

Hudson Realty Capital LLC

Top Ten List of Lessons Learned

10) Grow organically, if you can - What seems like a lot of money today, may seem like not so much in a few years. If you do decide to take in start-up capital, make sure there are strategic benefits in addition to taking money.

9) Invest in your back office - Investors and LP's have lots of their own constituencies that they need to report to, so your life will be easier if you make your LP's lives easier by providing them the information they need on a timely basis.

8) You must be absolutely transparent - Investors need absolute transparency from you. It is much better to get "bad" news out early. They may not like what you are saying, but they will appreciate your honesty and you will have much more credibility later.

7) Have a defined investment strategy that goes beyond being an emerging manager. Establish your niche and stay focused on it. Not every investor will like or invest in your strategy, but let the LP's decide what's best for them. In today's fund raising world, "strategy drift" is the kiss of death.

6) Fund raising is a Darwinian process - Fund raising is not meant to be easy and only the best platforms will survive. You need to be determined, patient and have a thick skin. A little bit of luck also helps.

5) It's easier to raise money around a few smart deals rather than a smart idea - This is essential in getting started as early initial investments help prove your investment thesis. Finding the initial transaction money is also part of the weeding out process as it shows someone trusted you enough to invest in one of your deals.

4) Your asset management fees will not make you rich - You'll be investing in your business/platform more than you think and LP's hate paying asset management fees. As a result, you either need to have a lot of money to start or your operating and compensation expenses need to be in line.

3) Be Slow to hire and quick to fire - Culture is extremely important, especially in smaller, newer organizations. You need to make sure everyone is pulling in the same direction and if you happen to make a mistake in hiring (and we all do), don't let it linger on.

2) Achieving average returns will not advance your business - LP's are taking a chance by investing in you and your platform. In return, you must have the ability to achieve outsized returns relative to your strategy. You may be more nimble, know different markets, work harder etc. Whatever your edge is, you have to pay investors back for taking the chance.



1) The most important lesson --- Try and Have fun - Your cause will be greatly helped if you can maintain the passion and excitement you have for your business. Try and keep your sense of humor because there will be times when you are really going to need it.