In 2015, while the national economy continued to see modest growth, the commercial real estate sector experienced robust expansion overall. This was reflected in the solid performance of the James Campbell Company, which exceeded national sector benchmarks. I am pleased to report that this was due to the strong results posted by our two operating divisions: the Real Estate Investment Management Division, which manages the Company’s investment assets in 15 states and Washington, D.C., and Kapolei Properties Division, which directs the development of Kapolei. We highlight the results in this report.

As we move into 2016, we are focused on navigating a volatile national and global economy with the same time-tested management practices that have sustained us over the years.

I would like to thank our team at James Campbell Company as well as our Board of Directors for all their contributions in 2015, and express my gratitude to our Shareholders for their continued input and support.

Richard J. Dahl
Chairman & Chief Executive Officer

(Cover photo)
Kapolei Lofts, a 499-apartment rental complex, opened in August 2015.
REAL ESTATE INVESTMENT MANAGEMENT

As 2015 came to a close, the U.S. economy continued to exhibit healthy signs of growth with a lower unemployment rate, strong job growth and increased consumer spending. In the commercial real estate market, demand for commercial leases was up, and vacancies continued a downward trend due to the shortage of inventory in spite of construction growth across all property types. It appears the market is in a period of strong fundamentals, even with the specter of a lackluster global economy going into 2016.

The Real Estate Investment Management (REIM) division manages the Company’s income-producing real estate assets in 15 states including Hawai‘i, and Washington, D.C. In 2015, REIM capitalized on the trends in the national market, posting the highest occupancy rates since the downturn, and good rental growth in most markets. This was especially true in the industrial market. During the year, the division bolstered its holdings with the acquisition of four industrial properties. It also disposed of four assets, including a vacant pad site, ground lease, retail redevelopment and office property.

Industrial properties expand portfolio

The Company’s four new properties are located in highly desirable industrial markets.

675 Canton Street, Norwood, Massachusetts

This 338,432-square-foot warehouse facility represented a rare opportunity to acquire a Class A property in the Route 128 South submarket, one of Boston’s most supply constrained industrial markets. The combination of limited warehouse facilities and recent development of mixed-use, residential and office projects in the market make 675 Canton Street extremely attractive to industrial tenants. The property has superior access to major transportation arteries throughout greater Boston.

675 Canton Street is 100 percent leased to a diverse mix of tenants including Universal Wilde, which provides tools and services for direct marketing campaigns; CHEP USA, which manages the movement of more than 300 million pallets and containers for use in the automotive, consumer goods, food and beverage, home improvement, petrochemical, and raw materials industries; New England Portable Storage, a moving and storage company using PODS (Portable On-Demand Storage) containers; and CaesarStone, which manufactures and sells engineered quartz surfaces for both residential and non-residential applications.
Luterbach Companies Portfolio, Milwaukee, Wisconsin

The acquisition of the Luterbach Companies Portfolio of three high-quality Class A industrial properties in Milwaukee, Wisconsin marks the Company’s re-entry into the Milwaukee Industrial market where it last owned properties in the late 1990s.

The three buildings, totaling 408,852 square feet, are relatively new, and come with the added bonus of 2.27 acres of developable land on the southwest corner of the property. They are located in the Southeast Waukesha County submarket, which has an industrial base of 17 million square feet. It also has easy access to transportation routes and a quality labor force.

There are six Luterbach tenants. They include Christopher Morgan and BindMax Proteins, two separate companies on one lease. Christopher Morgan performs fulfillment and distribution services for infomercial products, while BindMax Proteins is a supplier of food ingredients. EMTEQ, a subsidiary of B/E Aerospace, produces and supplies products for the aviation industry. KirbyBuilt Products manufactures recycled plastic and site furniture. Caliendo-Savio Enterprises is a brand merchandising agency specializing in online fulfillment of various promotional merchandising products. Komacki & Associates is an electrical engineering company.

In addition to diversifying the Company’s portfolio, Milwaukee brings the stability of a third tier market that yields higher returns.

Powers Pointe, Chanhassen, Minnesota

This acquisition was an unusually good deal as it came directly to the Company from the developer, United Properties, an investment and development company based in Minneapolis. It was an opportunity to acquire Powers Pointe, a brand new, 140,323-square-foot building that United Properties was building in the Chanhassen industrial/office park area, which is part of the Southwest Industrial submarket in the Twin Cities. The off-market offer was made because of the developer’s 25-year relationship with the Campbell Company as the management company for its more than one-million-square-foot Minneapolis portfolio.

The deal was even more attractive, as two tenants were ready to sign 10-year leases for the entire building as soon as it was completed. The property was fully leased when the Company acquired it in August 2015.

Despite having similar names, the tenants, Federal Package Network Inc. and Federal Molding Corp., are separate companies. However, they have a close business relationship that required co-location. Federal Molding does custom injections molding and product manufacturing. For example, it produces lip balm that Federal Package uses to fill lip balm tubes. The close proximity of their plants allows for quick delivery of product between the two facilities.
In 2015, the Hawai‘i economy experienced positive growth, reflecting national trends. In particular, the visitor industry was strong, job growth was up, unemployment was down, and personal income increased. In spite of a nervous global economy, experts are projecting continued expansion in 2016. In Kapolei, growth has generally been more stable than other areas in Hawai‘i across economic cycles.

One particularly robust sector was Hawai‘i’s real estate market, with U.S. and foreign investors snapping up properties for development. Meanwhile, construction on O‘ahu continued at a brisk pace into the new year. Kapolei was experiencing its own growth in the development of the City of Kapolei where investor activity grew. The Kapolei Properties Division (KPD), which oversees the Company’s Kapolei area development and investment activities, made major investments in two noteworthy housing and infrastructure projects.

### Strategic Dispositions

In 2015, the Company disposed of four assets in California, New Jersey and Kansas. The dispositions were opportunities to harvest value or exit non-strategic investment markets.

- **Block C at Puente Hills East, City of Industry, California.** It includes a redeveloped retail center leased to Ross, Old Navy, Petsmart, and Ulta Cosmetics, and ground leases. The center was sold to a private investor.

- **Block A at Puente Hills East, City of Industry, California.** A vacant pad was sold to Tommy’s Original World Famous Hamburgers.

- **Wichita West, Wichita, Kansas.** The ground lease was sold to existing tenant, Lowe’s.

- **2200 Fletcher Avenue, Fort Lee, New Jersey.** The office complex is under contract for disposal with JFR Global. Closing is expected in early 2016.

### Kapolei Properties Division

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### Kapolei Lofts

For the first time in nearly 40 years, O‘ahu saw the construction and opening in late August 2015 of the first significant rental housing complex on the island. Kapolei Lofts, a development by Forest City Hawai‘i, is a 499-apartment rental complex that sits on 17 acres at the corner of Kapolei Parkway and Waikea Street in the urban core of the City of Kapolei.
The project responds to a pent-up demand for rental housing in a fast-growing community, as borne out by the strong response by tenants who are mainly empty nesters, young professionals and singles. Most attractive to these renters is Kapolei Lofts’ central location and its close proximity to numerous shopping, retail and community facilities. There is the added appeal of the very attractive apartments, which are contemporary in design with central air-conditioning, nine-foot ceilings, walk-in closets, lanais spacious enough for outdoor dining, energy efficient technology and appliances, and photovoltaic systems. Residents are also enthusiastic about the “resort style” amenities including a community center with a swimming pool, barbecue area, a 2,000-square-foot fitness facility, a cyber café with wi-fi, and large private room for meetings and private parties, a great room with large-screen TV, and a popular self-service doggie spa for pet owners.

To address the economic viability of the project, Forest City designed it to be sustainable by reducing maintenance and utility costs significantly — i.e., building tighter, better insulated apartments and facilities, installing a photovoltaic system to generate power for the common areas, and installing demand response smart controllers to help mitigate the demand for hot water usage by residents.

At full build out, the complex will have 14 residential buildings. Of the 499 residential units, 300 are affordable. The complex will have generous open space and a highly landscaped park for residents.

Of particular note is the project’s financing. The $140-million project was financed via a public-private partnership, including a significant role by KPD through an agreement that allows Forest City to use the land’s value towards project financing. KPD also provided funding for project improvements. Other project partners include several financial institutions, the State of Hawai’i and the City and County of Honolulu.
Kalaeloa Boulevard Improvement

In 2015, KPD began $50 million in infrastructure improvements on the heavily traveled Kalaeloa Boulevard, an aging roadway from Lauwiliwili Street to Malakole Street in the City of Kapolei. The roadway improvement includes widening and reconstructing the roadway that was last improved in the early 1990s. It also includes a new Kalaeloa Wastewater Pump Station and sewer system to accommodate the area’s projected industrial sector growth.

The boulevard is the main connector to some of the area’s busiest employment centers — James Campbell Industrial Park, the Kapolei Business Park, and Kalaeloa Harbor, the state’s second business commercial port.

When completed in 2018, the project will be dedicated to the City and County of Honolulu, which is assisting with project approvals.

Kama‘aha Avenue

In another infrastructure project designed to accommodate growth in the city’s core, KPD partnered with the City and County of Honolulu and developer D.R. Horton to extend Kama‘aha Avenue through to Uluohia Street and Kapolei Parkway and into Mehana, the 135-acre mixed-use residential community nearing completion. The roadway, which was opened in December 2015, gives drivers a second way into Mehana and relieves traffic build up in front of the new Ho‘okele Elementary School on Kunehi Street. KPD’s share of this extension project was approximately $6.5 million.
SUPPORTING OUR COMMUNITY

In 2015, the James & Abigail Campbell Family Foundation and the James Campbell Company continued their long tradition of supporting children, their families and communities in West O‘ahu through their community giving programs. Together they contributed more than $1.4 million to organizations and non-profits that serve these beneficiaries.

Nearly 48 percent, or almost $681,000, went to education, with the lion’s share supporting ten public schools in Leeward O‘ahu. The remainder went to a range of educational programs that promote learning in both traditional and non-traditional ways — from reading (Reading is FUNdamental) to robotics (VEX Robotics at Wai‘anae Intermediate). Culture and arts programs were also recipients, including the performing arts (Hawaii Opera Theatre) and Hawaiian cultural practices, particularly the Polynesian Voyaging Society’s Worldwide Voyage promoting the importance of caring for the ‘aina. A substantial share was dedicated to expanding healthcare services for West O‘ahu and Leeward communities, with support for the Queen’s Medical Center — West O‘ahu and the Wai‘anae Coast Comprehensive Health Center. The Company also continued to encourage employee volunteerism with its support for their preferred charities.