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A Pritzker set for takeoff

Matthew, 28, tests investment wings in real estate, film, more; is a moonwalk in his future?

BY STEVEN R. STRAHLER

He hangs with LeBron James and Richard Branson. And he wants to walk on the moon someday—not a far-fetched goal, considering his age (28) and net worth (about \$500 million).

But Matthew Pritzker, who sued his family over his inheritance, isn't sitting around clipping coupons, waiting to blast off. Literally grounding himself, he's returned to the roots of the Pritzker family empire: investing in distressed real estate.

In his first interview about his business career, Mr. Pritzker tells *Crain's* he's snapping up foreclosed commercial and residential properties in the Chicago area and diversifying into other investments ranging from film to pizza companies.

"Real estate was a natural for me," says Mr. Pritzker, whose early-childhood neighbors in Chicago included Sam Zell.

In deciding what to do with his fortune, Mr. Pritzker provides a window into the task at hand for the Pritzkers, who must redeploy a \$15-billion family trust that was broken up with the 2005 settlement of a lawsuit by Mr. Pritzker and his sister, Liesel.

MUCH IN A NAME

"Leveraging his name, he will be able to be very successful if they make the right investment decisions," says Patrick McBride, managing partner of Manhattan Growth Partners, a New York-based private-equity firm that has co-invested with Mr. Pritzker. "Clearly, there isn't anybody in the private-equity world that doesn't know the Pritzker name."

Mr. Pritzker won't disclose how much he's invested from his \$500-million share of the settlement, or identify any real estate acquisitions, beyond confirming one transaction in the

South Loop. No other Pritzker, including his 26-year-old actress sister, is investing with him, he says.

In a deal from the Pritzker playbook, a venture linked to him paid \$17.6 million for a foreclosed site at 830 S. Michigan Ave., where a condominium project collapsed.

"He's been buying a lot of depressed real estate," says broker Sean Conlon, who brought the deal to Mr. Pritzker. "I wish I was buying like him."

During the Great Depression, lawyer A. N.

Pritzker, Matthew Pritzker's grandfather, and his brother Jack ignited the family's real estate machine, buying rental units at rock-bottom prices, initially in Chicago's Old Town neighborhood, according to someone close to the family. Rebounding values during World War II set them up to expand into industrial acquisitions.

"Most of the properties that I have will involve some form of upgrade or construction," says Mr.

Pritzker, who is single and rich enough to bank land during a slow recovery and then pounce by flipping or developing it. He says the vacant 36,000-square-foot Michigan Avenue site remains slated for condos.

"It's always an advantage to be first out of the gate," says



Matthew Pritzker

▶ MATTHEW PRITZKER CO. LLC

HOLDINGS

Real estate

830 S. Michigan Ave.

Other undisclosed properties

Digital technology

UNX LLC (trading software)

XOS Technologies Inc. (digital tech)

Film production

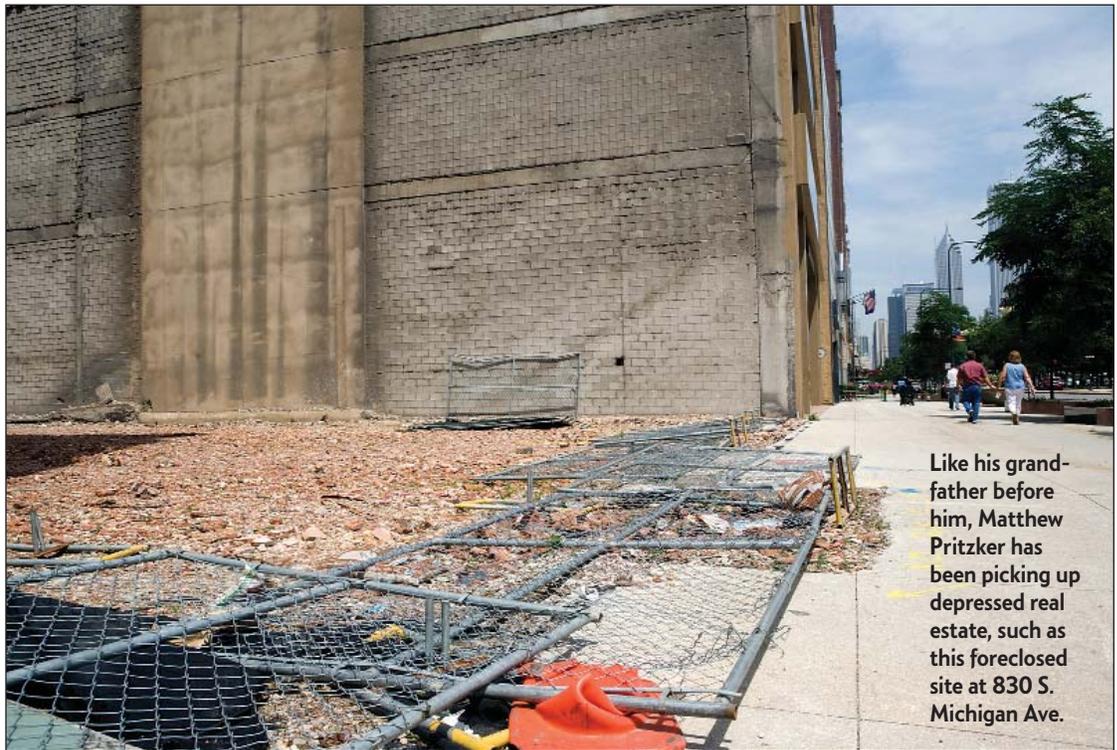
State Street Pictures

Consumer

Hugo Naturals (personal-care products)

HomeMade Pizza Co.

Source: Matthew Pritzker Co. LLC



Like his grandfather before him, Matthew Pritzker has been picking up depressed real estate, such as this foreclosed site at 830 S. Michigan Ave.

ERIK UNGER

John Jaeger, a first vice-president in the Chicago office of CB Richard Ellis Group Inc. “When land comes back, it comes back fast.”

Mr. Pritzker says he has no trouble finding deals “through my network,” adding, “I use my name the same way any other person would use his name. It can help or it can hurt.”

PLENTY TO PULL FROM

As a 15-year-old New Trier student on the North Shore, Mr. Pritzker donned a suit and tie and rode the train to the Loop to “intern at several family companies.” Among mentors he cites are his 84-year-old father, Robert, former CEO of Marmon Group Inc., which was sold to Warren Buffett’s Berkshire Hathaway Group Inc. as part of the Pritzker holdings liquidation.

Mr. Zell and Matthew Pritzker’s second cousin Nicholas, 66, former chairman of Hyatt Development Corp., also have dispensed advice but not recently, says Matthew Pritzker. Neither of the older Pritzkers, both defendants in the lawsuit, nor Mr. Zell, 68, returned calls from *Crain’s*.

To help him evaluate deals, Mr. Pritzker hired a trio of older executives with experience in finance, operations and marketing. The director of acquisitions at Matthew Pritzker

Co. LLC, which occupies the 96th floor of Willis Tower, is Mio Stojkovich, 43, a former managing director at William Blair Capital Partners in Chicago.

In some cases, Mr. Pritzker’s age is an advantage. It helps one portfolio company, State Street Pictures, tap into the youth market, says producer Bob Teitel, 42. The Los Angeles-based company produced the hit film “Barbershop” and its sequel, which grossed a combined \$143 million. It now has a samurai-ninja film and a romantic comedy in the works.

Meanwhile, a Matthew Pritzker investment in Chicago-based HomeMade Pizza Co. is fueling expansion plans, to 100 locations from 26 over the next four years, according to CEO Eric Fosse.

Mr. Pritzker says his relationships with Messrs. James and Branson are strictly casual. He sailed with Mr. Branson in a 2008 attempt to cross the Atlantic in record time in a single-hull sailboat. The boat foundered in swells topping 30 feet and winds above 30 knots.

Mr. Pritzker says his \$200,000 deposit for a ride on Mr. Branson’s Virgin Galactic spaceship is designed more to promote the venture than to put himself into space. However, he’s serious about wanting to walk on the moon: “What kid doesn’t?”