

Peer Insights

R E P O R T

Q&A with Elizabeth Smith Kulik

Founder and Senior Managing Member at ProHatch

Principle Series:

Peer Insights Review sits down with ProHatch, a Crowdfunding portal to learn how their model differs from others in this rapid growth emerging industry. ProHatch was founded by Elizabeth Smith Kulik and a team of Real Estate Industry veterans who have over 100 years combined experience in every aspect of Real Estate. Today, the group has evolved their traditional capital sourcing and global advisory business into a marketplace for alternative financing by integrating technology into the age old process of raising money for Real Estate, Operating Companies and Nonprofit Programs.



Family Office Insights is a voluntary, “opt-in” collaborative peer-to-peer community of single family offices, qualified investors and institutional investors.

Learn more at:
FamilyOfficeInsights.com

Q: Tell us about ProHatch?

A: Simply said, ProHatch is a crowdfunding portal. At ProHatch our mission is to transform the way people create, support and fund growth oriented businesses, real estate and nonprofit programs. By offering applied advisory services, targeted networking, and aligned capital, we're establishing an alternative capital marketplace for social and financial investing.

Q: We've been hearing a lot about Crowdfinance lately. What is Crowdfinance?

A: For this question, we'll focus our attention on regulated Crowdfinance. In 2012, President Obama signed the JOBS Act (Jumpstart Our Business Startups) into law. The objective of this revolutionary bipartisan legislation was to open up investment in Main Street small businesses and high-growth enterprises to new investors. The most remarkable aspect of the legislation was the lifting of the SEC's 80 year old ban on General Solicitation, allowing Issuers using certain exemptions to solicit accredited investors with public advertising, including on the internet. Issuers now are able to publicly advertise that they are raising capital, something that until September 2013 was against the law for private investment.

Q: That sounds like a big undertaking. When did you start and how are you doing it?

A: Our founding team has over 80 years of combined global real estate industry, investment and technology expertise. Prior to the introduction of new legislation under the JOBS Act in 2012, we began to integrate Crowdfinance into our traditional strategic advisory service and capital market's practice. Over the past 3 years, we have developed an online marketplace where Accredited Investors and Issuers can meet, communicate and invest based on their business, real estate and philanthropic investment interests. Because of this new legislation we're able to expand the business we've been doing offline to include online offerings, opening up access to curated deal flow to a much larger community of accredited investors. It's a win-win for both sides, sponsor and investor.

Q: That sounds great for smaller investors but it doesn't sound all that interesting to a family office.

A: On the contrary. Crowdfinance is an amazing sourcing alternative for family offices who make direct investments. In addition to diversification, a Crowdfinance strategy provides family offices with electronic access to a steady flow of curated, pre-vetted investment opportunities. At ProHatch, we curate offers from Sponsors who have a well-established business model and are focused on growth.

Additionally, at ProHatch we don't just focus on deal flow, we offer our technology as a white labelled infrastructure. We see the game changing impact that Crowdfinance technology, all on its own, has had on streamlining and managing the entire investment process from start to exit. For family offices that have been slowed down with inefficient investment models, we extoll the value of the collaborative crowdfinance technology as a highly efficient infrastructure for managing

their own investment portfolios and syndications, but we'll save this topic for another conversation about white label.

Q: What does the typical offering look like on ProHatch?

A: Currently we are focused on offering equity and mezzanine investment opportunities in real estate assets and portfolios. We look for investment opportunities that have strong, experienced sponsors with proven track records and growth oriented business models. We only accept projects that are currently cash flowing, producing a minimum of an 8% annual cash return on equity, have a clear exit strategy within 3 – 7 years, and a target IRR of at least 12%+.

Q: Is there an opportunity you can tell us about that incorporates all of those things?

A: Right now we're working with a real estate sponsor named GRJ, who is in the midst of a raise. GRJ is a fast growing Manhattan-based owner/developer/operator who acquires and re-positions multi-family and mixed-use assets. The opportunity we are listing is a preferred equity position in a portfolio of three commercial multi-family properties comprised of 380 residential units. The assets are located in Philadelphia, PA, Fairless Hills, PA & Englishtown, NJ.

This investment offers income and IRR, with returns for the portfolio targeting a seven (7) year hold with an annual cash yield range of 7% to 9% and an IRR range of 16% to 18% upon exit through sale or refinance. There is a total of \$1,650,000 available in this equity investment opportunity, with 33 units available at \$50,000 per unit. This final piece of equity brings the total capitalization raised for the portfolio to just over \$50.7M.

Q: Above, when you were telling us About ProHatch, you mentioned working with Nonprofits?

A: Yes. Of course, this is on the unregulated side of our platform better known in the industry as donation-based crowdfunding. Here we provide nonprofit organizations, registered US-based 501(c)(3)'s, with the digital tools necessary to establish and promote an online fundraising campaign.

While most crowdfinance portals are strictly focused on transactions, we differ in that we recognize that people have a wide range of investment and philanthropic interests and there's much value in managing these activities from one platform.

This is so much a part of our DNA that we provide two nonprofit organizations every quarter with "workshop scholarships" where we coach the organization through the pre, during and post-campaign activities necessary to execute a successful raise. For example, we are about to launch a campaign to raise much needed funds for a pediatric respiratory care unit for the Herzog Hospital in Israel.

We also see this as an especially important component of our platform that differentiates ProHatch to family offices who are focused on generational wealth transfer and stewardship.

Q: How do I make an investment in a real estate issue, or a donation to a nonprofit?

A: Visit us at www.ProHatch.com. If you'd like to explore our investment opportunities sign up as general user and request to be an accredited investor from your user dashboard. If you'd like to explore our donation-based campaigns we do not require you to be a ProHatch Member but we'd still love to have you! If you'd like to get in touch with us, feel free to send us a message via our 'Contact Us' form on site and we'll promptly respond. Look forward to seeing you soon.

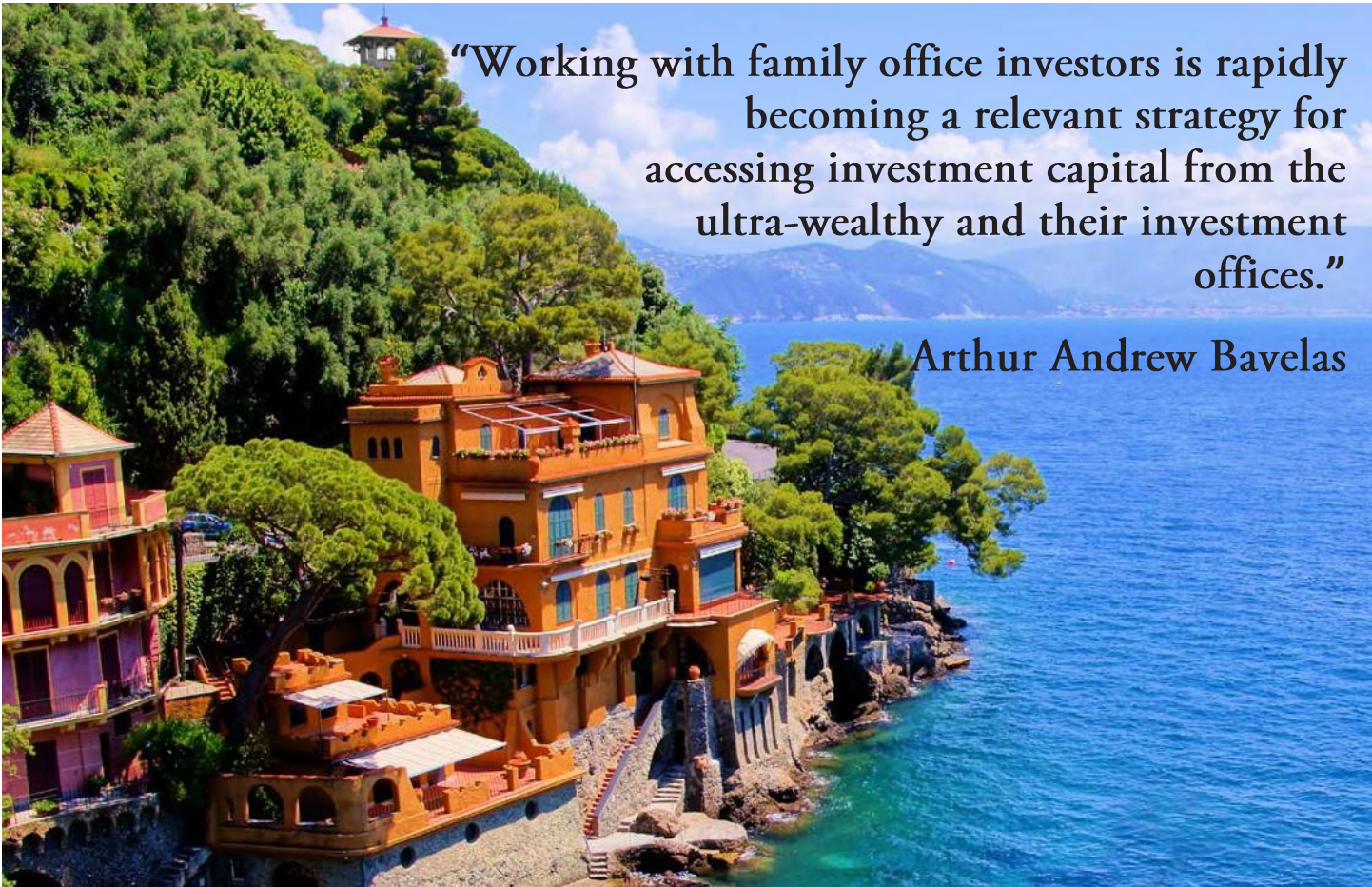


Elizabeth Kulik Smith

Liz powers transformation at ProHatch with entrepreneurial instincts and a clarity of vision earned from over 35 years of executive leadership in the real estate and financial services industries. She has a rich history of building exponential social and financial value in global and domestic entities with significant operating and investment interests in real estate, and has championed innovative technologies in the real estate industry.

Living the real estate industry first-hand as principal, executive and advisor, she has positively impacted over \$75b of real estate investments in a career that includes: Co-Head Global Real Estate Solutions & Senior Managing Director/FTI Consulting (FCN); CSO/Grubb & Ellis; President/BGK Properties, Inc.; VP/Glenborough Real Estate Investment Trust, and Aetna Realty Investors.

Liz works closely with domestic and international corporations, public and private investors, and US & foreign governments in numerous global and US markets to align capitalization with the many strategic social, business and financial touch-points stakeholders need to create investment worthy enterprises, assets and communities.



“Working with family office investors is rapidly becoming a relevant strategy for accessing investment capital from the ultra-wealthy and their investment offices.”

Arthur Andrew Bavelas