



Building a
better future



Overview

“The impact of Argosy’s business on the natural environment is an increasingly important consideration for investors, occupiers and other stakeholders. An important part of our responsibility is to identify and assess the risks presented by climate change, just as we manage other risks facing our business. Argosy considers that the development of certified energy efficient Green Buildings is an important part of our response to climate change.”

Climate-related risks and opportunities have been the focus of our strategy to develop certified energy efficient “Green Buildings” having a Green Star Rating or a NABERSNZ rating of 4 Stars or better. We have a target for 50% of Argosy’s portfolio, measured by market value, to be Green Buildings by 2031.

This is Argosy’s first year reporting under the XRB’s mandatory Aotearoa New Zealand Climate Standard 1: Climate Related Disclosures (NZ CS 1), finalised in December 2022. However, we have voluntarily reported climate related disclosures based on TCFD guidelines for the three prior years. NZ CS 1 now mandates scenario analysis based on three plausible but challenging scenarios to assist in the assessment of future climate-related risks, which is a new feature of this report.

Plausible challenging scenarios are not predictions

In accordance with the intention of NZ CS 1, the three scenarios described in the strategy section of this report are plausible but challenging futures based on industry scenarios. These are intended to test Argosy’s strategy against a variety of possible futures with different climate change impacts.

The scenarios are not intended as predictions of what climate change impacts may or will actually affect Argosy in the future. Neither the scenarios themselves nor our commentary or risk assessments in this report are forward-looking statements about what Argosy considers may or will happen in the future.

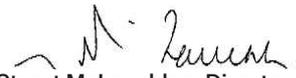
It is also important to acknowledge that in this first year of mandatory reporting under NZ CS 1, there is no settled approach to the scenario analysis and risk assessment requirements under the Standard. We anticipate that a continuous improvement mindset will be required as scenario analysis and risk assessment practices mature over the initial years of mandatory reporting.

Statement of compliance

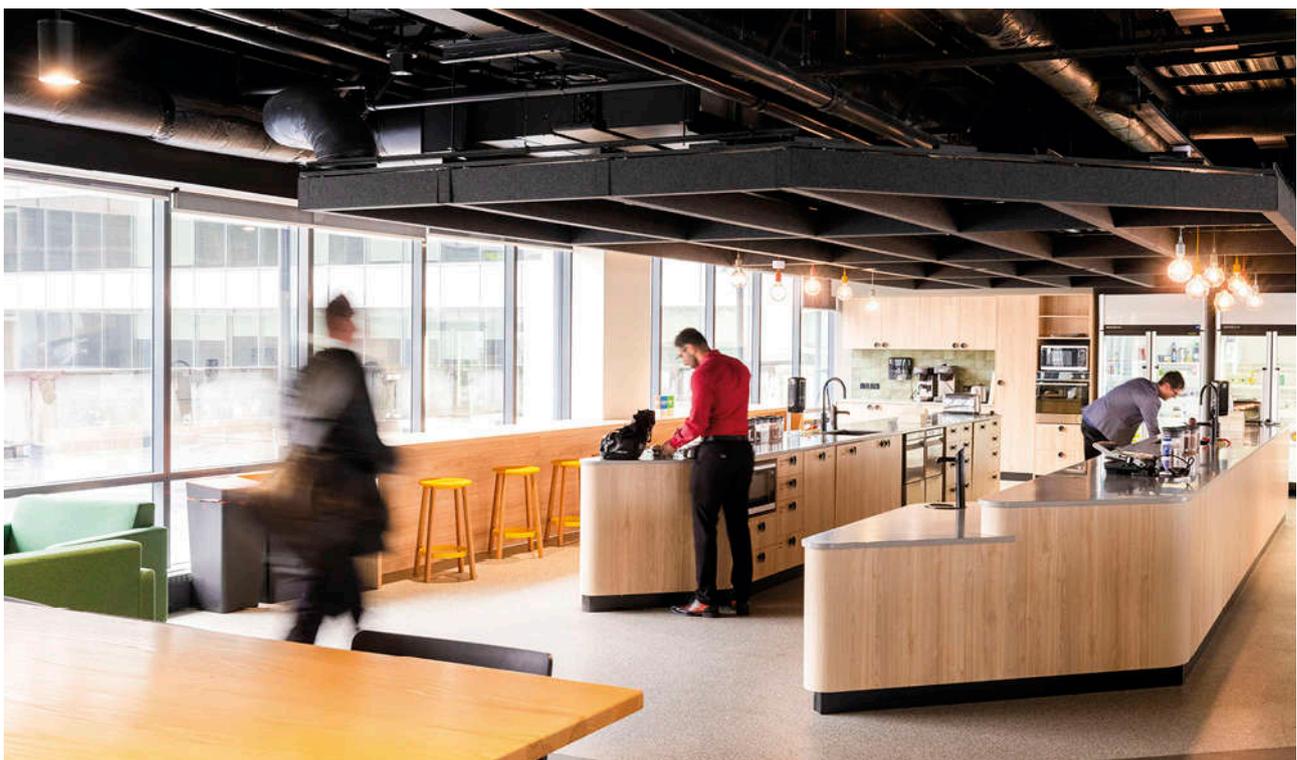
The climate related financial disclosures in this report have been completed in relation to the Argosy Property Limited group and comply with Aotearoa New Zealand Climate Standards. In preparing these disclosures, Argosy has relied on the following adoption provisions from Aotearoa New Zealand Climate Standard 2: Adoption of Aotearoa New Zealand Climate Standards (NZ CS 2):

- Adoption provision 1: exemption from disclosure of current financial impacts.
- Adoption provision 2: exemption from disclosure of anticipated financial impacts.
- Adoption provision 3: exemption from disclosure of transition plan aspects of strategy and their alignment with internal capital deployment and funding decision-making processes.
- Adoption provision 6: exemption from disclosure of comparative metrics.
- Adoption provision 7: exemption from disclosure of analysis of trends.

For and on behalf of the Board


Stuart McLauchlan, Director


Jeff Morrison, Chairman
22 March 2024



7 Waterloo Quay, Wellington

Governance

DISCLOSURE OBJECTIVE:

To enable primary users to understand both the role an entity’s governance body plays in overseeing climate-related risks and climate-related opportunities, and the role management plays in assessing and managing those climate-related risks and opportunities.

GOVERNANCE DISCLOSURES:

To achieve the disclosure objective above, an entity must disclose the following information:

- a) the identity of the governance body responsible for oversight of climate-related risks and opportunities;
- b) a description of the governance body’s oversight of climate-related risks and opportunities; and
- c) a description of management’s role in assessing and managing climate-related risks and opportunities.

a) Identity of the governance body

Argosy’s Board is responsible for establishing, reviewing and monitoring processes to identify climate-related risks and opportunities. The Board’s Audit and Risk and ESG Committees also support the Board with governance in relation to climate related risks and opportunities as outlined below.

b) Governance body oversight

Argosy’s Board acquires skills and competencies necessary to oversee climate-related risks and opportunities through various training initiatives. These include an annual Board-led session on sustainability risks, presentations from external speakers, and presentations from the Management Team in relation to sustainability risks and opportunities affecting Argosy.

While Argosy’s Board is ultimately responsible for managing climate-related risks and opportunities, responsibility for overseeing climate-related risks and opportunities is delegated to the Board’s Audit and Risk Committee which makes recommendations to the Board on how climate-related risks should be managed. The Board’s ESG Committee, which is responsible for overseeing Argosy’s Sustainability Framework and making recommendations on its approach to sustainability, also has a responsibility to raise climate-related risks and opportunities.



Climate-related risks and opportunities are integrated into Argosy's Risk Management Framework and Strategic Risk Register which are reviewed by the Audit and Risk Committee semi-annually. The Audit and Risk Committee makes recommendations to the Board in respect of the management of climate-related risks also semi-annually, and this includes informing the Board of climate-related risks through the Strategic Risk Register.

Strategy, reporting and monitoring in relation to climate-related risks and opportunities are also addressed in Argosy's Sustainability Framework, which is overseen by the Board's ESG Committee. Climate-related risks and opportunities raised by the ESG Committee are added to the Strategic Risk Register overseen by the Audit and Risk Committee in accordance with Argosy's Risk Management Framework.

The Sustainability Framework includes Green Buildings and Climate Change among Argosy's material sustainability factors. Each material sustainability factor has its own objectives and targets which are reported to the Board's ESG Committee quarterly. More information about Argosy's material sustainability factors is provided in Argosy's Sustainability Report (available at www.argosy.co.nz).

Targets from the Sustainability Framework are reflected in Argosy's strategy, budget and operating plan. Under Argosy's remuneration policy, targets linked to climate-related risks are included in the short-term incentive for each Argosy employee other than the Chief Executive Officer (CEO). In the case of the CEO specific targets are agreed, which include achievement of targets for managing climate-related risks and opportunities.

c) Management's role

Climate-related risks and opportunities are identified and assessed by Argosy's Risk Management Committee, which meets semi-annually and reports to the Board's Audit and Risk Committee. The Risk Management Committee comprises a representative cross-section of the Management Team including the CEO and Chief Financial Officer. The Risk Management Framework under which it operates has been updated to include a risk appetite and criteria for identifying and assessing climate-related risks arising from scenario analysis.

To identify climate-related risks, senior members of Argosy's Management Team held a workshop in February 2024 to discuss and identify climate-related risks and opportunities, based on analysis of the scenarios described below in this report. Argosy's Risk Management Committee subsequently analysed the climate scenarios below, identified and assessed climate-related risks, and updated Argosy's Strategic Risk Register with identified climate-related risks, which were approved by the Board on the recommendation of the Audit and Risk Committee. Climate-related risks will in future be reviewed at least semi-annually in accordance with Argosy's Risk Management framework along with other risks.



1-3 Unity Drive, Auckland

Strategy

DISCLOSURE OBJECTIVE:

To enable primary users to understand how climate change is currently impacting an entity and how it may do so in the future. This includes the scenario analysis an entity has undertaken, the climate-related risks and opportunities an entity has identified, the anticipated impacts and financial impacts of these, and how an entity will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future.

STRATEGY DISCLOSURES:

To achieve the disclosure objective, an entity must disclose:

- a) a description of its current climate-related impacts;
- b) a description of the scenario analysis it has undertaken;
- c) a description of the climate-related risks and opportunities it has identified over the short, medium, and long term;
- d) a description of the anticipated impacts of climate-related risks and opportunities; and
- e) a description of how it will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future state.

a) Current climate-related impacts

A current climate related impact is identified as having a material impact during the year ended 31 March 2024. A climate impact is considered material if it had the potential to influence business-as-usual operations, achievement of business or strategic objectives, value, or media coverage.

CURRENT TRANSITIONAL IMPACTS

Argosy has identified tenant preferences for energy efficient certified Green Buildings as a current transitional impact. Green Buildings are considered a material current impact as they are

an important part of Argosy's strategy and Argosy has a target for 50% of its portfolio to be comprised of Green Buildings by 31 March 2031. Argosy's first Green Building was certified in March 2014 and to date Green Buildings have competed with regular buildings in terms of development cost and feasibility. Green buildings may present an opportunity if occupiers and investors are attracted to Green Buildings and a risk if Argosy is required to incur additional capital expenditure to develop Green Buildings.

CURRENT PHYSICAL IMPACTS

Argosy has not identified any current physical impacts of climate change on its assets or operations. Our portfolio showed resilience during the Auckland Flood during January 2023. While floods had a severe impact on the Auckland region, where 69% of Argosy's properties are located, Argosy's properties did not suffer significant damage or disruption to occupiers. However, this event has been taken as a learning opportunity and Argosy's Management Team has responded by enhancing resilience with measures such as storing sandbags at properties where the Auckland Flood highlighted potential for water ingress.

CURRENT FINANCIAL IMPACTS

Argosy relies on adoption provision 1 in paragraph 10 of NZ CS 2, which provides an exemption from disclosure of current financial impacts in the first reporting period.

b) Scenario analysis undertaken

Argosy has analysed three climate scenarios to help identify its climate related risks and opportunities and better understand the resilience of its business model and strategy. The scenarios are not intended as predictions of what climate change impacts may or will actually affect Argosy in the future. Neither the scenarios themselves, nor our commentary or risk assessments in this report based on analysis of the scenarios, are intended as forward-looking statements about what Argosy considers may or will happen in the future.

Our scenario analysis is based on the Climate Scenarios for the Construction and Property Sector Ngā Horopaki Āhuarangi mō te Rāngai Hanganga me ngā Whare, developed by Beca Limited for the New Zealand Green Building Council. Argosy along with industry peers contributed to the development of these scenarios. The industry scenarios have each been modified to better reflect Argosy's specific circumstances, while ensuring that they remain plausible and yet challenging. Summaries of Argosy's three scenarios are set out below.

SCENARIO ONE - ORDERLY

Scenario One at a glance

This scenario aligns with external scenarios:

NGFS ‘Net Zero 2050’, IPCC SSP 1-1.9, IEA ‘Net Zero Emissions’, CCC ‘Tailwinds’, IPCC RCP 2.6

 AMBITION 1.5°C	 TECHNOLOGY CHANGE Fast	 POLICY REACTION Immediate and smooth	 PHYSICAL RISK SEVERTY Moderate
 BEHAVIOUR CHANGE Fast change	 SOCIO-POLITICAL INSTABILITY Low – moderate	 TRANSITION RISK SEVERITY Low – moderate	

- Global warming is limited to 1.5°C by 2100.
- New Zealand achieves net zero CO₂ emissions by 2050. New Zealand aligns its policy and markets with global trends, enacting ambitious climate policies that steadily increase the price of carbon to \$250/tCO₂e by 2050.
- From 2030, existing buildings must disclose energy and carbon performance. New buildings must be much more energy efficient than they are required to be under the existing code.
- Entities that fail to set and meet ambitious emissions reduction targets face financial repercussions.
- The construction sector experiences significant growth fuelled by the development of greener infrastructure and energy efficiency projects, crowding out greenfield development activity.
- Employers encourage their employees to work from home to reduce emissions and there is an ongoing trend for more remote working and use of shared working spaces.
- The anticipated physical impacts of sea-level rise affect the valuation of properties in low-lying coastal areas long before the physical impacts themselves eventuate.
- Properties in low-lying coastal areas and floodplains or with unstable ground conditions face insurance retreat by 2050.

New Zealand achieves net-zero CO₂ emissions by 2050, contributing to global efforts which limit warming to 1.5°C by 2100. Decarbonisation is driven by uniform and immediate regulatory changes that promote resource efficiency. These include regulations requiring existing buildings to disclose energy and carbon performance and making new buildings much more energy efficient.

With these changes, buildings built to the existing building code become unattractive to tenants concerned with their environmental impact. The construction sector experiences significant growth fuelled by the development of greener infrastructure and energy efficiency projects. Construction becomes more costly which reduces the margins for developers, effectively crowding out a large portion of the construction and redevelopment activity that may otherwise have been expected. With broad public support for decarbonisation, there is a high expectation for entities to set and achieve ambitious emissions reduction targets. Where entities fail to set targets or meet expectations, financial repercussions can be expected from lenders, investors, and the Government, with restricted access to capital and funding.

Employers encourage employees to work from home to reduce emissions. This leads to increased demand for residential dwellings and local shared working spaces with suitable amenities, affecting the demand for office buildings.

While the global response to climate change is successful in limiting the physical impacts of climate change, New Zealand along with the rest of the world faces an increase in the frequency and severity of extreme weather events. Greater frequency of high intensity rainfall affects properties in floodplains, or with unstable ground conditions, which face relatively higher insurance premiums and suffer insurance retreat by 2050.

The long-term effects of baked in sea-level rise adversely affect coastal properties in low-lying areas as associated risks are priced into property valuations and the cost of insurance (to the extent it remains available).

SCENARIO TWO - DISORDERLY

Scenario Two at a glance

This scenario aligns with external scenarios: NGFS ‘Delayed Transition’, IPCC SSP 1-2.6, IEA ‘Sustainable Development’, CCC ‘Headwinds’, IPCC RCP 2.6

 AMBITION <2.0 °C	 TECHNOLOGY CHANGE Delayed but fast	 POLICY REACTION Delayed	 PHYSICAL RISK SEVERITY Moderate
 BEHAVIOUR CHANGE Delayed but fast	 SOCIO-POLITICAL INSTABILITY Moderate	 TRANSITION RISK SEVERITY High	

- Atmospheric warming is limited to <2°C by 2100.
- New Zealand climate policy reaction is slow until 2030, but abrupt and stringent decarbonisation policies and regulations are enacted in the 2030s. The carbon price rapidly increases after 2030 and reaches \$250/tCO₂e by 2050.
- Behavioural change is slow until 2030 and then fast, as New Zealand rushes to transition. Working from home trends increase as employers aim to reduce emissions from commuting and office use. Retail property trends are affected by increasing consumer concerns about sustainable consumption.
- By 2050, New Zealand faces severe climate events, even though the level of warming stabilises below 2°C. Properties in low-lying coastal areas and floodplains face higher insurance premiums and insurance retreat as a result.
- Older assets are at risk of being stranded after new regulations are introduced in 2030, while early-movers can use their future-proofed assets and supply chains to pursue opportunities.

There are minimal policy, technology and behavioural changes until 2030. As global emissions rise, concerns about meeting Paris Agreement targets trigger rapid policy shifts around 2030. This sudden policy move towards stringent decarbonisation reigns in global warming to below 2°C by 2100.

New Zealand aligns with this trend, leading to abrupt transitions affecting the property and construction sectors post-2030. During the 2020s, electricity demand slowly increases, surging in the 2030s as New Zealand moves to electrify transport networks. Unprepared power sectors fail to respond to this sudden shift, causing supply constraints, frequent blackouts, and fluctuating electricity prices.

The 2020s bring uneven regulation across local bodies, generating uncertainty. By 2030, strict regulatory changes begin, demanding a sudden shift in building energy and carbon requirements. New technologies have not been developed in time to meet the resulting spike in demand, leading to disruptions in the building and materials market. Competition for materials and products impacts new buildings and retrofit development. This results in price escalations and construction delays. Lack of investment in low-carbon buildings during the 2020s causes disruption and stimulates competition post-2030 for materials, technology, advice, and skilled workers, increasing development costs.

Post-2030, centralised infrastructure struggles with densification and physical climate risks. Inconsistent spatial planning regarding decarbonisation, densification, and resilience adds to this uncertainty. Initially, the construction sector's decarbonisation is sluggish, but 'fast movers' who adapt quickly gain an advantage over late adopters post-2030.

SCENARIO THREE - HOT HOUSE WORLD

Scenario Three at a glance

This scenario aligns with external scenarios:

NGFS 'Current Policies', IPCC SSP 3-7.0, IEA 'Stated Policies', CCC 'Current Policies', IPCC RCP 8.5



- Atmospheric warming reaches >3°C by 2100.
- New Zealand climate change policy remains in keeping with the rest of the world. Regulatory changes are slow, and the carbon price does not increase past \$35/tCO₂e to 2050.
- Continued reliance on fossil fuels disincentivises carbon reduction strategies (including energy efficient buildings and shifting away from fossil fuels) unless they also improve physical resilience.
- Disruption and political polarisation reduces the extent of large centrally funded capital projects, which reduces construction activity generally.
- The property and construction sector fails to meet its own emissions reduction targets as it relies on adjacent sectors also decarbonising, which does not happen.
- There is no transition incentive driving behavioural change which is slow, however increasing physical impacts end up driving behaviour change around office use and retail property demand.
- The increasing frequency and severity of extreme weather events drive demand for climate adaptation like retrofitting buildings and infrastructure for heat and flood resilience. Assets that can't adapt become stranded.
- There is a spike in demand for housing due to climate-driven immigration and climate refugees. Populations concentrate in regions that are more climate resilient, leading to significant demand for construction activity in resettlement areas.

In the 'Hot House World' scenario, global emissions continue to climb, resulting in a temperature rise of >3°C above pre-industrial levels by 2100. New Zealand's approach reflects the global state, with no additional policies introduced to curb emissions. The building and construction sector follows the same pattern, with regulatory shifts focusing mainly on mitigating climate-induced immigration.

With noticeable damage to infrastructure due to climate change, mandates are introduced to conserve energy. New Zealand's electricity grid sees gradual decarbonisation. Meanwhile, low carbon materials are available due to lower demand, with minimal innovations beyond current technologies and materials.

Investments are prioritised for climate resilience and adaptation. As building codes become more stringent, some assets become stranded. Physical effects of climate change stress centralised infrastructure, resulting in failures and further stranding of some assets. Consequently, local councils increase rates to fund asset protection and restoration.

Despite these changes, insufficient incentives are introduced to encourage behavioural changes. The scenario depicts a significant breakdown of social cohesion, record heat stress levels, mental health issues, and food insecurity. Demand for housing spikes due to climate-driven immigration and an increase in climate refugees.

2024 Climate-Related Financial Disclosures

c) Climate-related risks and opportunities

SHORT, MEDIUM AND LONG TERM

Argosy defines short, medium and long term as follows:

- Short term: 2024 – 2030
- Medium term: 2030 – 2050
- Long term: 2050 – 2100

These timeframes differ from Argosy's conventional operational and strategic, budgeting and planning time horizons. However, they are considered appropriate as they reflect the long-lived nature of both climate-related risks and our property assets. The identification of risks over longer time frames complements our strategic, budgeting and planning time horizons by providing an opportunity to consider and address longer term climate-related risks and opportunities.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

We have identified climate-related risks and opportunities based on the following criteria:

- *physical risks* are risks arising from the physical impacts of climate change (such as risk of physical damage to Argosy properties). Physical risks may be acute (such as severe weather events) or chronic (such as sea level rise);
- *transition risks* are risks arising from the transition to a resilient low carbon economy (such as requirements for buildings to be more energy efficient and resilient to climate impacts); and
- *opportunities* are potentially positive climate related outcomes (such as demand for Green Buildings). These can include opportunities arising from climate mitigation and adaptation measures (such as rainwater harvesting opportunities from increased rainfall).

The table below describes and assesses material climate-related risks and opportunities based on analysis of the three climate scenarios above and includes information about whether they are physical or transition risks and their impacts. An impact is considered material if it is identified as having potential to influence business-as-usual operations, achievement of business or strategic objectives, value, or media coverage. Risks are assessed on a five-point scale: "very low," "low", "medium", "high" and "severe". The table shows Argosy's assessment of the residual risk remaining after consideration of available controls and mitigations.

The scenarios are not intended as predictions of what climate change impacts may or will actually affect Argosy in the future. Neither the scenarios themselves nor our commentary or risk assessments in this report are forward-looking statements about what Argosy considers may or will happen in the future.

Funding and capital deployment decisions in relation to climate-related risks and opportunities are addressed under Argosy's Sustainability Framework, which identifies Green Buildings and climate change as material sustainability factors. Each material sustainability factor has its own objectives and targets. Targets in the Sustainability Framework are included in the development of Argosy's strategy, budget and operating plan.

d) Anticipated climate-related impacts

Anticipated climate-related impacts based on analysis of the three climate scenarios above are described in the table below. In relation to anticipated financial impacts, Argosy relies on

adoption provision 2 in paragraph 12 of NZ CS 2, which provides an exemption from disclosure of anticipated financial impacts in the first reporting period.

e) Transition plan

Argosy is committed to managing and reducing the impact of its operations on the environment, including climate change impacts. Our strategy to develop Green Buildings reflects our ambition to address sustainability issues by creating well designed, vibrant and sustainable buildings for today and into the future. We also believe that energy efficient Green Buildings have the potential to provide several key benefits including:

- lower energy costs;
- higher occupancy;
- higher value;
- improved worker productivity and occupant health and wellbeing; and
- lower transition risk.

Argosy's Sustainability Framework is at the forefront of strategic planning and applies to all areas of its business. Green Buildings and climate change are identified as material sustainability factors within this Framework. The most observable impact of climate-related risks has been the drive for Argosy and its stakeholders to obtain Green Building certifications in relation to the refurbishment or construction (Green Star ratings) and ongoing operation (NABERSNZ ratings) of its buildings.

These certifications provide evidence of reduced energy use and emissions from Argosy's buildings in accordance with internationally recognised standards which help reduce the carbon footprint of Argosy and its occupiers. Buildings with Green Star ratings also benefit from climate adaptation planning contributing to greater resilience. This drive toward certified energy efficient Green Buildings is reflected in Argosy's strategic and financial planning as well as its plans for acquisitions, developments and disposals.

Argosy is preparing its property portfolio for progressive certification, which started with the 5 Green Star Office Built rating obtained for the redevelopment of the historic Te Puni Kōkiri House in March 2014. Since then, Argosy has obtained Green Star ratings on a further ten buildings and has obtained (4 star or better) NABERSNZ ratings on four of these buildings and three other buildings. Our target is for 50% of the portfolio (by market value) to be certified energy efficient Green Buildings by 31 March 2031.

The development of certified energy efficient Green Buildings has also provided Argosy with an opportunity to diversify its funding through Green Bonds. At the date of this report, Argosy has funding of \$325 million from Green Bonds supported by certified energy efficient Green Buildings (including developments targeting such a certification) valued at \$722.5m.

Argosy relies on adoption provision 3 in paragraph 15 of NZ CS 2, which provides an exemption from disclosure of transition plan aspects of its strategy, and the extent to which transition plan aspects of its strategy are aligned with its internal capital deployment and funding decision-making processes. The discussion above addresses Argosy's progress toward developing the transition plan aspects of its strategy.

Risk Category	Risk Description	Residual risk									Commentary on controls and mitigations
		Scenario 1			Scenario 2			Scenario 3			
		S	M	L	S	M	L	S	M	L	
CLIMATE CHANGE RISKS											
Climate Change - Acute Physical Risk	FLOODING, STORM, CYCLONE, AND WILDFIRE - Increase in frequency and intensity of extreme weather events, including flooding, storms, cyclones and wildfires, causing significant damage and/or destruction to buildings and surrounding infrastructure and delays to project timelines.	●	●	●	●	●	●	●	●	●	Extreme weather events are a risk under each of the three future scenarios, however there is no material impact at present. Risk is assessed as very low over the short term in each scenario, increasing to low in the medium to long term under Scenarios 1 and 2 due to moderate increases in severity of weather events which could have minor impacts. Under Scenario 3, risk increases to medium over the medium to long term due to increase of frequency and intensity of weather events. However, climate adaptation measures will create resilience leading to an assessment of medium risk over the medium to long term. In assessing climate-related risks, Management has made an assumption that Councils in built up areas will be able to maintain public infrastructure over the long term. (Note that there was no significant damage to Argosy's portfolio from the Auckland Floods or Cyclone Gabrielle.)
Climate Change - Chronic Physical Risk	RISING SEA LEVELS - Rising sea levels impact coastal locations, leading to increased insurance premiums for affected properties. Some properties may become stranded or permanently unprofitable due to the risk of inundation and insurance retreat.	●	●	●	●	●	●	●	●	●	Sea level rise presents a very low to low risk under Scenarios 1 and 2. Sea level rise is assessed as presenting a medium residual risk over the medium to long term under Scenario 3, after taking into account adaptation planning during the development/redevelopment of buildings.
Climate Change - Chronic Physical Risk	HEAT STRESS - Rising temperature causes heat stress creating increased demand for cooling. This increases energy consumption for buildings with air-conditioning, increasing operating costs. Potentially, buildings without air-conditioning may require capital expenditure.	●	●	●	●	●	●	●	●	●	Under Scenarios 1 and 2, planned upgrades of existing air-conditioning plant provide opportunities to address emergent heat stress. However, there is potential for heat stress to affect areas of buildings without existing air-conditioning (such as many warehouse areas) under Scenario 3 in the medium to long term. Heat stress could affect workers or stock in such areas and may be harder to mitigate as compared to areas with existing air-conditioning equipment. However, consideration of the potential for future heat stress when developing/redeveloping buildings should mitigate the risk under Scenario 3 and the residual risk is rated as medium.
Climate Change - Chronic Physical Risk and Mitigation Opportunity	INCREASED RAINFALL - Increase in rainfall causing changes in ground conditions, slope stability and shorter earthworks season. Increased rainfall also creates a mitigation opportunity for increased rainwater harvesting.	●	●	●	●	●	●	●	●	●	Increased rainfall will present a risk for vulnerable buildings and an opportunity for resilient buildings. This risk should be planned for in acquisitions and new developments/upgrades. Over the short term, some tenants will be focused on resilience, particularly in relation to floods under all three scenarios (to which Argosy's portfolio proved resilient in the Auckland Floods). Tenant demand and a practical need for resilience will grow as climate impacts increase in frequency and intensity, particularly under Scenario 3.

2024 Climate-Related Financial Disclosures

Risk Category	Risk Description	Residual risk									Commentary on controls and mitigations
		Scenario 1			Scenario 2			Scenario 3			
		S	M	L	S	M	L	S	M	L	
CLIMATE CHANGE RISKS											
Climate Change - Chronic Transition Risk and Opportunity	RESILIENT BUILDINGS - Tenant expectations and/or physical climate impacts require that buildings need to withstand direct physical impacts of climate change and can operate independently of the power grid during blackouts. This can be a risk for vulnerable buildings and an opportunity for resilient buildings.	●	●	●	●	●	●	●	●	●	Adaptation studies should anticipate climate adaptation/resilience requirements for Scenarios 1 and 2 and mitigations implemented over the short to medium term should be effective in relation to these scenarios. However, adaptation requirements for the severe climate hazards under Scenario 3 require further investigation and proposed mitigations have not yet been confirmed as effective under Scenario 3 for the long term.
Climate Change - Transition Risk	EFFICIENT BUILDINGS - Stricter building regulations and tenant preferences focused on decarbonisation impose minimum energy efficiency and/or other sustainability-based standards on buildings and related infrastructure, requiring increased capital expenditure to make buildings comply with energy efficiency requirements and standards.	●	●	●	●	●	●	●	●	●	Risks arising from energy efficiency requirements have greater impacts in the short to medium term under Scenarios 1 and 2 and are particularly acute in Scenario 2 for the medium term (2030-2050). However, Argosy's strategy to develop/redevelop green buildings and reduce GHG emissions over the short to medium term should mitigate the heightened medium term transitional risk in Scenario 2. There is little emphasis on decarbonisation under Scenario 3 and this scenario presents low risk (although severe physical impacts of climate change create challenges for climate adaptation and resilience).
Climate Change - Transition Risk and Opportunity	GREEN BUILDINGS - Demand from tenants, investors and stakeholders for certified sustainable energy efficient buildings with a low carbon footprint presents an opportunity for owners of Green Buildings and a risk for owners of older less efficient buildings.	●	●	●	●	●	●	●	●	●	Argosy's strategy to develop Green Buildings (and target for 50% of its portfolio to be Green Buildings by 2031) should leave it well-placed to take advantage of opportunities presented by the transition to a low carbon economy.
Climate Change - Transition Risk	FINANCIAL AND REPUTATIONAL LOSS - failure to meet investor, regulatory or societal expectations in relation to management of transitional climate change impacts.	●	●	●	●	●	●	●	●	●	The inclusion of Green Buildings and climate change as material sustainability factors in Argosy's Sustainability Framework will ensure that we remain focused on financial performance and social licence maintenance arising from the transition to a low carbon economy.

RISK ASSESSMENT LEGEND

Severe ● High ● Medium ● Low ● Very Low ●

S – short term M – medium term L – long term

Risk Management

DISCLOSURE OBJECTIVE:

To enable primary users to understand how an entity’s climate-related risks are identified, assessed, and managed and how those processes are integrated into existing risk management processes.

RISK MANAGEMENT DISCLOSURES:

To achieve the disclosure objective above, an entity must disclose the following information for both transition risks and physical risks:

- a) a description of its processes for identifying, assessing and managing climate-related risks; and
- b) a description of how its processes for identifying, assessing, and managing climate-related risks are integrated into its overall risk management processes.

a) Processes for identifying, assessing and managing climate-related risks

To facilitate consideration of climate-related risks, the Risk Management Framework under which Argosy’s Risk Management Committee operates has been updated to include a risk appetite and criteria for identifying and assessing climate-related risks arising from scenario analysis. The short, medium and long term for assessing climate-related risks are the same as the corresponding timeframe’s under Argosy’s climate scenarios:

Short term:	2024 – 2030
Medium term:	2030 – 2050
Long term:	2050 – 2100

In accordance with the updated Risk Management Framework, the Risk Management Committee has analysed the climate scenarios described above, identified climate-related risks and opportunities and added them to Argosy’s Strategic Risk Register. Controls and mitigations are developed where risks are assessed as being outside Argosy’s risk appetite.

b) How processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management processes

Amendments to the Risk Management Framework and additions to the Strategic Risk Register described above have been reviewed by the Board’s Audit and Risk Committee and approved by the Board. In future, climate-related risks and opportunities will be reviewed along with other risks in accordance with Argosy’s Risk Management Framework.



5 Allens Road, Auckland.

Metrics and Targets

DISCLOSURE OBJECTIVE:

To enable primary users to understand how an entity measures and manages its climate-related risks and opportunities. Metrics and targets also provide a basis upon which primary users can compare entities within a sector or industry.

METRICS AND TARGETS DISCLOSURES:

To achieve this disclosure objective, an entity must disclose:

- the metrics that are relevant to all entities regardless of industry and business model;
- industry-based metrics relevant to its industry or business model used to measure and manage climate-related risks and opportunities;
- any other key performance indicators used to measure and manage climate-related risks and opportunities; and
- the targets used to manage climate-related risks and opportunities, and performance against those targets.

Metrics relevant to all entities

GREENHOUSE GAS EMISSIONS

Argosy's gross emissions in metric tonnes of carbon dioxide equivalent (tCO₂e) using the location-based method for the reporting period to 31 March 2024 are set out in the table below:

Scope	Sub-Category	Description	FY24 tCO ₂ e	Data collection methodology and uncertainty
1		Leakage of refrigerants	141.5	Refrigerant emissions data has been gathered from Argosy's maintenance contractor, and calculated from top-up volumes.
		Mobile combustion (incl. company owned or leased vehicles)	37.7	Mobile combustion emissions including company vehicles has been gathered from fuel card data.
		Stationary combustion	7.6	Stationary combustion emissions including fire pumps and backup electricity generators have been gathered from maintenance contractor top-up data.
		Subtotal	186.8	
2		Imported electricity (location-based)	166.1	Electricity emissions have been calculated from supplier data, supplier invoices and from electrical sub-metering on site.
		Imported electricity for EVs (location-based)	0.2	Electricity emissions have been calculated from supplier data, supplier invoices and from electrical sub-metering on site.
		Subtotal	166.3	

Scope	Sub-Category	Description	FY24 tCO ₂ e	Data collection methodology and uncertainty
3	1	Purchased goods and services	1,053.6	Purchased goods and services emissions include maintenance emissions for Argosy's portfolio. A spend-based methodology has been used, with aggregation of individual maintenance categories.
	3	Transmission of energy	19.2	Electricity distribution loss emissions have been calculated from supplier data, supplier invoices and from electrical sub-metering on site.
	5	Disposal of solid waste - landfilled	0.3	Waste to landfill emissions have been calculated with data from service provider weigh stations.
	5	Recycling process	0.4	Recycling waste emissions including plastics, cardboard and paper have been calculated with data from service provider weigh stations.
	6	Business travel - transport (non-company owned vehicles)	29.9	Business travel emissions including air travel, taxis and rental car emissions have been calculated from provider data, and from spend based methodology for taxi and rental car travel.
	7	Employee commuting	23.2	Employee commuting emissions have been calculated using road mapping, transport type, and number of days per year commuted.
	10	Processing of sold goods	25.5	Composting waste emissions have been calculated with data from service provider weigh stations.
	11	Use stage of sold products	355.0	Leased asset emissions from electricity consumption and electricity distribution losses have been calculated based on data estimated using factors derived from similar buildings within Argosy's portfolio.
	12	End of life stage of sold products	18.9	Plastics recycling emissions have been calculated using data from service provider weigh stations.
	13	Downstream leased assets	3,077.3	Leased asset emissions have been calculated using tenant electricity consumption, or estimated using factors derived from buildings with similar tenants within Argosy's portfolio.
		Subtotal	4,603.3	

The methods, assumptions and uncertainties in relation to the calculation or estimation of Scope 1, 2 and 3 emissions are described below:

Scope 1, direct emissions: This category captures emissions directly generated by Argosy's owned or controlled sources. Data is collected from various sources: service contractors provide information on refrigerant emissions and top-up volumes, fuel card data helps track mobile combustion emissions from company vehicles; and service providers offer data on top-ups for stationary combustion sources like fire pumps and backup generators.

Scope 2, indirect emissions from purchased energy within Argosy's operational control: Electricity use contributes to indirect emissions. Argosy gathers data from electricity suppliers, invoices, and on-site electrical sub-metering to calculate both electricity emissions and electricity distribution loss emissions.

Scope 3, other indirect emissions: This scope encompasses all other indirect emissions from Argosy's activities and emissions are calculated using emission factors as described below (Source of emissions factors). Purchased goods and services emissions, including emissions from maintenance across the

portfolio, are estimated using a spend-based methodology. Waste management data comes from service provider weigh stations, allowing for calculations of emissions from landfilled, recycled (including plastics, cardboard and paper), and composted waste. Business travel emissions are tracked – air travel data comes directly from the verified provider, while taxi and rental car emissions are estimated using spending data. Employee commuting emissions are calculated based on road mapping, transport mode, and commuting frequency.

Finally, data for leased buildings is calculated using tenant electricity consumption or estimated using emissions factors derived from similar buildings within Argosy's portfolio. This includes estimating emissions from both tenant electricity consumption and electricity distribution losses in those leased assets.

2024 Climate-Related Financial Disclosures

GHG emissions intensity

Argosy's GHG emissions intensity is calculated as:

Scope 1 emissions + Scope 2 emissions	=	353 tCO ₂ e	=	2.69 tCO ₂ e/\$1m
Revenue		\$131m		

Assets exposed to transition risks

All of Argosy's property assets are potentially exposed to transition risks arising under the climate scenarios described in this report to some extent. For example, energy efficiency requirements and the need for increased resilience.

Assets exposed to physical risks

All of Argosy's properties are potentially exposed to physical risks (climate scenarios described in this report, particularly under climate scenario 3) to some extent. For example, climate impacts from increases in the frequency and the severity of acute weather events.

Climate-related opportunities

All of Argosy's properties are potentially exposed to climate-related opportunities under the climate scenarios described in this report to some extent. For example, there is the potential for properties to be upgraded such that they are more energy efficient and resilient making them more attractive to tenants.

Capital deployment

Argosy had 14 Green Buildings with a total value of \$683.4m as at 31 March 2024.

Internal emissions price

For the year ended 31 March 2024, Argosy had an internal emissions price of \$21/tCO₂e. This is the average cost of offsetting Scope 1 and 2 carbon emissions for Argosy's certification under Toitū Envirocare's Net Carbonzero Programme. (The disclosure of emissions in this report is not certified by Toitū Envirocare. Further information about Argosy's certification from Toitū Envirocare is provided in our Sustainability Report).

Remuneration

Argosy's short term incentive scheme includes components linked to climate-related risks and opportunities. For the year ended 31 March 2024, 12% of the staff short term incentive, and 12.5% of the CEO's short-term incentive, were linked to the development of Green Buildings.

INDUSTRY BASED METRICS

Argosy has an emissions reduction programme as part of our Toitū Envirocare Net Carbonzero Programme, and a target for 50% of our portfolio to be Green Buildings by 31 March 2031.

Emissions reduction programme

In 2020, Argosy implemented an emissions reduction programme with a base year to 31 December 2019 and a target of achieving a 30% reduction in Scope 1 and Scope 2 emissions by 31 December 2030. Argosy was on track to achieve emissions reductions under this programme. However, to align the programme with the reporting period for our climate related disclosures the base year has been changed for the current year ended 31 March 2024.

The current year to 31 March 2024 is the new base year for the programme, which now targets a 17.5% reduction in Argosy's emissions intensity for Scope 1 and 2 emissions (reported above) by 31 March 2031. The emissions reduction target is an intensity based target to reduce Argosy's emissions, entered into as part of Toitū Envirocare's Net Carbonzero Programme. Achieving this target will contribute to limiting global warming by reducing Argosy's emissions. However, it is not a science-based target linked directly to Paris Agreement goals or the specific goal of limiting global warming to 1.5°C.

For the year to 31 March 2024, Argosy is achieving a level of emissions reductions consistent with the target. Argosy's Scope 1 and 2 emissions reduction programme does not rely on carbon offsets. However, Argosy's certification under Toitū Envirocare's Carbonzero Programme relies on carbon offsets for emissions remaining after reductions under Argosy's emissions reduction programme.

Green Buildings

Argosy has a target that 50% of the buildings in its portfolio (by market value) will be Green Buildings by 31 March 2031. This is an intensity based target and increasing the number of Green Buildings in Argosy's portfolio contributes to limiting global warming by increasing the energy efficiency of Argosy's portfolio. However, it is not a science-based target linked directly to Paris Agreement goals or the specific goal of limiting global warming to 1.5°C.

As at 31 March 2024, 35% of the Buildings in Argosy's portfolio were Green Buildings. Increasing the number of Green Buildings in Argosy's portfolio does not rely on carbon offsets.

GHG EMISSIONS

Standard under which emissions have been measured

Argosy's emissions have been measured in accordance with International Organization for Standardization. ISO 14064-1:2018 – Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals. (ISO: Geneva, Switzerland.)

Consolidation approach

Argosy has used an operational control approach for consolidation of Scope 1 and 2 emissions. Although our tenants are responsible for a large proportion of emissions, an operational control approach is considered appropriate as we maintain close relationships with tenants enabling us to influence and enact change.

Source of emissions factors

Argosy collects data to track its emissions across the three scopes. This data is collated using Toitū Envirocare's Emanage reporting platform. Most emissions factors are from "Measuring emissions: A guide for organisations: 2023 emission factors summary", published by the Ministry for the Environment. Other sources include:

- UK BEIS: Department for Business, Energy & Industrial Strategy.
<https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>.
- USEPA: United States Environmental Protection Agency. "Emission Factors for Greenhouse Gas Inventories" document published by the Centre for Environmental Research Information (CERI).
<https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>.
- BRANZ: Building Research Association of New Zealand.
<https://www.branz.co.nz/pubs/guideline/>.
- ICE Database: International Council for Emissions Trading
https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/union-registry_en
- IEA: International Energy Agency
<https://www.iea.org/reports/world-energy-outlook-2023>.

Specific exclusions from reported GHG emissions

Argosy has excluded the following specific source of GHG emissions: Refrigerant leakage from tenant controlled air-conditioning units in buildings occupied by a single tenant.



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