



# Introducing REEP's Income Debt Fund II

January 16<sup>th</sup>, 2025

A 506(c) Offering Exclusive for  
Accredited Investors



## **DISCLOSURES**

The information contained in this presentation (the "Presentation") is being provided to you at your request by REEP Equity on a confidential basis for information purposes only and is not, and may not, be relied on in any manner as, legal, tax or investment advice. This Presentation does not constitute an offer to sell or a solicitation of an offer to buy an interest in any investment vehicle and any such offer will only be made pursuant to a confidential private placement memorandum (as supplemented from time to time, the "Offering Memorandum") and/or the Partnership's subscription documents, which will be furnished to qualified investors in connection with such offering and will be subject to the terms and conditions contained therein. The information in this Presentation is only as current as the date indicated and may be superseded by subsequent market events or for other reasons.

Many factors may affect actual performance, including changes in market conditions and interest rates and changes in response to other economic, political or financial developments. Therefore, projections set forth in this presentation may not be meaningful. The information underlying any projections or other forecasts has been obtained from or is based upon sources believed to be reliable, but REEP Equity does not assume any responsibility for, and makes no representation or warranty, express or implied as to the adequacy, accuracy or completeness of, any such information. Please contact us if you would like more information about our calculation methodologies.

In considering the performance information, recipients should bear in mind that past performance is not necessarily indicative of future results, and there can be no assurance that the Fund will achieve comparable results or that return objectives or asset allocations will be met. Actual realized returns or unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the valuations used in the performance data contained herein are based. Accordingly, the actual realized returns on these unrealized investments may differ materially from the returns indicated herein.

Third-Party Data. Certain information contained in this document has been obtained from published and non-published sources. Recipients should understand that any such information may not have been independently verified. Except where otherwise indicated herein, the information provided herein is based on matters as they exist as of the date of preparation and not as of any future date and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date hereof.

The opinions and recommendations herein do not take into account the individual circumstances or objectives of any investor and are not intended as recommendations of particular investments or strategies to particular investors. No determination has been made regarding the suitability of any investments or strategies for particular investors. Portions of this report may reflect our opinions and beliefs regarding general market activity and potential impacts of current market conditions. Such opinions and beliefs are subjective, do not represent a complete assessment of the market and cannot be independently verified.

# Leadership: Jacob and Arleen Garza

REEP (Real Estate Equity Partners) is a real estate investment firm that was established in 2012 by Jacob and Arleen Garza. The company specializes in acquiring underperforming multifamily properties in Texas that generate income. With its headquarters in San Antonio, Texas, REEP Equity operates alongside its in-house management company, REEP Residential, forming a vertically integrated organization. This integration allows them to focus on the multifamily sector and provide exceptional commitment and service to both residents and investors. Since its inception, REEP Equity has bought, sold, and managed over **5,840+ units**, valued at over **\$750+ million**. They have completed full cycle investments for **11 properties**.

With over 20 years of real estate experience, REEP Equity is capitalizing on opportunities created by market conditions to own stabilized multi-family properties in premier locations. The San Antonio Apartment Association named the Garzas 2013, 2016 and 2024 Independent Rental Owner of the Year and Property of the Year for 2014. REEP has been named Best Multi-Family Investment Management Firm – Southern USA, Top 100 in Real Estate, 2023 NAA Top Employer, Top Work Places by the San Antonio Express-News, and the Fastest Growing Businesses by the San Antonio Business Journal, for the sixth consecutive year.



## JACOB GARZA

- Former President and CEO of Property Automation Software
- Fortune 500 Fastest Growing Company; Sold in 2007
- Certified Apartment Manager, Certified Apartment Portfolio Supervisor (National Apartment Association)

## ARLEEN GARZA

- BBA in Finance, Texas Tech University
- Former executive at Bank of America - with leadership roles in banking center management, marketing, lending, and HR - spanning 20 years
- Certified Apartment Manager, Certified Apartment Portfolio Supervisor (National Apartment Association)
- Board of Directors, San Antonio Apartment Association



2022, 2023, 2024  
Top Workplace



2019-2024  
San Antonio Business Journal



2012 Largest Percent of Returns  
2013 Independent Rental Owner of the Year  
2014 Property of the Year  
2016 Rental Owner of the Year  
2024 Independent Rental Owner of the Year



Best Multi-Family Investment  
Management Firm –  
Southern USA



2022 Top 100 in Real Estate



2018 Top Buyer in San Antonio



2023 NAA Top Employer



2023 & 2024 Business of the Year

# Dedicated Team of **Experts**



**Tim Ellis**

Vice President of  
Acquisitions, Asset  
Management, &  
Development



**Abigail Hernandez**

Executive Director to  
Jacob Garza



**Jason Martinez**

Director of Asset  
Management



**Jamie Short**

Director of Marketing  
and Digital  
Communications



**Victoria Garza-  
Fraser**

Acquisitions and  
Capital Events  
Manager



**Rebecca Treanor**

Director of  
Investor Relations



**Heather Perez**

Transaction Manager



**Erica Anderson**

Marketing Manager



**Jack Garza**

REEP Development



**Darren Burlin**

Senior Analyst



**Jack Folden**

Investor Relations  
Associate



**Vanessa Garza**

Brand  
Engagement  
Specialist



**Denise Morales**

Asset  
Management  
Analyst



**Tracy Pasch**

Executive  
Assistant to Arleen  
Garza and Office  
Manager

# Dedicated Team of **Experts**



**Yvette Davis**  
President



**Matt Swanson**  
Director of  
Accounting &  
Finance



**Staci Garza**  
Sr. Regional  
Manager



**Audra Hale**  
Training and HR  
Manager



**Victor Garza**  
Capital Projects  
Manager



**Lisa Knapp**  
Controller



**Grace Hernandez**  
Senior Accountant



**Diana Pierce**  
Accounting Clerk



**Clarissa Villegas-  
Muro**  
Corporate  
Accountant



**Veronica Gonzales**  
Building  
Administrator & HR  
Support

# What is a DEBT FUND?

An Income Debt Fund is an investment spread across multiple properties, adding diversification and sharing potential risk paying investors a fixed preferred return.

**Considered Safer Investments:** Income debt funds are considered relatively safer investments compared to equity funds as they have lower volatility and market risk.

**Generate Returns:** Income debt funds generate returns for investors through interest payments and capital preservation.

**Regular Income:** Income debt funds are popular among investors looking for regular income and capital preservation.

# The PURPOSE

Investment vehicle to lend funds to multifamily operators for properties that are well performing but need additional capital.

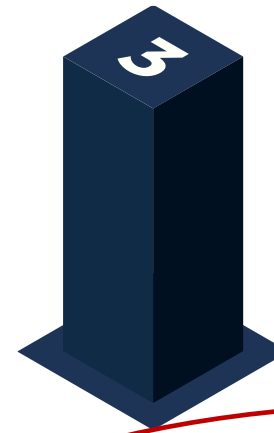
**Diversifying investment strategy:** Allows REEP investors a different way to invest in multifamily.

**Potential acquisition:** This may provide for unique off market direct to owner acquisitions.

**Potential development:** This may provide for unique investments on future development opportunities.

# How Does the Fund Work?

1. Identify operators and assets that align with the income debt fund's criteria
2. Propose a specified amount to the operator in exchange for preferred equity position or a loan in the subject property
3. The income debt fund takes priority over common equity
4. The income debt fund assists the operator in effectively overseeing and managing the asset



3<sup>rd</sup> Position  
**COMMON EQUITY**  
LP/GP Capital



2<sup>nd</sup> Position Preferred  
**EQUITY or DEBT**  
REEP Income Debt Fund II

REEP's Income Debt Fund IIs first in line to get paid after senior debt



1<sup>st</sup> Position  
**SENIOR DEBT**  
Current Loan

# Why Invest in REEP's Income Debt Fund II

By investing in REEP's Income Debt Fund II, you will gain access to a **stable monthly income** and the **opportunity for strategic diversification** in your investment portfolio.

Our fixed-income fund allows you to participate in the lending process, offering **potentially higher returns** compared to more traditional investment opportunities.



## 10%-12% Return

Earn a fixed 10%-12% preferred return on your investment



## Immediate Returns

We project returns to begin within 30 to 60 days



## Monthly Cashflow

Enjoy regular cash flow through monthly interest payments



## Priority Position in the Capital Stack

Benefit from a priority position above common equity and below senior loan within the capital stack, ensuring a more secure spot for your investment



## Flexibility

Both Cash and Self-Directed IRA Funds can Invest, Outperforming more traditional investments and better than leaving cash idle in the bank



## Diversification

Investment is spread across multiple properties



## 506(c)

Open to Accredited Investors

# Identifying Assets for the Fund

- Not at risk of foreclosure
- Solid debt in place and is current on payments
- Stable historical property performance with experienced property management team
- Economic fundamentals of the property's market and submarket are strong
- Well defined exit or refinance strategy

# Potential Ways the Fund will be Used by Borrowers

- Purchase an interest rate cap
- Obtain funds for a refinance
- Complete funding for continued or additional CAPEX
- Land
- Need gap financing for closing
- Invest in a Preferred Equity Position

# Class A Investment Returns

**10%** Annual Preferred Return

Minimum Investment \$50,000, Example Returns of \$50,000

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	RETURN \$	RETURN %
Preferred Return	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000	
Return of Member Capital					\$50,000	\$50,000	
Total Return	\$5,000	\$5,000	\$5,000	\$5,000	\$55,000	\$75,000	50%
Average Annual Return							10%
IRR							10%
Average Cash on Cash Return							10%

\*\*\*Projecting **5-Year Maturity** | Monthly Distributions

No Acquisition fees | No Asset Management Fees | No Property Management Fees

No UBIT for IRA investments

# Class B Investment Returns

## 12% Annual Preferred Return

Minimum Investment \$200,000 , Example Returns of \$200,000

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	RETURN \$	RETURN %
Preferred Return	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$120,000	
Return of Member Capital					\$200,000	\$200,000	
Total Return	\$24,000	\$24,000	\$24,000	\$24,000	\$224,000	\$320,000	60%
Average Annual Return							12%
IRR							12%
Average Cash on Cash Return							12%

\*\*\*Projecting **5-Year Maturity** | Monthly Distributions

No Acquisition fees | No Asset Management Fees | No Property Management Fees

No UBIT for IRA investments

# Scenario # 1: Interest Rate Cap

---

## Operator Overview

---

Company: 123 Street Capital, LLC

Profile: Real Estate Investment Company

Multifamily Properties: 7

Number of Units: 1,400

Years in Business: 10

Full Cycle Deals: 4

## Property Overview

---

Location: San Antonio, TX

Year of Construction: 2000

Units: 180

12-month Occupancy Trend: 92%



## Reason for Application of **Income Debt Fund**

The operator has a requirement from their lender to purchase an interest rate cap for a one-year period.

To avoid a capital call and or a dilution of their investor's ownership, the operator seeks to borrow from REEP's Debt Fund to satisfy the lender's requirement.

REEP has determined based on current performance and operator's NOI projections that the property will be current on payments and that an exit is feasible. The exit will be a well-defined plan for a refinance or sale within the next 12 months. In this scenario, funds could be deployed as debt or preferred equity.

# Scenario # 2: Land Development

## Operator Overview

Company: XYZ Development, LLC

Profile: Merchant developer

Number of Active Developments: 3

Number of Units: 900

Years in Business: 9

Full Cycle Deals: 14

## Property Overview

Location: Austin, TX

Acres: 15

Planned Units: 290

Land is appropriately zoned and entitlement work in process



## Reason for Application of **Income Debt Fund**

The developer has land zoned for a multifamily property under contract and is seeking financing to close and work through entitlement and ultimately a construction loan.

In order to preserve their cash for active developments in their pipeline, focus on entitlement and the construction loan, the developer seeks to borrow the funds to acquire the land, from REEP's Income Debt Fund II.

REEP has determined the developer will be able to stay current on payments and based on reviewing the proforma of the development, a construction loan is feasible. The exit will be a well-defined plan for a construction loan in the next 12 - 24 months. In this scenario, funds could be deployed as debt or preferred equity.

# Scenario # 3: Gap in Equity Raise

---

## Operator Overview

---

Company: Main Street Equity Partners, LLC

Profile: Real Estate Investment Company

Multifamily Properties: 12

Number of Units: 2,000

Years in Business: 8

Full Cycle Deals: 9

## Property Overview

---

Location: Houston, TX

Year of Construction: 1986

Units: 250

Operator acquiring strong performing Class B asset with fixed rate financing



## Reason for Application of **Income Debt Fund**

The operator has a strong performing Class B multifamily asset under contract with solid financing in place but needs gap financing to get to a closing due to a slow equity raise.

In order to close and not lose earnest money and have loan terms expire, the operator seeks to borrow the funds from REEP's Income Debt Fund to close on the property.

REEP has determined the operator will be able to raise the remaining equity with the property able to make the payments. The exit will be a well-defined plan for the operator to complete their equity raise within 6-12 months. In this scenario, funds could be deployed as debt or preferred equity.

# Scenario # 4: CAPEX Funding

---

## Operator Overview

---

Company: Broadway Partners, LLC

Profile: Real Estate Investment Company

Multifamily Properties: 15

Number of Units: 3,400

Years in Business: 15

Full Cycle Deals: 19

## Property Overview

---

Location: Dallas/Fort Worth, Texas

Year of Construction: 1982

Units: 300

Operator's business plan is successfully achieving rent growth projections



## Reason for Application of **Income Debt Fund**

The operator has a strong performing Class B multifamily asset that is achieving rent growth projections but has under budgeted for the required capex dollars necessary to finish renovations.

To avoid a capital call and or a dilution of their investor's ownership, the operator seeks to borrow from REEP's Debt Fund to finish their business plan.

REEP has determined the operator will be able to make the payments. The exit will be a well-defined plan for the operator to complete their equity raise within 6-12 months. In this scenario, funds could be deployed as debt or preferred equity.

# Scenario # 5: Refinance Funding

---

## Operator Overview

---

Company: Capital Investment Partners, LLC

Profile: Real Estate Investment Company

Multifamily Properties: 3

Number of Units: 750

Years in Business: 5

Full Cycle Deals: 4

## Property Overview

---

Location: Houston, TX

Year of Construction: 1990

Units: 250

Operator's new loan is required due to an upcoming loan maturity



## Reason for Application of **Income Debt Fund**

The operator is refinancing a strong performing Class B multifamily asset with an upcoming loan maturity.

Due to not having funds to submit for Good Faith Deposit, third party reports, legal and other refinance related costs, the operator seeks to borrow from REEP's Debt Fund to close the refinance.

REEP has determined the property will be able to make the payments. The exit will be a well-defined plan for the operator to refinance, payback, or sell the property within 12-18 months. In this scenario, funds could be deployed as debt or preferred equity.

# Investment Returns

**10%-12%** Annual Preferred Return

Minimum Investment \$50,000

	Minimum Investment	Preferred Return	Total 5-Year Return	Projected Annual Cashflow	Projected Monthly Cashflow
Class A	\$50,000	10%	50%	\$5,000	\$416.67
Class B	\$200,000	12%	60%	\$24,000	\$2,000.00

\*\*\*Projecting **5-Year Maturity** | Monthly Distributions

No Acquisition fees | No Asset Management Fees | No Property Management Fees

506(C) Offering Open to Accredited Investors Only

# 6 Easy Steps to Redirect Your IRA to Multifamily

## STEP 1

Choose an SDIRA Custodian that is right for you. We are happy to share our recommendations as well!

## STEP 2

Open your Self-Directed Individual Retirement Account (SDIRA).

## STEP 3

Fund your account at your SDIRA Custodian either through making a contribution, rolling over an employer plan, or transferring funds from an existing IRA.

## STEP 4

Complete the Subscription Documents for your investment.

We are here to help complete these documents and make this step of the process as easy as possible!

## STEP 5

Sign any necessary paperwork from your SDIRA Custodian. Depending on each SDIRA Custodian, there may be additional documents or signatures needed to process your investment.

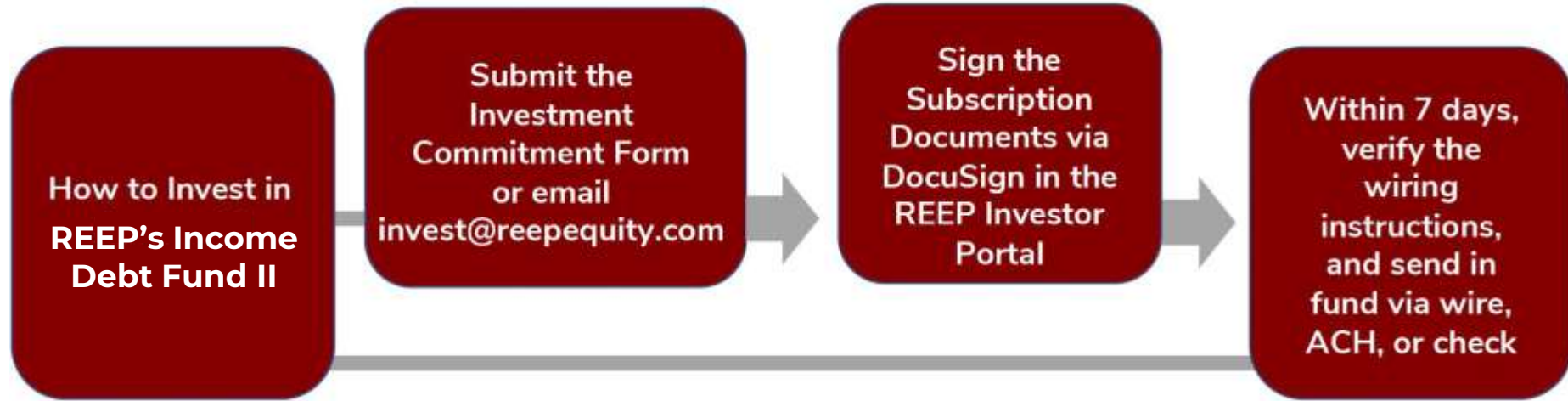
## STEP 6

Sit back and relax! Enjoy monthly distributions sent directly to your SDIRA, and any reporting requirements or future paperwork is handled directly between REEP and your SDIRA Custodian.

*\*IRA investments do not incur UBIT*



# How to Invest



DEADLINE FOR ALL FUNDING **FEBRUARY 28, 2025**



1. Fill out Investment Form or email [invest@reepequity.com](mailto:invest@reepequity.com)
2. If you do not already have an account, we will set up your Account within the REEP Investor Portal and send you an e-mail with a password that allows you to log in. If you already have an account, please login to the Investor Portal.
3. Log into the REEP Investor Portal
4. Select Documents, review AND sign via DocuSign
5. Retrieve Wiring Instructions from Investor Portal; Also sent via email from Rebecca with investment acceptance
6. Wire Funds within 7 days of signing documents

# Have Questions? Let's chat.



**Rebecca Treanor**  
Director of Investor Relations



**Jack Folden**  
Investor Relations Associate

## Accredited Investors Only

This fund operates as a Regulation 506(c) offering and is exclusively open to accredited investors. To qualify as an accredited investor, individuals must either have a net worth of at least \$1 million (excluding the primary residence) or maintain a consistent annual income of \$200,000 (or \$300,000 combined if married) over the past two years with reasonable expectations of continued income at that level.

