

# CARBON MEASUREMENT METHODOLOGY

PATRON CAPITAL ADVISORS LLP



*Powered and prepared by Rio AI (UK) Limited for Patron Capital Advisors*

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## 1. Executive Summary

Rio AI (UK) Limited (“Rio”) has prepared this Carbon Measurement Methodology document for Patron Capital Advisors (“Patron”) to support and strengthen Patron’s sustainability ambitions and commitments. Patron has set net zero decarbonisation goals and targets across its funds and own operations. Rio acts as Patron’s sustainability operations and data advisor, by enabling the tracking, measurement and reporting of progress towards achieving decarbonisation ambitions. This document is intended to provide transparency and alignment for all relevant stakeholders, this including regulators, deal teams, administrators and investors. The methodology outlines the steps taken in the collection, aggregation and calculation of carbon emissions across Patron’s portfolio, establishing a consistent methodology and shared understanding of the approach taken to quantify and manage carbon impact.

Rio is a sustainability accounting software and consulting advisory firm. Rio works closely with UK government institutions and FTSE-listed entities across sectors such as construction, oil & gas and financial services. Rio combines data-led insights with deep advisory experience to help organisations embed sustainability within their operations and reporting processes. Rio has been advising Patron since 2023, working closely to streamline due diligence screening processes, strengthen SFDR compliance, support the achievement of net zero targets, enhance emissions data collection, and upskill the organisation on ESG and sustainability practices. Stated ambitions and performance information are essential for enhancing the quality, reliability, and comparability of climate and sustainability reporting. Patron and Rio are therefore committed to providing high quality data and disclosures for internal decision-making and report meaningful data to its external stakeholders.

As a value-add and opportunistic real estate investor, Patron recognises both the risks and opportunities associated with climate change and the decarbonisation of the built environment. Patron's commitment is to align its investment strategy with the Paris Agreement, EU Green Deal and International Sustainability Standards Board (ISSB) while delivering competitive returns through the creation, transformation and responsible management of real estate assets. Patron is committed to integrate decarbonisation objectives across all investment activities, ensuring that its portfolio is progressively aligned with a 1.5°C pathway and remains resilient to evolving regulations and market expectations. The scope of this carbon measurement policy and methodology will apply to all real estate investments across the Patron Fund VII and VIII portfolio, including the three key pillars of the Patron investment strategy:

- New residential developments for sale
- Full refurbishments of stranded commercial assets
- Operating commercial assets without major refurbishments

This methodology also encompasses the carbon accounting approach from the emissions of Patron's operational activities. This includes Patron's office locations and the associated emissions from these activities.

## 2. Introduction & Objectives

This carbon methodology document provides a standardised framework for Patron to measure and disclose the greenhouse gas (GHG) emissions associated with its operations and investments. This methodology is crucial for:

- **Transparency and accountability:** it enables Patron to understand and report its direct and indirect emissions, contributing to transparency and accountability in the real estate sector's contribution to climate change.
- **Risk management:** applying a harmonised approach to measuring GHG emissions from operations and investments helps identify and manage climate-related risks associated within portfolios.
- **Decarbonisation planning:** carbon accounting and measurement support the alignment towards strategic goals on net zero, by defining decarbonisation efforts enabling regular monitoring on progress.
- **Alignment with broader stakeholders:** Patron is committed to ensuring that all stakeholders are aligned on Patron's objectives, particularly on the method for capturing, measuring and reporting on carbon emissions.

Carbon reporting covers two distinct areas: financed emissions and Patron's own operations.

- **Financed emissions** capture the carbon linked to the real estate assets that Patron invest in. These include both the operational carbon from running a building (activities such as energy & water consumption and waste production) and the embodied carbon related to the construction, renovation, use phase and disposal. Whilst these embodied carbon emissions are not all generated directly by Patron, they are considered financed emissions on the basis they result from investment activities.
- **Own operations** cover the emissions from Patron's corporate offices and day-to-day running of the business. These include energy use in Patron offices, business travel and other sources under direct control.

By reporting financed emissions and operational emissions separately, Patron ensures there is clarity and consistency in its carbon reporting. This approach enables Patron to understand both the impacts from its investment portfolio and the operational footprint. These reporting principles and their associated methodological approach are outlined on the subsequent pages.

Patron's carbon measurement methodology is aligned with globally leading and recognised sustainability reporting standards. These notably include the GHG Protocol, Partnership for Carbon Accounting and Financials (PCAF), Carbon Risk Real Estate Monitor (CRREM) and Science-based Targets Initiative (SBTi).

- The GHG Protocol Standard can be accessed [here](#)
- The PCAF Standards can be accessed [here](#)
- More information on CRREM pathway framework can be accessed [here](#)
- More information on the Science-based Target Initiative (SBTi) can be accessed [here](#)

Beyond these core frameworks, Patron incorporates best practice industry guidance in real estate financing, such as the UK Green Building Council (GBC), the Global Real Estate Sustainability Benchmark (GRESB) and BREEAM. Patron is also committed to reporting in line with the International Sustainability Reporting Standards (ISSB), Sustainability Accounting Reporting Standards Board (SASB) and the European Association for Investors in Non-Listed Real Estate Vehicles (INREV), which also provide steering to Patron's ESG reporting mechanisms and architecture.

Finally, Patron's applicable funds report in compliance with the requirements of the Sustainable Finance Disclosure Regulation (SFDR), where Fund VII & VIII are classified as Article 8 with a commitment to make sustainable investments.

### 3. Scope & Boundaries

In line with the Greenhouse Gas (GHG) Protocol, emissions are categorised into three scopes – that is, scope 1, scope 2 and scope 3. These scopes distinguish between direct and indirect sources of greenhouse gas emissions and provide a structured approach for measuring and managing carbon impacts across an organisation's activities and value chain.

Scope 1 covers all direct emissions from sources that are owned or controlled by the organisation. These are emissions resulting from operations where the organisation has direct influence over fuel combustion or process activities. Scope 1 emissions represent the most immediate and controllable sources of an organisation's carbon footprint. Examples of these emission sources include:

- Emissions from on-site fuel combustion (e.g. boilers, furnaces, generators)
- Emissions from company-owned vehicles
- Fugitive emissions (e.g. refrigerant leakage from air conditioning systems)

Scope 2 accounts for indirect emissions from the generation of purchased energy, usually electricity, heat and steam, that is consumed by the organisation. While the organisation does not produce these emissions directly, they occur as a consequence of energy use. Scope 2 emissions are often managed through energy efficiency initiatives and renewable energy procurement strategies. Examples of emission sources include:

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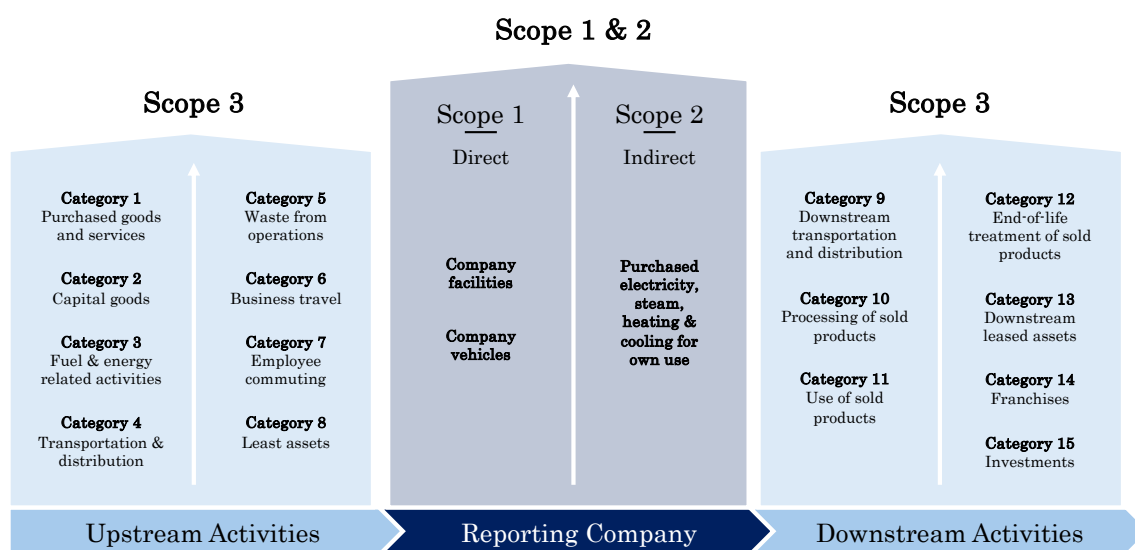
- Emissions from purchased electricity used to power offices, assets or facilities
- Emissions associated with purchased heating or cooling services

Scope 3 encompasses all other indirect emissions that occur throughout the organisation's value chain, both upstream and downstream. These emissions result from activities not owned or directly controlled by the organisation but are linked to its operations, products or services. Scope 3 emissions often represent the largest portion of an organisation's total footprint and are typically the most complex to measure requiring collaboration with suppliers, partners and customers. Examples of scope 3 emission sources are:

- Emissions from the production of purchased goods and services
- Transportation and distribution (upstream and downstream)
- Employee commuting and business travel
- Waste generation and disposal
- Use and end-of-life treatment of sold products

Furthermore, scope 3 emissions are divided into 15 categories covering all indirect emissions across a company's value chain. These include upstream categories and downstream activities. The 15 categories provide granularity and transparency by breaking down all indirect emissions across the value chain. This structure helps organisations to determine key emissions sources, avoid double counting and build a more accurate picture of their total carbon footprint for effective management and reporting.

An overview diagram is provided below to illustrate this.



Source: Greenhouse Gas Protocol, Corporate Value Chain Accounting and Reporting Standard

To measure financed emissions across the Patron portfolio, for assets that are already built and operational, the scope 1 and 2 emissions of the underlying buildings are measured. This emissions data is consolidated from a variety of sources, that are either actual or estimated. For actual data, these datasets are sourced from energy audits, physically metered data, utility invoices and reports.

For construction projects that are yet to be completed, Patron collaborates with its local partners to produce Life Cycle Assessment (LCA) reports. These resources provide a tangible carbon emissions metric for a given project, where the assessments consider the sourcing of materials, through the construction, demolition and disposal of the building from an environmental perspective. In effect, LCA reports provide an accurate view of the scope 3 emissions from a new development project. Employing the LCA approach for new development projects is justified by the absence of scope 1 and 2 emissions since the building is not yet operational.

For major refurbishment and renovation projects, Patron also employs LCA analysis to assess the carbon impacts. Working closely with its local partners, Patron defines the quantity of materials used, number of staff, equipment and the associated capex measures to determine the associated emissions from the renovation's embodied carbon. When data availability permits and LCA reports are produced, Patron includes the relevant LCA stage into calculations. In some specific instances, it may be possible to extract scope 1 and 2 emissions if the building is undergoing minor renovations and continues to be operational. For major renovations where the building undergoes a closure, Patron will employ the results of the LCA analysis to inform its carbon reporting.

Data gaps nonetheless remain, especially for assets under construction or renovation. Where direct measurements are not available, proxies such as EPC certificates or building-specific emissions factors are used to provide indicative estimates that enable reporting. These figures will be refined over time as more accurate data, including meter readings and Life-Cycle Assessment (LCAs) become available.

For operational activities, all emissions are reported on an annual reporting period, running from 1 January to 31 December, this covering the Patron offices with operational control. This schedule also applies similarly to financed emissions reporting, where Patron will report on a January-December cycle but may apply normalisation adjustments on an ad-hoc basis to better reflect each project's operational context. For example, if a project commences in June, reported financed emissions will be normalised to represent six months of activity rather than a full year.

Building on this framework, Patron in collaboration with Rio, is implementing more granular and continuous data capture processes. This includes the regular collection and consolidation of operational data, such as utilities, waste and resource consumption, following the validation of due diligence screening throughout the asset management phase. Through Rio's platform, this information will be validated quarterly or semi-annually and

visualised via bespoke reporting dashboards, enabling near real-time insight into emissions performance. This enhanced data infrastructure will allow Patron to report with greater accuracy, supporting alignment with SFDR and ISSB requirements, to inform decision-making related to capex planning, asset optimisation and progress towards net zero goals.

### 4. Financed Emissions Methodology

For buildings that are already built and operational, in line with the PCAF guidance, the financed emissions associated with the operational use of a building are attributed to the property owner on a proportional basis. Operational energy use is captured under various forms, from utility invoices, physical/smart meters, waste streams or water consumption. Where tenants are responsible for procuring and consuming their own energy, actual tenant consumption data will be requested. This will ideally be sourced from physical meter readings or energy bills. Patron however does recognise that this data is often unavailable, particularly in acquisitions where the control over the management of the building is limited. In the absence of measured data, Patron applies reasonable estimates, using proxies such as Energy Performance Certificates (EPCs), building type averages, or local/national building consumption dataset benchmarks. With direct support from Rio, and a myriad of ESG consultants across sites, Patron is actively enhancing its operational data gathering processes by leveraging utilities, waste and water consumption information. Patron aims to strengthen the precision of carbon accounting and performance tracking across its portfolio. Over time, Patron will seek to improve accuracy by engaging more closely with its tenants and property managers, enhancing data-sharing practices and embed sustainability requirements into lease agreements where feasible.

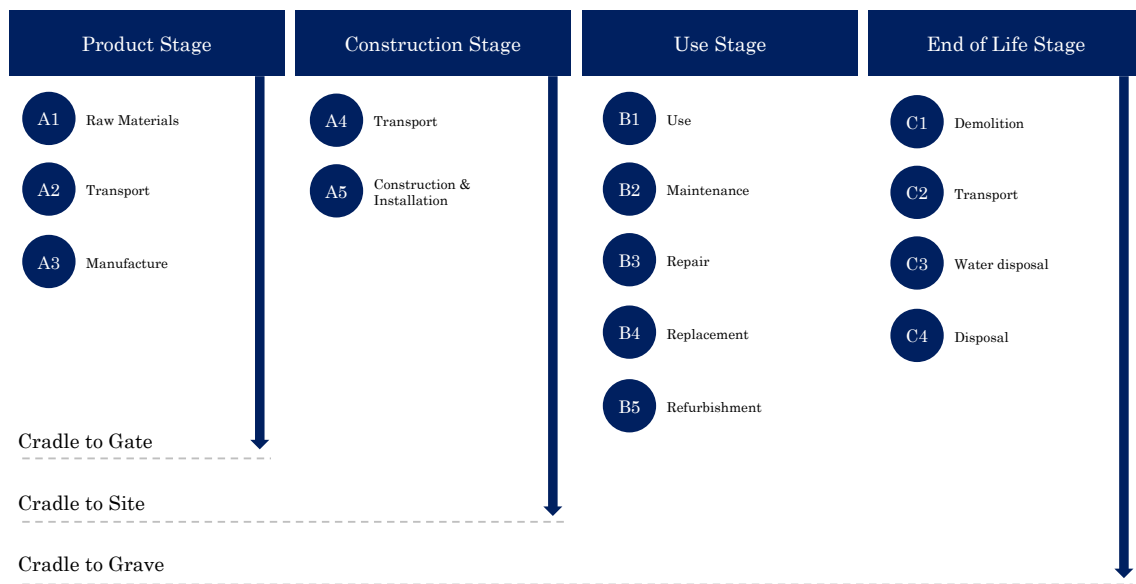
Patron and its local partners have been undergoing efforts to establish green leases into its contractual agreements with tenants and local partners. Where green lease provisions are in place, Patron is able to exercise greater influence over the tenant's energy performance. Under these arrangements, data-sharing requirements are outlined in the lease, therefore enabling access to more accurate consumption data for reporting purposes. In some cases, green leases also include clauses encouraging energy efficiency measures, renewable procurement, or joint investments in upgrade. Where such agreements apply, tenant emissions can be tracked with greater accuracy.

For selected assets, Patron sources CRREM (Carbon Risk Real Estate Monitor) transition pathway analysis to assess the alignment of a building's energy and carbon performance against sector-specific decarbonisation trajectories. These analyses provide forward-looking benchmarks for operational emissions intensity (e.g. kgCO<sub>2</sub>e/m<sup>2</sup>) and highlight the risk of a building becoming 'stranded' if it fails to decarbonise in line with climate targets.

For construction developments and major renovation projects, Patron engages directly with its consulting partners on-site to produce asset-level Life Cycle Assessment (LCA) reports.

These reports include both embodied carbon, these are stages A1-A5, B1-B5 and C1-C4, alongside the operational carbon phase of the building, these are stages B6-B7. Elements A1 to A3 refer to the product stage, comprising raw materials supplied, transport and manufacturing. Elements A4 to A5 refer to the construction stage, comprising transport alongside the construction and installation process. Elements B1 to B7 are related to the use stage, comprising building use, maintenance, repair, replacement and refurbishment. Lastly, stages B6 & B7 specifically refer to operational energy and water use.

An overview diagram of the life cycle assessment framework, covering specifically the embodied carbon impact, is provided below.



Note: this is a simplified overview that focuses solely on the embodied impact stage. The total LCA also includes the operational energy and water use phase of the building (B6 and B7 respectively) and supplementary information regarding circular economy principles, namely reuse, recovery and recycling of the building, following the End-of-Life stage.

Patron relies on project-specific LCAs conducted in accordance with EN 15978 or equivalent standards, ensuring compliance with recognised guidelines for assessing the environmental performance and emissions of buildings. To enhance accuracy, the analysis integrates data from various construction materials databases, or where available, uses Environmental Product Declarations (EPD) for the materials. The assessments are carried out with the One Click LCA software. The software holds 11 third party certifications and compliance with over 30 certifications and standards, including all versions of LEED and BREEAM.

The methodology to carry out the LCA follows a structured process, which covers existing data collection, this involves gathering all relevant data regarding the existing building elements. This includes (a) gathering project information and materials characteristics, such as bills of quantities or as-built design documentation, (b) materials information, such as Environmental Product Declarations (EPDs), transport distances, and other relevant data, (c) construction data, such as information on energy and water consumption during the construction phase, (d) operational energy and water use, such as data on expected

energy and water consumption during the building's future operations, and lastly (e) benchmark information, that would pertain to similar buildings in the portfolio, in order to establish a benchmark for comparison.

Following the existing data collection phase, the LCA assessment involves performing an energy simulation and water use estimation, this usually based on the Energy Performance Certificate (EPC). The subsequent step is performing the LCA to quantify the environmental impacts associated with each building element across the life cycle. The following key data sources are gathered to inform the LCA outputs: construction drawings, materials quantities, manufacturer-supplied Environmental Product Declarations (EPDs), One Click LCA's database this including regional transport scenarios, Energy Performance Certificates (EPC) for operational energy modelling, and projected building occupancy estimates derived from the LEED calculator for water consumption. End-of-life data are based on regional default datasets compliant with EN 15804+A2, supplemented by One Click LCA's database for comparable materials where EPDs are unavailable. Overall, the construction elements included in the LCA are the foundations, structure, envelop, partitions, cladding, interior carpentry, mechanical, electrical, plumbing and exterior elements.

For the purpose of financed emissions figures, Patron employs LCA analysis on stages A1 to A5 to express its reporting on the construction phase of the building project. Upon the completion of a construction project and its subsequent use, Patron transfers the associated carbon emissions of the building to the operational financed emissions figures, as outlined previously. In the case where the underlying project is a major renovation or refurbishment, Patron will then use the LCA stages comprising elements B3 to B5. As a reminder, these elements comprise the repair, replacement and refurbishment of the building. This however does not comprise stages B6 and B7, which are the operational energy and water use, respectively.

In terms of expressing embodied carbon emissions figures for accurate reporting, Patron applies a financial-based approach that apportions the embodied carbon figures from the LCA assessment across the years, based on the capital deployed in the relevant reporting year. The LCA reports provide Global Warming Potential (GWP) figures that are usually expressed for 50-years, this being reflective of the total lifespan of the building. GWP, also known as carbon footprint, represents the amount of greenhouse gases emitted over the building's life cycle (50 years), measured in kilograms of CO<sub>2</sub> equivalent. The total GWP figure (50-year life) is annualised by dividing by 50, and then apportioned based on the capital employed in the reporting year, reflecting Patron's share of financing activity during that period. Upon completion and commencement of operation, embodied carbon associated with construction (A1-A5 or B3-B5) is treated as realised emissions, while operational emissions (B6-B7) are tracked under ongoing financed emission reporting for the asset's operational phase.

This methodology is designed to remain consistent with the Greenhouse Gas (GHG) Protocol, the leading global standard for carbon emissions accounting, especially on Scope 3 Category 15 (Investments), ensuring that both embodied and operational emissions from

real estate activities are captured. For Patron's own operations, scope 1 and 2 emissions are reported in line with the GHG Protocol's Corporate Standard, covering direct fuel use and purchased electricity, while relevant Scope 3 categories such as business travel are also included. By applying these recognised boundaries and definitions, the methodology provides transparency, comparability and consistency with industry best practice.

The methods used to calculate financed emissions are based on the Second Edition of the Global GHG Accounting and Reporting Standard Part A: Financed Emissions published by the PCAF on 19 December 2019. Absolute emissions are calculated by attributing a portion of the underlying building's total emissions to Patron's relative level of investment. For real estate investments, absolute emissions are attributed based on the percentage ownership of the property as Patron primarily performs direct real estate investments into underlying assets.

In preparing carbon reporting across the portfolio, a number of data gaps remain, particularly for assets that are still under construction, undergoing major renovations, or at the design stage. In such instances, direct measurement data may not always be available, and proxy indicators are applied in line with industry practice. The most common proxy is the use of official Energy Performance Certificates (EPCs). For each asset, EPC intensity values for energy consumption, expressed as kWh/m<sup>2</sup>/year, and operational emissions, expressed as kgCO<sub>2</sub>e/m<sup>2</sup>/year, are applied to the reported floor area as shown on the EPC to estimate the aggregate consumption and emissions of a given asset. Where EPCs include a renewable energy percentage, this figure has been used to calculate the proportion of renewable energy consumption and/or generation across the building.

For assets under construction or undergoing major renovation, embodied carbon figures cannot always be reported under reporting timelines. Similarly, for brownfield developments and assets that are still in the design phase, a number of data points can only be captured until more reliable data can be sourced. In these instances, emissions factors provided by the PCAF database are employed. These factors, expressed in tonnes of CO<sub>2</sub> per square meter for specific property types and geographies are multiplied by the floor area of the building to provide an indicative estimate of the emissions. For larger residential portfolios with a significant number of underlying units, figures are consolidated at fund-level. Where this is possible and relevant, energy and emissions data provided by local development partners on their own operations are also incorporated.

Finally, for recently acquired assets, a mixture of actual measured data and EPC-based estimates are employed on a case-by-case basis. It is important to note that EPC figures are based on modelled performance and may differ from actual in-use consumption. Where proxies or benchmarks are applied, results should therefore be considered indicative. Over time, these estimates will progressively be replaced with more accurate data, including physical meter readings, tenant-provided consumption data, and embodied carbon figures at project completion, ensuring continuous improvement in the robustness of reporting.

### Embodied Carbon Accounting

For financed emission reporting, Patron employs Life Cycle Assessment (LCA) results covering stages A1-A5 for new construction and B3-B5 for major renovations.

These stages capture emissions from material production, transport and construction processes (A1-A5), or from repair, replacement and refurbishment (B3-B5).

Operational energy and water use (B6-B7) are excluded from embodied carbon and instead reported under operational financed emissions.

### Attribution and Normalisation

LCA-derived Global Warming Potential (GWP) values, typically expressed over a 50-year reference period, are annualised by dividing by 50 and proportionally allocated based on the capital deployed by Patron in each reporting year.

This approach broadly aligns with the GHG Protocol, PCAF Reporting Standard, and specific guidance provided by the UK Green Buildings Council (GBC).

This ensures that both embodied and operational emissions are consistently captured and attributed in proportion to Patron's investment share.

## 5. Operational Emissions Methodology

Scope 1 emissions cover operational emissions from owned sources. This includes natural gas, oil, company car mileage and fugitive emissions from air-conditioning.

Scope 2 emissions covers emissions generated from the electricity used in all the buildings that Patron operates (i.e. offices) as calculated by the location-based and market-based methodology. The location-based methodology pertains to operational emissions from non-owned sources (e.g. power plants) using average emissions intensity for the grids on which energy consumption occurs. This includes electricity, municipal heating and cooling. The market-based method applies to operational emissions where Patron have contractual arrangements for renewable electricity, such as certified renewable electricity through a supplier tariff or the separate purchase of renewable energy guarantees of origin (REGOs) or market equivalent, or consumed renewable heat or transport certified through a Government scheme.

Scope 3 emissions cover indirect emissions that occur in the value chain but are not owned or directly controlled by Patron. The majority of reported scope 3 emissions currently arise from business travel, including flights, rail and other transport booked for staff. These are calculated using passenger average distance-based emissions factors aligned with recognised international methodologies, such as UK DEFRA.

A significant share of scope 3 is also linked to financed emissions from the real estate investments, particularly embodied and operational carbon associated with construction, refurbishment and ongoing asset performance. These financed emissions are calculated in line with principles laid out by the PCAF and relevant standards, such as the UK Green Building Council (GBC) as outlined in the previous section. Over time, scope 3 coverage will be expanded, as more detailed and reliable data becomes increasingly available across projects and the wider value chain.

## 6. Assumptions & Limitations

In conducting ESG due diligence and operational data capture across the funds' assets, a range of estimation and proxy indicators are applied due to varied development stages of the properties and the maturity of data availability. Where actual data is unavailable, official EPC (Energy Performance Certificate) documentation is employed as a primary data source for estimating the total energy consumption and operational carbon emissions. These calculations leverage intensity-based metrics such as kWh/m<sup>2</sup>/year and kgCO<sub>2</sub>/m<sup>2</sup>/year that is then applied to the EPC-reported floor area of each asset.

Renewable energy consumption figures are derived by combining EPC-reported renewable energy percentages with the total energy use, scaled to the asset floor area. For carbon figures, emission factors from the PCAF, and local grid emissions factors dependent on the geographical location of the asset are also used as an alternative estimation method, this particularly tied to the asset type and location.

A significant portion of assets are either under construction, in the design stage, or undergoing major renovations, which explain the prevalence of of unavailable data in some cases. Embodied carbon metrics are therefore requested by contracting specialist consulting firms who conduct Life Cycle Assessment (LCA) analysis on the new developments to define Global Warming Potential (GWP) figures acting as the emissions factor for these projects. These GWP figures are based off the One-Click LCA assessment modelling software.

In order to accurately allocate emissions, Patron applies the PCAF attribution factor methodology to reflect the share of financed emissions at the fund-level. In the absence of a clearly defined attribution factor for direct real estate investments for the private equity sector in the PCAF methodology guidance, Patron has adapted the attribution factor methodology put forward for commercial real estate and unlisted business loans. The attribution factor in this instance is defined as the ownership percentage in the property. Where accurate operational data is available on-site and provided by the facility manager(s) and tenant(s), with detailed breakdowns, Patron consolidate this data applying a whole building approach, and reports its financed emissions applying the attribution factor outlined above.

## 7. Reporting & Disclosure Frameworks

Patron Capital reports on the emissions of its portfolio on an annual basis through its periodic disclosures under SFDR reporting requirements across Fund VII and VIII. Patron also reports to its stakeholders on an ad-hoc basis through Due Diligence Questionnaires (DDQ) templates. Beyond this, sustainability progress across the funds is also disclosed through the annual sustainability report on Patron's website.

Patron reports the following key indicators as required by its Due Diligence Questionnaire (DDQ), GRESB and SFDR reporting requirements:

- Financed emissions per program, asset and fund-level, in tCO<sub>2e</sub> and kgCO<sub>2e</sub>
- Share of assets with EPC certificates
- Share of assets with energy-inefficient EPC certificates (as defined under the SFDR principle adverse impact - PAI indicators)
- Total energy consumption of buildings, in kWh
- Share of renewable energy generation and consumption in buildings

Embodied carbon figures for new developments and major renovations are expressed in terms of Global Warming Potential (GWP) for the reporting year

The Patron ESG reporting framework is consistent with the requirements set out in the SFDR requirements for investments in real estate assets. Patron applies a 'gating' screening framework on all of its investments to assess their sustainability credentials. This gating framework system incorporates KPIs from the SFDR Regulatory Technical Screening (RTS) criteria, EU Taxonomy indicators applicable to real estate activities (i.e. construction, renovation and acquisition of new buildings) and also assesses whether assets are in the process of, or have acquired, a well recognised sustainability credential on the building, such as BREEAM for example.

Beyond regulatory reporting, Patron has incorporated metrics from the SASB real estate standards into its pre-investment due diligence processes, where every single asset is assessed on a range of indicators pertaining to real estate sustainability operations. In light of the interoperability of the SASB framework with the ISSB requirements, Patron has intent to align to these frameworks, informing its ESG reporting on a continuous basis.

## 8. Governance & Continuous Improvements

Responsibilities for the implementation and ongoing improvement of this methodology is shared between internal Patron investment and ESG teams, alongside external specialists.

The Patron internal ESG team and investment directors oversee the integration of carbon and ESG considerations across the investment process. This includes ensuring that all acquisitions undergo thorough due diligence to ascertain the level of maturity on ESG integration and carbon reporting mechanisms on-site. The Patron internal teams also assess if target assets are at risk of not being aligned to a clear decarbonisation trajectory, whereby assets are only acquired if they have a clear plan for improvement. Furthermore, Patron teams also manage local partner engagement, ensuring that ESG clauses and performance KPIs (covering embodied carbon, waste and operational performance) are embedded into joint venture and contractor agreements. Lastly, internal teams are also responsible for monitoring annual progress, preparing portfolio-level reporting, and ensuring transparent disclosure to investors and stakeholders.

External consultants are independent specialists to Patron that provide technical expertise to support the ESG and investment directors. This includes carrying out life-cycle assessments, validating embodied and operational carbon calculations, advising on emerging standards and regulatory requirements. Rio AI specifically supports Patron as its sustainability operations and data advisor, providing the software platform that captures and aggregates carbon emissions metrics across sites, to support ongoing data capture that is provided in real time, where data availability permits. Consultants also assist in building ESG knowledge across Patron staff and its network.

Patron recognises that its carbon reporting is directly linked to the quality of data available. Over time, Patron will expand its coverage by engaging more closely with its local partners, consultants and operational facility managers to improve access on project-level information. This includes sourcing more accurate consumption data through physical meter readings, capturing material and energy data earlier in the investment cycle at due diligence and building stronger feedback loops with contractors and operators during refurbishment and operational phases. By progressively expanding these data inputs, Patron will enhance the reliability, comparability and decision-usefulness of its carbon reporting across the portfolio.

This methodology will be regularly reviewed and updated to reflect advancements in embodied carbon assessments, financed emissions accounting and evolving ESG reporting standards, ensuring that Patron demonstrates continued alignment with industry best practice and regulatory expectations. Patron will continue to strengthen this carbon accounting methodology over time, incorporating new data, tools, and international standards as they emerge. This ensures its reporting on embodied carbon, financed emissions, and broader ESG factors remains transparent, decision-useful and aligned with stakeholder expectations.

## 9. Glossary of Terms

### Embodied Carbon

Relates to the total amount of greenhouse gas emissions released during the construction and lifespan of a building. This includes emissions from extracting raw materials, manufacturing, transporting, installing, maintaining and eventually disposing of the building.

### Operational Carbon

Relates to the greenhouse gas emissions released while a building is being used. For operational buildings that usually means the energy needed for heating, cooling, lighting and powering appliances.

### Financed Emissions

Relates to the greenhouse gases linked to the assets that an investor funds. These emissions don't have the investor's own operations as a source, but stem from the activities of the building or project that the investor provides money to. In other words, these are the 'indirect' carbon footprint of where money is invested and loaned.

SASB	Sustainability Accounting Standards Board
ISSB	International Sustainability Standards Board
SFDR	Sustainable Finance Disclosure Regulation
PCAF	Partnership for Carbon Accounting & Financials
UK GBC	UK Green Buildings Council
BRREAM	Building Research Establishment Environmental Assessment Method
GRESB	Global Real Estate Sustainability Benchmark
SBTi	Science-based Targets Initiative
PAI	Principle Adverse Impact (SFDR)
RTS	Regulatory Technical Screening (SFDR)
LCA	Life Cycle Assessment
GWP	Global Warming Potential (LCA)
EPC	Energy Performance Certificate
ESG	Environmental, Social and Governance
GHG	Greenhouse Gas