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STATEN ISLAND



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Stealth billionaire seeks key buildings

Standing on a 13th-floor balcony of the Residences at the Ritz-Carlton, John Goff gazes over the rest of the hotel and condo complex and the Crescent across the street.

The 55-year-old Fort Worth real estate magnate can't help feeling self-satisfied about commanding the heart of Uptown once again.

Goff founded Crescent Real Estate Equities, the real estate investment trust that owned this quadrant of Pearl and Cedar Springs streets, along with several dozen high-profile properties throughout the country.

In 2007, he orchestrated the sale of the REIT to Morgan Stanley for \$6.5 billion — just before the financial and real estate markets cratered.

Two years later, Goff joined forces with Barclays Capital to buy back the company and its properties for what industry sources say was less than half-price.

Barclays Capital had loaned Morgan Stanley \$3.5 billion in 2007 to help finance its \$6.5 billion purchase. When the loan headed south in early 2009, Barclays asked Goff whether he wanted to buy the assets back.

"I told them, 'Sure. But

Realty magnate and stealth billionaire seeks key buildings

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you're probably not going to like the price. I'm going to come up with."

"We ultimately agreed on a joint venture where we'd own it together. But I'm in control and run it," says Goff, who is chief executive of the slightly renamed Crescent Real Estate Holdings LLC.

The mega-deal also included Fountain Place and the Trammell Crow Center in downtown Dallas and more than 30 office buildings and resorts in markets such as Houston, Austin and Las Vegas.

"The adage in real estate is location, location, location. Timing trumps that," says Goff, who lives in Fort Worth. "It's always been important to me to have a first-class business with first-class assets and first-class management. I think this is going to be my single best real estate investment ever."

He's far from finished. Backed by Barclays and reinforced by many of his former executives who've re-signed with him, Goff is on the hunt. "We want prime buildings to add to Crescent Holdings' portfolio of 17.3 million square feet of top-rated office space in Texas, Colorado and Nevada."

"We have looked at acquiring a number of complementary office buildings but haven't found the right asset at the right price. We are picky."

Barclays spokesman Brandon Ashcraft in New York says the partnership is working out fine. "In light of his experience and his extensive knowledge of the Crescent assets, [Goff] was the ideal partner for us in this joint venture."

Goff's agreement with Barclays presents him from seeking how much of a bargain he struck for the company other than to say it was "several billion" less than what he sold it for. Nor can he disclose how much personal skin he has in the game, except to say, "It's significant. It's a big number."

I doubt that anything less than several hundred million would meet his definition of "a big number" today.

The deal guy

In addition to his interests in Crescent Holdings, Goff has two other investment companies and a family foundation. He and his wife, Cami, produced a so-on-to-be-released movie, *Albert Nobbs*, starring Glenn Close.

Goff is an under-the-radar billionaire. But 24 years ago, when he invested \$15,000 alongside his boss,



Steven Caplan/738 All Photographers

John Goff bought the Crescent, planned the Crescent Real Estate Equities sale, and later made a deal to buy back the firm and its properties.

Richard Rainwater, Goff was gambling everything he had.

"He's the guy who has gotten the deals done," Rainwater said of Goff in an interview in 1997, "but nobody knows who he is."

Like Rainwater, who's retired, living reclusively and unreachable in Tucson, Ariz., Goff has never been much on publicity.

He grew up on the Texas Gulf Coast in a middle-class family and got his degree in accounting at the University of Texas at Austin in 1977. After his first day as an accountant, he knew that wasn't going to be his lifelong career.

"It's like learning business through an IV drip, but you really do learn it," he says.

In 1981, Goff joined the Fort Worth office of Peat Marwick (now KPMG), which had the Bass family as major clients. He was assigned to Rainwater, then chief financial adviser to Fort

Worth's wealthiest family. When Rainwater left the Basses to launch his company in 1987, he hired Goff.

"That was my big break," Goff says. "It was a small, scrappy office doing interesting things. It was blessed that he believed in me and trusted me."

When the stock market crashed a few months later, Rainwater handed over \$50 million to Goff and told him to find companies worth picking from the ashes. That was the only directive Goff was given.

Goff also wanted to invest in the ideas he came up with for Rainwater but needed his own money to do that. He didn't have any.

"I went into the whole enterprise with Richard with no net worth," says Goff, whose only asset at 32 was his house with a mortgage.

Goff cashed in his 401(k), paid the penalty and wound up with about

AT A GLANCE John Goff

Born: 1955 in Presport, Texas
Resides: Fort Worth
Education: MBA in accounting, University of Texas at Austin, 1977
Personal: Married to Cami Goff, five children
Business interests: Crescent Real Estate Holdings LLC; Goff Capital Inc.; Goff Capital Partners L.P.; Goff Family Foundation
Interests: Traveling, skiing, sailing, fishing, bird hunting and reading
SOURCE: Bloomberg Businessweek

\$15,000 to invest.

"It was scary. It's all I had," he says. "I did well for both Richard and me."

A couple of years later, he did well for Roger Staubach, too.

In 1989, Staubach got into a cash crunch. His young company was eating up capital to fuel growth. And he was being drained by some poorly performing apartments he'd invested in.

"I had a double-whammy," Staubach recalls. "I went to Fort Worth to talk to Richard about putting some capital into the apartment side. He basically said no."

But Goff liked the tenant-representation business that Staubach was building. He persuaded Rainwater to invest \$1 million in return for a 20 percent stake in the Staubach Co., which was generating about \$6 million in annual revenue.

Goff, who put up a small piece of the \$1 million, joined Staubach's board.

"John is absolutely the best," Staubach says. "He understands risk-reward and is very level-headed. He kept me away from development and kept me focused on what we did best—tenant representation. He's solid, very smart and can see a bigger picture."

In 2008, Staubach sold his company to Jones Lang LaSalle for more than \$700 million.

"On a multiple basis," Goff says, "it may be the best investment I've ever made. Our million dollars turned into well over \$700 million. And we're still getting paid on it through distributions."

Humble, but well-dressed

In 1991, Goff talked Rainwater into going on a buying spree with him. Neither owned any real estate at the time. They formed a series of partnerships to buy distressed property. Rainwater invested about \$100 million, and Goff anted his entire net worth of

about \$8 million.

"All the experts told me I was going to lose my ass, that it was not the time to be buying," Goff says. "I thought it was precisely the time to be buying."

He bought his crown jewel—the Crescent—in 1994.

Shortly thereafter, Goff rolled the partnerships into a single company, Crescent Real Estate Equities, and took it public with an initial market value of \$500 million.

Thirteen years later, Morgan Stanley paid 12 times that—a dandy return for anyone who'd owned the stock since the IPO, including Rainwater and Goff.

Although Rainwater and Goff no longer do deals together, they remain close friends, Goff says.

"When people look at what I did from afar, they would say we took great degrees of risk, whether it was buying stock when the market was crashing or buying real estate in Texas when everyone was going belly up," Goff says. "I would argue that it was an extremely conservative approach because we were buying assets at pennies on the dollar."

Despite all the zeroes added to his wealth, friends say Goff hasn't changed much.

"He is still a humble guy from Lake Jackson, Texas—just dressed in better clothes," says John Zogg, managing director in charge of leasing for Crescent Holdings.

Friends also say he's surprisingly shy and a "value-conscious shopper" who doesn't entertain "wasteful" waste money. He and Cami have five children—three from his previous marriage—and lives in Beaver Creek, Colo., and on Lucas in Menlo Park, Calif., and at Eagle Mountain Lake outside Fort Worth.

"I am very fortunate to be able to take a bite of paradise on long weekends," Goff says from Cabo, where he was last week.

But he remains retired to work no matter where he is.

Real estate consultant Dary Stone knows Goff every which way. They've sat on the same and opposite sides of the negotiating table since the early days of Crescent Equities and are long-time friends.

"John has the greatest deal intellect of anyone I know," says Stone, who recently retired as vice chairman of Cousins Properties Inc. in Atlanta. "If I was investing in anything, John was doing."

"As for their friendship, Stone says: "If I needed to get back out of jail in Turkey, I would call John."