



Kelley Drye Closes Privatization Transaction for Actus Lend Lease and the U.S. Army

June 13, 2005

Kelley Drye's Real Estate Practice Group closed the privatization of all family housing units and related ancillary facilities on the Fort Drum Army base for client Actus Lend Lease LLC (Actus).

The United States Army initiated the transaction with Actus to alleviate a housing crunch and to improve the overall quality of life for soldiers and their families at the Fort Drum Army Base, as much of the existing housing had been deemed inadequate for soldiers and their families by the Secretary of the Army under current Department of Defense standards.

As part of the privatization process, Kelley Drye assisted Actus and the Army in connection with the preparation of a community development management plan (CDMP) which mapped out the Army's and Actus' combined vision for the planned construction, renovation and operation of family housing areas at Fort Drum for the next fifty years. In early 2005, the United States Congress approved the CDMP.

As part of the closing of the transaction, a joint-venture Project Company formed by Kelley Drye on behalf of the Army and an affiliate of Actus took over leasehold ownership of the family housing areas on Fort Drum totaling approximately 1,600 acres of land as well as fee title to all of Fort Drum's 2,272 existing family housing units. Over the next 50 years, the Project Company will be responsible for all aspects of the operation, renovation and maintenance of the family housing areas on Fort Drum, as well as for the well being of thousands of soldiers and their families. In connection with this responsibility, during the 52-month initial development period, the Project Company will build approximately 845 new family housing units, 5 new state-of-the-art community centers and will renovate over 2,000 of the existing family housing units.

Construction during the initial development period, which is expected to exceed \$335 million, is being financed by a forty-five year construction/term loan for more than \$232 million provided by GMAC Commercial Holding Capital Corp. with credit enhancement from GMAC Commercial Mortgage Corporation and MBIA Insurance Corporation; a substantial equity investment by the Army; an additional equity investment from Actus; and excess cash flow from the Project Company's operations.

Affiliates of Actus have been engaged by the Project Company to serve as development and asset and property managers of the Project. In addition, Actus has been engaged to serve as the design/builder of the Project and Actus' parent company, Lend Lease Corporation, has provided a construction guarantee.

Through an arrangement Kelley Drye negotiated with the local Industrial Development Agency (IDA),

the Project will be fully exempt from all real estate taxes for 50 years. In addition, the Project will benefit from additional partial exemptions for sales and mortgage recording taxes provided by the IDA during the initial development period.