

## Second-Party Opinion

# Proactive Realty Income Fund II, LLC Sustainable Finance Framework

## Evaluation Summary

Sustainalytics is of the opinion that the Proactive Realty Income Fund II, LLC Sustainable Finance Framework is credible, impactful and aligned with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2023. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Affordable Housing, Access to Financing, Sustainable Water and Management, Renewable Energy and Energy Efficiency – are aligned with those recognized by the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive social impacts and advance the UN Sustainable Development Goals, specifically SDGs 6, 7 and 11.



**PROJECT EVALUATION AND SELECTION** Proactive Realty Income Fund II, LLC has a Sustainable Finance Committee that consists of the Managing Founder, Managing Director and Director of Operations, which will be responsible for the selection of projects in accordance with the eligibility criteria of the Framework. Proactive Realty Income Fund II, LLC has internal processes to address environmental and social risks commonly associated with the financed projects. Sustainalytics considers the risk management system to be adequate and the project selection process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** Proactive Realty Income Fund II, LLC's Sustainable Finance Committee will be responsible for the management and allocation of proceeds. Proactive Realty Income Fund II, LLC intends to allocate proceeds within 12 months of each issuance. Pending full allocation, unallocated proceeds will be used for the payment of outstanding debt or held temporarily in cash, cash equivalents or other liquid marketable instruments. Debt refinancing will exclude any debt associated with carbon-intensive assets or activities. This is in line with market practice.



**REPORTING** Proactive Realty Income Fund II, LLC will report on allocation and impact of the proceeds on its website on an annual basis until full allocation. The impact report will include relevant impact metrics such as number of units purchased or developed for affordable housing and number of office buildings retrofitted for LED lighting. Sustainalytics views the allocation and impact reporting commitments as aligned with market practice.

Second-Party  
Opinion

Reviewed by:

MORNINGSTAR

SUSTAINALYTICS



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**Issuer Location** Las Vegas, NV  
United States

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## Introduction

Proactive Realty Income Fund II, LLC (“PRIF” or the “Fund”), an affiliate of ProActive Realty Group LLC, is an investment fund that specializes in developing affordable housing projects such as manufactured housing, multi-family and single-room occupancy housing in the United States. As of March 2024, ProActive Realty Group LLC and its affiliates have a portfolio of 115 manufactured housing pads with a pipeline of acquisitions across eight US states.<sup>1</sup>

PRIF has developed the Proactive Realty Income Fund II, LLC Sustainable Finance Framework dated June 2024 (the “Framework”) under which it intends to issue bonds (notes), private placements,<sup>2</sup> preferred stocks, commercial papers and at-market offerings,<sup>3</sup> and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to support the Fund’s sustainability strategy for creating environmental and social impacts. The Framework defines eligibility criteria in four areas:

1. Affordable Housing
2. Access to Financing
3. Sustainable Water Management
4. Renewable Energy and Energy Efficiency

PRIF engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP) and Social Bond Principles 2023 (SBP).<sup>4</sup> The Framework will be published in a separate document.<sup>5</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>6</sup> opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.16, which is informed by market practice and Sustainalytics expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of PRIF’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. PRIF representatives have confirmed: 1) they understand it is the sole responsibility of PRIF to ensure that the information provided is complete, accurate and up to date; 2) that they have provided Sustainalytics with all relevant information; and 3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

<sup>1</sup> Proactive Realty Income Fund II, LLC Sustainable Finance Framework

<sup>2</sup> PRIF has confirmed to Sustainalytics that private placements will only consist of debt instruments.

<sup>3</sup> PRIF has confirmed to Sustainalytics that at-market offerings will only consist of debt instruments.

<sup>4</sup> The Sustainability Bond Guidelines, Green Bond Principles and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

<sup>5</sup> The Proactive Realty Income Fund II, LLC Sustainable Finance Framework is available on PRIF’s website at: <https://invest.svxus.org/offering/proactivefund2>

<sup>6</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and PRIF.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that PRIF has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Proactive Realty Income Fund II, LLC Sustainable Finance Framework

Sustainalytics is of the opinion that the Proactive Realty Income Fund II, LLC Sustainable Finance Framework is credible, impactful and aligned with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible categories – Affordable Housing, Access to Financing, Sustainable Water Management, Renewable Energy and Energy Efficiency – are aligned with those recognized by the GBP and SBP.
  - PRIF has defined a look-back period of 24 months for refinancing, which Sustainalytics considers to be aligned with market practice.
  - Under the Affordable Housing category, PRIF will finance and refinance the acquisition, purchase, development, maintenance and conservation of manufactured housing, single-room occupancy housing (SRO) and multi-family housing, with affordable rents or selling prices as compared to market rates.
    - The Fund targets underserved communities defined as low-income and very low-income households making less than 80% and 50% of the area median income (AMI), respectively, in addition to veterans and disabled persons.
    - For the rental units, PRIF communicated to Sustainalytics that the rent cost is restricted to a maximum 30% of the household income, and for the rare occasions that it is not capped, the rent is set at 20-25% below the market rate in the same area.
    - For home ownership, PRIF communicated to Sustainalytics that it will ensure affordable pricing to the target populations by: i) introducing a 5% down payment option to households with a minimum credit score of 575;<sup>7</sup> ii) allowing a rent-to-buy programme that includes a zero down payment and counts 20% of the amounts that have been paid as rent towards the purchase price; iii) offering manufactured housing at a maximum price of 10% of the construction cost; and iv) offering 38-42% discounted pricing for SRO and multi-family housing compared to median home prices in the area.
    - PRIF has further confirmed that the share of affordable units in financed buildings will be larger than 90% of the total units in the building.

<sup>7</sup> The average credit score in Nevada is 681.

Equifax, "What Is the Average Credit Score by State?", at: <https://www.equifax.com/personal/education/credit/>

- Sustainalytics considers investments under this category to be aligned with market practice.
  - Under the Access to Financing category, PRIF will finance and refinance low-interest-rate chattel loans for manufactured housing for the same target populations defined under the Affordable Housing category, through its subsidiary partnerships that are financial service providers.
    - PRIF has confirmed to Sustainalytics that: i) the interest rates of the chattel loans will range from 6.9% to 7.5%, which is lower than average market interest rates;<sup>8</sup> ii) the chattel loans will not finance any equipment and vehicles associated with the manufactured houses; and iii) the Fund will rely on its Anti-Predatory Lending Policy<sup>9</sup> to prevent unfair or predatory lending practices.
    - Sustainalytics considers investments under this category to be aligned with market practice.
  - Under the Sustainable Water Management category, PRIF will finance or refinance the installation of equipment and devices that are water and energy efficient, such as submeters, low-flow toilets, low-flow water-efficient shower heads and faucets, as well as the implementation of water management initiatives, such as water recycling and filtering of drinking water.
    - PRIF has confirmed to Sustainalytics that investments in this category will not be applied to fossil fuel or industrial-scale livestock operations and that it will exclude integrated water and power plant (IWPP) with fossil fuel power and desalination projects.
    - Sustainalytics considers investments under this category to be aligned with market practice.
  - Under the Renewable Energy and Energy Efficiency category, PRIF will finance or refinance the purchase and installation of solar PV panels and EV charging stations to properties within its portfolio, the retrofitting of streetlights, clubhouses and offices to LED lights, and upgrade of offices and clubhouses to smart thermostats and other energy efficiency equipment that achieve a minimum 25% energy efficiency improvement.
    - The Company has confirmed to Sustainalytics that it will not finance parking facilities under this category.
    - Sustainalytics considers investments under this category to be aligned with market practice.
  - In addition, Sustainalytics notes that the Framework excludes financing of activities related to the exploration, production or transportation of fossil fuels; consumption of fossil fuels for the purpose of power generation; and large hydroelectric power generation plants with a capacity greater than 50 gCO<sub>2</sub>e/kWh or power density lower than 10 W/m<sup>2</sup>.
- Project Evaluation and Selection:
  - PRIF's Sustainable Finance Committee, which includes the Managing Founder, Managing Director and Director of Operations, will be responsible for evaluating and selecting projects in accordance with the eligibility criteria of the Framework.
  - PRIF has communicated to Sustainalytics that it has an internal process to identify and address environmental and social risks associated with the financed projects. For more information, refer to Section 2.
  - Based on the establishment of a committee and a process for mitigating risks, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - PRIF's Sustainable Finance Committee will be responsible for the management and allocation of bond proceeds.
  - PRIF intends to allocate proceeds within 12 months of the respective issuance date. Pending full allocation, unallocated proceeds will be used for the payment of outstanding debt or will be held temporarily in cash, cash equivalents or other liquid marketable instruments as per PRIF's cash investment policy. PRIF has confirmed to Sustainalytics that debt refinancing will exclude any debt associated with carbon-intensive assets or activities.
  - Based on the delineation of responsibility and the disclosure on the temporary use of unallocated proceeds, Sustainalytics considers this process to be in line with market practice.

<sup>8</sup> The average interest rate for a 20-year chattel loan term loan for a minimum credit score of 575 was 7.60% in December 2023.

<sup>9</sup> PRIF has shared its Anti-Predatory Lending Policy with Sustainalytics confidentially.

- Reporting:
  - PRIF will report on the allocation of proceeds and its associated impact in an annual ESG report. The Issuer has communicated to Sustainalytics that the report will be published on its website on an annual basis until full allocation.
  - The allocation report will provide details such as the list of eligible projects financed, amount of proceeds allocated to eligible projects and amount of unallocated proceeds.
  - Impact reporting will include relevant metrics such as the number of units purchased, communities developed for affordable housing, number of loans financed or refinanced for energy efficiency projects, number of Energy Star homes purchased, number of office buildings retrofitted with smart thermostats and LED lighting, volume of water recycled.
  - Based on the commitments to allocation and impact reporting, Sustainalytics considers this to be in line with market practice.

### Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Proactive Realty Income Fund II, LLC Sustainable Finance Framework aligns with the four core components of the GBP and SBP.

## Section 2: Sustainability Strategy of Proactive Realty Income Fund II, LLC

### Contribution to Proactive Realty Income Fund II, LLC's sustainability strategy

PRIF's Social Impact Mission focuses on addressing the affordable housing crisis in the US by providing manufactured homes, single-room occupancy (SRO) units and multi-family residential units.<sup>10</sup> Under this mission, PRIF provides affordable housing options, focusing on enabling access to underserved populations by offering favourable financing terms. Unlike traditional mortgage products, PRIF extends lending to those with less-than-perfect credit scores, benefiting market segments, such as households in rural areas and age-restricted communities.<sup>11</sup> Additionally, PRIF intends to implement environmental initiatives and policies to achieve the goals of the Paris Agreement, including net zero emissions, improved energy efficiency and increased use of renewable energy sources. The Fund plans to continually reduce water consumption by investing in submetering across the communities it invests in.<sup>12</sup>

As part of its commitment to enhancing access to affordable housing in the US, in 2018, PRIF rehabilitated a "distressed" manufactured homes community in Orangeburg, South Carolina.<sup>13</sup> The community, located in a Qualified Opportunity Zone,<sup>14</sup> was acquired by UMH Properties, Inc. in 2022 as part of its Qualified Opportunity Zone Fund.<sup>15</sup>

Sustainalytics recognizes PRIF's commitment to its ongoing social and environmental initiatives and encourages it to develop and report on quantifiable time-bound targets to further strengthen its sustainability focus and practices.

### Approach to managing social and environmental risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving: i) land use and biodiversity associated with infrastructure development; ii) emissions, effluents and waste generated in construction; iii) occupational health and safety; iv) community relations; and v) business ethics and predatory lending.

<sup>10</sup> Ibid

<sup>11</sup> Ibid

<sup>12</sup> Ibid

<sup>13</sup> Accesswire, "The ProActive Realty Income Fund, LLC Demonstrates the True Profitability of Affordable Housing Investment in Communities Nationwide", (2022), at: <https://www.accesswire.com/717327/the-proactive-realty-income-fund-llc-demonstrates-the-true-profitability-of-affordable-housing-investment-in-communities-nationwide>

<sup>14</sup> Internal Revenue Service, "Opportunity Zones Frequently Asked Questions", at: <https://www.irs.gov/credits-deductions/opportunity-zones-frequently-asked-questions#general>

<sup>15</sup> UMH Properties, "UMH PROPERTIES, INC. ANNOUNCES ACQUISITION OF A SOUTH CAROLINA COMMUNITY THROUGH ITS NEWLY-FORMED QUALIFIED OPPORTUNITY ZONE FUND", (2022), at: <https://umh.reit/news/news-details/2022/UMH-PROPERTIES-INC.-ANNOUNCES-ACQUISITION-OF-A-SOUTH-CAROLINA-COMMUNITY-THROUGH-ITS-NEWLY-FORMED-QUALIFIED-OPPORTUNITY-ZONE-FUND/default.aspx>

Sustainalytics is of the opinion that PRIF is able to manage or mitigate potential risks through implementation of the following:

- Regarding environmental risks associated with land use and biodiversity; emissions, effluents and waste generated during construction; and occupational health and safety risks, Sustainalytics notes that all financing under the Framework will take place in the US, which is recognized as a Designated Country under the Equator Principles.<sup>16</sup> This implies the presence of robust environment, social and worker safety governance systems, as well as legislation and institutional capacity for protecting the environment. Further, PRIF has confirmed that it has processes in place to ensure compliance of the developers or contractors in financed projects with applicable construction standards, permitting requirements and US laws and regulations, including those related to the abovementioned risks.
- To manage risks associated with community relations, PRIF continually engages with surrounding communities, residents and other stakeholders through private meetings and email communication. PRIF has also communicated to Sustainalytics that it requires all contractors to comply with relevant local noise codes and ordinances to prevent noise disruptions to surrounding communities during project work.
- Regarding business ethics and predatory lending, PRIF has established an Anti-Predatory Lending Policy that requires interest rates and fees to be within the thresholds set by the Home Ownership and Equity Protection Act of 1994 (HOEPA) and its regulations (the Federal Reserve Board's Regulation Z). Additionally, PRIF has established other standards on fair lending practices, including: i) Responsible Lending Standard which requires affordable lending to go through due diligence in underwriting and verification of borrowers' ability to repay, prohibits costly refinancing (loan flipping) and unreasonable collateral, and bans aggressive sales tactics; ii) Maintain Ethical Business Practices that lays out PRIF's commitment to transparency, fair lending practices, employee training, prompt issue resolution, and robust internal monitoring; and iii) Community Lending Principles that focus on preventing displacement through foreclosure relief and loan modifications, supporting community development through loans and services, and transparently reporting lending demographics and community impacts.<sup>17</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that PRIF has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

### Section 3: Impact of Use of Proceeds

All use of proceeds categories are aligned with those recognized by the GBP and SBP. Sustainalytics focuses below on where the impact is specifically relevant in the local context.

#### Importance of affordable housing in the US

Housing is a basic human right and a critical social determinant of health and well-being.<sup>18</sup> The lack of affordable housing is a major issue in the US, where rental affordability is near historic lows and housing costs are increasingly untenable for renters and buyers.<sup>19</sup> Between 2019 and 2021, approximately 21 million households in the US spent more than 30% of their income on rent and 11.6 million more than 50%, making them severely cost burdened.<sup>20</sup> Additionally, housing prices are rapidly growing compared to wage growth in 80% of the US markets.<sup>21</sup> This situation is particularly challenging for low-income households, which are disproportionately affected by high housing costs, compromising other necessities such as food and

<sup>16</sup> Equator Principles, "Designated Countries", at: <https://equator-principles.com/designated-countries/>

<sup>17</sup> Shared with Sustainalytics confidentially.

<sup>18</sup> BMC, "Housing as a social determinant of health and wellbeing: developing an empirically-informed realist theoretical framework", (2020), at: <https://bmcpublihealth.biomedcentral.com/articles/10.1186/s12889-020-09224-0>

<sup>19</sup> Kenan Institute of Private Enterprise, "The Affordable Housing Crisis in 2023: Where Do We Stand, and What are the Solutions?", (2023), at: <https://kenaninstitute.unc.edu/commentary/the-affordable-housing-crisis-in-2023-where-do-we-stand-and-what-are-the-solutions/>

<sup>20</sup> Joint Center for Housing Studies of Harvard University, "The State of the Nation's Housing", (2023), at: [https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard\\_JCHS\\_The\\_State\\_of\\_the\\_Nations\\_Housing\\_2023.pdf](https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2023.pdf)

<sup>21</sup> Kenan Institute of Private Enterprise, "The Affordable Housing Crisis in 2023: Where Do We Stand, and What are the Solutions?", (2023), at: <https://kenaninstitute.unc.edu/commentary/the-affordable-housing-crisis-in-2023-where-do-we-stand-and-what-are-the-solutions/>

healthcare.<sup>22</sup> Further compounding the issue is the decrease in single-family housing starts, which fell by 10.8% in 2022.<sup>23</sup> This decline contributes to a worsening housing shortfall in the US, limiting the availability of affordable single-family homes. On the other hand, in 2022, the multifamily housing sector showed greater resilience with a 15.5% increase in multifamily housing starts.<sup>24</sup> In 2023, the US had the highest rate of multifamily development in 50 years, with 1 million multifamily units under construction.<sup>25</sup> However, the rise in the median rent for newly constructed multifamily units creates affordability challenges for low- to moderate-income renters.<sup>26</sup> As of 2024, the US faces a shortage of 7.3 million rental homes that are affordable and available to extremely low-income renters.<sup>27</sup>

To improve access to affordable housing, the US federal government has implemented initiatives such as: i) reducing barriers to building housing; ii) promoting commercial-to-residential affordable housing conversion; and iii) expanding homeownership support.<sup>28</sup> The 2023 Housing Supply Action Plan promotes zoning reforms intended to allow for more affordable housing.<sup>29</sup> In the rental market, the government has enabled rental assistance for an additional 100,000 low-income households.<sup>30</sup> In 2023, the federal government's budget planned to allocate USD 7.5 billion for new project-based rental assistance for extremely low-income households, USD 10 billion to encourage state and local governments to reduce development barriers for affordable housing, and USD 10 billion to support first-time and first-generation homebuyers.<sup>31</sup>

Given the above context, Sustainalytics believes that investments in financing affordable housing under the Framework are expected to contribute to expanding access to affordable housing in the US.

### Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Proactive Realty Income Fund II, LLC Sustainable Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing, and basic services and upgrade slums
Access to Financial Services	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing, and basic services and upgrade slums
Sustainable Water Management	6. Clean Water and Sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and

<sup>22</sup> Habitat for Humanity, "2023 State of the Nation's Housing report", (2023), at: <https://www.habitat.org/costofhome/2023-state-nations-housing-report-lack-affordable-housing>

<sup>23</sup> Joint Center for Housing Studies, "Home Prices and Rents Remain High, as Steep Interest Rates Lock Homeowners in Place and Slow Construction", (2023), at: <https://www.jchs.harvard.edu/press-releases/home-prices-and-rents-remain-high-steep-interest-rates-lock-homeowners-place-and>

<sup>24</sup> Joint Center for Housing Studies, "2023 State of the Nation's Housing report", (2023), at: [https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard\\_JCHS\\_The\\_State\\_of\\_the\\_Nations\\_Housing\\_2023.pdf](https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2023.pdf)

<sup>25</sup> Joint Center for Housing Studies, "Home Prices and Rents Remain High, as Steep Interest Rates Lock Homeowners in Place and Slow Construction", (2023), at: <https://www.jchs.harvard.edu/press-releases/home-prices-and-rents-remain-high-steep-interest-rates-lock-homeowners-place-and>

<sup>26</sup> Joint Center for Housing Studies, "2023 State of the Nation's Housing report", (2023), at: [https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard\\_JCHS\\_The\\_State\\_of\\_the\\_Nations\\_Housing\\_2023.pdf](https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2023.pdf)

<sup>27</sup> National Low Income Housing Coalition, "The Gap: A shortage of Affordable Homes", (2024), at: <https://nlihc.org/gap>

<sup>28</sup> The White House, "Biden-Harris administration Announces Actions to Lower Housing Costs and Boost Supply", (2023), at: <https://www.whitehouse.gov/briefing-room/statements-releases/2023/07/27/biden-harris-administration-announces-actions-to-lower-housing-costs-and-boost-supply/>

<sup>29</sup> The White House, "Remarks by National Economic Advisor Lael Brainard Addressing the Challenge of Housing Affordability At the National Housing Conference", (2023), at: <https://www.whitehouse.gov/briefing-room/speeches-remarks/2023/12/07/remarks-by-national-economic-advisor-lael-brainard-addressing-the-challenge-of-housing-affordability-at-the-national-housing-conference/>

<sup>30</sup> Ibid.

<sup>31</sup> The White House, "Fact Sheet: President Biden's Budget Lowers Housing Costs and Expands Access to Affordable Rent and Home Ownership", (2023), at: <https://www.whitehouse.gov/omb/briefing-room/2023/03/09/fact-sheet-president-bidens-budget-lowers-housing-costs-and-expands-access-to-affordable-rent-and-home-ownership/>

		substantially reduce the number of people suffering from water scarcity
Renewable Energy and Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency

## Conclusion

Proactive Realty Income Fund II, LLC has developed the Proactive Realty Income Fund II, LLC Sustainable Finance Framework under which it intends to issue bonds (notes), private placements, preferred stock/hybrids, commercial papers and at-market offerings, and use the proceeds to finance projects that are expected to promote affordable housing, renewable energy and energy efficiency projects. Sustainalytics considers that the eligible projects are expected to provide positive environmental and social impacts.

The Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for PRIF to report on allocation and impact. Sustainalytics considers the Framework to be aligned with the overall sustainability strategy of the Fund, and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 6, 7 and 11. Additionally, Sustainalytics is of the opinion that Proactive Realty Income Fund II, LLC has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Proactive Realty Income Fund II, LLC is well positioned to issue bonds (notes), private placements, preferred stocks, commercial papers and at-market offerings and that the Framework is robust, transparent and in alignment with the core components of the Green Bond Principles 2021 and Social Bond Principles 2023.

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