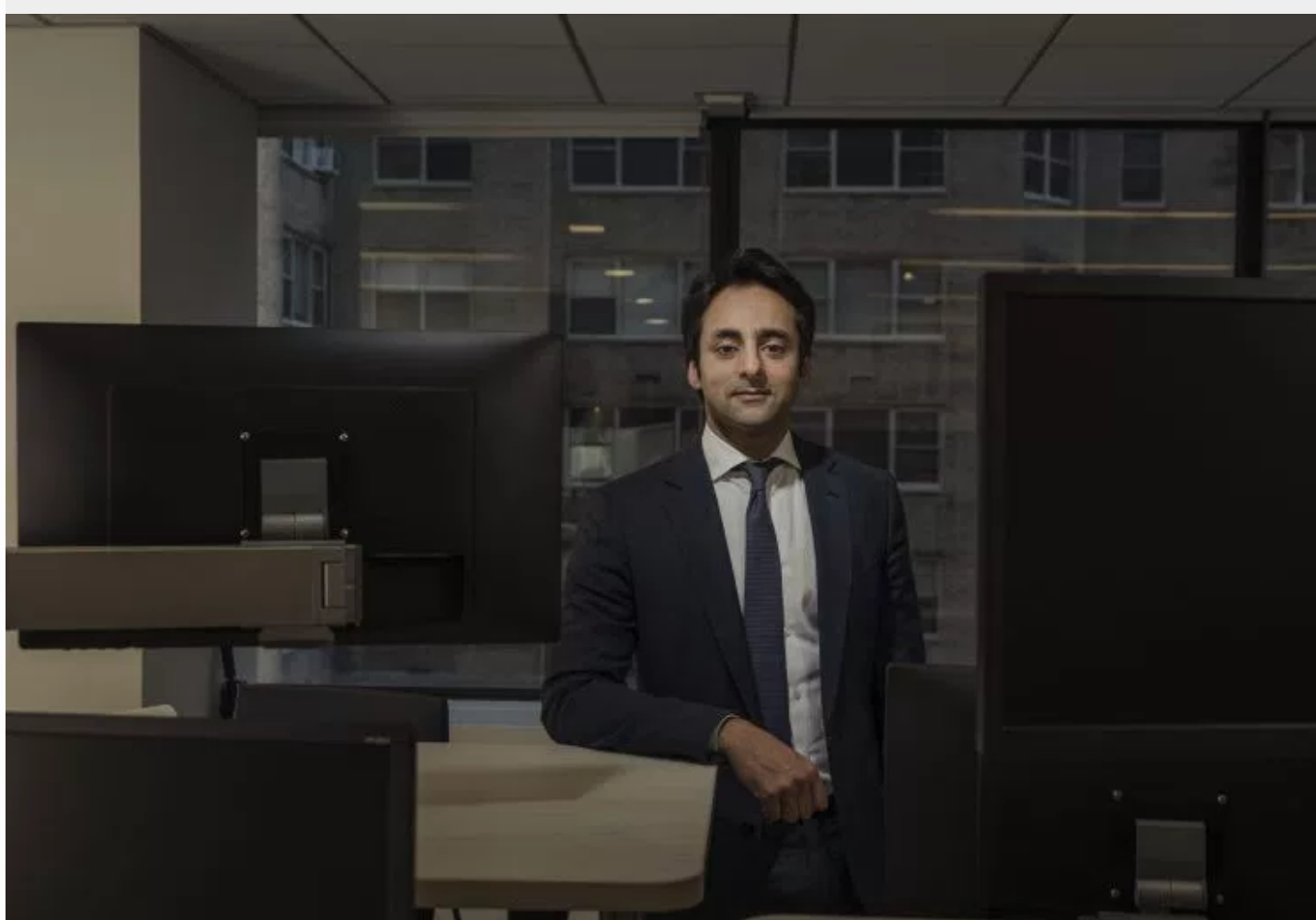




Flower Power: The Life and Times of Lotus Capital Partners' Faisal Ashraf

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FAISAL ASHRAF PHOTO: SASHA MASLOV/ FOR COMMERCIAL OBSERVER



Faisal Ashraf got his taste for international waters at an early age, moving around the globe with his diplomat parents, Raheela and Sajjad Ashraf. He was born in Kenya, before moving to Mozambique, Pakistan, Australia, Nepal, Korea, Dubai, the U.K. and the U.S. As a result, he speaks Swahili, Portuguese, Urdu and

English. He almost learned Nepalese, too, but 1980s pop culture got a hold of him first.

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“For a young kid who grew up overseas, images of Michael Jackson, Michael Jordan, Madonna, *Top Gun* and *Rocky* were a cultural tour-de-force,” he said. “I soon forgot [about] languages and started obsessing about America.”

Still, his intellectual curiosity and global jet-setting—paired with his now two decades of experience as a lender and structurer in the U.S.—may well have quietly paved the way for Ashraf, 41, to become an international dealmaker and, most recently, launch his own firm, [Lotus Capital Partners](#). He named the advisory company after the lotus flower, whose “very existence is a testament to the triumph of resilience over adversity.”



“I saw a need in the market to advise clients on arranging capital,” Ashraf said of the decision to start his own business in 2016. “I had already been arranging capital for 20 years by writing loans and placing them. It was that confidence along with the business-building track record I’d established at Credit Suisse and CCRE that enabled me to put together Lotus Capital.” In addition to

arranging capital for sponsors on real estate assets, Lotus also helps lenders sell off debt in private placements.

So far, Lotus is proving to be small but mighty. Presently a team of six, it will shortly close out its first year with more than \$1 billion in executed deals—and it's about to go global. The firm is on the precipice of closing a \$400 million deal in London—Ashraf is bound by a strict confidentiality agreement but said the financing is for high-end condominiums in Central London, expected to close in four weeks time.

“We competed with the most established global firms in the business for what is maybe the most prestigious residential financing assignment in all of Europe,” Ashraf said. Naturally, his client had some reservations about selecting a younger firm for the gig—although, Ashraf knew he had the goods to pull it off and the gumption to prove it early.

“I met with the [sponsor] CEO and on the way to lunch I wrote down on a napkin who I thought the best capital sources were globally, along with their CEOs of real estate and their phone numbers, and handed it to him,” Ashraf said during an interview at Lotus' offices at 126 East 56th Street between Lexington and Park Avenues.

“No fear” is the mantra his parents (who he calls his mentors) always instilled in him. He said, “Doubt is a crown of thorns.”

And there was no room for doubt when executing almost \$400 million in complex construction financing on a multiphase, multi-asset project in Boca Raton—the largest transaction in South Florida so far this year—as Commercial Observer previously reported.

In October, [Lotus arranged the \\$395 million in financing for Penn-Florida Companies' Via Mizner luxury development: Mack Real Estate Credit Strategies](#)

provided \$315 million and the United States Immigration Fund provided \$80 million.

The 2-million-square-foot development comprises five components, opening at different times: the Residences at Mandarin Oriental, an 85-unit luxury condominium building; the Mandarin Oriental Hotel & Resort, a 164-key luxury hotel; 101 Via Mizner, a 366-unit luxury rental apartment building; the 60,000-square-foot Shoppes at Via Mizner; Via Mizner Golf & City Club that includes a new golf course designed by golfer Jack Nicklaus, as well as tennis courts, a fitness center, a pool, a children's playground and dining services.

Penn-Florida Founder Mark Gensheimer acquired the land for Via Mizner in 2007 and knew that the project would require specialized capital sourcing due to its multifaceted nature. "Any financing that you put together for a project like this is going to require sophisticated participants," Gensheimer told CO.

And Lotus, a young firm, would be up against "hall of fame" competitors, many of whom had 20- to 30-year relationships with Penn-Florida. "We were able to persuade the sponsor—over the course of a couple of weeks—that 20 years of originating, structuring and selling these types of transactions with our global network of capital resources was something they wanted on their side," Ashraf said.

"We interviewed a number of different advisers and brokers, but Faisal's great strength is that he's more of an adviser than a broker," Gensheimer said. "He takes the time to become intimate with every detail of the project, understanding that this is not a cookie-cutter deal and so there would have to be a customized capital solution for it."

The deal was extremely complex, Ashraf agreed. "What we have is four asset classes—condo, residential, retail and hospitality—across 2 million square feet,

all in various degrees of construction. That's complicated. The fact that I've closed \$5 billion in construction loans in my career was, I think, a leg up.”

Once Lotus was hired it embarked on a four-month capital-sourcing process.

“Given the size and the scope of the project, Faisal's client Mark was very concerned about who he worked with,” said [Peter Sotoloff](#), the chief investment officer of Mack Real Estate Credit Strategies. “There were many choices, but Faisal was able to sort through who was credible and who really understood the complexities. Even though [Mack] may not have been the most competitive in some ways, Faisal guided [Gensheimer] toward our relationship-focused approach and the fact that we had high-touch service. It allowed them to focus on the deal's execution and not be distracted by lender annoyances along the way as the project ebbed and flowed.”

From Ashraf's perspective, “Mack was able to demonstrate that they were more than just a lender, but rather a partner. Their roots are in development and hard real estate and that type of background lends itself very well to situations like this where a developer has a 2-million-square-foot ecosystem.”

Although Mack has executed several deals in South Florida, it was the firm's first deal in Boca Raton. Gensheimer has been a pioneer in the development of Boca since the mid-1980s, which sat well with the lender. “Mark's very much a local expert and invested personally and financially in the success of Boca—it was helpful for us having a borrower with that local, deep-seated long-term knowledge,” Sotoloff said.

Similarly, Mack was a good fit culturally for Penn-Florida, Gensheimer said. “That was an important selection that Faisal made when he recommended them. A lot of major lenders were interested in doing the project, but the project fit best with Mack.”

“Faisal has worked extensively on the lending side himself, and I think he understood our perspective as a private lender in terms of what was required make the deal go,” said Richard Mack, a co-founder of Mack Real Estate Credit Strategies.



VIA MIZNER. PHOTO: PENN-FLORIDA COMPANIES PHOTO: PENN-FLORIDA COMPANIES

Closing a \$400 million construction loan on a development that comprises four asset classes? A wee bit daunting to some. “Everything is scary,” Ashraf said and laughed, although that sentiment belies his confidence throughout his career path.

In the 1990s, Ashraf was an international student from Pakistan in New York City trying to get a job on Wall Street. He attended Hofstra University, so he didn’t have an Ivy League education to tout and was in dire need of visa sponsorship. After a couple of months of cold calling and handing out his résumé, Tad Philipp, the then-director of commercial real estate research at Moody’s Investors Service, called him in for an interview.

“At that point I had nothing to lose,” Ashraf recalled. “I didn’t have a job and I had to get sponsored. Otherwise, I’d have to leave the country.”

The interview went well. “[Philipp] walked me from his corner office to the elevator,” Ashraf said. “I remember going downstairs and using a payphone to call my parents and saying, ‘A really senior person walked me from his corner office to the elevator—I think I got the job.’ ”

Two years later, Ashraf was hired by finance firm Donaldson, Lufkin & Jenrette—later acquired by Credit Suisse, eventually stepping into roles as the investment bank’s European deputy head of real estate finance, based in London, and its head of large-loan banking in New York.

Carrying on his penchant for globetrotting, during the crisis he took a year off and traveled the world, hitting 50 cities in eight months. While Lehman Brothers collapsed and the world was busy imploding, Ashraf was taking advantage of the even lower travel costs the downturn presented. “I said to myself, ‘Who says you have to be at the end of your professional life to check off your bucket list?’ I made friends and gained experiences that I’ll be chasing for the rest of my life.”

In 2013 he followed his former Credit Suisse colleague, Anthony Orso, to CCRE to help build the large loan and structured lending business. “I was posed with the challenge of building a unique business,” Ashraf said. “CCRE was a conduit business, and it wanted to build a large loan structured lending business.”

Over the course of three years, Ashraf’s team built that business that put out a little more than \$4 billion in debt. “It’s something that I was very proud of,” he said. “I’ve been part of businesses before, I’ve been part of teams, I’d never built a business before. The three years of business at CCRE taught me that it can be done.”

Brian Sedrish, a managing director at Related Fund Management, said Ashraf’s lending experience has set him up well for his role at Lotus. “At CCRE he was

charged with overseeing transactions and also selling off components of those deals, so he had this front row seat to this wide group of deal parties around the world. Those relationships are ones that need to be cultivated over decades. He has them, plus all this knowledge that his clients are now benefiting from, but this time [Lotus] is his company and he's in it for the long game.”

“CCRE has the ability to break every deal down and think about the transaction from a senior mortgage, mezzanine or securitization exit,” said [Jeff DiModica](#), the president of [Starwood Property Trust](#), who worked with Orso at Chemical Bank and met Ashraf through him. “It was really Faisal who was the lead guy on the desk that we would talk to about the different options and what he was seeing in the market.”

Although Ashraf's decision to move from the lending side of the business to the advisory side is somewhat unusual, “I think what he figured out is that there was a real void in the marketplace for true financial advisory work, as opposed to just acting as an intermediary,” Sedrish said. “He serves, in my mind, as a consigliere to the groups that he works with. He's very selective in the assignments he takes and doesn't chase high volume. That way, he can give personalized attention to each of these clients.”

Tang sees Ashraf launching Lotus Capital as a natural evolution in his career. “Faisal has always been a determined and enterprising competitor,” he said. “I've always thought he would end up as a principal building his own business.”

DiModica said that the decision to launch Lotus speaks to Ashraf's certainty in himself. “There are a lot of really good jobs out there in the eighth year of a bull market—everyone is hiring,” he said. “So someone with his experience would have the opportunity to go to a lot of places and not take that risk [of starting his own firm]. You have to be confident in your ability to take that risk, and I think the confidence is well placed in himself.”

Indeed, just as there are multiple capital sources chasing deals right now, there are multiple brokerages competing for assignments. Many are bigger and better established. But that doesn't phase Ashraf.

"I don't pretend to be better than other firms. Our job is to be better on actual situations," Ashraf explained. "That's when you can demonstrate that there's a bunch of variables on which you really are better. We believe that our decades of experience in putting together capital structures with real world experience gives us unique perspective in doing the same things for our sponsors."

And that real-world experience comes in handy when advising on construction loans. "I think it's pretty powerful if you tell your sponsor that you have written \$5 billion in construction loans and that we'll fight to no end on issues that you care about—and also on issues that you might not be thinking about," Ashraf said. "Smart sponsors really appreciate that—it hits a nerve. They recognize that this is less of a brokerage conversation and more of an advisory conversation."

Sedrish doesn't see Lotus' smaller size as a disadvantage, either. "If you were talking about a small group that didn't have relationships then yeah, they'd be at a disadvantage. But because of all of his relationships I don't see anything standing in the way of him being extremely effective relative to many of the other more established bigger groups," Sedrish said, adding that "Faisal is laser focused, and he's found a real niche in the marketplace where he can take advantage of his expertise."

Indeed, Ashraf's extensive Rolodex was a selling point for Penn-Florida. "It became apparent to us that Faisal had some of the strongest corner-office relationships in the business," Gensheimer said. "We like to borrow money on a top-down basis. We like to deal with principals, and Faisal was able to connect us with people that gave us a great comfort level."

Further, when narrowing down suitable capital sources, Ashraf knows which calls to make.

“When Faisal brings something to us, it’s something that he knows fits because he has been on our side and he understands what works and what doesn’t,” DiModica said. “None of us have enough time in our days: [Starwood Property Trust] made 4 percent of the loans we looked at last year, and you spend the other 96 percent of your time running on a treadmill. Any broker who can reduce that amount of time and refocus you to things where your hit rate is higher is a valuable broker to us.”

Jerry Tang, the head of CMBS securitization at [Natixis](#), recently worked with Ashraf on a \$115 million 10-year, fixed-rate CMBS financing to Lincoln Equities Group for the new Allergan U.S. headquarters in Madison, N.J. “Faisal brings to real estate advisory the formidable experience of having headed a successful CMBS business,” Tang said. “His clients gain a unique advantage from his capital markets mentality and deal structuring expertise.”

The complex deals are where Ashraf truly shines, Sedrish noted. “To me, from a client perspective, he is the easy choice when you get to understand the breadth of solutions that he offers. You can go to him to handle down-the-fairway traditional financing assignments, but when you get to more complex deals like (Via Mizner) you take comfort in talking to someone who has worked in the industry for 20 years.”

And Sedrish should know, as his firm also had interest in Via Mizner.

“Unfortunately, he was too good at his job and, ultimately, found more attractive financing for his client,” Sedrish said and laughed. “I spent a lot of time talking to him about that deal, but again he called on so many relationships that he was able to get very efficient financing on that deal.”

Today, when he's not at home in Tribeca with his wife and two daughters (aged seven and two), Ashraf's business travels take him regularly to East Asia, to the Middle East and to London. As he mingles with international clients, he says the amount of foreign capital chasing U.S. mezzanine debt is "the most I've seen in my career," in terms of volume, as well as new sources of capital.

"Pre-financial crisis, East Asia wasn't a big part of mezzanine capital," Ashraf said. "Today, it's become a pretty resilient force. Korean capital effectively moves the New York City office market. An example of that is a loan that we just closed with a pension fund in Korea that had never invested outside of Korea. That relationship doesn't really exist within the brokerage community, but it exists if you have a Wall Street background and you come from a trading desk."

As for some of the changes he's experienced over his last 20 years, "I have a lot more white hair," Ashraf joked. Additionally, "Borrowers have become more sophisticated in my 20 years of lending, which means they are asking better questions and demanding better answers," he said. "There is more capital today than there has ever been in commercial real estate. The challenge is to find and put together the right capital stack for a borrower's needs. That means price, leverage, structure and also partnership, especially if it's a transitional loan."

If a no-fly zone exists in terms of the deals that Ashraf will take on, it comes down to the borrowers themselves, he said. "In transitional loans especially, there's a recognition that you're betting on the jockey."

But when a deal is underway, "You can trust him," Gensheimer said. "Faisal has a very high level of integrity and chooses his words carefully, but if he says something, you can count on it being true."

Ultimately, Ashraf said he wants Lotus to be seen as a "world-class real estate investment bank." This time next year Lotus will have opened up a second office

in South Florida and the firm is six months away from starting an equity business.

“The draw to raising equity comes from a belief that Lotus is at its most powerful when it control the entire capital stack,” Ashraf said. “We want to have a complete capital solution for clients. That includes senior debt plus mezz plus equity.

As for year-end goals, “I’m just obsessed with this company,” Ashraf said. “I also plan to get on a treadmill sometime soon—but maybe when we pass the \$1 billion mark.”

KEYWORDS: [Brian Sedrish](#), [CCRE](#), [Credit Suisse](#), [Faisal Ashraf](#), [Jeffrey DiModica](#), [Jerry Tang](#), [Lotus Capital Partners](#), [Mack Real Estate Credit Strategies](#), [Mark Gensheimer](#), [Natixis](#), [Penn-Florida Companies](#), [Peter Sotoloff](#), [Related Fund Management](#), [Richard Mack](#), [Starwood Property Trust](#), [Via Mizner](#)

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Organization

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