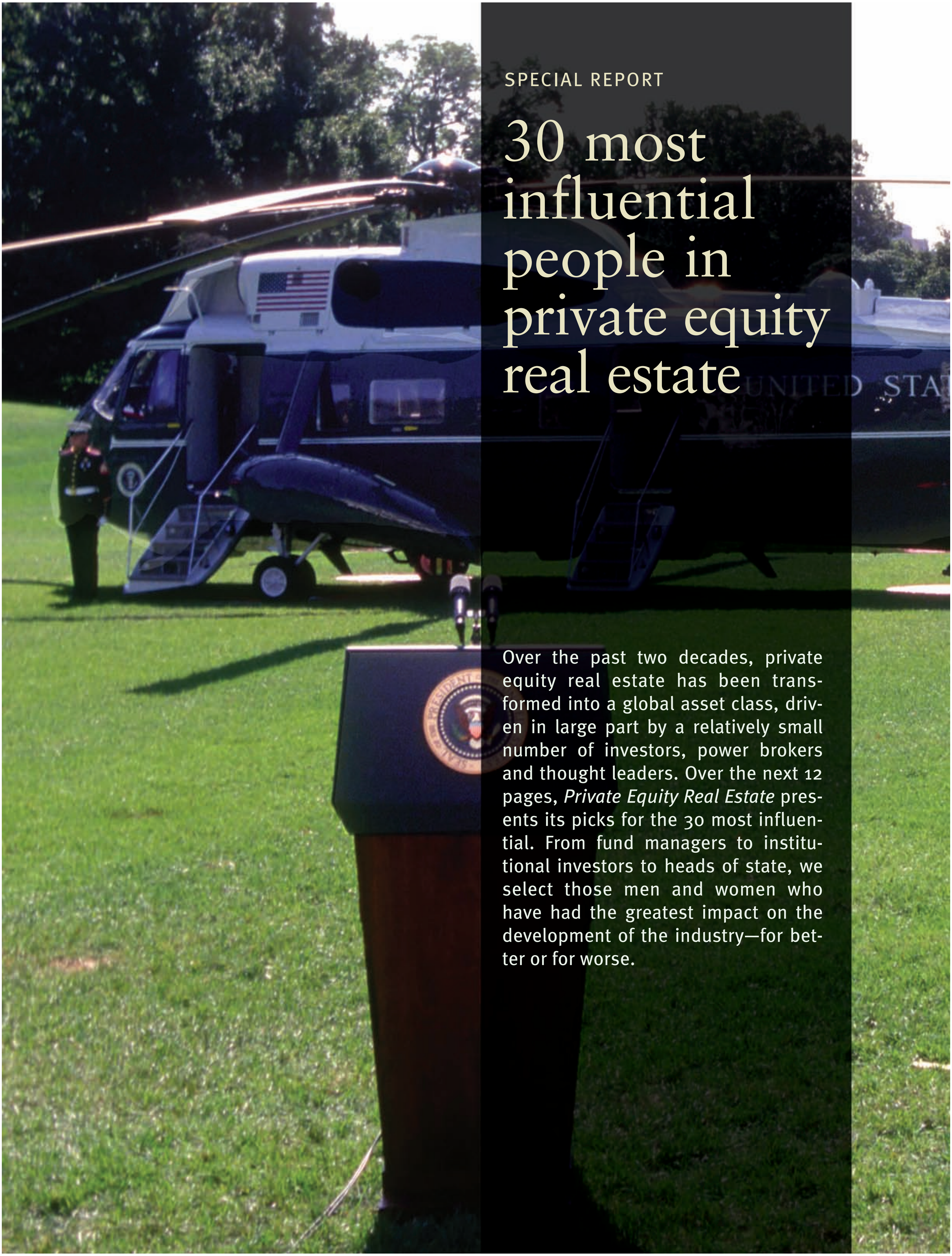


SPECIAL REPORT

30 most influential people in private equity real estate

Over the past two decades, private equity real estate has been transformed into a global asset class, driven in large part by a relatively small number of investors, power brokers and thought leaders. Over the next 12 pages, *Private Equity Real Estate* presents its picks for the 30 most influential. From fund managers to institutional investors to heads of state, we select those men and women who have had the greatest impact on the development of the industry—for better or for worse.

Under the influence

Private Equity Real Estate **selects the 30 people who have had the most influence in shaping the global private equity real estate industry—for better or for worse.**

In 1982, the first year *Forbes* published its list of the 400 richest Americans, 63 people whose fortunes came from real estate made the cut. Twenty-four years later, that number has been almost cut in half.

Such a decline can partially be attributed to the massive real estate correction in the 1980s. But most of the blame can be laid at the feet of Bill Gates, Sergey Brin and Larry Page. In 1982, the minimum net worth of any member of the *Forbes 400* was $200 million; in 2006, it was $1 billion. In a world dominated by Microsoft and Google, real estate just isn't the gravy train it once was.

Nevertheless, some private equity real estate professionals have managed to protect their fortunes from the ravages of time and technology. This year, Tom Barrack, Neil Bluhm and Sam Zell all found themselves among the ranks of the über-rich.

There are lists aplenty ranking the wealthiest people in the world, the best companies in America or even the sexiest people alive. But what about the private equity real estate industry? Where is its chronicle of the most important and influential people shaping the asset class?

In fact, their inclusion in the Forbes 400 got us thinking. There are lists aplenty ranking the wealthiest people in the world, the best companies in America or even the sexiest people alive. But what about the private equity real estate industry? Where is its list, its chronicle of the most important and influential people shaping the asset class?

The answer can be found in the following pages.

There, *PERE* presents its picks for the 30 most influential people in the global private equity real estate industry. These selections are not just the richest or most successful—although Barrack, Bluhm and Zell do make our list—but rather those who have had the most impact in shaping the private equity real estate industry into what it is today and what it will be tomorrow.

In compiling this list, our journalists consulted with dozens of industry practitioners around the world. Ultimately, however, it was our editorial team that distilled those responses into the 30 people that, in our judgment, have had the greatest influence on this now global asset class.

And global it certainly is. Though our list is dominated by US names—17 in all, befitting the industry's origins—many of those investors are now putting significant amounts of capital into international property. (And one of them, John Grayken, even became an Irish citizen.) At the same time, the migration of private equity real estate abroad has led to the emergence of thought leaders and power brokers throughout Europe, Asia and the Middle East. From Robert Tchenguiz to Dr. Seek Ngee Huat, non-US investors are now exerting greater and greater influence over the private equity real estate industry. If we were to compile a similar list 15 years from now, it would no doubt include significantly more names from outside the US.

Another notable aspect of our selections is the broad range of professional backgrounds included. Though fund managers predominate—given their significant roles in shaping and implementing overall investment strategies—our list spans institutional investors, operating partners, professors, consultants, politicians and even heads of state. That is a reflection not just of the extraordinary breadth and depth of the asset class, but also of the connections between politics, economics and the underlying property markets.

A few caveats. First and foremost, the individuals on our list must have some link to the private equity real estate industry. That may be stating the obvious, but real estate is a very large asset class and private equity one small component of a much larger industry—so Donald Bren, for example, the richest real estate tycoon on the Forbes 400, would not merit inclusion.

Secondly, our list does not include numerical rankings; names appear in alphabetical order.

And finally, respondents to our queries were prevented from nominating themselves—a proviso that nevertheless went unheeded. But no one made the final cut unless they received support from a number of sources, including the editorial staff of *PERE*.

Any blame, therefore, lies with us. If you have any comments or complaints, please let us know.

But for now, read on. And enjoy. ■

Dean Adler, co-founder, Lubert-Adler Real Estate Funds • **Jacques Attali**, former president, European Bank for Reconstruction and Development • **Tom Barrack**, founder, Colony Capital • **Neil Bluhm**, chairman, Walton Street Capital • **Joanne Douvas**, head of real estate fiduciary services group, JP Morgan Asset Management • **Wesley Edens**, co-founder, Fortress Investment Group • **Richard Georgi**, global managing partner, Grove International • **Nori Gerardo Lietz**, co-founder, Pension Consulting Alliance • **Eugene Golub**, founder, Golub & Company • **John Grayken**, managing partner, Lone Star Funds • **Guy Hands**, founder, Terra Firma • **David Hodes and Doug Weill**, managing directors, Credit Suisse real estate private fund group • **Sonny Kalsi**, global head, Morgan Stanley Real Estate Investing • **Osamu Kaneko**, founder, KK daVinci Advisors • **Paul Kazilionis and Bill Walton**, co-founders, Westbrook Partners • **Ronald Kravit**, managing director, Cerberus Capital Management • **John Kukral**, co-founder, Blackstone Real Estate Advisors • **Steven Lee**, former CEO, Lone Star Korea • **Sheikh Mohammed bin Rashid Al Maktoum**, ruler, Dubai • **Mike McCook**, former senior investment officer, CalPERS • **Dan Neidich**, chairman and co-CEO, Dune Capital • **Roger Orf**, managing director, Citigroup Property Investors Europe • **Chad Pike**, co-head, Blackstone Real Estate Advisors • **Joe E. Robert Jr.**, chairman and chief executive officer, JE Robert Companies • **Dr. Seek Ngee Huat**, president, GIC Real Estate • **Arthur Segel**, professor of management practice, Harvard Business School • **Barry Sternlicht**, founder, Starwood Capital • **Robert Tchenguiz**, co-chairman, Rotch Property Group • **James Quille**, chief executive officer, Macquarie Global Property Advisors • **Sam Zell**, founder, Equity Group Investments

The pioneer

DEAN ADLER, CO-FOUNDER, LUBERT-ADLER REAL ESTATE FUNDS

Ira Lubert, half of the Philadelphia private equity real estate firm Lubert-Adler Real Estate Funds, has described his partner, Dean Adler, as the real estate brains behind the operation. Another fund manager told *PERE* that Adler stood out as "a pioneer in bridging the capital markets and real estate."

Both statements are backed up by the success Lubert-Adler has demonstrated in the real estate markets and on the fundraising trail. In less than a decade, the firm has invested more than $10 billion in US property and Lubert-Adler's fifth and most recent vehicle closed on $1.7 billion earlier this year.

Prior to co-founding Lubert-Adler in 1997, Adler spent 12 years working as a principal at Philly investment and advisory firm CMS Companies, where he honed both his real estate and private equity skills, acquiring both properties and operating companies. Perhaps it's not surprising then that Adler's firm has been involved in a number of deals involving real estate-intensive retail properties, oftentimes acting as the property expert alongside LBO shops and hedge funds: Lubert-Adler worked with Cerberus and Sun Capital on the deals for both Mervyns and ShopKo, as well as with the Cerberus-led consortium on the takeover of Albertsons, one of the largest private equity deals of all time.

The gambler

TOM BARRACK, FOUNDER, COLONY CAPITAL

As the head of Colony Capital, Tom Barrack was at the forefront of investing in the sort of assets-cum-operating-companies that now permeate the private equity real estate industry: hotels, theme restaurants, pubs and, perhaps his firm's most well known investments, casinos.

The current casino mogul cut his teeth as a principal at the Robert M. Bass Group after a stint in the Reagan administration. In 1991, Barrack founded Colony Capital, which has gone on to launch 12 funds and acquire more than $18.5 billion in assets. Though the firm has not always generated the highest returns—some of Colony's early forays into operating companies were not entirely successful—Barrack and his team have continually pushed the border between private equity and real estate.

In addition to recent headline-grabbing acquisitions like the Raffles and Fairmont hotel chains, Colony has bought a number of assets off-the-beaten path. Last year Colony was part of an investor consortium that bought French football team Paris Saint Germain; in the past, the firm has also invested in vineyards in France and California, ranch land in Arizona, a piece of Korea First Bank, shares in property companies focused on Manila and Hong Kong and a resort on the island of Sardinia.

In 2005, Barrack famously told *Fortune* he was "getting out" of US real estate. Today, the grandson of Lebanese immigrants is increasingly targeting deals in North Africa and the Middle East.

The lender of first resort

JACQUES ATTALI, FORMER PRESIDENT, EBRD

As the founding president of the European Bank for Reconstruction and Development (EBRD), Jacques Attali became the "lender of first and only resort" for property investors in Eastern and Central Europe after the fall of the Berlin Wall. Without his leadership, many real estate projects in the former Soviet bloc countries—now one of the hotspots for private equity investors—arguably would not have come to fruition. According to one industry observer, Attali oversaw an organization that was "motivated not only by money but by re-creating the market and promoting technology transfer into" a region badly in need of capital.

Attali, the one-time right hand man of former French president Francois Mitterand, is often credited as one of the great financial thinkers of his generation. However, described by one person who dealt with him as "grandiose in how he operated," Attali's extravagance also proved his downfall. Amid criticism about the money he lavished on the EBRD's London headquarters, Attali was forced to

step down from the organization that was his brainchild. By then, however, the EBRD had already financed several of the earliest development projects in Central and Eastern Europe, including the Warsaw Financial Tower.

Nowadays Attali is hoping to recreate the development boom he instigated while at the EBRD, running PlaNet Finance, a not-for-profit organization that provides advice and finance to micro-credit agencies in 60 countries.

The mentor

NEIL BLUHM, CHAIRMAN, WALTON STREET CAPITAL

Over more than 40 years, the professional career of Neil Bluhm has played out, in some respects, like a morality play in three acts. First came the rise to fame and fortune as the co-founder, along with his childhood friend Judd Malkin, of JMB Realty, one of the largest real estate investment firms in the world. Then came the downfall: a series of disastrous investments, including losses in Randsworth Trust and Cadillac Fairview, led to open rebellion among institutional investors and the souring of the company's once stellar reputation. JMB later sold its institutional advisory business and the longtime partnership between Malkin and Bluhm came to an end.

Act III was Bluhm's redemption. In 1995, he helped found Walton Street Capital with five JMB alumni; thus far, the private equity real estate firm has raised five vehicles with cumulative equity commitments of $3.2 billion. *Forbes* now estimates Bluhm's net worth at $1.6 billion.

But Bluhm's real legacy may not be the two companies he helped create or the fortune he will likely leave behind, but rather the people who cut their teeth under his leadership. The list of professionals who worked at JMB reads like a who's who of the modern-day private equity real estate industry, including John Kukral, Marc Mogull and Barry Sternlicht.

And Bluhm has helped launch their careers in more ways than one. When Sternlicht left JMB after the Randsworth debacle, Bluhm pitched in $1 million to help launch his new firm, Starwood Capital.

The activist

JOANNE DOUVAS, HEAD OF REAL ESTATE FIDUCIARY SERVICES GROUP, JP MORGAN ASSET MANAGEMENT

Some LPs prefer to sit back and let private equity real estate fund managers invest their money without much oversight. Others take a more hands-on role. And a select few, like JP Morgan's Joanne Douvas, redefine what it means to be a limited partner.

Douvas, who joined the investment bank in 1999, has full discretion over the real estate investment strategy of the firm's pension system, which gives her management of a portfolio with a net asset value of $1.5 billion. But while other LPs manage more dollars, few have the far-reaching influence of Douvas, who sits on the advisory boards of nearly three dozen private equity real estate funds. One of the most vocal critics of the compensation structure of private equity real estate vehicles, Douvas has also penned some of the industry's leading scholarship on reining in opportunity fund fees.

"Nobody has done more to align the interests of real estate GPs and LPs," says one industry participant. "Her writings, lectures and investment policies have laid the foundation for modern expectations regarding fund management, reporting and performance criteria. With commitments to real estate funds tripling in the past five years, Joanne's influence on LP commitment volume and confidence, which clearly go together, cannot be overstated."

The independent

WESLEY EDENS, CO-FOUNDER, FORTRESS INVESTMENT GROUP

In just eight years, Wesley Edens has built New York-based Fortress into one of the most respected firms in the private equity, real estate and distressed investing arenas with more than $24 billion in equity capital under management. A number of pension fund consultants—who see the real nitty gritty of a firm's returns—put him near the top of their list.

Though Edens has had a long career in the financial arena, working at a number of Wall Street investment banks including Smith Barney, Merrill Lynch, Lehman Brothers and UBS, his star really took off when he became an independent operator. When Edens left UBS with his 40-strong team to set up Fortress in 1998, it was said in the press that Edens was relishing the chance to invest sans the corporate culture he'd been bucking heads with throughout his career.

At Fortress, Edens has made his name in a number of different fields—the firm purchased Michael Jackson's bad debt last year and was recently named financial advisor to beleaguered hedge fund Amaranth Advisors—but his firm has done particularly well in the private equity real estate arena. In recent years, it has made significant acquisitions in the German housing sector—at press time, the firm was gearing up to list approximately 20 percent of its holdings in the German residential company Gagfah.

In terms of public listings, Edens was making noises that Fortress might one day go public as early as 1998. Earlier this fall, rumors once again began circulating that the secretive firm is eyeing an IPO.

The rebel

RICHARD GEORGI, GLOBAL MANAGING PARTNER, GROVE INTERNATIONAL

Though Richard Georgi is infamous for his brash, hard-charging manner—a former colleague once told *The Independent:* "He's a nice guy but I wouldn't invite him to my birthday party. And if I did I would warn everyone first"—he has nonetheless reached the pinnacle of the European private equity real estate industry. After investing $4 billion as the head of Goldman Sach's Whitehall Funds in Europe during the second half of the 1990s, he later became the global property emissary to renowned trader George Soros, founding Soros Real Estate Partners, an opportunistic property platform.

Georgi, a man known for riding a motorcycle to work, once said his goal was to create the best global private real estate fund in the world. Though he still has his work cut out for him, he may well be on his way. In 2004, Georgi and Richard Mully spun out SREP into an independent entity, Grove International Partners. The firm subsequently raised a $1.2 billion vehicle, Cypress Grove International, which has invested in a variety of properties from industrial assets in Italy to residential housing in Poland.

Though Georgi's personality rubs some the wrong way, he nevertheless gets the job done and has led some pioneering deals, according to a former colleague.

It was once reported that Georgi kept a quote by the Irish playwright George Bernard Shaw tucked away in his notebook. "Reasonable people adapt themselves to the world," Shaw wrote "Unreasonable people attempt to adapt the world to themselves. All progress, therefore, depends on unreasonable people."

The gatekeeper

NORI GERARDO LIETZ, CO-FOUNDER, PENSION CONSULTING ALLIANCE

Nori Gerardo Lietz is someone you should be nice to—at least if you're an opportunity fund manager.

As one of the most respected pension fund consultants in the world, Gerardo Lietz wields enormous influence over where institutional investors place their real estate capital. A positive endorsement can open the coffers of some of the largest pension funds in the US, including CalSTRS, CalPERS and the Oregon Public Employees' Retirement Fund. A negative recommendation can make the fundraising trail a lonely place.

Gerardo Lietz, who co-founded Pension Consulting Alliance in 1988, may be the reigning kingmaker of the private equity real estate industry, but she is also one of its most outspoken critics. With her distinct combative style, she has become a lightning rod for controversy, lambasting everything from the industry's lack of transparency to its fee structure to the relatively poor performance of opportunity funds in the 1990s. At an industry conference last year, she presented PCA data showing that median net IRRs for funds raised between 1996 and 1999 were as low as 8 percent.

"These returns are simply pathetic considering the risks undertaken," Gerardo Lietz said at the time.

The silence that greeted her words suggested that Gerardo Lietz doesn't make a lot of friends in the GP community. But given her influence, perhaps GPs should try and make friends with her.

The developer

EUGENE GOLUB, FOUNDER, GOLUB & COMPANY

When the US real estate market collapsed in the late 1980s, many private investors, to say nothing of national governments, were caught in the headlights. Eugene Golub, however, entered the fray almost immediately: Golub & Company, a Chicago-based developer, became the first private American real estate company to enter the former Soviet states. Not only did Golub help pave the way for private equity real estate investment in Central and Eastern Europe, he also became the operating partner of choice for a number of opportunity funds in the region.

Beginning in Warsaw in 1989, and then in St. Petersburg, Moscow, Budapest and Prague, Golub began building Western-quality offices and other high-profile developments where only grey, functional buildings once stood. In addition to forming a joint venture with GE to develop large-scale properties in Poland, the Czech Republic and Hungary, the firm recently formed a similar partnership with Quinlan Private.

During his initial foray into the region, observers said that Golub was "flying by the seat of his pants"—he has even been quoted as saying that "there isn't even a translation for the phrase 'real estate developer' in most of these languages."

Looking back, of course, Golub not only influenced the direction of private equity real estate in Eastern Europe, he also helped carve out careers for a few industry luminaries. John Howard, who heads up Doughty Hanson's European real estate funds, worked for Golub in the 1990s, while Marc Mogull, Howard's predecessor, worked with Golub on financing a project in Russia while at the EBRD in the mid-1990s.

The lone wolf

JOHN GRAYKEN, MANAGING PARTNER, LONE STAR FUNDS

Starting with 1995's Brazos Fund, John Grayken's low-profile Lone Star Funds began establishing a track record recognized throughout the industry as one of the best. Cutting his teeth in the real estate division of investment bank Morgan Stanley and, later, working on real estate and bad debt deals with Texas billionaire Robert Bass, Grayken quickly learned the ins and outs of private equity real estate in the US and Europe. But it has been the high-profile, asset-heavy distressed deals in Asia that have garnered the most accolades from investors and competitors alike.

Last year, the firm sold its stake of the Tokyo Star Bank, scoring a seven-fold return in the process. And by scooping up Japanese golf courses at the bottom of the market, Lone Star's Pacific Gold International Holdings is now Japan's largest golf operator.

But perhaps Lone Star is most associated with its numerous investments in Korea, where it is reportedly the largest foreign investor. In 2001, the firm acquired the Star Tower in Seoul for 620 billion won ($480 million; €370 million), the largest property deal in Korea at the time. More recently, Lone Star has been mired in an ongoing struggle with the Korean government over the sale of Korea Exchange Bank. The controversy became so heated that the secretive Grayken adopted a more public PR strategy to combat his firm's negative image.

Of course, Grayken's limited partners are somewhat indifferent to the opinions of the South Korean public—they're likely smiling all the way to the bank.

The agents

DAVID HODES AND DOUG WEILL, MANAGING DIRECTORS, CREDIT SUISSE REAL ESTATE PRIVATE FUND GROUP

In the dynamic world of private equity real estate, few things are hard and fast. But when it comes to raising capital for private equity real estate funds, there is little dispute about two things: the level of activity (very strong) and the market leader (Credit Suisse).

In the words of one pension fund consultant, when it comes to placement agents, "there's only one."

As co-heads of the real estate private fund group at the investment bank, David Hodes and Doug Weill (not pictured) wield enormous influence over the fundraising market—their endorsement goes a long way towards establishing a new GP's credibility and ensuring a successful fundraise. And over the past two years, they've had their fair share of successes—Credit Suisse estimates that its market share of funds using a placement agent was approximately 55 percent.

Hodes, a veteran of Morgan Stanley ,and Weill, of DLJ, have been building their franchise since 2000, when DLJ established the group just prior to its merger with Credit Suisse. Over the past five years, the duo have helped raise more than $20 billion of equity, a substantial figure considering that many of the world's largest opportunity funds do not even use a placement agent.

Given the current state of the market—and their standing in it—Hodes and Weill are certain to increase that figure even more in the years to come. Of that, there is little dispute.

The financial engineer

GUY HANDS, FOUNDER, TERRA FIRMA

It is a rare thing to be able to say that you brought fresh financing techniques to a mature market, but Guy Hands can lay claim to just that in Europe. The former Goldman Sachs "whiz kid," Hands pioneered securitizations in the UK, enabling his his 70-strong Nomura Principal Finance Group to outbid rivals on undervalued, asset-backed companies and property portfolios. Under his stewardship Nomura became Britain's biggest pub landlord and went on to make a string of investments including betting shops, university housing and army barracks.

By securitizing the future earnings of property portfolios, Hands was able to quickly refinance debt and take substantial profits off the table—after acquiring up to 57,000 homes from the UK's Ministry of Defence, for example, Hands used two securitizations to generate profits of approximately £1.6 billion.

"He spotted opportunities that a lot of people have followed," said one source. "He led private equity into sectors."

Things eventually took a turn for the worse at Nomura, and Hands departed to set up his own private equity firm, Terra Firma, where he orchestrated the €7 billion Viterra acquisition, one of the largest private equity real estate deals ever in Europe.

These days, Hands is still deploying the securitization techniques he helped pioneer. Over the summer he pulled off Europe's biggest securitization of its kind by issuing commercial mortgage-backed bonds to refinance debt used in the acquisition of Viterra and other German properties.

The lynchpin

SONNY KALSI, GLOBAL HEAD, MORGAN STANLEY REAL ESTATE INVESTING

Under the watch of K.S. "Sonny" Kalsi, Morgan Stanley has become one of the largest players in Asian real estate, with a reach that extends across Japan, India and China.

Kalsi rose to prominence during his eight-year stint in Tokyo, where he built up the firm's real estate presence in Asia and became widely considered as the organization's lynchpin in the region, according to other Asia-focused private equity real estate executives. As head of Morgan Stanley Real Estate in Asia until early 2006, Kalsi was instrumental in building the firm's Asian real estate investing business to $21.5 billion, much of it in Japan.

Under Kalsi's leadership, however, Morgan Stanley has also focused much of its recent efforts on Asia's two emerging superpowers, making key investments in local operating companies in both India and China. Unlike many other private equity real estate firms in India—who have announced commitments to the country, but who have yet to spend any money—Morgan Stanley recently acquired stakes in two local developers, Mantri Developers and Alpha G. The firm has also invested in Shimao Group in Shanghai.

Kalsi's success in Asia has paid off for both his firm and his own career. Several months ago, the 15-year veteran of Morgan Stanley was asked to head up the firm's global property investing business, which is comprised of assets under management totaling $38 billion.

The local

OSAMU KANEKO, FOUNDER, KK DAVINCI ADVISORS

Osamu Kaneko founded Tokyo-based KK daVinci Advisors in 1998, a move that helped spur opportunistic and value-added real estate investment strategies in Japan. By buying run-down properties from cash-strapped landlords, Kaneko was able to earn in excess of 40 percent returns on his early deals, according to industry lore.

Kaneko, who reportedly founded two US-based real estate companies before setting up shop in Japan, was not only among the first to raise an opportunity fund in the country, he was reportedly also among the first to garner investments from foreign capital.

"I can compete with foreigners doing similar business, such as Secured Capital, Lehman Brothers, or Colony Capital, because I have more knowledge about Japanese real estate," Kaneko told Reuters in a 1998 interview. "But competing with Japanese real estate firms would be tough."

Nevertheless, by all accounts, daVinci has excelled and cemented its place as one of Japan's market leaders. While the projected IRR on daVinci's investments have reportedly ratcheted back to a more modest 25 percent, the $2.8 billion opportunity fund daVinci is currently raising would be the largest domestic fund ever.

"The bigger the fund, the more flexibly we can buy larger properties," Kaneko told Reuters last year.

Such flexibility is allowing Kaneko to strike noteworthy deals, including daVinci's recent acquisition of the PCCW building for ¥200 billion ($1.7 billion; €1.3 billion), a transaction that one Asia-focused fund manager called "very impressive."

The ex-partners

PAUL KAZILIONIS AND BILL WALTON, CO-FOUNDERS, WESTBROOK PARTNERS

When Paul Kazilionis (pictured at left) and Bill Walton left Morgan Stanley to set up their own opportunity fund in the early 1990s, they embarked on a partnership that is considered one of the most successful in the history of the asset class.

In 1994, Kazilionis and Walton formed Westbrook Partners, a New York-based private equity real estate firm admired as much among industry observers for its innovative investment strategies as the outsized returns it generated for investors. With two of the industry's leading lights at the helm, Westbrook attracted more than $4 billion in equity commitments over the firm's first four funds.

But, in 2003, after years of rumors that a split was imminent, Walton and Kazilionis parted ways over differences in investment strategies. Kazilionis continues to invest under a new private equity real estate firm that carries the Westbrook name, while Walton and several Westbrook partners left to form Rockpoint Group. However, the managing members of the original Westbrook, including both Walton and Kazilionis, continue to oversee ongoing investments from the firm's pre-2003 vehicles.

Though the two real estate pros may no longer be working together, each one has continued to find individual success. Since its formation in 2003, Walton's Rockpoint has raised $4 billion for three opportunistic funds and one structured finance vehicle. Kazilionis, who has generated 35 percent returns over the course of his investment career, recently closed Westbrook's third fund since the split on $1 billion.

The hedger

RONALD KRAVIT, MANAGING DIRECTOR, CERBERUS CAPITAL MANAGEMENT

As the head of Blackacre Capital, the property investment arm of Cerberus Capital Management, Ronald Kravit has helped define the trend of hedge funds entering the world of private equity real estate. In the process, he and his team have been involved in some of the industry's most innovative deals in recent memory.

Kravit's investment savvy stems from his long track record in the sector. While working as the chief financial officer of Houston-based Maxxam Property Company, Kravit helped with the acquisition of one of the first bulk RTC portfolios. Before he left to work at George Soros' Quantum Realty Fund, Kravit had overseen the acquisition of more than $350 million in bad debt from the US government. He later joined Apollo Real Estate Advisors, before coming over to Cerberus.

At Cerberus, Kravit has led the low-profile firm into a number of high-profile deals, including the landmark acquisitions of discount retailer Mervyns and grocery store chain Albertsons. But Cerberus has also been active in the residential sector. Last year, the firm was part of the investor consortium that acquired the former El Toro marine base for $650 million, giving it a 3,700-acre parcel of developable land in Orange County, California. And reflecting Cerberus' ability to invest up and down the capital structure, the hedge fund recently extended $275 million in financing to high-rise condominium developer Boca Developers, which is building projects throughout Florida.

The envelope pusher

JOHN KUKRAL, CO-FOUNDER, BLACKSTONE REAL ESTATE ADVISORS

John Kukral may no longer be running the real estate arm of The Blackstone Group, but his mark on the company—and on the industry as a whole—can still be felt.

An alumnus of JMB Realty, Kukral joined the New York private equity firm in 1994 after brief stints at both Colony Capital and Starwood Capital. Though Blackstone had been investing in real estate since the early '90s, it was Kukral who helped found the firm's private equity real estate arm, Blackstone Real Estate Advisors, along with Tom Saylak, who left the firm in 2004.

While at Blackstone, Kukral oversaw more than $13 billion in investments, including the firm's recent forays into the hospitality sector. Based in London for several years, Kukral also helped establish the firm's presence in the European property markets. Today, the firm is widely considered to be one of the leading forces in the private equity real estate arena, due in large part to Kukral's stewardship.

With Kukral at the helm, Blackstone really "pushed the envelope of combining private equity and real estate," noted one industry observer.

Today, that envelope is filled with a lot of cash. Kukral, who left Blackstone at the end of 2005, laid the groundwork for the firm's fifth real estate vehicle, which raised $5.3 billion earlier this year, the largest private equity real estate fund ever.

The fugitive

STEVEN LEE, FORMER CHIEF EXECUTIVE OFFICER, LONE STAR KOREA

By all accounts, Steven Lee, an ambitious 30-something, Korean-American Harvard MBA, was a rising star at Texas-based Lone Star Funds. However, few falls in the industry's short history have been as dramatic—or as damagingly influential. Today, Lee is facing charges for tax evasion and abusing dual tax treaties in Korea stemming from alleged tax irregularities in the firm's sale of Korea Exchange Bank—now all the Korean authorities have to do is find him. They are currently trying to extradite Lee, whereabouts uncertain, from the US.

After the Asian currency crisis in the late 1990s, a select number of private equity real estate firms, led by Lone Star, entered Korea in search of distressed properties. Lee was reportedly a key figure in several of the firm's transactions, including its star turn buying Seoul's real estate trophy, the Star Tower. Lone Star acquired the 45-story landmark for 620 billion won ($480 million, €379 million) in 2001; three years later, the firm sold the building to the government of Singapore for 900 billion won, approximately 50 percent more than the original sticker price.

The tax evasion probe prompted street protests in Seoul, with the animosity directed at the Texas-based investment firm and, to a certain extent, all foreign investors. Korean politicians and local media bemoaned the presence of "vulture capital," while other private equity firms in the country, including The Carlyle Group and Ripplewood, also came under intense scrutiny. Lone Star has refuted the allegations made against it, but has distanced itself from Lee.

Regardless of his guilt or innocence, however, the case may cause serious damage to more than just Lone Star's reputation.

The internationalist

MIKE MCCOOK, FORMER SENIOR INVESTMENT OFFICER, CALPERS

In close to five years at the California Public Employees' Retirement System, Mike McCook transformed the largest pension fund in the US into a global powerhouse among institutional investors in real estate. Though he left his post earlier this year, McCook's influence on CalPERS investment strategy—and, by extension, the institutional investor community as a whole—will resonate for years to come.

Under his tenure, CalPERS grew a primarily domestic-focused real estate program into a diversified international portfolio with investments in more than 20 countries around the world, including key emerging markets like China, India, Brazil and Eastern Europe. At the same time, McCook more than doubled the number of programs in CalPERS' real estate portfolio.

By the looks of it, his strategy is paying off: The pension fund achieved a whopping 39 percent return in 2005, the last full year under his management. And over the five-year period ending September 30, 2005, CalPERS saw real estate returns of more than 16 percent.

"Our performance has exceeded every benchmark that we had," McCook told *PERE* earlier this year. "When you do that and there aren't a lot of complaints, from either partners or union sources, then you must be doing your job right."

Like many LPs, McCook is now looking to translate that success to the private sector. The 33-year real estate industry veteran recently became the president of San Francisco-based private equity real estate firm Kenwood Investments, which specializes in residential and in-fill mixed use projects in California.

The sheikh

SHEIKH MOHAMMED BIN RASHID AL MAKTOUM, RULER, DUBAI

Sheikh Mohammed bin Rashid Al Maktoum and the state-owned investment companies he controls are not only developing the whole of Dubai, they are funneling oil money into projects all over the world and, in the process, transforming the competitive landscape of the global private equity real estate industry.

In Dubai, Sheikh Maktoum is carrying on the legacy of his brother, Sheikh Rashid bin Saeed Al Maktoum, the man largely responsible for the push to modernize the emirate, by carrying out some of the most extensive development plans the world has ever seen: huge swaths of reclaimed land, a theme park the size of Singapore, the world's biggest marina, tallest tower, biggest shopping mall and on and on.

At the same time, Dubai is opening its doors to foreign investors as it looks to become the financial center of the Middle East. The laws have been changed to allow foreigners to buy residential property and REIT legislation is already in place. But more significantly, Sheikh Mo, as he is affectionately known by members of his inner circle, is spreading the wealth well beyond Dubai, emerging as a giant purchaser of real estate in his own right.

"Most people talk," he has said in the past. "We do things. They plan. We achieve. They hesitate. We move ahead."

Given the size of his wallet, Sheikh Mo will be moving far. Private equity real estate firms may be looking over their shoulder.

The godfather

DAN NEIDICH, CHAIRMAN AND CO-CEO, DUNE CAPITAL

For many years, the name Dan Neidich was synonymous with the private equity real estate industry. As the founder and head of Goldman's Whitehall Street Real Estate Funds, Neidich oversaw the growth of one of the largest and most influential real estate franchises in the world—under his leadership, the investment bank raised $12 billion of equity, invested in approximately $60 billion worth of assets and participated in some of the most prominent transactions in the industry's history.

In building such an empire, Neidich earned a reputation as a fierce and ruthless negotiator—*The Wall Street Journal* referred to him as Goldman's "rottweiler." In the acquisition of Rockefeller Center, for example, Neidich butted heads with Sam Zell, who later sued Goldman over its multiple roles in the deal. During the restructuring of Cadillac Fairview, Neidich reportedly pushed through a plan that so infuriated CalPERS, an unsecured debt holder, that the pension fund temporarily stopped doing business with Goldman.

No wonder Neidich was sometimes referred to as the "godfather of private equity real estate."

Even in retirement—Neidich left Goldman in 2003—the don's influence can still be felt. By forming Dune Capital with fellow Goldman alum Steve Mnuchin, Neidich become one of the first high-profile figures to cross over from private equity real estate into the hedge fund arena.

The market maker

ROGER ORF, MANAGING DIRECTOR,
CITIGROUP PROPERTY INVESTORS EUROPE

Globalization has to start somewhere. In the case of European private equity real estate, it arguably began when US investment banks moved their principal real estate investment arms across the Atlantic—in other words, it began with Roger Orf.

By setting up the European arm of Goldman Sachs' Whitehall Funds in 1991, Orf was at the vanguard of the internationalization of private equity real estate, one of the most important trends in the brief history of the asset class. He later went on to cement his position as a conduit for new equity into Europe when he set up Pelham Partners, which invested in European property on behalf of Apollo. Later he moved to Lone Star, where he headed the US firm's push into Europe, orchestrating the acquisition of more than €5 billion worth of German non-performing loans and €1 billion worth of assets in France and Germany. Nowadays, Orf can be found at Citigroup, after being handpicked by Joe Azrack to run the European arm of Citigroup Property Investors.

Despite spending a decade and a half at the head of some of the largest firms doing business in Europe, Orf is still making headlines. After partly financing Guy Hands' €7 billion acquisition of the Viterra portfolio, Citigroup PI is working on plans to float the company.

One person familiar with Orf said: "He is a leader at making markets where there wasn't a market."

The young gun

CHAD PIKE, CO-HEAD,
BLACKSTONE REAL ESTATE ADVISORS

Chad Pike, still in his thirties, is running Blackstone's real estate operations in Europe, making him one of the youngest stars in the asset class. Though he is often compared to two other young guns—his counterpart in the US, Jon Gray, and the co-head of Morgan Stanley Real Estate, John Carrafiell—it is Pike's unique position in the relatively inefficient European property markets that gets him the nod.

Pike, along with Gray, has "moved Blackstone away from just big office buildings and hotels in Chicago, Paris or London into buying entire companies," says one source. Under his watch, Blackstone has invested in new areas such as development projects, student housing, pubs and German residential properties. His highest-profile deals have included the €1.3 billion acquisition of WCM Beteiligungs' German residential portfolio, as well as the joint acquisitions with Blackstone's private equity team of pub chain Spirit Group, UK nursing home operator NHP and theme park owner Center Parcs.

"We are trying to figure out where we can get in front of the big wave," Pike said in 2004.

These days, Pike and his team have plenty of capital to catch the perfect ride. Earlier this year, Blackstone raised the largest opportunity fund ever, Blackstone Real Estate Partners V, which closed on $5.3 billion. Last year, the firm also raised €1.6 billion for its second European property vehicle.

The frequent flier

JAMES QUILLE, CHIEF EXECUTIVE OFFICER,
MACQUARIE GLOBAL PROPERTY ADVISORS

James Quille has always been a man on the move—and for good reason. The firm he currently heads, Macquarie Global Property Advisors, is one of the most active foreign players in Asia, a region that Quille himself has been investing in since the early 1990s.

After working as a project manager in Zambia and Australia, Quille joined real estate, construction and financial services company Lend Lease in the 1980s. Years later, when the firm began developing its own fund platform, Quille was chosen to head up the effort, Lend Lease Global Properties, which raised an Asia-focused fund. When **Lend Lease** decided to get out of the business, Quille led a management buyout of the platform, eventually teaming up with Australian bank Macquarie to form MGPA.

The firm has since taken to Quille's globetrotting ways, focusing on opportunistic investments throughout Europe and Asia. In 2005, the firm acquired the Platinum Tower office block in Shanghai, one of the first large-scale acquisitions by a foreign private equity real estate firm in China. Earlier this summer, it announced the acquisition of three buildings in the central business district of Kuala Lumpur; the firm is also eyeing deals in Thailand and Singapore, to say nothing of the major economies of Japan, Hong Kong and mainland China.

With more than $1 billion raised for its last vehicle, Quille and Macquarie have most likely just started racking up their frequent flier miles.

The philanthropist

JOE E. ROBERT JR., CHAIRMAN AND CHIEF EXECUTIVE OFFICER, JE ROBERT COMPANIES

There is no shortage of interesting stories in the world of real estate—Joe E. Robert Jr. is proof of that. Robert got his start in the business when the builder he was working for went bankrupt in the middle of several projects. Seizing upon the opportunity, Robert worked with the lenders to dispose of the company's non-performing loans. Later, Robert worked with his father to buy a commercial mortgage REIT that had gone belly up, though he was later fired. Armed with $10,000 and a yellow legal pad, Robert began looking at ways to raise money to buy bad loans and JE Roberts Companies was born.

Robert first made a big impact on the industry in the days of the Resolution Trust Corporation, when he purchased and worked out more than $11 billion in RTC assets. Since then, the McLean, Virginia-based company has expanded into Europe, launched its own specialty finance REIT and raised three opportunity funds, becoming one of the most diversified private equity real estate firms in the world.

Talking to *PERE* last year, Robert summed up the firm's strategy: "Whoever turns over the most rocks wins at the end of the day."

But Robert isn't only known for his real estate acumen: In addition to being a mainstay on the capital's social scene, Robert is a recognized philanthropist—his Fight for Children charity raises money to provide education and healthcare opportunities for youngsters and he recently donated $25 million to the Children's National Medical Center for Surgical Care in Washington DC. Last year, he received an award from the Horatio Alger Association of Distinguished Americans, an honor that recognizes people who have overcome humble beginnings and adversity. Past recipients have included Maya Angelou, Bob Dole and Colin Powell.

The Singapore sage

DR. SEEK NGEE HUAT, PRESIDENT, GIC REAL ESTATE

Dr. Seek Ngee Huat likes to keep a low profile. Unfortunately, sometimes he doesn't have much of a choice. As the head of the real estate program at one of the most powerful institutional investors in Asia and beyond, Seek is among the most-watched property investors in the world. His influence extends from his base in Singapore to China, Japan, India and well onto the other side of the globe, with GIC active in both the European and US markets. Earlier this year, the institutional investor announced its expansion into Brazil.

"For many years, he has ably guided the fund's overseas expansion into North Asia and Western Europe and smartly harvested investments in the USA," says one fund manager who watches Asia closely.

Both Seek's success and his secretiveness come in large part from the institution he works for. GIC, the investment arm of the government of Singapore, has approximately $100 billion under management, though no one outside the organization quite knows for sure. GIC Real Estate, which became an independent entity in 1999, manages approximately 10 percent of the overall portfolio.

Seek, who joined GIC in 1995 from Jones Lang Wooton, has helped turn that portfolio into one of the largest in the world. From its initial real estate investments in 1982, GIC's property holdings have now grown to more than 140 investments spread over 30 countries. And while Seek maintains a low profile, the assets that his firm has acquired—such as the AT&T Corporate Center in Chicago, the Shiodome City Center in Tokyo and the Seoul Finance Center—certainly do not.

The professor

ARTHUR SEGEL, PROFESSOR OF MANAGEMENT PRACTICE, HARVARD BUSINESS SCHOOL

MBA candidates enrolled in Arthur Segel's class at Harvard Business School would do well to pay attention. After all, the professor teaching the Real Property Asset Management course at the famed university did not get to his position by writing thick tomes on economic theory or the evolution of the real estate investment trust market; he was in the trenches, spending 15 years building and running TA Associates Realty, a Boston-based institutional real estate advisory firm with more than $8 billion under management.

But more important than the work he did then is the work he's doing now. Given the popularity of real estate, students are clamoring to get into Segel's class, which has featured guest speakers such as Pension Consulting Alliance co-founder Nori Gerardo Lietz. The *HBS Alumni Bulletin* reported that more than 500 MBA students, including 50 from other Harvard graduate schools, wanted to register for a class that can only accommodate about a third that number. So what advice is Segel giving the thronging real estate moguls of tomorrow?

"Asia is definitely where the action is going to be over the next generation," he told the *HBS Alumni Bulletin*. "I tell all my students: Go East."

Segel practices what he preaches. He recently founded Xander Funds, a private equity real estate company focused on India. So, in addition to shaping the private equity real estate minds of tomorrow, Segel may soon be competing against them as well.

The hotelier

BARRY STERNLICHT, FOUNDER, STARWOOD CAPITAL

In early 1991, 31-year-old Barry Sternlicht was out of a job. Seven years later, he was the chief executive officer of the largest hotel company in the world. Along the way, Sternlicht not only completed one of the most dramatic comebacks in the history of the asset class, he also created one of its most successful deals.

Following a stint at JMB Realty, where he led the firm's disastrous investment in UK property company Randsworth Trust, Sternlicht launched Starwood Capital in 1991. Four years later, the firm acquired Hotel Investors Trust, a near bankrupt REIT, in a deal that some observers would later call "the buy of the century." By utilizing the hotel company's advantageous tax structure, Sternlicht was able to go on an aggressive acquisition spree and turn an investment of $83 million into Starwood Hotels & Resorts, a company with a current market cap in excess of $12 billion.

"I went into hotels because I really thought it was the right asset class to go into at the time," Sternlicht told *PERE* last year. "Nobody wanted them."

Today, of course, the landscape is significantly different, due in large part to Sternlicht himself. Yet while private equity and real estate investors pile into the hospitality industry, Sternlicht is still hoping to retain his Midas touch. Following last year's acquisition of the European hospitality company Société du Louvre, Sternlicht is developing an international luxury brand of hotels, Le Crillon, based on the company's famed Hotel de Crillon in Paris.

The warrior

ROBERT TCHENGUIZ, CO-CHAIRMAN, ROTCH PROPERTY GROUP

As the son of an Iraqi Jew who settled his family in Iran before fleeing the country after the Shah fell, Robert Tchenguiz has seen his fair share of ups and downs. But with a last name that means Genghis in Persian, Tchenguiz may be able to handle such setbacks better than most.

Today, Tchenguiz is one of the most ubiquitous and influential investors in the European property markets through his R20 investment vehicle. Worth an estimated £400 million together with his elder brother Vincent, he owns an eclectic mix of businesses ranging from pubs to supermarkets—he bought supermarket chain Somerfield for £1.8 billion last year in conjunction with Apax and Barclays Capital—and is one of two controlling shareholders in Scottish whiskey maker Whyte & Mackay.

"He is a visionary and very astute at identifying value," said one industry observer. "He has moved from real estate to private equity investments very successfully."

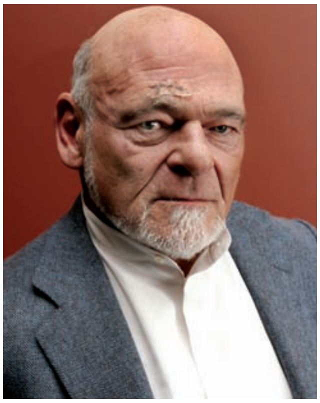
Another business acquaintance said: "He started off by having a reputation of being neither private or having equity, but in investment terms, making a little cash goes a long way."

Such is Tchenguiz' reputation that he is almost always cited by newspapers as a potential bidder when takeover rumors start circulating around a pub group or property-intensive retailer. Earlier this year he tried (but failed) to take over pub and restaurant group, Mitchells & Butlers. But given his background, it doesn't seem such setbacks will slow Tchenguiz down anytime soon.

"If you came [to our office] at 9:30 tonight you would find people working," he told *Management Today* earlier this year. "We work very hard. I spend 90 percent of my time here. I spend more time here than I do at home."

The elder statesman

SAM ZELL, FOUNDER, EQUITY GROUP INVESTMENTS



It is perhaps unfair that Sam Zell comes at the end of our list. In many respects, his name should be at the beginning. One of the most successful real estate investors in the modern era, Zell helped lay the foundation for the private equity real estate industry. In the late 1980s, he teamed up with Merrill Lynch to raise $410 million for Zell/Merrill Lynch Real Estate Opportunity Partners I, the first private equity real estate fund ever.

Though Zell's contribution to the asset class is impossible to ignore—a significant number of industry observers put him near the top of their recommendations—his influence extends beyond the opportunity fund arena. As chairman of Equity Office Properties, Equity Residential and Equity Lifestyle, he is considered the father of the modern day REIT industry. Via his private equity real estate affiliate, Equity International, he is becoming one of the leading property investors in Latin America. And through the establishment of academic programs at The Wharton School and the University of Michigan, he is helping to shape the real estate moguls of tomorrow.

Despite all these accomplishments, however, elder statesman may not be the most apt description. Often dressed in jeans and a sweater, Zell still rides a motorcycle to work and peppers his conversation with expletives. In other words, he doesn't play the part of a polished diplomat.

Then again, this is real estate, not politics. Zell plays the part just fine.