STRIDE

# Stride Property Group
# FY25 Sustainability Report and Climate-Related Disclosures

# Contents

This document comprises the FY25 Sustainability Report and Climate-Related Disclosures for each of Stride Investment Management Limited (SIML) and Stride Property Limited (SPL), which are members of Stride Property Group (Stride). Each of SPL, SIML and Stride has been designated as "Non-Standard" (NS) by NZX. For more information, see the 2025 Annual Report for Stride, which is available at **www.strideproperty.co.nz.**

# Overview

During FY25 Stride has continued to deliver on its strategic sustainability goals and has integrated sustainability into its overall business strategy and processes.

| | | | |
|---|---|---|---|
| Purpose | Create enduring shared value | | |
| Goals | **Protect the planet**<br>Create efficient, climate resilient places that deliver long term value and support a low carbon future | **Contribute to a resilient community**<br>Provide leading health and safety performance and support a connected and inclusive community | **Develop shared prosperity**<br>Invest in and manage outstanding places that reward everyone connected with them |
| Focus Areas | Reduce environmental impacts<br>Take action on climate change | Ensure health, safety and wellbeing<br>Promote inclusivity and connectivity | Drive a prosperous economy<br>Create sustainable products and places |
| FY25 Progress | Scope 1 and 2 emissions have increased from FY24 due to air conditioning refrigerant leakage, but are 12.3% below FY20, our baseline year | We continue to progress our decarbonisation plan, including building upgrades | Our approach to climate risk is maturing, with a consideration of climate risk and sustainability becoming part of our business strategy<br>Continued progress in green ratings in properties owned and managed by Stride |

# Targets


**Reduce scope 1 and 2 greenhouse gas (GHG) emissions by 42% by 2030 from our FY20 baseline year**

12.3% reduction in scope 1 and 2 emissions from the FY20 baseline year

**Achieve carbon net zero for scope 1 and 2 emissions by 2030**

Stride will focus on reducing its own direct emissions and may consider offsets once we are confident we have achieved all possible reductions within our portfolio

**Improve energy and water efficiency**

This remains a work in progress. Energy and water meters have recently been installed at Industre Property Joint Venture's industrial properties, allowing better monitoring of usage

**Target 90% diversion of waste to landfill for development activities, with a minimum of 75%; reduce waste to landfill by 10% year on year from FY20**

The two active industrial development projects being managed by SIML for Industre are targeting 90% diversion of waste from landfill, and are on track to achieve this. We are also working with our tenants to help them reduce waste

**10% reduction in embodied carbon in developments**

Both industrial developments being managed by SIML for Industre are targeting at least a 10% reduction in upfront carbon compared to the New Zealand Green Building Council hypothetical reference building

# Targets (cont.)


**Remove gas from all properties (excluding shopping centres) by 2027 and from shopping centres by 2032, other than gas for tenant process load**

Carbon reduction plan is being progressed, including taking steps to plan for the removal of gas from office properties

**Develop plan to remove harmful refrigerants**

All office properties and industrial properties are free of R22 refrigerant. Investore is targeting removal of all R22 refrigerant from its large format retail portfolio by the end of FY27

**Complete physical risk assessments to understand potential value that may be at risk**

Initial physical risk assessment of all sites owned and managed by Stride was completed during FY24, with more detailed assessments planned

**Target 5 Green Star rating for developments and acquisitions where appropriate; continue to progress green ratings across all Stride Products where practicable**

Two developments completed by SIML in FY24 achieved 5 Green Star Design & As Built ratings; new industrial developments in progress are targeting 5 Green Star ratings

# Letter from the Boards

Dear Investors,

Stride Property Group (Stride) is pleased to present its Sustainability Report and Climate-Related Disclosures for FY25. Considerable progress has been made on our sustainability strategy during FY25, including implementing our carbon reduction plan, intended to support achievement of our emissions reduction targets.

Stride's strategy is to create, develop and invest in places with enduring demand – places that will continue to meet the demands of our stakeholders, including our tenants, investors and the people who use our properties. Our sustainability strategy supports the achievement of this strategy, as meeting the sustainability expectations of our tenants and investors will result in our owned and managed properties continuing to have enduring demand.

Sustainability is integrated into our overall business strategy at Stride, and this year has seen our approach to sustainability become more embedded into normal business operations.

During FY25 we disestablished our Board Sustainability Committee. This Committee performed essential work in establishing our sustainability strategy, developing our first climate-related risk reporting, and overseeing our greenhouse gas reporting. On behalf of the Boards, we would like to thank Jacqueline Cheyne, who resigned from the Stride Boards during FY25, for her dedication and commitment to progressing Stride's sustainability strategy and chairing the Sustainability Committee from its inception.

With the maturing of our approach to sustainability and climate-related risk, the Boards determined that sustainability has become part of our usual business approach, and accordingly climate-related risk and reporting is now part of the responsibility of our Audit and Risk Committee, which aligns with our approach to business risk and financial reporting. The Boards as a whole consider sustainability as part of business strategy, given that we see sustainability as an integral part of our overall strategy.

Consistent with this approach, we have been progressing energy and emissions improvements within our office portfolio, to meet the expectations of tenants who demand higher quality, green rated buildings.

During FY25 we began implementing a number of projects aligned with our carbon reduction plan that was developed in 2024, and which supports the transition of our office and town centre portfolio to an energy efficient, low carbon future, consistent with our emissions reduction target, which aligns with a 1.5°C future.

While we have seen progress against our sustainability targets during FY25, we expect that the work we are completing on implementing our carbon reduction plan will begin to deliver improved outcomes over the coming years, as the effects of our projects start to be seen.

We look forward to continuing to progress our sustainability practices, and working towards our sustainability targets.

**Tim Storey**

Chair of the Boards
Stride Property Limited
and Stride Investment
Management Limited

**Ross Buckley**

Chair of the Audit and Risk Committee
Stride Property Limited
and Stride Investment
Management Limited

# About Stride Property Group

Stride is listed on the NZX and is a real estate owner and manager. Stride Property Group consists of Stride Property Limited (SPL) which invests in commercial property, and Stride Investment Management Limited (SIML) which is a real estate investment manager. Stride owns and manages a range of commercial property, including offices, shopping centres, large format retail and industrial properties.

Key metrics as at 31 March 2025

**$1.5bn**
Look-through[1] portfolio value

**11**
Number of properties owned by SPL

**$3.2bn**
SIML assets under management

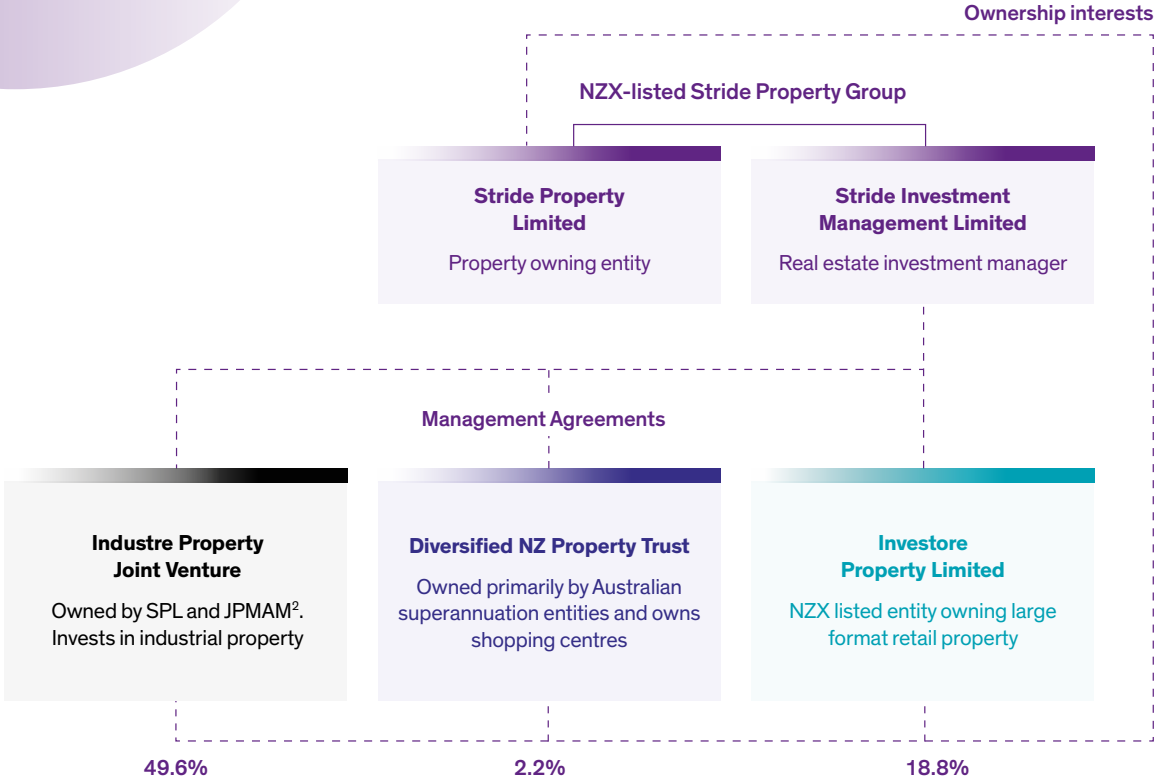
**81**
Number of properties managed by SIML

1. Includes SPL's directly owned portfolio, plus SPL's proportionate ownership in the portfolios of the Stride Products (see page 7 for a description). Excludes properties categorised as 'Development and Other' in the respective financial statements. Portfolio value excludes lease liabilities, and includes: (1) for SPL, the value of Stride's office at 34 Shortland Street, Auckland, which is shown in the consolidated financial statements as 'Property, plant and equipment', and the value of the rental guarantee receivable in relation to 110 Carlton Gore Road, Auckland; (2) for Investore, the value of the rental guarantee receivable in relation to Bunnings Westgate, Auckland.

## Stride is a real estate investor and manager

Stride Property Group consists of SPL, which is a commercial property owner, and SIML, which is a real estate investment manager. SPL directly owns a portfolio of office and town centre properties with a value[1] as at 31 March 2025 of $1.0bn. In addition, SPL owns an interest in each of Investore Property Limited (Investore), Diversified NZ Property Trust (Diversified) and Industre Property Joint Venture (Industre), which we call the Stride Products. SIML manages the portfolios and business of SPL, Investore, Industre and Diversified.

> SIML applies an operational control approach to identify and determine the boundary of SIML's greenhouse gas (GHG) inventory. SIML's organisational boundary for GHG reporting encompasses SIML, SPL, Investore, Industre and Diversified, on the basis that SIML is the property and fund manager and therefore has "operational control". This approach allows Stride to focus on those emission sources over which it has operational control and can therefore implement management actions consistent with SIML's sustainability strategy.

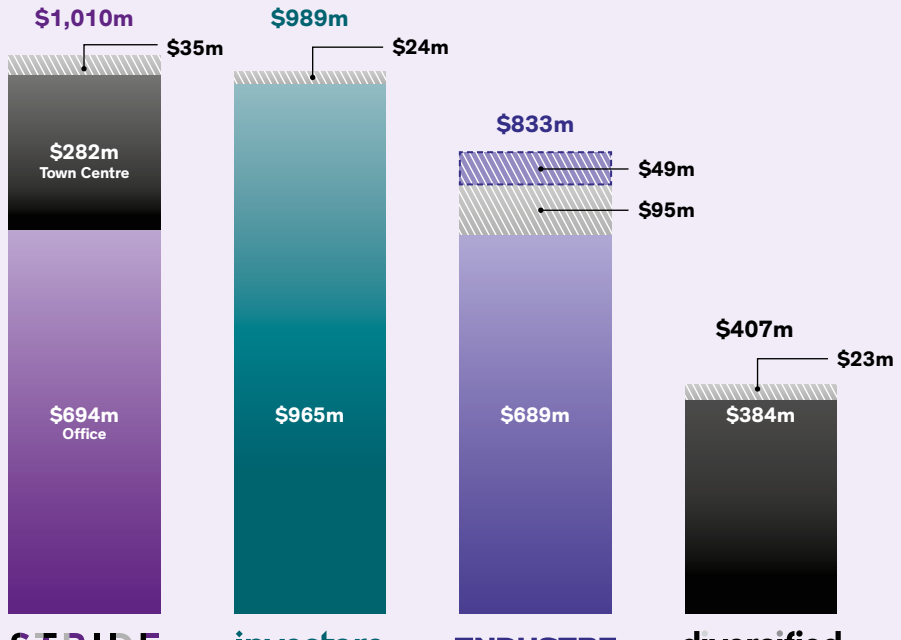



| | STRIDE | investore | INDUSTRE | diversified |
|---|---|---|---|---|
| **Entity structure** | NZX listed | NZX listed | Joint venture between SPL and JPMAM[2] | Unit trust owned primarily by two Australian superannuation entities |
| **Assets and business** | Directly owns office and town centre properties, and owns an interest in each of the Stride Products | Owns a portfolio of quality everyday needs large format retail property | Owns industrial properties primarily located in the Auckland region | Owns shopping centre properties |
| **Value of investment properties[1]** | $1,010m | $989m | $784m | $407m |
| **SPL ownership interest** | 100% | 18.8% | 49.6% | 2.2% |

1. Excludes lease liabilities where applicable. In the case of SPL, includes: (1) the value of Stride's office at 34 Shortland Street, Auckland, which is shown in the consolidated financial statements as 'Property, plant and equipment'; and (2) the value of the rental guarantee receivable in relation to 110 Carlton Gore Road, Auckland. In the case of Investore, includes the value of the rental guarantee receivable in relation to Bunnings Westgate, Auckland.
2. A group of international institutional investors, through a special purpose vehicle, and managed by J.P. Morgan Asset Management.

SPL directly owns a portfolio of office and town centre assets, and indirectly owns an interest in industrial, large format retail and shopping centre properties through its ownership interests in the Stride Products of Industre, Investore and Diversified, providing SPL with exposure to a diversified portfolio of commercial property.

## Portfolio composition by value as at 31 March 2025



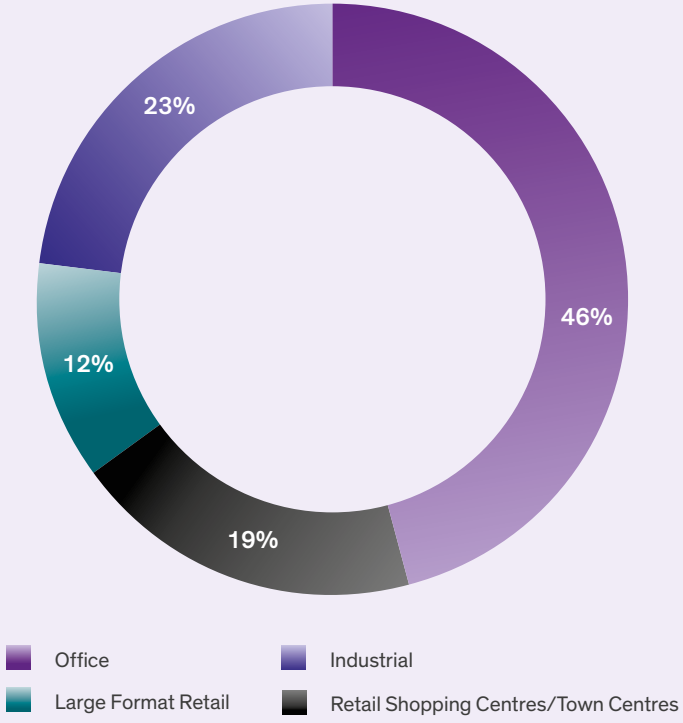

Sector focus:

Numbers in chart may not sum due to rounding.

Industre development commitments[1]

Property categorised as 'Development and Other'

## SPL's weighted look-through portfolio[2] as at 31 March 2025




1. Includes development commitments at 16A Wickham Street, Hamilton and 14-20 Favona Road, Auckland.
2. Includes the stabilised investment portfolios of SPL and each of the Stride Products, and excludes properties categorised as 'Development and Other' in the respective financial statements. Excludes committed developments and lease liabilities.

# Sustainability at Stride

Stride's sustainability actions and objectives are based on three pillars, which are intended to support our overall objective of creating enduring shared value.

## Protect the planet

Create efficient, climate resilient places that deliver long term value and support a low carbon future

## Contribute to a resilient community

Provide leading health and safety performance and support a connected and inclusive community

## Develop shared prosperity

Invest in and manage outstanding places that reward everyone connected with them

# Protect the planet

Create efficient, climate resilient places that deliver long term value and support a low carbon future.

- Reduce environmental impacts
- Take action on climate change

# Reducing environmental impacts

## Decarbonising our buildings

Stride has developed a carbon reduction plan which outlines actions for each of its office and town centre properties intended to reduce greenhouse gas emissions to a level consistent with Stride's emissions reduction target which aligns with a 1.5°C climate future.

Stride has been progressing its carbon reduction plan, including mechanical upgrades at 34 Shortland Street, Auckland, and chiller upgrades at 20 Customhouse Quay, Wellington, and 215 Lambton Quay, Wellington, with other upgrade plans in progress. Further information can be found on pages 29 and 30 of this report.

## Managing SIML's emissions

Stride's greenhouse gas emissions targets are focussed on scope 1 and 2 greenhouse gas emissions, and this has been Stride's focus to date. However, Stride also recognises that it has a wider range of influence over greenhouse gas emissions, and has developed a programme to reduce emissions associated with employee commuting and work travel.

Stride undertakes staff surveys on commuting habits twice a year, which has provided insights on ways that Stride can assist employees with reducing their commuting emissions. These surveys have told us that the end of trip facilities implemented at 34 Shortland Street, Auckland, where Stride's head office is located, have encouraged our people to utilise active forms of transport for commuting to and from work. We are also taking further steps to reduce our commuting and business emissions, including through making electric cars available at Stride's head office for employees to use for business purposes, reducing their need to drive their personal cars to work.

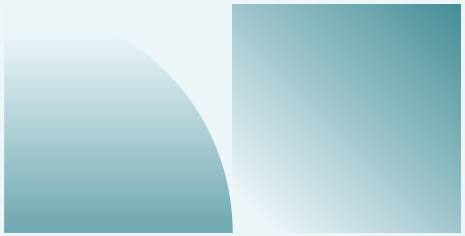
# Reducing environmental impacts

## Reducing waste

During FY25 SIML commenced the development of two industrial buildings on behalf of Industre, at 16A Wickham Street, Hamilton, and 14-20 Favona Road, Auckland. Both projects have a target of 90% diversion of waste from landfill by weight, and at the end of FY25 both projects are on track to achieve at least this target.

Stride works with its contractors at development sites to seek to recycle or reuse waste to the extent possible, consistent with our objective of reducing waste to landfill from construction projects. By way of example, the project at 16A Wickham Street utilises a pile foundation, and each of the piles used had a large offcut. Collaborating with our suppliers, we managed to find a value stream for these offcuts, ensuring that they had a second useful life and avoiding these being sent to landfill.

Stride has also taken steps to support its tenants in reducing waste, and during FY25 we undertook a waste audit at the office property at 110 Carlton Gore Road, Auckland, identifying options for tenants to improve their waste practices. This audit led to useful discussions between Stride, as landlord, and the tenants, on ways we can support tenants to minimise waste.



1. Excluding properties categorised as 'Development and Other' in the respective financial statements.

## Green Star strategy

In FY25 Stride celebrated 15 continuous years as a member of the New Zealand Green Building Council. Stride continues to progress green ratings across its owned and managed portfolios:

- The industrial development at 34 Airpark Drive, Auckland, owned by Industre, achieved a 5 Green Star Design rating, with the As Built rating in progress
- The industrial development at 439 Rosebank Road, Auckland, owned by Industre, achieved a 5 Green Star Design & As Built rating
- Woolworths Waimakariri Junction, owned by Investore, achieved a 5 Green Star Design & As Built rating
- The new industrial developments at 14-20 Favona Road, Auckland, and 16A Wickham Street, Hamilton (both owned by Industre) are targeting a 5 Green Star rating
- The office building at 110 Carlton Gore Road, Auckland, owned by SPL, achieved a 5.5 star NABERSNZ rating, indicating excellent energy performance and significantly lower than average energy consumption. In April 2025, this building was also awarded a 6 Green Star NZ Office Built rating, representing world leadership standard.

To date Stride has focussed on green ratings for its office portfolio and for newly developed buildings because there are clear pathways for these ratings and because they are valued by tenants. Stride will continue to progress its green rating strategy where there is demonstrated demand from stakeholders and where there is a clear rating pathway.

74%

of office properties[1] by value (owned by SPL) have a 4 star NABERSNZ rating or 5 Green Star rating or better

39%

of large format retail properties[1] by value (owned by Investore) have a green rating (either Green Star Performance or Green Star Design & As Built)

23%

of industrial properties[1] by value (owned by Industre) have a 5 Green Star rating

# Contribute to a resilient community

Provide leading health and safety performance and support a connected and inclusive community.

Ensure health, safety and wellbeing

Promote inclusivity and connectivity

# Promoting inclusivity and connectivity through our community partnerships

Stride's community involvement is focussed on maximising the positive impacts of Stride's business activities on the community through actively engaging in partnerships that address social issues at a national and local level.

## Graeme Dingle Foundation

Stride supports the Graeme Dingle Foundation, a New Zealand charity dedicated to inspiring young people across New Zealand to realise their potential through school and community-based programmes that help build self-esteem, promote good values, improve attitudes and behaviour, and improve academic results. In addition to the annual sponsorship provided by Stride to the Graeme Dingle Foundation, Stride also partners with the Foundation to support their activities in other ways.

Every year one lucky Stride volunteer elects to be dropped from Auckland's Sky Tower to raise funds for the Graeme Dingle Foundation. In 2024, Stride's office manager, Laurianne English, took the plunge, falling 192m and raising thousands of dollars to help the Graeme Dingle Foundation continue its valuable work.

For the second year in a row Stride staff participated in a volunteer day at Te Hōnonga a Iwi restoration site at Rosedale Park in Auckland, organised as part of our support for the Graeme Dingle Foundation. This year our team built and filled new planter boxes at the site to create a community garden. This volunteer day not only supports the Graeme Dingle Foundation, but also allows our people to give back to their community.

## Keystone Trust

Stride sponsors the Keystone Trust which provides scholarships to young people facing hardship to support them in their university studies in the fields of property or construction.

Strengthening our involvement with the Keystone Trust, for the second year in a row Stride was proud to participate in the Try for Charity touch rugby tournament organised by JLL and the Keystone Trust in early 2025. This year the tournament raised an incredible $28,500 for the Keystone Trust's student hardship fund. The Stride team improved in many ways from their inaugural 2024 outing, including improving their placing on the leaderboard.

The tournament provided the opportunity for our people to connect further with the Keystone students and each other, and have fun in the sun.

# Supporting our local communities

Stride owns and manages a number of retail shopping centres which continue to be a cornerstone of the community, hosting events and donating space for community groups. Our centres are involved with their communities on a daily basis, including through operating community activities such as movies in the park and school holiday events. The below are just examples of how we are involved with our communities.

During FY25, the shopping centres owned and managed by Stride provided space at no charge to local and national charities and community groups, to a total value[1] of $302,000, exceeding our FY24 contribution.

Chartwell Shopping Centre celebrated its 50th anniversary of being a beloved community hub in October 2024. To mark the occasion, a display was set up in the mall to showcase photos and memorabilia of the half century of memories made.

NorthWest Shopping Centre ran its annual school fundraising event, “NorthWest Rewards Schools”, with 13 schools competing for their share of $6,000. During the campaign, shoppers voted for a school of their choice, with the school with the highest spend per student winning. This year, the winning school was Woodhill School, a small rural school with just 55 children on the roll, receiving $3,000 from NorthWest Shopping Centre, with the remaining $3,000 split between two further schools. The Centre Management team were honoured to receive a haka performance at the Centre from the school to acknowledge the donation.

In the Christmas period, shoppers had their gifts wrapped in exchange for a donation, raising over $42,000 for the chosen charities - Te Omanga Hospice, Whānau Āwhina Plunket, Challenge 2000 and the Salvation Army.

NorthWest Shopping Centre held its “Everyday Heroes” event in February 2025, which continues to be a popular event for families. Emergency and community support teams were all present, including local Police, Defence Force, Hato Hone St John, Fire and Emergency, Surf Lifesaving, Blind-Low Vision seeing dogs, and Coastguard New Zealand. With emergency vehicles parked in the square outside NorthWest, children were able to meet their heroes and experience sitting in a fire truck or police car. Over 500 people attended the event across the day, soaking up the sun and enjoying activities such as face painting and balloon twisting, making the event a great day out for all.

1. Based on square metres of space provided to charities and community groups, multiplied by the rate Stride charges for space for short term licences.

# Supporting our local communities

## Supporting wellbeing at Stride

Stride's people are essential to our business. Stride regularly schedules a series of talks from external presenters, each designed to target a specific health and wellbeing topic. Previous talks have included gut health and menopause, and during FY25 we were fortunate enough to have a presentation from Healthbox on "Saving our Skin", providing advice and guidance on avoiding skin cancer and how to monitor your skin for early signs of skin cancer.

## Promoting inclusivity and diversity

Stride has an employee Diversity, Equity and Inclusion Committee, which has been established to develop initiatives and recommendations to ensure Stride remains a diverse and inclusive place to work. During FY25, the Committee championed the collection of data on key diversity metrics, building a baseline of data to track diversity at Stride over time.

# Ensuring the health and safety of people at our properties

During FY25 Stride revised and refined its health and safety strategy, to ensure continued focus on the areas of importance to achieving Stride's health and safety goals.

## Stride's new health and safety strategy

| | | | | |
|---|---|---|---|---|
| **Vision** | Our people are healthy, safe and well | | | |
| **Pillars** | **People**<br>Our employees will be strong leaders in health and safety and will promote the wellbeing of our employees, contractors, visitors and tenants. | **Environment**<br>We will provide safe and healthy environments for all places that we manage. | **Resources**<br>We will ensure our people have the tools, skills and resources to achieve continuous improvements in health and safety. | **Communication**<br>We will ensure regular effective communication and consultation to ensure our employees are fully engaged in health and safety. |
| **Objectives** | Our leading safety statistics continue to develop and lagging statistics continue to reduce. | Our buildings are fit for purpose and safe for use. | All equipment, including PPE, tools and software, is fit for purpose and effectively utilised. | Our health and safety management system continues to improve towards international standards. |
| | Stakeholders, employees and contractors have trust and confidence in Stride's health and safety management system to deliver strong health and safety outcomes for our organisation. | | Management and employees have the necessary health and safety training and information to enable them to perform their jobs safely, and actively implement Stride's health and safety management system. | |

Stride is working towards achieving ISO 45001 certification, completing a number of initiatives during FY25 designed to support this objective.

## Hazardous Substances Management

Stride has made significant progress during FY25 towards establishing a comprehensive management plan for hazardous substances, including the development of a hazardous substance inventory register. Stride has established compliance certifications, site safety plans, and appropriate signage to mitigate exposure risks. Tenant and specialist consultations have been integrated into Stride's operational approach, ensuring effective onsite implementation.

## Proactive Risk Management Initiatives

In order to maintain high standards of safety for our people and contractors, during FY25 Stride continued to monitor the effectiveness of its control measures for all critical and high risk hazards. These regular assessments ensure ongoing effectiveness and drive continuous improvement.

## Contractor Management

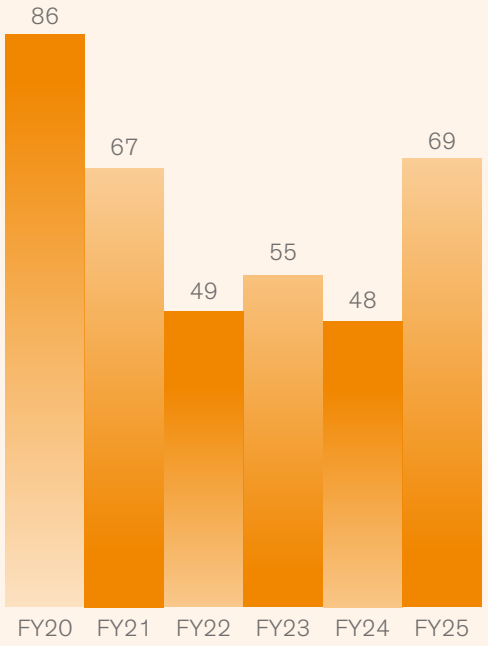
During FY25 we refreshed our contractor management framework, focusing on robust risk assessments, rigorous permit procedures, and strict management of notifiable works to control high risk activities. We have also implemented the Forsite contractor system across our office, industrial and multi-tenanted large format retail sites to enhance contractor safety when undertaking routine and service tasks.

## Employee Development

Stride continues to invest in employee training and education, as we rely on our employees to implement our health and safety management plan designed to ensure that our people (including our employees, contractors and everyone impacted by our business) are healthy, safe and well. During FY25 training focussed on hazardous substances, asbestos awareness, and permit management.

## Incidents resulting in injury[1]

Stride has seen an increase in injury incidents during FY25 from FY24, although the overall severity of incidents has reduced, with 91% of all injury incidents during FY25 resulting in no treatment or comprising a minor injury, compared with 60% for FY24.




1. Covers all incidents resulting in injury across all properties owned and managed by Stride in the relevant 12 month period, including SIML employees, contractors, tenants and their staff, and the public.

# Develop shared prosperity

Invest in and manage outstanding places that reward everyone connected with them.

Drive a prosperous economy

Create sustainable products and places

# Creating sustainable products and places

Stride views sustainability as part of its strategy to own and manage places with enduring demand. This requires that our places continue to meet and exceed tenant and stakeholder expectations. During FY25 we have continued to work with our tenants and investors to ensure that our places have enduring demand and to partner with our tenants on sustainability initiatives.

## STRIDE

A key part of our office strategy is to actively engage with tenants to understand and meet their sustainability expectations and needs. During FY25 we engaged with tenants on sharing of sustainability information, including emissions data, to assist tenants in meeting their own reporting obligations.

We have also implemented a process of meeting with tenants to discuss sustainability action plans for their properties, aiming to partner with tenants to progress mutual sustainability goals. This process has begun with the office properties at 110 Carlton Gore Road and 46 Sale Street, both in Auckland, and will be continued across our office portfolio in FY26.

Assisting tenants in reducing waste remains a challenge, and during FY25 we conducted a waste audit at 110 Carlton Gore Road, with the findings provided to tenants to generate ideas and strategies for minimising their waste to landfill. We plan to continue this at regular intervals to assess progress on diverting waste from landfill and expand this initiative to other buildings where there is demand from tenants.

## INDUSTRE

A key focus during FY25 for the industrial portfolio managed by SIML and owned by Industre has been the installation of remote metering for electricity and water at all properties, allowing us to monitor energy and water use and to check for any atypical usage patterns, which can alert us to a leak or fault. This has already paid dividends, where unusual water usage was identified at one of our properties during the first week of metering being in place, allowing us to investigate and resolve leaks.

Having metering installed will also enable us to provide industrial tenants with energy and water usage on a timely basis for their own reporting, and to assist tenants in managing their energy usage and emissions.

During FY26, once we have collected further data, we will explore creating benchmarks by building type to help compare and reduce consumption where possible.

## investore

As Investore's properties tend to be single tenant properties where Investore has limited control over emissions, Investore's sustainability strategy primarily focusses on working with tenants to address their requirements while also seeking to make our properties as energy efficient as possible. Initiatives include:

- Replacing air conditioning units that use R22 refrigerant, which has a high global warming potential, with units that use a more sustainable refrigerant. Investore is targeting removal of all R22 units by the end of FY27
- Working with tenants to replace lighting with energy-efficient LED type lighting
- Discussing with major tenants the installation of solar panels on some of our large format retail sites

During FY26 Investore intends to continue to engage with tenants on how Investore can assist tenants to reduce their emissions, which are scope 3 emissions for Investore.

# Drive a prosperous economy

Driving a prosperous economy is a key pillar of Stride's sustainability strategy because without a successful business, we are unable to achieve the other elements of our strategy. A successful business relies on Stride meeting the needs of all stakeholders – investors, tenants and those who use the places we own and manage. As an active investment manager, SIML supports the Stride Products of Industre, Investore and Diversified to achieve their objectives and meet the needs of their tenants, delivering positive outcomes for tenants and the investors in the Stride Products.

As a commercial property investor and manager, we focus on delivering for our tenants and supporting them in their commercial endeavours, as that will enable us to deliver for our investors and the public. An example of this is the new development being created at 16A Wickham Street, Hamilton, where SIML, on behalf of Industre, is developing a purpose-built facility for Wattyl New Zealand (Wattyl). Wattyl is a current tenant of Industre at 4-14 Patiki Road, Auckland. The Patiki Road site does not meet Wattyl's needs given their work with hazardous substances.

Industre has agreed with Wattyl to develop a new facility that meets its business needs and also delivers on its sustainability objectives, at Industre's site at Wickham Street in Hamilton. Through delivering this custom-made home for Wattyl, SIML and Industre are supporting Wattyl in its business endeavours, helping to drive a prosperous economy. When Wattyl moves to the new site, this will provide options for Industre at the Patiki Road site, which comprises 4.6 ha of available land. Options may include redevelopment of this site for new tenants.

Another example of partnering with tenants to deliver positive outcomes and drive a prosperous economy are the capital upgrades managed by SIML on behalf of Investore at a number of Woolworths sites. Investore funds capital upgrades at certain Woolworths stores in conjunction with Woolworths undertaking store refurbishments. The upgrades that Investore funds enable Woolworths to implement better facilities for online shopping, including click and collect fulfilment facilities and drive through pick up bays for online shopping. This investment is consistent with Woolworths' focus on e-commerce initiatives which has seen sales growth across the Woolworths New Zealand portfolio[1].

Investore will receive a return on the investment in the capital upgrades, providing a positive outcome for both Investore and Woolworths.

This activity has supported Stride's financial results, with SIML's management fee income for FY25 of $20.4m being $0.6m higher than for FY24. Overall, Stride delivered profit after income tax of $21.7m during FY25, with a combined cash dividend for FY25 of 8.0 cents per share benefiting Stride's investors.

1. Woolworths Group Half Year Results Announcement dated 26 February 2025.

# Climate-related Disclosures

This section of the Sustainability Report contains Stride's climate-related disclosures for the year ending 31 March 2025 (FY25).

# Climate-related Disclosures


## Statement of Compliance

Stride Property Limited (SPL) and Stride Investment Management Limited (SIML) are both climate-reporting entities (CREs) under the Financial Markets Conduct Act 2013. SPL and SIML have been granted an exemption from the Financial Markets Conduct Act 2013, the Financial Markets Conduct (Climate Statements – Stride Property Group) Exemption Notice 2023 (Exemption Notice), which permits SPL and SIML, subject to conditions set out in the exemption notice, to prepare climate statements in respect of Stride, while they remain stapled (in place of separate climate statements for each company).

Stride's climate-related disclosures set out in this part of the Sustainability Report comply with the Aotearoa New Zealand Climate Standards issued by the External Reporting Board, subject to the Exemption Notice and reliance on the adoption provisions noted below. Set out in Appendix 2 from page 78 is a table showing where the disclosures can be found in this report.

In preparing the climate-related disclosures, Stride has elected to rely on the following adoption provisions:

- Adoption provision 2, which exempts an entity from disclosing the anticipated financial impacts of climate-related risks and opportunities reasonably expected by the entity. Stride has commenced the process of quantifying the anticipated financial impacts of its identified climate-related risks and opportunities, but further work is required.
- Adoption provisions 5 and 6, which exempts an entity from providing comparative information for the immediately preceding two periods, as only one year of comparative information is being provided for some metrics.
- Adoption provision 7, which exempts an entity from providing an analysis of trends – while Stride will provide commentary on trends evident to date, it is relying on this adoption provision given that it is not providing comparative information for two preceding periods for all metrics.

## Disclaimer

This report sets out Stride's current understanding and response to climate-related risks and opportunities as they impact Stride, and the current and anticipated impacts of climate change, which is expected to evolve over time. This report contains forward looking statements, including climate scenarios, targets, estimates, climate projections, forecasts, statements of future intentions, judgements, and assumptions about future external physical and transitional changes driven by climate change and their anticipated impacts on our business.

Forward looking statements involve assumptions, forecasts and projections which are inherently uncertain and subject to limitations. While Stride 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 Stride's control. Nothing in this report should be interpreted as legal, financial, tax or other advice or guidance.

# Introduction

Stride's strategy is to create, develop and invest in places with enduring demand. This means ensuring that our properties will continue to meet the demands of stakeholders – tenants, investors, and the people who use our properties. Sustainability and a consideration of climate risk has become part of the way we do business at Stride. Stride's approach differs by sector, and takes into account tenant and investor demand and the strategy of each of the Stride Products managed by SIML – Investore, Industre and Diversified. By delivering on a portfolio by portfolio strategy aligned with sustainability objectives, this ensures that the properties owned and managed by Stride continue to have enduring demand, and that Stride's business and that of the Stride Products continue to be sustainable for the long term.

This section of our report contains our climate-related disclosures in compliance with the Aotearoa New Zealand Climate Standards. Our disclosures begin with a description of our strategy and transition plan, as we consider this underpins our approach to climate-related risk.

The following sections of our climate-related disclosures support the transition plan:

- Governance and risk management provides an overview of the governance processes within Stride for addressing climate-related risk and our approach to climate risk management, which is consistent with our approach to enterprise risk management. For FY25 we have also included a description of our methodology for quantifying our climate-related risks
- Scenario analysis outlines the scenarios that have been adopted by Stride for considering climate-related risks and opportunities
- The next section describes the climate-related risks and opportunities that Stride has identified, including their actual and anticipated impacts, controls and risk rating under each scenario and timeframe utilised by Stride when considering climate-related risks

The metrics and targets section outlines the metrics monitored by Stride in consideration of climate-related risks and how we are managing the transition to a low-carbon future. This section is supported by our greenhouse gas inventory report for FY25, which follows the metrics and targets section.

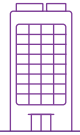
# Stride's Strategy

Stride is a property owner and manager that focusses on creating, developing and investing in places with enduring demand.

During FY25 sustainability and a consideration of climate risk has become part of overall business strategy for Stride. Stride's approach differs by sector, and takes into account tenant and investor demand and the strategy of each of the Stride Products – Investore, Industre and Diversified. By delivering on a portfolio by portfolio strategy aligned with sustainability objectives, this ensures that the properties owned and managed by Stride continue to have enduring demand, and that Stride's business and that of the Stride Products continue to be sustainable for the long term.

When developing buildings, Stride will target 5 Green Star ratings where appropriate, which it considers meets investor and tenant demand both now and into the future. In considering an acquisition, Stride considers climate-related risk as part of its due diligence investigations, and targets properties for acquisition that are consistent with its overall sustainability strategy.

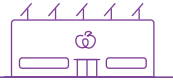
STRIDE



## Office Properties

Over the past few years Stride has focussed on transforming its office portfolio into a high quality, sustainable portfolio of newer assets to meet tenant demand, given the "flight to quality" observed among tenants for office property. 74% of the SPL office portfolio[1] by value is now rated 4 star NABERSNZ or 5 Green Star or better. This strategy has been beneficial, with higher quality, more sustainable properties attracting higher rents and with higher occupancy levels than lower grade properties.

investore



## Large Format Retail Properties

Investore's strategy, which is supported by SIML as manager, is to target 5 Green Star ratings for newly developed properties. As most of Investore's existing portfolio is leased to one or more tenants who occupy the whole property, with no or small common areas, and in many cases on longer term tenancies, there is little scope for Investore to improve the sustainable performance of existing properties on its own over the short to medium term. Investore's approach is to work with its tenants to seek to achieve common sustainability goals, which we consider will have the best outcome for Investore, tenants and the planet.

INDUSTRE

## Industrial Properties

Industre's approach is to identify properties with under-utilised sites in preferred locations, and where the existing assets provide short term income until the asset can be redeveloped. Industre, through SIML as manager, then redevelops these sites, often in collaboration with tenants, to provide investors with prime industrial assets with enduring tenant demand. When developing new assets, Industre targets 5 Green Star rated developments.

STRIDE diversified

## Town Centres

To date retail tenants have not demonstrated demand for energy efficient buildings. Consistent with its overall sustainability objectives, Stride will seek to ensure that the shopping centres it owns and manages are as energy efficient as possible. There are also potential opportunities to install solar panels at the shopping centres, and Stride is exploring this opportunity at NorthWest Shopping Centre, owned by SPL.

1. Excluding properties categorised as 'Development and Other' in Stride's FY25 consolidated financial statements.

# Transition Plan

Stride's transition plan supports its strategy of owning and managing properties with enduring demand. We have continued to make progress on our transition plan during FY25, with a sustainable approach to owning and managing properties becoming part of how we operate.

Stride's transition plan outlines how Stride will transition its business towards a low carbon future. Stride's strategy is to own and manage buildings that exhibit enduring demand, using these quality assets to grow its real estate investment management business. Enduring demand includes ensuring that the properties Stride owns and manages are sustainable and resilient to transition and physical risks for the lifespan of the buildings.

Our transition plan responds to our key transition and physical risks as summarised on this page, which outlines how climate-related risks serve as an input to capital deployment and decision-making processes. To date Stride's transition plan has focussed primarily on the direct impacts of its assets and operations, and Stride recognises that a future focus will be on working with our tenants to seek to assist our tenants to minimise their operational emissions, which are scope 3 emissions for Stride.

| | Risk | Transition Plan Response |
|---|---|---|
| Key transition risks | • Regulations requiring improved energy efficiency of properties, including through energy and carbon caps for both existing and new buildings<br>• Introduction of mandatory requirements for disclosure of energy and carbon performance for all properties<br>• Failure to keep up with technology advances and expectations of tenants and investors for energy efficiency, renewables and low carbon technology<br>• Investors seek to exit as a result of not meeting expectations; high debt costs due to lender requirements | Upgrades of existing buildings to ensure buildings are energy efficient and meet the expectations of stakeholders, seeking to implement upgrades over the period to 2030 in order to avoid potential carbon price shocks, particularly under the disorderly scenario, and to ensure we are prepared for the introduction of legislation requiring improved energy efficiency or mandatory requirements for disclosure of energy and carbon performance. Building upgrades and projects identified in the carbon reduction plan are considered as part of annual capital expenditure planning. Stride also considers these transition risks when acquiring properties. |
| Key physical risks | • Increased frequency and severity of extreme weather events e.g. cyclones, storms, floods, fire<br>• High temperatures result in increased demand for cooling<br>• Risk to assets due to sea level rise and sea surge events<br>• Increase in rainfall intensity changing ground conditions and undermining the stability of assets and connected infrastructure | Physical risks are considered as part of due diligence on any acquisitions and when undertaking building works such as roof and guttering replacements. |

## Transition Plan

| | | | |
|---|---|---|---|
| **Goal** | Owning and managing properties with enduring demand, and reducing emissions consistent with our target of reducing scope 1 and 2 emissions by 42% by 2030 from our FY20 baseline year | | |
| **Focus** | Developments and major refurbishments | Upgrades to existing buildings | Acquisitions |
| **Objective** | Sustainability initiatives are incorporated into assets that are developed by Stride, with new developments or major refurbishments targeting a 5 Green Star rating.<br><br>This objective ensures new developments minimise emissions and provide a sustainable place for occupants of the building. | Stride is committed to operating and maintaining energy efficient buildings, including through implementing its carbon reduction plan, which sets out a roadmap to reduce greenhouse gas emissions across existing office and town centre buildings. | When Stride acquires a new asset, it considers physical and transition climate-related risks associated with the asset, and will target assets that are 5 Green Star rated, or can achieve this rating, where appropriate, taking into account the type and age of the asset, noting that limited ratings exist for some categories of asset. |
| **Progress** | During FY25 SIML, on behalf of Industre, commenced the development of two industrial buildings, at 16A Wickham Street, Hamilton, and 14-20 Favona Road, Auckland, both targeting 5 Green Star ratings.<br><br>In addition, during FY25 Stride furthered its green rating strategy for new developments managed by SIML:<br><br>• The industrial development at 34 Airpark Drive, Auckland, owned by Industre, achieved a 5 Green Star Design rating<br><br>• The industrial development at 439 Rosebank Road, Auckland, owned by Industre, achieved a 5 Green Star Design & As Built rating<br><br>• Woolworths Waimakariri Junction, owned by Investore, achieved a 5 Green Star Design & As Built rating | Stride has continued to implement its carbon reduction plan across its directly owned office and town centre assets, as described in further detail on pages 29 and 30.<br><br>In addition, we have progressed the removal of harmful refrigerants across our managed portfolio, completing the removal of all R22 refrigerants (which have a high global warming potential) across the industrial portfolio owned by Industre. No office assets have any R22 refrigerant present. We plan to have all air conditioning units utilising R22 refrigerants removed from Investore's portfolio by the end of FY27. There are other air conditioning units present in the properties managed by Stride that utilise refrigerants with a relatively high global warming potential (such as R410A) and these will be replaced over time as the air conditioning units reach the end of life.<br><br>We continue to work on the installation of LED lights in buildings, carparks and common areas, replacing older fittings and bulbs with more efficient LEDs, and also working with tenants to support LED installation within their tenancies.<br><br>Stride is also conscious of the need to ensure that the buildings we own and maintain are resilient under all climate scenarios. The physical impacts of climate change on our buildings could include more frequent and more severe weather, as well as warmer mean temperatures. We consider the physical risks of climate change when we are upgrading or maintaining buildings – for example, we are currently planning to replace three roofs within the Investore portfolio and as part of this work we are ensuring that the roof and related infrastructure (such as guttering and downpipes) can accommodate the predicted rainfall associated with a "hot house world" future. | Stride did not acquire any assets during FY25. However, during FY24 Stride completed the acquisition of the office building at 110 Carlton Gore Road, Auckland, and during FY25 this property achieved a 5.5 star NABERSNZ rating, signifying excellent performance and a highly energy efficient building that uses water and resources in a very sustainable way. This property has also recently (April 2025) achieved a 6 Green Star Office Built rating, which represents world leadership standard.<br><br>This building contributed to the transformation of Stride's office portfolio, intended to ensure that the office portfolio meets market demand for quality, well-located, green rated properties with high seismic resilience. Since 2020, the percentage of office assets by value[1] having a minimum 4 star NABERSNZ or 5 Green Star rating has increased from 21% to 74%, with two further assets (34 Shortland Street, Auckland and 215 Lambton Quay, Wellington) currently undergoing upgrades intended to enable these buildings to achieve a minimum 4 star NABERSNZ rating. |

1. Excludes properties categorised as 'Development and Other' in Stride's consolidated financial statements.

## Scope 3 operational emissions

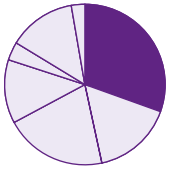
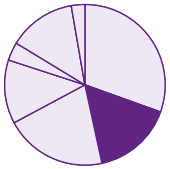
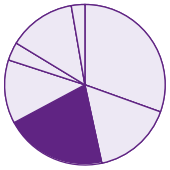
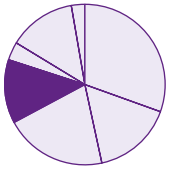
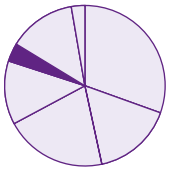
Stride is conscious of the need to reduce its scope 3 emissions, and has taken action during FY25 targeted at reducing these emissions:

- Tenant waste: Stride works with its tenants to help reduce their waste, and during FY25 this included conducting a waste audit at the office property at 110 Carlton Gore Road, Auckland, identifying options for tenants to improve their waste practices.
- Employee commuting: Stride is implementing a project to reduce employee commuting emissions through the provision of electric cars at SIML's head office which reduces the need for employees to drive to work. Stride also encourages active forms of commuting through the provision of quality end of trip facilities for those located at SIML's head office at 34 Shortland Street, Auckland.

Stride will continue to focus on addressing scope 3 emissions and seeking to influence these where possible.

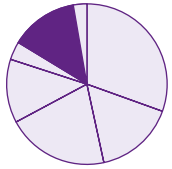
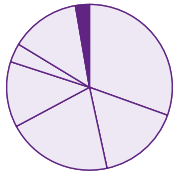
## Upgrades to Existing Buildings - Carbon Reduction Plan

Stride's emissions reduction target is to reduce its scope 1 and 2 emissions by 42% by 2030 from its FY20 baseline year. Stride has developed a carbon reduction plan for its directly owned office and town centre properties that supports achievement of this target. Set out below is an analysis of progress by property.

| Property | Property Type | Emissions Reduction Potential[1] | Progress |
|---|---|---|---|
| 34 Shortland Street, Auckland | Office |  | Air conditioning upgrade works completed as part of building upgrades, with the installation of efficient new chillers (representing 12% of emissions reduction potential for this site). Future projects include optimising building systems and controls and improving demand control ventilation, as well as LED lighting upgrades. The most material contributor to reducing carbon emissions at this site (83% of emissions reduction potential) is the replacement of gas boilers with heat pumps, and we are currently investigating timeframes and feasibility for this project. |
| 215 Lambton Quay, Wellington | Office |  | A new chiller installed (representing 19% of emissions reduction potential for this site) and LED lighting upgrade in progress. New metering has also been installed, enabling better measurement and control of energy use. As with 34 Shortland Street, the most material contributor to reducing carbon emissions (69% of emissions reduction potential for this site) is the replacement of the gas boilers with heat pumps, a future project. |
| 1 Grey Street, Wellington | Office |  | This property remains a future development opportunity, and accordingly Stride will look to implement efficiency measures and emissions reduction initiatives as part of the building refurbishment. |
| 20 Customhouse Quay, Wellington | Office |  | A new, more efficient chiller has been installed with commissioning in progress (56% of emissions reduction potential for this site). A building tuning system is being installed and made operational which will enable us to optimise the air conditioning system to minimise emissions. |
| 46 Sale Street, Auckland | Office |  | As 46 Sale Street is a new building, the only opportunity to reduce emissions is through tuning and optimising building systems. We plan to install a building performance monitoring system in FY26. |

1. Represents the emissions reduction potential of each property out of the combined emissions reduction potential for all properties outlined in this table, based on Stride's carbon reduction plan developed in conjunction with Beca in 2024.

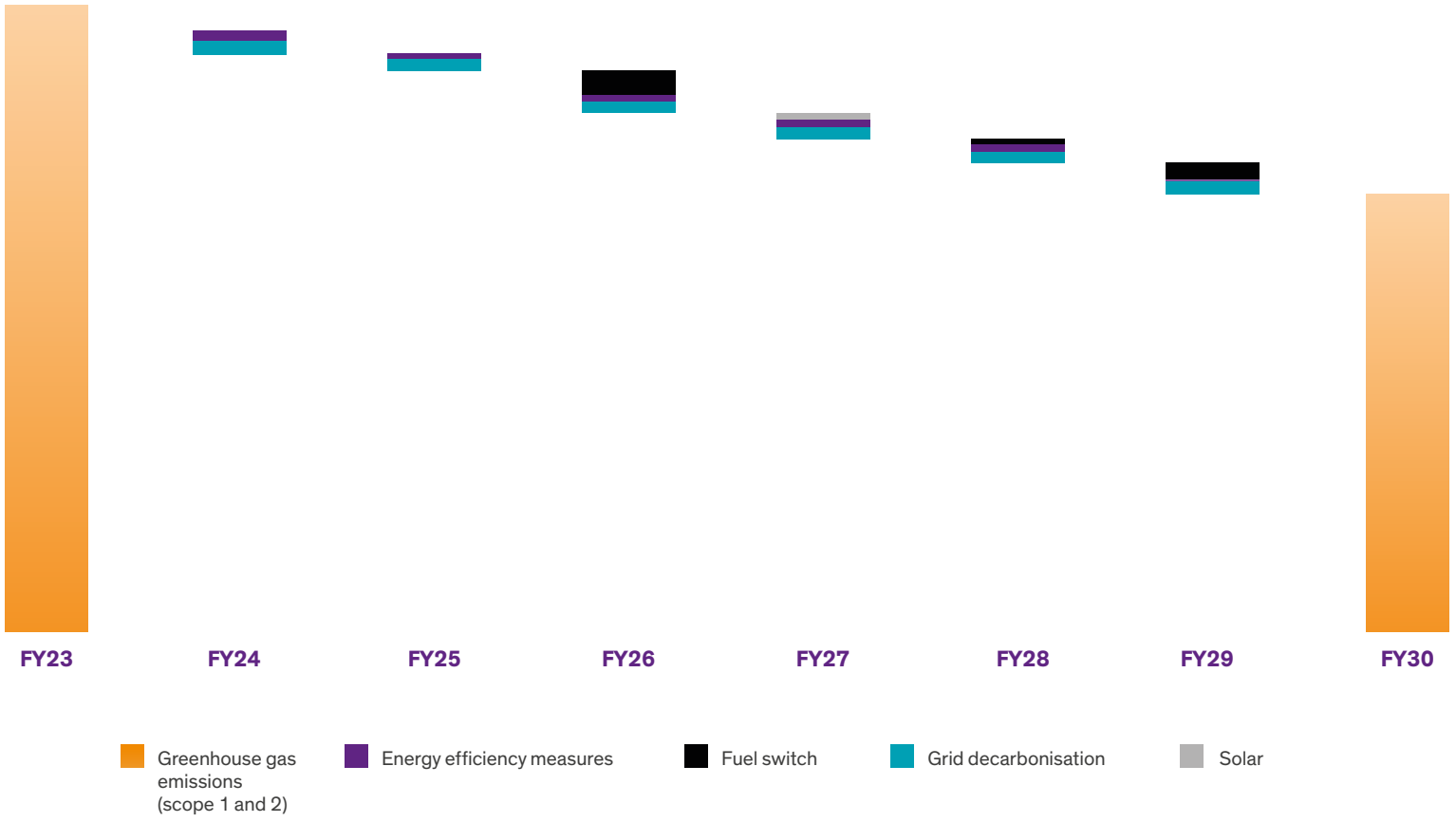
## Upgrades to Existing Buildings - Carbon Reduction Plan (cont.)

| Property | Property Type | Emissions Reduction Potential[1] | Progress |
|---|---|---|---|
| Northwest Shopping Centre, Auckland | Town Centre |  | Solar panels at NorthWest Shopping Centre have been designed and we are currently considering the feasibility of this project. We also plan to explore potential energy savings through air conditioning tuning and optimisation. |
| Silverdale Shopping Centre, Auckland | Town Centre |  | Due to the nature of this site, with very small common areas, there is little emissions reduction potential. We currently plan to decommission the gas boilers at this site, as they have not been used for some time. |

1. Represents the emissions reduction potential of each property out of the combined emissions reduction potential for all properties outlined in this table, based on Stride's carbon reduction plan developed in conjunction with Beca in 2024.

## Carbon reduction plan to 2030

This chart shows Stride's carbon reduction initiatives by project over time, designed to support Stride in achieving its emissions reduction target of reducing scope 1 and 2 emissions by 42% by 2030 from the FY20 baseline year.




Note: Projects represent estimated emissions reduction potential only. Projects may be implemented at different times, depending on feasibility and project demands, taking into consideration other building projects.

# Governance and Risk Management

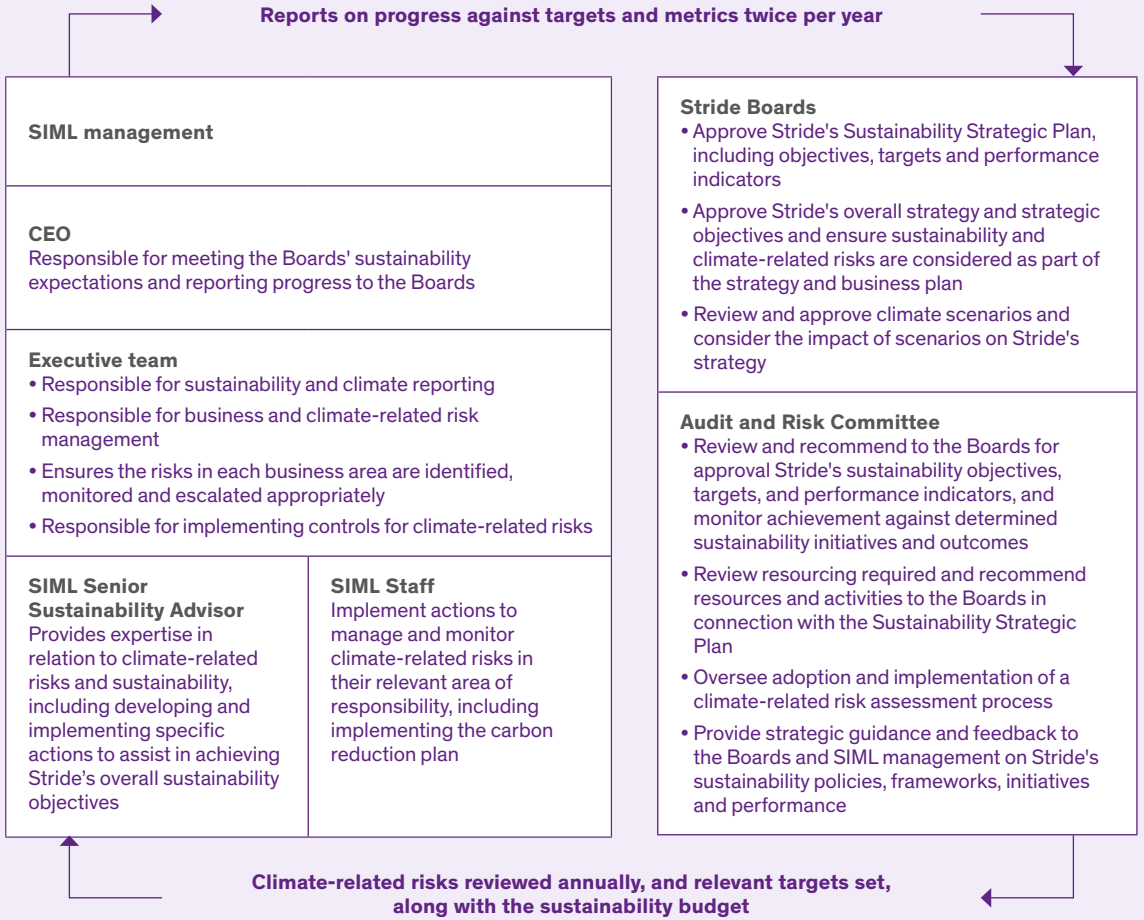
This section sets out Stride's approach to governance and management of climate-related risk.

## Governance

Stride is committed to ensuring its business is built on a sustainable foundation and this includes identifying, assessing and managing the impact of climate-related risks on its business, as well as seeking to ensure it understands and benefits from climate-related opportunities.

Risk management, including climate risk management, is the responsibility of the Boards of SPL and SIML. During FY25, Stride disestablished the Board Sustainability Committee, with the climate risk responsibilities of that Committee being assumed by the Audit and Risk Committee, which ensures a cohesive and consistent approach to the management of climate-related risk and business risk. This approach also enables Stride to more easily compare risk profiles and apply controls consistent with other risks. The Audit and Risk Committee oversees financial performance, and matters relating to sustainable business performance are having a greater influence on financial performance as our sustainability strategy matures.

The Audit and Risk Committee meets at least twice per year, and met four times during FY25. Climate-related risks are considered on an annual basis. Members of the Stride executive are present at the Audit and Risk Committee meetings (except when the Committee meets separately with external auditors) and participate in discussions on risks and their controls, including climate-related risks. While Stride does not have a formal employee climate risk committee due to its size, climate-related risks are regularly discussed among team members, particularly those responsible for asset management and strategy and the sustainability team. These discussions are held organically and as part of our approach to management of our business.



# Governance and Risk Management (cont.)

## Climate Risk Management Framework

Stride has a Climate Risk Management Framework which was approved by the Boards in FY24. This Framework describes the scope of climate-related risks that may be considered relevant to Stride, and the process for identifying, assessing and managing climate-related risks, as well as the process that will be followed to ensure an ongoing review of these risks.

To identify climate-related risks that may impact Stride, a series of workshops were undertaken in 2021 which involved a number of Stride people across varying teams and with varying perspectives. This provided a very broad assessment of climate-related risks, which were initially identified without considering the potential magnitude of the impact of the risk, in order to ensure all potential risks were identified.

The identified climate-related risks were then further reviewed and refined during FY23. These risks, including their scope and potential and actual impact, are considered on an annual basis by SIML management and the Boards.

In assessing the likely impact and scope of climate-related risks, Stride mapped its value chain and excluded items that were considered to be immaterial from a climate-related risk perspective, such as professional consultants (upstream). However, all other aspects of Stride's value chain have been considered when defining and assessing climate-related risks. When considering the risk rating of climate-related risks, Stride uses the same rating framework used to assess the impact of enterprise risks which considers impacts on people, environmental, financial, operational and governance criteria (see page 41 for further information).

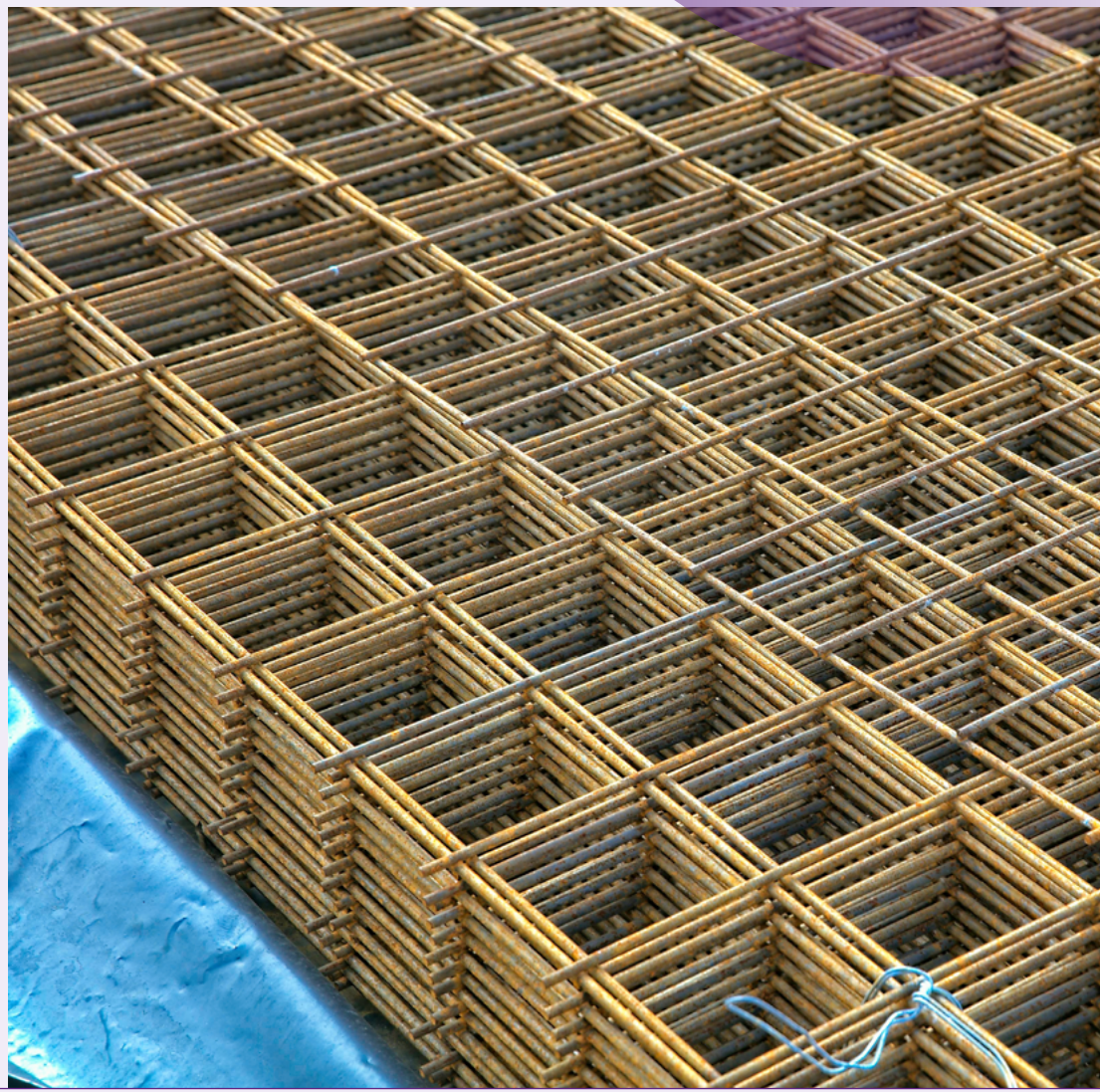
Climate-related risks differ from enterprise risks in terms of the likely timeframe over which the risk could emerge. This year we have realigned our time horizons, lengthening the consideration of the long time horizon out to 2100, to align more closely with our climate scenarios, and reflecting a maturing of our understanding and approach to climate-related risk assessment. This time horizon also better matches the expected lifespan of some of our development and acquisition projects, and therefore should be considered in our investment decisions. Stride plans in 10 year cycles for capital and maintenance expenditure on the buildings it owns and manages, which aligns with our climate horizons.

As a result, our time horizons now are:

**Short term:**
Present – 2030, which aligns with current strategy and our emissions reduction target

**Medium term:**
2031-2050

**Long term:**
2051-2100



# Governance and Risk Management (cont.)

## Board Skills and Training

The Boards of SPL and SIML are committed to ensuring that they maintain the skills needed to govern all aspects of Stride's business, and this includes the management of climate-related risks and overseeing the sustainability strategy of the business. During FY25 all Stride Directors completed the Institute of Directors' Climate Change Governance Essentials training course. The objective of the course was to provide Directors with appropriate skills and understanding in relation to the governance of climate-related risks so as to enable them to assess climate change governance issues currently facing Stride, understand the significance of appraising and managing climate-related risks to ensure business resiliency and continuity, assess tools and frameworks to identify and scope climate-related risks, and to identify and monitor climate-related regulations and emerging standards.

The course comprised three online modules together with a two hour final workshop. As Stride (together with the Investore directors) completed this course as a group, the workshop component of the course was tailored to focus on climate-related risks specific to Stride and Investore and ensure that our climate-related disclosures remain appropriate given the learning undertaken during the course.

The Stride Boards collectively have considerable experience and expertise in assessing and managing climate-related risks, as well as wider sustainability matters. Director Michelle Tierney was previously the Chair of the SCA Executive Sustainability Committee and a member of the GPT Executive Sustainability Committee during her time in executive roles with those organisations. Director Ross Buckley, who is also the Chair of the Audit and Risk Committee (which is responsible for overseeing climate-related risks within Stride), has recently been appointed as Chair of the Chapter Zero steering committee, and is Chair of the Institute of Directors, which established and hosts Chapter Zero New Zealand. Chapter Zero was established in 2022 and is part of a global network of board directors committed to taking action on climate change as part of the Climate Governance Initiative.

The other Stride Directors have experience with sustainability and climate-related risk through their involvement as directors of New Zealand and Australian entities, and also through their involvement in the property industry.

## Sustainability-linked Remuneration

The Stride CEO and each Stride Executive Team member have sustainability objectives as part of the criteria on which short term incentives are based. At the end of the financial year, the extent to which the sustainability objectives were achieved formed part of the consideration for the award of FY25 short term incentives. In addition, all SIML Executive Team members have achievement of Stride's emissions reduction targets as part of the objectives on which their short term incentive for FY25 was based. Between 10% and 35% of Executive short term incentive remuneration was linked to achieving sustainability targets. On average, 90% was achieved in relation to these targets.

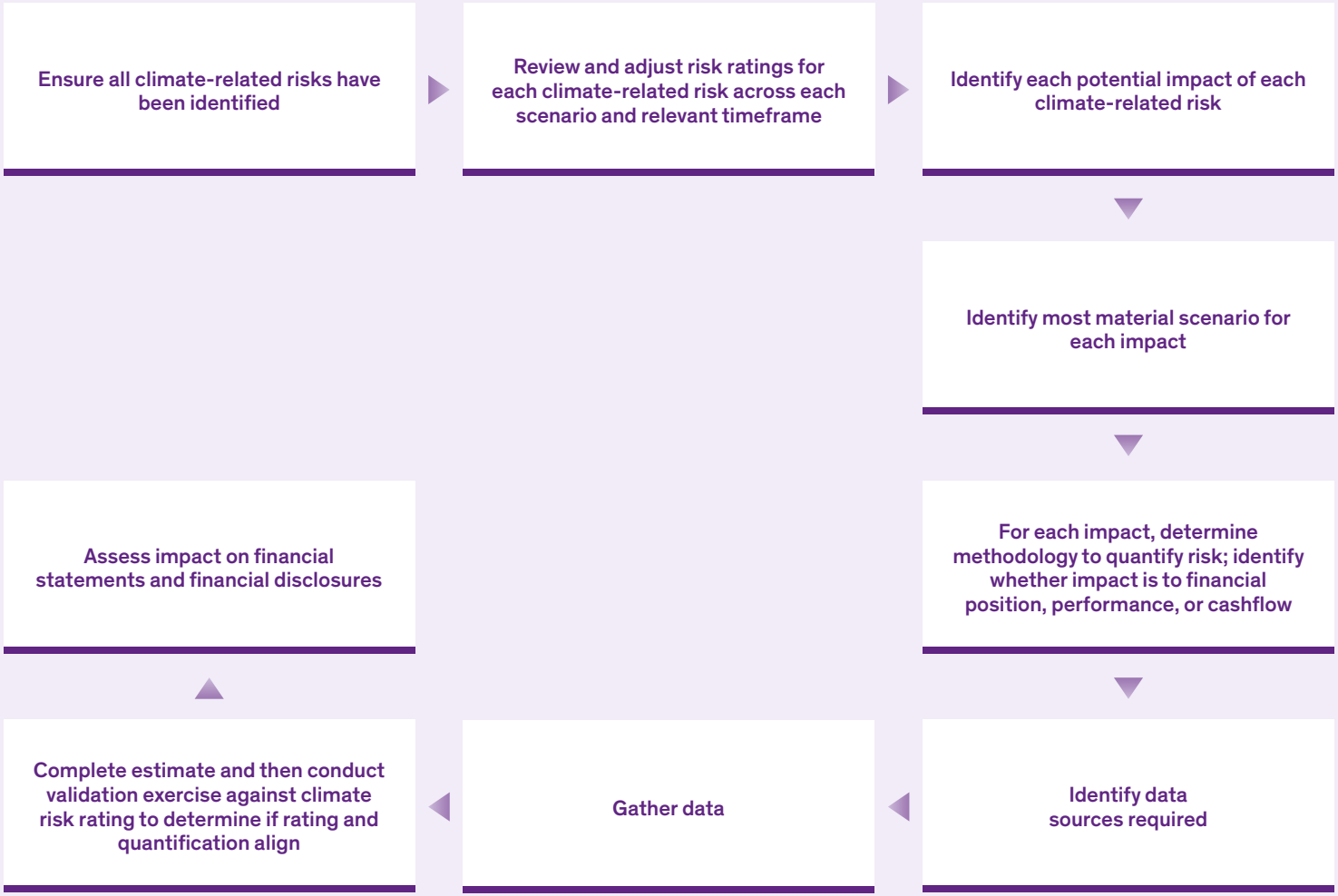
# Governance and Risk Management (cont.)

## Anticipated financial impacts of climate-related risks and opportunities

During FY25 Stride commenced the process of quantifying the anticipated financial impacts of climate-related risks and opportunities.

The methodology that we have adopted is set out on this page, and we include the approach to financial quantification of two risks in this report – one physical risk and one transition risk. In starting to quantify the risks, we have developed a more in-depth understanding of the material impacts of these risks on our business. We will continue to develop our tools and processes for financial quantification, and aim to present the full financial quantification of risks and opportunities in FY26 as required by the Aotearoa New Zealand Climate Standards.

## Methodology for determining the anticipated financial impact of climate-related risks



**Transition risk:** Regulations requiring improved energy efficiency of properties, including through energy and carbon caps for both existing and new buildings.

| Impact | Scenario where impact has most material effect | Timeframe where impact has most material effect | Calculation pathway |
|---|---|---|---|
| Higher costs of capital expenditure for retrofitting existing buildings which may not be recoverable from tenants, impacting profitability, and may also impact value of assets | Disorderly scenario, with impacts also felt under the orderly scenario | Medium term, with impacts also across the short timeframe | Estimated costs of upgrading buildings based on Stride's carbon reduction plan. Additional debt costs are not included as timeframes are not certain. Costs for the disorderly scenario are estimated to be ~20% higher than under the orderly scenario, due to a sudden increase in demand for improving buildings under the disorderly scenario |
| Higher costs of developing new buildings due to costs of carbon and greater sustainability requirements, which would require either more rent to achieve yield, or reduce profitability | Disorderly scenario, with impacts also felt under the orderly scenario | Medium term, with impacts also across the short timeframe | 5 year average of development spend multiplied by estimated percentage to reflect the increase in cost of buildings to develop to higher green rating. For the disorderly scenario, costs over the medium term are estimated to be ~20% higher than under the orderly scenario |
| Potential for stranded assets if the cost of upgrading assets is not justified financially for that asset | N/A | N/A | No financial impact – under the above two impacts we assume we complete the works, so no buildings will become stranded assets |
| Low carbon materials to meet requirements may not be readily available due to demand | N/A | N/A | No financial impact – this has been included in the calculation pathway under the first two impacts |
| Availability of expert or consultant resource with required knowledge and understanding may be in short supply | N/A | N/A | No financial impact – this has been included in the calculation pathway under the first two impacts |
| Uncertain impact on management fees for SIML - requirement to upgrade buildings will generate additional development fees, however, if buildings are not upgraded to meet requirements, this could result in reduced value of assets on which SIML's management fees are based | Disorderly scenario, with impacts also felt under the orderly scenario | Short / medium term | Over the short term, there will be a decline in asset management fees the calculated as the recurring fee charged by SIML x the cost of works to be completed for the Stride Products (excluding SPL). Over the medium term, SIML will receive higher development fees calculated as a percentage (equal to the development fee charged by SIML) of estimated cost of works to be completed for the Stride Products |

**Physical risk:** Increased frequency and severity of extreme weather events e.g. cyclones, storms, floods, fire.

| Impact | Scenario where impact has most material effect | Timeframe where impact has most material effect | Calculation pathway |
|---|---|---|---|
| Increased capital expenditure required to retrofit buildings to improve resilience of assets | Hot house world | All timeframes, with cost potentially increasing in the longer timeframe | To be tested against Stride's climate-related risk materiality threshold; upgrades are expected to occur when capital expenditure is undertaken, and therefore additional cost is anticipated to be less than Stride's materiality threshold (to be confirmed) |
| Increased costs of development, due to delays to construction as a result of inclement weather | Hot house world | Medium/long term | Increase in number of storm events (based on scenario analysis) multiplied by estimated $per day cost of construction delay |
| Increased costs from damage to properties | Hot house world | Medium/long term | We assume insurance remains available (albeit at a higher cost, as anticipated under the separate impact below) and accordingly any storm costs will be covered by insurance – therefore no impact |
| Rising cost and access to insurance in higher risk areas and/or for specific events | Hot house world (relevant under other scenarios, but to a lesser extent) | All timeframes | We are currently obtaining advice from our insurance broker as to the estimated increase in insurance costs (on a long term average) as a result of major events such as Cyclone Gabrielle, and then multiply by expected increase in number of events based on scenario analysis |
| Disruption for supply chains and tenants – due to increased risk of blackouts/outages, reliance on generators, buildings unable to withstand storms, access restrictions, transport disruption – likely to impact ability to pay rent | Hot house world | Medium/long term | Rent relief or lower market rents of one week per year equivalent, which is expected to increase over time, based on scenario analysis of storm events increasing over time. Impact on asset valuations to be calculated based on expected lower market rents |
| Operating expenses and total occupancy costs increase, reducing demand for assets | Hot house world | Medium/long term | Rental impact covered under above analysis; the other impact will be the increase in insurance costs and rates costs for tenants, and this will in turn impact rents and asset valuations |
| Infrastructure failures/stressors increase - leading to increased rates and also potentially inability to service buildings | Hot house world | Medium/long term | We assume all SPL assets and all assets owned by Stride Products will remain serviced by local council infrastructure, given the location of assets. Increase in rates costs to be calculated as ~20% additional increase on average rates increases over last 5 years plus forecast increases for next 5 years. Percentage increase in rates expectation to be further refined over time as local councils provide clearer information |
| Accelerated deterioration of building products and materials as a result of more stressors from storm events | Hot house world | Medium/long term | Average capital expenditure over last 5 years to be multiplied by expected increase in number of storm events based on scenario analysis (this assumes direct link between life of asset and number of storms) |
| Impact on SIML from lower asset valuations as a result of higher costs | Hot house world | Medium/long term | Total impact on asset valuations as outlined above to be multiplied by SIML's asset management fee |

# Scenario Analysis

During FY23 and FY24 Stride undertook scenario analysis to help identify material climate-related risks and opportunities, support strategic planning and decision making, and test the resilience of our strategy to climate change.

Stride was an active participant in the development of the sector scenarios for the construction and property sector, including being involved in both the leadership group and the technical working group. The sector scenario analysis for the construction and property sector was led by the New Zealand Green Building Council, with involvement from entities across the value chain within the sector. Beca facilitated the development of the scenarios, through workshops involving the technical working group. The scenarios were then approved by the leadership group, on recommendation from the technical working group.

The three scenarios developed by the construction and property sector are:

- An orderly 1.5°C scenario where decarbonisation policies are enacted immediately and smoothly
- A disorderly scenario where significant decarbonisation is delayed until 2030, which leads to global warming being limited to <2°C by 2100
- A hot house scenario where global warming reaches >3°C above pre-industrial levels by 2100, due to no further decarbonisation policies being enacted and emissions continuing to rise

In developing the scenarios, long term time horizons were used, out to 2100, as the physical impacts of climate change are most extreme at these longer timeframes. The time horizons considered in development of the scenarios are:

- Short term: present – 2030
- Medium term: 2031 – 2050
- Long term: 2051 – 2100

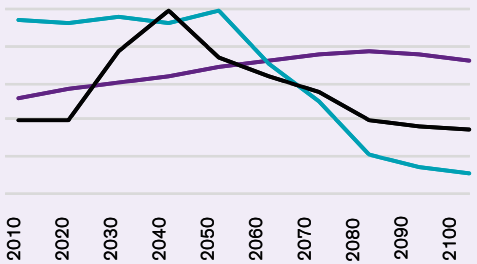
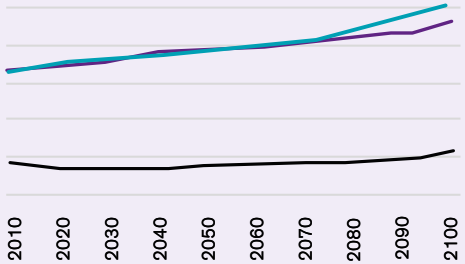
These three scenarios were selected as they were considered to provide the greatest test of the strategy and approach of the participants in the sector. Stride considers that the construction and property sector scenarios, as customised by Stride and described in this report, are relevant and appropriate for assessing the resilience of Stride's business model and strategy to climate-related risks and opportunities, as the scenarios consider the factors that are most relevant to Stride's business and have the highest potential impact on shaping Stride's strategy and business model.

More detailed descriptions of each scenario, as well as the sources of data used to construct each scenario, are available on the New Zealand Green Building Council's website: **www.nzgbc.org.nz/**.

The scenario analysis outputs from FY24 were reviewed during the current reporting period, and we determined that they remain relevant. We intend to refresh our scenario analysis in FY26 to incorporate any new data made available since the last scenario analysis process.

The scenario analysis was completed through the development of risks and opportunities, risk mapping and qualitative analysis. The scenario analysis process was completed as a standalone process. While we have begun the process of considering the potential impacts of the scenarios on Stride's business and strategy through integration of scenarios and climate-related risks into our transition plan, we expect this will continue to develop over time as our practices and understanding develop.

## Scenarios

| | Orderly | Disorderly | Hot House World |
|---|---|---|---|
| Climate change | 1.5°C above pre-industrial levels by 2100 | Global emissions continue to rise in the short term. The increasing frequency of climate-related physical events drives a sudden shift in global policy around 2030, leading to limiting global warming to below 2°C above pre-industrial levels by 2100 | No further effective climate policy is enacted; global emissions continue to grow until 2080, which leads to greater than 3°C of physical warming above pre-industrial levels by 2100 |
| Temperature, emissions and transition risk pathways |  |  |  |
| Policy and regulatory outcomes | Energy and carbon limits for new buildings are phased in rapidly. The scale of retrofit activities is significant, with most properties built prior to 2020 needing major upgrades. This results in increased operational expenses and the need for large capital expenditure.<br><br>Regulatory changes are well-signalled and broadly supported, leading to low/moderate socio-political instability, and low legal risk. | New Zealand follows the majority of the world in implementing abrupt policy and market changes post-2030.<br><br>At 2030, significant regulatory changes demand an immediate step change in building energy and carbon requirements. New technologies haven't been developed in time, leading to disruption of the building and materials market that impacts new buildings and retrofit development, leading to significant price escalations and construction delays.<br><br>Whilst rapid policy, technology, and behaviour change does occur, it is disordered and inconsistent across sectors and sub-sectors. This leads to moderate socio-political instability and high risk of litigation. | New Zealand does not enact any additional climate policy. Regulatory changes are slow and focus on adaptation and managing climate-driven immigration/refugees. Extreme physical impacts lead to high socio-political instability.<br><br>Changes to building codes are focused on the response to physical impacts from climate change, increasing the cost of development. Resilience requirements capture existing buildings which need to be upgraded to be considered safe. |

## Scenarios (continued)

| | Orderly | Disorderly | Hot House World |
|---|---|---|---|
| Market behaviours and trends | Companies move towards buildings with sustainability and energy efficient features quickly. Building occupiers and purchasers begin demanding more energy efficient, low carbon buildings as consumer awareness (and prices of higher carbon materials) increase. Demand is refocussed towards existing building re-use and adaptive reuse over new construction. | Following the rapid introduction of legislation on energy efficiency and GHG emissions for all companies, a rapid move towards efficient, sustainable buildings occurs and some assets are stranded as a result, unable to be tenanted and without investors or the ability to raise capital to upgrade them. | There is more demand for buildings that are resilient to direct climate-related physical events and infrastructure failures. |
| Supply chain | The global energy grid shifts uniformly and quickly away from fossil fuel use to increased use of renewables, which make up nearly 100% of electricity production in New Zealand by 2050.<br><br>As the carbon price and waste levies increase, a shift to a more circular economy occurs. This, together with the need to decarbonise buildings, results in significant demand for low carbon building products, materials, and technologies, which puts pressure on supply chains for these products and leads to increased costs in the short term. | The relative affordability of low carbon generation in New Zealand means the grid is already steadily decarbonising through the short term. A slow increase in demand for electricity doesn't provide sufficient signals for the necessary upgrades, leading to supply constraints, as well as the risk of price shocks and blackouts. | New Zealand follows global trends in not introducing additional policies focused on renewable energy, and both technology and behaviour change remain slow across all sectors. New Zealand's electricity grid is gradually decarbonised but does not achieve neutrality in the long term. Increasing frequency and severity of weather events such as storms result in more frequent and severe damage to electricity assets and more frequent and longer blackouts. |
| Physical risks | Temperature change is limited to 1.5°C above pre-industrial levels. By 2050, New Zealand is still dealing with severe climate-related events, but the outlook for 2100 is more positive. A combination of managed retreat and infrastructure investment has mitigated long term physical risks. | New Zealand faces moderately severe physical impacts of climate change with an increase in extreme wind speeds, rainfall intensity, and number of hot days by 2050. | New Zealand faces severe physical impacts of climate change with increased extreme wind speeds, increase in rainfall intensity, and a significant increase in the number of hot days. |

# Climate-related Risks and Opportunities

Set out on the following page is an overview of the climate-related risks identified by Stride as being most material to its business. In assessing the potential risk rating of each climate-related risk, Stride has adopted the following risk categories, which are consistent with the risk categories applied by Stride when assessing its business risks.

| | | |
|---|---|---|
| | Minimal | Limited capital expenditure; limited portfolio value impact; negligible damage to buildings; no environmental damage |
| | Minor | Less than $350,000 capital expenditure; less than $1m impact on portfolio value; some impact on operations of owned or managed buildings but not material; limited environmental impact |
| | Moderate | Less than $500,000 capital expenditure; less than $2m impact on portfolio value; limited impact on operations of owned or managed buildings; local environmental impact only |
| | High | Less than $1.5m capital expenditure; less than $7.5m impact on portfolio value; number of owned or managed buildings impacted for less than one week; large environmental damage |
| | Severe | Capital expenditure of $1.5m or more; impact on portfolio value of $7.5m or more; significant number of buildings impacted for one week or more; major environmental damage |

Minimal | Moderate | Severe
Minor | High

| Risk type | Climate hazard/driver | Risk description | Further detail | Scenario | Risk rating by time horizon: Present - 2030 | 2031 - 2050 | 2051 -2100 |
|---|---|---|---|---|---|---|---|
| Transition | Policy and regulatory | Regulations requiring improved energy efficiency of properties, including through energy and carbon caps for both existing and new buildings | See page 44 | Orderly | Moderate | High | Minor |
| | | | | Disorderly | Moderate | Severe | Moderate |
| | | | | Hot house world | Minimal | Minimal | Minimal |
| Physical | Extreme weather | Increased frequency and severity of extreme weather events, e.g. cyclones, storms, floods, fire | See page 46 | Orderly | Moderate | Moderate | Moderate |
| | | | | Disorderly | Moderate | High | Severe |
| | | | | Hot house world | Moderate | Severe | Severe |
| Transition | Policy and regulatory | Introduction of mandatory requirements for disclosure of energy and carbon performance for all properties | See page 44 | Orderly | Moderate | Moderate | Minor |
| | | | | Disorderly | Moderate | High | Minor |
| | | | | Hot house world | Minimal | Minimal | Minimal |
| Transition | Policy and regulatory | Regulatory or litigation action against Stride as a result of not meeting regulatory requirements | See page 44 | Orderly | Minor | Moderate | Minor |
| | | | | Disorderly | Moderate | Moderate | Moderate |
| | | | | Hot house world | Minimal | Moderate | Moderate |
| Transition | Market and behavioural changes | Failure to keep up with technology advances and expectations of tenants and investors for energy efficiency, renewables and low carbon technology | See page 43 | Orderly | Minor | Moderate | Minor |
| | | | | Disorderly | Minor | High | Moderate |
| | | | | Hot house world | Minimal | Minimal | Minimal |
| Transition | Market and behavioural changes | Investors seek to exit as a result of not meeting expectations; high debt costs due to lender requirements | See page 43 | Orderly | Moderate | Moderate | Minor |
| | | | | Disorderly | Minor | High | Moderate |
| | | | | Hot house world | Minimal | Minimal | Minimal |
| Transition | Supply chain | Carbon price increases, impacting cost of materials, construction operations and building operations; policy change requiring low carbon products and processes progresses faster than supply chains can adapt | See page 45 | Orderly | Moderate | Moderate | Minor |
| | | | | Disorderly | Minimal | High | Minor |
| | | | | Hot house world | Minimal | Minimal | Minimal |
| Transition | Supply chain | Move to more renewable energy, coupled with increased demands for electricity, results in increased cost and uncertainty of supply of energy | See page 45 | Orderly | Moderate | Moderate | Minor |
| | | | | Disorderly | Moderate | High | Minor |
| | | | | Hot house world | Minimal | Minimal | Minimal |
| Physical | Rising mean temperatures | Higher temperatures result in increased demand for cooling | See page 46 | Orderly | Minor | Moderate | Moderate |
| | | | | Disorderly | Minor | Moderate | High |
| | | | | Hot house world | Minor | High | High |
| Physical | Sea level rise, coastal flooding | Risk to assets due to sea level rise and sea surge events | See page 46 | Orderly | Minor | Moderate | High |
| | | | | Disorderly | Minor | Moderate | High |
| | | | | Hot house world | Minor | High | Severe |
| Physical | Increase in rainfall intensity | Increase in rainfall intensity changing ground conditions and undermining the stability of assets and connected infrastructure | See page 46 | Orderly | Minor | Minor | Moderate |
| | | | | Disorderly | Minor | Moderate | Moderate |
| | | | | Hot house world | Minor | Moderate | High |

## Risks associated with market and behavioural changes

These risks are most likely to arise under the disorderly scenario in the medium term.

**Risk:** Failure to keep up with technology advances and expectations of tenants for energy efficiency, renewables and low carbon technology.

**Potential business impacts:**

We may need to upgrade buildings to be more energy efficient and to meet changing market requirements, such as installation of electric vehicle infrastructure. If buildings do not meet tenant requirements, there is a risk of higher vacancy, lower rents or, in extreme cases, stranded assets.

**Risk:** Investors seek to exit as a result of not meeting expectations; high debt costs due to lender requirements.

**Potential business impacts:**

If Stride does not meet investor expectations regarding transitioning to a low carbon future, investors could seek to exit their investment, impacting Stride's share price and making growth difficult. This may also impact SIML's real estate investment management business.

If we fail to meet lender requirements for a sustainable portfolio, this may result in additional cost of debt if lenders charge a higher price for debt on assets they consider do not meet their expectations for a low carbon, sustainable future.

**Potential financial impacts**

- Reduced tenant demand impacts rent and occupancy, which in turn impacts the value of assets.
- Increased capital expenditure may be required to upgrade existing buildings or develop new buildings to a higher standard which may not be recoverable from tenants.
- Value of properties owned by Stride Products may be affected for similar reasons, which would have a negative impact on SIML's asset management fees which are based on portfolio value.
- Reduced investor demand for Stride could impact share price, impacting the ability to raise capital and fund growth objectives.
- Banks may impose higher debt funding costs if there is a failure to meet lender expectations regarding transitioning to a low carbon future.
- There may be some benefit to SIML from increased development fees to manage the upgrade of properties under management.

**Current impacts**

Tenants, particularly office tenants, are demanding higher quality, more sustainable buildings – the "flight to quality" being seen in the office sector (see also Stride's FY25 Annual Report on page 26). This is driving Stride to transform its office portfolio to newer, green rated properties with high seismic resilience. To date, we have not seen similar demands from tenants in other commercial property categories, other than tenant demand for green ratings for newly developed buildings.

**Current impacts**

Investors, particularly institutional investors, are becoming more focussed on ensuring that the companies they invest in are meeting their expectations regarding a transition to a low carbon future. While this has not resulted in any material costs to Stride to date, there are demands on resources in meeting requirements and responding to requests for information.

**Current financial impacts**

During FY25 Stride has incurred capital expenditure associated with upgrading existing buildings to ensure they are energy efficient and meet the expectations of stakeholders, in alignment with its transition plan response to risks associated with market and behavioural changes. The total amount spent during FY25 was $678,000 on upgrades to three office buildings, as further described on page 51.

**Strategy and controls**

- Monitor market trends and expectations of tenants and investors.
- Continue to pursue sustainability strategy, including upgrading existing buildings in accordance with Stride's carbon reduction plan, as further described on pages 29 and 30.
- Focus on meeting sustainability targets, to demonstrate a commitment to a low carbon, sustainable future for the business.

## Policy and regulatory risks

These risks are likely to be most material in the short and medium term under the orderly scenario, and in the medium term under the disorderly scenario.

**Risk:** Regulations requiring improved energy efficiency of properties, including through energy and carbon caps for both existing and new buildings.

**Potential business impact:**

Stride may need to retrofit existing buildings to improve energy efficiency and increase performance specifications when developing new buildings if the regulations are sufficiently stringent.

If regulations are introduced suddenly, there may be challenges with obtaining low carbon materials to meet requirements and shortages of expert or consultant resource with the required knowledge.

**Risk:** Introduction of mandatory requirements for disclosure of energy and carbon performance for all properties.

**Potential business impact:**

Buildings which do not have attractive performance ratings may suffer from reduced tenant demand, leading to lower rents, which results in lower asset values.

**Risk:** Regulatory or litigation action against Stride as a result of not meeting regulatory requirements.

**Potential business impact:**

Reputational impact from not being seen as a responsible corporate citizen, which could impact Stride's ability to attract tenants or to raise future capital to pursue its strategy.

SIML may also suffer reputational impact, which could impact its real estate investment management business.

**Potential financial impacts**

- Higher costs of capital expenditure for retrofitting existing buildings which may not be recoverable from tenants, impacting profitability, and may also impact the value of assets.
- Higher costs of developing new buildings due to costs of carbon and greater sustainability requirements, which would require either more rent to achieve a required yield, or reduce profitability.
- Potential for stranded assets if the cost of upgrading assets is not justified financially for that asset.
- Low carbon materials to meet requirements may not be readily available due to demand.
- Availability of expert or consultant resource with required knowledge and understanding may be in short supply.
- Costs of any regulatory fines or litigation defence costs.
- Uncertain impact on management fees for SIML - requirement to upgrade buildings will bring additional development fees, however, if buildings are not upgraded to meet requirements, this could result in reduced value of assets on which SIML's asset management fees are based.

**Current impacts**

No legislation on energy efficiency or requiring the disclosure of performance data has been introduced, but we have seen this promoted by the New Zealand Green Building Council.

The New Zealand Government has previously established a policy that all offices it occupies have a minimum 4 star green rating. We have seen Government Departments citing this requirement as one factor in their leasing decisions. However, the current Government is proposing to remove this policy, which would erode the competitive advantage of highly rated buildings.

**Current financial impacts**

Stride incurred capital expenditure of $678,000 during FY25 on efficiency upgrades to three office buildings, in response to these transition risks and in alignment with its transition plan. More information on the expenditure incurred during FY25 can be found on page 51.

**Strategy and controls**

- Monitor legal obligations and the introduction of legislation. To assist with this, Stride is a member of the New Zealand Green Building Council and the Property Council of New Zealand.
- Continue to transition to low carbon, energy efficient buildings – the Stride carbon reduction plan is intended to achieve this, as further described on pages 29 and 30 of this report.
- Continue to undertake external sustainability benchmarking assessments, to understand where we rate compared to peers. This will also help us to set actions for future improvement in our sustainability performance.

## Supply chain risks

We anticipate risks associated with the supply chain being most likely in the orderly and disorderly scenarios and in the short and medium timeframes.

**Risk:** Carbon price increases, impacting cost of materials, construction operations and building operations; policy change requiring low carbon products and processes progresses faster than supply chains can adapt.

### Potential business impacts

Increasing carbon price impacts the cost of materials and increases the costs of upgrading existing buildings, including development and refurbishment works to meet energy efficiency targets and maintain buildings. This could amplify costs associated with upgrading buildings to meet regulatory requirements. If supply chains cannot keep up with requirements for low carbon products and processes, this could impact cost or the ability to upgrade buildings.

**Risk:** Move to more renewable energy, coupled with increased demands for electricity, results in increased cost and uncertainty of supply of energy.

### Potential business impacts

Increased costs of operating assets, which may impact profitability. Uncertainty of supply for tenant operations impacts profitability of tenant businesses, resulting in tenants seeking to reduce rent, or increasing demand for on-site generation.

### Potential financial impacts

- Increased capital expenditure incurred on building materials if the carbon price rises. If this is not matched by higher rent then this may impact feasibility of projects and/or the value of buildings.
- Lower profit from rent if buildings are less desirable.
- Higher cost base to operate assets if energy costs increase.
- Impacts of energy supply on tenant businesses may mean tenants seek to reduce rent, impacting the value of properties.
- There may be less construction occurring in our managed funds if the carbon price impacts project feasibility or products are not available, resulting in lower SIML activity-based fees. In addition, if property values of the Stride Products are impacted, this will impact SIML asset management fees.

### Current impacts

We have seen uncertainty of supply and increased costs for gas, due to dwindling supply resulting in several suppliers exiting the market and other suppliers not taking on new customers. During our latest contract negotiation for shopping centres owned by Diversified, only one supplier provided pricing, which resulted in a 55% increase against the previous rates. We have also seen price volatility for electricity due to non-renewable generation costs and weather impacts on hydro storage, but we expect this to stabilise as new renewable energy comes online.

We have not seen any significant increase in carbon costs impacting materials to date.

### Current financial impacts

As noted above, we have seen energy price rises during FY25 impacting Diversified, a Stride Product, particularly for fossil fuels, but also for electricity due to increasing costs of non-renewable generation and weather impacts on hydro storage. We have not seen any other financial impact from supply chain risks during FY25.

### Strategy and controls

- Continue transitioning properties off fossil fuels as described in our carbon reduction plan.
- Seek to make buildings more energy efficient to reduce impact on the grid.
- Explore potential for on-site generation, such as solar.
- Stride monitors the carbon price, while at the same time seeking to “get ahead of the curve” by upgrading and improving the energy efficiency of buildings in the short term, so that if the carbon price or product availability does impact the cost of materials in the future, this impact is minimised to the extent practicable.

## Physical risks

We anticipate these risks being most likely to have the greatest impact in the disorderly and hot house scenarios, and over the longer time horizon.

**Risk:** Increased frequency and severity of extreme weather events, e.g. cyclones, storms, floods, fire.

**Potential business impact:**

Damage to buildings, which could cause disruption to tenants.

Extreme events may also cause disruption to supply chains and tenant businesses, potentially resulting in inability to pay rent.

**Risk:** Higher temperatures result in increased demand for cooling.

**Potential business impact:**

Greater load on plant and equipment.

Potential for poor tenant experience if equipment is unable to handle cooling loads.

**Risk:** Risk to assets due to sea level rise and sea surge events.

**Potential business impact:**

There could be damage to properties in exposed areas due to sea level rise and the likelihood of larger sea surges and inundation.

**Risk:** Increase in rainfall intensity changing ground conditions and undermining the stability of assets and connected infrastructure.

**Potential business impact:**

Assets may become stranded if ground instability occurs.

Damaged infrastructure may mean assets are unable to be utilised by tenants.

**Potential financial impacts**

- Increased capital expenditure required to retrofit buildings to improve resilience of assets.
- Increased costs of development, due to delays to construction as a result of inclement weather.
- Increased costs from damage to properties.
- Rising cost of and access to insurance in higher risk areas and/or for specific events.
- Disruption for supply chains and tenants – due to increased risk of blackouts/outages, reliance on generators, buildings unable to withstand storms, access restrictions, transport disruption – likely to impact ability to pay rent.
- Operating expenses and total occupancy costs increase, reducing demand for assets.
- Infrastructure failures/stressors increase - leading to increased rates and also potentially inability to service buildings.
- Accelerated deterioration of building products and materials as a result of more stressors from storm events.
- Impact on SIML from lower asset valuations.

**Current impacts and current financial impacts**

We have not experienced any impacts (including financial impacts) due to physical risks in FY25. Insurance premiums appear to have stabilised with New Zealand insurers largely insulated from the effects of the California wildfires.

**Strategy and controls**

- Stride considers climate-related risks as part of its due diligence assessment for acquisitions.
- Stride continues to monitor and research potential future physical impacts of climate-related risk on its owned and managed assets.
- Potential future climate change is considered when upgrading plant and equipment, and in particular ensuring that any newly installed air conditioning equipment is fit for purpose over the longer term given the relatively long life of air conditioning equipment.
- Stride seeks to ensure that its properties are resilient to the impacts of extreme weather events, particularly when considering upgrade or maintenance works, noting that this will be an ongoing programme of maintenance upgrades.
- Stride maintains a close working relationship with insurance brokers and insurers, and develops strategies to ensure that its insurances are resilient in the long term.

## Climate-related opportunities

These opportunities are most likely to arise under the orderly and disorderly scenarios and over the medium term. To date, Stride has considered the 'first mover' opportunity as part of its office portfolio repositioning strategy, which has included acquisitions and upgrades of buildings. The other opportunities have not been factored into capital deployment decisions to date, but remain future opportunities that will be monitored by Stride.

**Opportunity:** Acquire properties that may be “stranded” and improve them to realise value.

**Potential business impacts:**

Stride may be able to acquire buildings that need sustainability upgrades where the owners are not willing to invest to improve the property or do not have the skills to do so, and transition these buildings to sustainable, efficient, low carbon buildings, thus driving higher demand for the building and increasing its value.

**Opportunity:** Benefits from being a "first mover" to a low carbon world.

**Potential business impacts:**

Stride benefits from increasing tenant demand for sustainable properties, which may enable it to charge higher rents, increasing the value of the building (all other things being equal). Having more sustainable buildings which are attractive to tenants also reduces occupancy risk.

**Opportunity:** Increased demand for SIML's skills as a manager in transitioning buildings to energy efficient, low carbon properties.

**Potential business impacts:**

The need to transition buildings to a low carbon future drives demand from property owners for assistance in managing the transition of buildings, creating opportunity for SIML as a real estate investment manager with demonstrated skill and experience in transitioning buildings to green rated, low carbon, resilient properties.

**Opportunity:** Increased urbanisation improves value of well-located urban assets.

**Potential business impacts:**

As demographics change due to climate change, there will be a need for more urbanisation to reduce greenhouse gas emissions. This could result in increased demand for well-located urban assets, thus driving higher property values.

**Financial impacts**

- Increased value of buildings, leading to higher net profit for Stride.
- Higher rents for market-leading sustainable properties.
- Increased management fees if Stride has increased the value of assets under management and attracts additional assets under management due to its skills in transforming properties.

**Current impacts**

Stride is seeing increased demand for high quality offices, including those with sustainable features. However, the current value of less sustainable buildings does not yet represent value for money to acquire and upgrade. As demands for sustainable buildings increase, or as regulations are introduced, this could impact the value of existing older buildings that have not had a sustainability upgrade.

We have not yet seen any specific increased values for urban assets as a result of climate change driving higher demand for city centres.

**Strategy**

- Continue to monitor the market and seek opportunities where they arise. In the meantime, continue to work on upgrading existing owned and managed buildings to increase expertise in this area.
- Stride has a strategy of transitioning its properties to reduce emissions and improve sustainability, in accordance with its carbon reduction plan. Stride values upgrading existing properties to improve them, which is more sustainable than demolishing and rebuilding.
- Stride’s owned assets are located in Auckland and Wellington, areas for future intensification. The office assets are primarily located in the central business districts while the shopping centre assets are in fast growing suburbs of Auckland.

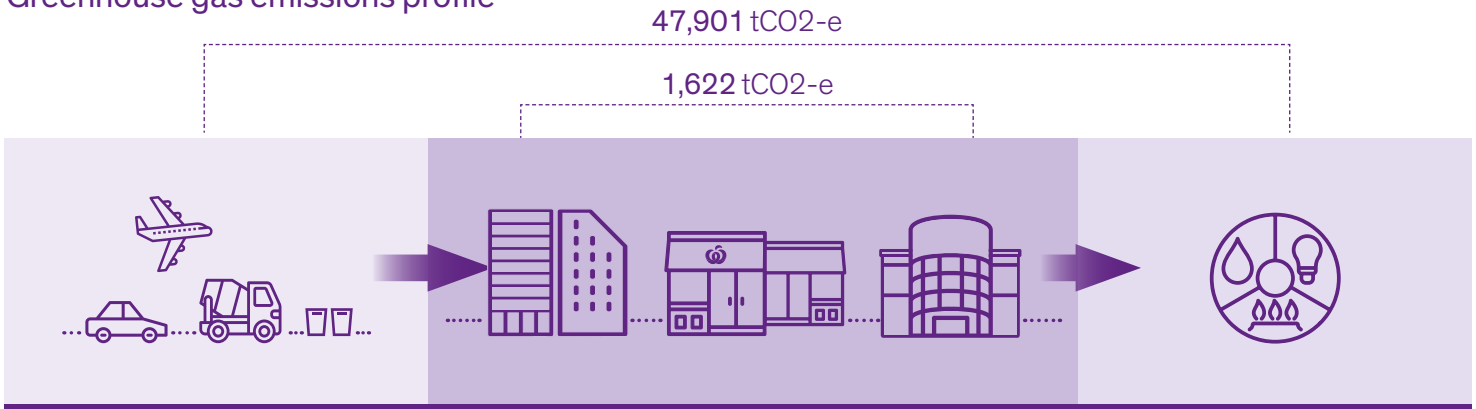
# Metrics and Targets

## Greenhouse gas reporting

Stride's FY25 greenhouse gas inventory report is on pages 59 and following. Stride reports on its own emissions plus 100% of the emissions for each of the Stride Products, being Industre, Investore and Diversified, on the basis that SIML is the property and fund manager and therefore has "operational control" of these assets and their emissions. See page 7 for a description of the structure of Stride and the Stride Products.

A limited level of assurance has been undertaken by Deloitte Limited over Selected GHG disclosures included in the Climate-Related Disclosures (as described in Appendix 2: Location of Climate-Related Disclosures) prepared in accordance with Aotearoa New Zealand Climate Standards and the GHG Inventory report on pages 59 to 71 prepared in accordance with the GHG protocol and the Corporate Value Chain Standard. Refer to Deloitte's Independent Limited Assurance Report from page 72.

## Greenhouse gas emissions profile




| Upstream Scope 3 emissions | Scope 1 and 2 emissions | Downstream Scope 3 emissions |
|---|---|---|
| Purchased goods and services | **Scope 1** | Tenant electricity |
| Capital goods | Natural gas for common areas | Tenant gas |
| Business travel | Fugitive emissions from air conditioning systems | Waste generated in operations |
| Waste from Stride operations | Diesel for generators and sprinkler pumps | Tenant water |
| Employee commuting | **Scope 2** | |
| | Electricity consumption | |
| | Embedded network lines losses | |

# Metrics and Targets (cont.)

## Greenhouse gas inventory commentary

Stride is pleased to report its greenhouse gas emissions inventory for FY25, which is the fifth year that Stride has tracked greenhouse gas emissions. A summary of Stride's reported greenhouse gas emissions is set out on page 50, with the full report from page 59.

Pleasingly, we continue to show strong improvements in our data collection and coverage, with 100% of scope 1 and 2 energy consumption data being actual data and 96.1% of scope 3 energy consumption data being actual data, with the remainder being estimated. While we will use our best efforts to collect the remaining scope 3 data that was not available this financial year, our FY25 data collection demonstrates our commitment to our sustainability efforts and is a strong outcome.

During FY25 scope 1 emissions increased significantly as a result of a material increase in refrigerant leakage, which is up 85% on FY24 and up 67% on FY20, our baseline year. As a result, our scope 1 emissions have increased 22.4% on FY24 and 25.6% on FY20. This has offset the reduction in scope 2 emissions, which have reduced 4.7% from FY24 and 34.2% from FY20. Overall scope 1 and 2 emissions have increased 7.8% from FY24, but are 12.3% lower than our baseline year (FY20).

Refrigerant leakage is to a large extent outside of the control of Stride, but we are seeking to minimise our refrigerant emissions through our programme of removing all units that use R22 refrigerant, which has a relatively high global warming potential. We are on track to have no R22 refrigerant in our owned and managed buildings by the end of FY27. We are also working to replace units that use R410A refrigerant as they reach the end of their useful life.

Excluding the impact of the material change in the refrigerant leakage, scope 1 and 2 emissions would have been 5.9% lower than FY24 and 23.4% lower than FY20, which is on track to meet our emissions reduction target of reducing scope 1 and 2 greenhouse gas emissions by 2030 by 42% from our baseline year of FY20. The refrigerant leakage demonstrates the difficulty in managing all aspects of our emissions, with factors outside our control potentially having a material impact on our emissions.

Scope 3 emissions continue to increase, as a result of our data collection efforts. As we continue to obtain high quality data over the coming years, we will be better able to understand trends in our scope 3 emissions. We are committed to reducing our scope 3 emissions where possible, as outlined in our transition plan.

# Metrics and Targets (cont.)

Table 1: SIML Greenhouse Gas Emissions Inventory Summary FY25

| Scope 1 Emissions tonnes of CO2-e | | | | |
|---|---|---|---|---|
| **Category** | **FY25** | **FY24** | **FY23** | **FY20** |
| Stationary diesel | 16.25 | 60.49 | 10.71 | 2.79 |
| Natural gas | 396.05 | 403.61 | 408.67 | 416.20 |
| Fugitive emissions from air conditioning systems | 461.52 | 249.78 | 220.26 | 276.82 |
| **Total Scope 1** | 873.83 | 713.88 | 639.64 | 695.81 |
| **Scope 2 Emissions tonnes of CO2-e** | | | | |
| Electricity consumption (location based) | 750.03 | 789.21 | 1,392.73 | 1,198.80 |
| Embedded network line losses | 38.42 | 38.24 | 61.96 | 0.00[1] |
| **Total Scope 2 (location based)** | 788.45 | 827.45 | 1,454.69 | 1,198.80 |
| **Scope 1 & 2 tCO2-e emissions (location based)** | 1,662.28 | 1,541.33 | 2,094.33 | 1,894.61 |
| **Scope 3 Emissions tonnes of CO2-e** | | | | |
| Purchased goods and services | 14,658.00 | 20,505.00 | Not measured | |
| Capital goods | 12,889.50 | 10,648.00 | Not measured | |
| Waste | 4,310.78 | 4,246.12 | 4,029.78 | |
| Downstream leased assets – tenant consumption | 15,778.38 | 10,625.49 | 14,756.32 | |
| Other | 264.29 | 381.38 | 317.18 | |
| **Total Scope 3** | 47,900.95 | 46,405.99 | 19,103.28 | |
| **Total Scope 1, 2 & 3 emissions (tCO2-e)** | **49,563.23** | **47,947.32** | **21,197.61** | |

Note: Numbers in the table may not sum due to rounding.

1. Embedded network losses: Accurate data was not available for FY20, and was an exclusion in FY20.

# Metrics and Targets (cont.)

## Capital expenditure associated with climate-related risks

Stride has a strategic objective of creating efficient, climate resilient places that deliver long term value, demonstrate enduring demand, and support a low carbon future. Stride's transition plan supports this strategy, particularly through its response to key transition risks and its strategy of upgrading existing buildings to ensure they are energy efficient and meet the expectations of stakeholders. During FY25 capital expenditure was incurred in support of this strategy, as outlined on this page. No expenditure was incurred in relation to physical climate risks during FY25.

| Item of expenditure | Alignment with transition plan | Amount | Assumptions and comment |
|---|---|---|---|
| 34 Shortland Street, Auckland, building refurbishment works | This expenditure aligns with Stride's transition plan of upgrading existing buildings to be energy efficient to address transition risks associated with the introduction of regulations requiring improved energy efficiency of properties and meeting the expectations of tenants and investors for energy efficiency. This expenditure is also consistent with the execution of Stride's carbon reduction plan for this property, as outlined on page 29. | $499,000 | During FY25 Stride completed the mechanical upgrade works that were commenced in FY24, incurring an additional $499,000 in FY25, which brings the total expenditure on these upgrade works to $1.3m. Stride is targeting a 4 star NABERSNZ rating for the property following completion of these works. |
| 20 Customhouse Quay, Wellington, chiller upgrade | This expenditure also supports Stride's transition plan of upgrading existing buildings to be energy efficient, and delivers on the carbon reduction plan for this property – see page 29. | $152,000 | The installation of a new chiller was completed during FY25, which is part of the works identified in the carbon reduction plan for this property. These works commenced during FY24, and the total spent on the project across both financial years was $800,000. |
| 215 Lambton Quay, Wellington, mechanical upgrades | This expenditure also supports Stride's transition plan of upgrading existing buildings to be energy efficient, and is consistent with implementing the carbon reduction plan for this property – see page 29. | $27,000 | In FY25, heating and cooling control upgrades were completed, and work on the chiller was started, in alignment with the carbon reduction plan.<br>In addition to the expenditure noted, Stride has upgraded the lobby and installed end of trip facilities at this property. While Stride considers the installation of end of trip facilities to be consistent with sustainability and climate-related expenditure as it encourages occupants of the building to take active forms of transport, Stride has not maintained expenditure records for the cost of the end of trip facilities separately from the cost of the lobby upgrade works. |
| **TOTAL** | | **$678,000** | |

# Metrics and Targets (cont.)

## Stride Products

The Stride Products have also committed expenditure during FY25 on projects associated with climate-related risks, which have been managed by SIML.

| | | |
|---|---|---|
| investore | $510,000 | During FY25 Investore contributed $310,000 to tenant LED upgrades, and incurred $200,000 for early works in connection with the replacement of air conditioning units that use R22 refrigerant, which is consistent with Investore's transition plan. |
| INDUSTRE | $331,800 | SIML has commenced the development of two new industrial buildings on behalf of Industre, at 16A Wickham Street, Hamilton, and 14-20 Favona Road, Auckland. Both buildings incorporate a number of sustainability initiatives and both are targeting a 5 Green Star rating. The cost of the sustainability initiatives incorporated into these buildings has not been separately tracked, but the additional costs incurred during the design stage to achieve the Green Star requirements was approximately $75,000 for 16A Wickham Street and $20,000 for 14-20 Favona Road.<br><br>Industre spent $71,300 in FY25 on replacement of lights at its properties with LEDs.<br><br>$93,000 was spent by Industre on upgrading air conditioning systems that use R22 refrigerant.<br><br>In addition, Industre spent $72,500 installing energy and water meters to enable Industre to measure and monitor energy and water usage across its properties. |

# Metrics and Targets (cont.)

## Exposure to climate-related risks

Stride has assessed the extent to which its assets could be vulnerable to physical or transition risks, noting that we expect our understanding of how climate-related risks and opportunities may impact Stride will develop over time.

| Metric | Assessment | Commentary | Action |
|---|---|---|---|
| Amount of assets vulnerable to transition risks. | All of Stride's directly owned office and town centre portfolio is vulnerable to one or more transition risks identified by Stride in its risk assessment. | Stride's carbon reduction plan identifies that some work is required at all of Stride's directly owned office and town centre properties, although the extent of the work (and therefore the extent of the exposure of the asset to transition risks) varies from property to property. | Stride's first step in addressing transition risks is to implement the actions identified in the carbon reduction plan, as described on pages 29 and 30.<br>We consider that this will position Stride to manage many of the transition risks identified. |
| Amount of assets vulnerable to physical risks. | As Stride owns and manages commercial property, all assets are vulnerable to physical risks to a degree. | During FY24 Stride analysed the extent of its exposure to physical risks utilising the S&P Global Climanomics system and also undertook an assessment of the risk of sea level rise using the NZSeaRise and NIWA Sea Level maps. Based on that analysis, a limited number of properties may have exposure to sea level rise risk from 2050, but there were no other material physical risks expected to impact Stride's owned properties. | Stride continues to conduct further investigations into the potential impact of physical risks on its owned and managed assets.<br>Stride also considers the resilience of its assets to climate-related risks as part of its capital planning programme. |

# Metrics and Targets (cont.)

## Alignment of capital and assets with climate-related opportunities

| Opportunity | Amount of assets or business aligned with opportunity | Amount of capital expenditure deployed |
|---|---|---|
| Acquire properties that may be "stranded" and improve them to realise value. | Stride has not set out to acquire properties that require efficiency improvements to meet climate-related expectations of investors or tenants. However, Stride has an established programme of upgrading its office assets at 34 Shortland Street, Auckland, and 215 Lambton Quay, Wellington, to meet tenant requirements and therefore realise value from improving the sustainability of these properties. | No specific capital or expenditure deployed, but see also page 51 for an outline of expenditure on these properties. |
| Increased urbanisation raises value of well-located urban assets. | All of Stride's office and town centre assets are located within Auckland and Wellington, and accordingly could be considered aligned with this opportunity. | No new capital expenditure was deployed towards this opportunity during FY25. |
| Benefits from being a "first mover" to a low carbon world. | This opportunity relates primarily to Stride's office portfolio and the opportunity to potentially capture greater demand or higher rents for low-carbon, energy efficient properties. Stride's strategy of transitioning its office portfolio to meet demand for quality, well-located, green rated properties is consistent with this opportunity. Three of Stride's office properties are rated 5 Green Star or better, and this amounts to 74% of Stride's office portfolio[1] by value. | Expenditure was incurred during FY25 on the office assets at 34 Shortland Street and 215 Lambton Quay to improve the green ratings of these properties, as set out on page 51. |
| Increased demand for Stride's skills as a manager in transitioning buildings to energy efficient, low carbon properties. | To date Stride has not seen evidence of demand for real estate investment managers that have experience in upgrading properties to low-carbon, energy efficient assets. Stride continues to develop these skills across its organisation, through the upgrade in particular of its office assets, and the development of new, green rated assets. | No capital or expenditure has been specifically deployed towards marketing Stride's skills in this area. |

1. Excluding properties categorised as 'Development and Other' in Stride's FY25 consolidated financial statements.

# Metrics and Targets (cont.)

## Targets

Set out on this page are Stride's previously stated emissions targets, together with a comment on performance against those targets. Stride has also set a number of other sustainability related targets, and information on performance against these targets can be found on pages 3 and 4.

| Target | Progress | Description | Comment |
|---|---|---|---|
| Reduce scope 1 and 2 GHG emissions by 42% by 2030 from FY20 baseline year | 12.3% reduction from FY20 baseline year | This target is an absolute target and is a science-aligned target. This target has been set in alignment with the requirements of the Science Based Targets Initiative (SBTi), but does not extend to scope 3 emissions. The target has been set so as to be consistent with limiting global warming to 1.5°C. Stride worked with the consultancy thinkstep to set this target. | FY25 scope 1 and 2 emissions have increased from FY24, primarily as a result of refrigerant leakage which has increased by 85% from FY24 and by 67% from FY20. Refrigerant leakages can be unpredictable and difficult to prevent, but Stride has an objective of removing all R22 from the portfolios it manages by the end of FY27, which will assist with managing this. Excluding the refrigerant leakage, overall scope 1 and 2 emissions would be down 23% on the FY20 baseline year. |
| Achieve carbon net zero for scope 1 and 2 emissions by 2030 | Stride has not progressed this target | This target was set in conjunction with the above emissions reduction target, acknowledging that Stride would need to offset remaining emissions to achieve its net zero goal. | Stride has elected to focus on reducing its own direct emissions and may consider offsets once we are confident we have achieved all possible reductions within our portfolio. |

# Metrics and Targets (cont.)

## Key Metrics

The key metrics that Stride considers most relevant for its business, including those that Stride monitors as part of its regular assessment of performance against its Sustainability Strategic Plan, are set out on this page and the following. Emissions intensity per square metre of net lettable area (NLA) and energy intensity per square metre of NLA are commonly used property sector metrics.

| Metric | | FY25 | FY24 | FY23 | Commentary |
|---|---|---|---|---|---|
| GHG emissions intensity per sqm NLA | Scope 1 and 2 GHG emissions (tCO2-e/sqm) | 0.0025 | 0.0020 | 0.0031 | Emissions intensity for FY25 per square metre of NLA has increased across scope 1 and 2 from FY24, but has decreased from FY23. FY25 scope 1 and 2 emissions have been impacted by a materially higher refrigerant leakage (up 85% on FY24) which is primarily driving this change in intensity. As noted previously, Stride has an objective of removing all R22 from the portfolios it manages, which will assist with managing refrigerant leakage.<br><br>Scope 3 emissions intensity has also increased from FY24 and FY23 but this is primarily due to more comprehensive scope 3 data. As noted below, actual energy consumption data coverage is now at 96.1% for scope 3 emissions, which is a material increase on both FY24 and FY23, contributing to the higher scope 3 emissions intensity and total emissions intensity. |
| | Scope 3 GHG emissions (tCO2-e/sqm) | 0.0713 | 0.0690 | 0.0285 | |
| | Total GHG emissions (tCO2-e/sqm) | 0.0737 | 0.0712 | 0.0316 | |
| Energy intensity – consumption per sqm NLA | Scope 1 gas (kWh/sqm) | 3.0 | 3.1 | 3.1 | Scope 1 and 2 energy intensity as a percentage of floor area have both remained relatively constant, with a modest 5% increase in scope 2 intensity from FY24, although this is still lower than FY23. Scope 3 tenant gas and electricity intensity continues to increase, but this is largely due to greater data coverage. We also note that tenant consumption is to some extent outside of Stride's control. We plan to engage more with our tenants regarding their consumption following progress on implementing our carbon reduction plan which focusses on reducing our scope 1 and 2 emissions. |
| | Scope 2 electricity (kWh/sqm) | 16.1 | 15.8 | 17.3 | |
| | Scope 1 and 2 gas and electricity (kWh/sqm) | 19.1 | 18.9 | 20.5 | |
| | Scope 3 tenant gas and electricity (kWh/sqm) | 303.2 | 200.6 | 150.1 | |
| Energy – consumption data coverage (actual data as a percentage of total reported data) | Scope 1 and 2 | 100% | 99.0% | 98.0% | Pleasingly our data collection continues to improve, with FY25 being the first year that we have collected all scope 1 and 2 energy consumption data, with no estimations. |
| | Scope 3 | 96.1 | 76.0% | 85.4% | Data collection for scope 3 energy consumption data also continues to improve, and we are proud to report that for FY25 96.1% of scope 3 energy consumption data that has been reported is actual data, with limited estimations. This has been the result of a continued focus on ensuring our data is complete. |

# Metrics and Targets (cont.)

## Key Metrics (cont.)

| Metric | | FY25 | FY24 | FY23 | Commentary |
|---|---|---|---|---|---|
| Percentage of eligible portfolio[1] by value that has a green rating by property sector | Office (% of office portfolio by value having a 4 star NABERSNZ rating or 5 Green Star rating or better) | 74% | 73% | 74%[2] | The proportion of offices having at least a 4 star NABERSNZ rating or 5 Green Star rating has remained constant over FY25, given there were no significant changes in the office portfolio. During FY25 the office property at 110 Carlton Gore Road, Auckland, achieved a 5.5 star NABERSNZ rating, indicating excellent energy performance and significantly lower than average energy consumption. Mechanical upgrade works were also completed at 34 Shortland Street, Auckland, which is targeted to enable this property to achieve a 4 star NABERSNZ rating – ratings require 12 months of consumption data and accordingly take time to achieve. |
| | Large Format Retail (% of Investore large format retail properties by value having a green rating – Green Star Design & As Built or Green Star Performance) | 39% | 43% | 42% | The proportion of large format retail properties that have a green rating (whether Green Star Design & As Built or Green Star Performance) has reduced slightly from FY24. Investore sold three properties during the year, with one of these being green rated, and this has resulted in a reduction in the overall percentage of properties with a green rating. Investore is monitoring the energy consumption of the newly acquired Bunnings Westgate, and will look to obtain a Green Star Performance rating for this property if suitable. To date we have not seen strong tenant demand for green ratings in this category of property, other than for newly developed properties. |
| | Industrial (% of Industre industrial properties by value having a green rating – Green Star Design & As Built or Green Star Performance) | 23% | 32% | 44% | The percentage of industrial properties having a green rating has reduced during FY25 as Industre has elected to focus on newly developed buildings, and has not renewed the Green Star Performance ratings on some existing buildings. Industre has a strong history of development activity and currently has two buildings under development, both of which are targeting a 5 Green Star Design & As Built rating. Industre will continue to target green ratings for its newly developed buildings, and will monitor investor and tenant demand for green ratings for existing buildings. |
| | Shopping centres and town centre properties (% of shopping centre and town centre properties by value having a green rating) | 0% | 0% | 0% | To date Stride has not progressed green ratings for its town centre properties and the shopping centres it manages, because there has been no tenant demand for ratings and because there have been limited tools available. Stride is part of an industry working group that is working to introduce a NABERS rating for town centres in New Zealand, and may look to utilise this tool if introduced. |

1. Excludes properties categorised as 'Development and Other' in the respective financial statements.
2. On a pro forma basis as at 31 March 2023, as if the acquisition of the property at 110 Carlton Gore Road, Auckland, had settled as at that date. Excludes properties categorised as 'Development and Other' and 'Assets classified as held for sale' in Stride's FY23 consolidated financial statements.

# Metrics and Targets (cont.)

## Remuneration

Every SIML Executive Team member had sustainability objectives as part of the objectives on which their short term incentive was based for FY25. These objectives were designed to support Stride in the achievement of its sustainability targets and objectives. At year end, each Executive was assessed on the extent to which they had achieved their sustainability objectives as part of the short term incentive review. Between 10% and 35% of Executive short term incentive remuneration was linked to achieving sustainability targets. On average, 90% was achieved in relation to these targets. This is consistent with FY24.

## Internal carbon price

During FY23 Stride set an internal carbon price by reference to the spot price of carbon under the Aotearoa New Zealand Emissions Trading Scheme, and the price adopted was $60 per tCO2-e. This price has not been updated and remains Stride's internal carbon price. While this price was set by reference to the spot price of carbon at the time, this price is too low to have a material impact on decision-making related to climate-related expenditure, and accordingly this has not been considered as part of transition-related decision-making. Stride considers that this has not impacted its activity in relation to the mitigation of transition risks.

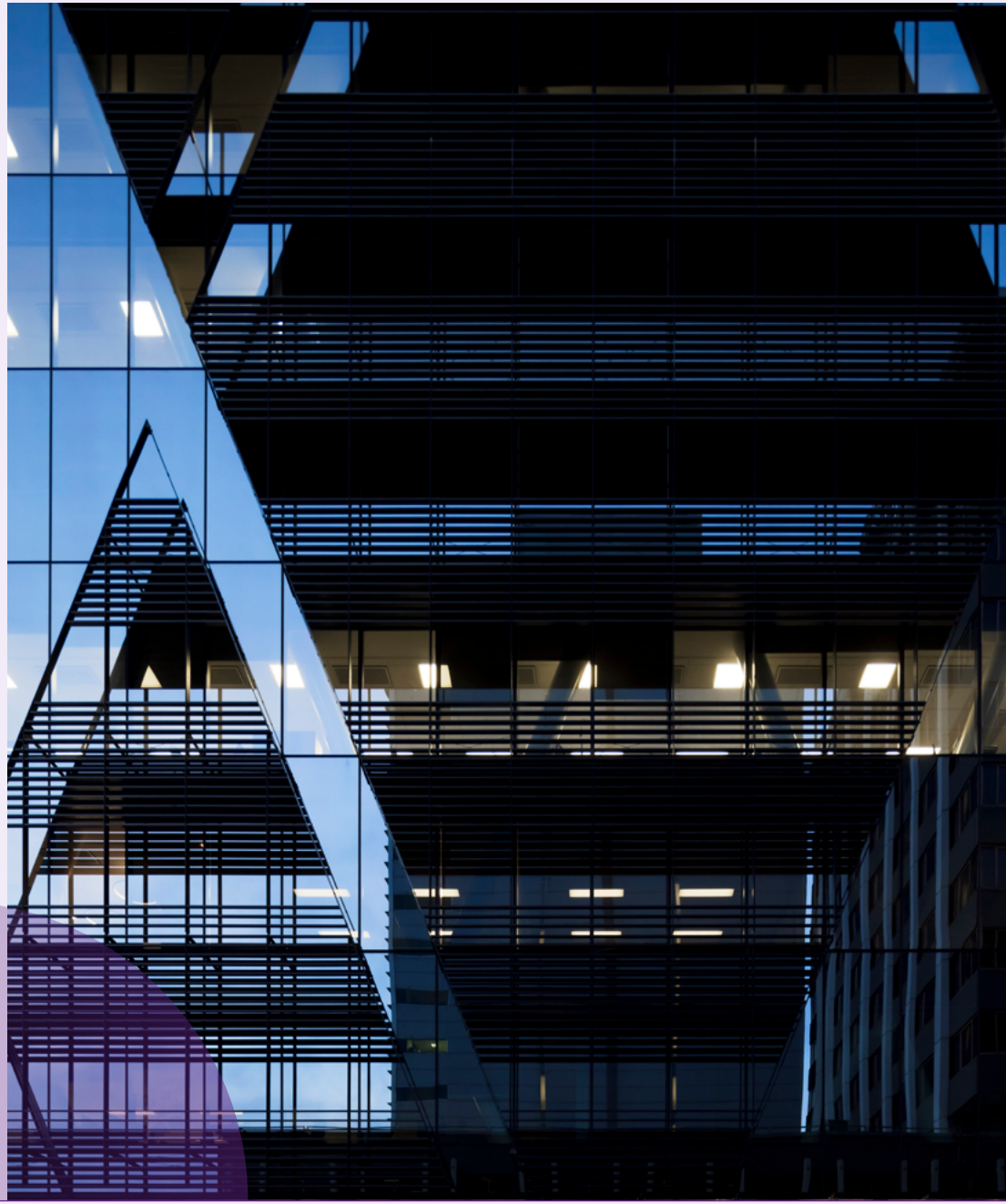
# Greenhouse Gas Inventory Report

1 April 2024 – 31 March 2025

# Introduction

This document is the annual greenhouse gas (GHG) inventory report for Stride Investment Management Limited (SIML) and covers all managed entities including Stride Property Limited and its wholly-owned subsidiary Fabric Property Limited, Industre Property Joint Venture, Investore Property Limited, and Diversified New Zealand Property Trust. It covers the period 1 April 2024 to 31 March 2025 (FY25). While the GHG emissions are consolidated at the SIML level for all managed entities, this report identifies the emissions by scope for each SIML managed entity (which are also known as Stride Products).

This report has been prepared in accordance with The Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard, Revised Edition (Greenhouse Gas Protocol) and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) (the Corporate Value Chain Standard).



# Greenhouse Gas Inventory (All Managed Entities) FY25

Table 1: SIML Greenhouse Gas Emissions Inventory Summary FY25

| **Scope 1 Emissions Tonnes of CO2-e** | | | | |
|---|---|---|---|---|
| **Category** | **FY25** | **FY24** | **FY23** | **FY20** |
| Stationary diesel | 16.25 | 60.49 | 10.71 | 2.79 |
| Natural gas | 396.05 | 403.61 | 408.67 | 416.20 |
| Fugitive emissions from air conditioning systems | 461.52 | 249.78 | 220.26 | 276.82 |
| **Total Scope 1** | 873.83 | 713.88 | 639.64 | **695.81** |
| **Scope 2 Emissions Tonnes of CO2-e** | | | | |
| **Category** | **FY25** | **FY24** | **FY23** | **FY20** |
| Electricity consumption (location based) | 750.03 | 789.21 | 1,392.73 | 1,198.80 |
| Embedded network line losses | 38.42 | 38.24 | 61.96 | 0.00[1] |
| **Total Scope 2 (location based)** | 788.45 | 827.45 | 1,454.69 | 1,198.80 |
| **Scope 1 & 2 tCO2-e emissions (location based)** | 1,662.28 | 1,541.33 | 2,094.33 | **1,894.61** |

Note: Numbers in the table may not sum due to rounding.

1. Embedded network losses: Accurate data was not available for FY20. This was an exclusion in FY20.

# Greenhouse Gas Inventory (All Managed Entities) FY25 (cont.)

Table 1: SIML Greenhouse Gas Emissions Inventory Summary FY25 (cont.)

| Scope 3 Emissions Tonnes of CO2-e | | | | |
|---|---|---|---|---|
| **Category** | **FY25** | **FY24** | **FY23** | **FY20** |
| Purchased goods and services | 14,658.00 | 20,505.00 | Not measured prior to FY24 | |
| Capital goods | 12,889.50 | 10,648.00 | Not measured prior to FY24 | |
| Transmission and distribution losses - electricity | 49.56 | 90.57 | 133.04 | Not measured |
| Transmission and distribution losses - stationary energy | 15.27 | 14.24 | 21.62 | Not measured |
| Fleet fuel | 43.77 | 59.33 | 84.39 | Not measured |
| Water | 15.18 | 27.08 | 10.09 | Not measured |
| Business travel (flights, accommodation, rental vehicles) | 41.85 | 83.20 | 68.04 | Not measured |
| Employee commuting (incl. working from home) | 98.67 | 106.96 | Not measured prior to FY24 | |
| Waste | 4,310.78 | 4,246.12 | 4,029.78 | Not measured |
| Downstream leased assets – tenant consumption | 15,778.38 | 10,625.49 | 14,756.32 | Not measured |
| **Total Scope 3** | 47,900.95 | 46,405.99 | 19,103.28 | Not measured |
| **Total Scope 1, 2 & 3 emissions (tCO2-e)** | **49,563.23** | **47,947.32** | **21,197.61** | Not measured |

Note: Numbers in the table may not sum due to rounding.

# Greenhouse Gas Inventory FY25 (Split by Managed Entity)

| Category | Stride Property Limited | Fabric Property Limited | Industre Property Joint Venture | Investore Property Limited | Diversified NZ Property Trust | SIML |
|---|---|---|---|---|---|---|
| **Scope 1 Emissions Tonnes of CO2-e** | | | | | | |
| Stationary diesel | 5.13 | 1.33 | 9.26 | 0.00 | 0.53 | 0.00[1] |
| Natural gas | 27.56 | 305.79 | 0.00 | 0.00 | 62.70 | 0.00[1] |
| Fugitive emissions from air conditioning systems | 40.39 | 228.13 | 25.01 | 166.83 | 1.17 | 0.00[1] |
| **Total Scope 1** | **73.09** | **535.24** | **34.27** | **166.83** | **64.4** | **0.00[1]** |
| **Scope 2 Emissions Tonnes of CO2-e** | | | | | | |
| Electricity consumption (location based) | 127.55 | 248.97 | 3.95 | 10.88 | 358.68 | 0.00[1] |
| Embedded network line losses | 5.26 | 6.88 | 0.00 | 0.62 | 25.66 | 0.00 |
| **Total Scope 2 (location based)** | **132.81** | **255.86** | **3.95** | **11.50** | **384.34** | **0.00[1]** |
| **Total scope 1 & 2 tCO2-e emissions (location based)** | **205.90** | **791.10** | **38.22** | **178.33** | **448.73** | **0.00[1]** |
| **Scope 3 Emissions Tonnes of CO2-e** | | | | | | |
| Purchased goods & services | 4,764.00 | Included in Stride Property | 2,660.00 | 2,668.00 | 4,566.00 | Included in Stride Property |
| Capital goods | 5,189.25 | Included in Stride Property | 4,348.00 | 1,766.00 | 1,586.25 | Included in Stride Property |
| Transmission and distribution losses – electricity | 8.31 | 16.41 | 3.21 | 0.84 | 20.78 | 0.00[1] |
| Transmission and distribution losses - stationary energy | 1.02 | 11.35 | 0.00 | 0.00 | 2.89 | 0.00[1] |
| Fleet fuel | N/A | N/A | N/A | N/A | N/A | 43.77 |
| Water | 2.82 | 1.01 | 4.24 | 5.14 | 1.98 | 0.00 |

Note: Numbers in the table may not sum due to rounding.

1. SIML's emissions arising from office operations are included in the emissions of the relevant entity that owns the property where the office is located. SIML has offices in properties owned by Fabric Property Limited, Stride Property Limited and Diversified NZ Property Trust.

# Greenhouse Gas Inventory FY25 (Split by Managed Entity) (cont.)

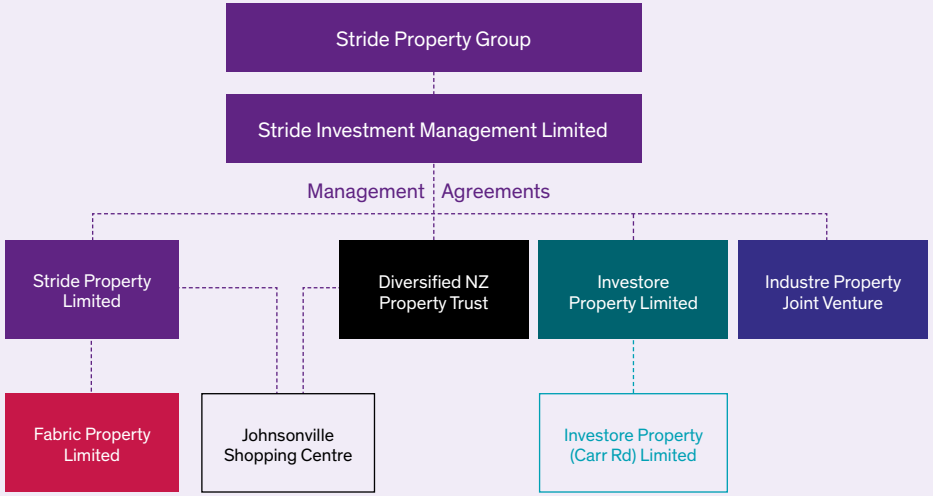
| Category | Stride Property Limited | Fabric Property Limited | Industre Property Joint Venture | Investore Property Limited | Diversified NZ Property Trust | SIML |
|---|---|---|---|---|---|---|
| **Scope 3 Emissions Tonnes of CO2-e** | | | | | | |
| Business travel (flights, accommodation, rental vehicles) | N/A | N/A | N/A | N/A | N/A | 41.85 |
| Employee commuting (including working from home) | N/A | N/A | N/A | N/A | N/A | 98.67 |
| Waste generated in operations | 246.47 | 75.66 | 0.00 | 3,388.31 | 600.34 | 0.00[1] |
| Downstream leased assets – tenant consumption | 6,851.10 | 336.50 | 1,680.08 | 5,659.52 | 1,251.17 | N/A |
| **Total Scope 3** | **17,062.98** | **440.93** | **8,695.53** | **13,487.81** | **8,029.41** | **184.29** |
| **Total scope 1, 2 & 3 tCO2-e emissions (location based)** | **17,268.88** | **1,232.03** | **8,733.76** | **13,666.14** | **8,478.15** | **184.29** |

Note: Numbers in the table may not sum due to rounding.

1. SIML's emissions arising from office operations are included in the emissions of the relevant entity that owns the property where the office is located. SIML has offices in properties owned by Fabric Property Limited, Stride Property Limited and Diversified NZ Property Trust.

## Organisational Boundary

SIML's organisational boundary for GHG reporting encompasses the entities listed below. Each entity reports on emissions generated by its activities, including the properties it owns. SIML applies an operational control approach to identify and determine the boundary of SIML's GHG inventory. SIML will report on its own emissions plus 100% of the emissions for each SIML managed fund on the basis that SIML is the property and fund manager and therefore has "operational control". A company has operational control over an operation if it has the authority to introduce and implement operating policies at the operation. This consolidation approach allows us to focus on those emission sources over which we have operational control and can therefore implement management actions consistent with SIML's sustainability strategy.




| | FY25 | FY24 | FY23 | FY20 |
|---|---|---|---|---|
| Total number of properties under management | 81 | 82 | 80 | 69 |
| Net lettable area under management (NLA) | 672,235 | 672,993 | 669,656 | 574,932 |

NLA reflects only those properties that have greenhouse gas emissions.

| | |
|---|---|
| **Stride Investment Management Limited (SIML)** | The manager of SPL (including its wholly owned subsidiary, Fabric Property Limited), Investore, Industre, and Diversified and employer of staff for the group. |
| **Stride Property Limited (SPL)** | An NZX listed company, SPL's shares are stapled with those of SIML to create Stride Property Group. SPL directly owns retail town centres and office assets and holds an interest in the other entities. Stride Holdings is wholly owned by and included within SPL. |
| **Fabric Property Limited (Fabric)** | SPL's office-owning subsidiary which invests in office property within Wellington and Auckland (established 1 November 2020). |
| **Diversified New Zealand Property Trust (Diversified)** | An Australian trust majority owned by Australian superannuation entities which owns retail shopping centres in New Zealand. |
| **Investore Property Limited (Investore)** | An NZX listed company which invests solely in large format retail property across New Zealand. Investore owns 100% of Investore Property (Carr Rd) Limited. |
| **Industre Property Joint Venture (Industre)** | A joint venture between Stride and a group of international institutional investors advised by J.P. Morgan Asset Management (JPMAM) which invests solely in industrial properties. Industre includes Industre Property Tahi Limited and Industre Property Rua Limited. (Established 1 July 2020) |
| **Johnsonville Shopping Centre** | Owned 50:50 by SPL and Diversified. Johnsonville Shopping Centre's emissions have been accounted for within SPL's and Diversified's emissions, split 50:50 to reflect the ownership. |

## Operational Boundary

The FY25 GHG emissions inventory report covers scope 1, 2 and 3 emissions where the group has sufficiently reliable measurements for scope 3 categories (including emissions from tenant energy consumption). Improving the accuracy and extent of our scope 3 measurement is an ongoing area of focus.

Scope 1 and scope 2 emissions include the “base build” emissions (refrigeration and natural gas associated with heating and cooling, and stationary diesel and electricity). Scope 3 emissions are indirect emissions and currently includes business travel (flights, accommodation, and rental vehicles), electricity not in scope 2 (transmission and distribution losses and tenant electricity), fleet fuel (petrol and diesel in vehicles owned by employees and used on company business), stationary energy – natural gas (transmission and distribution losses and tenant gas), employee commuting (including working from home), purchased goods and services, water, and waste.

SIML’s emissions arising from office operations such as electricity and waste are included in the entity level data. SIML has an office in properties owned by Fabric and SPL, and offices in several Diversified properties.

A summary of exclusions is included in Table 4 and uncertainties is provided in Table 2.

## Baseline Year

The baseline year for SIML's scope 1 and 2 emissions is 1 April 2019 to 31 March 2020 (FY20). This was chosen as the baseline year because it was the first year SIML had reliable data to support its scope 1 and scope 2 emissions. The baseline year for SIML's scope 3 emissions is 1 April 2023 to 31 March 2024 (FY24). This was chosen as the baseline year because it was the first year SIML measured an extensive set of scope 3 categories.

SIML’s baseline recalculation policy is that if SIML’s NLA changes by more than 10% due to company or portfolio acquisitions or divestments a recalculation of the baseline is required. During FY25 Investore sold Woolworths Invercargill, Woolworths Mount Roskill and Pak'nSave New Plymouth. Investore also purchased Bunnings Westgate. These divestments and acquisition did not meet the threshold for triggering a recalculation of the baseline.

## Methodologies and Uncertainties

Emissions for scope 1, scope 2 and scope 3 have been quantified using the calculation-based method based on activity multiplied by greenhouse gas emission factors. Emission factors have been sourced from the official Ministry for the Environment publications except for those set out below. Stride used the most recently published factors as at the balance date, which were the 2024 Ministry for the Environment emission factors. These emission factors use the global warming potentials (GWPs) published in the IPCC’s Fifth Assessment Report (AR5).

The Ministry for the Environment has released changes to the emission factors used in calculating GHG emissions on 16 May 2025. The new factors have not been applied to the GHG emissions information in this report due to timing and impracticality to update and review data prior to the release of this report. These factors are not entity specific and the timing of release of these factors is not in Stride's control. Based on current estimates the new factors would potentially materially impact scope 2 emissions (electricity consumption) and scope 3 emissions (waste generated in operations and downstream leased assets - tenant electricity).

The following emission factors have been sourced and calculated using different methods:

- The emissions for the upstream purchased goods and services have been calculated using the Eora database corrected for exchange rates and inflation.
- For employee commuting, the emissions were calculated using the Abley survey tool. The results from the November 2024 and March 2025 surveys were averaged to give the FY25 emissions.

To minimise uncertainties in the accuracy of the inventory, data has been sourced wherever possible from a verifiable source, as detailed in Table 2.

## Assurance of GHG Inventory

A limited level of assurance has been undertaken by Deloitte Limited over Selected GHG disclosures included in the Climate-Related Disclosures (as described in Appendix 2: Location of Climate-Related Disclosures) prepared in accordance with the Aotearoa New Zealand Climate Standards and the GHG Inventory report on pages 59 to 71 prepared in accordance with the GHG protocol and the Corporate Value Chain Standard. Refer to Deloitte's Independent Limited Assurance Report from page 72.

Comparatives periods disclosed, being FY24, FY23 and FY20, in the GHG Inventory Report on pages 61 and 62 were previously assured under International Standard on Assurance Engagements (New Zealand) 3410: Assurance Engagements on Greenhouse Gas Statements issued by the XRB (‘ISAE (NZ) 3410’) with assurance reports found in our annual reporting of the respective years available in the Investor Centre section of Stride’s website: **www.strideproperty.co.nz/investor-centre/**.

# GHG Emissions Source Inclusions

SIML includes scope 1, 2 and 3 emissions from all relevant Kyoto Protocol gases in our carbon inventory. The emissions sources in Table 2 have been included in the GHG emissions inventory.

Table 2: Included Emission Sources, Data Source and Assumptions

| Category | GHG Emissions Source | Data Source | Methodology, Data Quality, Uncertainty |
|---|---|---|---|
| **Scope 1 Direct Emissions** | | | |
| Stationary diesel[1] | Fuel used to "top up" generators for back up to essential building operations if the electricity supply fails | Records from suppliers | Emails from suppliers providing quantity used, in litres, during the year. |
| | Fuel used to "top up" sprinkler pumps | Records from suppliers | Emails and spreadsheets from suppliers providing quantity used, in litres, during the year. |
| Natural gas - stationary[2] | Fuel used for heating within properties | Records from supplier spreadsheets | Suppliers provide a summary of the consumption used by each ICP across all properties. Check meters at shopping centre sites provide readings for tenant consumption. |
| Fugitive emissions from air conditioning systems[3] | Leakage and replacement quantities | Record from suppliers of "top up" amounts | Annual report for each property provided by suppliers. |
| **Scope 2 Indirect Emissions** | | | |
| Electricity consumption[4] | Electricity used in common parts of properties managed by SIML and offices leased by SIML | Records from electricity suppliers and embedded network operators | Invoices and spreadsheets from suppliers providing quantity used in kWh. |
| Embedded network lines losses | Embedded network losses operated within properties | Records from embedded network suppliers | Reliable external report from embedded network suppliers. |

Notes to Table 2:

1. 34 Shortland Street, Auckland, is part of a body corporate. SPL's portion of the diesel consumption at 34 Shortland Street is 85.875% based on the allocation of costs between the two owners of the property using the generator services.
2. For Johnsonville Shopping Centre, data is read on internal check meters and allocated to tenants accordingly. The remainder is landlord consumption for heating.
3. Refrigeration data is collected annually. Where a site has been sold or purchased by SIML managed entities, the total refrigeration leakage allocation for the year is divided by 12 and multiplied by the number of months the site was held by the respective entity as it is not known when the leakage occurred. Scope 1 air conditioning refrigerant used in SIML managed properties includes: R134A, R22, R32, R404A, R410A, R454B.
4. 34 Shortland Street, Auckland, is part of a body corporate. SPL's portion of the common parts electricity consumption at 34 Shortland Street is 85.875% based on the allocation of costs between the two owners of the property using the electricity for common parts of the building.

# GHG Emissions Source Inclusions (cont.)

| Category | GHG Emissions Source | Data Source | Methodology, Data Quality, Uncertainty |
|---|---|---|---|
| **Scope 3 Indirect Emissions** | | | |
| Waste generated in operations | Waste generated from operations in multi-tenanted properties and single-tenanted sites | Data from waste contractors (spreadsheets and downloads from web portal) and data provided from tenants | Waste data received from waste contractors or tenants is considered reliable as it is sourced from an independent third party.<br>Where supplier data was unavailable for a specific month or months of the year, an estimate was created based on other available waste contractor or tenant data for these properties to determine an average monthly tonnage of waste. Where no records were able to be obtained from the relevant waste contractor or tenant, the data has been estimated based on the average known and reliable emissions of similar property types owned by SPL and the Stride Products (i.e., supermarket, shopping centre, strip malls, hardware store, etc) and adjusted for the sqm of net lettable area under management (NLA). In this period, estimated waste data made up 61% of data.<br>Industrial tenant waste has been excluded as described in Table 4. |
| Water | Water used in properties owned by all funds | From local water providers in areas where properties are situated | For Auckland properties, a spreadsheet of consumption is provided from the supplier. For all other sites, data is obtained from individual invoices.<br>Where supplier data was unavailable for a specific month or months of the year, an estimate was created based on other available supplier data for these properties to determine an average monthly estimate of consumption. Estimated data makes up approximately 2.2% of overall water data. |
| Fleet fuel | Fuel card expenditure for employees with fuel cards | Direct from provider | Spreadsheets of usage are provided direct from the relevant provider on a monthly or quarterly basis.<br>Fleet fuel consists of consumption from fuel cards provided to some employees and used in employee vehicles for business purposes. |
| Business travel | Accommodation, flights, and rental vehicles | Direct from provider | Spreadsheets of usage are provided direct from the relevant provider on a monthly or quarterly basis.<br>Business travel is relevant to SIML only, as the managed funds do not have employees. |

# GHG Emissions Source Inclusions (cont.)

| Category | GHG Emissions Source | Data Source | Methodology, Data Quality, Uncertainty |
|---|---|---|---|
| **Scope 3 Indirect Emissions** | | | |
| Downstream leased assets | Tenant electricity and gas | Data provided from tenants directly or permission requested from tenants to obtain data from relevant suppliers | Reliable data is used where this is provided by the supplier and/or tenant.<br>Where supplier data was unavailable for a specific month or months of the year, an estimate was created based on other supplier data for these properties to determine average monthly consumption. Approximately 3.6% of tenant electricity data was estimated. Estimated tenant gas made up approximately 2.8% of tenant gas. |
| Employee commuting | Emissions from employee commuting | Surveys have been carried out by Abley using their CarbonWise tool to capture employee commuting emissions. Two surveys were undertaken to capture any seasonal impact. The results from the November 2024 and March 2025 surveys were averaged to give the FY25 result | This data is considered reliable. The survey is completed by an independent third party which in turn has had its survey results verified by Toitū as carbon compatible for GHG reporting. |
| Purchased products and services | Operational expenses related to activities – cradle to gate emissions - e.g. office supplies, consultants | We have used a spend based methodology for calculating emissions from purchased goods and services. Data was sourced from each fund's general ledger, excluding spend on things already directly accounted for such as electricity. We used the Eora emission factor set, corrected for exchange rates and inflation, to determine emissions | The emissions were calculated by Stride and checked by third party consultants based on Stride's expenditure on purchased goods and services which are not already included in other scopes or scope 3 categories. Any spend already considered in other categories of scope 3 or considered immaterial was excluded. Once the above spend categories were excluded, the general ledger codes of the top 95% of spend was used to categorise the data into relevant categories based on the Eora database. The associated emissions were calculated by multiplying the expenditure with the relevant Eora emission factor corrected for exchange rates using the average USD to NZD exchange rate and adjusting for inflation to the beginning of the reporting period. Stride will explore options for utilising New Zealand-based spend factors in future years. |
| Capital goods | Expenses related to development activities – cradle to gate emissions on capital expenditure projects – e.g. materials, contractors | We have used a spend based methodology for calculating emissions from capital goods. Data was sourced from each fund's general ledger. We used the Eora emission factor set, corrected for exchange rates and inflation to determine emissions | The emissions were calculated by Stride and checked by third party consultants based on Stride's expenditure on purchased goods and services which are not already included in other scopes or scope 3 categories. Any spend already considered in other categories of scope 3 or considered immaterial was excluded. Once the above spend categories were excluded, the general ledger codes of the top 95% of spend was used to categorise the data into relevant categories based on the Eora database. The associated emissions were calculated by multiplying the expenditure with the relevant Eora emission factor corrected for exchange rates using the average USD to NZD exchange rate and adjusting for inflation to the beginning of the reporting period. Stride will explore options for utilising New Zealand-based spend factors in future years. |

# Greenhouse Gas Inventory 2025

Stride includes scope 1, scope 2 and scope 3 emissions from the six Kyoto Protocol gases in its inventory expressed as carbon dioxide equivalent (tCO2-e). These gases are Carbon Dioxide (CO2), Methane (CH4), Nitrous Oxide (N2O) and Hydrofluorocarbons (HFCs). Stride does not have emissions of PFCs, NF3, or SF6.

The 2024 Ministry for the Environment emission factors used in this report can be found on the Ministry for the Environment's website.

Table 3: Greenhouse Gas Emissions by Greenhouse Gas Type

| **Scope 1** | **Emissions (tonnes)** | | | | |
|---|---|---|---|---|---|
| **Source** | **CO2-e** | **CO2** | **CH4** | **N2O** | **HFCs** |
| Scope 1 | 873.83 | 411.11 | 0.98 | 0.21 | 461.52 |
| Scope 2 | 788.45 | 759.52 | 28.11 | 0.82 | 0.00 |
| Scope 3 | 20,253.03 | 15,394.41 | 4,825.74 | 32.88 | 0.00 |
| **Total** | **21,915.31** | **16,565.04** | **4,854.77** | **33.91** | **461.52** |
| Emissions not included in the split by Greenhouse Gas Type | 27,647.92 | | | | |
| **Total** | **49,563.23** | | | | |

Note: Numbers in the table may not sum due to rounding.

1. A breakdown in gases is not available for the emissions calculated using the spend based methodology. This includes purchased goods and services and capital goods. These have therefore been removed from the Table 3 calculation, total of 27,547.5 tCO2-e.
2. A breakdown in gases is not available for the emissions associated with employee commuting or accommodation emissions. These have therefore been removed from the Table 3 calculation, total of 100.42 tCO2-e.

# GHG Emissions Source Exclusions

The following emissions sources have been excluded from the FY25 inventory.

Table 4: Emissions Source Exclusions

| Scope | GHG Protocol Category | GHG Emissions Source | Reason for Exclusion |
|---|---|---|---|
| **Upstream (purchased goods and services)** | | | |
| 3 | Category 4 – Upstream transportation and distribution | Emissions from transportation of products purchased by the company | This data is included in the purchased goods and services and capital goods categories |
| 3 | Category 5 – Waste generated in operations | Tenant waste for industrial properties | Reliable data not available |
| 3 | Category 6 – Business travel | Mileage and taxi / uber | Reliable data is not available for FY25. Data will be provided in FY26 |
| 3 | Category 8 - Upstream leased assets | Emissions associated with ground leases and limited other leased assets such as photocopiers | There are no emissions associated with ground leases and emissions associated with leased equipment is included in purchased goods and services and capital goods categories |
| **Downstream (sold goods and services)** | | | |
| 3 | Category 9 – Downstream transportation and distribution | | Not applicable to Stride activities |
| 3 | Category 10 – Processing of sold products | | Not applicable to Stride activities |
| 3 | Category 11 – Use of sold products | | Not applicable to Stride activities |
| 3 | Category 12 – End of life of sold products | | Not applicable to Stride activities |
| 3 | Category 14 – Franchises | | Not applicable to Stride activities |
| 3 | Category 15 – Investments | | Not applicable to Stride activities |

Prepared by:

**Olly Ng**

Senior Sustainability Advisor
Stride Investment Management Limited

28 May 2025

Approved by:

**Ross Buckley**

Independent Director and Chair of
Audit and Risk Committee
Stride Investment Management Limited and
Stride Property Limited

28 May 2025

# Appendix 1: Independent Assurance Report

Deloitte.

## Independent Limited Assurance Report on Selected Greenhouse Gas ('GHG') Disclosures included within Climate-Related Disclosures and the GHG Inventory Report

To the Shareholders of Stride Property Group

### Limited assurance conclusion

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 gross GHG emissions, additional required disclosures of gross GHG emissions, and gross GHG emissions methods, assumptions and estimation uncertainty, within the scope of our engagement (as outlined below), included in the Climate-Related Disclosures of Stride Property Group, which consists of Stride Investment Management Limited and Stride Property Limited (together 'Stride') and its subsidiaries (the '**Group**') for the year ended 31 March 2025 (the '**Selected GHG Disclosures**'), are not fairly presented and not prepared, in all material respects, in accordance with *Aotearoa New Zealand Climate Standards* ('**NZ CSs**') issued by the External Reporting Board ('**XRB**'); and
- the Greenhouse Gas Emissions Inventory Report included in the Sustainability Report and Climate-Related Disclosures for the year ended 31 March 2025 (the '**GHG Emissions Inventory Report**'), is not prepared in all material respects, in accordance with the requirements of the International Standard the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard* (the '**Applicable Criteria**').

### Scope of assurance engagement

We have undertaken a limited assurance engagement over the following Selected GHG Disclosures prepared in accordance with NZ CSs, that is required to be the subject of an assurance engagement per section 461ZH of the Financial Markets Conduct Act 2013 ('**FMCA**').

| **Subject matter: Selected GHG Disclosures** | **Reference** |
|---|---|
| GHG emissions: gross emission in metric tonnes of Carbon dioxide equivalent ('**CO2e**') classified as:<br>• Scope 1<br>• Scope 2 (calculated using the location-based method)<br>• Scope 3 | Page 50 |

| Subject matter: Selected GHG Disclosures | Reference |
|---|---|
| Additional requirements for the disclosure of gross GHG emissions per paragraph 24 (a) to (d) of Aotearoa New Zealand Climate Standard 1: Climate-Related Disclosures ('**NZ CS 1**'), being:<br>• The statement describing the GHG emissions have been measured in accordance with the requirements of the Applicable Criteria;<br>• The statement that the GHG emissions consolidation approach used is operational control;<br>• Sources of emission factors and the global warming potential ('**GWP**') rates used or a reference to the GWP source; and<br>• The summary of specific exclusions of sources, including facilities, operations or assets with a justification for their exclusion. | Pages 60, 65, 66 and 71 |
| Disclosures relating to GHG emissions methods, assumptions and estimation uncertainty per paragraphs 52 to 54 of Aotearoa New Zealand Climate Standard 3: *General Requirements for Climate-Related Disclosures* ('**NZ CS 3**'):<br>General Requirements for Climate-related Disclosures ('NZ CS 3'):<br>• Description of the methods and assumptions used to calculate or estimate GHG emissions, and the limitations of those methods.<br>• Description of uncertainties relevant to the Group's quantification of its GHG emissions, including the effects of these uncertainties on the GHG emissions disclosures. | Pages 66 to 69, and 71 |

In addition, we have undertaken a limited assurance engagement in relation to the GHG Inventory Report of the Group, comprising the emissions inventory and the explanatory notes set out on pages 59 to 71 of the Group's Sustainability Report and Climate-Related Disclosures for the year ended 31 March 2025. The GHG Inventory Report is based on historical information and provides further disclosures about the GHG emissions of the Group for the year ended 31 March 2025 to meet the requirements of the Applicable Criteria, in addition to the minimum disclosure requirements of NZ CSs.

Our report does not cover any forward-looking statements made by the Group, any external references or hyperlinked documents.

Our limited assurance engagement does not extend to any other information included, or referred to, on pages 1 to 49, 51 to 58 and Appendices the Group's Sustainability and Climate-Related Disclosures Report for the year ended 31 March 2025 and the Annual Report for the year ended 31 March 2025. We have not performed any procedures with respect to the excluded information and, therefore, no conclusion is expressed on it.

### Emphasis of matter – emission factors published after year end

We draw attention to the disclosures on page 66 which outline that the Ministry of the Environment released new emission factors on 16 May 2025, which have not been applied to the GHG emission information. The new factors may have a potential material impact on GHG emissions reported but have not been updated due to the timing of their recent release as noted on page 66. Our assurance conclusion is not modified in respect of this matter.

### Other matter – comparative information

The comparative Selected GHG Disclosures (that is Selected GHG Disclosures for the periods ended 31 March 2024, 31 March 2023 and 31 March 2020) included in the Climate-Related Disclosures have not been the subject of an assurance engagement undertaken in accordance with New Zealand Standard on Assurance Engagements 1: *Assurance Engagements over Greenhouse Gas Emissions Disclosures* ('**NZ SAE 1**'). These disclosures are not covered by our assurance conclusion.

### Director's responsibilities

Directors are responsible for the preparation and fair presentation of the Selected GHG Disclosures in accordance with NZ CSs, which includes determining and disclosing the appropriate standard or standards used to measure its GHG emissions. In addition, the Directors are responsible for the preparation of the GHG Inventory Report in accordance with the requirements of the Applicable Criteria. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of the Selected GHG Disclosures and GHG Inventory Report that are free from material misstatement whether due to fraud or error.

### Inherent uncertainty

Non-financial information, such as that included in the Selected GHG Disclosures and GHG Inventory Report, is subject to more inherent limitations than financial information, given both its nature and the methods used and assumptions applied in determining, calculating and sampling or estimating such information. Specifically, 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.

As the procedures performed for this engagement are not performed continuously throughout the relevant period and the procedures performed in respect of the Group's compliance with NZ CSs and/or the requirements of the Applicable Criteria are undertaken on a test basis, our limited assurance engagement cannot be relied on to detect all instances where the Group may not have complied with the NZ CSs or the requirements of the Applicable Criteria. Because of these inherent limitations, it is possible that fraud, error or non-compliance may occur and not be detected.

In addition, we note that a limited assurance engagement is not designed to detect all instances of non-compliance with the NZ CSs or the requirements of the Applicable Criteria, as it generally comprises making enquires, primarily of the responsible party, and applying analytical and other review procedures.

### Our responsibilities

Our responsibility is to express an independent limited assurance conclusion on the Selected GHG Disclosures and GHG Inventory Report, based on the procedures we have performed and the evidence we have obtained.

We conducted our limited assurance engagement in accordance with NZ SAE 1 and the International Standard on Assurance Engagements (New Zealand) 3410: *Assurance Engagements on Greenhouse Gas Statements* issued by the XRB ('**ISAE (NZ) 3410**'). These standards require that we plan and perform this engagement to obtain limited assurance about whether the Selected GHG Disclosures and GHG Inventory Report are free from material misstatement.

### Our independence and quality management

We have complied with the independence and other ethical requirements of NZ SAE 1, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have also complied with the following professional and ethical standards:

- Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand);*
- Professional and Ethical Standard 3: *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires us to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements; and
- Professional and Ethical Standard 4: *Engagement Quality Reviews.*

Other than in our capacity as assurance practitioner, our firm has carried out other assignments for the Group in the area of valuation advice. These services have not impaired our independence as assurance practitioner of the Group. In addition to this, our firm deals with the Group on normal terms within the ordinary course of trading activities of the business of the Group. Our firm has no other relationship with, or interest in the Group.

As we are engaged to form an independent conclusion on the Selected GHG Disclosures and GHG Inventory Report prepared by the Group, we are not permitted to be involved in the preparation of the GHG information as doing so may compromise our independence.

**Summary of work performed**

Our limited assurance engagement was performed in accordance with NZ SAE 1 and ISAE (NZ) 3410. This involves assessing the suitability in the circumstances of Group's use of NZ CSs and the Applicable Criteria as the basis for the preparation of the Selected GHG Disclosures and the GHG Inventory Report respectively, assessing the risks of material misstatement of the Selected GHG Disclosures and GHG Inventory Report whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Selected GHG Disclosures and the GHG Inventory Report.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. In undertaking our limited assurance engagement on the Selected GHG Disclosures and the GHG Inventory Report, we:

- Obtained, through inquiries, an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Selected GHG disclosures and GHG Inventory Report. We did not evaluate the design of particular control activities, or obtain evidence about their implementation.
- Evaluated whether the Group's methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Group's estimates.
- Performed analytical procedures on particular emission categories by comparing the expected GHGs emitted to actual GHGs emitted and made inquiries of management to obtain explanations for any significant differences we identified.
- Considered the presentation and disclosure of the Selected GHG disclosures and the GHG Inventory Report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Selected GHG Disclosures and the GHG Inventory Report are fairly presented and prepared, in all material respects, in accordance with NZ CSs or the requirements of the Applicable Criteria respectively.

**Use of our Report**

Our limited assurance report ('**our Report**') is intended for users who have a reasonable knowledge of GHG related activities, and who have studied the Selected GHG related information in the Climate-Related Disclosures and the GHG Inventory Report with reasonable diligence and understand that the Selected GHG Disclosures and the GHG Inventory Report are prepared and assured to appropriate levels of materiality.

Our Report is made solely to the Group's shareholders, as a body. Our limited assurance engagement has been undertaken so that we might state to the Group's shareholders those matters we are required to state to them in an assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group's shareholders as a body, for our work, for our Report, or for the conclusions we have formed.

Deloitte Limited

**Andrew Dick, Partner**
**for Deloitte Limited**

Auckland, New Zealand
28 May 2025

This limited assurance report relates to the Selected GHG Disclosures included in the Climate-Related Disclosures and the GHG Inventory Report included within the Sustainability and Climate-Related Disclosures Report for the year ended 31 March 2025 included on the Group's website. The Directors are responsible for the maintenance and integrity of the Group's website. We have not been engaged to report on the integrity of the Group's website. We accept no responsibility for any changes that may have occurred to the Selected GHG Disclosures included in the Climate-Related Disclosures and the GHG Inventory Report included within the Sustainability and Climate-Related Disclosures Report since they were initially presented on the website.

The limited assurance report refers only to the Selected GHG Disclosures included in the Climate-Related Disclosures and the GHG Inventory Report included within the Sustainability and Climate-Related Disclosures Report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these disclosures. If readers of this report are concerned with the inherent risks arising from electronic data communication, they should refer to the published hard copy of the Selected GHG Disclosures included in the Climate-Related Disclosures and the GHG Inventory Report included within the Sustainability and Climate-Related Disclosures Report and related limited assurance report dated 28 May 2025 to confirm the information presented on this website.

# Appendix 2: Location of Climate-Related Disclosures

## Appendix 2: Location of Climate-Related Disclosures

| Climate Standard | Description | Location of Disclosure |
|---|---|---|
| Governance Disclosure Objective (paragraph 6) | To enable primary users to understand both the role an entity's governance body plays in overseeing climate-related risks and climate-related opportunities, and the role management plays in assessing and managing those climate-related risks and opportunities. | |
| 7 | To achieve the disclosure objective in paragraph 6, an entity must disclose the following information: | |
| | (a) the identity of the governance body responsible for oversight of climate-related risks and opportunities; | Page 32 |
| | (b) a description of the governance body's oversight of climate-related risks and opportunities (see paragraph 8); and | Page 32 |
| | (c) a description of management's role in assessing and managing climate-related risks and opportunities (see paragraph 9). | Page 32 |
| 8 | An entity must include the following information when describing the governance body's oversight of climate-related risks and opportunities (see paragraph 7(b)): | |
| | (a) the processes and frequency by which the governance body is informed about climate-related risks and opportunities; | Pages 32, 33 |
| | (b) how the governance body ensures that the appropriate skills and competencies are available to provide oversight of climate-related risks and opportunities; | Page 34 |
| | (c) how the governance body considers climate-related risks and opportunities when developing and overseeing implementation of the entity's strategy; and | Pages 25, 26, 32 |
| | (d) how the governance body sets, monitors progress against, and oversees achievement of metrics and targets for managing climate-related risks and opportunities, including whether and if so how, related performance metrics are incorporated into remuneration policies (see also paragraph 22(h)). | Pages 32, 34 |
| 9 | An entity must include the following information when describing management's role in assessing and managing climate-related risks and opportunities (see paragraph 7(c)): | |
| | (a) how climate-related responsibilities are assigned to management-level positions or committees, and the process and frequency by which management-level positions or committees engage with the governance body; | Page 32 |
| | (b) the related organisational structure(s) showing where these management-level positions and committees lie; and | Page 32 |
| | (c) the processes and frequency by which management is informed about, makes decisions on, and monitors, climate-related risks and opportunities. | Page 32 |

## Appendix 2: Location of Climate-Related Disclosures (cont.)

| Climate Standard | Description | Location of Disclosure |
|---|---|---|
| Strategy Disclosure Objective (paragraph 10) | To enable primary users to understand how climate change is currently impacting an entity and how it may do so in the future. This includes the scenario analysis an entity has undertaken, the climate-related risks and opportunities an entity has identified, the anticipated impacts and financial impacts of these, and how an entity will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future. | |
| 11 | To achieve the disclosure objective in paragraph 10, an entity must disclose: | |
| | (a) a description of its current climate-related impacts (see paragraph 12); | Pages 43-46 |
| | (b) a description of the scenario analysis it has undertaken (see paragraph 13); | Page 38 |
| | (c) a description of the climate-related risks and opportunities it has identified over the short, medium, and long term (see paragraph 14); | Pages 41-46 |
| | (d) a description of the anticipated impacts of climate-related risks and opportunities (see paragraph 15); and | Pages 41-46 |
| | (e) a description of how it will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future state (see paragraph 16). | Pages 26-31 |
| 12 | An entity must include the following information when describing its current climate-related impacts (see paragraph 11(a)): | |
| | (a) its current physical and transition impacts; | Pages 43-46 |
| | (b) the current financial impacts of its physical and transition impacts identified in paragraph 12(a); and | Pages 43-47, 51, 52 |
| | (c) if the entity is unable to disclose quantitative information for paragraph 12(b), an explanation of why that is the case. | |
| 13 | An entity must describe the scenario analysis it has undertaken to help identify its climate-related risks and opportunities and better understand the resilience of its business model and strategy. This must include a description of how an entity has analysed, at a minimum, a 1.5 degrees Celsius climate-related scenario, a 3 degrees Celsius or greater climate-related scenario, and a third climate-related scenario (see paragraph 11(b)). | Pages 38-40 |
| 14 | An entity must include the following information when describing the climate-related risks and opportunities it has identified see paragraph 11(c)): | |
| | (a) how it defines short, medium and long term and how the definitions are linked to its strategic planning horizons and capital deployment plans; | Page 33 |
| | (b) whether the climate-related risks and opportunities identified are physical or transition risks or opportunities, including, where relevant, their sector and geography; and | Pages 41, 42 |
| | (c) how climate-related risks and opportunities serve as an input to its internal capital deployment and funding decision-making processes. | Pages 26-31 |

## Appendix 2: Location of Climate-Related Disclosures (cont.)

| Climate Standard | Description | Location of Disclosure |
|---|---|---|
| 15 | An entity must include the following information when describing the anticipated impacts of the climate-related risks and opportunities it has identified (see paragraph 11(d)): | |
| | (a) the anticipated impacts of climate-related risks and opportunities reasonably expected by the entity; | Pages 41 - 47 |
| | (b) the anticipated financial impacts of climate-related risks and opportunities reasonably expected by an entity; | Stride has used adoption provision 2 |
| | (c) a description of the time horizons over which the anticipated financial impacts of climate-related risks and opportunities could reasonably be expected to occur; and | Pages 41 - 47 |
| | d) if an entity is unable to disclose quantitative information for paragraph 15(b), an explanation of why that is the case. | Pages 35 - 37 |
| 16 | An entity must include the following information when describing how it will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future state (see paragraph 11(e)): | |
| | (a) a description of its current business model and strategy; | Pages 25 |
| | (b) 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 | Pages 26 - 31 |
| | (c) the extent to which transition plan aspects of its strategy are aligned with its internal capital deployment and funding decision-making processes. | Pages 26 - 31 |
| Risk Management Disclosure Objective (paragraph 17) | To enable primary users to understand how an entity's climate-related risks are identified, assessed, and managed and how those processes are integrated into existing risk management processes. | |
| 18 | To achieve the disclosure objective in paragraph 17, an entity must disclose the following information for both transition risks and physical risks: | |
| | (a) a description of its processes for identifying, assessing and managing climate-related risks (see paragraph 19); and | Page 33 |
| | (b) a description of how its processes for identifying, assessing, and managing climate-related risks are integrated into its overall risk management processes. | Pages 32, 33 |

## Appendix 2: Location of Climate-Related Disclosures (cont.)

| Climate Standard | Description | Location of Disclosure |
|---|---|---|
| 19 | An entity must include the following information when describing its processes for identifying, assessing and managing climate-related risks (see paragraph 18(a)): | |
| | (a) the tools and methods used to identify, and to assess the scope, size, and impact of, its identified climate-related risks; | Pages 33, 41 |
| | (b) the short-term, medium-term, and long-term time horizons considered, including specifying the duration of each of these time horizons; | Page 33 |
| | (c) whether any parts of the value chain are excluded; | Page 33 |
| | (d) the frequency of assessment; and | Page 33 |
| | (e) its processes for prioritising climate-related risks relative to other types of risks. | Page 33 |
| Metrics and Targets Disclosure Objective (paragraph 20) | To enable primary users to understand how an entity measures and manages its climate-related risks and opportunities. Metrics and targets also provide a basis upon which primary users can compare entities within a sector or industry. | |
| 21 | To achieve the disclosure objective in paragraph 20, an entity must disclose: | |
| | (a) the metrics that are relevant to all entities regardless of industry and business model (see paragraph 22); | Page 50 |
| | (b) industry-based metrics relevant to its industry or business model used to measure and manage climate-related risks and opportunities; | Pages 56, 57 |
| | (c) any other key performance indicators used to measure and manage climate-related risks and opportunities; and | Pages 56, 57 |
| | (d) the targets used to manage climate-related risks and opportunities, and performance against those targets (see paragraph 23). | Page 55 |
| 22 | An entity must disclose metrics for each of the categories below (see paragraph 21(a)): | |
| | (a) greenhouse gas (GHG) emissions: gross emissions in metric tonnes of carbon dioxide equivalent (CO2e) classified as (see paragraph 24): (i) scope 1; (ii) scope 2 (calculated using the location-based method); (iii) scope 3; | Page 50 |
| | (b) GHG emissions intensity; | Page 56 |
| | (c) transition risks: amount or percentage of assets or business activities vulnerable to transition risks; | Page 53 |
| | (d) physical risks: amount or percentage of assets or business activities vulnerable to physical risks; | Page 53 |
| | (e) climate-related opportunities: amount or percentage of assets, or business activities aligned with climate-related opportunities; | Page 54 |
| | (f) capital deployment: amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities; | Pages 51-54 |
| | (g) internal emissions price: price per metric tonne of CO2e used internally by an entity; and | Page 58 |
| | (h) remuneration: management remuneration linked to climate-related risks and opportunities in the current period, expressed as a percentage, weighting, description or amount of overall management remuneration (see also paragraph 8(d)). | Page 58 |

## Appendix 2: Location of Climate-Related Disclosures (cont.)

| Climate Standard | Description | Location of Disclosure |
|---|---|---|
| 23 | An entity must include the following information when describing the targets used to manage climate-related risks and opportunities, and performance against those targets (see paragraph 21(d)): | |
| | (a) the time frame over which the target applies; | Page 55 |
| | (b) any associated interim targets; | Page 55 |
| | (c) the base year from which progress is measured; | Page 55 |
| | (d) a description of performance against the targets; and | Page 55 |
| | (e) for each GHG emissions target: | Page 55 |
| | (i) whether the target is an absolute target or intensity target; | |
| | (ii) the entity's view as to how the target contributes to limiting global warming to 1.5 degrees Celsius; | |
| | (iii) the entity's basis for the view expressed in 23(e)(ii), including any reliance on the opinion or methods provided by third parties; and | |
| | (iv) the extent to which the target relies on offsets, whether the offsets are verified or certified, and if so, under which scheme or schemes. | |
| 24 | An entity must disclose the following in relation to its GHG emissions (see paragraph 22(a)): | |
| | (a) a statement describing the standard or standards that its GHG emissions have been measured in accordance with; | Page 60 |
| | (b) the GHG emissions consolidation approach used: equity share, financial control, or operational control; | Page 65 |
| | (c) the source of emission factors and the global warming potential (GWP) rates used or a reference to the GWP source; and | Page 66 |
| | (d) a summary of specific exclusions of sources, including facilities, operations or assets with a justification for their exclusion. | Page 71 |