



**YOUR  
INDUSTRIAL  
PROPERTY  
EXPERTS**

PROPERTY FOR INDUSTRY LIMITED

FP24  
Sustainability  
Update and  
Climate-Related  
Disclosures

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INTRODUCTION

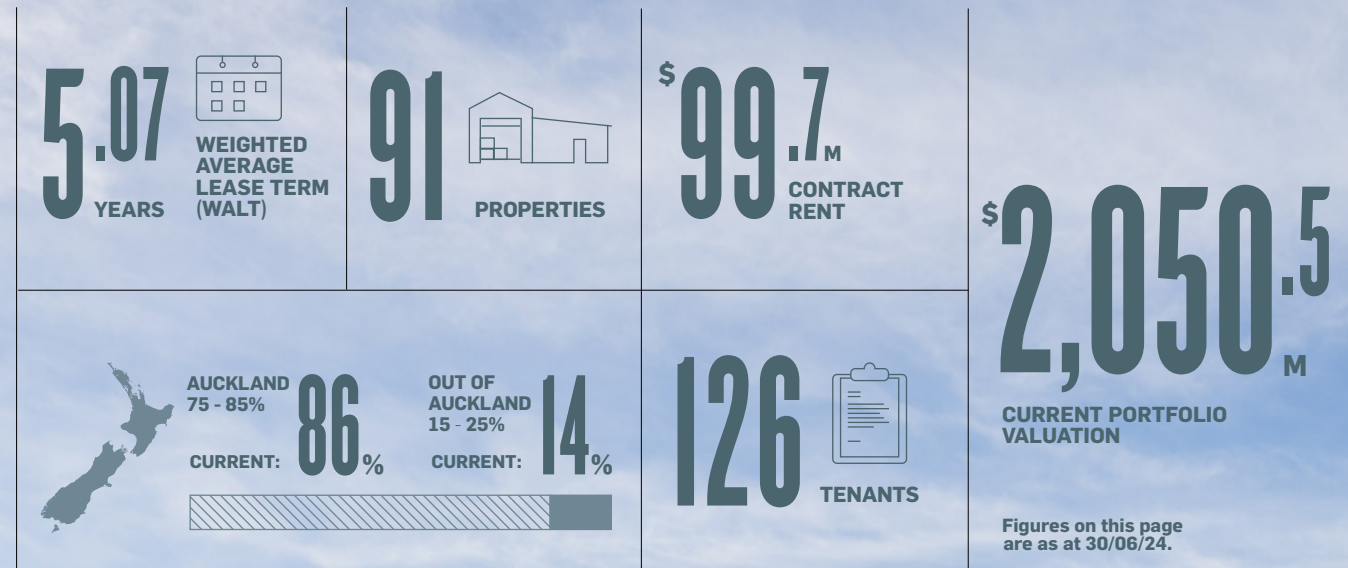
# 1

SECTION

Property for Industry Limited (PFI) is an NZX listed property vehicle focused on the industrial sector. We first listed in 1994 and now thirty years on, we have a portfolio of 91 properties valued at over \$2.0 billion as at 30 June 2024. PFI's properties are located throughout New Zealand, but primarily in Auckland.

This report contains PFI's FP24 Sustainability Update and our second mandatory Climate-Related Disclosures. PFI is pleased to share the progress we continue to make in improving our understanding of, and response to, our climate-related risks and opportunities.

All financial information in this report is presented in New Zealand Dollars and excludes GST.



INTRODUCTION CONTINUED

PFI was created on the belief that investing in quality industrial property in prime locations has the potential to deliver attractive shareholder returns. In terms of our impact on people and the planet, we understand that meeting our ambitions requires long-term commitment, long-term thinking, and no shortage of hard work. We believe PFI's approach to sustainability should enable us to mitigate some risks and capitalise on some opportunities for long term value creation.

PFI recognises that we need to manage the risks and opportunities that arise from climate change, just as we manage other risks and opportunities facing our business. Since 2020, PFI has prepared voluntary climate-related disclosures aligning with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In April 2024, PFI published its first mandatory climate-related disclosures in accordance with the Aotearoa New Zealand Climate Standards for the reporting period ended 31 December 2023. Over the last four years we have enhanced our understanding of the climate-related risks and opportunities faced by the business and applied this understanding to PFI's strategy. Further details on our current business model can be found in the [Strategy section](#).

REPORTING PERIOD

In 2024, PFI changed the balance date for the Group from 31 December to 30 June. Therefore, this report covers the 6-month period from 1 January 2024 to 30 June 2024 (Financial Period 2024, or FP24), unless otherwise stated.



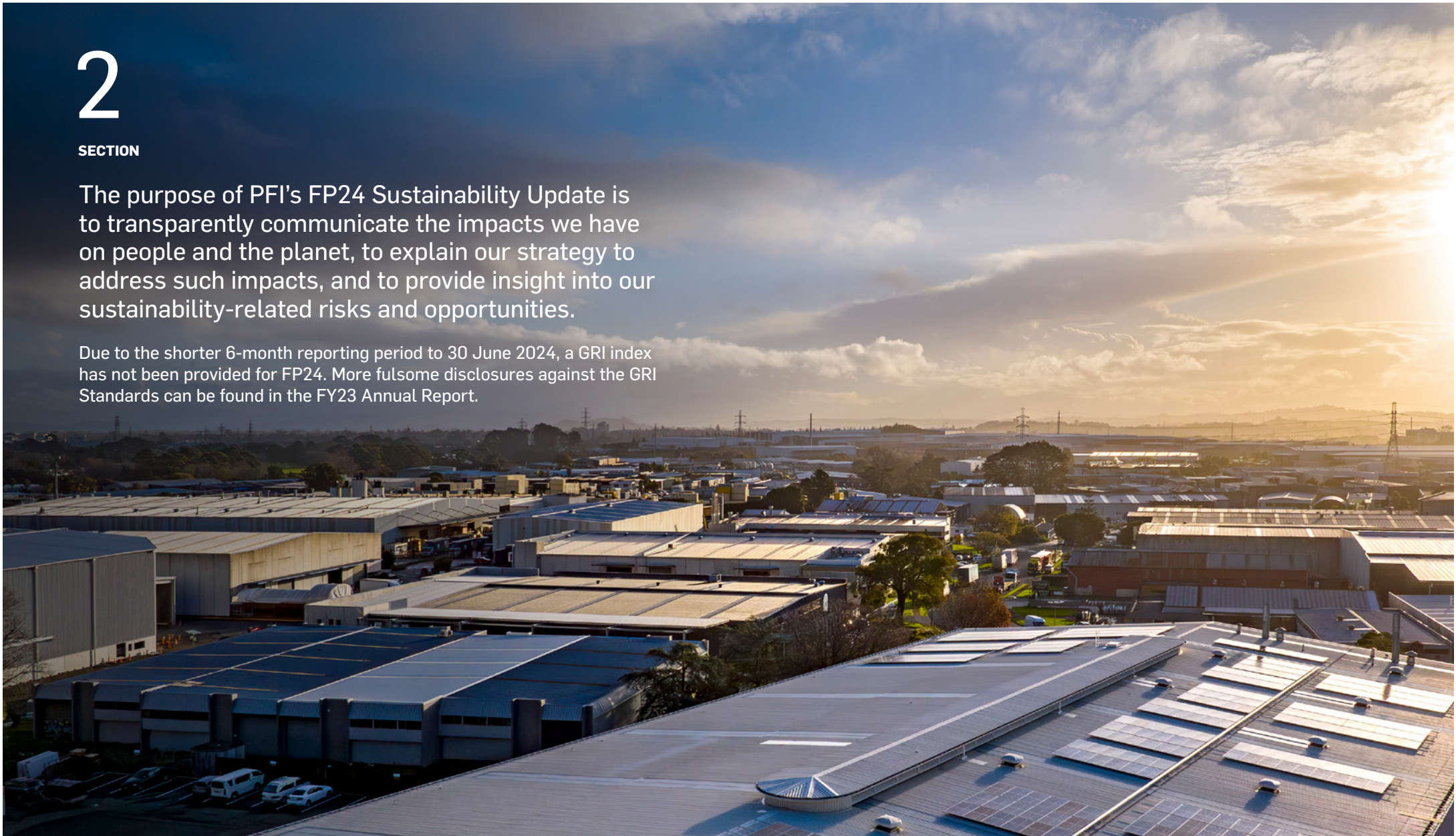
\_ Optimised industrial racking system installation.

# 2

## SECTION

The purpose of PFI's FP24 Sustainability Update is to transparently communicate the impacts we have on people and the planet, to explain our strategy to address such impacts, and to provide insight into our sustainability-related risks and opportunities.

Due to the shorter 6-month reporting period to 30 June 2024, a GRI index has not been provided for FP24. More fulsome disclosures against the GRI Standards can be found in the FY23 Annual Report.



FP24 SUSTAINABILITY UPDATE CONTINUED

**OUR SUSTAINABILITY STRATEGY**

PFI plays an important role in the hard-working industrial sector by providing workplaces for industrial tenants. PFI owns long-term assets, so making sustainable, enduring decisions is critical for delivering positive outcomes for our tenants and investors. PFI is focused on embedding sustainability in our core business activities, to position PFI for the future.

PFI has continued to make progress in delivering toward the first stage of its Sustainability Strategy to 2030, and we are excited to share that progress in this report.

Of particular significance, PFI:

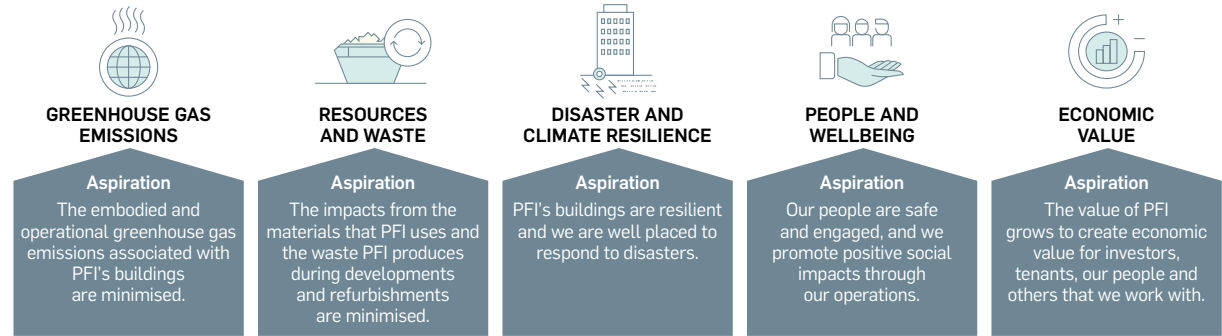
- was awarded a 5 Star Green Star Design & As Built NZv1.0 Design rating<sup>1</sup> for our first building at Stage 1 at Bowden Road, leased to Tokyo Food.
- progressed construction on two further buildings at Stage 2 at Bowden Road and Stage 1 at Springs Road. When combined with Stage 1 at Bowden Road, this will result in 10.3% of our portfolio by market value achieving Green Star ratings on completion.<sup>2</sup>
- achieved our target of installing solar panels at five buildings by the end of 2025 ahead of time, helping our tenants to move to renewable energy.
- achieved our target of installing power metering and monitoring at 50% of our properties by the end of 2025, with 63% of properties in our portfolio now with metering installed. This will help us and our tenants to better understand and manage the energy use of the buildings at those sites.

**Our Sustainability Strategy: 2030**

CORE PRINCIPLES

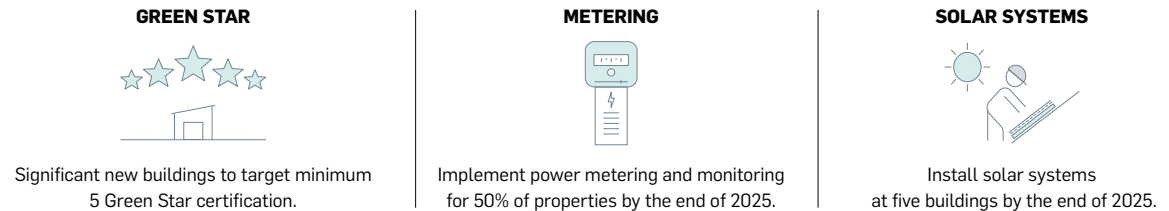
- Create a future-proofed and resilient portfolio through sustainable refurbishments, developments, acquisitions and divestments.
- Maximise the useful lifespan of buildings to minimise waste by transforming our core portfolio.
- Become a trusted partner for tenants when it comes to sustainability and reducing greenhouse gas emissions.
- Collaborate with supply chain partners to minimise waste, use lower-impact materials and promote positive social impacts.
- Maintain strong employee engagement and health and safety performance.
- Maintain high standards of financial and governance performance.

MATERIAL FOCUS AREAS TO 2030



In 2022 we committed to a range of projects and targets through to 2025 to operationalise this strategy. Key targets include:

IMMEDIATE TARGETS



PFI also aims to minimise and offset residual Scope 1 + 2 greenhouse gas emissions.

DYNAMIC IMPLEMENTATION



1. A design rating was granted on 1 July 2024. An 'As Built' certification for Stage 1 at Bowden Road has not yet been issued. Green Star ratings are administered by the New Zealand Green Building Council (NZGBC), a network of property and building businesses aiming to normalise market-based green practices. PFI is a member of the NZGBC.  
2. Based on 30 June 2024 'as if complete' valuations. The 'as-if-complete' market value of these properties (and the current market value of PFI's portfolio of properties) are based on current predictions as at 30 June 2024 and could change at the time these developments are completed. Therefore, this figure is subject to change.

FP24 SUSTAINABILITY UPDATE CONTINUED

## GREENHOUSE GAS EMISSIONS

PFI's measured greenhouse gas emissions are set out in the [Metrics and Targets Section](#).

Scope 3 emissions comprise 99.3% of PFI's FP24 measured greenhouse gas emissions footprint. PFI considers its most material emissions impacts to be:

- emissions relating to our development and refurbishment activities, known as embodied carbon emissions. These are our Scope 3, Category 2 emissions from capital goods.
- emissions relating to the electricity use in our tenanted buildings, known as operational emissions. These are our Scope 3, Category 13 emissions from downstream leased assets (partially measured for FP24 due to data limitations).

PFI's strategy and transition plan (see pages 6 and 17) primarily focus on minimising both the embodied and operational carbon emissions of our buildings. We have therefore committed to:

- building and refurbishing in a way that reduces both embodied and operational greenhouse gas emissions where practicable; and
- measuring and over time improving the operational performance of our buildings.

Embodied carbon is likely to be a particular challenge for PFI in the coming decades. These emissions largely arise from the use of materials such as concrete and steel when constructing our buildings. There are lower-carbon products becoming available, which PFI is utilising where practicable and given cost considerations. However, zero or near zero carbon concrete and steel are not available, and it is unknown if or when these will become available in the future. PFI is continuing to monitor progress in this space and highlights the re-use of existing buildings as an opportunity to reduce these impacts.

Emissions associated with property maintenance are also significant (falling under Scope 3, Category 1). Bringing PFI's facilities management in-house during 2023 was an important step in positioning the business to address these emissions in future. However, our primary focus remains on developments, refurbishments and energy use of our buildings.

### New Buildings and Brownfields Developments

When developing significant new buildings, our target of a minimum 5 Green Star certification aims to ensure the building performs to a range of sustainability standards including materials, water, energy, and indoor environment quality. In particular, the Green Star tool seeks to:

- minimise the impact of building materials and practices on the environment, including greenhouse gas emissions; and
- ensure the building is designed efficiently to minimise greenhouse gas emissions arising from the operation of the building (for example, electricity usage).

In July 2024, PFI was awarded its first 5 Star Green Star Design & As Built NZv1.0 Design rating for the new building at Stage 1 at Bowden Road. PFI is also targeting 5 Green Star certification for the ongoing developments at Stage 2 at Bowden Road and Stage 1 at Springs Road.

### Sustainable Refurbishments

In some cases, we are able to extend the useful life of an aged building by undertaking a refurbishment. This avoids the generation of embodied carbon and waste by reusing materials (such as walls and foundations) that were already in place in an original building, while presenting an opportunity to upgrade or add sustainable features (such as LED lighting). PFI has created an internal Sustainable Refurbishment Framework, providing a way for us to minimise our environmental impacts when we undertake refurbishment projects through a preference for lower-carbon materials and resource efficient design features.

As each refurbishment is unique, this framework ensures we have a range of sustainable design options to consider for each refurbishment. A sustainable refurbishment might include improving energy efficiency and water consumption, reducing waste, using lower impact building materials, and moving to renewable energy sources.

FP24 SUSTAINABILITY UPDATE CONTINUED

## Measuring and Improving Operational Performance

Greenhouse gas emissions arise from the operations of a building, for example through electricity use.

In 2022 we commenced a project to implement power metering and monitoring for 50% of properties by the end of 2025, and as at 30 June 2024 we have successfully achieved this target with power metering installed at around 63% of properties in the portfolio. PFI is continuing to implement power metering at properties to measure electricity use in our buildings.<sup>3</sup> We have revised our metering target to: implement power metering and monitoring for 90% of properties by the end of FY25.

With the data collected so far, we have been able to disclose the greenhouse gas emissions associated with the use of electricity in 48% of our tenanted buildings for the first time in FP24 (see pages 32-34). Based on the limited information collected to date, we expect that this will be a material part of our Scope 3 greenhouse gas emissions.

In time, as we build up data, we expect that we may be able to identify opportunities to improve the efficiency of lower performing buildings. We anticipate this should create value for our tenants and help to retain the value of our buildings in the long term. The power use of buildings forms part of a tenant's Scope 2 emissions, so we are in a position to help them with their own emissions reduction plans. Buildings with better operational performance also typically consume less and cost the tenant less in power and water.

Finally, the collection of data is the first step toward being able to explore options for operational performance certification for our existing properties. This represents an opportunity for some buildings in PFI's core portfolio. Due to the wide range of occupancies of industrial buildings, this will be a complex journey. We will share progress in this area as it develops.



\_ Measuring and improving the efficiency of our buildings, Bowden Road.

3. Measuring operational performance will remain challenging as it is often difficult to differentiate between emissions from the operation of an industrial building and emissions associated with tenant operations within that building.



FP24 SUSTAINABILITY UPDATE CONTINUED

### Solar

New Zealand has a higher supply of renewable electricity than many other countries. However, electrification of activities that we currently rely on fossil fuels for (such as driving) is key for decarbonising many aspects of our economy, meaning increased demand for electricity is anticipated in the near future. Installing solar panel arrays at our properties makes renewable electricity available for our tenants to use, reducing their demands on New Zealand's electricity grid, and their energy bills. Tenants may also be able to feed any electricity they don't use from the solar panels back to the national grid, increasing the supply of renewable electricity for others to use. Solar installations can help PFI to strengthen our relationships with our tenants, and in some cases, presents an opportunity to extend lease terms through lease negotiations with tenants interested in solar.

We have now met our target to install solar systems at five buildings by the end of 2025. PFI will revisit its solar strategy and targets during FY25.

\_ Solar installation,  
314 Neilson Street.



### Scope 1 and 2 emissions

PFI's Scope 1 and 2 emissions<sup>4</sup> are very small when compared to the scale of Scope 3 emissions from developments and tenanted building electricity use. While our Sustainability Strategy focuses on managing these more material impacts, we acknowledge that we need to be mindful of our direct footprint, and we have taken steps to reduce it.

In recent years, PFI has upgraded a significant number of HVAC systems across our portfolio within PFI's operational control that contained R22 refrigerant gas, and either replaced or re-gassed these systems with a non-ozone depleting refrigerant gas.

We intend to continue to work on initiatives to further reduce our gross Scope 1 and 2 emissions going forward, particularly as new technologies become available that enable us to make further advances.

4. PFI's measured Scope 1 emissions include fugitive emissions from refrigerant gas and diesel consumed at PFI's properties. PFI's measured Scope 2 emissions include purchased electricity consumed at PFI's head office, vacant spaces and common areas in PFI's portfolio of properties.

FP24 SUSTAINABILITY UPDATE CONTINUED

## RESOURCES AND WASTE

When PFI undertakes property developments and refurbishments, building materials such as steel and concrete are procured by PFI's contractors. Extracting, producing, and shipping these materials have upstream impacts such as greenhouse gas emissions and potential impacts on local communities or biodiversity if not produced responsibly.

Waste is also generated by PFI's contractors, for example from demolition and packaging of materials that are delivered to the site. We aspire to minimise the impacts from the materials that PFI uses and the waste that PFI produces during developments and refurbishments.

We are also collaborating with suppliers to improve waste measurement and reduction, and use of lower-impact materials. Our commitment to 5 Green Star encourages us to use lower impact materials and reduce the waste impacts from our developments. PFI is also working with suppliers to move toward more consistent waste measurement and reduction when undertaking refurbishments. When PFI refurbishes buildings instead of building new ones, we can reduce the impacts caused by building materials by reusing what is already in place (where possible) and aim to use lower impact materials.

Our transition to an in-house facilities management model during 2023 positions us to make smarter decisions about capital expenditure on our buildings, and reduce the unnecessary use of materials.

## DISASTER AND CLIMATE RESILIENCE

PFI aims to ensure its buildings are resilient and we are well placed to respond to disasters, including climate-related events.

PFI faces a range of risks arising from climate change including regulatory change, increasing demand for sustainable and climate-resilient buildings, changing investor and funder preferences, and the effects of extreme weather (including on insurance availability and pricing). Preparing the business and portfolio for the physical and transition impacts of climate change has been an ongoing focus for PFI, and PFI's Sustainability Strategy is designed with this in mind. PFI's approach to improving the climate resilience of PFI's assets is set out in PFI's transition plan on page 17.

## ECONOMIC VALUE

PFI is proud to help our tenants to generate economic value through the provision of fit-for-purpose properties from which they can operate their businesses, while generating direct economic value for our investors and other capital providers. We see our Sustainability Strategy (along with our proven business model, prudent capital management, strategy, and team) as critical to continuing to deliver strong economic performance as the context in which we operate continues to evolve with regulatory change, changing market demands and increasing expectations from our business partners and investors.

## PEOPLE AND WELLBEING

PFI strives to ensure our people are safe and engaged, and we aim to promote positive social impacts through our operations. PFI also interacts with a wide range of stakeholders, for whom we want to contribute to a safe and positive working environment.

The health and safety incidents in the following table reflect incidents that were reported to us across our operations. The decrease in incidents and near misses in FP24 is in part attributable to the shorter reporting period.

HEALTH AND SAFETY INCIDENTS AND NEAR MISSES*	12-MONTHS ENDED 31 DECEMBER 2023	6-MONTHS ENDED 30 JUNE 2024
Injuries	13	6
Incidents that did not result in injury / near misses	20	16
Total recorded incidents and near misses	33	22

\*This table covers all health and safety incidents and near misses that have been reported to PFI by our contractors, tenants and PFI's staff.

CLIMATE-RELATED  
DISCLOSURES

# 3

## SECTION

This section contains PFI's Climate-Related Disclosures for the six-month period to 30 June 2024 (FP24).

To the extent that this report reflects a shorter 6-month period, Greenhouse Gas emissions and other metrics in these Climate-Related Disclosures are not entirely comparable to PFI's disclosures for FY23 which are across a 12-month period.

PFI's Climate-Related Disclosures are for Property for Industry Limited (the Company) and its subsidiaries P.F.I. Property No. 1 Limited (PFI No. 1) and P.F.I. Cover Limited (PFI Cover) (collectively, the Group, PFI or we).



CLIMATE-RELATED DISCLOSURES CONTINUED

**STATEMENT OF COMPLIANCE**

PFI is a climate-reporting entity under the Financial Markets Conduct Act 2013. These Climate-Related Disclosures comply with the Aotearoa New Zealand Climate Standards (NZ CS 1, 2 and 3) issued by the External Reporting Board (XRB).

In preparing this report, PFI has elected to use the following adoption provisions in NZ CS 2:

- Adoption provision 5, which exempts PFI from disclosing comparative information for scope 3 greenhouse gas (GHG) emissions. PFI has disclosed comparative information for all relevant Scope 3 GHG emissions sources except Category 13 which was not reported in FY23.
- Adoption provision 6, which exempts PFI from disclosing two years of comparative information for metrics. PFI has disclosed comparative information for all disclosed metrics in the immediately preceding reporting period, noting that the metrics for FP24 cover a 6-month rather than the prior 12-month period due to PFI's change in balance date.
- Adoption provision 7, which exempts PFI from disclosing an analysis of trends evident from this comparison.

The Climate-Related Disclosures contained in this report are signed on behalf of Property for Industry Limited and were authorised for issue on 12 September 2024.



**DEAN BRACEWELL**  
Board Chair



**CAROLYN STEELE**  
Audit and Risk Committee Chair

**DISCLAIMER**

Climate change is an evolving challenge, with high levels of uncertainty. This report sets out PFI's approach to scenario analysis, our understanding of, and response to, PFI's climate-related risks and opportunities, PFI's transition plan, and our current and anticipated impacts of climate change, including financial impacts. This reflects our current understanding as at 12 September 2024. We acknowledge that this will evolve over time, and this report contains estimates and assumptions about future external physical and transitional changes driven by climate change and their anticipated impacts on our business. These representations are subject to significant uncertainties and assumptions. This report contains forward looking statements, including climate-related scenarios, targets, assumptions, climate projections, forecasts, statements of PFI's future intentions, transition planning, estimates and judgements. These statements involve assumptions, forecasts and projections about PFI's present and future strategies and the environment in which PFI

will operate in the future, which are inherently uncertain and subject to limitations, particularly as to inputs, available data and information which is likely to change. The risks and opportunities described here, 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 PFI's actual results, impacts, performance or achievement of climate-related metrics (including targets) to differ materially from that described, including economic and technological viability, as well as climatic, government, consumer, and market factors outside of PFI's control. For the first time, PFI has reported its climate-related current and anticipated financial impacts. The disclosed qualitative financial impacts and quantitative data are inherently subject to limitations and uncertainties. These have been described at pages 26-29. PFI has sought to use its best efforts to provide a reasonable basis for forward-looking statements and is committed to progressing our response to climate-related risks and opportunities over time but

is constrained by the novel and developing nature of this subject matter. We remain committed to progressing our response to climate-related risks and opportunities over time, and to report our progress each year, but we caution reliance on aspects of this report that are necessarily less reliable than other aspects of our annual reporting.

The disclosures and metrics in this report have not been assured. PFI's greenhouse gas emissions will be subject to assurance from FY25.

Nothing in this report should be interpreted as capital growth, earnings or any other legal, financial, tax or other advice or guidance. To the fullest extent possible, PFI disclaims liability for any loss suffered as a result of reliance on this report.

CLIMATE-RELATED DISCLOSURES CONTINUED

## Governance

This section describes the role of PFI's Board in overseeing climate-related risks and opportunities and the role of management in assessing and managing climate-related risks and opportunities.

### Board of Directors

Oversees PFI's strategy and performance, including PFI's Sustainability Strategy.  
Establishes a framework for recognising and managing all business risks, including climate-related risks.  
Oversees, reviews and approves PFI's Climate-Related Disclosures.



### Board Audit & Risk Committee

Assists the Board with risk management, including climate-related risks.  
Annually reviews PFI's company-wide risk register and climate-related risks and opportunities.  
Reviews and provides recommendations to the Board on PFI's Climate-Related Disclosures.



### Senior Leadership Team

*Comprising of PFI's Chief Executive Officer, Chief Finance and Operating Officer, Head of Sustainability and Operations, and Portfolio Manager*  
Leads PFI's Sustainability Strategy and the day-to-day management of PFI's climate-related risks and opportunities.  
Meets frequently and monitors progress against PFI's strategy and targets.  
Reports PFI's progress and response to climate-related risks and opportunities to the Board quarterly.



### Head of Sustainability and Operations

Leads the assessment of PFI's climate-related risks and opportunities.  
Aims to ensure PFI's strategy is designed to respond to climate-related risks and opportunities.  
Reports progress on climate-related matters to the Senior Leadership Team.  
Leads the preparation of PFI's Climate-Related Disclosures.



### Management Sustainability Meetings

*Attended by members of the Property and Facilities Management Teams, who manage the day-to-day operations and play a critical role in implementing PFI's Sustainability Strategy and targets.*  
Attendees meet regularly to discuss property and facilities management matters, including sustainability-related topics such as execution of PFI's Sustainability Strategy and performance against targets.  
Reports progress to the Senior Leadership Team (via the Head of Sustainability and Operations).

CLIMATE-RELATED DISCLOSURES CONTINUED

**Governance Body Oversight**

PFI's Board of Directors is responsible for oversight of climate-related risks and opportunities affecting PFI. The Board oversees PFI's overall performance, as well as its Sustainability Strategy and management of climate-related matters. The Board is also responsible for recognising and managing all business risks and ensuring effective risk management systems are in place to protect PFI's assets, including for climate-related risks, supported by the Audit and Risk Committee.

PFI's identified climate-related risks and opportunities are reviewed and presented to PFI's Directors annually. The Audit and Risk Committee and the Board review PFI's Risk Register annually, which provides a view of the Company's overall business risks and climate-related risks. Risk is also a standing agenda item at quarterly Board and Audit and Risk Committee meetings. Climate-related risks are embedded in several of PFI's risks, including our strategic, financial, operational, ESG, property and reputational risks.

PFI's Audit and Risk Committee is responsible for ensuring appropriate metrics and targets for managing PFI's climate-related risks and opportunities are set and monitored in consultation with the Board and management. In 2022, the Senior Leadership Team refreshed PFI's Sustainability Strategy, which included PFI's key targets and initiatives for managing climate-related risks and opportunities. These key targets were endorsed by the Board in 2022, and the Board monitored progress against the agreed targets at quarterly Board meetings during FP24.

As PFI makes progress against these targets, PFI's Board also oversees the refresh of PFI's sustainability targets as appropriate.

The Board also oversees the achievement of sustainability-related targets incorporated in the Senior Leadership Team's short-term incentives, including progress towards the delivery of 5 Green Star certification for new developments, solar installations, and power metering installations. Management also developed metrics to measure and manage climate-related risks and opportunities, which were then endorsed by the Board at the December 2023 Board meeting. It is intended that from 2024 the Board will monitor progress against these metrics and targets at least annually at Board meetings. Further details are set out in the [Metrics and Targets section](#).

PFI's Board considers climate-related risks and opportunities when reviewing and overseeing implementation of PFI's overall strategy, plans and budgets. Management of climate-related risks and opportunities associated with our existing portfolio is a key strategic consideration for PFI. Key strategic initiatives for PFI include targeting a minimum 5 Green Star certification for all significant new buildings, and aiming to improve energy efficiency, sustainability and climate resilience of PFI's existing buildings via sustainable refurbishments and property upgrades. Climate-related risks and sustainability matters are one of a number of factors the Board considers as part of PFI's due diligence for new acquisitions and in decisions to divest properties. In July 2024, the Board reviewed and endorsed PFI's transition plan, which sets out PFI's plans to embed emissions reduction and climate resilience in capital deployment and funding decision making. Further information on PFI's transition plan can be found on pages 16-17.

**PFI's Board of Directors**



**DEAN BRACEWELL**  
Independent Director,  
Board Chair



**ANGELA BULL**  
Independent Director



**ANTHONY BEVERLEY**  
Independent Director



**CAROLYN STEELE**  
Independent Director



**DAVID THOMSON**  
Independent Director



**JEREMY SIMPSON**  
Independent Director

CLIMATE-RELATED DISCLOSURES CONTINUED

PFI's Board aims to ensure that the Board maintains the right mix of skills and competencies to effectively deal with current and emerging issues of the business, including climate-related risks and opportunities as appropriate. PFI's Directors review the Board's skills and competencies annually, which includes a self-assessment of their skills and experience across a range of topics, including climate-related skills (comprising of sustainability, ESG and climate change). Four Directors have assessed themselves as having either 'strong' or 'some' climate-related skills and experience, with two Directors assessing themselves as having 'limited' climate-related skills or experience. In December 2023, all current Directors on the PFI Board attended training on climate-related disclosures to develop and maintain their skills and knowledge in this area.

A summary of recent key Board engagements relating to climate-related risks and opportunities can be found in [Appendix 1](#).

### Management's Role

PFI's Chief Executive Officer and Chief Finance and Operating Officer are responsible for managing risks and executing PFI's overall strategy, including climate-related risks and opportunities. With contribution from the Senior Leadership Team (including the Chief Executive Officer and Chief Finance and Operating Officer), PFI's Head of Sustainability and Operations leads the identification, assessment, and management of PFI's climate-related risks and opportunities and aims to ensure that the Company's strategy is designed to respond to these risks and opportunities. Under PFI's Risk Management Framework, which is approved by the Board, the Senior

Leadership Team are responsible for promoting good risk practices by their teams. Further details of how PFI identifies, assesses, and manages climate-related risks are set out in the [Risk Management Section](#).

During FP24, PFI held regular management sustainability meetings. The agenda of these meetings covers a broad range of topics, including PFI's sustainability targets and initiatives. Attendees monitor and track progress on key targets and management of climate-related risks and opportunities through this forum.

Sustainability and climate risk is also a frequent topic at fortnightly Senior Leadership Team meetings, where management discuss emerging climate-related market trends, progress against PFI's key targets, strategy, climate risk and transition planning. Management decisions on PFI's responses to climate-related risks and opportunities can be made through this forum. The Senior Leadership Team engage with PFI's Board and Audit and Risk Committee on climate-related risks and opportunities, progress against targets, and risk responses via reporting at quarterly Board and Audit and Risk Committee meetings. Frequency of Management's engagement with the Board and Audit and Risk Committee during FP24 is described in [Appendix 1](#). Further information on PFI's responses to climate-related risks and opportunities can be found in the [Strategy section](#).



\_ Focusing on projects with value creating opportunities.

CLIMATE-RELATED DISCLOSURES CONTINUED

## Strategy

This section describes the scenario analysis PFI has undertaken, the climate-related risks and opportunities we have identified in our work to date, our current and anticipated impacts of climate change, and how we plan to position our business towards a low-emissions, climate-resilient future.

### PFI'S STRATEGY

PFI's strategy is to invest in well-diversified, strategically located, quality industrial properties across New Zealand. As a professional landlord, our business model broadly covers leasing existing properties to industrial tenants, portfolio management through acquisitions and divestments, and refurbishment and development activities. Following the insourcing of facilities management in mid-2023, we now coordinate repairs, maintenance and capital projects for our buildings through our internal facilities management team. In recent years, PFI has focused on prioritising value creating opportunities through projects and bolt-on acquisitions that have the potential to increase shareholder returns beyond current levels. As part of PFI's portfolio management, we also divest properties to recycle capital and fund our ongoing brownfield opportunities or new developments.

PFI's Sustainability Strategy is described in the FP24 Sustainability Update on page 6. PFI has been assessing its climate-related risks and opportunities since 2020, and the current Sustainability Strategy was developed with consideration to the outcomes of these previous assessments. PFI's transition plan aligns with our overall business strategy and Sustainability Strategy. Further information on PFI's transition plan can be found below.

### TRANSITION PLAN

PFI recognises that the impacts of climate change require us to be responsive and make strategic decisions to address climate-related risks and realise opportunities. PFI's scenario analysis, and identification of climate-related risks and opportunities (as set out in this section) demonstrate that there is scope for PFI to evolve its activities to effectively manage the risks and realise the

opportunities arising as the global and domestic economy transitions towards a low-emissions, climate resilient future state. Building from the core principles in our Sustainability Strategy (see page 6), we have developed a transition plan focused on improving the sustainability, energy efficiency and climate resilience of our buildings.

PFI's transition plan outlines initiatives that are critical to our overall strategy and to help position PFI in the transition to a lower carbon, more climate resilient future. These initiatives (described on page 17) require PFI to make strategic decisions regarding its existing portfolio and new acquisitions, including whether to:

- retain and upgrade buildings (via sustainable refurbishment);
- demolish and re-develop existing buildings (seeking Green Star certification); or
- divest properties and recycle capital.

PFI's climate-related risks and actions being taken to respond to those risks are described further on pages 22-24.

### Alignment with capital deployment and funding processes

Understanding and regularly reviewing the long-term strategy for each property is critical to enabling PFI to understand whether and when to deploy capital to upgrade existing buildings to be more sustainable and climate resilient or achieve a green building certification (e.g. Green Star Design & As Built rating or operational performance rating). Property strategies will adapt over time based on market conditions, changes in tenant, owner and funder preferences, and tenant demand.

PFI's transition plan provides a high-level overview of how we incorporate emissions reductions and climate resilience into decision-making (including capital-deployment and funding decisions), noting that climate change is one of a number of factors in strategic decision-making for the portfolio.





CLIMATE-RELATED DISCLOSURES CONTINUED



**HIGH LEVEL TRANSITION PLAN**

The transition planning aspects of our strategy aim to embed emissions reduction initiatives and climate resilience in key strategic decisions to retain and upgrade, demolish and redevelop, and acquire or divest properties.

FOCUS AREA	OUR INITIATIVES	SHORT-TERM ACTIONS (PRESENT TO 2030)	CAPITAL MANAGEMENT DECISIONS
 <p><b>EXISTING PORTFOLIO:</b> Upgrade PFI's existing buildings, including new acquisitions, to incorporate sustainability, climate resilience and energy efficiency.</p>	<p><b>1. Sustainable Refurbishments</b> Aim to address climate-related transition risk and reduce our embodied and operational carbon emissions (Scope 3) by applying PFI's Sustainable Refurbishment Framework to applicable refurbishment projects. When upgrading existing buildings, we can incorporate lower carbon materials, reduce waste, improve energy efficiency and lower operational costs for our tenants.</p> <p><b>2. Embed Climate Resilience</b> Implement PFI's Climate Resilience Framework to improve the resilience of PFI's buildings and portfolio to climate-related physical risks (such as severe storms, wind, flooding, and heat). The Climate Resilience Framework identifies resilience measures that can be incorporated as part of upgrading existing properties during refurbishments (such as improving weathertightness), or as part of day-to-day building maintenance and management (for example, via increasing frequency of gutter cleans and roof maintenance).</p> <p><b>3. Operational Performance Ratings</b> Measure emissions from electricity consumed at tenanted buildings and work toward obtaining operational performance ratings for some properties in PFI's portfolio. This may help us to improve energy efficiency of the existing properties via sustainable refurbishments.</p>	<ul style="list-style-type: none"> <li>→ ■ Apply Sustainable Refurbishment Framework to applicable projects.</li> <li>■ Improve energy efficiency, for example by installing solar and LED lighting.</li> <li>→ ■ Implement Climate Resilience Framework.</li> <li>→ ■ Install power metering at PFI's properties.</li> <li>■ Trial selected properties for Green Star Performance certification.</li> </ul>	<p>Funding to include sustainable or climate resilience features into our existing buildings can be incorporated into our:</p> <ul style="list-style-type: none"> <li>■ Annual maintenance capex planning (for example, LED lighting upgrades to improve energy efficiency or HVAC replacements when equipment reaches end of useful life).</li> <li>■ Approval processes for lease-related capex (for example, to incorporate tenant specific sustainability / resilience features as part of securing new or renewing leases).</li> </ul> <p>We also consider exposure to physical climate risks as part of acquisition and divestment decisions.</p>
 <p><b>DEVELOPMENTS:</b> Incorporate sustainability and climate resilience into significant new developments and brownfield redevelopments, which are targeting a green building certification.</p>	<p><b>4. Green Star Certification</b> Significant new developments and redevelopments to target 5 Green Star certification. This aims to reduce embodied carbon emissions from development activities and address climate-related risks by improving climate resilience and energy efficiency of our buildings and reducing operational costs for our tenants.</p>	<ul style="list-style-type: none"> <li>→ ■ Commitment to 5 Green Star certification for all significant new buildings. Work through opportunities to redevelop existing properties to target Green Star certification.</li> </ul>	<p>Opportunities for Green Star certification are considered as part of development and acquisition funding applications.</p>

CLIMATE-RELATED DISCLOSURES CONTINUED

## TIME HORIZONS

Climate change is a fundamental shift in our external environment that requires decisions to be made now with the implications spanning multiple years. PFI's scenario analysis, climate-related risks and opportunities, and targets consider short-term, medium-term and long-term time horizons that align with PFI's strategic planning. These time horizons are set out below:

HORIZON	PERIOD	DESCRIPTION
Short term	Present – 2030	Within PFI's weighted average lease term (WALT) (1-6 years)
Medium term	2031 – 2050	The period in which PFI anticipates spending major CAPEX at most properties (6-25 years)
Long term	2051 – 2100	The anticipated life of a building (25+ years)

## SCENARIO ANALYSIS

In FP24, PFI undertook a scenario analysis assessment to review PFI's previously identified climate-related risks and opportunities and assess our strategic resilience across three climate scenarios. Climate-related scenarios represent a plausible and challenging description of how the future may develop based on assumptions about potential climate-related impacts. Climate-related scenarios are not intended to be probabilistic or predictive, or to identify the 'most likely' outcomes of climate change. Climate scenarios are intended to help entities develop their internal capacity to better understand and prepare for the uncertain future impacts of climate change.

PFI's scenario analysis process involved using the climate scenarios constructed by the New Zealand Green Building Council (NZGBC) and Beca Limited (Beca) for the property and construction sector in 2023.<sup>5</sup> Along with other key stakeholders within the industry, we are pleased to have

been involved in overseeing the development of these sector scenarios as part of the Technical Working Group created by NZGBC in 2022. The scope of operations covered in the scenario analysis process included the full supply chain, including tenants, suppliers and funders. Our scenario analysis considered a 1.5°C 'Orderly' scenario, a less than 2°C 'Disorderly' scenario, and a greater than 3°C 'Hot House World' scenario.<sup>6</sup> A description of each scenario is outlined on pages 19-21, with a detailed description, methods, assumptions, and sources of data used to construct each scenario available on NZGBC's website: [www.nzgbc.org.nz/research-and-reports](http://www.nzgbc.org.nz/research-and-reports).

We consider the sector scenarios to be relevant to PFI, as many entities within the property and construction industry will face the same challenges resulting from climate change. These scenarios have helped us to consider the resilience of our business and strategy to climate-related

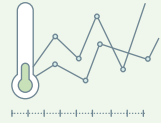
risks and opportunities faced by PFI and our sector generally. PFI's climate-related risks and opportunities were assessed against these scenarios with oversight from the Senior Leadership Team and reviewed by the Board. PFI's scenario analysis forms part of PFI's climate risk and opportunity assessment, which in turn is used to inform PFI's company strategy.

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

6. When reviewing the sector scenarios, PFI has assessed transition risk in a Hot House World scenario to be higher than anticipated by NZGBC and Beca. PFI has particularly focused on the impacts of extreme physical climate risks (extreme weather events, rainfall and flooding) driving increased demand for climate-resilient buildings among tenants, investors, funders and insurers.

CLIMATE-RELATED DISCLOSURES CONTINUED

SECTOR SCENARIOS



**Orderly  
scenario:**

1.5°C

Decarbonisation policies are enacted immediately and smoothly (globally, in New Zealand, and within the sector). The world successfully limits global warming to 1.5°C above pre-industrial temperatures. This scenario presents medium to high transition risk for PFI due to a greater focus on decarbonisation.

Global emissions decline steadily to achieve net zero CO<sub>2</sub> emissions globally by 2050. New Zealand climate policies are ambitious and in line with the rest of the world's, with the building and construction sector adopting and prioritising decarbonisation policies. The energy grid shifts rapidly away from fossil fuel use, with the New Zealand grid reaching 100% renewable by 2050. Alternative fuels are used as a backup, and renewables are utilised onsite instead of fossil fuels.

Direct carbon capture technology matures to a point where the world is on track to achieve net zero CO<sub>2</sub> emissions globally by 2050.

New Zealand's Emissions Trading Scheme (ETS) is amended to make carbon capture and storage (CCS) a recognised removal activity. Carbon capture and storage systems are implemented in the medium term to accelerate the rate of decarbonisation and mitigate hard-to-abate fossil fuel use. The implementation of this technology increases pressure on technical and skilled labour supply. As this technology matures there is a reduction in focus on hard-to-abate emissions associated with some construction materials (e.g. concrete, steel, aluminium). This unlocks capital for more cost-effective decarbonisation strategies.

The shadow price of carbon increases dramatically to align with a 1.5°C trajectory, steadily rising up to \$250/tCO<sub>2</sub>e by 2050 (an increase of ~614% from a 2023 baseline of \$35/tCO<sub>2</sub>e). As a result, the cost and lead-times for low carbon materials and products increase through the 2020s and 2030s, but they become more cost and time effective than traditional materials by 2040. The construction sector grows significantly as carbon-supporting infrastructure is replaced with greener, low carbon infrastructure.

Land use change due to increased forestry sequestration continues through to 2050 but the extent is limited and has marginal impacts on food production and biodiversity.

Regulatory changes for the property and construction sector include government procurement policies targeting recycled materials and circular economy principles. Stringent energy and carbon caps for new buildings are phased in rapidly. Existing buildings must disclose energy and carbon performance, take steps to remove all reliance on fossil fuels for operation, and scale up energy efficiency.

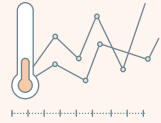
Pressures on centralised infrastructure increase with the demand for electrification, closing of fossil fuel power stations and direct climate impacts on storm and wastewater networks. Modular, circular designs will take precedence, with existing building re-use and adaptive re-use being in demand rather than new builds. Rapid densification puts pressure on horizontal infrastructure, necessitating significant upgrades.

Significant behavioural change results in an increased demand for energy efficient buildings, increased pressures on public transport, the rise of circular business models and a higher consumer awareness regarding low carbon buildings.

In response to continued high intensity rainfall events, properties in floodplains, or subject to unstable ground conditions, experience increasing insurance premiums above inflation and experience insurance retreat by 2050. The threat of late century sea level rise is being priced into property valuations in the short term and premiums on some coastal properties increase to the point of permanent unprofitability, leading to them being stranded.

CLIMATE-RELATED DISCLOSURES CONTINUED

SECTOR SCENARIOS



**Disorderly scenario:**

<2°C

Significant decarbonisation is delayed until 2030 (globally, in New Zealand, and within the sector). Global warming is limited to <2°C by 2100. The sector faces high transition risk after 2030 as entities rush to decarbonise.

As global emissions continue to rise during the 2020s, concerns about meeting Paris Agreement goals drive a sudden shift in global policy around 2030. Abrupt and stringent decarbonisation policies are enacted in the 2030s, succeeding in limiting global warming to below 2°C above pre-industrial levels by 2100.

New Zealand follows suit with the rest of the world, leading to abrupt policy and market changes for the property and construction sector post-2030. There is no initial increase in carbon price up to 2030, at which point price rapidly increases to reach \$250/tCO<sub>2e</sub> by 2050.

Whilst rapid policy, technology, and behaviour change does occur, it is disordered and inconsistent across sectors and sub-sectors.

Land use change due to increased forestry sequestration takes place out to 2050 and there are moderate impacts on food production and biodiversity as rapid decarbonisation efforts significantly expand the extent of managed forests.

During the 2020s there is a slow increase in demand for electricity, followed by a surge in demand in the 2030s as New Zealand rushes to electrify our transport networks. The electricity sector is unprepared for the sudden shift in demand at 2030, which causes a delay in adequate expansion of the grid during the 2030s and leads to supply constraints. These constraints result in more frequent blackouts and fluctuations in electricity prices.

During the 2020s, increased regulation within the sector attempts to address the need to decarbonise, but regulation is uneven across local entities and conflicting regulations lead to uncertainty.

At 2030 more stringent regulatory changes are introduced. During the 2020s there is less investment signalling for both new and retrofit low carbon buildings, which causes further uncertainty and lack of momentum until 2030. At 2030, significant regulatory changes demand an immediate step change in building energy and carbon requirements.

Limited investment during the 2020s means the spike in demand for low carbon materials, low energy technology and onsite generation in 2030 causes significant disruption for the sector. Competition for availability of products, materials, professional advice and competent installers impacts significantly on both new building and retrofit projects resulting in escalation in development costs.

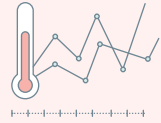
Pressures on centralised infrastructure are compounded after 2030 due to increasing densification and the increasing impacts of physical climate risks. Spatial planning to prioritise decarbonisation and densification versus climate resilience and managed retreat is inconsistent across the country. This inconsistency leads to increasing uncertainty for the construction and property sector regarding which assets are most likely to become stranded.

Initially the construction and property sector is slow to decarbonise, but 'fast movers' get the opportunity to utilise materials, capital, and knowledge while late movers are disadvantaged when demand peaks post-2030.

A lack of action in addressing medium term physical risks in the 2020s results in a greater extent of vulnerable assets in the medium term (2030-2050). The pace of insurance retreat is accelerating. Properties in floodplains experience increasing insurance premiums above inflation and experience insurance retreat by 2040. Premiums on some coastal commercial properties increase to the point of permanent unprofitability, leading to them being stranded by 2030.

CLIMATE-RELATED DISCLOSURES CONTINUED

SECTOR SCENARIOS



**Hot House  
World  
scenario:**

>3°C

No further decarbonisation policies are enacted (globally, in New Zealand, and within the sector), and emissions continue to rise. Global warming reaches >3°C above pre-industrial levels by 2100. The sector faces extreme physical climate risks, particularly towards the end of the century.

In a Hot House World scenario PFI expects transition risks will continue as a consequence of the extreme physical impacts of climate change, particularly as adaptation and climate resilience are prioritised.

New Zealand's climate change policy remains in keeping with the rest of the world. No further policies are introduced to curb emissions, with the building and construction sector following suit. Regulatory changes are slow and focus on adaptation and managing climate driven immigration / refugees. The price of carbon remains at \$35/ tCO<sub>2</sub>e to 2050. Mandates are introduced to conserve energy for critical functions, as asset and infrastructure damages due to climate change are realised.

New Zealand follows global trends in not introducing additional policies and both technology and behaviour change remain slow across all sectors.

Increasing frequency and severity of acute weather events, as well as longer term increases in baseline shifts (increasing temperatures and sea level rise), drive an increasing need for climate adaptation. For example, the need to retrofit buildings and infrastructure to be more heat and flood resilient. There is little investment in technology and innovation that does not serve these pressing adaptation needs.

This increases our reliance on current extractive technologies, which become more expensive as material resources become scarcer (e.g. rare earth minerals for EVs and mobile phones).

Use of carbon capture and storage is minimal. Current policies are entrenched seeing New Zealand's reliance on carbon sequestration through forestry increase significantly out to 2050 in an attempt to offset continued increases in emissions.

New Zealand's electricity grid is gradually decarbonised further in line with current policies. Emission grid factors remain at 0.06 kgCO<sub>2</sub>/kWh by 2050 which means businesses wishing to achieve net zero carbon emissions must invest in their own zero carbon generation.

Existing low carbon materials are readily available due to low demand but there is little innovation beyond technologies and materials currently available. Investment is prioritised towards adaptation and climate resilience. Some assets become stranded as building codes increasingly become more stringent regarding the need for buildings to withstand climate impacts (such as storm events, extreme rainfall, heatwaves, and floods).

Centralised infrastructure will show failures and stresses, with some assets becoming stranded due to the physical impacts of climate change. Consequently, local councils increase rates to invest in protection and restoration of certain assets.

There are no incentives for meaningful behavioural change. A significant breakdown of social cohesion occurs, with heat stress and mental health impacts from climate change at record levels. Food insecurity and growing populations drive retreat from cities. Spikes in demand for housing occur due to climate-driven immigration from other parts of the world and increasing numbers of climate refugees.

The pace of insurance retreat accelerates. Properties in floodplains experience increasing insurance premiums and likely experience insurance retreat by 2040. Properties lose value and become stranded assets. Premiums on coastal commercial properties may increase to the point of permanent unprofitability, leading to them being stranded by 2030.

CLIMATE-RELATED DISCLOSURES CONTINUED

## CLIMATE-RELATED RISKS

In FP24, we reviewed PFI's climate-related risks across the above three climate-related scenarios. Further information on PFI's approach and processes to identifying and assessing climate-related risks can be found in the [Risk Management Section](#).

This process has assisted us to identify what we consider to be PFI's material climate-related risks. A summary of these risks is illustrated below:

RISK DESCRIPTION	TIME HORIZON	RELEVANT CLIMATE SCENARIOS	RISK RESPONSE
<p><b>Climate-related Regulatory Change</b> <b>Transition Risk – Policy</b></p> <p>The introduction of climate-related policies, for example on low-carbon building materials and design, land use, mandatory energy performance ratings, and restrictions on water and energy use could lead to increased capital expenditure on upgrading properties to a lower carbon, climate-resilient standard. Flow on impacts could potentially include a reduction in feasibility of developments and projects.</p>	<p>Short Medium Long</p>	<p>Orderly Disorderly Hot House World</p>	<ul style="list-style-type: none"> <li>■ We closely monitor and work with industry bodies to respond to regulatory changes and comply with new regulations.</li> <li>■ We are working to prepare for potential regulatory change, such as mandatory energy performance ratings by installing power metering and monitoring to build data on building performance.</li> </ul>
<p><b>Tenant and Purchaser Demand for Sustainable Buildings</b> <b>Transition Risk – Market</b></p> <p>Increased tenant and purchaser demand for sustainable buildings could result in increased retrofit activities and high demand for low-carbon building materials across the industry. This could lead to increased costs to upgrade properties to a sustainable standard. In the long term, failure to upgrade properties could result in difficulty re-letting buildings or devaluation of properties.</p>	<p>Short Medium Long</p>	<p>Orderly Disorderly</p>	<ul style="list-style-type: none"> <li>■ We have a target of 5 Green Star certification for all significant new buildings.</li> <li>■ We apply an internal Sustainable Refurbishment Framework for eligible projects.</li> <li>■ We are working to drive stronger operational sustainability performance of existing buildings through inhouse facilities management.</li> </ul>
<p><b>Tenant and Purchaser Demand for Resilient Buildings</b> <b>Transition Risk – Market</b></p> <p>Severe weather events (for example, storms and floods) could result in increased demand for buildings that are resilient to the physical impacts of climate change. This could result in increased costs to upgrade properties to be climate resilient or negative financial impacts for buildings in high-risk locations.</p>	<p>Medium Long</p>	<p>Disorderly Hot House World</p>	<ul style="list-style-type: none"> <li>■ We have created an internal Climate Resilience Framework which, when implemented, will provide us a way to incorporate climate resilience into our existing buildings through wider sustainable refurbishments, and facilities management activities. We plan to embed climate-resilience measures into our annual maintenance capex plans and projects. See further detail on page 17.</li> <li>■ Climate adaptation plans are completed for major developments which assist with designing new buildings to be more resilient to the expected physical impacts of climate change.</li> </ul>

CLIMATE-RELATED DISCLOSURES CONTINUED

RISK DESCRIPTION	TIME HORIZON	RELEVANT CLIMATE SCENARIOS	RISK RESPONSE
<p><b>Changing Investor and Funder Preferences and Funding Requirements</b> <b>Transition Risk – Market</b></p> <p>Increased vulnerability to climate-related risks could result in declining market attractiveness. There is also an increased risk of inability to meet investor and funder expectations for decarbonisation, particularly where emissions reduction targets are not met or seen as insufficiently ambitious. Severe weather events could result in greater expectations among investors and funders for PFI to own buildings that are resilient to physical impacts.</p>	<p>Short Medium Long</p>	<p>Orderly Disorderly Hot House World</p>	<ul style="list-style-type: none"> <li>Execute PFI's Sustainability Strategy to manage this risk, including PFI's aspiration to minimise embodied and operational greenhouse gas emissions.</li> <li>We disclose progress against climate-related targets and initiatives annually.</li> <li>We regularly engage with our investors and funders to understand expectations.</li> <li>We are installing power metering and monitoring at PFI's buildings to build data on building performance.</li> <li>We have a target of 5 Green Star certification for all significant new buildings.</li> <li>We apply an internal Sustainable Refurbishment Framework for eligible projects.</li> <li>In 2023, PFI launched its Green Finance Framework and established its inaugural \$150 million Green Loan Tranches to support progressive action towards Green Star targets.</li> </ul>
<p><b>Extreme Weather Events</b> <b>Physical Risk – Acute</b></p> <p>Increased severity and frequency of weather events (for example, flooding, storms and cyclones) could result in damage or accelerated deterioration of assets, potential loss of access to PFI's properties, and impact the availability of insurance coverage for specific perils. This could lead to increased capital expenditure to upgrade properties to a climate-resilient standard, increased insurance costs, and increased costs to repair damage not covered by insurance.</p>	<p>Short Medium Long</p>	<p>Orderly Disorderly Hot House World</p>	<ul style="list-style-type: none"> <li>We review portfolio physical climate risks periodically and complete climate risk assessments as part of due diligence for new acquisitions.</li> <li>We plan to implement a Climate Resilience Framework to incorporate climate resilience into our existing buildings through wider sustainable refurbishments, and facilities management activities (see above).</li> <li>We have a target of 5 Green Star certification for all significant new buildings, which incorporates climate resilience measures.</li> <li>In FP24, P.F.I. Cover Limited was incorporated for the purpose of establishing a captive insurance programme for the Group. This forms part of a long-term insurance strategy to position PFI to obtain prudent levels of insurance.</li> <li>We aim to reduce physical impacts through proactive maintenance via inhouse facilities management.</li> <li>We aim to manage our borrowings in a manner that provides headroom to potentially cope with extreme weather events and the associated destruction in value and increase in capital expenditure.</li> </ul>

CLIMATE-RELATED DISCLOSURES CONTINUED

RISK DESCRIPTION	TIME HORIZON	RELEVANT CLIMATE SCENARIOS	RISK RESPONSE
<p><b>Rising Temperature Physical Risk – Chronic</b></p> <p>Temperature extremes could result in increased cooling demand and electricity consumption during hot, dry summers. This could also result in increased demand on HVAC equipment, leading to degradation, and demand from tenants to improve air conditioning and temperature control within PFI's buildings.</p>	<p>Medium Long</p>	<p>Disorderly Hot House World</p>	<ul style="list-style-type: none"> <li>■ We plan to implement a Climate Resilience Framework to incorporate climate resilience into our existing buildings through wider sustainable refurbishments, and facilities management activities (see above).</li> <li>■ We aim to reduce physical impacts through proactive maintenance via inhouse facilities management.</li> </ul>
<p><b>Sea Level Rise Risk Physical Risk – Chronic</b></p> <p>Sea level rise could lead to insurance retreat from coastal locations and at-risk properties may become permanently unprofitable or stranded.</p>	<p>Long</p>	<p>Hot House World</p>	<ul style="list-style-type: none"> <li>■ Sea level rise risk is a consideration in PFI's acquisition and divestment decisions.</li> <li>■ We have assessed PFI's current portfolio for risk of coastal flooding due to sea level rise.</li> </ul>



CLIMATE-RELATED DISCLOSURES CONTINUED

**CLIMATE-RELATED OPPORTUNITIES**

We have also identified climate-related opportunities, which may be used to manage PFI's climate-related risks. The following climate-related opportunities have been identified and are being progressed by PFI.

OPPORTUNITY	OPPORTUNITY TYPE	TIME HORIZON	RELEVANT CLIMATE SCENARIOS
<p><b>Sustainable refurbishments</b></p> <p>With increased demand for lower carbon, energy efficient buildings and a focus on decarbonisation among some investors, funders, tenants, and policy makers, we have a potential opportunity to reduce emissions, improve the operational performance of some buildings in our existing portfolio and improve building value and desirability through sustainable refurbishments. This may include:</p> <ul style="list-style-type: none"> <li>■ Reducing embodied carbon emissions via use of lower carbon materials and reuse of existing materials or structures.</li> <li>■ Reducing operational carbon emissions, helping our tenants meet their climate commitments and potentially reducing costs via implementation of energy and water initiatives (for example, LED lighting, metering, water capture and fittings).</li> <li>■ Helping our tenants move to renewable energy (via solar installations) or implementing sustainable initiatives as part of their lease negotiations.</li> </ul>	Transition	Short Medium Long	Orderly Disorderly
<p><b>Green Star Certification</b></p> <p>We have identified an opportunity to use Green Star certification as a differentiator for our new buildings, which may improve building value and desirability. Through Green Star certification, PFI has the opportunity to reduce embodied and operational emissions and address market and regulatory risks, which may drive demand for low carbon, energy efficient and climate resilient buildings.</p>	Transition Physical	Short Medium Long	Orderly Disorderly Hot House World
<p><b>Energy performance ratings</b></p> <p>We have identified a potential opportunity to gain accreditation for some buildings in PFI's existing portfolio via energy performance ratings. Power metering and monitoring is a first step that will allow us to measure operational carbon emissions from energy use in our buildings with an ambition to eventually reduce these emissions where practicable. PFI views this as a potential way to further improve building value and desirability.</p>	Transition	Short Medium	Orderly Disorderly
<p><b>Building climate resilience</b></p> <p>With increased severity and frequency of extreme weather events and temperature rise driving demand for resilient buildings, we have an opportunity to embed climate resilience into PFI's portfolio. Through the implementation of PFI's Climate Resilience Framework, PFI may be able to:</p> <ul style="list-style-type: none"> <li>■ Improve resilience of existing assets against the physical impacts of climate change by incorporating climate resilience features during sustainable refurbishments and developments (for example, improving weather-tightness), and as part of day-to-day building management (for example, through increasing frequency of gutter cleans).</li> <li>■ Improve PFI's due diligence and management of properties with heightened climate risk to create a more resilient portfolio.</li> <li>■ Reduce reactive capital expenditure on responding to climate-related weather events.</li> <li>■ Reduce the number of insurance claims and improve insurer appetite.</li> <li>■ Improve the safety of tenants and occupants.</li> </ul>	Physical	Short Medium Long	Orderly Disorderly Hot House World
<p><b>Green Finance</b></p> <p>PFI has identified an opportunity to secure green finance under PFI's Green Finance Framework to support progressive action towards our strategic objectives and Green Star targets.</p>	Transition	Short Medium	Orderly Disorderly

CLIMATE-RELATED DISCLOSURES CONTINUED

## CURRENT CLIMATE-RELATED IMPACTS AND FINANCIAL IMPACTS

PFI has begun to experience physical and transition impacts of climate change. A current climate-related impact is defined as having occurred during the FP24 reporting period. PFI has experienced the following current climate-related impacts and financial impacts during FP24.

### Current Physical Impacts

We continued to experience the impact of extreme weather events during FP24. In May 2024, a local storm event impacted a number of PFI-owned properties across Auckland, which experienced some flood-related damage due to intense rainfall and subsequent leaks. The financial impact to PFI from this event was negligible as the claim for damage to these properties due to this event was accepted by insurers.

### Current Transition Impacts

Following widespread damage and destruction due to the Auckland Floods and Cyclone Gabrielle in early 2023, PFI experienced restrictive flood terms imposed during the 2023/24 insurance programme renewal. The impact of climate-related weather events on insurer appetite has influenced a strategic decision to move to a more advanced insurance structure. During 2024, P.F.I. Cover Limited was incorporated in the Cook Islands for the purpose of establishing a captive insurance programme for the Group (an insurance captive). Establishing an insurance captive helped to improve access to overseas insurance markets, reduce insurance risk and assist PFI with obtaining prudent levels of insurance cover. The financial impact to PFI due to establishing an insurance captive was immaterial. Further information on insurance premium increases during the 2024 insurance renewal can be found in the [Metrics and Targets section](#).

During FP24, PFI created an internal Climate Resilience Framework which, when implemented, will identify opportunities to improve climate resilience of buildings within the portfolio. PFI intends to implement this framework as part of wider sustainable refurbishments, projects, and facilities management activities over time. Resilience to physical impacts of climate change is also considered in the design stage of new developments targeting 5 Green Star certification. The financial impacts of the resilience aspects of targeting Green Star certification are included in the capital expenditure towards our three new buildings provided in the [Metrics and Targets section](#).

PFI did not measure financial impacts associated with resilience-related upgrades during FP24 as the Climate Resilience Framework is yet to be implemented. In future, financial impacts for resilience-related property upgrades are likely to be captured in PFI's capital expenditure or in planned proactive maintenance costs.

Climate-related transition risks and opportunities, including increased demand for sustainable and climate-resilient buildings among tenants, purchasers, investors, and funders, has directly influenced the implementation of sustainability initiatives for our buildings. For example, PFI has:

- Progressed major developments at Stages 1 and 2 at Bowden Road and Stage 1 at Springs Road.<sup>7</sup> Targeting 5 Green Star certification for these three new buildings has enabled us to incorporate energy and water efficiency initiatives, embed climate resilience, and lower embodied carbon emissions of the new buildings. PFI deployed approximately \$43.6M in capital expenditure towards the delivery of these Green Star developments during the financial period.<sup>8</sup> Although we are unable to reliably estimate the incremental costs incurred for developing these buildings to a Green Star standard, additional costs associated with seeking 5 Green Star certification include costs to implement energy and water efficiency measures, use of low-impact building materials and products, and additional consultant fees to support the certification process.

7. In July 2024, Stage 1 at Bowden Road (leased to Tokyo Food) was awarded a 5 Green Star – Design & As Built NZV1.0 Design rating.

8. This figure does not separate the incremental spend that is 'climate-related' from general Green Star development costs, nor does it provide an estimate of additional costs incurred for undertaking Green Star developments, (therefore the gross spend also encompasses costs that are not climate-related).

CLIMATE-RELATED DISCLOSURES CONTINUED

- Continued to apply an internal Sustainable Refurbishment Framework to incorporate energy and water efficiency measures and use lower impact building materials at applicable refurbishment projects. In FP24, sustainable features incorporated into PFI's buildings include solar installations, LED lighting and metering installations. Capital expenditure deployed towards LED lighting upgrades during FP24 was around \$275k. The financial impact of installing solar and metering is described below.
- Completed solar installations at four buildings during FP24, resulting in a total of five buildings in PFI's portfolio with solar panels installed. This presents an opportunity to obtain a return on cost via additional capital works rent for solar installations. During FP24, PFI spent around \$414k in capital expenditure on solar installations at 314 Neilson Street and 12 Zelanian Drive on a return on cost basis.
- Continued to install utility metering and monitoring at PFI's properties to obtain data to measure the operational performance of our buildings. PFI considers that measuring the energy and water use in our buildings presents a potential market opportunity to obtain operational performance ratings in future. Although no legislation mandating energy performance ratings for commercial buildings has been formally introduced, measuring operational performance also prepares PFI for potential regulatory change in this space. During FP24, the financial impact to PFI was approximately \$217k in capital expenditure deployed towards metering installations.

**ANTICIPATED CLIMATE-RELATED IMPACTS AND FINANCIAL IMPACTS**

Based on our current understanding of PFI's climate-related risks and opportunities and scenario analysis, PFI anticipates the following physical and transitional impacts of climate change may materialise in future.

**Anticipated Physical Impacts**

PFI recognises the need to consider and prepare for the impacts of climate-related physical risks, acknowledging that some physical impacts of climate change are already being experienced. PFI considers physical climate-related risks as part of asset management and portfolio management decisions such as future capital expenditure and / or divestment decisions. Physical risk assessments also inform our due diligence processes for new acquisitions.

PFI has assessed the anticipated financial impact of various physical hazards to our properties via S&P Global Climonomics.<sup>9</sup> Financial impacts are calculated using the sum of climate-related expenses, decreased revenue and/ or business interruption, and are reflected on an annualised basis as a percentage of loss relative to total asset value (Modelled Average Annual Loss, or MAAL)<sup>10</sup>. The S&P Global Climonomics platform is limited in its ability to predict the anticipated financial impact of climate change on our assets, however the platform does provide a useful understanding of the potential financial impacts of physical hazards on our properties. Based on the climate data available in the modelling, S&P Global's experience in real estate, and the ability of the platform to model anticipated

financial impacts of physical climate risks for PFI's properties, PFI considers this platform to be an appropriate model to estimate the financial impact of physical risks to PFI's portfolio across a range of climate scenarios and time horizons.

The Climonomics platform considers four Shared Socioeconomic Pathways (SSPs) that broadly align with the 'Disorderly' and 'Hot House World' scenarios, including SSP1-2.6, SSP2-4.5, SSP3-7.0 and SSP5-8.5.<sup>11</sup> PFI's anticipated financial impacts of the physical hazards described below are modelled over a short-, medium- and long-term time horizon (i.e., present through to 2090s). This assessment indicates that the most significant potential risks to PFI's portfolio are flooding and extreme temperatures.

**Severe weather events**

PFI has identified a risk that increased severity and frequency of weather events (for example, flooding, storms and cyclones), could result in damage or accelerated deterioration of our assets, and exposure to increased reactive repairs and maintenance costs and business interruption for our tenants.

According to the Climonomics platform, the MAAL due to pluvial and fluvial flooding is anticipated to range between 0.16-0.86% in a 'Disorderly' and 'Hot House World' scenario. Further information can be found in the [Metrics and Targets section](#). This modelling captures costs associated with fixing damaged or deteriorated assets and business interruption costs. These are typically covered by insurance, however, following PFI's scenario analysis

9. Climate hazards assessed using the S&P Global Climonomics platform include flooding (pluvial and fluvial), extreme temperatures, tropical cyclones, wildfire, water stress and drought.

10. Relative to PFI's current insurance value of nearly \$2B.

11. S&P Global's Climonomics platform does not estimate risks under an 'Orderly' scenario.

CLIMATE-RELATED DISCLOSURES CONTINUED

and climate risk assessment, PFI anticipates that over a short to medium term time horizon, insurance will become increasingly difficult and expensive to obtain, particularly for certain perils. Further details on the anticipated impact of climate change on insurance premiums can be found on page 29.

Other financial impacts of severe weather could include damage from severe storms, weather-related delays to projects and developments and increased planned proactive maintenance costs. These anticipated financial impacts cannot be reliably quantified as PFI does not have access to climatic data at a sufficient scale to estimate these impacts.

### Rising temperatures

PFI has identified a risk that rising temperatures could result in increased demand on, or for, air conditioning systems and electricity use, particularly in a 'Hot House World Scenario'.

According to the Climanomics platform, the MAAL due to temperature extremes is anticipated to range between 0.38 – 1.57% in a 'Disorderly' and 'Hot House World' scenario. Further information can be found in the [Metrics and Targets section](#). This modelling primarily considers costs associated with HVAC degradation due to temperature rise over time. PFI considers that this financial impact may be overstated, as the warehouse component of PFI's buildings do not typically have cooling (as opposed to HVAC systems cooling the office portion of the building). However, as we expect temperatures to rise over time, we anticipate we will need to upgrade HVAC systems as they reach the end of their useful life and incorporate temperature control within some PFI warehouses over a long-term time horizon.

### Sea Level Rise

Although sea level rise is considered a lower risk for PFI because of the physical location of our assets, we anticipate that sea level rise could result in insurance retreat from coastal locations and at-risk properties may become stranded over a long-term time horizon.

The impact of coastal flooding in the S&P Climanomics platform is recorded as having no financial impact for PFI. However, to ensure that sea level rise risk is appropriately assessed, PFI has also assessed the risk of sea level rise to PFI's properties using NIWA's extreme sea level flood maps (1%AEP and up to 2m sea-level rise) for Aotearoa.<sup>12</sup> NIWA's extreme sea level flood map identifies national and regional level flood hazard and exposure trends with rising sea levels (across various climate scenarios). NIWA is a nationally recognised Crown Research Institute that provides climate expertise specific to New Zealand. PFI considers this dataset to be an appropriate model to understand which of PFI's properties are located in regions that are at risk of sea level rise inundation. Through this modelling, PFI has identified that two properties representing a value of \$37.05M (or 1.8% of PFI's portfolio by value), are potentially at risk of coastal flooding due to sea level rise, albeit over a long term time horizon.<sup>13</sup> Further information can be found in the [Metrics and Targets section](#).

### Anticipated Transition Impacts<sup>14</sup>

PFI anticipates that, due to market and regulatory drivers, there will be a divergence over a short and medium-term time horizon between industrial properties that are considered to be sustainable, and those that are not. PFI anticipates that the financial impact of this is likely to be reflected through a potential increase or reduction in a range of factors such as rents, vacancy rates and valuations, depending on whether a building has green

certification or not. However, at this point in time, we are unable to quantify the anticipated financial impact as it is not clear what the level of premium might be for more sustainable properties, or the discount for less sustainable properties. Similarly, PFI anticipates that climate resilience of PFI's properties could also have an impact on the value of PFI's assets over a medium and long-term time horizon. This impact cannot currently be reliably estimated due to the uncertainty surrounding the extent of climate change and the value of the climate resilience of individual assets. In addition, climate change will only be one of a range of economic factors that determine future rents, vacancy rates and valuations, with these continuing to be influenced by factors such as location and tenant demand. PFI may be able to quantify this impact in future if market information becomes available.

For the reasons stated above, PFI is unable to quantify the anticipated financial impacts of these market changes. However, given the risks and potential opportunities, PFI considers that it is in the interests of long-term shareholder value to prudently invest capital expenditure to upgrade our assets to be more sustainable, energy efficient and climate resilient over a short and medium-term time horizon. PFI is also investing in the development of new buildings that are designed and built with a view to addressing climate-related risks.

12. NIWA's extreme sea level flood map for New Zealand can be found here: <https://experience.arcgis.com/experience/8e3d7262cc9846968f0bfb86da0806f8>

13. There is no data for the Bay of Plenty region within the NIWA extreme sea level flood maps, therefore PFI has not yet assessed the risk of sea level rise for properties located in this region.

14. Anticipated transition financial impacts have been quantified over a shorter time frame, where a reasonable forecast is able to be made.

CLIMATE-RELATED DISCLOSURES CONTINUED

Around \$7.1M of PFI's budgeted capital expenditure for FY25 incorporates sustainable features for PFI's existing buildings.<sup>15</sup> Sustainable features in the FY25 capex budget include power metering installations, LED lighting, and sustainable landscaping. Budgeted capital expenditure from FY26 onward cannot be reliably estimated at this stage due to insufficient data.

PFI also anticipates investing capital expenditure towards significant sustainable refurbishments, and further brownfield and greenfield developments targeting 5 Green Star certification. For example, PFI has identified potential opportunities to deploy ~\$350M toward Green Star developments in the short to medium term, including the Bowden and Springs Road projects noted below.<sup>16</sup>

PFI also anticipates investing capital expenditure to upgrade our properties to be more climate-resilient over a short and medium-term time horizon. Specific resilience-related property upgrades have not been separately identified in the FY25 budget as the Climate Resilience Framework is yet to be implemented. As noted on page 26, the financial impact of resilience-related property upgrades are likely to be captured in PFI's capital expenditure or in planned proactive maintenance costs in future.

PFI has committed a total \$33.5M in capital expenditure towards the development of Stage 1 at Springs Road (leased to Fisher & Paykel Appliances) and Stage 2 at Bowden Road (leased to Daikin) during FY25. These developments are aiming for practical completion

during FY25. These developments are targeting 5 Green Star certification, and on completion (when combined with the recently completed building at Stage 1 at Bowden Road) will represent a value of \$214M or 10.3% of our total portfolio market value.<sup>17</sup> On completion, these three buildings are expected to generate around \$11.2M in contract rental income.

We anticipate that over time as we increase the proportion of our portfolio that has green certification, the percentage of our funding that is green funding will adjust accordingly.<sup>18</sup> PFI considers that there is an opportunity over the short and medium-term to increase access to capital via green finance and potentially secure finance with cheaper rates. However, there is insufficient market information at this time to quantify the anticipated financial impact of this and we note that finance market dynamics are likely to continue to be the primary influencer of this financial impact. PFI may be able to quantify this impact in future if more market information becomes available.

**Increasing  
5 Green Star  
certification in  
our portfolio,  
including at  
Bowden Road.**

Notwithstanding the changes that PFI has made to its insurance programme to prepare for the impacts of climate change, we anticipate that insurance premiums may continue to increase over a short, medium and long-term time horizon. PFI is unable to quantify the financial impact of potential premium increases at this time due to the uncertainty surrounding the extent of climate change in future. PFI also views that claims history and financial market dynamics are likely to continue to be key drivers of insurance pricing, in addition to climate change-related losses. PFI may be able to quantify this financial impact in future if more market information becomes available.



15. Budgeted sustainable capital expenditure for FY25 is captured where projects have been identified as including a 'sustainability feature' and does not separate capex that is 'climate-related' from general project costs (for example, wider refurbishment works). Therefore, budgeted sustainable capex also includes costs that are not climate-related. Budgeted sustainable capex does not include capex towards Green Star developments. PFI notes that budgeted sustainable capital expenditure for FY25 may differ from actual spend during FY25. Other uncertainties include data entry limitations.

16. Based on early estimates of costs for identified projects. We note that, in some cases, these are not fully-committed projects.

17. Based on 30 June 2024 'as if complete' valuations. The 'as-if-complete' market value of these properties (as well as the current market value of our portfolio of properties) are based on current predictions and could change at the time these developments are completed. Therefore, these figures are subject to change.

18. Refer to PFI's Green Finance Framework for further information on green funding.

CLIMATE-RELATED DISCLOSURES CONTINUED

## Risk Management

This section describes PFI's processes for identifying, assessing and managing climate-related risks and how these processes are integrated into PFI's overall risk management processes.

### IDENTIFYING, ASSESSING AND MANAGING CLIMATE-RELATED RISKS

As noted in the Governance section of this report, identification, assessment, and management of PFI's climate-related risks and opportunities is led by PFI's Head of Sustainability and Operations, with contribution from the Senior Leadership Team. PFI undertakes an annual assessment of both PFI's climate-related risks and company-wide risks, which are reviewed by the Board at least annually.

PFI's Risk Management Framework governs our approach to identifying and assessing risks, including climate-related risks. In line with this framework, climate-related risks are identified by reviewing previously identified climate-related risks and considering any changes to the internal and external environment. Risks are then assessed and prioritised according to our Risk Management Framework which assesses them against a risk matrix of likelihood of the risk occurring and consequences to PFI, should it occur. The Framework provides an 'inherent risk rating' and a 'residual risk rating', which can be assessed as low, medium and high risk. The residual risks are determined by assessing any changes to consequences and likelihood, considering PFI's current responses to mitigate this risk.

In addition to this typical risk assessment process, climate-related risks have been assessed across each sector scenario and adapted to reflect how they may evolve in each plausible scenario. We have also determined the potential impact to PFI over different time horizons. The time horizons considered in this risk assessment are described on page 18.

PFI's climate-related risks are characterised as either 'transition risks' associated with transitioning to a lower-carbon, climate-resilient economy (such as changes in policy, regulation, technology, and market), or 'physical risks' associated with the impacts of climate change (such as extreme weather events, storms, flooding, temperature change, and damage to property). This risk assessment was also informed by an analysis of the potential impacts of physical climate hazards across all PFI properties as discussed on pages 27-28.

PFI's climate-related risks and opportunities assessment considers PFI's direct operations, as well as upstream and downstream impacts. No parts of the value chain are excluded.

Managing and responding to climate-related risks forms part of PFI's Sustainability Strategy. Management oversees PFI's climate-related risk and opportunities assessment, which also identifies any responses and opportunities PFI may undertake to manage PFI's climate-related risks. Any decisions on PFI's responses to climate-related risks, including whether to mitigate, transfer, accept or control these risks and opportunities are made by the management team with oversight from the Board. PFI's assessment of climate-related risks and opportunities translates through to PFI's transition plan. Actions being taken to respond to and manage PFI's most material climate-related risks are set out in the [Strategy Section](#).

CLIMATE-RELATED DISCLOSURES CONTINUED

## INTEGRATION INTO OVERALL RISK MANAGEMENT PROCESS

Under PFI's Risk Management Framework, every PFI staff member is responsible for the identification, management and escalation of risks as part of their role. Risks are discussed at Senior Leadership Team meetings and reports on risk management are provided to the Audit and Risk Committee at least annually.

In 2023, PFI's Audit and Risk Committee and Board reviewed and approved PFI's Risk Management Framework, which was updated to integrate climate-related risks into the risk management process. Assessment and management of climate risk is managed in the same way as our other risks, with oversight by the Senior Leadership Team, including the Chief Executive Officer and Chief Finance and Operating Officer, and the Board.

PFI's climate-related risks are also incorporated into PFI's company-wide risk register to give a single view of PFI's risks. In most cases, climate risks are an extension of our existing risks. Potential impacts of climate change are considered to present strategic, financial, operational, ESG, property and reputational risks for PFI. Our controls for those risks have been improved to include consideration of climate change impacts. For example, PFI added new controls for PFI's strategic and ESG risk, which now includes an annual review of PFI's climate-related risks and opportunities.



CLIMATE-RELATED DISCLOSURES CONTINUED

## Metrics and Targets

This section describes the metrics and targets set to measure and manage PFI's climate-related risks and opportunities.

The metrics disclosed in this report are largely the same metrics disclosed in our FY23 report. However because the metrics in this report reflect a shorter 6-month reporting period rather than 12 months, these metrics are not entirely comparable to prior reporting periods.

### GREENHOUSE GAS EMISSIONS

PFI's Scope 1, Scope 2 and Scope 3 greenhouse gas emissions for FP24 are set out below. These greenhouse gas emissions are not subject to an external assurance engagement, however they have been externally peer reviewed by Ekos Kamahi Limited to check alignment with the GHG Protocol. Further information on PFI's calculation methodology, assumptions, limitations, uncertainties, consolidation approach, emissions factors, and excluded emissions is detailed in [Appendix 2](#).



#### Our carbon footprint

**9,899.1**

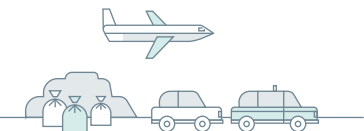
tonnes of CO<sub>2</sub>e

**92.1%**  
**9,112.8 TONNES**

**0.7%**  
**73.3 TONNES**

**7.2%**  
**713.0 TONNES**

#### % TOTAL FOOTPRINT



#### EMISSIONS SOURCE

**upstream emissions  
scope 3**

**corporate emissions  
scope 1 and 2**

**downstream emissions  
scope 3**

Goods and services  
Capital expenditure

Electricity from  
tenanted buildings

#### Offset

Electricity transmission and  
distribution losses  
Employee commuting

Fugitive emissions from HVAC systems  
Electricity consumption  
Diesel emissions from sprinkler systems

Operational waste  
Business travel



CLIMATE-RELATED DISCLOSURES CONTINUED

OUR GHG EMISSIONS

SCOPE	CATEGORY	FY19 (tCO <sub>2</sub> e) 12 MONTHS	FY20 (tCO <sub>2</sub> e) 12 MONTHS	FY21 (tCO <sub>2</sub> e) 12 MONTHS	FY22 (tCO <sub>2</sub> e) 12 MONTHS	FY23 (tCO <sub>2</sub> e) 12 MONTHS	FP24 (tCO <sub>2</sub> e) 6 MONTHS <sup>19</sup>	
<b>SCOPE 1</b>								
Direct Emissions	Fugitive emissions (refrigerants)	94.5	116.8	76.8	61.3	41.2	68.7	
	Fuel	Covered under Category 6	Covered under Category 6	0.2	4.5	5.6	2.4	
<b>SCOPE 2</b>								
Indirect Emissions	Electricity consumption (location based) <sup>20</sup>	15.5	5.4	14.2	19.6	4.4	2.2	
<b>Total Scope 1 and Scope 2 Emissions</b>		<b>110.0</b>	<b>122.2</b>	<b>91.2</b>	<b>85.4</b>	<b>51.2</b>	<b>73.3</b>	
<b>SCOPE 3</b>								
Other Indirect Emissions	Category 1: Purchased goods and services <sup>21</sup>	Not measured in FY19	111.3	117.4	284.3	1,244.2	506.1	
	Category 2: Capital goods <sup>22</sup>	Not measured in FY19	2,564.7	2,615.0	2,122.4	16,733.7	8,595.5	
	Category 3: Energy and fuel	Not measured in FY19	0.5	1.2	1.8	0.5	0.2	
	Category 5: Waste generated in operations		0.7	0.5	0.2	0.4	0.5	0.1
	Category 6: Business travel		19.8	9.4	12.7	18.4	25.0	43.6
	Category 7: Employee commuting	Not measured in FY19	15.1	13.6	12.6	17.7	11.0	
	Category 13: Downstream leased assets <sup>23</sup>	Not measured in FY19	Not measured in FY20	Not measured in FY21	Not measured in FY22	Not measured in FY23		669.3
<b>Total Scope 3 Emissions</b>		<b>20.5</b>	<b>2,701.5</b>	<b>2,760.3</b>	<b>2,439.9</b>	<b>18,021.7</b>	<b>9,825.8</b>	
<b>TOTAL Scope 1, 2 and 3 Emissions</b>		<b>130.5</b>	<b>2,823.7</b>	<b>2,851.3</b>	<b>2,525.4</b>	<b>18,072.9</b>	<b>9,899.1</b>	

19. tCO<sub>2</sub>e figures for FP24 reflect the six-month period between 1 January 2024 and 30 June 2024 due to PFI's balance date change to 30 June, and are not entirely comparable with prior year emissions.

20. PFI's Scope 2 emissions are comprised of electricity consumption at PFI's head office, vacant properties and common areas.

21. Scope 3 Category 1 emissions per \$ spend was calculated using an input output (IO) consumption-based model. An IO model estimates emissions based on category spend using data from allocating national GHG emissions to final products based on economic flows between sectors. The IO model is accepted by the GHG Protocol and is considered comprehensive but varies in its granularity. The increase in Scope 3 Category 1 emissions from FY23 onwards is a reflection of a change in the IO consumption-based model used by PFI, rather than a material change in underlying activity.

22. Scope 3 Category 2 emissions were calculated using Whole-of-Life Carbon Assessment data for major developments, with consumption-based models (see footnote 21) used for the balance of emissions in this category. The Whole-of-Life Carbon assessments used are an early estimate of the emissions associated with our major development projects. As these projects span multiple financial years, the emissions have been allocated to financial years based on spend. There may be adjustments made to emissions allocated to future periods to account for any variances from these initial estimates. The increase in Scope 3 Category 2 emissions from FY23 onwards is attributable to both a change in the consumption-based model used and increased development activity.

23. Downstream leased assets include emissions relating to electricity use by PFI's tenanted buildings. The tCO<sub>2</sub>e figure for FP24 only includes electricity usage at the 48% of properties for which PFI is able to access at least one full month of consumption data through power metering, therefore it is not a complete reflection of electricity use across the portfolio for FP24. Extrapolating actual metered data during FP24, PFI estimates that the overall emissions associated with building electricity use may be around 2,728 tCO<sub>2</sub>e in FP24. This estimate is highly uncertain as PFI has a limited dataset to extrapolate from. PFI will not gain greater visibility on the electricity use of its tenanted buildings until more properties have metering installed.

CLIMATE-RELATED DISCLOSURES CONTINUED

**GHG EMISSIONS INTENSITY METRICS**

GHG EMISSIONS INTENSITY METRIC	FY23	FP24
Scope 1 + 2 GHG emissions (tCO <sub>2</sub> e) / sqm lettable area	0.00006 tCO <sub>2</sub> e	0.00008 tCO <sub>2</sub> e

Scope 1 + 2 GHG emissions intensity increased slightly in FP24 due to an increase in Scope 1 emissions for the reporting period.

PFI had three buildings under development during FP24. Once completed, the Scope 3 Category 2 upfront embodied carbon emissions associated with the properties that were under development during the financial period is estimated to have an intensity of 0.406tCO<sub>2</sub>e per sqm lettable area being developed.<sup>24</sup>

**EMISSIONS PERFORMANCE**

PFI does not have an absolute or intensity emissions target. See page 6 of our FP24 Sustainability Update for more information on PFI's strategy to minimise our emissions, along with PFI's transition plan on page 17 setting out our planned initiatives to reduce emissions associated with our buildings.

Due to the shorter 6-month reporting period during FP24, PFI's total emissions for FP24 are not entirely comparable to the prior year's 12-month reporting period (FY23).

PFI's Scope 1 fugitive emissions increased by 67% or 27.5tCO<sub>2</sub>e in FP24 compared to FY23 figures, primarily due to a large leak of refrigerant gas at one of our properties during the reporting period.

PFI's largest source of measured emissions is 'embodied emissions' from development and refurbishment activity (Scope 3, Category 2). These emissions account for over 86% of PFI's FP24 measured GHG emissions.

We also note that emissions relating to the operational performance of our buildings (for example, electricity use) are expected to be a material source of emissions (Scope 3, Category 13). In FP24, we have reported our Scope 3, Category 13 emissions using actual measured data for approximately 48% of properties in our portfolio. As installing metering is an ongoing project for PFI, the total measured emissions of 669.3 tCO<sub>2</sub>e reflects a limited number of properties, and for some properties, a limited number of months since metering has been installed. This is not representative of the electricity consumed in our portfolio of tenanted properties. Extrapolating actual metered data during FP24, PFI estimates that the overall emissions associated with building electricity use may be around 2,728tCO<sub>2</sub>e in FP24. This estimate is highly uncertain as PFI has a limited dataset to extrapolate from.

Electricity use in PFI's tenanted buildings will also vary depending on tenant operations. PFI will not gain greater visibility on the electricity use of its tenanted buildings until more properties have metering installed.

**OFFSETS**

We have offset our measured FP24 Scope 1, 2 and selected categories of Scope 3 emissions<sup>25</sup> with certified carbon credits. These certified carbon credits are sourced from a project that protects forests in the Pacific Islands and helps to deliver climate resilience, waterways protection and biodiversity conservation.<sup>26</sup>

**INTERNAL EMISSIONS PRICE**

PFI does not currently use an internal emissions price for its business activities. PFI has a small team, and relevant staff members have developed an understanding of PFI's material emissions impacts (in particular, the impacts of developments, refurbishments and building operation) through regular management meetings. At this stage, PFI does not consider that setting an internal carbon price will add material incremental value to the business's decision-making with regards to carbon impacts.

24. This intensity metric has been calculated using the upfront embodied carbon emissions from Life-Cycle Assessments prepared for Stages 1 and 2 at Bowden Road and Stage 1 at Springs Road. This data spans multiple financial years and does not attribute emissions for the FP24 reporting period only. This data is subject to the uncertainties and limitations of LCA data set out on page 43. This intensity metric does not cover all Scope 3 emissions, however upfront embodied carbon emissions associated with properties under development is PFI's largest emissions source (accounting for 71% of PFI's Scope 3 emissions in FP24). Excluded Scope 3 emissions include Purchased Goods and Services, other Capital Goods (not associated with developments), Energy and Fuel, Waste, Business Travel, Employee Commuting and Downstream Leased Assets.

25. Including waste, business travel, employee commuting, and energy and fuel; but excluding goods and services, capital goods, and downstream leased assets.

26. These carbon credits are certified under the Plan Vivo (UK) carbon credit standard and are retired on the Markit Environmental Registry, New York / London.

CLIMATE-RELATED DISCLOSURES CONTINUED

## OTHER METRICS AND TARGETS

The key metrics used to measure and manage our climate-related risks and opportunities are set out below. We consider these metrics to be most relevant to PFI's industry and business model. PFI uses these metrics to understand and assess the extent to which our assets and business activities are vulnerable to climate-related transition and physical risks and to track progress on climate-related initiatives.

The following metrics were set in 2023, with oversight from the Board. Metrics in line with industry-based metrics are indicated below.<sup>27</sup> We are continuing to monitor metrics used by our peers in the property sector.

METRIC	FY23 12 MONTHS	FP24 6 MONTHS	COMMENTARY
<b>Assets vulnerable to physical risks</b>			
Modelled Average Annual Loss % due to pluvial and fluvial flooding <sup>28</sup>	0.16% – 0.85%	0.16% – 0.86%	<p>PFI undertook an assessment of the vulnerability of PFI's properties to flood risk using S&amp;P Global's Climonomics platform, which models the potential financial impact from climate-related expenses (e.g., clean up and repair costs) decreased revenue and / or business interruption.</p> <p>According to the Climonomics platform, the Modelled Average Annual Loss (MAAL)<sup>29</sup> over a short-, medium- and long-term time horizon (2020s through to 2090s) due to pluvial and fluvial flooding is anticipated to range between 0.16 – 0.86% (relative to the current insurance value of almost \$2B), in a 'Disorderly' and 'Hot House World' scenario.</p> <p>The MAAL % has remained stable compared to the previous reporting period (primarily due to there being no material change to PFI's portfolio size and location in the reporting period).</p>
Modelled Average Annual Loss % due to temperature extremes	0.38% – 1.57%	0.38% – 1.57%	<p>PFI has identified a risk that rising temperatures could result in increased demand on, or for, HVAC systems. PFI has assessed the vulnerability of PFI's portfolio to this risk using the S&amp;P Global Climonomics Platform, which models the potential financial impact from climate-related expenses (e.g. HVAC degradation).</p> <p>According to the Climonomics platform, the MAAL over a short, medium and long-term time horizon (2020s through to 2090s) due to temperature extremes is anticipated to range between 0.38 – 1.57% (relative to the current insurance value of almost \$2B) in a 'Disorderly' and 'Hot House World' scenario.</p> <p>PFI notes that this metric is potentially overstated due to the limited use of HVACs within PFI's buildings at present, albeit refrigerated warehouses may become more common in a hotter climate. As above, the MAAL % has remained stable compared to the previous reporting period (primarily due to there being no material change to PFI's portfolio size and location in the reporting period).</p>

27. Industry-based metrics are broadly in line with the ISSB, Industry-based Guidance on implementing Climate-Related Disclosures (for IFRS S2 Sustainability Disclosure Standard) (June 2023).

28. 'Pluvial flooding' occurs when rainfall exceeds the capacity of storm water drainage systems or the ground to absorb it. 'Fluvial flooding' occurs when rainfall causes the water level in a river, lake or stream to rise and overflow onto land.

29. Modelled Average Annual Loss (MAAL) % is derived from S&P Global's Climonomics Platform, which models the potential financial impacts of climate hazards relative to asset value. For PFI, MAAL is calculated using the current insurance value of PFI's portfolio (as at 30 June 2024). This model has a number of limitations and assumptions, including that the modelling assumes PFI, or the tenant are responsible for certain costs, which does not necessarily align with PFI's lease agreements (negotiated separately). Using local Council flood maps, PFI has also identified that a significant portion of PFI owned properties are located near or on a flood plain or flood prone area (in some capacity, whether fully or partially). However, this exposure does not necessarily mean the properties are vulnerable to physical climate risks. As such, PFI does not rely on Council data as an appropriate measure of the 'vulnerability' of PFI's assets to physical risks.

CLIMATE-RELATED DISCLOSURES CONTINUED

METRIC	FY23 12 MONTHS	FP24 6 MONTHS	COMMENTARY
% of properties by market value that may be at risk of coastal flooding due to sea level rise <i>This metric is in line with industry-based metrics.</i>	2.2%	1.8%	PFI undertook an assessment of the vulnerability of PFI's assets to risk of coastal flooding due to sea level rise using NIWA's extreme sea level flood maps (1%AEP and up to 2m sea-level rise) for Aotearoa. <sup>30</sup> After divesting one property during FP24, as at 30 June 2024, two properties are potentially at risk of coastal flooding due to sea level rise of a minimum 0.8m and 1.4m respectively. These properties represent a combined value of \$37.05M (based on 30 June 2024 valuations). The timeframes over which these properties might be impacted by sea level rise is long (between 2080-2110 in a 'Hot House World' Scenario).
Average % increase in insurance premium <sup>31</sup>	33%	13%	An increase in insurance premiums is attributable to a range of factors such as increased sums insured, increased severity and frequency of climate events locally and globally, and other market factors.  During FP24, PFI established an insurance captive to improve access to overseas markets, reduce insurance risk and assist PFI with obtaining prudent levels of insurance cover. During PFI's 2024 insurance renewal, we experienced a 13% increase in premiums compared to 33% the prior year. The majority of insurance premiums are recovered from PFI's tenants.
<b>Assets vulnerable to transition risks / alignment with climate-related opportunities</b>			
% of portfolio by value that has achieved a green building rating <i>This metric is in line with industry-based metrics.</i>	0%	0%	We are currently targeting 5 Green Star certification for significant new buildings. In July 2024, PFI achieved a 5 Star Green Star Design & As Built NZv1.0 Design rating for Stage 1 at Bowden Road (leased to Tokyo Food), however an 'As Built' certification for this building has not yet been issued.
% of portfolio by value that is registered for a green building rating <i>This metric is in line with industry-based metrics.</i>	6.8%	9.1%	PFI has made significant process on the development of three buildings at Stage 1 and 2 at Bowden Road and Stage 1 at Springs Road, which are currently registered for 5 Green Star certification. These properties represent 9.1% of PFI's portfolio (based on 'as-is' market valuations as at 30 June 2024). PFI is aiming to complete these developments by the end of FY25. On completion, these developments will represent 10.3% of PFI's total portfolio value from Green Star developments (based on 'as-if-complete' market valuations as at 30 June 2024). <sup>32</sup>  This metric includes the completed building at Bowden Road (leased to Tokyo Food), which achieved a 5 Star Green Star Design & As Built NZv1.0 Design rating in July 2024. An 'As-Built' certification for this building has not yet been issued.
% of properties that have power metering installed <i>This metric is in line with industry-based metrics.</i>	21.7%	62.6%	PFI has a potential opportunity to obtain operational performance ratings for some properties in our portfolio in future, with a need to collect electricity data in the interim to prepare for this. In 2023, PFI committed to installing power metering at 50% of PFI's properties by the end of 2025. We have now achieved our goal, with power metering installed at 63% of properties (or 57 properties) in PFI's portfolio as at 30 June 2024.
% of total funding facilities that is Green Debt <sup>33</sup>	16.7%	16.7%	During 2023, PFI developed a Green Finance Framework to support progressive action towards our strategic objectives and target to develop significant new buildings to a 5 Green Star certification. At the same time, PFI announced the establishment of inaugural \$150m Green Loan tranches, which are being used to fund the Company's committed Green Star developments at Bowden Road and Springs Road. There have been no changes to the total funding facilities that is green debt.

30. There is no data for the Bay of Plenty region within the NIWA extreme sea level flood maps, therefore PFI has not yet assessed the risk of sea level rise for properties located in this region.

31. The average increase in premium does not include five tenant-insured properties in PFI's portfolio as PFI does not have oversight of these premium increases.

32. The 'as-if-complete' market value of these properties (and the current market value of PFI's portfolio of properties) are based on current predictions as at 30 June 2024 and could change at the time these developments are completed. Therefore, this figure is subject to change.

33. Green Debt is defined in PFI's Green Finance Framework.

CLIMATE-RELATED DISCLOSURES CONTINUED

METRIC	FY23 12 MONTHS	FP24 6 MONTHS	COMMENTARY
<b>Capital deployment towards climate-related risks and opportunities</b>			
Gross capital investment deployed toward Green Star buildings	\$64.25M	\$43.6M	As part of executing PFI's strategic goal for all new significant buildings to target a minimum 5 Green Star certification, PFI has progressed construction on major developments targeting 5 Green Star certification for three new buildings, with one building having achieved practical completion during FP24.  During FP24, PFI deployed a gross amount of around \$43.6M in capital expenditure towards these developments. This metric does not separate the incremental spend that is 'climate-related' from general Green Star development costs, nor does it provide an estimate of additional costs incurred for undertaking Green Star developments, (therefore the gross spend also encompasses costs that are not climate-related).
Gross capital investment deployed toward solar installations	\$193k	\$414k	As part of executing PFI's target to install solar panels at five buildings by the end of 2025, PFI deployed \$193k towards the installation of solar panels at 3-5 Niall Burgess Road during FY23, and \$414k to install solar panels at 314 Neilson Street and 12 Zelanian Drive during FP24. Solar panels have also been installed at two buildings at Bowden Road as part of 5 Green Star developments, the cost of which is encompassed in the metric above (gross capital investment deployed toward Green Star buildings).
Gross capital investment deployed toward metering and monitoring	\$448k	\$217k	During FP24, PFI spent \$217K in capital expenditure to install power and water metering and monitoring at PFI's properties.

**REMUNERATION**

During the six-months to 30 June 2024, the key performance indicators underpinning the Short-term Incentives (STIs) of the Senior Leadership Team included sustainability-related measures and objectives. Sustainability-related KPIs were weighted at 10% of the Senior Leadership Team's STIs for FP24. This included progressing 5 Green Star certification for new developments, solar installations, and power metering installations.

CLIMATE-RELATED DISCLOSURES CONTINUED

## TARGETS

PFI has committed to key targets to operationalise its Sustainability Strategy. The time frames for these targets align to the time horizons set out on page 18. Performance as at 30 June 2024 against these targets is also described below.

TARGET	TIME FRAME	BASE YEAR	PROGRESS	PERFORMANCE
<p><b>GREEN STAR</b></p> <p>Significant new buildings to target minimum 5 Green Star certification</p>	<p>Short Medium Long</p>	<p>2023</p>	<p>Ongoing target</p>	<p>As at 1 July 2024, PFI has been awarded a 5 Star Green Star Design &amp; As Built NZv1.0 Design rating for Stage 1 at Bowden Road (leased to Tokyo Food).</p> <p>We are also progressing with our developments of a further two buildings at Stage 2 at Bowden Road and Stage 1 at Springs Road, which are both targeting 5 Green Star certification.</p>
<p><b>METERING</b></p> <p>Implement power metering and monitoring for 50% of properties by the end of 2025</p>	<p>Short</p>	<p>2023</p>	<p>Target achieved</p>	<p>Power metering and monitoring have been implemented at 63% of properties in PFI's portfolio. PFI is continuing to install power metering at its buildings to build data to measure the energy performance of our tenanted buildings.</p>
<p><b>SOLAR</b></p> <p>Install solar systems at five buildings by the end of 2025</p>	<p>Short</p>	<p>2023</p>	<p>Target achieved</p>	<p>PFI has completed solar installations at five buildings in its portfolio.</p> <p>We completed our first solar panel installation in 2023 at 3-5 Niall Burgess Road. In 2024, we have continued to work with tenants on solar opportunities and have completed solar installations across a further four buildings at 314 Neilson Street, 12 Zelanian Drive and Stages 1 and 2 at Bowden Road.</p>

The targets in PFI's strategy above were set in 2022, prior to the transition to an internal facilities management team that is focused on embedding sustainability in our buildings. The shift to this internal model has greatly assisted in meeting two of our key targets well in advance of our targeted completion dates. Therefore PFI:

- Has revised its metering target to: Implement power metering and monitoring for 90% of properties by the end of FY25.
- Will complete a review of its solar strategy during FY25, with a view to setting a revised solar target.

We will also continue our focus on targeting a minimum 5 Green Star certification for significant new buildings.

APPENDICES

4

SECTION



APPENDICES CONTINUED

**APPENDIX 1:**

Recent key Board engagements relating to climate-related risks and opportunities:

	BOARD	AUDIT & RISK COMMITTEE
<b>August 2023</b>	Review of annual Climate-related Risk and Opportunity Assessment, including discussion of PFI's scenario analysis exercise.	Review of annual Climate-related Risk and Opportunity Assessment, including discussion of PFI's scenario analysis exercise.
<b>December 2023</b>	Review and approval of the A&RC Charter to incorporate climate-related responsibilities. Review and confirmation of PFI's metrics and targets. Board training on Climate-Related Disclosure regime by external provider.	Review of PFI's risk register. Review and endorsement of A&RC Charter to incorporate climate-related responsibilities.
<b>February 2024</b>	Update on progress against targets within PFI's Sustainability Strategy.	
<b>April 2024</b>	Approval of FY23 Climate-Related Disclosures.	Review and recommendation of FY23 Climate-Related Disclosures for Board approval.
<b>May 2024</b>	Review of annual Climate-related Risk and Opportunity Assessment, including discussion of PFI's scenario analysis exercise. Climate-Related Disclosures update including progress against targets within PFI's Sustainability Strategy. Review of Board skills matrix, including climate-related skills.	
<b>July 2024</b>	Review and endorsement of PFI's transition plan.	
<b>August 2024</b>	Climate-Related Disclosures update, including progress against climate-related metrics and targets.	Climate-Related Disclosures update.
<b>September 2024</b>	Approval of FP24 Climate-Related Disclosures.	Review and recommendation of FP24 Climate-Related Disclosures for Board approval.



APPENDICES CONTINUED

## APPENDIX 2: MEASURING OUR EMISSIONS

PFI's greenhouse gas emissions for the six-month period ended 30 June 2024 (FP24) have been measured and prepared in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition) and the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (GHG Protocol).

PFI's greenhouse gas emissions for this reporting period are not subject to an external assurance engagement, however, they have been externally peer reviewed by Ekos Kamahi Limited to check alignment with the GHG Protocol.

### Organisational Boundary

PFI is comprised of a single holding parent company, Property for Industry Limited (the Company), and its subsidiaries, P.F.I. Property No. 1 Limited (P.F.I. No.1), which owns the full property portfolio, and P.F.I. Cover Limited (PFI Cover) (collectively, the Group).

### Consolidation Approach

PFI has applied an operational control approach to its GHG inventory. All emissions that PFI has operational control over in its own head office and within its property portfolio are covered in this inventory. This approach allows us to focus our initiatives on the emission sources which we have operational control over and can make decisions on in line with our Sustainability Strategy.

### Baseline year

PFI's baseline inventory is 2019. The 2019 base year was selected to enable early performance comparison across reporting years.

### Reported Emissions

PFI is reporting on Scope 1, 2 and 3 emissions.

### Methodologies, assumptions, limitations and uncertainties

PFI's GHG emissions have also been calculated with guidance provided by Greenhouse Gas Protocol: Technical Guidance for Scope 3 Emissions (version 1.0) (Technical Guidance). Emissions factors and Global Warming Potential (GWP) rates were sourced from the Ministry for the Environment's 2024 Detailed Guide for Measuring Emissions for Organisations (MfE Guide)<sup>34</sup>. Emissions factors have also been sourced from the consumption-based emissions modelling report prepared for the Auckland Council<sup>35</sup> for Scope 3, Category 1 and 2 emissions.

Data for Scope 1, 2 and 3 emissions are captured by PFI's team members.

For most emissions sources, supplied source data was multiplied by the relevant emission factor or GWP rate.

Specific data uncertainties and limitations are set out on the pages that follow.

34. MfE, Measuring emissions: A guide for organisations, 2024 detailed guide.

35. The Market Economics Limited, 2023, Consumption Emissions Modelling report prepared for Auckland Council (Table 5 Consumption Emission Intensities for the Year Ending 2019) has been used to calculate Scope 3 Category 1: purchased goods and services and Scope 3 Category 2: Capital Goods (excluding construction-related emissions for major developments at Bowden Road and Springs Road).

APPENDICES CONTINUED

## Emissions Source Inclusions

A summary of the emissions sources included in this inventory is provided below, along with a description of the methods, assumptions, limitations, and uncertainties relevant to calculating or estimating emissions.

GHG EMISSIONS SOURCE	FACILITIES MEASURED	DATA SOURCE AND COLLECTION	KEY UNCERTAINTIES, LIMITATIONS AND ASSUMPTIONS
<b>SCOPE 1</b>			
<b>Fugitive Emissions from HVAC systems</b>	All properties within the portfolio where the HVAC is owned and maintained by PFI.	Records from HVAC suppliers (emails and reports) detailing the quantity used (in kg) to top up HVAC systems during the year.	<b>Medium uncertainty</b> – assumption that records provided by HVAC suppliers represent a complete and accurate account of all fugitive emissions from HVAC systems. Assumption made that the quantity of refrigerant gas topped up equals the quantity of the refrigerant gas lost during the reporting year.
<b>Diesel emissions from sprinkler systems</b>	All properties with diesel-powered sprinkler systems that are owned and maintained by PFI.	Records from suppliers that maintain PFI's sprinkler systems (emails and reports) detailing the quantity of diesel used (litres) to top up sprinkler systems.	<b>Medium uncertainty</b> – assumption that records provided by contractors are a complete and accurate account of diesel emissions from sprinkler systems.
<b>SCOPE 2</b>			
<b>Electricity consumption (location based)</b>	Vacant properties, properties with common area power and PFI's head office.	Records from electricity suppliers (invoices and metering reports), which record kWh consumed.	<b>Low uncertainty</b> – assumption that the meter readings are correct and that the kWh provided by electricity suppliers are an accurate record of the electricity consumed.
<b>SCOPE 3</b>			
<b>Category 1: Purchased goods and services</b>	Emissions related to goods and services purchased.	Expenses report for FP24 extracted from PFI's accounting software.	<b>High uncertainty</b> – data limitations meant that a spend-based method was employed. This methodology involved multiplying spend against emissions factors derived from a consumption-based model. Since FY23, PFI has selected a NZ consumption-based model. <sup>36</sup> The NZ consumption-based model provides an estimate only, and this model relies on the quality of the statistical data used to calculate emissions factors and the categories aligning with PFI's accounting codes.

36. Emissions factors for calculating Scope 3 Category 1 and 2 emissions in FY23 and FP24 were taken from the Market Economics Limited, 2023, Consumption Emissions Modelling, report prepared for Auckland Council. Emissions factors for calculating Scope 3 Category 1 and 2 emissions prior to FY23 were derived from GZA's US environmentally-extended input output (EEIO) model.

APPENDICES CONTINUED

GHG EMISSIONS SOURCE	FACILITIES MEASURED	DATA SOURCE AND COLLECTION	KEY UNCERTAINTIES, LIMITATIONS AND ASSUMPTIONS
<b>Category 2: Capital Goods</b>	Capital expenditure at PFI properties, including refurbishments and major developments.	Dollar spend from internal records and draft data from Whole-of-Life Carbon Assessments.	<p><b>High uncertainty</b> – a combination of a spend-based method and estimations using draft Life-Cycle Assessment (LCA) data was employed.</p> <p>The spend-based methodology involved multiplying spend against emissions factors derived from a consumption-based model (limitations are described above). This method was applied to Category 2, Capital Goods emissions, where LCA data was not available.</p> <p>Construction-related emissions for PFI's major developments at Bowden Road and Springs Road have been estimated using data from draft LCAs prepared by Beca Limited.<sup>37</sup> This methodology intends to more accurately convey the construction-related emissions from PFI's major development activities using estimated emissions totals for the product and construction stage of each development. The following uncertainties and limitations apply:</p> <ul style="list-style-type: none"> <li>■ The LCA data used is for upfront carbon only (i.e., through to the end of construction).</li> <li>■ The LCA data contains estimated emissions for PFI's major developments, which will not be finalised until practical completion and is subject to limitations, uncertainties and possible change. For example, different types or quantities of materials may be used during the project compared to what was anticipated when the draft figures were calculated.<sup>38</sup></li> <li>■ The LCA data is calculated 'as at practical completion' and these developments will span over more than one reporting period before receiving practical completion. Therefore, a spend-based method has been employed to calculate the emissions for FP24 only. It is assumed that there is a correlation between the project spend to date and the volume of carbon emissions produced.</li> </ul>
<b>Category 3: Fuel and Energy</b> – Transmission and distribution losses	Properties for which PFI is responsible for paying for the electricity.	Records from electricity suppliers – total kWh from PFI's Scope 2 emissions from purchased electricity.	<b>Low uncertainty</b> – assumption that electricity invoices and meter readings accurately represent the energy that PFI consumed across its offices, vacant properties, and common areas.

37. LCAs have been prepared by Beca Limited for the purpose of design review and certification under the Green Star framework.

38. Adjustments for these changes, should they arise, will be made in future accounting periods. We do not plan to restate the FY23 and FP24 footprint to account for these changes.

APPENDICES CONTINUED

GHG EMISSIONS SOURCE	FACILITIES MEASURED	DATA SOURCE AND COLLECTION	KEY UNCERTAINTIES, LIMITATIONS AND ASSUMPTIONS
<b>Category 5: Waste generated in operations</b>	Waste generated from PFI's head office.	Proxy measurement.	<b>Medium uncertainty</b> – supplier data on office waste was unavailable. Instead, a proxy measurement was used to calculate the emissions associated with waste generated from PFI's head office.
<b>Category 6: Business Travel</b> – Air travel (domestic and international flights)	Staff from PFI head office.	Records include invoices and booking confirmations containing destination travelled and number of passengers.	<b>Low uncertainty</b> – assumption that all flights taken by PFI staff for business travel are captured in the accounting data.
<b>Category 6: Business Travel</b> – Taxi	Staff from PFI head office.	International travel and domestic travel reports from PFI's accounting system.	<b>Low uncertainty</b> – assumption that that all taxis (including ride sharing modes) used for PFI staff business travel are captured in the accounting data.
<b>Category 6: Business Travel</b> – Rental cars	Staff from PFI head office.	Invoices from rental car companies which record the total km driven.	<b>Medium uncertainty</b> – assumption that all rental car invoices have been captured and that this accurately reflects km travelled in rental cars. It is assumed that all rental cars were petrol.
<b>Category 6: Business Travel</b> – Staff mileage	Staff from PFI head office.	Mileage report is taken from PFI's expense management system, detailing kilometers (km) travelled in private vehicles for business.	<b>Low uncertainty</b> – assumption that all business trips made in private staff vehicles are captured in the accounting data. Assumptions made about the age and engine size of staff cars.
<b>Category 6: Business Travel</b> – Hotel accommodation	Staff from PFI head office.	Hotel booking confirmations containing information on number of people and number of nights.	<b>Low uncertainty</b> – assumption that all accommodation associated with business travel is captured.
<b>Category 7: Employee commuting</b>	Staff from PFI head office.	Employee Commuting Survey results. The data collection unit is kilometers (km) travelled to work via private vehicle, bus, train and ferry and number of days worked from home.	<b>Medium uncertainty</b> – assumptions that the answers provided by PFI's employees in the survey are a complete and accurate representation of how employees commuted to work in a typical week. Assumptions have been made around the number of days worked and distance travelled.

APPENDICES CONTINUED

GHG EMISSIONS SOURCE	FACILITIES MEASURED	DATA SOURCE AND COLLECTION	KEY UNCERTAINTIES, LIMITATIONS AND ASSUMPTIONS
<p><b>Category 13: Downstream Leased Assets</b> – Electricity consumed at tenanted buildings</p>	<p>All properties within the portfolio that have at least one full month of electricity consumption data available via metering.</p>	<p>Records include metering reports.</p>	<p><b>High uncertainty</b> – PFI is currently undergoing a project to install electricity metering and monitoring at PFI's properties, and therefore PFI has limited visibility over electricity consumed at tenanted properties.</p> <p>The following limitations, uncertainties and assumptions apply:</p> <ul style="list-style-type: none"> <li>■ Although 63% of PFI's portfolio had metering installed as of 30 June 2024, the metering report only captures data from the first full month of verified consumption data, meaning properties with metering installed during June 2024 have been excluded. Therefore, measured emissions include 48% of PFI's portfolio, where at least one full month of consumption data was available.</li> <li>■ As metering installations are an ongoing project, actual metered consumption data covers a limited timeframe. In many cases, metering has been installed partway through the reporting period, and metered data reflects less than 6 months of electricity consumption for those properties.</li> <li>■ The metering report is manually compiled using data fed live from metering.</li> <li>■ It is assumed that the metering reports are a complete and accurate representation of electricity consumed at tenanted buildings with metering installed.</li> </ul> <p>To the extent that metered data covers a limited number of properties and, in some cases, a limited timeframe, the measured electricity consumption does not represent a full picture of PFI's Scope 3 Category 13 emissions associated with electricity consumption at tenanted buildings.</p>

**Emissions Source Exclusions**

We acknowledge that there are likely to be fugitive emissions from building HVAC systems that tenants manage (Scope 3, Category 13: Downstream Leased Assets). These emissions are excluded from PFI's inventory due to an absence of data, and we note that it is unlikely PFI will be able to gain visibility of these fugitive emissions.

However, the vast majority of HVAC systems in PFI buildings are managed by PFI, and tenant-managed fugitive emissions are not expected to be material when compared to building electricity.

Scope 3, Categories 4 and 8 are calculated within Category 1 emissions. Categories 9, 10, 11, 12, 14 and 15 do not apply to PFI's operations.



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