

## How Carlyle Creates Value

Deep industry expertise. Global scale and presence. Extensive network of Operating Executives. And a wealth of investment portfolio data; we call it The Carlyle Edge. These are the four pillars of Carlyle's value creation model. By leveraging these core capabilities and resources—Carlyle has established a 30-year overall track record of investing in companies, working to make them better and serving our investors' needs.



A landmark public-private partnership facilitates improvements to Connecticut's public infrastructure, puts environmental innovations in place and creates jobs across the state.

### About Project Service LLC and the Transaction

In December 2009, Carlyle entered into a joint venture called Project Service LLC with Doctor's Associates, Inc., the parent company of SUBWAY Restaurants, and Subcon, Inc., forming a 35-year public-private partnership with the State of Connecticut to redevelop, operate and maintain Connecticut's 23 highway service areas across the state. Project Service and its tenants expect to invest approximately \$230 million in improvements and upgrades to the service areas and to create approximately 375 jobs. In total, the state is expected to receive nearly \$500 million in economic benefit from the redevelopment effort.



## AT A GLANCE

### Project Service LLC

**Industry:** Infrastructure

**Region/Country:** Connecticut

**Fund:** Carlyle Infrastructure Partners, L.P.

**Acquired:** December 2009

**Status:** Exited

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### Key Value Creation Metrics

- Innovative public-private partnership facilitates private investment in public infrastructure assets.
- Connecticut is expected to receive nearly \$500 million in economic benefit from the transaction, including approximately \$230 from capital investments to improve and maintain the facilities and \$250 million in projected revenue sharing.
- Project Service is expected to create approximately 375 new jobs (50% increase in headcount), including custodial positions represented by the Service Employees International Union.
- The renovations are expected to result in new and upgraded facilities that are cleaner and safer, including new environmental technologies and police substations.
- Expanded service offerings are expected to include SUBWAY and Dunkin' Donuts.

# 375 jobs

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## ABOUT THE CARLYLE GROUP

The Carlyle Group (NASDAQ: CG) is a global alternative asset manager with \$174 billion of assets under management across 306 investment vehicles as of September 30, 2017. Carlyle's purpose is to invest wisely and create value on behalf of its investors, many of whom are public pensions. Carlyle invests across four segments – Corporate Private Equity, Real Assets, Global Market Strategies and Investment Solutions – in Africa, Asia, Australia, Europe, the Middle East, North America and South America. Carlyle has expertise in various industries, including: aerospace, defense & government services, consumer & retail, energy, financial services, healthcare, industrial, real estate, technology & business services, telecommunications & media and transportation. The Carlyle Group employs more than 1,550 people in 31 offices across six continents.

Carlyle believes these selected case studies should be considered as a reflection of Carlyle's investment process, and references to these particular portfolio companies should not be considered a recommendation of any particular security, investment, or portfolio company. The information provided about these portfolio companies is intended to be illustrative, and is not intended to be used as an indication of the current or future performance of Carlyle's portfolio companies. The investments described in the selected case studies were not made by any single fund or other product and do not represent all of the investments purchased or sold by any fund or other product. The information provided in these case studies is for informational purposes only and may not be relied on in any manner as advice or as an offer to sell or a solicitation of an offer to buy interests in any fund or other product sponsored or managed by Carlyle or its affiliates. Any such offer or solicitation shall only be made pursuant to a final confidential private placement memorandum, which will be furnished to qualified investors on a confidential basis at their request.

## An Innovative Public-Private Partnership

The Project Service transaction is an innovative public-private partnership through which private sector funding will help to rebuild and maintain public infrastructure. In this effort, Project Service will pay for 100% of the improvements to the service areas in exchange for a right to operate the facilities for 35 years. The state will continue to own the facilities through the term of the agreement, and at the end of 35 years, the state will resume responsibility for the operations and maintenance of the facilities.

## Capital to Renovate and Upgrade Service Areas

Carlyle and its joint venture partners expect to invest approximately \$230 million in redeveloping and maintaining the 23 service areas on Interstates 95 and 395 and Route 15 (The Wilbur Cross and Merritt Parkways). The current facilities were built in the 1940s and 1950s and have had no significant capital improvements in the past 25 years. Project Service and its tenants are expected to invest approximately \$178 million over a five-year period to renovate and upgrade the facilities and an additional \$52 million in capital to maintain the facilities after they are redeveloped.

Project Service is expected to provide Connecticut with clean, safe and upgraded facilities that will reflect the local character and history of the state, as well as meet the needs of the traveling public. Project Service will reduce the energy usage and emissions associated with trucks by implementing new environmental technologies that include silver LEED design elements and truck-idle reduction technology. Project Service will also install police substations in select service areas in order to provide increased coverage by law enforcement.

Project Service commenced operations of the service areas on December 7, 2009. The redevelopment process will span a three- to five-year period, and the first major redevelopment is expected to be completed in 2011. In July 2010, Project Service broke ground on the first redevelopment project, on Route 15 in North Haven, Connecticut.

## Revenue Sharing

In addition to funding the initial redevelopment costs, Project Service will share revenue with the state. It is projected that the state will receive a minimum of \$250 million in payments during the term of the agreement. Such payments allow the state to share in the upside of the partnership, as the renovated facilities attract more customers and generate more revenues. In total, the state is expected to receive nearly \$500 million in economic benefit from the project.

## Employment Growth/Partnership with the SEIU

Project Service is expected to add an estimated 375 new jobs to the approximately 750 current positions—a 50% increase in headcount. During redevelopment, a minimum of 100 new construction jobs are projected to be created. After redevelopment, the new food and retail businesses are expected to employ approximately 200 new full- and part-time positions and 75 custodial positions. Custodial services will be provided by a local company whose workers are represented by the Service Employees International Union.

## Expanded Service Offerings

As part of the redevelopment, Project Service is expected to increase the product offerings and services to travelers. The restaurant and retail offerings will include for the first time SUBWAY, Dunkin' Donuts (a Carlyle portfolio company) and a variety of other local restaurants and shops, supplementing existing brands such as McDonald's. Project Service will also offer improved fuel services, expanded convenience stores and tourism resources.