Marginal Returns

L.A.’s wealthiest residents saw their fortunes sway with the stock market this year. In the end, they reaped some ‘small’ million-dollar gains.

By ALFRED LEE Staff Reporter

The net worth of William Barron Hilton is selling.

After being hit with $600 million in investment losses during the downturn, the former hotelier’s fortune shot back up by 45 percent in just two years on the strength of blue-chip stocks.

But in the last 12 months, that dramatic rebound slowed due to a stock market that—despite a lot of ups and downs—ended up almost flat. The Business Journal calculates that Hilton, who sold his stake in the family’s hotel chain in 2007, saw his wealth rise in the last year by just 4 percent to $2.6 billion.

Still, his returns were larger than for many of L.A.’s wealthiest residents, who after years of huge drops and rebounds spurred by the downturn and recovery saw an average gain of only 2.5 percent.

Millionaire Peter Lowy saw just a 1 percent rise to $760 million from small gains in publicly traded Westfield Group and a family investment vehicle. His net worth had risen 41 percent the previous two years.

Media mogul Sumner Redstone did better, but that means his net worth rose by a steady 5 percent to $4.4 billion. It marked a stark contrast with his recent wild swings in value, down 74 percent in 2009, up 65 percent in 2010 and up 42 percent last year.

“(The rebound) has really stalled. It’s renewing a lot of concerns,” said money manager Brad Levin, president of Legacy Wealth Partners in Woodland Hills.

In all, the cumulative fortune of L.A.’s 50 wealthiest residents rose roughly $3 billion, far smaller than last year’s gain of 16 percent that brought them nearly $15 billion. Only 10 people on the list saw double-digit percentage gains from last year compared with 20 a year ago. The slowdown in growth also means their cumulative wealth remains below a high of $114 billion set prior to the downturn.

Still, there were big winners and losers. Shares of Public Storage Inc. rose about 20 percent, propelling largest shareholder Tamara Hughes Gustavson’s net worth from $2.4 billion to $2.82 billion. Altis stock gains in electric-car maker Tesla Motors Inc. helped land founder Elon Musk on the list for the fourth straight year with a net worth up 42 percent to $8 billion.

Up and down

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House Call: Dr. Patrick Soon-Shiong, L.A.’s wealthiest resident, at the Culver City site of his new NantWorks offices.
Continued from page 30

he described to the Business Journal as “doing a little better.” Murdoch’s losses at Dole were partially offset by a vast real estate portfolio owned by privately held Castle & Cooke Inc.

Still, the struggles of two prominent local developers were a reminder that real estate is no easy game. Apartment developer Alan Casden lost control of six properties after a breakup with partner Cerberus Capital Management. Lenders have also filed for foreclosure on Casden’s Beverly Hills headquarters building. The troubles caused the Business Journal to drop his net worth from $2.63 billion to $1.3 billion. Robert Maguire is underwater on his most valuable property, the 900-acre Solana business park in Dallas, resulting in an 8 percent drop in his net worth to $850 million.

New investments

Despite the lackluster capital markets, the city’s wealthiest residents aren’t sitting on the sidelines. One area that has received a lot of attention are media and entertainment companies, particularly those overseas. Forever 21 co-founders Do Won and Jin Sook Chang, who saw their net worth rocket from $2.45 billion to $4.3 billion, invested $43 million in a new South Korea TV channel last year. Univision owner Haim Saban invested $30 million in Hong Kong television company Celestial Tiger Entertainment and $78 million in Indonesian broadcaster Nonanta Media. Kirk Kerkorian has indicated that he was interested in entertainment industry opportunities in the Chinese, Indian and Latin American markets.

There was also plenty of local action in that industry as well. Entertainment mogul David Geffen invested in Sony Corp.’s $2.2 billion bid to buy EMI’s music publishing library. Pending approval, it would be his first major public entertainment deal since co-founding DreamWorks. Michael Eisner is reportedly investing in a film and television production venture for which he’s seeking $800 million in financing.

Local billionaires also vied to invest in sports teams, most notably participating in the bidding process to buy the Los Angeles Dodgers out of bankruptcy. Several of the people on the Business Journal’s list, including Caruso, Casden and Soon-Shiong, placed bids. When former Dodgers owner Frank McCourt finally did sell the team, for $2.15 billion to a group led by Guggenheim Partners, it was enough to land him back on the Business Journal’s list at a net worth of $960 million, even accounting for his divorce settlement, banker and attorney fees, taxes and debt.

Indeed, sports teams, long seen more as toys than investments, proved to be an unlikely source of big returns this year. Sterling’s Los Angeles Clippers, which he bought for $135 million in 1981, had their strongest season in years and continue to appreciate in value. Ed Roski Jr. also benefited from the increased worth in his stakes in the Los Angeles Lakers, which jumped in value by 40 percent due to a new television deal, and the Los Angeles Kings.

“Most people that are buying sports teams are almost doing it as a hobby,” wealth manager Morton said. “But there’s also the thought that the value of sports teams is going higher and higher. It’s kind of a greater fool theory.”

Meanwhile, others got involved in politics — but sometimes less with ideology than business in mind. Roski has contributed more than $75,000 to politicians in Pennsylvania, where his Majestic Realty is trying to develop a 500-acre industrial park. Mercury’s George Joseph, meanwhile, is backing a November ballot measure that would allow insurers to offer discounts to drivers who switch providers. A similar measure he backed in 2010 was voted down.

The past 12 months also saw the city’s wealthiest residents continue their involvement in philanthropy. Among the biggest donors were Kerkorian, who donated $315 million to the Andre Agassi College Preparatory Academy in Las Vegas; Lowell Milken, who donated $10 million for a new business law institute at UCLA; and Berkshire Hathaway Vice Chairman Charles Munger, who gave $1.2 million in company shares to his alma mater University of Michigan.

Warren Buffett and Bill Gates’ Giving Pledge requiring signees give away a majority of their wealth to philanthropy also attracted more Wealthy Angelenos. At least eight L.A. residents have signed the pledge, including one of the newest additions to the list, Tesla’s Musk.

Billionaires Club

The number of L.A. billionaires dipped in 2012.

<table>
<thead>
<tr>
<th>Year</th>
<th># of Billionaires</th>
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<tbody>
<tr>
<td>2012</td>
<td>38</td>
</tr>
<tr>
<td>2011</td>
<td>41</td>
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<td>41</td>
</tr>
<tr>
<td>2005</td>
<td>41</td>
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source: Business Journal research

Following the Money

The Business Journal calculates the net worth of LA’s wealthiest residents through several methods. It asks all candidates for details on their portfolio, such as stock holdings, real estate, private equity investments and debt. Some deny our request and ask to be removed from our list. Others provide detailed information, some on the record, some off. Reporters double check provided valuations through the same methods they obtain valuations for those who decline to participate: by consulting public records, data bases and experts. Stock holdings, for example, are often disclosed in Securities and Exchange Commission filings, while wealth managers, real estate brokers and industry consultants can be very helpful.

The final numbers are fairly accurate, but sometimes it is difficult to obtain more than a rough estimate for a minority who have private holdings and refuse to cooperate. The list does not include residents other sources may cite as L.A. billionaires if we cannot obtain our own independent verification

— Laurence Darmiento
# Wealthiest Angelenos

## Ranked by net worth

<table>
<thead>
<tr>
<th>Rank</th>
<th>2012</th>
<th>2011</th>
<th>% Change</th>
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<tr>
<td>1</td>
<td>1</td>
<td>Patrick Soon-Shiong</td>
<td>$8,000</td>
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<tr>
<td>2</td>
<td>2</td>
<td>Eli Broad</td>
<td>6,600</td>
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<tr>
<td>3</td>
<td>3</td>
<td>Kirk Kerkorian</td>
<td>5,200</td>
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<td>4</td>
<td>4</td>
<td>David Geffen</td>
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<td>5</td>
<td>Ron Burkle</td>
<td>4,500</td>
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<tr>
<td>6</td>
<td>6</td>
<td>Sumner Redstone</td>
<td>4,400</td>
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<td>7</td>
<td>17</td>
<td>Do Won 'Don' &amp; Jin Sook Chang</td>
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<td>Haim Saban</td>
<td>3,350</td>
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<td>Steven Spielberg</td>
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<td>11</td>
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<td>17</td>
<td>14</td>
<td>Marion Anderson &amp; Family</td>
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<td>Andrew &amp; Peggy Cherng</td>
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<td>24</td>
<td>*</td>
<td>Elon Musk</td>
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<td>25</td>
<td>26</td>
<td>David Whitmire Hearst Jr.</td>
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* recalculated *not on list in 2011

Majestic Asset Management, Inc. and Its Affiliated Entities

**WOULD LIKE TO THANK**

CBRE, Madison Partners and Radius Commercial Real Estate Group

**FOR ASSISTING IN THE SUCCESSFUL ACQUISITION OF THE FOLLOWING PROPERTIES:**

- **2012**

- **Sherman Plaza** - Acquired April 2011

  267,268 square foot Class A office portfolio which was recognized as the largest office transaction closing in the San Fernando Valley in 2011.

- **Shoreham Apartments** - Acquired December 2011

  Irreplaceable 10 unit luxury apartment complex located North of Sunset in West Hollywood, which has stunning city views. All cash closing in 30 days.

- **Canon Perdido Apartments** - Acquired January 2012

  29 unit apartment complex ideally situated within walking distance of State Street in Downtown Santa Barbara. Property was acquired in an “off market,” all cash transaction.

- **Roscoe Business Center** - Acquired March 2012

  52,367 square foot, three tenant industrial complex that is fully leased to high quality long term tenants.

Since its inception, Majestic’s goals have been simple: be pro-active and the most responsible company, not the biggest. Our efforts are focused on the needs of each individual property in order to maintain and improve the integrity of our portfolio.
The List | WEALTHIEST ANGELENOS

1. Patrick Soon-Shiong
   Net Worth: $8 Billion | ▲ 3% | Last Year: $7.8 Billion
   Age: 59 | Residence: West Los Angeles
   Source of Wealth: Pharmaceuticals

2. Eli Broad
   Net Worth: $6.6 Billion | ▲ 5% | Last Year: $6.3 Billion
   Age: 78 | Residence: Los Angeles
   Source of Wealth: Homebuilding, Insurance

3. Kirk Kerkorian
   Net Worth: $5.2 Billion | ▼ 7% | Last Year: $5.5 Billion
   Age: 94 | Residence: Beverly Hills
   Source of Wealth: Broadcasting, Movie Theaters

4. David Geffen
   Net Worth: $4.8 Billion | ▲ 7% | Last Year: $4.5 Billion
   Age: 73 | Residence: Malibu
   Source of Wealth: Music, Movie Production

5. Ron Burkle
   Net Worth: $4.5 Billion | ▲ 5% | Last Year: $4.3 Billion
   Age: 59 | Residence: Beverly Hills
   Source of Wealth: Supermarkets, Investments

6. Sumner Redstone
   Net Worth: $4.4 Billion | ▲ 5% | Last Year: $4.2 Billion
   Age: 88 | Residence: Beverly Hills
   Source of Wealth: Broadcasting, Movie Theaters

7. Do Won ‘Don’ & Jin Sook Chang
   Net Worth: $4.3 Billion | ▼ 75% | Last Year: $2.45 Billion
   Residence: Beverly Hills
   Source of Wealth: Apparel Retailing

8. Haim Saban
   Net Worth: $3.35 Billion | ▼ 9% | Last Year: $3.7 Billion
   Age: 67 | Residence: Beverly Hills
   Source of Wealth: Broadcasting, Broadcasting

9. Steven Spielberg
   Net Worth: $3.3 Billion | ▲ 7% | Last Year: $3.2 Billion
   Age: 76 | Residence: Pacific Palisades
   Source of Wealth: Entertainment

10. Donald Sterling
    Net Worth: $2.8 Billion | ▼ 25% | Last Year: $2.6 Billion
    Age: 76 | Residence: Malibu
    Source of Wealth: Real Estate

THE TOP 10

WINNERS & LOSERS
See page 36
Do Won “Don” & Jin Sook Chang
Couple’s fast-growing Forever 21 fast-fashion company shows no signs of slowing down.

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Busy private equity titan made 17 acquisitions and closed deal to buy his hometown Detroit Pistons.

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