Island Palm Communities LLC

An award-winning model for public-private partnerships

June 6, 2017
Section 01
MHPI Overview
DoD housing before privatization

Before privatization, the DoD had ascertained:

- 60% of DoD-owned family housing – approximately 180,000 units – were inadequate
- $20B and 30 years using Military Construction (MILCON)
- Housing was not a core competency of the military or DoD
A public policy solution

MHPI provided the legislative authorities to facilitate real estate transactions between the government and private developers and property managers.

Benefits to the Army:
- Preservation of public capital
- Speed to market
- Technical expertise
- Shared risk
- Efficiency and reliability
- Long-term asset management

The 1996 National Defense Authorization Act passed by Congress gave life to the Military Housing Privatization Initiative (MHPI)
Section 02
Who We Are
Lendlease is an international real estate developer, builder and owner.

In our Communities’ business we work with public and private sector partners to provide affordable housing choices.

In-house expertise to design, develop, fund, build, and manage a range of residential options.

### Lendlease: By the Numbers

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involved with</td>
<td>902,965,681</td>
</tr>
<tr>
<td>Residential &amp; mixed-use units</td>
<td>+85,000</td>
</tr>
<tr>
<td>Projects &amp; properties</td>
<td>6,542</td>
</tr>
<tr>
<td>Billion of projects</td>
<td>$148.4</td>
</tr>
</tbody>
</table>

**We’re in Hawaii for the Long Term**

We look forward to partnering with public and private sectors in Hawaii and share our visions of creating the best places.

Since 2003 operating in Hawaii

25 states in our residential portfolio

10,000+ homes in Hawaii

475 full-time employees in Hawaii
Island Palm Communities is a 50-year partnership between Lendlease and the U.S. Army.

**Role**
Owner, developer, asset manager

**Completion**
2054

**Partner**
U.S. Army

**Project Size**
7,756 homes

**Construction**
- 4,725 new home construction
- 7 community centers
- 2,515 renovated homes

**Project Value**
$2.3 billion
Largest MHPI project awarded by the Army

Operations span seven installations encompassing 1,702 acres.

Over 7,900 homes under management.

$2.3B  12 year initial development period

$5.35B  Over remaining 37 years
Highlights and achievements

$1.77B in construction and $65M in renovations contracts awarded to date. Over 90% awarded to local businesses.

Nearly $20M in contracts awarded annually by property operations.

Significant job creation:

- 1,000 plus local tradesmen and tradeswomen on site at peak of construction
- PLA with local unions; no inquiries to date
- Asset and property operations offer long term employment opportunities for 400+ Hawaii residents
WHO WE ARE

• North American Public-Private Partnership Deal of the Year - Project Finance Magazine, 2005
• Award-winning tree preservation program, The Outdoor Circle, 2005
• 18MW rooftop photovoltaic system
• LEED Certified Neighborhood Development
• Building Energy Management System
• Established Kunia Agricultural Park in partnership with the Hawaii Agricultural Foundation and Monsanto.
• More than $200k donated locally through corporate 501(c)3 non-profits
Section 03
Project Structure
Section 04
Challenges and Keys to Success
CHALLENGES AND KEYS TO SUCCESS

**Partnership Challenges**
- Approval process and timing
- Changes to base assumptions
- Complex legal structure

**Army Challenges**
- Perception of contractor v. partner
- Private sector profit motive
- Changes in local leadership
Established early on an agreed and executed shared vision.

Developed a culture of mutual trust and transparency.

Fostered a willingness of everyone to learn.

Instituted clear processes.

Agreed on roles and responsibilities.

 Adopted a partnership mentality.
Section 05
Lessons Learned
LESSONS LEARNED

- Identify the Revenue Stream is Key
- Choose Partners Wisely
- Deal Structuring is Not a Governmental Function
- Manage for the Long Term
- Managing Project Control
THANK YOU