WAGERSCAPITAL

A GUIDE TO

# MULTIFAMILY AND THE STOCK MARKET

A look at traditional retirement vehicles

# Saving money.

It's a concept instilled in us from a young age. We learn to buy toys with our allowance or keep loose change in a piggy bank for a rainy day. We open a low-yield savings account with our first part-time job, and if we're lucky—take a personal finance class in school that reinforces the importance of saving for our futures.

Does this system work? Well, according to a 2020 T. Rowe Price survey, only 49% of adults rate their knowledge of personal finance as "excellent" or "very good." So it would appear that financial literacy in this country leaves something to be desired.

And, generally speaking, we are eventually taught one "right" way to save for retirement:

- Get a high-paying job at a company that matches your 401(k) contributions
- Purchase a home and wait for it to appreciate in value (sell at a profit, rinse, repeat)
- Diversify our portfolio a bit with approximately 2% in crypto, gold, or some other alternative asset

Does this strategy work? Usually. Does it work well? Ultimately, that depends on what you want retirement to look like. You may be able to retire at 65 with a comfortable nest egg, but high-roller-status wealth? Not so much.

If you invested $50,000 in the stock market in the early 2000s and held it for 20 years, your account balance is undoubtedly greater now than it was then.

But you also sat through some incredibly uncomfortable volatility (plus a few gut-wrenching drops circa 2008). And once you factor in fees, taxes, and inflation, you realize that those returns really aren't nearly as attractive as they may appear to be.

If you're reading this, it's likely that you have investments in the stock market, maybe even your entire portfolio. Let me clear the air: I'm not here to tell you that investing in the stock market is "wrong" or leads to a dim financial future. But there is another way to save for retirement, and it often generates higher returns with less volatility. It's not a way that we're typically taught, and if we were, I must have missed class that day.

*That way is passive investing in multifamily real estate.*

What I AM here to tell you is that investing in this sector can grow your portfolio much faster than traditional passive investing in your run-of-the-mill index funds and 401(k)s—all while still investing with relatively low risk.

This is an asset class that lets you enjoy generous tax benefits, steady cash flow, substantial returns, and low volatility...

*...with virtually **zero** time and effort.*

That's right. We aren't talking about investment properties where you take out a mortgage, manage tenants, and get someone out to fix the plumbing at 1 a.m. This is passive investing at its finest, where you (the investor) have fractional ownership of a real, tangible, cash-flowing asset while someone else does the heavy lifting.

**BRIAN WAGERS**
Founder of Wagers Capital

# ABOUT ME

Most people, myself included, land in the multifamily industry by chance, by determination, or by luck… usually some mix of all three. Whether you happened here by chance (let's just call it luck) and are brand-new to this asset class or you already know how incredible it is and are ready to take the first step, I'm glad you're here.

My name is Brian Wagers, and I am, like many of you reading, an entrepreneur at heart. I'm a top sales executive of a transportation logistics company, where I have overseen major domestic and international contracts —simply put—getting things from point A to point B. I'm at the gym by 5 a.m. every single day. I'm highly dedicated to self-improvement. Why was I leaving my own financial security up to the whims of the stock market and the interests of large financial institutions? Why wasn't I at all in control of something so important?

Over five years ago, I took matters back into my own hands. I started by self-managing a few rental properties, paying down debt with rent, getting more leverage to purchase more properties, and so on. I don't think that there was any blood, but there was A LOT of sweat and maybe a couple of tears. In the beginning, my reasons for doing this were mainly self-serving: take care of my family, build a life we were proud of, and ensure we'd have a fruitful future.

But after some time, I realized that wealth is meant to be shared—and there is more than enough to go around. Now, I find a great sense of purpose in not only bringing these highly lucrative investments to my networks, but to just about everyone who will listen.

## PROOF OF CONCEPT (AND HOW I ACHIEVED IT)

With that said, I needed proof of concept before investing anyone else's hard-earned money. My first few deals were small; they were small because I funded them myself. Slowly but surely (and very strategically), I began scaling operations by purchasing and improving properties with capital supplemented from friends and family. The concept worked every time. We were seeing exceptional returns and little (to no) volatility, and enjoying every other benefit the real estate sector has to offer. As a one-man show, I put deals together that ranged from 12 units to 82 units.

The proof was, as they say, in the pudding. I had established a solid track record and learned the hard lessons so my investors wouldn't have to. Then, and only then, was it time to level up.

I founded Wagers Capital to do just that. I, alongside my team, have acquired and managed a robust portfolio of multifamily real estate assets that are co-funded by our passive investors. I had previously built a portfolio of 450 units comprised of about 10 different apartment communities; our team has now tackled opportunities with upwards of 450 units in one deal. We use our high level of expertise, sharp negotiation skills, and collective decades of experience to generate above-average returns. And at about 20% annual returns, it's a win-win for everyone—which is pretty much the whole point.

SECTION 01

# WHY MULTIFAMILY INVESTING?

The need for shelter is universal; in fact, it's as important as water, food, air, and sleep per Maslow's Hierarchy of Needs.

Multifamily properties consist of everything from small duplexes and upscale townhomes to state-of-the-art apartment complexes. According to Pew Research, there were 44.1 million U.S. renter households in 2019. There are myriad reasons multifamily investments are compelling to investors, but we're going to focus on the following:

- Cash flow
- Demand
- Forced appreciation
- Tax benefits
- Returns

## MASLOW'S HIERARCHY OF NEEDS

**SELF-ACTUALIZATION**
achieving one's full potential

**ESTEEM**
feeling of accomplishment

**BELONGING**
friendships & relationships

**SAFETY**
emotional & intellectual safety

**PHYSIOLOGICAL**
water, food, air, sleep

## STRONG CASH FLOW

Great real estate investors understand that while prices can rise and fall through market cycles, **cash flow is always king**. And one of the most surefire ways to have consistent cash flow is adding multifamily housing to your portfolio.

The rent-to-price ratio advantage multifamily properties have over single-family properties is crystal clear: Even if a multifamily property has a percentage of vacancies or late-paying tenants, you'd still have multiple units generating rental income. With a single-family home, your cash flow would be entirely dependent on a single tenant.

Compare this to stock market investments, where your payout comes only after you sell your share or—not so commonly—in the form of dividends. As a passive investor, dependable cash flow is critical in ensuring you'll have more capital to reinvest your dollars and grow your portfolio, as well as build cash reserves for a rainy day.

## ALWAYS IN HIGH DEMAND

More people rent now than at any time since 1965, according to a recent Pew Research study, and this trend is true across a broad range of ages and household incomes. The traumatic events of the 2007-2009 Great Recession—when many homeowners defaulted on mortgages and lost their homes—have had a lasting impact.

Homeownership has been on a steady decline over the past decade. Current trends indicate no signs of this decline reversing, with multifamily housing construction continuously increasing and rental vacancy rates at an all-time low.

## FORCED APPRECIATION

Unlike stocks and bonds, multifamily real estate allows owners to increase the value of their assets. In order to "force" appreciation, owners can make building improvements, raise rents, or lower costs as a way to increase the yield from their properties and influence their ability to refinance.

## SERIOUS TAX BENEFITS

Yes, cash flow is king, but tax breaks also rule in the world of real estate investing. Why? Because the government WANTS real estate investors to continue reinvesting capital and growing their portfolio. Again, why? So they don't have to. Here are a few of the substantial ways real estate investors can reduce their tax liability come tax season. These are big, so pay close attention.

(Please note that every situation is unique, and you should always work with a qualified tax professional when utilizing these tax incentives.)

### Straight-line Depreciation

While land is not considered a depreciable asset, real estate materials—like flooring, appliances, and utility systems—are. The IRS understands that, over time, owners will need to upgrade, repair, or replace these depreciable assets. To incentivize owners to reinvest in their properties, the IRS has allowed owners to claim straight-line deductions, which are based on an asset's "useful life," for every year they own the property.

For residential properties, investors can claim this deduction for up to 27.5 years of owning the property, and up to 39 years for commercial properties. (Multifamily real estate properties are under the residential property umbrella.) This tax-slashing strategy lets a multifamily owner claim the same amount of depreciation every year for 27.5 years.

### Accelerated Depreciation

Don't plan on holding the asset for three decades? There are additional strategies that allow a property owner to utilize accelerated depreciation schedules.

In order to make these accelerated depreciation deductions, a certified professional will need to conduct what's called a cost segregation study. They'll identify every element of a property that can be broken down into depreciation schedules of 5, 7, and 15 years, of which you'll use to claim said deductions.

After the cost segregation analysis is complete, you would then be entitled to claim bonus depreciation, deducting eligible assets in the first year of ownership at 100%. Theoretically, you could have zero tax liability in year one!


## 1031 Exchanges

Also known as a like-kind exchange, this tax benefit allows you to defer capital gains tax on the sale of commercial property when you buy another property. Generally speaking, as long as you reinvest the gains from the sale of your property into the new property you're buying, you won't need to worry about capital gains taxes from the sale, at least for now. While "like-kind" implies something very similar, in reality, you could potentially sell a self-storage facility for an apartment complex and you'd still be eligible to use this tax break.

With stock market investments, profits from selling shares as well as any dividends earned are subject to either short- or long-term capital gains taxes.

## Taxes and the Stock Market

If you invest in a tax-advantaged retirement account, like a ROTH IRA or 401(k), you can grow your entire investment tax-free or tax-deferred. But these retirement accounts cap annual contributions, so there's only so much you can pile into your portfolio every year. Beyond that, they don't provide passive income until after you turn 59.5 years old.

And outside of a tax-advantaged account, selling stocks can trigger either short-term or long-term capital gains taxes, depending on when you sell. The only way to potentially sidestep this is to deploy a tax-loss harvesting strategy (selling a security at a loss to offset a gain from the sale of another security).

At the end of the day, Uncle Sam simply doesn't give stock market investors the same perks as real estate investors—the incentive just isn't there to do so.

## INFLATION HEDGE

Inflation has been a hot-button topic since the onset of the COVID-19 pandemic, with prices (and expenses) increasing at rates we haven't seen for decades. The good news is that, unlike stock market investments, multifamily real estate serves as excellent protection against inflation.

Why? In a word: demand. Multifamily properties have higher turnover and shorter leases than other commercial properties, creating opportunities to be more nimble with rent price adjustments. In an inflationary environment, this is truly a boon as the equity on the property you own also increases in value while your payments on a fixed-rate mortgage stay the same. And as rents increase with the market, so does the net operating income.

And, let's not forget that even after a recession the curve for property values tends to move up. Over time, the housing market roars back to life. With high demand, increased property value, and consistent recurring revenue, multifamily properties simply have the competition beat when it comes to a long-term hedge against inflation.

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As you can see, multifamily real estate is a highly advantageous asset to add to your investment portfolio. With consistent cash flow and generous tax breaks comes scalability and sustainability, which are the key ingredients in future wealth generation.

SECTION 02

# RECESSIONS & MARKET RESILIENCY

Ultimately, stock investing simply can't surpass multifamily investments when it comes to cash flow. While there may be a select few companies that pay comparable quarterly or monthly dividends to shareholders, they come with much more risk than a solid multifamily investment.

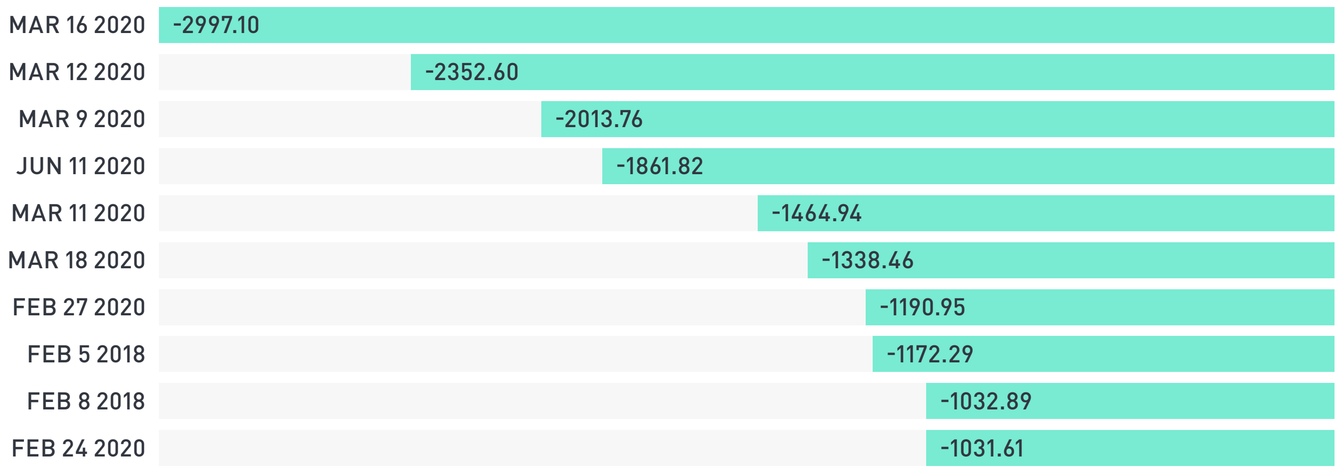
And with real estate, cash flow can be even more critical during market corrections. Bad timing in a turbulent stock market can set you back for years before breaking even, and if you happen to need to sell some stocks during a market correction to pay bills, that can be very destabilizing...both financially and psychologically. Even during times of turbulence, multifamily real estate has little correlation to the stock market, meaning that it can easily help you weather a temporary recession.

## RECESSION PERFORMANCE: STOCK MARKET VS. MULTIFAMILY REAL ESTATE

- On average, the stock market sees 6–8% in annual growth.
- Multifamily is more in the range of 15-20%.

Historically speaking, the real estate sector has outperformed the stock market. To further prove this point, let's examine two very significant times in history: the 2008 financial crisis and the 2020 global pandemic.

## THE 10 BIGGEST ONE-DAY LOSSES IN DOW JONES HISTORY




Source: Standards and Poors, The Balance

## THE STOCK MARKET CRASHES OF 2008 & 2020

The stock market crashed on Sept. 29, 2008, and The Dow Jones Industrial Average fell 777.68 points. Prior to the stock market crash of 2020, it was the largest point drop in history. By March 5, 2009, it had dropped more than 50% to 6,594.44. While it fell 90% during the Great Depression, that was a downward slope that took place over almost four years' time. The 2008 crash only took 18 months.

**Over a single year, the stock market tanked $6.9 trillion of shareholder wealth.**

And investors felt those harsh ripple effects for more than four years. The Dow dropped 275 points in June 2012; then the 10-year benchmark Treasury yield dropped to 1.47.36—the lowest rate in more than 200 years.

It wasn't until 2013 that the stock market finally recovered, yet inflation-related fears and higher interest rates sent the Dow into the longest correction since 1961. After 10 full years of volatility, the correction ended in August 2018.

Then, the global COVID-19 pandemic joined the chat, and the stock market magnificently crashed yet again. As government officials around the world shut down economic activity, panic and uncertainty ensued, resulting in a stock market crash that included the three worst point drops in our country's history.

**March 9, 2020:**
The Dow fell 2,014 points, a 7.79% drop

**March 12, 2020:**
The Dow fell 2,352 points to close at 21,200, a 9.99% drop and the sixth-worst percentage drop in history

**March 16, 2020:**
The Dow plummeted nearly 3,000 points to close at 20,188, losing 12.9%. This price drop was so significant that the New York Stock Exchange suspended trading several times during those days.

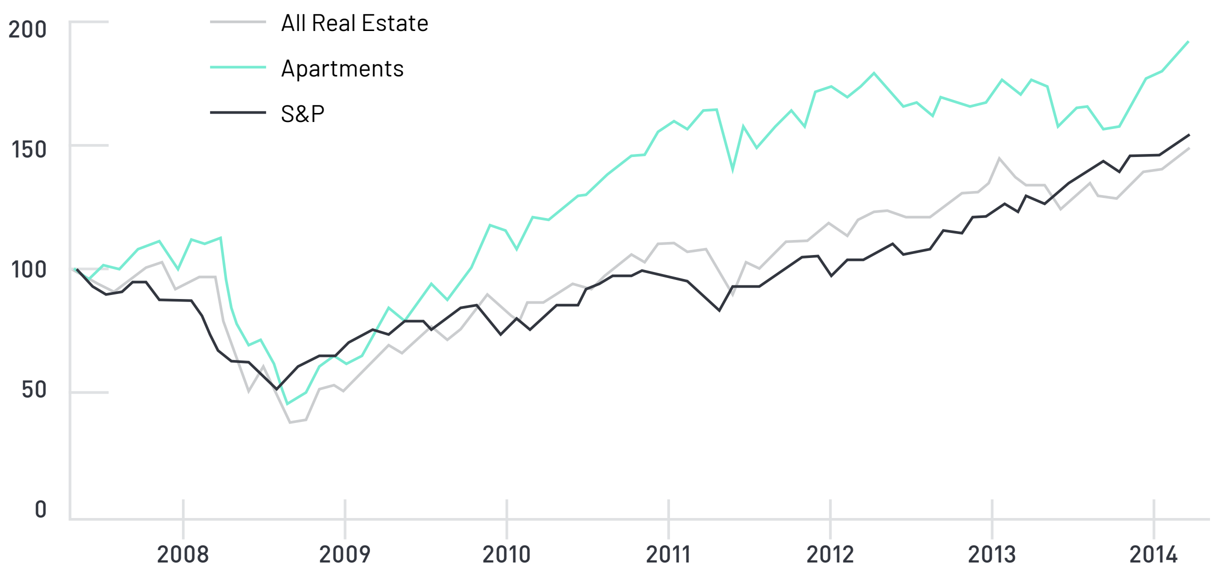
However, unlike the 2008 crash, the stock market rebounded back by May of 2020, largely in thanks to an enormous amount of stimulus money and slashed interest rates.

## MULTIFAMILY REAL ESTATE IN 2008 & 2020

The stock market crash of 2008 was spurred by defaults on consolidated mortgage-backed securities, which were directly tied to the loans banks were handing over to potential homebuyers regardless of their creditworthiness. When the housing market fell, many homeowners came up short on their loans. **U.S. homeowners lost a cumulative $3.3 trillion in home equity during 2008, according to a report from Zillow.**

As a result, many families were forced to downsize and relocate to single-family rentals and multifamily housing. During this time, stock market-correlated real estate investment trusts (REITs) experienced the same market volatility, but they recovered much faster. Apartment REITs outpaced other commercial real estate sector and the S&P 500 in the subsequent years following the 2008 recession.

### APARTMENT REITS VS OTHER ASSETS




Source: S&P 500 Index, FTSE Nareit Apartment & All Equity Indices

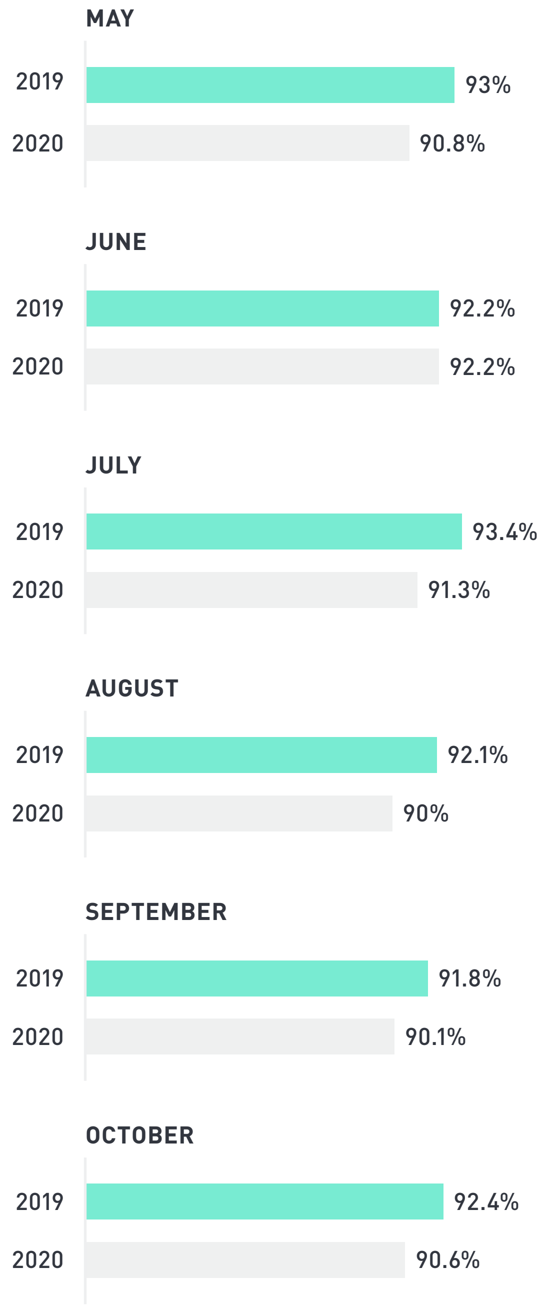
2020 was, as we've all heard, an unprecedented time. But between stay-at-home orders, the move to remote work, and generous stimulus checks, the multifamily sector was incredibly well-positioned to withstand any market hits. And despite rumors of rent strikes and nonpayments stemming from lay-offs, rent collections remained relatively stable throughout 2020, with razor-thin decreases compared to 2019.

## MULTIFAMILY'S UNMATCHED RECESSION RESILIENCY

Discretionary spending is largely cut during recessions; saving cash and budgeting for necessities becomes the priority. So while real estate sectors like retail and hospitality often see adverse effects, multifamily real estate goes largely unscathed. To state the obvious: people will always need a place to live. As the need for apartments increase, rents increase as well— it's just simple supply and demand. This bodes well for multifamily investors.

Additionally, multifamily buildings typically have more renters than retail and office properties, therefore, a handful of vacancies won't significantly impact the bottom line. And with short-term leases, owners can swiftly react to any economic shifts.

### RENT COLLECTED IN 2019 VS 2020



SECTION 03

# WAYS TO INVEST: ACTIVE VS. PASSIVE

Invest in multifamily housing and you're likely to see a higher rate of return than stock investing with much less volatility and with greater tax benefits.

While the history of stock market returns shows us that the market has been up more than it's been down, anyone with a sizable chunk of stock market shares would tell you that this investment vehicle is not for everyone. In order to be successful here, you must have the perseverance to hold through stomach-churning drawdowns—without any reassurance that your portfolio will make a full recovery.

Real estate investing, on the other hand, provides a level of safety, stability, and certainty that the stock market can't offer. Multifamily real estate in particular also has the potential to grow your portfolio faster than the stock market. And given low interest rates and current demographic trends, it's a safe bet to say that multifamily real estate investing will be experiencing tailwinds well into the future.

Investing in both markets (multifamily and stock) can create a strong, diversified portfolio, but the former has a number of advantages over the latter. Let's compare and contrast the two investments—both passively and actively— and see why multifamily real estate is the best option for faster growth with the lowest volatility.

## Active Stock Market Investing

The goal of active investing is to earn returns that beat the S&P 500 (also known as "beating the market"). This requires deep dives into the finances of various companies, bonds, and individual assets—not to mention staying ahead of macro market trends. Active strategies include day trading, position trading, swing trading, and scalping.

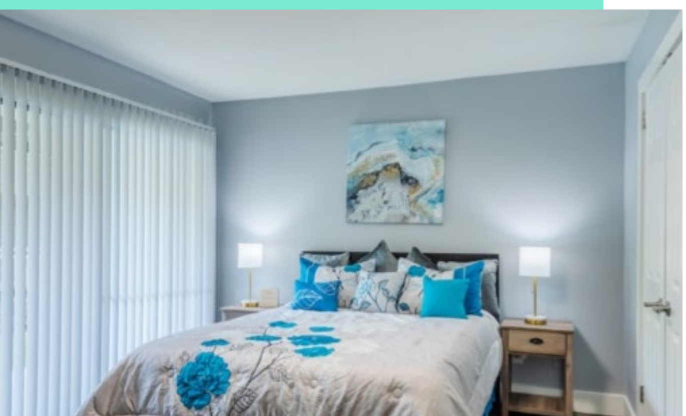
Some investors choose to open a brokerage account and trade securities themselves using one or more of the above strategies. This is a full-time job, one that's highly speculative, notoriously risky, and too often based on luck. Somewhere in between passive and active, there's also the option to hire a firm to manage your portfolio and employ active strategies.

## Active Multifamily Investing

If you have the time, expertise, and want to retain decision-making authority on how to run your property(s), you may want to take an active approach multifamily investing as a single player. Here, you have the advantage of retaining all profits and income. But keep in mind, to do this requires being on top of every detail. You, and you alone, are accountable for everything from permits to accounting to repairs. The sheer number of local government agencies you'll be dealing with is enough to send many would-be active investors running.

You can also go the syndication route as a general partner. Still within the active investing umbrella, you would be the one to raise capital from investors, find the property, outsource management, and more. Unless you are able to do this full-time—and have the network to back your endeavors up—it may not be feasible or at all lucrative.

And while the downside risk for passive investors is limited to their initial investment, general partners take on unlimited personal liability and open themselves up to potential litigation.



## Passive Investing in the Stock Market

When people talk about passive investing in the stock market, they're likely referring to index funds. Instead of betting on individual stocks, passive funds are made up of holdings that track a market index like the S&P 500, Dow Jones Industrial Average, or the Nasdaq. These don't require active professional management, so investors enjoy some of the lowest fees around.

Passive investing in the stock market also assumes a buy-and-hold strategy. By definition, these passive funds are meant to match the performance of the index, not to beat it. As such, it will average modest returns over time. The upside? You're also spared a lot of the volatility that comes with aggressive trading.

When it's all said and done, it's debatable if active management is much more lucrative than passive indexing. Over a ten-year period, most fund managers' performance lag indices like the S&P 500, also known as underperforming the market. So, unless you're Warren Buffett, you might want to stick with a passive strategy when it comes to the stock market.

## Passive Investing in Multifamily Properties

If you have the capital but lack the knowledge, time, or interest in actively managing a multifamily real estate investment property, the most attractive option is becoming a limited partner, or passive investor, in a syndication. Through this partnership, you would invest your money with trusted experts who shoulder the responsibility of active management. All you do, aside from the funding component, is receive both reports and returns at a predetermined frequency (typically monthly, quarterly, or annually).

Obviously, you'd relinquish a lot of control, but that's the whole point of passive, right?

SECTION 04

# RISK FACTORS & FEES

No matter which investment strategy you use, make sure you have knowledge of all the basics to understand risks and fees that could eat into your returns. Of course, you should do this before you dole out any money or sign on the dotted line.

## Stock Market Risks

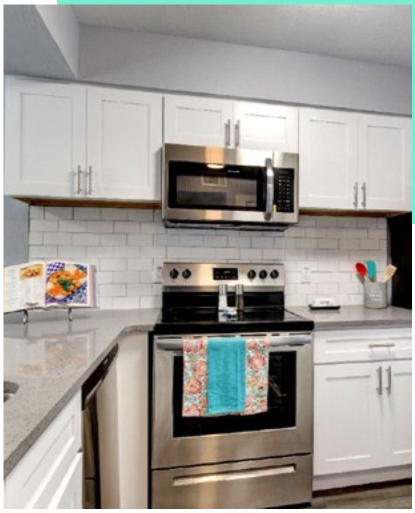
Compared to real estate, the stock market is much more sensitive to exogenous factors and systematic risk, like interest rate changes by the Federal Reserve. There is also the risk of a bad company earnings call or sudden material news that changes the trajectory of the stock price. Usually, this happens all without warning.

And let's not forget the other variables that can still greatly impact the stock market, like the media or political turmoil. Things like policy changes and war can cause major price swings. And again, they are entirely out of the investor's control.

## Multifamily Risks

All investments carry risk, and real estate is no different. While multifamily investments are more protective against market corrections than stock investing, they're not entirely immune. In a cyclical market, real estate asset values can also correct, but cash flow can offset dips in market value and help you budget for unexpected expenses.

It's also crucial that your property is well-managed. Operators can reduce risk by making sure a reputable property manager is running the business effectively and efficiently, otherwise, the investment could see higher vacancy rates and a decline in revenue.



### Stock Portfolio Management Fees

When you hire someone to actively manage your portfolio, fees will always be higher than if you just park your money in passive index funds. If you've entrusted your stock portfolio to a professional manager, it's likely management and/or performance fees are taking a significant chunk of your returns. While management fees are typically in the ballpark of 1-2% of your assets, performance fees can reach double-digit percentages. Yikes.

### Syndication Management Fees

When you invest in a multifamily property through syndication as a limited partner, you will incur fees as well. Again, you're hiring someone to do the heavy lifting so you can take a backseat while earning income passively. A key difference to note is that general partners will, nine times out of ten, be co-investing in the syndication. With skin in the game, they (should) work tirelessly for the best returns possible.

The sponsor/general partner typically charges a transaction fee (typically 1-3% of the transaction value) and an acquisition fee (anywhere from 1-5% of the purchase price). These are standard, but some sponsors may tack on additional fees. Make sure to thoroughly review the financial documents and get a full understanding of where your money is going—and why it's going there.

### Market Correlation

Historically, experts haven't found a clear correlation in price movements between the stock market and real estate prices. But there's a debatable theory that they're actually positively correlated, in that when the stock market does well, housing tends to also do well. When indices enter a bear market (a correction that hovers around 20% or more), that's when we might see sentiment change and housing soften.

SECTION 05

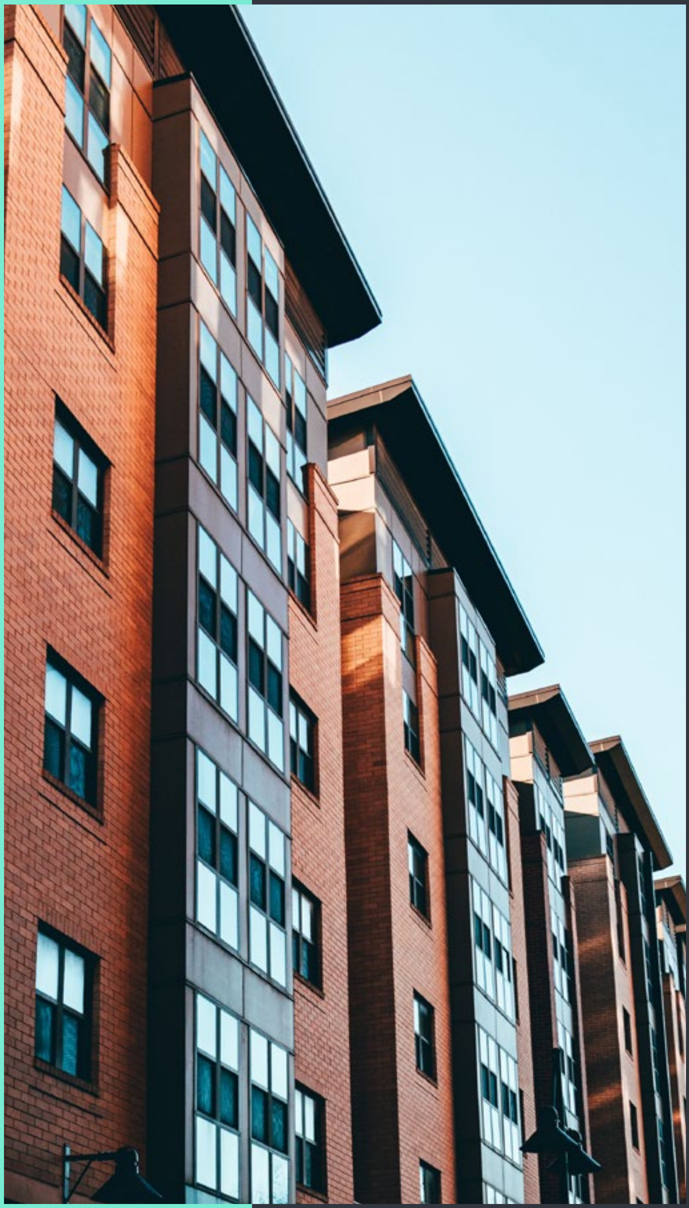
# READY, SET, INVEST!

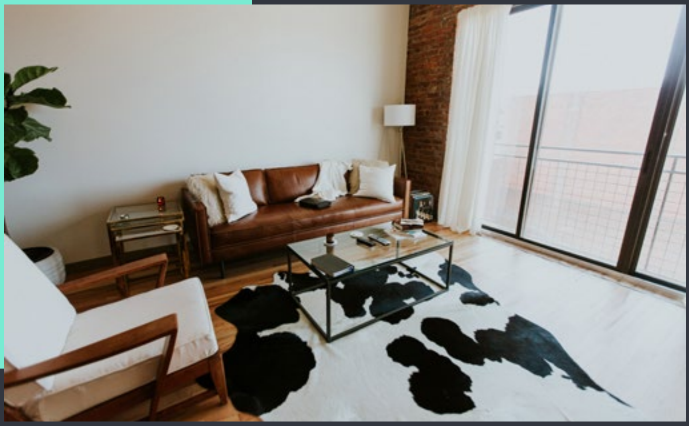
By now, you should have a clear sense of the numerous pros of multifamily investing. You should also know the cons. The rewards, by far and large, tend to outweigh any risk. You're ready to invest, but where do you start? And once you do, what can you expect?

## FINDING A SPONSOR

Arguably, the most important tenet of passively investing in multifamily real estate is establishing a high level of trust in your sponsor. Look for a sponsor with a proven track record and ample experience—both are needed to provide accurate market insights, help demystify your investment options, and guide you through the entire process. But beyond that, you also want someone who aligns with your big-picture values, investment philosophy, and comfortability with risk.

The best way to start is by tapping your network for first-hand references. If that's not an option, you can find many sponsors through reputable podcasts or by attending seminars. When you find a good fit, get ready to do your due diligence. Come into the conversation with a list of questions, including prompts about their worst and best deals and how they recovered. Treat this process like an interview—because it is.





## ACCREDITATION STATUS

An accredited investor is any individual or entity that is legally permitted to trade securities without formal registration with large financial authorities (such as the Federal Reserve or FDIC), so long as they meet at least one requirement proving their financial sophistication (including income, net worth, asset size, or governance status). Accredited investors can include (but are not limited to) high-net-worth individuals, insurance companies, brokers, banks, or trusts.

Accredited investors meet one or more of the following criteria:

- They earn $200,000 a year as an individual or $300,000 with their spouse for two years prior to investing and anticipate the same (or more) earnings in the current year.
- They have a net worth of $1 million outside of their primary residence.
- They hold a Series 7, 65, or 82 license.

There is no formal process for receiving accredited investor status, and the sponsor is responsible for verifying. The passive investor/limited partner may receive a questionnaire that requires the submission of financial statements, tax returns, and other documents that prove their income or net worth. The sponsor may utilize a third-party verification service to request similar documentation. Additionally, a CPA, lawyer, or investment advisor may be able to draft a letter that states they meet the requirements.

## REVIEWING THE FINANCIAL DOCUMENTS

As a passive investor in a multifamily real estate syndication, you will need to closely review the financial documents provided by the sponsor to evaluate the deal and decide if you want to proceed. These documents include:

**Pitch deck:** A document that outlines the investment opportunity and its financial projections, which may be paired with other relevant documents such as the purchase and sale agreement, asset appraisal, and inspection reports.

**Private placement memorandum:** A disclosure document that details the offering itself, legal documents, subscription terms, potential risks, management plan, fund distributions, and more; it is similar to a prospectus for public offerings of stocks, bonds, and mutual funds.

**Partnership agreement** (also known as operating agreement or limited partnership agreement): A document that describes the business operations, including voting rights, class of shares or membership, distribution of cash to partners, fee breakdown, legal support, etc.

**Subscription agreement:** A legally binding agreement between the general partner/sponsor and a limited partner/passive investor that describes the process for committing to and submitting funds for the investment; it may also ask for how investors would like to receive distributions and direct deposit information.

### Returns

The **preferred return** is an agreed-upon percentage of income that passive investors receive before the sponsor gets paid.

The **cash-on-cash return** is the annual return of the investor's investment that's calculated by dividing annual cash flow and the amount of capital invested.

The **internal rate of return (IRR)** is a metric commonly referenced in an offering document. It is a financial calculation that accounts for all of the cash flows related to a project's inflows (rent, sales price, etc.) and outflows (expenses, purchase price, debt payments, etc.) and takes into account the time value of money. IRR is a discount rate that makes the Net Present Value (NPV) of all cash flows equal to zero in a discounted cash flow analysis.

The **average annual return** accounts for cash flow and profits at sale divided by the lifespan of the investment.

### Exit Strategies

The exit strategy—or the sponsor's predetermined strategy for selling the multifamily property at the conclusion of the syndication—is another important component of the investment documentation.

The "fix-and-flip" strategy, for example, is when the owner renovates a property throughout the hold period and sells for a profit. In the case of multifamily rental properties, the exit strategy is usually to stabilize the property by building a steady cash flow from tenants throughout the hold period and, once again, sell at a profit.

# WHY INVEST WITH WAGERS CAPITAL?

WAGERSCAPITAL

**OUR CLIENTS** are typically accredited investors (business executives, doctors, lawyers, high-net-worth individuals, etc.) who are seeking access to lucrative opportunities with (1) a lower buy-in, higher returns, and more passive participation than traditional real estate investments and (2) higher returns, less volatility, and more transparency than traditional stock market investments.

**OUR STRATEGY** is, and will remain, one that focuses on acquiring and revitalizing underperforming multifamily properties, adding value to local communities, and boosting our investors' returns.

**OUR STRENGTHS** include unmatched negotiation skills, strategic scaling, and deal transparency. When it comes to driving exceptional returns for our investors, we are relentless.

**OUR GOAL** is to help diversify our investors' portfolios with cash-flowing multifamily assets; the ultimate objective is to put them back in control of their financial future.

**CONTACT US**

Brian Wagers
Brian@wagerscapital.com
www.wagerscapital.com

# FAQS

### How long should I expect my investment to be illiquid?

Typically, the hold period is somewhere around the 5-year mark.

### What strengths do you look for in a multifamily investment?

We look for value-add components including (but not limited to): management improvement, interior and exterior rehabs, under-market rents. Ultimately, we look for assets in markets that are poised for growth.

### What weaknesses do you look for in a multifamily investment?

In order to prevent any major pitfalls, we pay close attention to current management inefficiencies, crime rates, and naturally occurring risks, such as floodplains.

### How do I prove my accreditation status?

There are several third-party verification sites, but an official letter from your CPA will typically suffice.

### Do you offer opportunities to non-accredited investors?

While not very frequently, we do provide access to 506(b) offerings. Please contact us directly for more information.