

EPISODE 1538

Ghislain Larochelle (GL): I tried with emails and a lot of my students, they tried with emails to present a project to people and it doesn't work. You have to call them. You take the number, you call them directly. That's the best way to find people. And my expertise on the partnership, I would say that you get one to two entrusted people out of 10 calls that my stats 10 to 20% will say yes, after you present your project.

Whitney Sewell (WS): This is your Daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Our guest today, and he has grown a great business brand and is helping so many people in the passive side but also people becoming active. He lives in Canada, he has a great business there. His name is Ghislain Larochelle.

You're going to learn a lot from Ghislain today. His bachelor's degree in engineering and masters, Ghislain is passionate about real estate and finance. He owns a real estate portfolio that includes more than 400 rentals to shopping centers, a number of other commercial parcels as well. He's the founder of Immofacile, it's hard for me to pronounce it.

You'll notice during the conversation, he is French, he speaks French fluently. And so you know English is his second language, but man, a very knowledgeable individual. But he has a training facility that helps people achieve financial freedom through real estate. He's an investor. He's authored 10 books, a broker, speaker, and coach. He's helped thousands of people achieve their goals over the last 20-25 years.

So you're gonna learn a lot from Ghislain today. And we're gonna go through something that's very important all the time. But even some new ideas around communication with investors, and even gaining different input on your business plan for your deals. I love some of these thoughts that he had, and may even try to implement some myself. So I know you're gonna learn a lot from this link today.

Ghislain, welcome to the show. honored to have you on I've read a little bit about you. And sounds like you have an amazing background in real estate and helping other people in real estate. I mean, you're definitely a knowledgeable individual when it comes to commercial real estate. So you're a perfect guest, I'll say, you know, for our show, so honored to have you on and I wonder how many listeners have heard of you. Let's give a little intro.

You tell us a little more about your background. Why commercial real estate? How did you get into commercial real estate? And let's dive into some of the complexities or one specific complexity that man is so crucially important when getting into commercial real estate in just a moment? Who are you, and why commercial real estate for you?

GL: I'm in real estate and this served for the last 25 years, I wrote about 10 books present up to now. And I love commercial, I love multi-units, residential, I love also land development. So I

don't know why I love real estate so much, but I like to teach and I like real estate at the same time. So why commercial? Because I love it. I don't have a specific reason for that. I don't like to do a lot of flips. But I like commercial.

WS: Awesome. Well, you know, let's dive into a specific topic and around the partnerships right around, and in the States, and just so the listeners know, Ghislain is Canadian, he lives in Canada, you know, the the term syndication, which we all use in the States, you know, is different. It's not the same legal process in Canada, in case you're a newer listener, and you haven't heard us talking about that, before,

That they're still looking for investors are still partnering on projects, people are still investing with Ghislain you know, making these deals happen, you know, in a big way. And in a very similar partnership type of way, you know, but they just don't they don't call it a syndication. It's a different legal process than we would have in the States.

But anything else you would add to that. Ghislain, as far as just the legal structure in Canada versus before we dive in?

GL: Often what we do, we create a corporation. We have a legal document that is attached to us to the partnership. And I always say my investor partner, I'm the syndicator I would say, so it's quite easy to build. It's not very costly, I would say to cooperate, and cooperate yourself, it may be 1,500, and for the legal document, maybe 15 to 3,000 it would cost, so it's quite easy to do in Canada.

WS: Okay. No, that's awesome. Well let's dive into that partnership and you know that you're referring to what we would say the LP and the GPS but ultimately their operator you know, yourself and your investor right?

GL: Yes.

WS: Let's dive in there and what that looks like. Let's go even back to – I don't know how you even find them, right? Maybe how you found them even up to you know, maybe I want us to be able to get into some of the communication pieces that you and I referenced before we started recording as well.

Actually, like it's so important, I think it's going to be even more important over the next six to 12 months, you know, than we've ever seen, or over the last few years anyway. And so how are you finding investors? What does that look like in your business?

GL: In my business, there's a few ways to find a real estate investor. The first way is around yourself. Do you have friends? Do you have families that could jump into your project? If not, you have to go to networking events, okay? Nobody around yourself wants to invest in real estate. So you go to networking events, and what you do, you have to set yourself a goal, I want to meet five people in the networking event. And it doesn't have to be a real estate networking

event, it could be any type of event that you can find. So what I do, I say, okay, tonight, I will meet at least five people, I will take my credit amount, my card and a business card, and I will give it to at least five people.

So what you do when you meet them, you don't ask, "Hey, Whitney, I need \$100,000, would you like to loan it to me? I have a big project for you." That's not the way to do it. So you want to find out from the people. Do they have interest in real estate, if not, this is not the right guy for you, you have to find somebody else. So you go from one to the other and to the event.

And often what I do, I look at the people that are outside the crowd, they are sitting in one corner, very lonely. And I go and I meet with these people. And often they have very interesting ideas. And they can be a good fit for my projects. And you have to take their name. And when you have a good project, what you do you call them.

Last week, I was looking for \$100,000. And what I did, I look at my list, I have a big list of names, and I just call them, "Is it a good time for you to do an investment with me? Yes, no, maybe what is your project?" You're talking with them? And finally, I was able to find about four or five calls later, somebody who is interested, well, who was interested in my project. So that's how I do it. They are everywhere around yourself.

WS: Yeah. And we often feel like we have to go to a special place. Right? And oftentimes they are where we're already going. Having that conversation, right figuring that out, building that relationship. Any techniques to building and furthering that relationship? So when you do call for that, you know, that \$100,000 investment, you know, you've cultivated that to some degree, not that they haven't heard from you for six months, what does that look like?

GL: Often what I do, I will call them about every six months, or I will send them an email every six months, "I don't have a project presently, please wait, something will come up in the next two months, I have a project in the next two months that is coming up." And sometimes they will tell me, "Okay, I'm not interested in real estate anymore." So I removed them from my list.

And I tried with emails and a lot of my students, they tried with emails to present a project to people and it doesn't work. You have to call them, you take the number you call them directly. That's the best way to find people. And my expertise on the partnership, I would say that you get one to two entrusted people out of 10 calls. That's my stats: 10 to 20% will say yes, after you present your project. Last year, I had a big sensation to do 15 minions, and I had to do 148 calls to be able to find my 14 people.

So people often what they do after 3,4,5 calls, they don't want to go further. And they say it's impossible to do education in real estate. That's not true, you have to keep going, keep going and keep going. And I was able to do it. So people are able to do it.

WS: For sure. I love even thinking through that percentage to 10 to 20%. Like that helps you to know okay, it helps you to build up the expectation if you're you know, many times also, right? It's gonna happen.

GL: It's gonna happen. And what is happening is sometimes you have a project, let's say I'm in Quebec, so you have a project in Montreal, the person is in Toronto or is in Quebec, and he doesn't want a project in Montreal. So it's not that he doesn't want to work with you, to invest with you, but is the project not for him? You have a multi-unit building that is brand new, it's very easy to find people. You have an old one. Oh, it's a bit harder to find. So that's why I say 10 to 20% is a good score for me.

WS: Yeah. So you will say you've, you know, you've found that 10% that you need. Now, for those ones that have said, yes, you've partnered on the project, what happens now?

GL: What I do after let's say, I need 10 people, okay, I need 10 people for my project. So I will incorporate the company in 'inco' we call that, and collect. And what I do after, I will do legal paper to make sure that we are all on the same page.

We know exactly what will happen with the project: I want to buy a building, and I want to keep it for a long time. I want to buy a building, and I want to sell it in five years when you will get your money back. So there's a lot of things to write in the legal document. You have to think about it before you write it down. And a lawyer will help you.

WS: Yeah, so many things you want to ensure you're on the same page about right, or that they know your business plan. And moving forward. I wanted to back up just a little bit, though, because I didn't ask you and I wanted to just even how you present that deal to those people you're calling? How do you handle that conversation to present that well, and you know that you're not desperate for the money? But hey, you're providing that opportunity. Right? What does that look like?

GL: That's a really good question. What I do first is call, Whitney, and I ask him, "I'm Ghislain Larochelle, and I have a really great project presently, do you have some money available to invest in a project?" That's the first question. And if they say, No, I don't have to spend the next 10, 15, 20 minutes explaining the project. And I get the 'No' idea. So I ask directly, and they know me, then we met one time in the last three years.

The second question is okay, is your money available? Yes, you have money. But is it available in the next month? "No, I have to refinance my building, it will be in two months." Okay. We will wait for the next project.

The third question I ask is, do you want to know a bit more about a multi-unit building that I want to buy? Are you only in the flip type of project? "No, I want to know." Okay, and I tell them after the region, the city, and if they are interested with these five questions, we talk a bit more. So I will explain the project, their ROI over the phone. And if they are still interested, after that, I send

the package, it's a PowerPoint that I have built to explain the city, to explain why we're investing in this project, the financial part of it. I will also explain the partner, who I am, what I have done up to now, and when you will get your money. So I send them the PowerPoint, the PDF file so they are able to know if they want to invest with me.

One question that is really important. When will you get back to me? because when you talk to maybe 15-20 people during the same day, you want to make sure that they will get back to you very soon. "So next Monday, I will get back to you." "Okay, sure. I'm waiting for you next Monday." So paperwork, it's simply a PowerPoint that I'm doing. It's about 16-18 pages, and they have everything they need over there. And it's very important to have this paper.

Last week, I was at an investment meeting with about 16 investors. And one lady asked me, she said, "You told us that you would get back our money in year four." I said, "Nope, it's year five, it's after five years." She said, "I'm pretty sure you said four years." "Okay, so let's go back and I was on Zoom, we could go back to the presentation." And it was five. So, it's very important to write things down. Very important. So that's how I gain the interest from the people.

WS: Yeah, I love the presentation, and also the legal documents should share that business plan as well. Right? So they know how you signed, you know, this partnership agreement, probably, you know, what would be called I would think or in our case, subscription agreement, you know, in the States part of your private placement memorandum that's going to lay all that out even our investment summary which sounds similar to what Ghislain is talking about.

That shows all the pretty pictures in our business plan and then returns projected returns, I'll say that even becomes part of the ppm or at our legal documents. And so like he said, Hey, if there's a question, well, let's just I can look.

GL: Yeah, you take the presentation, you have built for them, and you put it in partnership agreement, so everything is there, but in a legal way.

WS: And sometimes the business plan has to change, right?

GL: Oh, yeah, it will change.

WS: No doubt about it. Can you speak to that a little bit, you know, just like you get you had this person call and say hey, well, you know, this is what I thought So now this is what the business plan said. However, on the flip side of that, sometimes it doesn't need to change, right?

GL: I have a project presently. And the goal of the project was to return the money in five years, period. But presently, with the interest rate that is very high, I'm not able to return the money to the investor. So that's one thing, I can't do anything about the interest rate, and I'm not able to refinance and give them back their money.

So we have two choices, we keep going, it's a very good building, it's working very well, and we keep going, or the second choice, we vote. And we decide if we sell the building. So I have only this project, I have about 40% of the ownership, and we decide and if they say we sell, so we call her a real estate agent, and we will sell the building. So that's not my goal, but I don't have enough ownership to be able to decide for everybody. So that's one thing that could happen. And I'm having it today. That's one project I have today to decide if I do the voting, or whether it will do exactly.

WS: Yeah. Now that's incredible. Because it does, it happens, right? I mean, as part of this business, plans are gonna change. There's so many variables, so many things we try to plan for. And we obviously try to plan for the ongoing underwriter things we can't plan for. But there's still things way outside of our control. And so how is that then communicated? Then say to those investors? You mentioned, you're gonna vote whatnot. But how do you communicate, hey, these things?

GL: Every month I do a meeting with two or three persons who represent the investors. I don't want to do a meeting with 18 investors every month. And we communicate with paper, we communicate with them, here is what we have decided for the month. But when we have a specific thing like the refinancing, what we do, we have a big meeting with everybody that was last week.

So everybody was there. And we vote one-by-one on what they want to do. Or sometime when we don't have to do a meeting, I would use a SurveyMonkey, and just send them a SurveyMonkey, what do you want to do, here is the steps we have to take, if we do option one, here is the step we have to take, if we do option two. Often, I will say my recommendation in the survey, not that I want one side or the other, I would say I think we have a good project. It's full house, it's full. So I recommend keeping the project.

But if you want to sell, we could sell also, Survey Monkey is very great for that. And when we are having a challenging time I communicate with my investors, almost every week. I communicate with them. And when it's very easy, I have another project. It's so easy, we get money every month out of the project. So I communicate every three months. So between one week and every three months, you need to have communication. I had a student who didn't communicate with his investors.

And what is happening is even if it's positive, they don't know; if something is negative, they don't know. So people think there's probably a problem, because they don't call us, they don't say anything to us. So that's not the best way to do it. Every month, every three months, at least.

WS: Great information. A couple quick questions. Well, you said you have a couple of investors, two or three investors that you're speaking with on a monthly basis. And, you know, how did you pick them? You know, out of the 18 or 20. Investors? How did you pick the two or three that you're really you're, you're like seeking custom counsel or getting their input, right? Or it allows,

you know, just taking some outside thoughts, which is very wise, I think, how did you pick those few?

GL: It's like the management committee, I could call us. And what we do when we build the partnership agreement, we say that two persons, three persons, four persons will be on the committee. So it's by vote. So if you want to be on the committee, you have to present yourself, you have to say why we should vote for you.

And after that, all the other investors choose the one that they liked the most or the two that they liked the most. And these two are on the management committee. And one thing why they want to be on the management committee is they learn. They see us with a lot of expertise. When we have a problem, what do we do? What do we do? And they are involved in the decision also, that's by voting.

WS: Awesome. We talked about, you know, challenging times even moving up to a weekly cadence love that. And really getting ahead of those concerns, right, you know, of investors that you know, we're coming in with, we're going to over communicate love that thought process. What does that look like? Or how you share even bad news? Is that through a zoom call, is that through a phone call individually? Is that through a webinar? How do you handle that?

GL: Often what we do is we prepare the investors. Okay, well, you know that something will happen in December now, because you know that the interest rates are very high. So we prepare them with the management committee, the paperwork out of the management committee that you send to the investor, in French it's "*procès-verbal*." That's the overview of the meeting, and we prepare them with that.

And when we come close to the date when this will happen, there's a meeting to explain to everybody that this is the challenge we have, we have 2,3,4 solutions. What do you think? At least they are involved in it. If they aren't involved, they cannot tell you, "You didn't say anything, I would not have done this, like the way you did it." The more they are involved, the less they will come back to you and say you didn't do a good job.

WS: Yeah. I know, I love that transparency, and just putting it out there, and giving them a chance to respond or at least put their thoughts in, you know, on the technical.

GL: And I'll find that they don't have the expertise to answer. But at least they got the question; they got the problem. And they can say if it's a Yes or No, with the question. We're asking them,

WS: No doubt about it. I want to jump to a few. A few other questions or final questions, you know, with our time but I want to also ask you, you know, before we leave this topic, because it's so important, anything else you would advise the listeners to be doing as far as communication with their investors, or even how they're operating, you know, even seeking that counsel and investors like that. I love that idea. Any other thoughts before we move on?

GL: Every month, we send investors all of the financial paperwork so they cannot say, 'You spent something that wasn't planned?' No, everything is there. And we even send them a bank statement. So every month they have the bank statement.

So they cannot tell us, you took 20,000 out of the bank account? No, you got it every month. So this is one of the ways that I make sure that they love to be with me. They love to do projects with me.

WS: Yeah. Love that transparency, as well. I just think that builds so much trust with investors, especially over time, right? I know you're communicating like that. So all right. Well, I want to move on to a few other questions. Just get your expertise and I ask a lot of guests these questions, but I think it's just always important in our business, a number of these things, but what about just being prepared for a downturn? When you're looking at a project right now?

What are, you know, a few of the main things that's going to help you to know that, hey, you know, when there's a downturn, this project is going to survive, because of this, or, you know, what is that for you?

GL: What I'm trying to look at is the ROI for the investors. If a project is in a downturn, and I'm getting out of debt, only 1% of ROI for the investors, I won't go into the project. In 2022, I had a very nice project that was presented to me. And we knew that the interest rate would increase at the end of the year, so the income was only 1.3% for them. So I didn't go to the project.

So for me, I need a good project. I need a good city where we will invest, I need to be able to increase the rent and at least 5% ROI on their money, cash-on-cash. So that's the way I look at my projects.

WS: What about any predictions that you have over the next six to 12 months or maybe how the results are changing or how you're buying or selling?

GL: Presently, I'm not stopping buying. I don't stop buying. Always have a project in front of the other one, and I think in Canada, the interest rate will go down, maybe at the end of 2023, beginning of 2024.

So what I do is, I don't invest for a very long time with the bank, I don't freeze my interest rate very long. So that's what I'm presently looking at, even if it's a bit expensive presently, at least I'm building equity. And in one year, we'll be able to refinance and get some money out, or at least a decrease in interest rate.

WS: What about your best advice for a passive investor right now?

GL: To invest with me? No, no, that's not that's not true. A passive investor, what do they have to do? They have to make sure that they love the project. Okay. And they have to make sure

that they have to check the numbers. If the numbers are great, it's amazing the type of money that will do well, just recalculate everything, challenge the syndicator over there.

Passive investors, they are there but to invest with the syndicator, they have to be able to make decisions also, not what is the color of the bathroom? But do we sell? Do we refinance? They have to be able to make the decision also. What I see from the few other projects around me is the syndicator is promising too much money. And there is a red flag that is there when you promise too much money.

WS: Sure. What about what are some of the most important metrics that you track? It could be personally or professionally.

GL: When I'm with a real estate investor it is always the dividend, how much money they give them every year, the increase of value of the building. And the third one is the entries of the tenant. So that's the three main ones.

WS: Some good ones. What about any habits, daily habits that you have, that have produced the highest return for you?

GL: I have one and I do what is hard every morning at 5:00 or 5:30. What is hard for me may not be hard for you, Whitney, but I always do it at the beginning of the day. And every day that's what I do. And I have three priorities. Every morning, I write in my book, okay. And I'm trying maybe 95% of the time they are done at the end of the day. Sometimes I'm not able to do one of out of the three. But that's the main two things, and I achieve a lot with those two ideas.

WS: Yeah, that's awesome. And how do you like to give back?

GL: I love to give back. And I love when people come to me and they say you give me advice, and I was able to buy, I was able to buy a flip, I was able to buy something. And when I teach, I always stay after the class and sometimes I leave at 9:00 or 10:00 pm. I want to make sure that I'm able to give the most for people. I want them to succeed. And when they succeed, I succeed too.

WS: Yes, that's awesome. I guess I'm grateful to have met you and had you on the show. I just appreciate your push for transparency, right? And even, you know, overcommunicating when there's things of concern, right? I could not agree with you more. I love the idea of the council, right?

You know, two or three investors that are hopefully experienced, right, and they're providing great counsel and helping you think through even how you're communicating to all the rest of investors right or the plan moving forward. Do we stick to the plan? Do we change the plan? You know what is best here and just getting other eyes right on that project? I think it's a great idea. Thank you so much. Tell the listeners how they can get in touch with you and learn more about you.

GL: It's very easy you see, after my name ghislain@immofacile.ca. That's my website and you can have it translated with Google automatic translation www.immofacile.ca. It will be a pleasure if you want to meet with me for 30 minutes. It will be a pleasure to give you my time to better invest in passive projects or to be a syndicator.

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