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Campbell to spend big on mainland real estate

The estate plans to spend up to \$200 million on acquisitions this year, mostly outside Hawaii

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The Estate of James Campbell plans to acquire up to \$200 million in commercial real estate this year but most of those deals will be outside of Hawaii.

Steve MacMillan, the estates' chief executive officer, said the \$2.2 billion trust is looking to acquire several mainland industrial and office properties in deals ranging between \$20 million and \$100 million.

"We have a substantial investment in Hawaii and we will continue to have a very substantial investment in Hawaii but good business practices tell us that we need to continue to diversify," MacMillan said. "That diversification is essential to the success of the ongoing entity."

The estate -- whose Hawaii real estate is valued at \$950 million -- receives about 70 percent of all of its income outside of Hawaii, MacMillan said.

The estate's mainland holdings, in 15 states and District of Columbia, represent about 56 percent of overall assets, he said.

MacMillan discussed the estate's investment philosophy yesterday during a meeting of the Hawaii chapter of the Certified Commercial Investment Member Institute at the Ala Moana Hotel.

MacMillan did not refer to the estate's planned \$115.5 million sale of 188 acres of industrial properties at the Campbell Industrial Park to Massachusetts-based **HRPT Trust Properties**. Nor did he mention the pending sale of the Whalers Village retail complex on Maui to **General Growth Properties Inc.** for about \$180 million.

MacMillan said the estate needs to acquire new land as a replacement for recent land sales. Such purchases would enable the estate to avoid tax consequences while diversifying the trust's overall portfolio.

He said that the estate is looking to invest in industrial properties in primary markets such as Los Angeles, Chicago, New Jersey and Dallas. The trust also is targeting office properties in Washington, D.C., New Jersey, Los Angeles, Chicago, Boston and Atlanta.

MacMillan added that the estate is reducing its portfolio of retail holdings and won't invest in that sector in the near future.

According to MacMillan, the investment philosophy underscores the plan for the trust to continue beyond its scheduled termination. The Campbell Estate, a for-profit trust formed in 1900 to benefit the heirs of Scottish seaman James Campbell, was set to dissolve in January 2007 under the original terms of Campbell's will.

But the heirs recently voted to convert the trust into a diversified national real estate company called **James Campbell Co.**, which would operate beyond the 2007 termination date.

"The plan calls for the continuation of James Campbell's legacy," MacMillan said.