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Campbell heirs opt for private business - Estate beneficiaries will form a company to manage real estate

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The heirs of the Estate of James Campbell, after more than a decade of uncertainty, have agreed to convert the private trust into a national real estate operating company and have secured \$645 million to keep the business viable, officials said yesterday.

The \$2 billion-plus estate, one of the oldest in the nation, was set up in 1900 as a private, for-profit trust by Scottish carpenter James Campbell for his heirs. Campbell stipulated in his will that the trust would end in 2007, leaving family members to decide the fate of its assets.

"They wanted to continue James Campbell's legacy and business," said Steve MacMillian, chief executive officer of Campbell Estate.

Funds were secured from several national lenders, mainly insurance and pension funds, and will be used for capital, to repay debt and to provide some of the cash needed in 2007 when the trust becomes James Campbell Co. LLC.

The move will help ensure the continued development of Campbell Estate's largest project, the development of Kapolei as Oahu's second city, said Maeda Timson, chairwoman of the Makakilo/Kapolei/Honokai Hale Neighborhood Board.

"The full build-out of Kapolei will occur long after the initial demise of the Campbell trust, so it's very important that they continue to be in our community," Timson said.

MacMillian said that while the transition involves many changes, "we expect that it will be a seamless transition for our tenants, associates and the communities we serve."

Only two or three of the estate's 176 beneficiaries opted to cash out, said Quentin Kawananakoa, a Campbell family member. The rest, motivated by a sense of stewardship to Hawaii and Campbell's legacy, will bank on the continued profitability of their holdings by becoming shareholders in the new company, he said.

"Everyone worked incredibly hard to overcome their differences and to be a family," Kawananakoa said "It's a great weight off of all of our shoulders. To hold your breath for 10 years is a long time."

The Estate of James Campbell

Founded: 1900, to administer the assets of the estate of James Campbell, for the benefit of his wife, four surviving children and their heirs.

Initial valuation: \$3 million

Current valuation: More than \$2 billion

Hawaii land holdings: 59,645 acres, including the city of Kapolei.

Other holdings: Office, retail and industrial properties in 17 states and the District of Columbia.

Total portfolio: 59 properties, including 27 industrial centers, 16 office complexes, four retail centers and 12 other properties.

Estate dissolution date: 2007

Estate beneficiaries: 176