

Proactive Sustainable Bonds™

Proactive Realty Income Fund II, LLC

Impact Management & Measurement Framework





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1. Introduction & Mission

Founded in August 2019, The Proactive Realty Group, LLC manages the Proactive Realty Income Fund II, LLC (offering: Proactive Sustainable Bonds™). By issuing Proactive Sustainable Bonds™, the firm strategically allocates capital to meet a key objective in the United States: delivering rapid, affordable, sustainable, and stable housing solutions.

Our Dual Mission: Delivering strong investor returns while creating tangible impact: We contribute to alleviating the housing crisis by providing affordable rental homes at rates 20% to 30% below market value. Our approach integrates measurable outcomes focused on sustainability, resilience, and social equity/social justice.

What We Do

Manufactured Home Parks: We focus on preserving and stabilizing one of the country's last forms of naturally affordable housing. By acquiring and improving mobile home parks, Proactive Realty Group ensures that these communities remain accessible and secure for residents, supporting long-term affordability and neighborhood stability.

Multifamily Properties: Our team renovates and repositions distressed apartment complexes, transforming them into safe, energy-efficient, and attainable housing. Each multifamily project is designed to offer residents healthier living environments, lower utility costs, and greater community connectivity.

Single-Room Occupancy Motel (SRO) Units: We revitalize existing motel and hotel stock to create supportive housing options for vulnerable and underserved populations. Many of these properties also include meeting spaces, furthering our mission of social impact and providing second-chance housing opportunities for low-income individuals.

About Proactive Sustainable Bonds™

Proactive Sustainable Bonds™ uses an impact-first, data-driven approach to project evaluation, assessing both financial potential and measurable community outcomes. Metrics considered include long-term affordability, carbon footprint reduction, and improvements in residents' quality of life.

Proactive has a Proven & Demonstrated model, with Real Case Studies (not just an idea).

The approach has received recognition from evaluators such as Morningstar Sustainalytics, Impact Evaluation Lab, and Bluemark Fund ID. Proactive Sustainable Bonds™ is also in the process of becoming a signatory to the Operating Principles for Impact Management (www.impactprinciples.org) and is already a PRI Signatory (Principles for Responsible Investing, www.unpri.org), reflecting its commitment to transparency, accountability, and responsible investing.

The Outcome Is Scalable, Validated, and Aligned with Strategic Objectives

Proactive Sustainable Bonds™ distinguishes itself as one of the select global real estate impact platforms committed to Rapid Housing, integrity, inclusion, sustainability, and accountability:

- **Speed:** The Rapid Housing™ model allows for critical housing projects to be completed within 2 to 6 months, delivering prompt solutions to urgent community requirements.
- **Integrity:** Each project is subject to comprehensive third-party verification by organizations including Sustainalytics, PRI (Principles for Responsible Investing) Signatory, Impact Evaluation Lab, and Bluemark, ensuring transparent and reliable impact reporting.
- **Inclusion:** The platform supports residents earning 35–50% of Area Median Income (AMI), encompassing fixed-income households and individuals seeking second-chance housing, thereby promoting diverse and equitable communities.
- **Sustainability:** Upgrades feature LEED and Energy Star certifications, along with collaborations with EPA-assisted programs to improve water and wastewater systems, which reduces environmental impact and operating costs. These initiatives directly contribute to SDG 11: Sustainable Cities and Communities.
- **Accountability:** Proactive Sustainable Bonds™ adhere to international standards such as PRI, OPIM, ICMA, and the Harmonized Framework for Impact Reporting (Social Bonds), guaranteeing that all impacts are quantifiable, subject to audit, and consistently reproducible.

Unified Impact Thesis

Proactive Realty Group’s mission is to rapidly transform distressed housing into Sustainable, Affordable Communities. Through this work, we measurably reduce poverty (via low-income affordable housing units), advance gender equality, and Bolster environmental resilience, while consistently delivering returns to our investors.

This is not an abstract goal, it is a tangible, auditable, and repeatable process. With third-party certifications, a standardized Impact Measurement and Management (IMM) framework, and a proven operational model, Proactive Sustainable Bonds™ demonstrate that impact and income can grow together, compounding value for both investors and society.

PRI Signatory



Impact Evaluation Lab



BlueMark Fund ID





Our Commitment to Investors and Communities

At Proactive, capital is more than fuel for returns, it's a catalyst for change. By choosing Proactive, investors *join* a mission that delivers resilient, cash-flowing housing assets, a measurable role in solving the U.S. housing affordability crisis, and enduring positive legacy for families and neighborhoods nationwide.





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2. Core Impact Goals

Proactive’s Measurable Impact Thus Advancing Six Key United Nations (UN) Sustainable Development Goals (SDGs)

Our strategy aligns deeply with the UN’s sustainable development vision—delivering not only **affordable housing**, but also **greater empowerment, resilience, equity, and environmental responsibility** to communities often left behind. Each SDG connection reflects a key dimension of your impact and a cornerstone of genuine social progress through real estate investment.

Table 1: Proactive Realty Group Goals and SDG Alignment

Goal	SDG	Why It Matters
1 Serve 2,500 families by October 2026		Stable, affordable housing is associated with improved economic conditions for families. Having secure shelter can decrease susceptibility to financial disruptions and enable families to allocate resources to areas such as health, education, and economic development.
2 Deliver 20–30% rental savings below market (HUDUser.gov benchmarks)		Affordable rents enable low-income and marginalized households, who may face barriers in conventional housing markets, to obtain safe and dignified accommodation. This approach directly contributes to reducing disparities caused by inequitable access to housing.
3 Renovate with energy-efficient appliances and LEED-standard upgrades targeting 15% energy savings by 2-30		Implementing advanced, energy-efficient technologies contributes to lower utility expenses for residents and decreases greenhouse gas emissions, thereby promoting the availability of clean and affordable energy throughout communities.
		Sustainable renovations enhance the durability and standard of housing, minimize environmental impact, and contribute to the development of healthier, more enduring communities.



4 Prioritizing underserved populations:

- Families living at/below the poverty line
- Households on government subsidies
- Residents with low literacy levels
- Women-led households, veterans, and immigrants



Providing safe and affordable housing for women-led households addresses gender-based disparities, promotes women's economic inclusion, and ensures stability for families encountering systemic challenges.



Proactive's property renovation projects frequently involve essential infrastructure improvements, including enhancements to plumbing systems, sanitation, and clean water provision. These upgrades are particularly important for underserved households and communities where access to reliable resources is limited.



Proactive addresses structural disparities related to race, gender, migration status, and other factors by strategically allocating resources to populations facing persistent housing disadvantages.

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Stakeholders & Key Roles

Table 2: Multi-stakeholder Roles & Responsibilities

Stakeholder	Description	Key Roles & Responsibilities
Executive Leadership	Company founders, partners, and senior management	Define social impact goals, approve KPIs, allocate resources, review quarterly impact reports
Property Management Team	On-site and regional property managers	Oversee day-to-day resident relations, coordinate surveys, track community engagement activities
Data & Impact Coordinator <i>(designated internal or external role)</i>	Individual or team responsible for collecting and analyzing impact data	Develop survey tools, ensure data accuracy, manage dashboards, prepare reports
Maintenance & Operations Staff	On-the-ground staff interacting with residents daily	Report service trends, track maintenance response times, share observations for qualitative data
Residents	Residents and businesses leasing from Proactive Realty Group	Provide feedback via surveys, participate in focus groups, share community needs
Community Partners	Local nonprofits, schools, and service providers	Collaborate on programs, provide data on joint initiatives, assist in outreach
Investors & Lenders	Financial stakeholders in PRG properties	Review impact reports, evaluate ESG performance metrics

Data Collection Plan

Proactive systematically collects data for its social impact initiatives at designated intervals to ensure a robust understanding of operational performance and community outcomes. Each month, the team records maintenance requests and their resolution times, as well as monitors resident turnover and retention rates to detect trends and address potential issues (Doorloop Property Management Software).

On a **quarterly** basis, more detailed information is obtained through resident satisfaction surveys, which assess overall sentiment and identify specific requirements. Program participation figures are documented, accompanied by updates to aggregated and anonymized demographic data to accurately reflect changing community profiles.

Annually, Proactive conducts a comprehensive social impact assessment to evaluate the effectiveness of its programs and initiatives over the preceding year. This review encompasses a



formal ESG (Environmental, Social, Governance) performance analysis, enabling the organization to benchmark progress in areas such as sustainability, equity, and ethical governance. Impact metrics are then compared with previous years to illustrate advancement, recognize areas for improvement, and establish objectives for continued growth.

A variety of data collection approaches are utilized to obtain both quantitative and qualitative information. Surveys are administered digitally, by email, and in person to residents and community partners, thereby promoting inclusivity and enhancing response rates. Administrative records, including lease, occupancy, and maintenance data, deliver critical insights into property management and resident stability. Furthermore, interviews and focus groups with selected residents and stakeholders provide in-depth qualitative perspectives that complement quantitative findings. To support comprehensive contextual analysis, third-party sources such as census statistics and local economic reports are incorporated, informing strategic decisions and ensuring relevance to the local context and impactful outcomes.

Role in Data Collection

Table 3: Responsible Parties in Data Collection

Activity	Primary Responsible Party	Supporting Stakeholders
Distributing resident surveys	Property Management Team	Data & Impact Coordinator
Analyzing survey results	Data & Impact Coordinator	Executive Leadership
Recording maintenance data	Maintenance Staff	Property Management Team
Tracking program participation	Community Partners	Data & Impact Coordinator
Annual ESG review	Executive Leadership	External ESG consultant

Resident Involvement

Residents are essential contributors to the social impact framework.

- **Quarterly Surveys:** Residents share feedback on property conditions, safety, communication, and community initiatives.
- **Focus Groups:** Voluntary sessions to explore community needs and ideas for improvement.
- **Feedback Loops:** Regular “You Said / We Did” communications summarizing actions taken in response to resident input.
- **Community Event Participation:** Opportunities to engage in building events, workshops, and local partnerships.

Reporting & Transparency

- Quarterly Internal Reports: Distributed to leadership and key operational staff.
- Annual Public Impact Report: Summarizes outcomes, success stories, and next-year targets.
- Investor Updates: ESG performance metrics integrated into financial briefings.

How We Integrate Impact Data

Proactive Realty Group’s strategy for integrating impact data into investment committee and asset management procedures is designed to formalize and operationalize the use of social and environmental metrics throughout the entire investment lifecycle. This strategy involves clear documentation and explicit process requirements to ensure impact is continuously prioritized alongside financial performance within the organization’s governance framework.

Beginning at the pre-investment stage, every due diligence process and deal memo presented to the investment committee is required to feature an impact screening checklist. This checklist documents alignment with Proactive’s social impact objectives, such as the number of affordable housing units created and mapping to the UN Sustainable Development Goals. The screening includes projected impact key performance indicators (KPIs) like potential cost savings, residents served, and anticipated community or environmental benefits. Meeting minutes and formal approval forms incorporate explicit decision prompts designed to address expected impact risks, mitigation strategies, and whether minimum impact KPIs are likely to be met or exceeded. The committee’s discussions and decisions on these impact-focused topics are systematically recorded in official meeting documentation, ensuring a transparent decision-making process.

In the post-investment and asset management stage, a live dashboard containing both financial and impact KPIs is referenced in policy and procedural documents for ongoing asset management reviews. These reviews occur quarterly, semi-annually, or annually, as scheduled, and systematically include comparisons of actual versus targeted impact metrics, such as units delivered, utility savings, and resident feedback. Any major deviations, lessons learned, and the corrective actions undertaken are documented in meeting notes to facilitate accountability and iterative learning. Portfolio reviews employ standardized templates that present updates on each project’s key impact metrics, discuss notable outcomes or challenges since the previous review, and give specific examples of how impact data has influenced portfolio management decisions, whether to hold, divest, or reinvest in assets. Recommendations for future strategies are developed based on observed impact outcomes.

To provide clear evidence of this integration, Proactive regularly amends its internal policies and procedures, explicitly requiring references to impact data in committee workflows. Sample committee documentation includes language such as: “Committee reviewed actual and forecasted impact KPIs; determined [project] remains in alignment with IMM framework,” or “Decision to support further investment was contingent upon improved tracking of resident stability outcomes.” Impact reports are appended to committee meeting packets and archived with meeting minutes to maintain a robust record of data-driven decision-making.

Impact Management & Measurement (IMM) Framework

Revised October 2025



Finally, Proactive Realty Group supports continuous improvement through annual or semi-annual committee reflections on how impact data has shaped decisions, with these findings summarized in the organization's annual report. Feedback loops are maintained via post-meeting surveys and manager commentary, and action steps are rigorously documented, ensuring that the use of impact data is responsive to practical experience and organizational learning. Through this structured and transparent approach, Proactive reliably embeds social impact considerations into every stage of its investment and asset management processes.

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3. Theory of Change & Impact Strategy

Proactive's Theory of Change: Turning Investment into Lasting Community Impact

At Proactive, our approach extends far beyond traditional real estate investment—we implement a disciplined Theory of Change and a robust Impact Strategy to transform capital into lasting, measurable improvements for families and communities. Our process is designed to ensure that every action is intentional, and every outcome is meaningful, driving both financial and social value at every stage.

Inputs: Building a Strong Foundation for Impact

We start with significant resources and a unified vision:

- Capital from our flagship Proactive Sustainable Bonds™
- Personal investment from our founder (Dr. Canaan Van Williams has committed \$5.6 million of his own funds)
- Strategic partnerships with municipalities and local organizations

These inputs are backed by **our Impact Strategy (See Appendix for full definition)**, which ensures alignment between community leaders, investors, and our internal teams. This foundation positions each project for financial resilience and genuine social advancement, guaranteeing that every stakeholder is invested in long-term success.

Activities: Investing Where It Matters Most:

Guided by our Impact Strategy, our team targets distressed and neglected properties and those most at risk of blight or loss; Proactive revitalizes these properties to modern standards that prioritize safety, energy efficiency (often upgrading to LEED standards), and resident well-being. We actively engage residents and local groups to shape project outcomes, ensuring that improvements meet real community needs.

One of many of our compelling actual Case Study examples is: 2540 Fremont Street in Las Vegas, where Proactive intervened to save dozens of affordable rental units from condemnation in just 10 days. By acting swiftly and collaboratively, we not only preserved critical housing but also restored hope and stability for residents facing uncertain futures.

Outputs: Real, Tangible Improvements

The direct result?



- **Renovated, affordable housing units** that restore dignity and stability to residents,
- Infrastructure improvements like new water systems to support daily life.

From a single project, Proactive delivered **53 affordable units** with upgraded amenities and reliable essential services.

Outcomes: Better Lives and Stronger Communities

This work leads to significant, measurable benefits such as:

- **Rent savings of 20–30% below market benchmarks,**
- Higher resident retention and reduced displacement,
- Real progress on environmental sustainability.

In the past year alone, Proactive prevented **25 families from being displaced** through targeted intervention and rehabilitation.

Impact: Lasting Change for Generations

Ultimately, our mission is to help create **thriving, equitable, and climate-resilient communities.**

- Success stories like our full-cycle transformation in Orangeburg and the water restoration in LaFontaine demonstrate the ripple effect of our investment—turning risk into resilience and vacancy into opportunity for hundreds of households.

At every stage, Proactive’s work proves that **purpose-driven capital**, local partnership, and data-driven action can break the cycle of poverty, lower barriers to stable housing, and build the healthy, vibrant neighborhoods our country needs.

Table 4: Proactive Realty Group’s Theory of Change

Stage	Description	Examples
Inputs	Capital from Proactive Sustainable Bonds™, Founder commitment (\$5.6M of Dr. Canaan Van Williams’s own capital invested), community partnerships	Fund capital, municipal alignment
Activities	Acquire distressed assets, renovate for safety, LEED efficiency, community engagement	Fremont Street Las Vegas saved from condemnation
Outputs	Renovated units, restored infrastructure, resident stabilization	53 affordable units, new water systems
Outcomes	Rent savings (20–30%), higher retention, reduced displacement, environmental gains	25 families prevented from displacement
Impact	Thriving, equitable, climate-resilient communities	Orangeburg full-cycle impact, LaFontaine water restoration

4. Target Populations

Proactive’s consistent focus on low-income families, subsidy-reliant households, and communities suffering from neglect ensures that every dollar invested has the highest possible social and financial multiplier effect, setting a new bar for the industry.

1. Families in Opportunity Zones with Poverty >30%

Why this group matters:

- Families in these areas often experience multiple, compounding disadvantages—lower access to quality housing, schools, jobs, and basic infrastructure.
- Proactive’s targeted investments channel capital to where it’s needed most, providing affordable, quality homes, reducing displacement, and catalyzing broader neighborhood revitalization alongside public and private partners.
- Focusing on these zones ensures that investment delivers real, lasting impact in communities historically excluded from mainstream economic growth.

Key statistics:

- The average poverty rate across designated Opportunity Zones is 32%, almost double the national average for census tracts.¹
- Over 7,000 census tracts are currently designated Opportunity Zones, with changes likely as new legislation is considered, but the focus remains on communities with significant, persistent poverty.¹
- Between 2018 and 2024, Opportunity Zones attracted over \$100 billion in investment, with a measurable increase in much-needed housing supply—netting over 313,000 new housing units between 2019–2024 due to OZ incentives.²

2. Households Relying on Section 8, VASH, or Other Housing Subsidies

Why this group matters:

- Households with subsidies—often seniors, people with disabilities, veterans, and single-parent families—are among the most vulnerable to eviction, homelessness, and exploitation in the conventional rental market.
- By renovating and reserving units for voucher holders, Proactive ensures public assistance dollars translate into safe, stable, and dignified living conditions—fulfilling a key gap in public-private partnerships and helping break cycles of poverty and instability.

¹ <https://opportunityzones.com/2025/05/oz-house-bill-analysis/>

² https://eiq.org/wp-content/uploads/2025/02/The_Impact_of_Opportunity_Zones_on_Housing_Supply.pdf

- Demonstrating a business model that prioritizes and destigmatizes subsidy holders positions Proactive as a leader in socially responsible real estate investment.

Key statistics:

- Over 2.3 million families in the U.S. rely on Section 8 Housing Choice Vouchers, the nation's largest rental assistance program; demand continues to far outpace supply.¹
- The Veterans Affairs Supportive Housing (VASH) program serves more than 105,000 formerly homeless veterans with vouchers and case management.
- In many distressed markets, voucher holders are routinely denied access to private rental housing due to stigma, misinformation, or poor property conditions.

3. Communities Experiencing Blight, Eviction, or Disrepair

Why this group matters:

- Physical and economic blight perpetuates cycles of disinvestment, making it virtually impossible for communities to attract jobs, grow small businesses, or retain families.
- Proactive's focus on acquisition and rehabilitation directly addresses these root causes—transforming derelict properties into thriving homes and catalyzing further investment, safety, and empowerment for neighborhoods on the brink.
- Impact-driven real estate investment in these contexts is essential for measurable improvement in public health, education, civic engagement, and long-term sustainability.

Key statistics:

- There are millions of vacant or blighted residential units in the U.S., disproportionately clustered in low-income communities and Opportunity Zones.
- Studies confirm these areas suffer from higher eviction rates, increased health risks, declining property values, and erosion of community trust and stability.
- Evidence from OZ investments shows housing production and rehabilitation rates are significantly higher in tracts with targeted capital deployment, reversing decades-long trends of neglect.²

Impact Management & Measurement (IMM) Framework

Revised October 2025



Furthermore, Proactive’s approach sits squarely within the framework of systems-level change, elevating its mission far beyond the immediate improvement of individual circumstances. By focusing its interventions on underserved groups, Proactive doesn’t just offer temporary relief—it reshapes the dynamics and future outcomes of whole communities. This strategy blends financial discipline with a commitment to measurable and meaningful social impact, demonstrating that targeted investments can simultaneously address urgent needs and catalyze deeper, long-term transformation.

In the context of the evolving social impact real estate market, Proactive’s model positions it as a leader among peers. The sector increasingly demands solutions that are both rigorous and data-driven—models that not only bridge the housing gap but also confront the underlying sources of social inequity. Proactive meets this call by integrating impact measurement and financial accountability into every project, setting a benchmark for what responsible, innovative investment can look like in today’s market landscape.

These efforts are inherently scalable and replicable, with each new project serving as a tangible example of what purpose-driven capital can achieve. Through disciplined investment and attention to mission alignment, Proactive proves that social impact is not just possible, but resilient and rewarding for all stakeholders. The organization’s work unlocks untapped value in communities, drives broad-based change, and underscores the power of focused investment to deliver lasting returns—both financial and social.

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5. Case Studies of Impact

2540 Fremont Street, Las Vegas, NV, 89104



2540 Fremont Street in Las Vegas was 10 days away from being condemned, after years of deferred maintenance and persistent safety issues. At the time, there were multiple news stories about violence, crime, code violations. Many believed the complex would be shuttered, which would have forced dozens of families to scramble for new housing in an already tight Las Vegas market. Proactive stepped in, leveraging local partnerships and impact capital to save the building from condemnation. Over several months, the team renovated and converted the site into 53 clean, safe, and affordable apartment units—lifting the property to compliance with modern codes. Key upgrades included installing low-E windows and highly energy-efficient systems, lowering utility costs for residents and reducing environmental impact. Most critically, Proactive’s intervention prevented the displacement of 25 families who had lived on site for years, stabilizing the entire community and preserving affordable housing stock in a rapidly gentrifying area.

121 FountainVue Drive, LaFontaine, IN, 46940 (was on the National News for Neglect & Water Shut Off to Residents)



This 42-acre property encompasses a manufactured home community with 136 spaces and gained national attention when the local government, citing concerns regarding neglect and public health, discontinued water service for all residents. The resulting headlines about families lacking access to running water highlighted longstanding infrastructure issues. Proactive Sustainable Bonds™ responded promptly through its Rapid Housing initiative by acquiring the property and prioritizing essential infrastructure improvements. In collaboration with the Town of LaFontaine, AI Water Systems assisted in installing a new water meter system and

addressing critical repairs. The property's situation was covered by various local and national news outlets. Within weeks, water service was restored, and comprehensive rehabilitation efforts commenced for roads, pipes, and utility systems. These initiatives not only reinstated dignity and stability for residents but also served as an Active case study in effective, Socially Responsible turnaround practices within manufactured home communities.

14437–45 S Halsted Street, Harvey, IL, 60426 (located in an Opportunity Zone)



This multi-family property, located in a federally designated Opportunity Zone (classified as Underserved), became the focus of local and national media coverage following substantial deterioration that required authorities to immediately evacuate all residents for safety reasons. The property attracted widespread attention due to reported concerns regarding living conditions, including instances of unauthorized evictions, structural deficiencies such as collapsed staircases, and issues related to resident welfare (refer to News Report below).

News report³

Since video went viral of Harvey apartments boarded up — with people inside — tenants struggle to move

A handful of residents remain at a apartment complex that was at the center of a recent controversy when the city and owners attempted to shut down the buildings while people remained in the units.

By Elvia Malagon | Updated Jan 23, 2024, 12:36am GMT+2



Mary Brooks, 66, waters plants in her apartment at 14437-45 S. Halsted St. in Harvey on Friday. The building, where Brooks has lived for nearly four years, was deemed unsafe. About a week after the deadline to evacuate, a crew started boarding up units while tenants like Brooks were still being there. | Andrew Scalet/Sun-Times



LATEST STORIES

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3 dead, at least 3 injured in West Ridge extra-alarm fire

Bears predictions: Week 6 at Commanders

³ <https://chicago.suntimes.com/2024/1/22/24042037/cook-county-harvey-housing-apartment-boarded-up-halsted-street-suburban-voucher>

Families were left without a place to go, drawing public outrage and attention to the longstanding neglect rampant in Harvey. Proactive saw both a need and an opportunity—instead of allowing the building to remain a symbol of failure, they restored the property to provide safe, affordable housing. Their work not only rehoused displaced individuals but also signaled a renewed commitment to underserved neighborhoods, demonstrating the potential of impact investment to reverse cycles of abandonment and restore trust.

100 Banashee Circle, Orangeburg, SC, 29115 (now 100 Citrus Circle, Orangeburg, SC 29115)



This property was six weeks away from being completely condemned (Dept of Health & Orangeburg County). At the time we discovered this, there were over 90 code violations. The need for significant infrastructure was clear. This project, therefore, exemplifies "full cycle impact." When Proactive acquired the property, it was outdated, under-maintained, and at risk of falling out of the affordable housing inventory. The team implemented a holistic renovation, updating both living spaces and critical infrastructure, and stabilized operations for residents through improved management and community-building efforts. After several years, Proactive successfully sold the revitalized property to a Social Impact Real Estate Investment Trust (REIT), with covenants ensuring the preservation of long-term affordability. Families who had previously faced uncertainty now enjoy ongoing housing security under responsible ownership—a testament to the ripple effects of thoughtful impact investing.

6. Investment Evaluation & Due Diligence

Proactive's investment process is founded on a robust, transparent framework designed to ensure every project meaningfully advances both financial and social objectives. By systematically integrating positive screens, exclusion filters, and rigorous impact due diligence, we create a disciplined pathway for identifying, vetting, and managing opportunities in the social impact real estate sector.

Positive Screens

Our process begins with Positive Screens, where we actively seek out projects that demonstrate the greatest potential for transformational outcomes. We prioritize developments that deliver deep affordability, targeting housing solutions accessible to low- and moderate-income families. Additionally, we favor projects that contribute to blight removal—revitalizing neglected or abandoned properties to restore community vibrancy and enhance neighborhood safety. Sustainability upgrades are also central: we select initiatives that reduce energy consumption, lower utility costs for residents, and improve overall environmental performance, ensuring long-term economic and ecological health.

Examples of Positive Screens:

- Projects that create new affordable housing units for families earning below area median income, ensuring long-term affordability through covenants or regulatory agreements.
- Redevelopment of vacant or blighted properties, converting them into community assets such as parks, mixed-income housing, or community centers—revitalizing neighborhoods and improving public safety.
- Developments that include sustainability upgrades—such as solar panel installations, energy-efficient retrofits, green roofs, and rainwater recycling—resulting in lower utility costs for residents and reduced environmental impact.
- Initiatives that directly increase local job creation, offer skills training, or provide space for locally owned small businesses, prioritizing economic resilience and upward mobility for residents.
- Projects that partner with local nonprofits to offer supportive services, like access to healthcare, after-school programs, or food pantries within the community, improving residents' quality of life.

Exclusion Filters

Equally important are our Exclusion Filters, designed to protect vulnerable populations and the broader environment. We categorically avoid investments that could result in the displacement of current residents without robust protection measures—such as guaranteed relocation assistance, fair compensation, or priority return options. Investments in properties located within environmentally hazardous or insecure zones are also excluded, in order to safeguard health, well-being, and long-term community resilience.

Examples of Avoidance Filters:

- Rejecting investments that result in displacement of existing residents unless the project has comprehensive protections in place, such as guaranteed relocation, right to return, or direct rent assistance.
- Avoiding developments in environmentally hazardous or flood-prone areas unless robust risk mitigation strategies, remediation, or infrastructure investments are in place.
- Excluding properties that violate fair housing principles or contribute directly to gentrification without equitable options for original community members.
- Avoiding buildings or sites that lack basic health and safety standards—for example, locations with known contamination, insufficient fire protection, or that are inaccessible to people with disabilities.
- Rejecting projects that do not align with community priorities, lack support from stakeholders, or fail to integrate meaningful resident engagement and feedback in design and operations.

Impact Due Diligence

The heart of our evaluation lies **in** Impact Due Diligence. Each potential investment undergoes rigorous ESG (Environmental, Social, and Governance) risk reviews to identify, measure, and mitigate possible adverse consequences. We conduct thorough stakeholder interviews, engaging residents, local nonprofits, and community leaders to gather firsthand feedback on the anticipated social impact, needs, and concerns. Municipal data analysis provides objective insights into local trends, demographics, infrastructure capacity, and policy alignment, informing decisions and ensuring the project is contextually responsive.

By weaving together these elements—proactive screening for positive impact, safeguarding against harm, and comprehensive due diligence—Proactive systematically pursues projects that don't just look promising on paper, but deliver authentic, measurable change for residents and communities. This framework outlines a disciplined, repeatable approach for marrying financial performance with lasting social value, positioning every investment as a model for responsible real estate stewardship.

7. ESG Risk Considerations

For Proactive Sustainable Bonds™, adherence to ESG (Environmental, Social, Governance) metrics is fundamental to its strategic approach as a social impact real estate organization. These standards serve not only as benchmarks for responsible investment but also guarantee that the company's initiatives generate tangible benefits for residents, investors, and the broader community. .

Environment

Environmental metrics such as water safety, energy efficiency, and carbon footprint reduction are critical given the outsized impact real estate has on local ecosystems and climate outcomes. Proactive prioritizes the use of safe water infrastructure, reduces resource consumption through energy-efficient systems, and pursues building upgrades that lower carbon emissions for every asset under management. By meeting these benchmarks, the firm not only complies with evolving regulations but also future proofs its portfolio, lowers operating costs, and contributes meaningfully toward climate resilience.

Social

On the social front, Proactive's commitment goes beyond property improvements to address core quality-of-life issues. Efforts to prevent displacement ensure families can remain in their homes, providing community stability and combating the harmful effects of gentrification. Fair housing compliance is strictly observed to safeguard resident rights, while active community integration programs help residents build networks, access services, and actively shape their environments. These social metrics foster trust and inclusion, amplify resident satisfaction, and strengthen the social fabric surrounding each property.

Governance

Robust governance practices are essential for ensuring that Proactive's growth remains ethical, transparent, and investor aligned. Transparent reporting of ESG performance—whether through public disclosures or direct investor updates—demonstrates accountability and builds stakeholder confidence. The company's governance framework also mandates clear accountability for management and the investment committee, reinforcing the alignment between company values and decision-making. Ethical vendor practices, from supply chain oversight to contractor selection, ensure that every partner reflects the firm's standards for labor, environmental stewardship, and social responsibility.

By embedding ESG excellence into its core operations, Proactive Realty Group differentiates itself in the social impact market. These pillars drive sustainable long-term value, minimize risk, and ensure its investments consistently deliver lasting benefit to all stakeholders.

8. Key Metrics & Data Collection

Each KPI will be examined from the perspective of Proactive Sustainable Bonds™, considering their background, significance for social impact in low-income housing, and connection to investment returns.

Number of Households Served

This metric measures how many individual families or residents gain access to affordable, stable housing through Proactive's portfolio or a single property.

Increasing this number directly addresses the core shortage of affordable housing, providing stability, safety, and dignity for those often excluded from the mainstream market. Serving more households amplifies community-wide benefits such as greater school enrollment, public health improvements, and lower rates of homelessness. A high occupancy count demonstrates strong demand and viability, leading to reliable rental income, lower vacancy risk, and positive reputational impact—all drivers of sustained returns and portfolio growth.

Average Rent Savings (%)

This KPI tracks the percentage by which rents at Proactive's properties undercut local market averages, representing direct financial relief for residents.

Lower rents mean residents retain more income for food, healthcare, education, and savings—building pathways out of poverty. Rent savings are especially critical for low-income households who are often cost-burdened. By offering affordable rents, properties maintain high occupancy and retention, reducing turnover costs and ensuring consistent cash flow. Additionally, some public programs and investors favor affordable units, unlocking incentive capital and tax credits.

Retention Rates (%)

The proportion of residents who renew leases or remain housed over time.

High retention rates signify stability, stronger resident-landlord relationships, and community continuity. In low-income housing, this stability can reduce stressors related to frequent moves and prevent family disruptions. Retention minimizes vacancies, lowers turnover expenses, and strengthens long-term asset performance. Stable tenancies reduce risk and enhance property value through sustained revenues.

Water Conservation (Gallons/Unit/Year)

Tracks the annual reduction in water usage per household resulting from improvements like low-

flow fixtures or leak remediation.

For low-income residents, lower water usage means reduced bills and less risk of service shutoff. It also promotes responsible resource use and healthier infrastructure, directly improving residents' living standards. Efficient water use brings down operating costs, supports asset longevity, and may qualify projects for green certifications—bolstering property value and reducing maintenance outlays.

Jobs Created through Renovations

Captures the number of local jobs generated during property upgrades, from construction to ongoing maintenance or programming.

Job creation addresses unemployment and supports local economies, bringing immediate benefits to communities often hardest hit by economic downturns. It also fosters a sense of ownership and pride among residents. Strong local hiring and economic impact can enhance community relations, speed up permitting, and attract additional stakeholders or subsidy sources, all of which support healthy asset performance and risk mitigation.

These primary KPIs are not just measures of operational success—they are the foundation for authentic, scalable social impact and resilient financial returns for Proactive Realty Group and its investors. They bridge the gap between mission and market, demonstrating that smart, impact-driven strategies can drive both community transformation and portfolio outperformance.

9. Impact Monitoring & Portfolio Management

Property-level Dashboards Aligned with IRIS+ and GRESB

Property-level dashboards are sophisticated tools designed to track, visualize, and analyze real-time ESG and impact data at the level of individual assets. IRIS+ is the global standard for social impact metrics, and GRESB is the recognized benchmark for real estate sustainability and ESG performance. By aligning dashboards with these systems, Proactive Realty Group ensures that each property is monitored for energy use, carbon emissions, water usage, resident outcomes, and other KPIs with both rigor and global comparability.

IRIS+ and GRESB frameworks allow investors and managers to track a broad array of ESG indicators and outcomes, from resident well-being to greenhouse gas reductions, using universally accepted definitions and benchmarks. For low-income housing, granular, asset-level measurement supports transparent operations, rapid identification of risks or underperformance, and accountability to residents and investors. Dashboards calibrated to IRIS+ and GRESB set Proactive apart with real-time transparency, actionable insights, and the ability to report best-in-class impact to global capital partners. Many funds aspire to global standards—Proactive operationalizes them down to each building, enhancing trust and competitive positioning.

Portfolio Reviews Benchmarked Annually

Annual portfolio reviews are formal lifecycle assessments of the entire real estate portfolio's impact and performance, based on standardized peer benchmarking. ESF reviews compare each asset's outcomes with market and sector norms, including other social impact funds. GRESB and other ESG frameworks enable portfolio comparisons against like-for-like organizations and properties, factoring in geography, investment type, and asset class.

Benchmarking ensures ongoing improvement in social outcomes and ESG scores, motivates corrective actions, and attracts responsible capital seeking proven impact. It helps fund managers understand where they lead and where they lag, sharpening strategic focus.

By integrating annual benchmarking as a core step, Proactive proves both impact delivery and competitive performance. This rigorous outside-in perspective signals to investors a commitment to globally validated best practices, boosting reputation and access to impact capital.

Continuous Staff & Resident Feedback Loops

Feedback loops are recurring processes for soliciting and integrating input from those closest to the assets—residents and frontline staff. Mechanisms may include digital surveys, focus groups, resident councils, or feedback portals.

Research shows collaborative governance and stakeholder engagement are essential for ensuring projects remain responsive and impactful. In affordable housing, the voices of residents and staff

Impact Management & Measurement (IMM) Framework

Revised October 2025



ensure dignity, address needs as they arise, and build stronger, safer communities.

Continuous feedback allows Proactive to quickly adapt policies, correct missteps, celebrate successes, and ensure the lived experience matches portfolio goals. It supports resident retention, staff satisfaction, and helps prevent issues before escalation. Proactive's embedded feedback loops are more than compliance—they're a driver of co-creation. This resident-centered approach both strengthens social outcomes and differentiates Proactive from firms with distant, top-down impact models.

By integrating leading global standards in dashboarding, objective benchmarking, and continuous engagement directly into its operations, Proactive Realty Group demonstrates measurable, collaborative impact—a clear differentiator in the social impact real estate marketplace. Investors, partners, and communities all benefit from this disciplined, transparent, and adaptive approach.

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10. Learning & Improvement

Proactive Sustainable Bonds™ employs an evolving strategic approach informed by its portfolio and experiences from case studies in locations such as Orangeburg, SC; LaFontaine, IN; and Harvey, IL. The company works with municipalities to support infrastructure upgrades and essential services that meet community needs. As a result, investment strategies now incorporate contingency plans, quick-response funds, and streamlined decision-making protocols to better address emergencies and minimize disruption for displaced residents.

Orangeburg, SC

In **LaFontaine, IN**, a manufactured home community experienced loss of water service due to local issues, highlighting the importance of municipal collaboration for infrastructure maintenance. Through engagement with municipal authorities and public agencies, Proactive restored water service and rehabilitated the property. This example points to the value of clear communication with local governments at the beginning of each project, leading the team to emphasize early development of collaborative relationships and coordination with public sector stakeholders.

Throughout these initiatives, staff reflections and structured feedback mechanisms have played a vital role in refining strategy. By soliciting insights from individuals directly engaged in operations, Proactive enhances its investment methodologies, promotes ongoing learning, and adjusts policies in response to practical observations. This reflective framework enables the organization to consistently advance, effectively address emerging challenges, and uphold exemplary standards of adaptive leadership in the social impact real estate sector.

11. Reporting & Transparency

Since 2019, Proactive Realty Group has set itself apart by publishing thorough annual impact reports that transparently document the social, environmental, and governance outcomes of its portfolio. This practice demonstrates a long-standing commitment to external accountability, rigorous impact evaluation, and market leadership in the social impact real estate sector.

Third-Party Verification

Impact Evaluation Lab — Impact Authenticity Score (IAS) (Completed June 2025)

Proactive engages independent evaluators such as the Impact Evaluation Lab to assign an Impact Authenticity Score (IAS) to its projects and overall performance. The IAS provides a structured, unbiased assessment of how effectively Proactive's investments deliver genuine social impact, lending credibility to the fund's claims and helping stakeholders distinguish authentic performance from routine compliance.

Morningstar Sustainalytics — Sustainable Bond Review (Completed June 2024 & in review for an Updated 2025)

Proactive submits its sustainable bond frameworks to Morningstar Sustainalytics for a second-party opinion and ongoing reviews. Sustainalytics evaluates the alignment of use of proceeds, impact KPIs, and sustainability objectives against internationally recognized standards (such as ICMA Principles). Their review reassures investors that Proactive's bonds are truly supporting environmental and social goals, meets growing investor demand for verified sustainable assets, and enhances the credibility and transparency of the impact narrative. Annual reviews further guarantee that reporting and project selection remain tightly linked to the original commitments throughout the bond's lifecycle.

Bluemark Fund ID Verifier Statement (Completed August 2025)

Currently undergoing review for Bluemark Fund ID accreditation, Proactive is taking steps to join a consortium of funds committed to the world's highest standards of impact management and verification. This process will further solidify Proactive's leadership among peer funds and enables benchmarking against global best practices.

Public Commitments

OPIM Disclosure Statement (in development):

Proactive is developing its Organizational Principles for Impact Management (OPIM) Disclosure Statement, formalizing its adherence to globally accepted **impact management principles**. **Public disclosure further enshrines accountability** and invites scrutiny from stakeholders, LPs, and partners

PRI Signatory (Completed October 2025):



The Principles for Responsible Investment (PRI) is a United Nations-supported global network of investors dedicated to integrating environmental, social, and governance (ESG) criteria into investment decisions to advance sustainable economic development. As of October 2025, PRI comprises over 5,000 signatories representing approximately \$128 trillion in assets under management, with participation across more than 80 countries.

Key Elements of PRI Signatory Status:

The Six Principles: PRI signatories voluntarily commit to:

- Integrating ESG considerations into investment analysis and decision-making processes.
- Engaging actively as owners by exercising voting rights and interacting with companies on ESG topics.
- Seeking relevant disclosure on ESG issues from investments.
- Promoting the adoption of the PRI principles within the investment sector.
- Collaborating with others to improve the effectiveness of ESG integration in investment practices.

Reporting on activities and progress toward implementing the principles.

The Proactive Sustainable Bonds™ IMM Framework Is Aligned with PRI Signatory Principles

The Proactive Sustainable Bonds™ IMM Framework demonstrates significant alignment with the principles of PRI by facilitating effective ESG integration within fixed-income investments. This is particularly relevant for sustainable bonds, which are endorsed by PRI as a means of thematic investing. The framework's alignment is further supported by external validation and PRI's guidance concerning sustainable debt instruments. The following provides a structured comparison:

Table 6: PRI Principles

PRI Principle	Alignment with Proactive Sustainable Bonds IMM Framework
1: ESG in Analysis & Decisions	The framework embeds ESG criteria in project selection (e.g., affordable housing for social impact, energy efficiency for environmental benefits), using KPIs tied to SDGs. Proceeds are exclusively allocated to eligible green/social projects, reducing ESG risks in real estate portfolios. PRI's fixed-income guidance highlights sustainable bonds as a way to "link explicit ESG parameters" in debt strategies.
2: Active Ownership	Governance via the Sustainable Finance Committee enables ongoing engagement with investees (e.g., monitoring retrofits or housing developments). As a PRI signatory, Proactive Sustainable Bonds, leverages this for stewardship, aligning with PRI's call for investors to influence ESG outcomes in bond issuers.
3: ESG Disclosure	Annual reports on allocation and impact (e.g., units developed, emissions avoided) exceed PRI's disclosure expectations. Proactives Morningstar



PRI Principle	Alignment with Proactive Sustainable Bonds IMM Framework
	Sustainalytics SPO verifies transparency, mirroring PRI's emphasis on third-party assurances for sustainable bonds, and its Impact Evaluation lab: IAS Scoring, and Bluemark Fund ID, further verifies its Impact & accountability in Impact reporting.
4: Promote PRI Principles	By issuing bonds under ICMA-aligned guidelines (Sustainability Bond Guidelines 2021), the framework promotes industry standards. As a PRI signatory (October 2025 completion), it publicly demonstrates leadership, potentially collaborating with other signatories on SDG-focused investments.
5: Collaborate for ESG Effectiveness	Eligible categories (e.g., renewable energy) support cross-sector collaborations, aligning with PRI's SDG Outcomes Framework for joint action on goals like SDG 11. The framework's ICMA compliance facilitates market-wide harmonization.
6: Reporting & Improvement	Impact metrics and external reviews enable continuous refinement, directly supporting PRI's annual R&A process. Our October 2025 completion ties to enhanced reporting on Sustainable Bond Impacts, as PRI encourages signatories to evolve practices.

Overall Alignment Strengths:

- **Standards Compliance:** Sustainalytics' 2024 SPO confirms the framework's adherence to ICMA's **Sustainability Bond Guidelines (SBG) 2021, Green Bond Principles (GBP) 2021, and Social Bond Principles (SBP) 2023**—standards PRI endorses for fixed-income ESG integration.
- **Impact Focus:** Both emphasize SDGs, with PRI's 2020 SDG framework guiding signatories to measure real-world outcomes—mirrored in the bond's metrics for social (e.g., housing access) and environmental (e.g., energy savings) progress.
- **Risk Mitigation & Innovation:** Sustainable bonds like these help PRI signatories avoid greenwashing risks through verified use-of-proceeds and reporting, while innovating in "unlabeled" or thematic debt (e.g., real estate for net-zero).
- **Market Context:** PRI views sustainable bonds as a "gold standard" for thematic investment, with growing issuances (e.g., \$913B in climate-aligned bonds identified by PRI in 2020) amplifying signatory impact.

Annual Impact Reports, Dating Back to November 2018 (with pre-impact framework established before our founding in August 2019):

Impact reports have been published annually since 2018, offering information on Proactive's outcomes and strategic developments over time. These reports assist in ongoing evaluation, enable public and investor monitoring of long-term changes, and document Proactive's stated social mission. .

- **Transparent Reporting on SustainableBonds.com:**

Proactive Sustainable Bonds™ demonstrates its dedication to transparency by publishing

Impact Management & Measurement (IMM) Framework

Revised October 2025



impact data and annual reports on its website: www.SustainableBonds.com (sign-in required).

This approach enables Proactive to share its results with investors and the public in a transparent manner. This level of openness responds to stakeholder expectations for accountability within the industry.

Proactive Sustainable Bonds™ incorporates third-party verification and public pledges to maintain transparency, credibility, and commitment. These measures help build trust, support investor relations, and distinguish the firm from other social impact real estate funds.

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12. Proactive Impact Foundation

Our mission at our non-profit arm, Proactive Impact Foundation, is to support individuals and families in crisis with comprehensive housing solutions, therapeutic resources, and community reintegration programs across multiple states. One recent example is at our Fremont Street property, where **25 families were prevented from displacement**.

We have three (3) key priorities:

1. **Housing.** Our primary objective is to furnish essential housing resources for individuals transitioning into new or temporary residences. Many clients initially lack basic amenities, including beds, cookware, furniture, and other household items. We supply core necessities such as beds, pots and pans, dishes, dressers, televisions, and provide transportation support, including bus passes, enabling clients to access employment opportunities, services, and community networks. These provisions serve as protective factors; by ensuring individuals have what is required for dignified living, the likelihood of recurrent homelessness is substantially reduced. Additionally, we offer targeted assistance to prevent displacement, including one-time utility contributions, rental deposit aid, utility deposits, and limited short-term rental support, promoting stability during periods of vulnerability.
1. **Social Justice and Reintegration.** The second mission focuses on social justice and reintegration over the long term. Cognitive behavioral therapy (CBT)-based study materials are distributed for individual and group use to support recovery from trauma and facilitate transition after experiences such as homelessness, incarceration, or addiction. Housing access is expanded by acquiring and rehabilitating Naturally Occurring Affordable Housing (NOAH) units, including Single Room Occupancy (SRO) housing, multifamily properties, and mobile home parks. Many of these units can be prepared for occupancy within 2 to 4 weeks, providing below-market-rate housing for those with urgent needs. The strategy emphasizes rapid housing deployment, stability, and affordability. Vacant land is also developed for affordable housing or public community purposes to create longer-term options for underserved groups.
1. **Community Outreach.** Alongside housing and reintegration support, our community street outreach teams provide targeted assistance to individuals experiencing unsheltered homelessness, offering mobile shower units, hygiene services, and direct connections to essential resources. We maintain that restoring self-worth starts with prioritising dignity and compassion in every interaction. Our method is designed to ensure inclusivity, leveraging each encounter as an opportunity to foster hope and connect clients with relevant community services.

Learn more today at www.proactiveinitiatives.org.



13. Conclusion

The IMM Framework exemplifies our integrated strategy, combining capital with compassion. Supported by stringent third-party verification, seven years of transparent reporting, and a targeted objective to serve 2,500 families by 2026, Proactive Sustainable Bonds™ provides quantifiable results while fostering dignity and opportunity.

Chart 1: Cumulative Families Served (2018–2026)⁴

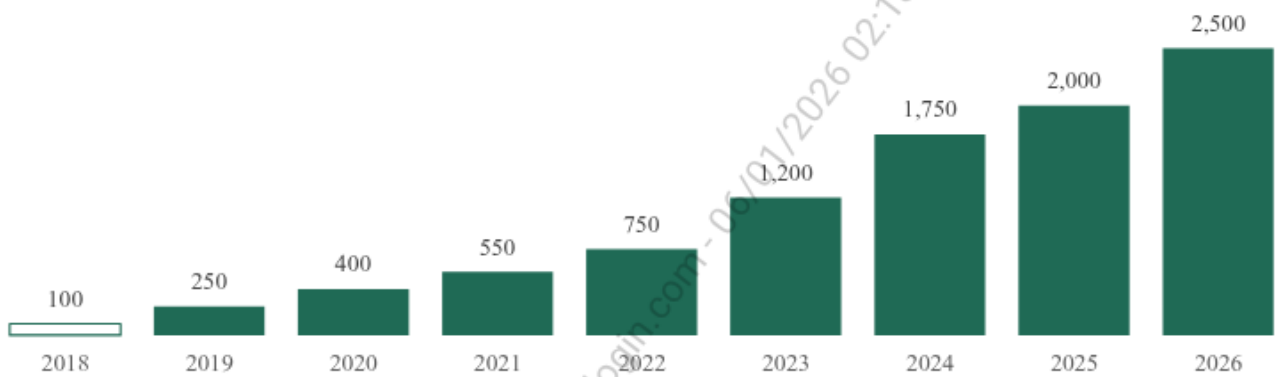


Table 7: Summary of Actual Case Study Impacts

Property	Location	Year	Impact Outcome
2540 Fremont Street	Las Vegas, NV	2019	Saved from condemnation, 53 affordable units, 25 families prevented from displacement
121 FountainVue Dr	LaFontaine, IN	2024	Restored water for 42-acre MHC, stabilized 100+ households
14437–45 S Halsted St	Harvey, IL	2025	Blight removal, prevented mass displacement, rebuilt affordable housing access
100 Banashee Circle	Orangeburg, SC	2022	Renovated, stabilized, sold to Social Impact Affordable-Housing REIT, preserving affordability. Followed up after 16 & 20 months, and Residents are thriving with no price increases.

⁴ Proactive Realty Group was founded in August 2019; however, we began establishing an impact framework in one property managed prior to PRG’s founding in 2018.

Appendix

GIIN IRIS+

The GIIN IRIS methodology provides a standardized framework for measuring, managing, and reporting social, environmental, and financial impact in investments. Below is an overview suitable for an appendix in a report or white paper.

Purpose and Structure

- The IRIS (Impact Reporting and Investment Standards) system was developed by the Global Impact Investing Network (GIIN) to enable impact investors to use a common language, ensuring the clarity and comparability of reported impacts.
- IRIS metrics cover financial, operational, product, sector, and impact objective performance, including both qualitative and quantitative data points.

Key Components

- **Core Metrics Sets:** Compact groups of key impact performance indicators based on evidence and best practices, aligning with impact objectives and supporting sector comparisons.
- **Thematic Taxonomy:** Standardized definitions for impact categories, allowing investors and enterprises to communicate and collaborate using shared terminology.
- **Alignment:** The IRIS+ catalog is aligned to global standards, including the UN Sustainable Development Goals (SDGs) and the Impact Management Project's five dimensions of impact (What, Who, How Much, Contribution, Risk).
- **Interoperability:** IRIS+ is designed to work alongside other data collection and reporting platforms; many assessment tools and frameworks can integrate IRIS metrics.

Impact Measurement Process

- **Define Goals:** Establish the desired social, environmental, or financial outcomes for the investment or enterprises.
- **Select Metrics:** Choose industry-approved IRIS metrics relevant to the impact goals, using the catalog as guidance.
- **Collect Data:** Manage data collection for selected metrics, often using third-party systems; IRIS does not prescribe collection tools but provides resources, templates, and guidance.
- **Analyze and Report:** Analyze performance data and report findings using the standardized metrics for comparability and communication with stakeholders.

Sector Coverage

- The IRIS catalog includes over 500 metrics designed for use across sectors such as agriculture, financial services, health, education, energy, environment, housing, water, and more.
- Metrics can be used for various investment strategies: direct investments, portfolio management, fund reporting, and sectoral impact comparisons.



Skills and Best Practices

- Effective use of IRIS+ involves familiarity with ESG and SDG frameworks, skills in data analysis, and an understanding of impact investing principles.
- Best practice calls for registering IRIS use and citing metrics in reports, enabling transparency and driving sector-wide comparability.

Table 8: Common Metric Examples

Metric Title	IRIS ID	Description
Jobs Maintained	PI5691	Full-time equivalent jobs at enterprise
Earned Revenue	FP5958	Total revenue from business activities
Net Income	FP1301	Net profit/unrestricted net assets
New Investment Capital	FP8293	Value of capital from financing activities

This methodology appendix provides a concise but comprehensive reference for understanding, selecting, and reporting impact using GIIN IRIS standards.

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UNPRI – compliance with PRI Principles⁵

Signatories' commitment

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time).

We also recognize that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Possible actions:

- Address ESG issues in investment policy statements.
- Support development of ESG-related tools, metrics, and analyses.
- Assess the capabilities of internal investment managers to incorporate ESG issues.
- Assess the capabilities of external investment managers to incorporate ESG issues.
- Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis.
- Encourage academic and other research on this theme.
- Advocate ESG training for investment professionals.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Possible actions:

- Develop and disclose an active ownership policy consistent with the Principles.
- Exercise voting rights or monitor compliance with voting policy (if outsourced).
- Develop an engagement capability (either directly or through outsourcing).
- Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights).
- File shareholder resolutions consistent with long-term ESG considerations.
- Engage with companies on ESG issues.
- Participate in collaborative engagement initiatives.
- Ask investment managers to undertake and report on ESG-related engagement.

⁵ <https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment>

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Possible actions:

- Ask for standardized reporting on ESG issues (using tools such as the Global Reporting Initiative).
- Ask for ESG issues to be integrated within annual financial reports.
- Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact).
- Support shareholder initiatives and resolutions promoting ESG disclosure.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

Possible actions:

- Include Principles-related requirements in requests for proposals (RFPs).
- Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate).
- Communicate ESG expectations to investment service providers.
- Revisit relationships with service providers that fail to meet ESG expectations.
- Support the development of tools for benchmarking ESG integration.
- Support regulatory or policy developments that enable implementation of the Principles.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

Possible actions:

- Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning.
- Collectively address relevant emerging issues.
- Develop or support appropriate collaborative initiatives.

Principle 6: We will each report on our activities and progress towards implementing the Principles.

Possible actions:

- Disclose how ESG issues are integrated within investment practices.
- Disclose active ownership activities (voting, engagement, and/or policy dialogue).
- Disclose what is required from service providers in relation to the Principles.
- Communicate with beneficiaries about ESG issues and the Principles.

- Report on progress and/or achievements relating to the Principles using a comply-or-explain approach.
- Seek to determine the impact of the Principles.
- Make use of reporting to raise awareness among a broader group of stakeholders

OPIM Principles Commitment⁶

1. Define strategic impact objectives

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

2. Manage impact on a portfolio basis

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

3. Establish the manager's contribution to impact

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

4. Assess the expected impact of each investment

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the

⁶ <https://www.impactprinciples.org/9-principles/>

challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

5. Assess, address, monitor, and manage negative impacts

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage negative impact risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' negative impact risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

6. Monitor progress against impact expectations

The Manager shall use the results framework (referenced in Impact Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

7. Conduct exits considering impact

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

8. Improve decisions and processes

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

9. Disclose alignment and provide verification

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

ICMA Compliance⁷

The mission of ICMA is to create excellence in local governance by developing and fostering professional local government management worldwide.

ICMA Code of Ethics

Tenet 1

We believe professional management is essential to effective, efficient, equitable, and democratic local government.

Tenet 2

Affirm the dignity and worth of local government services and maintain a deep sense of social responsibility as a trusted public servant.

Tenet 3

Demonstrate by word and action the highest standards of ethical conduct and integrity in all public, professional, and personal relationships in order that the member may merit the trust and respect of the elected and appointed officials, employees, and the public.

Tenet 4

Serve the best interests of all community members.

Tenet 5

Submit policy proposals to elected officials; provide them with facts, and technical and professional advice about policy options; and collaborate with them in setting goals for the community and organization.

Tenet 6

Recognize that elected representatives are accountable to their community for the decisions they make; members are responsible for implementing those decisions.

Tenet 7

Refrain from all political activities which undermine public confidence in professional administrators. Refrain from participation in the election of the members of the employing legislative body.

Tenet 8

Continually improve professional capabilities and those of others while fostering growth and development through ethical leadership and effective management practices.

⁷ <https://www.icma.org/page/icma-code-ethics>



Tenet 9

Keep the community informed on local government affairs. Encourage and facilitate active engagement and constructive communication between community members and all local government officials.

Tenet 10

Oppose efforts to interfere with professional responsibilities by consistently executing official duties, policies, and processes with an unwavering commitment to unbiased public service.

Tenet 11

Manage all personnel matters with fairness and impartiality.

Tenet 12

Public office is a public trust. A member shall not leverage his or her position for personal gain or benefit.

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Proactive Sustainable Bonds™ Impact Strategy

The Core Approach of The Proactive Realty Income Fund II, LLC (PRIF II)

Managed by The Proactive Realty Group LLC

Target Returns: 20–25% Annualized

Impact Focus: Measurable & Sustainable Social and Environmental (ESG) Impact in Low-Income Affordable Housing

www.SustainableBonds.com

1. Overview

The **Proactive Sustainable Bonds™ (PSBs™) Impact Strategy** is the cornerstone of *The Proactive Realty Income Fund II, LLC (PRIF II)*—a mission-driven real estate investment platform designed to deliver **above-market financial returns (20% to 25% annualized)** while generating **measurable, verifiable, and sustainable ESG impact in low-income and workforce affordable housing** across the United States.

Through its **Sustainable Finance Framework**, Proactive deploys capital via **Sustainable Bonds™**, structured as *use-of-proceeds instruments*, to finance **Naturally Occurring Affordable Housing (NOAH), manufactured housing communities, and SRO/motel conversions** that serve residents earning **35–50% of Area Median Income (AMI) (can vary)** including **fixed-income seniors, veterans, and second-chance residents (those with Section 8 & Veterans VASH Vouchers)**.

Each investment strengthens communities by improving **housing stability, environmental performance, and economic inclusion**, demonstrating that **impact and profitability are mutually reinforcing**.

2. Strategic Foundations and Global Verification

The Impact Strategy is fully aligned with internationally recognized sustainability and finance standards and independently verified through the **Proactive Credibility Stack™**:

Table 9: Key Frameworks for Proactive Credibility Stack

Framework / Verification	Alignment	Verification Timeline
ICMA Green & Social Bond Principles (GBP/SBP) (www.icmagroup.org)	Framework adheres to all four pillars: Use of Proceeds, Project Evaluation, Management of Proceeds, and Reporting.	Sustainalytics SPO: June 2024; Re-engagement: Sept 2025
UN Principles for Responsible Investment (PRI) (www.unpri.org)	Signatory status achieved October 2025; integrated into	2025–2026 cycle



Framework / Verification	Alignment	Verification Timeline
	ESG governance and disclosure (Principles 1–6).	
Operating Principles for Impact Management (OPIM) (www.impactprinciples.org)	Verification in process; ensures global best practices across all nine IMM principles.	Expected completion: 2026
Bluemark Fund ID™ (www.bluemark.co)	Verified Sept 2024; confirms governance, IMM standards, and transparency.	Annual renewal
Impact Evaluation Lab (www.impactevaluationlab.com)	Verified Aug 2024; issued Impact Authenticity Score™ for measurable, additional impact.	Annual assessment
Morningstar Sustainalytics (www.sustainalytics.com)	SPO validates framework alignment with ICMA GBP/SBP and Sustainable Bond Guidelines.	June 2024, updated 2025

Together, these verifications ensure **impact credibility, transparency, and institutional accountability** across every project and bond issuance.

3. The Core Mission

To deliver 20–25% annualized returns through **Rapid, Sustainable, and Inclusive Affordable Housing Development**—providing long-term stability for low-income families while advancing global ESG objectives.

The strategy combines **Rapid Housing™, environmental retrofits, and community stabilization** under a unified investment thesis:

Housing is the fastest, most measurable pathway to economic mobility and environmental resilience.

4. Key Impact Components

Table 10: Key Impact Components

Component	Purpose & Description	Key Impact Metrics
Use of Proceeds	Funds allocated within 6–12 months; unallocated amounts held in cash equivalents.	<ul style="list-style-type: none"> • # of units purchased or developed • % below market rent (20–30%) • CO₂e emissions avoided • Water saved (liters)
Affordable Housing	Acquisition and rehabilitation of NOAH, SRO, and MHC properties serving 35–50% AMI.	<ul style="list-style-type: none"> • Residents housed • Rent savings vs. FMR • Resident income levels



Component	Purpose & Description	Key Impact Metrics
Sustainable Infrastructure	Upgrading EPA-assisted water and wastewater systems portfolio-wide.	<ul style="list-style-type: none"> • # of upgraded systems • Improved water quality indicators
Clean Energy & Efficiency	LED retrofits, solar readiness, Energy Star housing, and LEED-based improvements.	<ul style="list-style-type: none"> • Energy savings (kWh) • Reduced operating costs (%)
Social Inclusion & Equity	Priority to fixed-income, re-entry, veterans, and single-parent households.	<ul style="list-style-type: none"> • # of second-chance residents • % women-led households housed

5. Governance & Project Evaluation

All project evaluation and fund governance are managed by the **Sustainable Finance Committee**, which also serves as the **Impact & Investment Committee**, composed of:

- The Managing Founder
- Managing Director
- Impact Compliance Officer

This committee oversees:

- **Eligibility screening** for alignment with SDGs, additionality, and ESG risk.
- **Impact oversight** ensuring consistent IMM methodology across asset types.
- **Exclusion policy** prohibiting investment in fossil fuels, carbon-intensive assets, or speculative displacement activities.

6. The Rapid Housing™ Model – “Speed with Integrity”

Rapid Housing™ is Proactive’s proprietary model enabling the **acquisition, rehabilitation, and stabilization of housing within 6–12 months**, delivering **safe, affordable homes at least 20–30% below market rents**.

Key Phases

1. **Acquire undervalued assets** at 30–50% of replacement cost.
2. **Rehabilitate infrastructure** (water, sewer, electrical, and safety systems).
3. **Integrate energy retrofits** (LED, solar, e-built appliances, low-flow fixtures).
4. **Rehouse underserved tenants** from waiting lists, veterans’ networks, or re-entry programs.
5. **Monitor impact** through the **Proactive Impact Dashboard™** for real-time performance data.

Result:

Residents gain housing security, lower utility costs, and healthier living environments. Investors gain cash-flowing, high-impact assets with both financial and social ROI



7. IMM Framework & Reporting

Proactive’s **Impact Measurement and Management (IMM)** framework aligns with **ICMA**, **PRI**, and **Bluemark** standards, measuring impact with the same rigor as financial performance.

Table 11: IMM Framework Dimensions

IMM Dimension	Standard Applied	Application
Intent & Strategy	ICMA / SDG Mapping	Every investment must advance ≥ 3 SDGs.
Measurement & Verification	Impact Evaluation Lab / Sustainalytics	Annual third-party verification of affordability, energy savings, and resident outcomes.
Governance & Management	Bluemark / OPIM	Independent review of policies, risk, and disclosure practices.
Transparency & Disclosure	PRI / ICMA Harmonized Framework	Annual impact reports published online and shared with investors.

8. Investor Impact & Value Proposition

Financial Returns

- Targeted **20–25% annualized net returns** through cash flow, appreciation, and efficiency savings.
- Diversified income from **NOAH assets, manufactured housing, and SRO Motel conversions.**

Impact Returns

- **100 units rehabilitated = housing for 300+ individuals.**
- **500+ tons of CO₂ avoided annually** through retrofits and solar integrations.
- **100% of portfolio residents** earn 35% to 50% AMI (**can vary**).

Dual Outcome:

Investors earn consistent, risk-adjusted yields **and** contribute to tangible, verifiable community transformation.

9. Alignment with Global Sustainability Goals

Table 12: Key SDGs

SDG	Objective Advanced by PSBs™
SDG 1 – No Poverty	Affordable rents for 35–50% AMI households.
SDG 3 – Good Health & Well-Being	Safe, energy-efficient housing improving quality of life.
SDG 5 – Gender Equality	Priority housing for single mothers and DV survivors.



SDG	Objective Advanced by PSBs™
SDG 6 – Clean Water & Sanitation	EPA-assisted upgrades and wastewater treatment in all MHCs.
SDG 7 – Affordable & Clean Energy	Energy Star homes, solar integration, efficient systems.
SDG 10 – Reduced Inequalities	Inclusion of fixed-income and re-entry populations.
SDG 11 – Sustainable Cities & Communities	Revitalization of NOAH assets and resilient housing.
SDG 13 – Climate Action	LEED retrofits, e-built water heaters, and low-emission infrastructure.

10. Conclusion

Proactive Sustainable Bonds™ transform **impact investing** into **impact-measured performance**, combining financial discipline with social mission.

By embedding the **Rapid Housing™ model** within a **globally verified sustainable finance framework**, Proactive demonstrates that affordable housing can be:

- Profitable (20–25% annualized)
- Measurable (third-party verified ESG impact)
- Scalable (national footprint across 12+ states)
- Sustainable (LEED, Energy Star, EPA-compliant)

Proactive Sustainable Bonds™ deliver not just housing, but *hope, health, and higher returns* proving that **doing good and doing well** are fundamentally aligned.

SVX US - Chloe Cao - team@operationsimple.com 10/1/2025 02:18 PM UTC+0