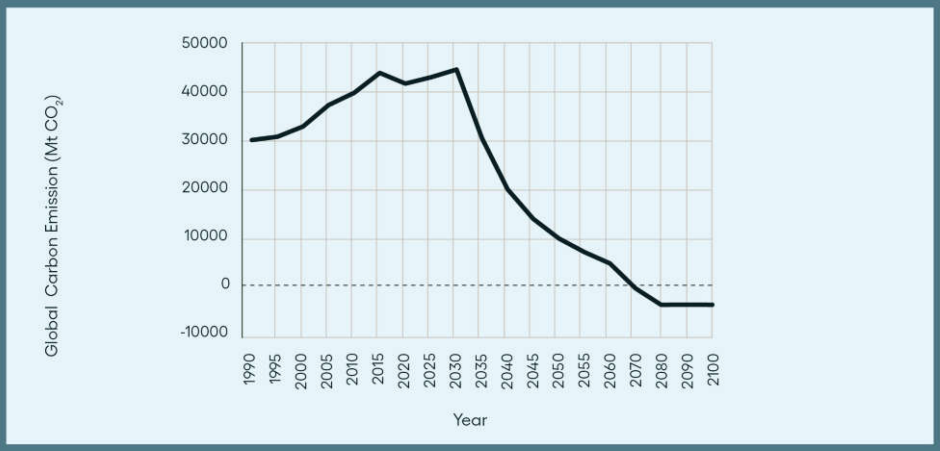
Policy Ambition	Policy Reaction	Technology Change	Behaviour Changes	Physical Risk Severity	Transition Risk Severity	Socio-political Instability
<2.0°C	Delayed	Slow - fast change	Slow - fast change	Moderate	High	Mediocre

Scenario Two Global Emissions Trajectory



A disorderly transition to a decarbonised society would result in severe consequences for both the environment and the economy. The increase in the severity of weather events, coupled with a decline in public and private adaptation measures, would lead to declining property values and rising insurance premiums. Delays in action during the 2020s would cause a surge of capital to flood the market around 2030, incentivising rapid innovation. Assets that fail to decarbonise on schedule would be offloaded in large quantities due to abrupt short-term regulations. The carbon price would spike to $250 per ton of CO2-e by 2050, leading to significant gaps in equality and industry compliance. Electricity prices would experience sharp increases due to the need for fossil fuel peak demand generation, resulting in considerable generation capacity shortfalls as the grid transitions to higher electricity end-use demand over a shorter time horizon. Budget constraints for energy security related infrastructure will lead to capital spend concentrated in CBD areas with assets located in central CBD locations also prioritised for service restoration. Hard-to-abate construction materials would not decarbonise using CCS technology until the medium term, causing high prices and supply shortages for low-carbon materials. In 2030, the government would issue mandatory low-carbon building regulations to an unprepared industry, drastically raising construction and retrofit costs overnight. Rapid decarbonisation requirements from 2030 would exacerbate inequality and cause community disharmony. Massive supply chain disruptions would force New Zealand organisations to participate more in the global market. However, the global market may not see New Zealand as a viable trading partner where higher volumes of decarbonised products would be more lucrative in larger markets. Additionally, there would be increased investment in road-based infrastructure, followed by a rapid shift in transport regulations to decarbonise transport by 2030. In a disorderly scenario, carbon sequestration from afforestation and nature-based solutions would unfold through fragmented and inconsistent efforts, with limited coordination between government, businesses, and communities. Government incentives and land use strategies would be unclear or poorly implemented, leading to ad-hoc projects that often prioritise short-term gains over long-term ecosystem preservation.

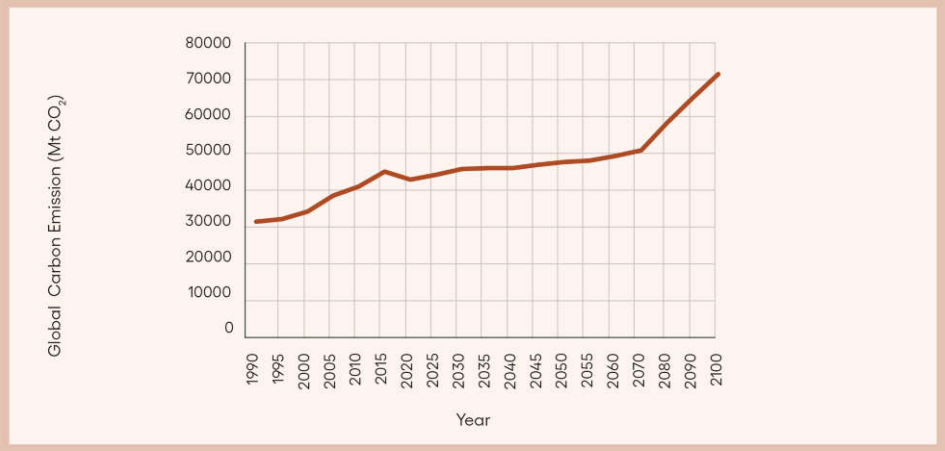
Scenario Three

Hot House World

Scenario Three describes a world where no additional policies are introduced to curb greenhouse gas emissions. This results in emissions continuing to rise and global warming reaching >3°C above pre industrial levels by 2100.

Policy Ambition	Policy Reaction	Technology Change	Behaviour Changes	Physical Risk Severity	Transition Risk Severity	Socio-political Instability
>3.0°C	None - current policies	Slow change	Slow change	Extreme	Low	High

Scenario Three Global Emissions Trajectory



Precinct.

A 'hot house' transition to a decarbonised society would lead to an increase in the severity of weather events and a decline in both public and private adaptation measures. Extreme wind speeds (increasing by 5-10%), rainfall intensity (increasing by 8.6%), and a 100% increase in hot days would become more common. Global delays in decarbonisation efforts would cause disjointed capital supply, hindering market funding for decarbonisation. Government support would be redirected to critical infrastructure and services, leaving other assets increasingly stranded from 2030. The carbon price would remain low at $35 per ton of CO2-e by 2050, providing little incentive for significant carbon emission reductions from major users. Sharp increases and price shocks in electricity prices would occur to accommodate fossil fuel peak demand generation, with considerable shortfalls in generation capacity exacerbated by severe weather impacts on energy supply. Budget constraints for energy security related infrastructure will lead to highly reactive capital spend concentrated in CBD areas with critical assets located in central CBD locations prioritised for service restoration. Procuring decarbonised materials on the global market would be nearly impossible for New Zealand, as larger markets would be prioritised first.

In a hot house scenario, carbon sequestration from afforestation and nature-based solutions would be largely sidelined as the focus shifts to short-term economic survival and crisis management in the face of escalating climate impacts. Government, businesses, and communities would be reactive rather than proactive, with little attention to long-term land use strategies or environmental stewardship, and native planting would be neglected in favor of immediate, unsustainable exploitation of resources.

The three scenarios (Orderly, Disorderly and Hot House) outlined above in this section have used assumptions made based on Climate Scenarios for the Construction and Property Sector: Ngā Horopaki Āhuarangi mō te Rāngai Hanganga me ngā Whare.

Strategy

Climate-related impacts

In line with Precinct's approach to identifying climate-related risks and opportunities, the following table outlines both current and anticipated climate-related risks as detailed in our risk register and the time horizons over which we expect each risk to impact what proportion of our portfolio. These impacts encompass a broad range of risks and opportunities affecting the property sector and have been identified as having direct relevance to Precinct's business strategy and management. During the reporting period, no material impacts occurred with respect to Precinct's business (as defined by our risk assessment threshold). Despite this, we have continued to progress a number of actions and mitigations related to each risk (as outlined below), and have advanced our efforts to leverage opportunities. As we continue to review and update our risk register, our understanding of current risks will evolve and be reflected in each annual Climate Statement. Precinct's climate-related risks and opportunities, along with reasonably anticipated impacts, are summarised below:

Risk	Description		Short	Medium	Long
Transition					
Market	Market risks involve the effects of transitioning to a low-carbon economy, impacting both the supply and demand for various products and services. In the real estate sector, these risks include a growing preference for green buildings, as both occupiers and investors increasingly favour decarbonised assets leaving 'brown' assets stranded and devalued. Businesses occupying space in our assets are also subject to screening by the market to ensure their products and services are meeting market expectations. Additionally, the industry will experience a rising cost of utility prices and insurance premiums.	Orderly Disorderly Hot house			
Technology	Technology risks arise from innovations linked to the transition to a low-carbon economy, which may have financial impacts by influencing competitiveness, production efficiency, or demand, potentially leading to asset impairment or obsolescence. In the real estate sector, these risks include the capacity of buildings and the broader network to integrate decarbonised and resilience-based technologies, such as shifting from fossil fuels to all-electric systems, on-site renewable energy solutions, as well as adopting peak demand management and load-shifting technology.	Orderly Disorderly Hot house			
Reputation	Reputational risks refers to the perception of an organisation's "social license to operate" and can affect supplier prices, employee costs, consumer demand, and shareholder value. In the real estate sector, these risks include the potential for negative public perception due to factors such as poor environmental performance, failure to meet sustainability targets, inadequate climate resilience measures, or association with developments that harm local communities or ecosystems. Litigation claims can also arise as a result of perceived action or inaction related to greenwashing and / or greenhushing.	Orderly Disorderly Hot house			

The assessment of severity of each risk and opportunity across the portfolio has been qualified into the following:

Severity of Impact[1]	Estimated percentage of the Portfolio affected (by value)	Orderly	Disorderly	Hot House
Low	< 10.0%			
Medium	10.0%-20.0%			
High	20.0%-30.0%			
Very high	>= 30.0%			

[1] Takes into account financial risks & other risks such as reputational damage, consistent with Precinct's risk assessment method. Per adoption provision 1, Financial impacts and explanation are not disclosed for this reporting cycle.

	Description of Current and Anticipated impacts on Precinct C = Current Impacts / A = Anticipated Impacts	Precinct's mitigation and actions C = Current Actions / A = Currently anticipated or planned
	• change in Client occupier preferences for sustainable and low carbon buildings to occupy (C) • change in general public preferences for trading with businesses without sustainability credentials occupying our spaces resulting in higher vacancy rates for the Portfolio (A) • change in investor appetite to invest in alternative low carbon industries in place of the property sector (A) • decline in values for high carbon intensive buildings and those with low resource efficiency ratings (A) • higher operating costs (e.g. utilities) increase resulting in Client occupiers unable to afford to lease space (A)	• target minimum third party certified Green Building ratings in design, construction and operation (C) • participate in globally endorsed real estate frameworks that provide transparency on ESG performance (C) • employ the use of industry benchmarks for energy efficiency (C) • pursue green finance products (C) • enrol buildings in bespoke analytics platform to drive improvements over time (A) • engage with client occupiers in pursuing capital improvements to existing facilities (A)
	• significant investment in upgrading technology for low carbon building systems, insulation, renewable energy and electric vehicle charging station infrastructure impacting high out of cycle capex (C) • site based electricity, spatial and structural capacity limits impacting the ability for existing buildings to switch from dual gas and electric supply to full electrification (C) • higher number of stranded buildings where the costs to upgrade exceed feasibility during the development of a business case (A) • grid instability and network outages from transitioning energy sources (A)	• develop assets in heavily-populated CBD locations where energy resilience and service recovery is prioritised (C) • design in low carbon technology solutions upfront during development (C) • pre-plan building upgrades to tie into the natural end of lifecycle for equipment (C) • strengthen onsite resilience with appropriate and robust back up energy solutions to shift peak demand (A) • leverage green finance options and alternative commercial models to spread high capex spend over a longer term for equipment requirements (A) • proactive engagement with client occupiers to promote low carbon solutions to material emissions sources (A)
	• Shareholders, banks, Client occupiers and stakeholders requiring high cost and high resource intensive third party reporting for heightened transparency on climate-related issues (A) • Greenwashing threats against individual projects or business specific activities based on voluntary public statements and disclosure-based litigation leading to reduced trust and market appeal (A) • Key stakeholders may apply pressure if Precinct is perceived as not moving quickly enough to decarbonise or address environmental concerns resulting in potential impacts on revenue, increased capital expenditure, and challenges accessing capital (A)	• participate in locally, nationally and globally endorsed ESG related programs and reporting with third party verification (C) • target minimum third party certified Green Building ratings in design, construction and operation (C) • engage in key stakeholder briefings and schedule regular feedback sessions on progress related to climate-related disclosures (A)

Risk	Description		Short	Medium	Long	
Transition (continued)						
Carbon Price	The transition risk of carbon pricing refers to the economic, financial, and operational risks that businesses face as governments, influential stakeholders and regulatory bodies implement policies to reduce greenhouse gas (GHG) emissions, particularly through carbon pricing mechanisms. In the real estate sector, these risks include increased operating costs due to higher energy prices, the potential for reduced profitability if carbon-intensive building materials or processes are penalised, and the need for costly retrofitting or upgrades to meet emissions reduction targets.	Orderly Disorderly Hot house	○ ○ ○	● ○ ○	● ● ○	
Regulation	Regulatory risks stem from current climate-related regulations, including local and national directives affecting individual properties, as well as the impact of mandatory climate reporting requirements. This also includes anticipated changes to climate-related regulations in New Zealand and globally that could significantly influence the property industry. In addition, there is an increased risk of scrutiny over greenwashing in climate disclosures, as stakeholders demand greater transparency and accuracy in reporting sustainability efforts, leading to potential compliance challenges.	Orderly Disorderly Hot house	○ ○ ○	● ○ ○	● ○ ●	

	Description of Current and Anticipated impacts on Precinct C = Current Impacts / A = Anticipated Impacts	Precinct's mitigation and actions C = Current Actions / A = Currently anticipated or planned
	• increase to the cost of building materials and products subject to carbon pricing mechanisms locally or internationally (A) • increase in reporting obligations for businesses in high carbon intensity industries including property in future (A) • increase in development cost due to carbon offset commitments (A) • risk of scrutiny on the selection of voluntary carbon offset units in relation to the Precinct portfolio (A)	• pursue bulk purchase of high quality offset units (C) • pursue minimum Green Star credits related to operational and embodied carbon reduction and measurement (C) • introduce environmental management practices that focus on reducing carbon across operational assets (C) • investigate local offset projects to support in partnership with existing peers and key stakeholders (A) • prioritise and develop long term engagement with suppliers of low carbon building materials and products (A) • actively promote carbon reduction importance and initiatives to clients to increase their understanding and ability to reduce climate change impacts (e.g. promoting induction cooking, reduction of natural gas) (A)
	Current Regulation: • Reporting obligations: Increasing requirements (e.g., NZ CS 1, 2 & 3, CRD/XRB, NZX, GRI) demand greater transparency, especially around climate change costs, adding complexity to compliance and long-term planning (C) • Local regulations: Auckland Unitary Plan and Wellington District Plan dictate development locations and identify land vulnerable to natural hazards (A) • National regulations: Resource Management Act (RMA) and Building Act 2004 (Building Code) shape development, with amendments potentially affecting project feasibility and timelines (A) Anticipated Regulation: • A carbon border adjustment charge could be imposed and applied to imported building materials (which are not currently subject to the ETS) (A); and • the ETS costs for domestically produced emissions intensive building materials (such as steel and concrete) could be increased due to a pull back in ETS free allocations currently made available to those producers, resulting in an increase in prices (A) Current scope: Applies to a limited group of large emitters. Anticipated risks: Potential expansion of ETS could bring more companies, including ours, under its scope, increasing compliance costs and operational adjustments.	• include key regulation and reporting obligations in Precinct's risk register (C) • engage with industry and participate in consultation with regard to current and anticipated regulation (C) • schedule asset upgrades to tie in with natural end of lifecycle for equipment ahead of any mandatory low carbon upgrades (C) • leverage green finance options to spread high capex spend over a longer term for equipment requirements (A) • explore alternative commercial models to support a higher investment in upgrading technology (A)

Strategy

Risk	Description		Short	Medium	Long	
Physical						
Temperature Extremes	Extreme heat refers to chronic prolonged periods of high temperatures that surpass historical norms, presenting significant risks to both the built environment and natural systems. In the real estate sector, these risks include increased energy demand for cooling, higher operational and maintenance costs, accelerated wear and tear on building materials, reduced occupant comfort, and potential health risks for Client occupiers and employees. Extreme heat can also lead to decreased property values in affected areas and disruptions to construction timelines.	Orderly Disorderly Hot house				
Cyclone	Cyclone acute risk refers to the increasing frequency, intensity, and unpredictability of tropical cyclones that pose significant threats to human life, infrastructure, economies, and ecosystems, especially in coastal regions. In the real estate sector, cyclones can result in severe physical damage to buildings, causing extensive repair costs and heightened insurance premiums. Cyclone-related disruptions can delay construction projects, reduce tenant demand in high-risk areas, and increase operational costs due to the need for frequent maintenance and infrastructure upgrades to meet new resilience standards.	Orderly Disorderly Hot house				
Pluvial flooding	Pluvial risk refers to the acute threat of surface flooding caused by intense, short-duration rainfall that overwhelms drainage systems, independent of rivers or other bodies of water leading to localised flooding impacting the built environment. For the real estate sector, this presents the risk of water damage to buildings, particularly in basements or lower floors, and increased wear on infrastructure. Pluvial flooding can disrupt access to properties, increase maintenance costs, and require costly upgrades to drainage and flood barrier systems.	Orderly Disorderly Hot house				
Coastal Inundation	Coastal inundation risk refers to the acute threat of flooding along coastlines due to a combination of rising sea levels, storm surges, and extreme weather events, exacerbated by climate change. This poses significant risks to the built environment, infrastructure, ecosystems, and economies, particularly in low-lying coastal areas. For real estate this can result in chronic flooding, land erosion, and permanent loss of property, leading to significant financial losses.	Orderly Disorderly Hot house				

	Description of Current and Anticipated impacts on Precinct C = Current Impacts / A = Anticipated Impacts	Precinct's mitigation and actions C = Current Actions / A = Currently anticipated or planned
	• recurring public transport network disruptions (e.g. train cancellations) through extreme heat resulting in reduced mobility to city centres impacting foot traffic in retail centres and smaller office footprint for employees working from home (A) • existing building systems unable to cope with cooling load and require out of cycle capex costs / disruption to service (A) • clients and public general loss of productivity (A) • green space unable to survive conditions require out of cycle capex costs to replace (A)	• sizing building system equipment to accommodate future projected temperature increases in development and refurbishment projects (C) • designing connected thoroughfares between buildings to provide shelter during extreme heat days (C) • prioritising drought tolerant / hardy native plant species for outdoor vegetation (C)
	• destruction of buildings including homes and businesses resulting in financial loss from property damage and decreasing asset values, tenant displacement loss of revenue (A) • retailers unable to source good quality fresh produce resulting in increased costs for Client occupiers to retain their businesses (A) • interruption to utility supply and transportation leading to disruptions in business operations, increase in operational costs and transport delays (A) • construction and refurbishment activities impacted through supply chain disruptions leading to higher costs to complete projects (A)	• cyclone risk screening for assets to determine building elements vulnerable to cyclone impacts (C) • back up power generation action plans if / when power supply is disrupted (A) • implementation of Client occupier engagement for preparation around storm events including recommended transport options (A) • designing in resilience to development programs to withstand storm events (A)
	• damage to infrastructure leading to accessibility issues, higher maintenance and repair costs and a decline in property values (A) • interruption to utility supply and transportation leading to disruptions in business operations, increase in operational costs and transport delays (A) • flooding of construction and refurbishment sites leading to project delays, increased costs for delivery, contractual penalties and reputational damage (A) • increasing insurance costs for areas with repeated impacts resulting in higher operating costs, difficulty in securing insurance and decreased property values (A)	• pluvial risk screening for assets to determine vulnerable access points for acute flooding (C) • Implementation of flood barriers for at risk sites (A) • implementation of Client occupier engagement for preparation around storm events (A) • designing in resilience to development programs to remedy pluvial flooding when it occurs (A)
	• contamination to water supply through drainage and sewer issues leading to health and safety concerns, reputational damage, legal liability compliance and operational costs for the public interacting with properties (A) • reduced visitor numbers to retail and hospitality businesses resulting in decreased revenue for Client occupiers, longer-term vacancy challenges and reduced property values (A) • impacts to vulnerable communities leading to a reduction in economic activity and displacement of regular occupants and visitors to the city centre (A)	• site acquisition screening to ensure full impacts of future scenarios understood (C) • implementation of climate adaptation planning for new (C) and existing (A) assets to highlight and manage critical coastal inundation risks • early stage planning around flood barriers and physical resilience measures across affected properties (A)

Strategy

Opportunity	Description		Short	Medium	Long	
Transition - Market	Recognising the evolving priorities and investment profiles of key stakeholders, Precinct has identified an opportunity to pursue industry-leading initiatives that appeal to proactive and sustainability-focused clients and investors. This approach aims to align with the values of like-minded partners, enhancing Precinct's attractiveness and competitiveness in the market.	Orderly Disorderly Hot house				
Transition - Technology	Precinct has identified a key transition technology opportunity by developing energy-efficient, low-carbon assets. This shift not only reduces carbon emissions but also aligns with future energy trends, positioning Precinct to meet the growing demand for sustainable and resilient properties.	Orderly Disorderly Hot house				
Transition - Reputation	Based on the commitment to procure large quantities of carbon offsets, prioritise the exploration of supporting a local voluntary carbon project.	Orderly Disorderly Hot house				
Physical - Pluvial Flooding	As physical climate risks become more impactful across the built environment, the acquisition of at risk properties for repositioning is being targeted where mitigation efforts can be undertaken to de-risk the asset.	Orderly Disorderly Hot house				

	Description of Current and Anticipated Opportunity for Precinct C = Current Opportunity / A = Anticipated Opportunity	Precinct's mitigation and actions C = Current Actions / A = Currently anticipated or planned
	• Investor and Client occupier comfort in knowing SBTi aligned organisations have their GHG emissions data peer reviewed and audited on a regular basis (A) • Investor comfort in knowing annual updates to the GRESB survey reflect global sentiment related to ESG and responsible management of real estate assets and funds (A) • clear and targeted emissions reduction and ESG parameters using a sector specific framework for the real estate industry (A)	• voluntarily pursue minimum Green Building Ratings and net carbon zero certification to meet and exceed market expectations for climate performance and verification (C) • continue to partake in sustainable finance opportunities including Green Loans and Bonds (C) • measure and offset embodied carbon for all new developments in line with the Net Zero Buildings Commitment, acknowledging its significant impact on our carbon emissions inventory (C) • retain formal Net Zero targets with the World Green Building Council Net Zero Buildings Commitment and prepare to formalise targets with the Science-Based Targets initiative (SBTi) (C) • report against the Global Real Estate Sustainability Benchmark (GRESB) survey to align with peer and investor expectations for climate risk reporting (C)
	• ability to engage in and leverage sustainable finance options (C) • reduce material operational emissions significantly through the reduction of natural gas usage attracting high quality Clients (A) • attract changing investor and Client occupier preferences in their adoption of net zero targets (A)	• feasibility studies for sites using natural gas to convert to electric (C) • embed all electric design parameters into new development projects (A)
	• Invest in the local economy to support decarbonisation projects to the benefit of key stakeholders including JV partners and Clients wishing to source high quality offsets (A) • provide a proof of concept for future voluntary carbon initiatives in Aotearoa New Zealand to ensure economies of scale to reduce costs over time (A) • ensure transparency of offset units and a strong chain of custody to mitigate greenwashing concerns (A) • establish long-term offset purchase agreements to provide certainty to the market related to ongoing commitment (A)	• prepare expected unit amounts to procure over a long term time horizon (C) • feasibility studies for carbon offset options available in the voluntary market (A) • engage with the broader market to understand the limitations of the current market for long term service agreements (A)
	• through our experience in adaptive reuse projects to date, acquire stranded assets that would be otherwise deemed unsuitable as a green asset (A) • proactively support industry in adopting climate mitigation efforts around design interventions to manage risks (A) • increase resilience of our Clients and communities in proximity to our developments through education where there is risk of pluvial flooding, to ensure risks are understood and managed collectively (A)	• voluntarily prepare Climate Adaptation Plans at early design stages for new developments and refurbishment projects (C) • maintain annual Climanomics subscription to ensure proactive assessment of current assets and future locations for climate-related risks (C) • conduct in depth site-based physical risk assessments where critical areas are identified (C) • commit to sharing Information from these assessments with project teams to ensure appropriate mitigation measures are implemented or investment decisions are reevaluated based on the identified risks (C)

Strategy

Transition Planning

Precinct has made progress on transition planning in alignment with our strategy to develop, own, and manage high-quality, sustainable, and resilient assets. Our time-bound goal of achieving and maintaining Net Zero by 2030, in line with the World Green Building Council's Net Zero Building Commitment, guides our pragmatic and focused transition strategy. This strategy addresses the impacts of a changing climate across our portfolio.

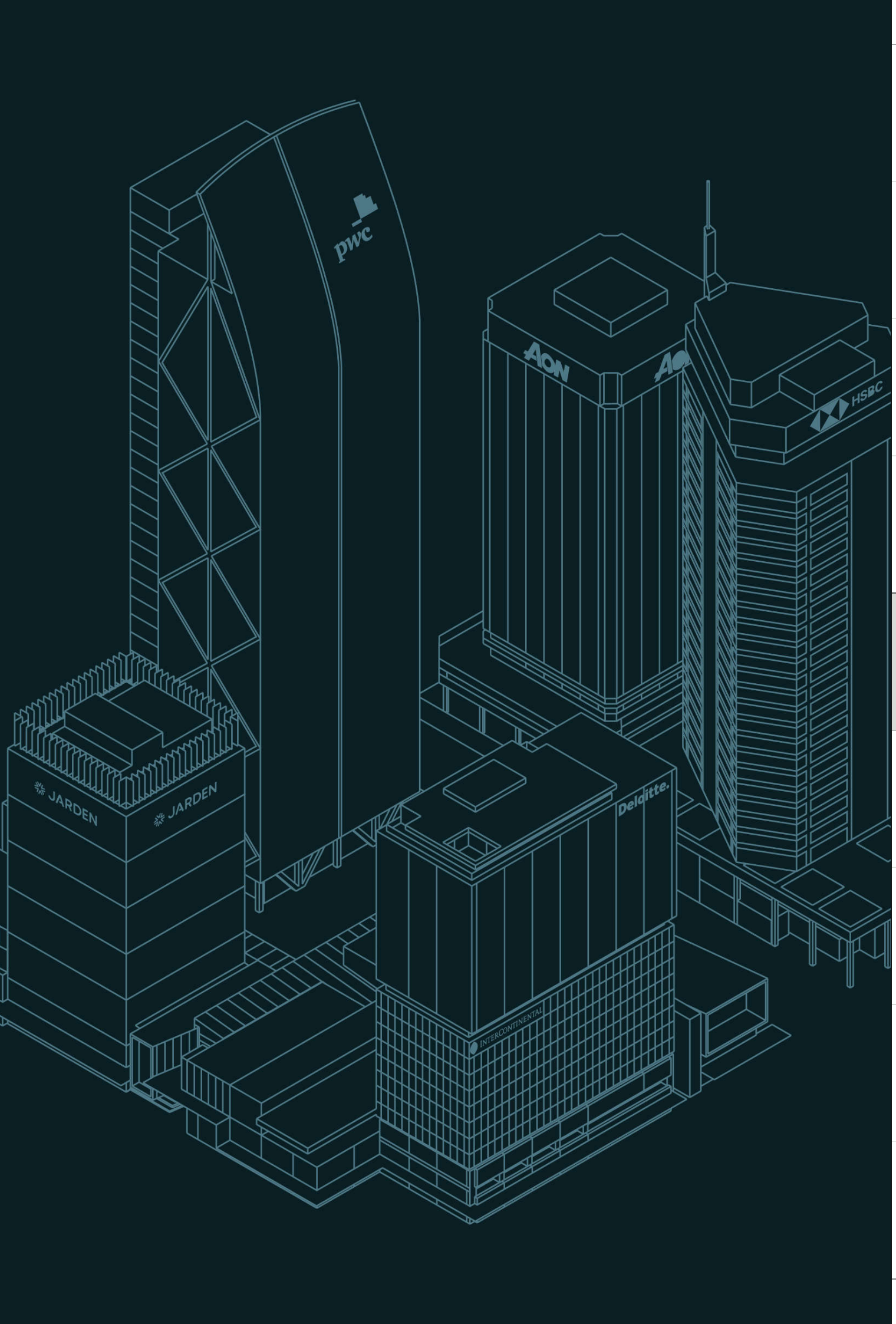
We track performance against our target, metrics and KPI's through our internal ESG dashboard and submit datasets to external parties for validation. Feedback from the industry informs our approach to strengthening reporting and aligning with industry expectations regarding our decarbonisation ambitions.

In determining focus areas for our anticipated future targeted transition planning, including the alignment of current capital deployment, Precinct takes into account climate-related risks and opportunities as represented in our risk register when assessing a business case and making investment decisions and funding group initiatives.

The following are current considerations:

Transition focus area	Current and anticipated initiatives in focus area
Anticipated Physical Risks Addressing any recurring physical risks identified across the Auckland and Wellington geographical areas.	• Pursuing climate adaptation modelling and planning for new and existing assets. • Incorporating design interventions in development projects where high and extreme risks across modelled scenarios are identified.
Carbon Intensive Business Activities Maintaining focus on and reducing high-impact areas of carbon intensity through annual full value chain reporting and targeted activities related to impact areas.	• Phasing out the use of fossil fuels across the Portfolio where feasible. • Deploying on-site and off-site renewable energy solutions where feasible. • Researching procurement of low carbon products and services. • Undertaking operational waste management audits.
Certification to Industry Best Practice Ensuring prescriptive elements of our public commitments that require long-term planning and action are incorporated in business activities.	• Strategically greening our portfolio through formal Green Building certifications. • Improving energy efficiency outcomes through upgrading building services equipment and benchmarking performance against NABERSNZ. • Managing the impacts of high Global Warming Potential refrigerants and developing long-term plans to phase out their use across the portfolio where feasible.

*Precinct has applied NZCS 2 adoption provision 3 which provides an exemption in the first reporting period from the requirements to disclose the transition plan aspects of an entity's strategy, including how its business model, and strategy might change to address its climate-related risks and opportunities, and the extent to which the transition plan aspects of its strategy are aligned with its internal capital deployment and funding decision-making processes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INTERCONTINENTAL

Risk Management

This section describes Precinct's processes for identifying, assessing and managing climate-related risks and how this is integrated into Precinct's risk management processes.

Precinct's processes for identifying, assessing and managing climate-related risks are integrated into our overall risk management process and recorded in Precinct's Risk Register. This process is facilitated by the Audit and Risk Committee and overseen by the ESG Committee.

The Committee is guided by the ESG Committee Charter (available in Precinct's Corporate Governance Manual on Precinct's website), which requires the Committee to, among other things:

- Review and recommend for Board approval the ESG strategy, framework and initiatives;
- Oversee the implementation of Precinct's Sustainability Policy and practices; and
- Oversee the preparation and review of climate related risks and opportunities ahead of incorporating into the Audit & Risk Committee risk register.

Identifying Risks

The Audit and Risk Committee is tasked with reviewing Precinct's Risk Register, which includes climate-related risks and captures identified climate-related risks that may impact Precinct, at least annually.

New risks for inclusion on the Risk Register may be identified by the ESG sub-committees, ESG Committee, senior and executive management, or other staff at Precinct. These potential new risks are submitted to the Audit and Risk Committee for evaluation. The process of identifying risks, as well as assessing their scope, size, and impact, uses information from several external sources (as relevant), including:

- The Global Real Estate Sustainability Benchmark (**GRESB**) Climate Risk & Resilience Scorecard, which provides location-specific intelligence on climate change and environmental exposure.
- S&P Global Climanomics, climate risk analytics platform to identify and measure climate risk across Precinct's assets.
- Guidance and commentary from industry organisations including the New Zealand Green Building Council (**NZGBC**)
- Discussions with stakeholders along the value chain, including suppliers, client occupiers, contractors, and councils (local government).
- Engagement with external engineering and sustainability consultants, including in the preparation of:
  - Climate Adaptation Plans during development;
  - Climate Risk screening undertaken as part of due diligence reporting for acquisitions; and
  - Portfolio-wide climate risk modelling and site-based visits.

Climate change is a unique risk category in particular because no part of the value chain is immune from its impacts. However, some parts are more vulnerable than others. A key workstream for Precinct is to refine the boundaries of our value chain for the purpose of climate risk analysis and identify areas or relationships of vulnerability. In FY24, to the best of our knowledge, no parts of our value chain were excluded for the purpose of our risk assessment.

Risk Management

Assessing Risks

When assessing the materiality threshold for the reporting of climate-related risks, Precinct accounts for the time horizon of the risk occurring; how likely the risk is to occur; and whether the risk is physical or transition. Quantification of these risks in respect of Precinct's physical assets is undertaken internally utilising bespoke software and local datasets with advice sought on occasion from external specialist advisers.

Materiality assessments of climate-related risks are informed by Precinct's overall approach to risk management which considers financial and other risks, such as reputational damage. Generally, materiality of climate-related risks is assessed based on its impact to the value of Precinct's assets, considered on both an asset-by-asset basis and a portfolio-wide assessment. Precinct also considers the impact of climate-related risks on insurance in terms of both availability of cover and cost. The geographical location of Precinct's assets is taken into account when assessing the likelihood of a risk materialising and its financial impact, but a consistent materiality threshold applies across Precinct's assets regardless of location.

During FY24, climate-related risks were considered on a six-monthly basis at each meeting of the ESG Committee and included in the Audit & Risk Committee Risk Register for review at its quarterly meetings. The Audit and Risk Committee assisted the Board in overseeing Precinct's climate-related risks by reviewing Precinct's risk register each quarter with Management. Where a risk is considered 'actual' in nature, it must be included on Precinct's Risk Register for regular evaluation by the Board.

Precinct plans to continue to refine and strengthen our approach to assessing climate-related risks. This includes a focus on:

- reviewing the quantitative and qualitative thresholds for elevating a potential risk to an actual risk;
- developing processes for assessing the potential impacts of risks, including financial impacts;
- reviewing the time horizons and their duration employed for risk assessment which align with the NZGBC Construction and Property Sector Climate Scenarios; and
- further integrating climate-related considerations into Precinct's general risk management framework.

We acknowledge that climate-related risk and impact assessments inherently include significant uncertainty. Precinct therefore monitors the range of tools and methods in development that may become available to improve our understanding of the scope, size, timing and impact of various climate-related risks.

Managing Risks

Precinct's climate risk management approach is part of our wider risk management process. Precinct includes climate risk (physical risks and transition risks) as a key business risk and assesses materiality and how likely the risk is to occur. Climate risks are managed and prioritised consistently alongside Precinct's other key business risks, and material climate-related risks are included in the Risk Register, which ensures risks are understood and managed.

An update is included in the Board papers on an ongoing basis regarding risks appearing in the Risk Register, including Precinct's identified climate risks.

Our approach to reviewing climate-related risks

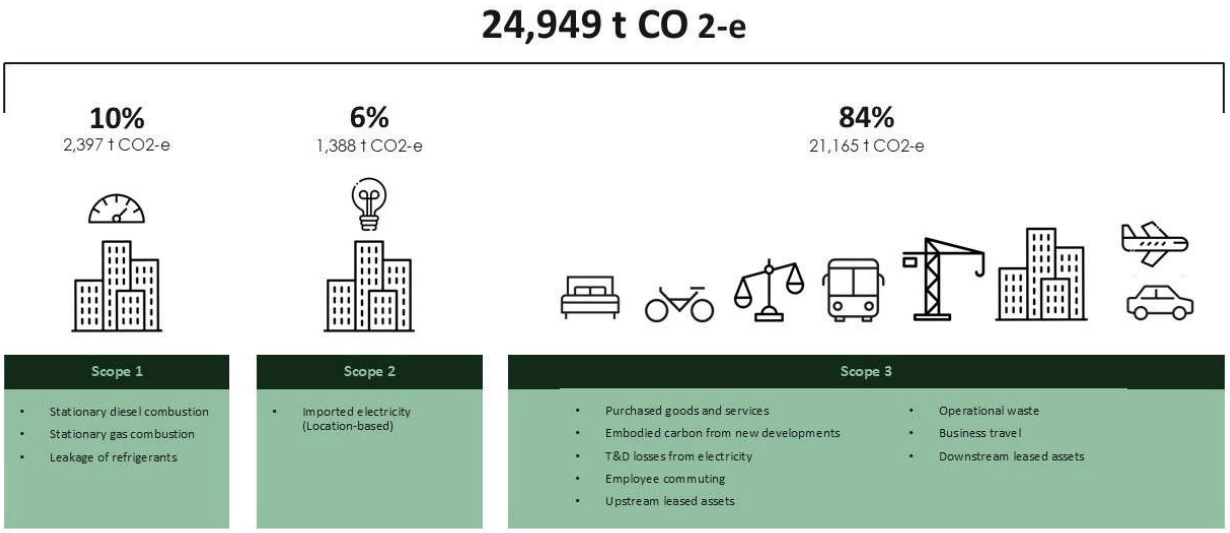
The following process outlines Precinct's approach to conducting annual reviews of climate-related risks. This involves both qualitative and quantitative analyses to enable a comprehensive understanding and appropriate revision of the risks across plausible scenarios relevant to Precinct's operations. As part of this review, we assess current climate-related risks and consider recommendations to mitigate and adapt to anticipated risks.

Process	Description
Review Identified Risks of Climate Change in line with the Intergovernmental Panel on Climate Change (IPCC) reporting framework	**Physical risks**: Pluvial Flooding, Temperature Extremes, Coastal inundation (including sea-level rise), Drought, Wildfire, Tropical Cyclone, Water Stress and Fluvial Flooding **Transition risks**: Carbon Pricing, Litigation / Regulation, Technology, Reputation and Market
Physical and Transition Risk Time Horizon	**Short Term:** present – 2030 **Medium Term:** 2031 - 2050 **Long Term:** 2050 - 2100
Screening of Precinct's Portfolio	S&P Global Climanomics and GRESB reporting to assess specific risks across Precinct's portfolio against industry specific benchmark (NZGBC's Climate Scenarios for the Construction and Property Sector released in 2023).
Where significant risks are identified as 'high' or 'extreme'	During screening, if risks indicate a 'high' or 'extreme' value loss according to Precinct's internal materiality assessment, further granular investigation is undertaken against the risk. This activity serves to more accurately quantify potential costs and impact. An example of this during FY23 and FY24, Precinct engaged with external specialists, Global Risk consultants, Aon to undertake a physical risk assessment which included site visits and detailed modelling of Coastal inundation (including sea-level rise) and Pluvial and Fluvial risk across Precinct's portfolio. These aspects were chosen based on high level screening indicating a 'high' value loss to the portfolio. As a result of this exercise, Precinct's modelled risks were reduced considerably following this review. The outcome of this assessment is represented in the Physical risks section of our climate impacts table.
Quantify physical and transitional risks identified	Further assessment and modelling is undertaken to quantify potential costs and impact. During FY23 and FY24, Precinct completed a risk quantification assessment with Aon to: • Quantify physical risks to each property in relation to Coastal inundation (including sea-level rise) and Pluvial and Fluvial risk indicated by modelling • Implement recommendations to the business strategy to adapt to future risks Precinct is continuing to refine the quantification of risks as we work towards disclosures for FY25.
Mitigate and adapt to future risks through transition planning	Integrate key actions identified from material risks into Precinct's core business strategy.

Metrics and Targets

Our FY24 Carbon Emissions

Below is a snapshot of our carbon emissions across Scope 1 (direct emissions from owned or controlled sources), Scope 2 (indirect emissions from purchased electricity), and Scope 3 (other indirect emissions occurring across our value chain). In addition, we have included a detailed breakdown of these figures against FY23 to highlight our commitment to transparently tracking our efforts with a focus of reducing our overall carbon footprint in line with the GHG Protocol.



Precinct's GHG emissions (GHG Protocol)	Scope	ISO 14064-1:2018 Equivalent	Metric tonnes of carbon dioxide equivalent (t CO2-e) FY24	FY23
Scope 1	Category 1: Stationary Combustion (Natural Gas)	Category 1	**2,390**	1,517
	Category 1: Stationary Combustion (Diesel)	Category 1	**3**	1
	Category 1: Leakage of Refrigerants (Refrigerants)	Category 1	**3**	33
Scope 2	Category 2: Imported Electricity (location-based method)[1]	Category 2	**1,388**	1,376
	Category 2: Imported Electricity (market-based method)[1]	Category 2	**14**	0
Total Scope 1 & 2 Emissions (location-based method)			**3,785**	2,927
Scope 3[2]	Category 1: Purchased Goods & Services - Potable Water Supply	Category 4	**10**	7
	Category 1: Purchased Goods & Services - Other[3]	Category 4	**4,156**	-
	Category 2: Embodied Carbon from New Developments[3]	Category 4	**12,974**	-
	Category 3: T&D Losses from Electricity & Gas	Category 4	**193**	212
	Category 5: Operational Waste	Category 4	**909**	728
	Category 5: Construction & Demolition Waste[3]	Category 4	**582**	-
	Category 6: Business Travel	Category 3	**179**	229
	Category 7: Employee Commute	Category 3	**96**	186
	Category 8: Upstream Leased Assets	Category 4	**263**	13
	Category 13: Downstream Leased Assets	Category 5	**1,802**	2,410

1 Location-based method references Scope 2 electricity emissions associated with standard emissions factors. Market-based method references the voluntary purchase of Renewable Energy Certificates (RECs) supplied from Meridian.
2 Precinct has elected to disclose FY24 Scope 3 emissions in categories where data is available to enable quantification. Where data is not available, Adoption Provision 4 is applied for the remaining material Scope 3 items in our full value chain as summarised below.
3 Not reported in FY23 based on lack of available datasets.

Metrics and Targets

Precinct Toitū Net Carbon Zero Certification

Precinct is a Toitū net carbon zero certified organisation. The Toitū carbon certification is a voluntary programme that Precinct participates in as part of our commitment to climate action. This carbon certification programme requires adherence to a set of standards and rules on an annual basis. In accordance with the certification programme, Precinct measures (and seeks to reduce) its greenhouse gas (GHG) emissions according to ISO 14064-1: 2018 standards.

In addition, as part of the FY24 carbon emissions reporting cycle, Precinct engaged with a pilot program with Toitū to apply the temporary NZ SAE 1 standard (the standard that will be mandatory from FY25) to understand changes from previous assurance cycles. However, for this voluntary reporting period, Toitū's assurance report was finalised using assurance standard ISO 14064-3 which can be found in Appendix 3 of this report.

Precinct has been measuring our carbon emissions with Toitū Envirocare across the last 8 years of operational data (FY17 onwards). Toitū Carbon Certification is a voluntary programme that helps organisations measure, manage, and reduce their GHG emissions. It is the only certification in New Zealand that is accredited to certify to international standards (ISO 14064-1:2018) and offers three certification levels: carbonreduce, net carbon zero, and climate positive.

Achieving certification is an annual requirement where an organisation must demonstrate meeting the certification rules and provide a third-party, independent and credible way to communicate environmental efforts to stakeholders. Current and prior year statements on Toitū carbon certification can be found here: https://www.toitu.co.nz/our-members/members/precinct-properties-new-zealand-limited

Consolidation Approach

We utilise the 'operational control' approach to consolidating emissions (as defined by the Greenhouse Gas Protocol). Organisational boundaries were set with reference to the methodology described in the GHG Protocol and ISO 14064-1:2018 standards.

Excluded Emissions Sources - Scope 3 (in accordance and noted within the Toitū net carbon zero program)

Precinct have excluded the following Scope 3 Emissions Categories based on lack of available datasets:

- Category 2: Embodied Carbon from CAPEX projects (not fitout related);
- Category 3: Development Related Fuel & Energy Consumption;
- Category 4: Upstream Transportation and Distribution (excludes those reported in Category 2: Embodied Carbon from New Developments);
- Category 5: Waste from Fitout Projects;
- Category 13: Embodied Carbon from Fitout Projects; and
- Category 15: Investments.

Precinct have excluded the following Scope 3 Emissions Categories as not relevant to business operations during the reporting period:

- Category 9: Downstream Transportation & Distribution;
- Category 10: Processing of Sold Products;
- Category 11: Use of Sold Products;
- Category 12: End of life treatment of Sold Products; and
- Category 14: Franchises.

Source of Emissions Factors and the Global Warming Potential Rates

A calculation methodology has been used for quantifying the emissions inventory based on the following calculation approach, unless otherwise stated below: Emissions = activity data x emissions factor

The source of emissions factors used include:

- Ministry for the Environment - Measuring emissions: A guide for organisations: 2024 detailed guide.
- Intergovernmental Panel on Climate Change's (IPCC's) Global Warming Potential indicator over a 100-year time horizon (GWP100)
- BRANZ's CO2NSTRUCT Database
- Auckland Council - Consumption emissions modelling (knowledgeauckland.org.nz)

Organisational Boundaries for Emissions Reporting

PPNZ and PPIL are listed companies on the NZX who share the same board of directors and whose shares are 'stapled' together, meaning they can't be transferred or dealt with separately. PPNZ holds Precinct's interests in Limited Partnerships that it has entered into with third parties as well as all of the shares of Precinct Properties Holdings Limited, which in turn holds all of the Precinct-owned properties.

PPIL owns Precinct's operating businesses, including Generator, Precinct Properties 1 Queen Street Limited (which owns the Intercontinental Hotel at 1 Queen Street), Commercial Bay Hospitality, Precinct Properties Residential Holdings Limited (which in turn holds 50% of Precinct Properties Residential Limited) and the management company, Precinct Properties Management Limited (**PPML**). Under the terms of a management agreement, PPML has been contracted to manage all of the PPNZ property assets as well as the properties owned by the relevant Limited Partnerships.

Precinct's Organisational Boundary for emissions included in our reporting:

We have included emissions associated with Precinct's activities where Precinct is the:

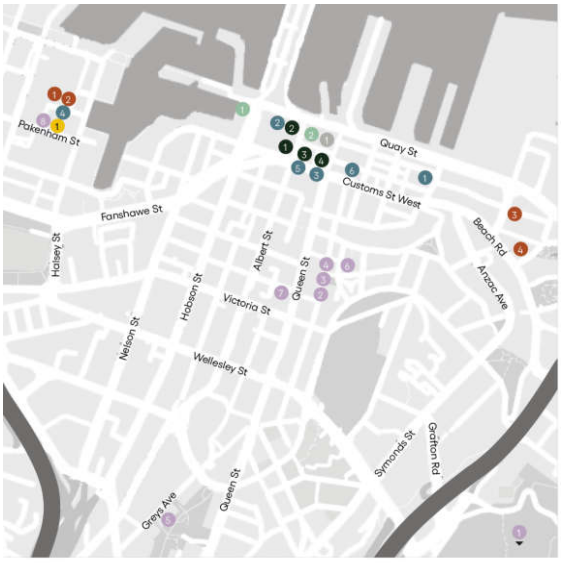
- Occupier of Commercial office space including Business Operator, Developer and Manager of a co-working business
- Building Owner of Commercial, Retail, Hotel and Education buildings owned in whole or part with joint venture partners
- Property & Facilities Manager of Commercial, Retail, Hotel and Education buildings owned in whole or part with joint venture partners
- Property & Facilities Manager of Commercial buildings externally owned by others
- Building Developer of Residential, Commercial, Retail, Education and Hotel buildings owned in whole or part with joint venture partners
- Business Owner of Hospitality venues and Hotel

Precinct's Organisational Boundary for emissions excluded from our reporting:

We have excluded emissions associated with Precinct's activities where Precinct is the:

- Development Manager of Residential projects not owned by Precinct
- Financier of Residential projects not owned by Precinct

Auckland sites within our organisational boundary



Precinct Owned (100%)

Commerical Office	Retail	Hotel Tenancy	Co-working Tenancy	Co-working Tenancy
1 Aon Centre	1 204 Queen Street	1 InterContinental	1 Britomart Place	5 PwC Suites
2 HSBC Tower	2 Commercial Bay	Hospitality Venue	2 HSBC Suites	6 Stan Ex
3 Jarden House	Mixed Use	1 Ghost Donkey	3 Jarden Suites	
4 PwC Tower	1 Deloitte Centre	1 Poni	4 Madden	

Partially Owned	External Ownership		Development
Commerical Office	Commerical Office		Commerical Office
1 12 Madden St	1 303 Manukau Rd	5 80 Greys Ave	1 Wynyard Stage 3
2 10 Madden St	2 35 High St	6 Chancery Chambers	
3 30 Mahuhu Cres	3 41 High St	7 Landmark House	
4 8 Tangihua St	4 43 High St	8 Mason Bros	

Wellington sites within our organisational boundary

Precinct Owned (100%)

Commerical Office	Co-working Tenancy
1 Aon Centre	1 30 Waring Taylor
2 NTT Tower	2 40 Bowen St
3 Defence House	
4 No.1 The Terrace	
5 30 Waring Taylor	

Partially Owned	Development
Commerical Office	Commerical Office
1 40 Bowen St	1 61 Molesworth St
2 44 Bowen St	2 Bowen House
3 Mayfair House	3 Freyberg Building
4 Charles Fergusson	

Metrics and Targets

Targets

Precinct has elected to set targets that align with those supported by leading sector organisation, the World Green Building Council and New Zealand Green Building Council, and includes providing transparent reporting on our climate-related performance. Details of our approach as well as the definition of these targets in detail can be found on our website.

During FY22, Precinct began progressing towards, and in early FY23 formally adopted, the World Green Building Council's Net Zero Carbon Buildings Commitment for 2030. We believe this is the most effective way to support the property industry's goal of limiting global warming to 1.5 degrees. This target is specifically designed for the real estate sector, focusing primarily on reducing operational energy use and upfront carbon emissions. Through our GHG emissions reporting, we know that these areas represent over 90% of our portfolio's environmental impact. In addition, and included within our Targets table, are key elements of this Net Zero Commitment related to our progress in achieving Green Star and NABERSNZ ratings coverage.

Precinct's climate-related targets are summarised in the table below.

Target	Commitment Description	Target Type	Interim Target	Time Horizon	Industry Body	Performance against target
Net Zero Emissions Target[1]	To achieve net zero operational[2] GHG emissions for all buildings under direct operational control by 2030	Absolute reduction target – 2017 baseline year	NA	2030	World Green Building Council Net Zero Buildings Commitment	**Net Zero Emissions (Absolute)** Toitū net carbon zero certified organisation since FY19[3]
Green Star Target[4]	>60% of the Portfolio by value to achieve a minimum 5 star 'NZ Excellence' As-Built rating	Absolute target	NA	2030	New Zealand Green Building Council (NZGBC)	45%
NABERSNZ Target[5]	100% of the Portfolio to achieve a minimum 4 star NABERSNZ Base Building rating	Absolute target	NA	2030	New Zealand Green Building Council (NZGBC)	54%

1 In addition to our WGBC Net Zero Buildings Commitment referenced above, during the reporting period Precinct committed to and began working towards having a formal Science-Based Net Zero approach endorsed.
2 Please see the WGBC website for a full explanation of the WGBC Net Zero Buildings commitment.
3 The Toitu Net Zero Emissions certification covers Precinct's operational emissions as defined by Toitu, which, together with the definition of 'mandatory boundaries' for measurement and offsetting are located on Toitū's website. In addition to this boundary, Precinct voluntarily purchases and retires offset units for upfront carbon emissions from new developments and major refurbishments in line with our WGBC commitment.
4 Since January 2022, conditional requirements have been introduced for all projects pursuing a Green Star rating to demonstrate a minimum reduction in upfront carbon emissions, minimum efficiency levels for anticipated operational energy use and ecological protection. The achievement of a Green Star rating for projects registered from January 2022 implies the achievement of a minimum reduction in upfront carbon emissions, minimum energy efficient design and ecological protection as defined by the Green Star Design & As-Built New Zealand v1.1 & v1.1.1 standards.
5 NABERSNZ Energy Base Building ratings range from 0 to 6 stars, based on the achievement of minimum energy efficiency benchmarks. These benchmarks are tailored to each building and take into account various factors, including the percentage of leased space, building use types, and hours of operation, which can vary from year to year and building to building. Based on this, an absolute target has been set for portfolio coverage to ensure consistency when reporting this target annually. This target is applied to directly owned assets.

Offset units

Our commitment to the World Green Building Council Net Zero Buildings Commitment by 2030 reflects our focus on achieving our prescriptive targets as well as retaining our net zero operational footprint through to 2030. To achieve these objectives, Precinct voluntarily purchases verified offset units to account for residual Scope 1, 2 and select Scope 3 emissions per Toitū net carbon zero and our WGBC reporting obligations. High quality offset units are purchased by Precinct directly and retired through Toitū to ensure independent verification on the selection of the units. In assessing eligible offset units voluntarily procured directly by organisations, Toitū only accept projects based on their robust three-level approach to due diligence. This due diligence approach was taken in relation to Precinct's direct purchase of offset units applied to the FY24 certification. Further details related to this eligibility criteria can be found here. For previous cycles, Precinct has purchased offset units directly through Toitū. The offset type, volume and project details applied to each certification year through this program are documented publicly on Toitu's website.

Other Climate-related metrics

The key metrics and key performance indicators (**KPIs**) that Precinct currently uses to measure and manage our climate-related risks and opportunities are set out below. These metrics and KPIs enable Precinct to embed key criteria within our climate reporting to ensure Precinct's approach to understanding and managing risks and opportunities is relevant to our business strategy and industry.

Metric	Description	FY24
GHG Emissions Intensity	Emissions intensity of Precinct's net carbon zero reporting boundary assured by Toitū, including Scope 1 and 2 emissions alongside revenue.	15.26 tCO2-e/$m Scope 1+2/revenue
Transition Risks	Percentage of Precinct assets vulnerable due to anticipated market, technology, reputation, carbon price and regulation.	Refer to Transition risk impacts in Strategy section of this report
Physical Risks	Percentage of Precinct assets vulnerable due to temperature extremes, cyclone, pluvial flooding and coastal inundation (including sea-level rise).	Refer to Physical risk impacts in Strategy section of this report
Climate-related Opportunities	Green Star: >60% of the Portfolio by value to achieve a minimum 5-star 'NZ Excellence' As-Built rating by 2030 NABERSNZ: 100% of the Portfolio to achieve a minimum 4 star NABERSNZ Base Building rating by 2030 (directly owned)	45% 54%
Capital Deployment	Corporate reporting and professional services spend related to Climate related risks and opportunities. Management of activities across the existing operational portfolio related to climate-related risks and opportunities. Gross capital investment across development projects deployed toward Green buildings. This includes One Queen Street (Deloitte Centre), 256 Queen Street, Downtown Car Park, Freyberg Building, 61 Molesworth Street and Bowen House.	$282k $314k $178.3m
Internal Emissions Price	Precinct applies an internal emissions price as a default when accounting for the impact of carbon across the business (e.g. within development budgets for offsetting upon project completion). This internal emissions price is reviewed annually to reflect changes in the voluntary carbon market.	$40/tCO2-e
Remuneration	Precinct's Executive and Senior Management team (comprising 29 people) are eligible to participate in Precinct's short-term incentive bonus scheme, which is reviewed annually. One of the key objectives for determining eligibility for payment under the short-term incentive scheme for FY24 was achieving operating performance in line with business plan objectives, including Precinct's FY24 ESG objectives. For FY24, the operating performance objective had a weighting of 25% of the total short-term incentive scheme.	

Key Performance Indicators and industry metrics used by Precinct to measure and manage climate-related risks and opportunities during FY24 is set out below.

KPI / Industry Metrics	Description	FY24
Climate risk screening for all new acquisitions	Precinct undertakes due diligence screening of new site acquisitions to understand current and anticipated climate-related risks. From FY25, 100% of new acquisitions to complete early stage due diligence as part of the transaction process.	45% of sites (by acquisition value) acquired in FY24 subject to climate risk screening
Climate adaptation plans for development projects	Inclusion of an early stage Climate Adaptation Plan to guide new development and refurbishment projects to incorporate physical climate risk mitigation at the early design stage through to project completion. From FY25, 100% of development projects to incorporate a site specific Climate Adaptation Plan as part of project delivery.	73% of development and refurbishment projects by value (completed during FY24)
Proportion of existing assets subject to Climate Risk Screening	Precinct undertakes annual climate screening via portfolio analysis of climate-related physical and transitional risks. This screening takes into account asset location, value and addresses at least three scenarios relevant to Precinct. From FY24, 100% of existing assets subject to annual Climate Risk Screening.	100% of existing assets during FY24
Global Real Estate Sustainability Benchmark (GRESB) Score	GRESB is an internationally recognised benchmark assessing Environmental, Social and Governance (ESG) performance of real assets for listed property companies, private property funds, developers and investors that invest directly in real estate. Precinct completes an annual submission to GRESB regarding its sustainability practices, which includes responses to questions regarding our climate adaptation measures. In the 2024 survey, GRESB have included questions related to an entities climate reporting and Precinct view participation in this as an effective tool for peer review and industry benchmarking of climate reporting. Precinct aims to achieve a GRESB Score in the top quartile of participants.	86/100 4 star

Appendices

Appendix 1

In preparing these Climate-Related Disclosures, Precinct has engaged the following specialist advisers:

Service Provider	Description of Services
Toitū Envirocare	Auditor for Carbon Inventory in accordance with ISO 14064-3 for FY24
AON	Physical Risk Assessment for the Auckland and Wellington Portfolio (as described in the Risk Management section of this statement)
Proxima	Review of Precinct's FY23 interim Climate Related Disclosures.
Climanomics	Climanomics by S&P Global is a risk analytics platform that calculates the financial impact of climate risk on physical assets or real estate investments and aggregates up to the portfolio level. Analysis spans across eight decades for four emissions scenarios. Precinct upload all properties within this platform for ongoing reviews against the latest climate data.
Chapman Tripp	Review of Precinct's 2024 CRD including compliance against NZ Climate Standard CS 1 (excluding GHG disclosures).

Appendix 2

Sources of data	See Appendix D of 'Climate Scenarios for the Construction and Property Sector' available here which notes the following sources of data: • IPCC 2021. Summary for Policy Makers. In: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. • Climate Change Projections for New Zealand: Atmosphere Projections Based on Simulations from the IPCC Fifth Assessment, 2nd Edition. • NGFS emissions modelling available on the NGFS IIASA Scenario Explorer. • Tatauranga Aotearoa / StatsNZ 2020. National population projections: 2020(base)–2073. • Te Tai Pari o Aotearoa / NZ Sea Rise 2022. Maps: For Public. • MBIE's Building for Climate Change programme intentions. • He Pou a Rangi / Climate Change Commission 2021. Scenarios dataset for the Commission's 2021 Draft Advice for Consultation (output from ENZ model). • Climate Change Commission's Electricity Market Modelling Datasets 2021. New Zealand Green Building Council. • NGFS Climate Impact Explorer. • NGFS IIASA Scenario Explorer. In addition, Precinct also reviewed the following sources for further insight into framing the narratives related to nature within the scenarios chosen: • Nature-based solutions can play a role offsetting emissions in the short term but technology-based solutions are critical to achieve long-term decarbonization targets | S&P Global (spglobal.com) • MBIE Aotearoa New Zealand's first emissions reduction plan - 'Working with Nature' • Afforestation can help to tackle climate change. Here's how |World Economic Forum (weforum.org) • Q&A: Can 'nature-based solutions' help address climate change? -Carbon Brief • Carbon sequestration potential of plantation forests in New Zealand - no single tree species is universally best, Serajis Salekin1*, Yvette L. Dickinson1 , Mark Bloomberg2 and Dean F. Meason1 - SpringerLink

Appendix 3

INDEPENDENT AUDIT OPINION
Toitū net carbonzero programme certification

To the intended users

Organisation subject to audit:	Precinct Properties New Zealand Limited
Toitū Carbon Programme:	Toitū net carbonzero organisation certification
Audit Criteria:	ISO 14064-1:2018 Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard , GHG Protocol: Scope 2 Guidance ISO 14064-3:2019 Aotearoa New Zealand Climate Standards (NZ CSs) Audit & Certification Technical requirements 3.0
Responsible Party:	Precinct Properties New Zealand Limited
Intended users:	Management team
Registered address:	Level 12, 188 Quay Street, Auckland, 1010, New Zealand
Inventory period:	1/7/2023 - 30/6/2024
Inventory report:	IMR_2324_Precinct Properties_Net CZ_Org.pdf

We have reviewed the greenhouse gas emissions inventory report ("the inventory report") and pages 35 to 37 and Appendix 4 of the Climate Related Disclosures for the above named Responsible Party for the stated inventory period.

Responsible Party's Responsibilities

The Management of the Responsible Party is responsible for the preparation of the GHG statement in accordance with ISO 14064-1:2018 and the requirements of the stated Toitū carbon programme. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of a GHG statement that is free from material misstatement.

Verifiers' Responsibilities

Our responsibility as verifiers is to express a verification opinion to the agreed level of assurance on the GHG statement, based on the evidence we have obtained and in accordance with the audit criteria. We conducted our verification engagement as agreed in the audit letter, which define the scope, objectives, criteria and level of assurance of the verification.

The International Standard ISO 14064-3:2019 requires that we comply with ethical requirements and plan and perform the verification to obtain the agreed level of assurance that the GHG emissions, removals and storage in the GHG statement are free from material misstatement.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the ISO 14064-3:2019 Standards will always detect a material misstatement when it exists. The procedures performed on a limited level of assurance vary in nature and timing from, and are less in extent compared to reasonable assurance, which is a high level of assurance. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Basis of verification opinion

Our responsibility is to express an assurance opinion on the GHG statement based on the evidence we have obtained. We conducted our assurance engagement as agreed in the Contract which defines the scope, objectives, criteria and level of assurance of the verification.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Verification

We have undertaken a verification engagement relating to the Greenhouse Gas Emissions Inventory Report (the 'Inventory Report')/Emissions Inventory and Management Report of the organisation listed at the top of this statement and described in the emissions inventory report for the period stated above.

The Inventory Report provides information about the greenhouse gas emissions of the organisation for the defined measurement period and is based on historical information. This information is stated in accordance with the requirements of International Standard ISO 14064-1 Greenhouse gases – Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals ('ISO 14064-1:2018') and the requirements of the stated Enviro-Mark Solutions Limited (trading as Toitū Envirocare) programme.

Verification strategy

Our verification strategy used a combined data and controls testing approach. Evidence-gathering procedures included but were not limited to:

—activities to inspect the completeness of the inventory;
—interviews of site personnel to confirm operational behaviour and standard operating procedures;
—reconciliation with sampling of electricity and natural gas reports and invoices to confirm accuracy of source data into calculations;
—reconciliation of construction waste reports to confirm accuracy of source data into calculations;
—criteria review with sampling of specialist LCA reports;
—detailed retracing of purchased good and service emissions.

The data examined during the verification were historical in nature.

Basis for modified verification opinion

The following qualifications have been raised in relation to the verification opinion:

Category 4 emission sources for purchased goods & services are heavily assumptions based, using dollar spend data and an industry average to estimate emissions. Approximately 14% of the purchased goods & services expense is not included in the calculation of emissions as individual expense accounts below $1 million have been excluded from the calculation. It is not possible to conduct any alternative procedures to estimate emissions from these excluded expenses. Any change to the assumptions could significantly impact the measurement of these emissions.

Verification level of assurance

ISO CATEGORY	LOCATION BASED tCO_2e	MARKET BASED tCO_2e	LEVEL OF ASSURANCE
Category 1	2,396.70	2,396.70	Reasonable
Category 2	1,387.65	13.97	Reasonable
Category 3 (mandatory)	176.37	176.37	Limited
Category 3 (additional)	99.18	99.18	Limited
Category 4 (mandatory)	732.60	732.60	Limited
Category 4 (additional)	18,354.85	18,354.85	Limited
Category 5	1,801.93	1,801.93	Limited
TOTAL NET EMISSIONS	**24,949.27**	**23,575.60**	

Appendix 3

Responsible party's greenhouse gas assertion (certification claim)

Toitū net carbonzero organisation certified: Precinct Properties New Zealand Limited including Generator, Intercontinental Hotel, Poni, Ghost Donkey and excluding Development Assets. Toitū net carbonzero certified means measuring emissions to ISO 14064-1:2018 and Toitū requirements; managing and reducing against Toitū requirements; and compensating remaining emissions following Toitū requirements and covering a minimum of the total Toitū boundary.

Verification conclusion

EMISSIONS - REASONABLE ASSURANCE

We have obtained all the information and explanations we have required. In our opinion, the emissions, removals and storage defined in the inventory report, in all material respects:

- comply with ISO 14064-1:2018 and the requirements of the stated Toitū Envirocare Toitū carbon programme; and
- provide a true and fair view of the emissions inventory of the Responsible Party for the stated inventory period.

EMISSIONS - LIMITED ASSURANCE

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the emissions, removals and storage defined in the inventory report:

- do not comply with ISO 14064-1:2018 and the requirements of the stated Toitū Envirocare Toitū carbon programme; and
- do not provide a true and fair view of the emissions inventory of the Responsible Party for the stated inventory period.

Additional information relevent to the intended users

Without qualifying our opinion expressed above, we wish to draw the attention of the intended users to the following :

We have reviewed the metrics and targets set out on pages 38 to 40 of the climate related disclosures and assessed these for consistency against the disclosure requirements of the Aotearoa New Zealand Climate Standards. We do not express an opinion on the accuracy and completeness of these disclosures as we have not assessed them under the requirements of NZ SAE1: Assurance Engagements over Greenhouse Gas Emissions Disclosures.

Other information

The responsible party is responsible for the provision of Other Information to meet Programme requirements. The Other Information may include emissions management and reduction plan and purchase of carbon credits, but does not include the information we verified, and our auditor's opinion thereon.

Our opinion on the information we verified does not cover the Other Information in the Climate Related Disclosures on pages 1 to 34, 38 to 43, and Appendix 5, the Glossary and Directory, and we do not express any form of audit opinion or assurance conclusion thereon. Our responsibility is to read and review the Other Information and consider it in terms of the programme requirements. In doing so, we consider whether the Other Information is materially inconsistent with the information we verified or our knowledge obtained during the verification.

	VERIFIED BY	AUTHORISED BY
Name:	Ying Zhao	Billy Ziemann
Position:	Verifier, Toitū Envirocare	Certifier, Toitū Envirocare
Signature:		

Date verification audit:	8 August 2024	
Date opinion expressed:	27 September 2024	17 October 2024

Appendix 4

Greenhouse Gas Emissions - Methods, Assumptions and Estimation Uncertainty

Symbol	Meaning
✓✓✓	High quality
✓✓	Medium quality
✓	Low quality

GHG Protocol Category	Activity Data	Data Source	Data Quality	Methodology, Uncertainties & Assumptions
Scope 1 Stationary Consumption	Diesel	Supplier Data - Actual Usage	✓✓✓	Quantity in litres - high quality as records directly from contractor
	Natural Gas	Supplier Data - Actual Usage	✓✓✓	Quantity in kWh - high quality as records directly from utility. Precinct note that during the period the gas contract changed from Vector to Genesis, resulting in quantified yet irregular reporting to what is expected from properties using natural gas.
Scope 1 Process Emissions	Refrigerants	Supplier Data- Actual Usage	✓✓✓	Quantity in kg - high quality data as records directly from contractor
Scope 2 Imported Electricity	Electricity	Supplier Data - Actual Usage	✓✓✓	Quantity in kWh - high quality data as records directly from utility and supported by embedded network provider.
Scope 3- Cat 1 Purchased Goods and Services	Spend Based: Purchased Goods and services	Calculated using internal methodology (total NZD spent per good/service multiplying by a Toitu provided emissions factor) to calculate the emissions.	✓	Quantity in NZD - high quality data from internal finance team, however spend based calculations are inherently less accurate compared to other methodologies. Hence a higher margin of error has been applied.
	Potable Water Supply	Supplier Data - Actual Usage for the majority of sites and apportioned for select properties without records	✓✓	Quantity in litres - high quality data with low margin for error for properties with utility records with consumption details. Properties apportioned with average data from across the Portfolio.
Scope 3- Cat 2 Embodied Carbon from New Developments	Embodied Carbon	Consultant modelling – Industry metrics	✓✓	Quantity in t-CO2-e - medium quality data from industry benchmarks and emissions factors accepted by NZGBC. Best practice approach for embodied carbon calculations used for development projects.
Scope 3- Cat 3 Fuel & Energy Related Activities	T&D losses from Electricity	Supplier Data - Actual usage - Calculated as a portion of our imported electricity consumption.	✓✓✓	Quantity in kWh - high quality data for T&D losses as records directly from utility and supported by embedded network provider.
	T&D losses from Gas	Supplier Data - Actual usage - Calculated using Toitu Calculator based on gas consumption.	✓✓✓	Quantity in kWh - high quality data for T&D losses as records directly from utility.

Appendix 4

GHG Protocol Category	Activity Data	Data Source	Data Quality	Methodology, Uncertainties & Assumptions
Scope 3- Cat 5 Waste Generated from Operations	Auckland Waste	Supplier Data - Actual usage (rubbish direct).	✓✓✓	Quantity in kg - High quality as only minor internal recalculations were applied to waste contractor reports.
	Wellington Waste	Estimated usage using internal methodology, where the actual usage from Auckland sites is applied on a sqm basis to Wellington sites, based on the asset type (office vs retail assets) to produce a total annual estimate.	✓	Quantity in kg - Low quality data as the figures are apportioned from other Auckland sites with actual data, which may differ significantly from actual usage.
	Generator Waste	Estimated usage using internal methodology, where the actual usage from other Auckland sites is applied on a sqm basis to Generator waste sites. This was then divided equally across all months within the period, to give an estimated monthly consumption.	✓	Quantity in kg - Low quality data as the figures are apportioned from other Auckland sites with actual data, which may differ significantly from actual usage.
	Construction waste	Supplier Data - Actual Usage	✓✓✓	Quantity in tonnes - high quality data as direct from development site contractors. Figure reported represents waste figure for the project as a lump sum.
Scope 3- Cat 6 Business Travel	Business Travel - Air, Hotels, Rental Car	Internal Data - Actual Usage (records of receipts showing proof of travel related purchases, i.e. flights, hotel stays, etc.)	✓✓✓	Quantity in km - high quality data due to accurate receipts/evidence direct from travel booking platform and financial records
	Business Travel - Taxi, Uber, Rail	Internal Data - Actual Usage (records of receipts showing proof of travel related purchases, i.e. flights, hotel stays, etc.)	✓✓✓	Quantity in km - high quality data due to accurate receipts/evidence
Scope 3- Cat 7 Employee Commute	Employee Commute	Calculated using internal methodology, based off an internal survey that considers the total distance travelled by each transport mode.	✓✓	Quantity in km - medium quality data reliability. A staff survey was completed and this represented only 71% of employees. 29% of staff commuting was estimated based on averages.
Scope 3- Cat 8 Upstream Leased Assets	Electricity Consumption in Britomart & Stanbeth (base building)	Supplier Data - Actual Usage (External Landlord supplied NABERSNZ Energy reports)	✓✓✓	Quantity in kWh - high quality data due to the verification that goes into producing the NABERSNZ reports.

GHG Protocol Category	Activity Data	Data Source	Data Quality	Methodology, Uncertainties & Assumptions
	Gas Consumption in Britomart & Stanbeth (base building)	Supplier Data - Actual Usage (External Landlord supplied NABERSNZ Energy reports)	✓✓✓	Quantity in kWh - high quality data due to the verification that goes into producing the NABERSNZ reports.
	Diesel Consumption in Britomart & Stanbeth (base building)	Supplier Data - Actual Usage (External Landlord supplied NABERSNZ Energy reports)	✓✓✓	Quantity in litres - high quality data due to the verification that goes into producing the NABERSNZ reports.
	Generator Water consumption in Britomart & Stanbeth (base building)	Supplier Data - Actual Usage - External Landlord supplied records	✓✓	Quantity in litres - medium quality data due to landlord data supplied without citing water bills.
Scope 3- Cat 13 Downstream Leased Assets	Tenant Electricity and Gas Usage	Supplier Data - Actual Usage	✓✓✓	Quantity in kWh - Recharge data has a high level of accuracy, but may occasionally differ from actual consumption compared to individual tenant consumption.

Appendix 5

Key Board and Management engagements on climate-related risks and opportunities in the preparation of these Climate-Related Disclosures were as follows:

Date	Governance Body	Relevant Content to CRD
13 November 2023	ESG Committee Meeting	Review Physical Risk Assessment Review CRD process External Presentation by Proxima on NZ CS 1 gap analysis
14 November 2023	Board Meeting	Update to Board from ESG Committee
8 May 2024	ESG Committee Meeting	Review and recommend endorsement of CRD preparation process to Audit & Risk Committee
8 May 2024	Audit & Risk Committee Meeting	Endorse and recommend approval of CRD preparation process to Board
8 May 2024	Board Meeting	Approval of CRD preparation process
27 August 2024	ESG Committee Meeting (out of cycle)	Legal liability presentation from Chapman Tripp Review of Greenhouse Gas assurance by Toitu Envirocare
20 September 2024	ESG Committee Meeting (out of cycle)	Review Director feedback associated with draft Climate-Related Disclosures ESG Committee endorse approval of the Climate-Related Disclosure Statement to Audit & Risk Committee
20 September 2024	Audit & Risk Committee (out of cycle)	Audit & Risk Committee recommend approval of the Climate-Related Disclosure Statements to the Board
17 October 2024	Board Meeting (out of cycle)	Board approval of Climate-Related Disclosure Statements

Glossary

$ and cents
New Zealand currency

Balance date
30 June 2024

Boards
the Boards of Directors of Precinct and Precinct Investments

BPC
Business Performance Committee established internally for Management to receive updates and monitor performance of relevant business units

CCS
Carbon capture and storage

CEO
Chief Executive Officer

CFO
Chief Financial Officer

Chair
the Chair of the Boards

CRD
Climate-Related Disclosures

Energy Intensity
An energy intensity figure measures the amount of energy consumed per unit of output, typically expressed in terms of energy used per square meter of a building or per unit of product produced, reflecting the efficiency of energy use.

Emissions Intensity
An emissions intensity figure quantifies the amount of greenhouse gas emissions produced per unit of output, often expressed as emissions per square meter of a building or per unit of product manufactured, indicating the carbon footprint associated with that output.

ESG
Environmental, Social & Governance. For the purposes of these climate-related disclosures, references to **ESG** or **Environmental, Social & Governance** relate only to climate change unless the context specifically and expressly provides otherwise.

GHG
Greenhouse Gas

GHG Protocol
Corporate Accounting and Reporting Standard and Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Green Star
Green Star is a voluntary sustainability rating system for buildings, fitouts and communities. Administered by the NZGBC the system provides a rating of up to six stars based on a building's key sustainability credentials.

NZGBC
New Zealand Green Building Council

Precinct
Precinct Properties New Zealand Limited

Precinct Investments
Precinct Properties Investments Limited

SBTi
Science-Based Targets initiative

Stabilised Portfolio
includes the properties or estates within the portfolio that are developed and able to be leased, ie not under active development

sqm
square metres

tCO2-e
Tonnes of Carbon Dioxide Equivalent

Toitū
Toitū Envirocare, is a provider of carbon management and neutral certifications for New Zealand businesses. Its certification programmes ensure that companies benefit from international best practices, applied science, and effective tools.

The organisation is a subsidiary of Crown Research Institute, Manaaki Whenua – Landcare Research.

Upfront carbon emissions
Upfront carbon emissions refer to the GHG emissions that are released during the extraction, manufacturing, and transportation of building materials, as well as during the construction and installation processes of a building. These emissions occur before a building becomes operational and are a significant part of the embodied carbon in a building.

Directory

Precinct Properties New Zealand Limited

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New Zealand

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E: hello@precinct.co.nz
W: www.precinct.co.nz

Officers of Precinct

Scott Pritchard, Chief Executive Officer
George Crawford, Deputy Chief Executive Officer
Richard Hilder, Chief Financial Officer

Directors of Precinct at 30 June 2024

Anne Urlwin – Chair, Independent Director
Nicola Greer – Independent Director
Christopher Judd – Independent Director
Chris Meads – Independent Director
Mark Tume – Independent Director
Graeme Wong – Independent Director

Manager

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Precinct™

2024 Climate Related Disclosures

precinct.co.nz