

Edgar Filing: KLOPP JOHN R - Form SC 13D/A

KLOPP JOHN R
Form SC 13D/A
May 28, 2003

As Filed with the Securities and Exchange Commission on May 28, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D/A
(Amendment No. 8)

Under the Securities Exchange Act of 1934

Capital Trust, Inc.

(Name of Issuer)

Class A Common Stock, par value \$0.01 per share

(Title of Class of Securities)

14052H100

(CUSIP Number)

Michael L. Zuppone, Esq.
Paul, Hastings, Janofsky & Walker LLP
75 East 55th Street
New York, New York 10022
(212) 318-6000

(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications)

February 7, 2003

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box .

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

SCHEDULE 13D

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1

NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Veqtor Finance Company, L.L.C.

2

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)
(b)

3

SEC USE ONLY

4

SOURCE OF FUNDS
AF, BK

5

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e)

6

CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 897,429
	8	SHARED VOTING POWER 0
	9	SOLE DISPOSITIVE POWER 897,429
	10	SHARED DISPOSITIVE POWER 0

11

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
897,429

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12

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES

13

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

16.54%

14

TYPE OF REPORTING PERSON

OO

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1

NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Zell General Partnership, Inc.

2

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b)

3

SEC USE ONLY

4

SOURCE OF FUNDS

AF, BK

5

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e)

6

CITIZENSHIP OR PLACE OF ORGANIZATION

Illinois

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3

SEC USE ONLY

4

SOURCE OF FUNDS

AF, BK

5

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e)

6

CITIZENSHIP OR PLACE OF ORGANIZATION

Illinois

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 922,429
	8	SHARED VOTING POWER 0
	9	SOLE DISPOSITIVE POWER 922,429
	10	SHARED DISPOSITIVE POWER 0

11

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

922,429

12

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES

13

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

17.00%

14

TYPE OF REPORTING PERSON

OO

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 1

NAME OF REPORTING PERSON
 I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Chai Trust Company, L.L.C.

 2

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)
 (b)

 3

SEC USE ONLY

 4

SOURCE OF FUNDS

AF, BK

 5

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
 PURSUANT TO ITEMS 2(d) or 2(e)

 6

CITIZENSHIP OR PLACE OF ORGANIZATION

Illinois

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 922,429
	8	SHARED VOTING POWER 0
	9	SOLE DISPOSITIVE POWER 922,429
	10	SHARED DISPOSITIVE POWER 0

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6

CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 25,000
	8	SHARED VOTING POWER 0
	9	SOLE DISPOSITIVE POWER 25,000
	10	SHARED DISPOSITIVE POWER 0

11

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

25,000

12

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES

13

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.46%

14

TYPE OF REPORTING PERSON

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1

NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

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Samstock, L.L.C.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) |
(b) |

3 SEC USE ONLY

4 SOURCE OF FUNDS
AF, WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e) |

6 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 25,000
	8	SHARED VOTING POWER 0
	9	SOLE DISPOSITIVE POWER 25,000
	10	SHARED DISPOSITIVE POWER 0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
25,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES |

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

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0.46%

14

TYPE OF REPORTING PERSON

OO

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1

NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

CMH Investment Partnership LP

2

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)
(b)

3

SEC USE ONLY

4

SOURCE OF FUNDS

AF, BK

5

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e)

6

CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON	7	SOLE VOTING POWER 610,044
	8	SHARED VOTING POWER 0

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WITH

SOLE DISPOSITIVE POWER

9

610,044

SHARED DISPOSITIVE POWER

10

0

11

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

610,044

12

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES

|_ |

13

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

11.24%

14

TYPE OF REPORTING PERSON

PN

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1

NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Craig M. Hatkoff

2

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) |_ |

(b) | |

3

SEC USE ONLY

4

SOURCE OF FUNDS

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AF, BK

5

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e)

6

CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

7

SOLE VOTING POWER

667,797

8

SHARED VOTING POWER

0

9

SOLE DISPOSITIVE POWER

667,797

10

SHARED DISPOSITIVE POWER

0

11

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

667,797

12

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES

13

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

12.31%

14

TYPE OF REPORTING PERSON

IN

SCHEDULE 13D

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1
NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

JRK Investment Partnership LP

2
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)
(b)

3
SEC USE ONLY

4
SOURCE OF FUNDS

AF, BK

5
CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e)

6
CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 600,044
	8	SHARED VOTING POWER 0
	9	SOLE DISPOSITIVE POWER 600,044
	10	SHARED DISPOSITIVE POWER 0

11
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

600,044

12
CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

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CERTAIN SHARES

|_ |

13

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

11.06%

14

TYPE OF REPORTING PERSON

PN

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1

NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

John R. Klopp

2

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) |_ |

(b) | |

3

SEC USE ONLY

4

SOURCE OF FUNDS

AF, BK

5

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e)

|_ |

6

CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

SOLE VOTING POWER

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NUMBER OF SHARES	7	774,674
BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		SHARED VOTING POWER
	8	0
		SOLE DISPOSITIVE POWER
	9	774,674
		SHARED DISPOSITIVE POWER
	10	0

11
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
774,674

12
CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES

13
PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
14.28%

14
TYPE OF REPORTING PERSON
IN

CUSIP No. 14052H100

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This Amendment No. 8 to Schedule 13D is filed by the Reporting Persons (as defined below) pursuant to rule 13d-2(a) under the Securities Exchange Act of 1934, as amended. This Amendment No. 8 to Schedule 13D amends and supplements:

- o the Schedule 13D, dated July 15, 1997, as filed with the Securities and Exchange Commission (the "SEC") on July 25, 1997, as amended by
- o Amendment No. 1, as filed with the SEC on December 22, 1997, as amended by
- o Amendment No. 2, as filed with the SEC on July 2, 1998, as amended by
- o Amendment No. 3, as filed with the SEC on August 19, 1999, as

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amended by

- o Amendment No. 4, as filed with the SEC on September 30, 1999, as amended by
- o Amendment No. 5, as filed with the SEC on February 2, 2000, as amended by
- o Amendment No. 6, as filed with the SEC on May 23, 2000, as amended by
- o Amendment No. 7, as filed with the SEC on November 2, 2001 (together with the original Schedule as previously amended, the "Schedule 13D").

The Reporting Persons are:

- (i) Vector Finance Company, L.L.C., a Delaware limited liability company ("VFC");
- (ii) Samstock, L.L.C., a Delaware limited liability company ("Samstock");
- (iii) SZ Investments, L.L.C., a Delaware limited liability company and the sole member of Samstock ("SZI");
- (iv) Zell General Partnership, Inc., an Illinois corporation and the sole managing member of SZI and the sole managing member of VFC ("Zell GP");
- (v) the Sam Investment Trust, a trust formed under Illinois law and the sole stockholder of Zell GP ("Sam Trust");
- (vi) Chai Trust Company, L.L.C., an Illinois limited liability company and the trustee of Sam Trust ("Chai")

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- (vii) CMH Investment Partnership LP, a Delaware limited partnership ("Hatkoff LP")
- (viii) Mr. Craig M. Hatkoff, a citizen of the United States and the general partner of Hatkoff LP ("Hatkoff");
- (ix) JRK Investment Partnership LP, a Delaware limited partnership ("Klopp LP"); and
- (x) Mr. John R. Klopp, a citizen of the United States and the general partner of Klopp LP ("Klopp" and, collectively with VFC, Samstock, SZI, Zell GP, Sam Trust, Chai, Hatkoff LP, Hatkoff and Klopp LP, the "Reporting Persons").

The original schedule reported beneficial ownership of class A common shares of beneficial interest, \$1.00 par value (the "Class A Common Shares"), in Capital Trust, a California business trust. As reported in Amendment No. 3 to

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schedule 13D, Capital Trust reorganized into Capital Trust, Inc., a Maryland corporation and each Class A Common Share was converted into one share of class A common stock, par value \$0.01 per share, of Capital Trust, Inc. This statement therefore relates to the shares of class A common stock, par value \$0.01 per share ("Class A Common Stock"), of Capital Trust, Inc. (hereinafter the "Issuer"), whose principal office is located at 410 Park Avenue, 14th Floor, New York, New York 10022. All information in this Amendment No. 8 to Schedule 13D has been adjusted to give effect to the Issuer's one (1) for three (3) reverse stock split which became effective April 2, 2003. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Schedule 13D.

Item 5. Interest in Securities of the Issuer.

Item 5 is amended as follows:

(a) and (b) The aggregate percentage of shares of Class A Common Stock reported beneficially owned by the Reporting Persons as of the date of filing of this Amendment No. 8 to the Schedule 13D is based upon 5,425,678 shares of Class A Common Stock issued and outstanding as of May 13, 2003 as reported in the Issuer's Quarterly Report on Form 10-Q, as filed with the SEC on May 15, 2003. The Reporting Persons as a group beneficially own 2,364,900 shares of Class A Common Stock, including (i) 2,171,480 outstanding shares of Class A Common Stock; and (ii) 193,420 shares of stock issuable upon exercise or conversion of outstanding stock options and stock units. The foregoing shares represent approximately 43.59% of the outstanding shares of Class A Common Stock (calculated in accordance with Rule 13d-3(d)(1)).

VFC holds of record and thereby directly beneficially owns and has the sole direct power to vote and dispose of 897,429 outstanding shares of Class A Common Stock (the "VFC Reported Shares"). Chai, Sam Trust and Zell GP each have the sole indirect power to vote and dispose of the VFC Reported Shares. Samstock directly beneficially owns and has the sole direct power to vote and dispose of 25,000 shares of Class A Common Stock ("Samstock Reported

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Shares"). Chai, Sam Trust, Zell GP and SZI each have the sole indirect power to vote and dispose of the Samstock Reported Shares. Hatkoff LP holds of record and thereby directly beneficially owns and has the sole power to vote and dispose of 610,044 outstanding shares of Class A Common Stock (the "Hatkoff LP Reported Shares"). Hatkoff has the sole indirect power to vote or dispose of the Hatkoff LP Reported Shares. Hatkoff beneficially owns and has the sole power to vote and dispose of 6,000 outstanding shares of Class A Common Stock. Hatkoff beneficially owns and will have the sole power to vote and dispose of 51,753 shares of Class A Common Stock issuable upon the exercise of options to purchase and stock units to obtain shares of Class A Common Stock that are, or become within 60 days, vested and exercisable. Klopp LP holds of record and thereby directly beneficially owns and has the sole power to vote and dispose of 600,044 outstanding shares of Class A Common Stock (the "Klopp LP Reported Shares"). Klopp has the sole indirect power to vote or dispose of the Klopp LP Reported Shares. Klopp beneficially owns and has the sole power to vote and dispose of 23,086 outstanding shares of Class A Common Stock. Klopp holds of record and thereby directly beneficially owns and has the sole power to vote 9,876 outstanding shares of Class A Common Stock subject to a restricted stock grant.

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Klopp beneficially owns and will have the sole power to vote and dispose of 141,668 shares of Class A Common Stock issuable upon the exercise of options to purchase shares of Class A Common Stock that are, or become within 60 days, vested and exercisable.

(c) Pursuant to a privately negotiated over-the-counter transaction which closed on February 7, 2003, VFC, Klopp LP and Hatkoff LP each sold 166,666 shares of Class A Common Stock at a price of \$14.25 per share.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of Issuer.

Item 6 is amended by adding the following:

Pursuant to a written waiver, dated as of February 7, 2003, General REMI II agreed to grant Klopp, Klopp LP and Veqtor a permanent waiver of the lock-up provisions of the stockholder voting and lock-up agreement to which they were a party with General REMI II (the "Waivers"). A copy of the Waivers are attached hereto as Exhibits 1 and 2 and are incorporated herein by reference.

On February 1, 2002, pursuant to the Issuer's incentive stock plan, Klopp was granted a stock option to purchase 83,333 shares of Class A Common Stock which vests and becomes exercisable in equal one third increments on the first, second and third anniversaries of the grant date. On March 31, 2002, June 30, 2002, September 30, 2002, December 31, 2002, March 31, 2003 and April 15, 2003, pursuant to the Issuer's incentive stock plan, Hatkoff was granted stock units which are immediately vested and convertible into 461, 506, 517, 541, 470 and 85 shares of Class A Common Stock, respectively.

To the best of knowledge of the Reporting Persons, except as described in this Amendment No. 8, none of the Reporting Persons has effected any transactions in the Class A Common Stock during the period which commenced sixty days prior to the date of the event

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which triggered the filing of this Amendment No. 8 to Schedule 13D and ends on the date of filing of this Amendment No. 8 to Schedule 13D.

Item 7. Materials to be Filed as Exhibits.

Exhibit No.	Description
1.	Waiver Letter, dated as of February 7, 2003, by Travelers General Real Estate Mezzanine Investments II, LLC, as agreed and acknowledged by John R. Klopp and JRK Investment Partnership LP.
2.	Waiver Letter, dated as of February 7, 2003, by Travelers General Real Estate Mezzanine Investments II, LLC, as agreed and acknowledged by Veqtor Finance Company, L.L.C.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct and agrees that this statement may be filed jointly with the other undersigned parties.

Vektor Finance Company, L.L.C.
By: Zell General Partnership, Inc.,
its managing member

By:/s/ Donald J. Liebentritt

Name: Donald J. Liebentritt
Title: Vice President

Samstock, L.L.C.

By:/s/ Donald J. Liebentritt

Name: Donald J. Liebentritt
Title: Vice President

SZ Investments, L.L.C.

By:/s/ Donald J. Liebentritt

Name: Donald J. Liebentritt
Title: Vice President

Zell General Partnership, Inc.

By:/s/ Donald J. Liebentritt

Name: Donald J. Liebentritt
Title: Vice President

Sam Investment Trust
By: Chai Trust Company, L.L.C.,
as Trustee

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By:/s/ Donald J. Liebentritt

Name: Donald J. Liebentritt
Title: President

Chai Trust Company, L.L.C.

By:/s/ Donald J. Liebentritt

Name: Donald J. Liebentritt
Title: President

CMH Investment Partnership LP
By: Craig M. Hatkoff, its general
partner

/s/ Craig M. Hatkoff

Name: Craig M. Hatkoff
Title: General Partner

CRAIG M. HATKOFF

/s/ Craig M. Hatkoff

JRK Investment Partnership LP
By: John R. Klopp, its general
partner

/s/ John R. Klopp

Name: John R. Klopp
Title: General Partner

JOHN R. KLOPP

/s/ John R. Klopp

Exhibit No.1

WAIVER

Mr. John R. Klopp
#3 Nash Island
Darien, CT 06820

JRK Investment Partnership LP
c/o Mr. John R. Klopp
#3 Nash Island
Darien, CT 06820

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Attn: John R. Klopp

Dear Mr. Klopp:

This letter serves to confirm the agreement of Travelers General Real Estate Mezzanine Investments II, LLC, a Delaware limited liability company ("General REMI II") with you regarding that certain stockholder voting and lock-up agreement, dated as of March 8, 2000, by and among you, General REMI II, and the other holders of capital stock of Capital Trust, Inc., a Maryland corporation ("CT"), signatory thereto (the "Lock-Up Agreement").

You have informed General REMI II that you wish to be released from your obligations under Section 4 of the Lock-Up Agreement which operates to restrict your ability to transfer CT capital stock owned by you.

This will confirm that General REMI II hereby waives its rights under and releases and forever discharges you from all obligations and liabilities, existing and/or arising, directly or indirectly, out of, Section 4 of the Lock-Up Agreement.

Except as expressly waived hereby, each and every term, covenant and condition of the Lock-Up Agreement shall continue in full force and effect.

This waiver shall be construed in accordance with and governed by the laws of the State of New York, without giving effect to the provisions, policies or principles thereof relating to choice or conflict of laws.

General REMI II has duly executed this waiver as of February 7, 2003.

Travelers General Real Estate Mezzanine
Investments II, LLC

By: /s/ Michael D. Watson

Name: Michael D. Watson
Title: Vice President

Agreed and Acknowledged

/s/ John R. Klopp

John R. Klopp

JRK Investment Partnership LP

By: /s/ John R. Klopp

Name: John R. Klopp
Title: General Partner

Exhibit No. 2

WAIVER

Vektor Finance Company, L.L.C.
c/o Equity Group Investments, L.L.C.

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Two North Riverside Plaza
Chicago, IL 60606
Attn: Donald J. Liebentritt

Dear Mr. Liebentritt:

This letter serves to confirm the agreement of Travelers General Real Estate Mezzanine Investments II, LLC, a Delaware limited liability company ("General REMI II") with Veqtor Finance Company, L.L.C. ("VFC") regarding that certain stockholder voting and lock-up agreement, dated as of March 8, 2000, by and among VFC, General REMI II, and the other holders of capital stock of Capital Trust, Inc., a Maryland corporation ("CT"), signatory thereto (the "Lock-Up Agreement").

VFC has informed General REMI II that VFC wishes to be released from its obligations under Section 4 of the Lock-Up Agreement which operates to restrict VFC's ability to transfer CT capital stock owned by VFC.

This will confirm that General REMI II hereby waives its rights under and releases and forever discharges VFC from all obligations and liabilities, existing and/or arising, directly or indirectly, out of, Section 4 of the Lock-Up Agreement.

Except as expressly waived hereby, each and every term, covenant and condition of the Lock-Up Agreement shall continue in full force and effect.

This waiver shall be construed in accordance with and governed by the laws of the State of New York, without giving effect to the provisions, policies or principles thereof relating to choice or conflict of laws.

General REMI II has duly executed this waiver as of February 7, 2003.

Travelers General Real Estate Mezzanine
Investments II, LLC

By: /s/ Michael D. Watson

Name: Michael D. Watson
Title: Vice President

Agreed and Acknowledged

VEQTOR FINANCE COMPANY, L.L.C.

By: Zell General Partnership, Inc.,
its managing member

By: /s/ Donald J. Liebentritt

Name: Donald J. Liebentritt
Title: Vice President