



James Campbell Company LLC
2012 ANNUAL REPORT

(Cover photo)

The James Campbell Company's Real Estate Investment Management (REIM) division is based in San Francisco, California.

Front row from left to right: Sydni Roberson, Vice President, Regional Manager; Robert Wu, Property Accountant; Kathie Chan, Secretary; Liz Frindrich, Executive Secretary; Kathleen Burgi-Sandell, Vice President, Regional Manager

Back row from left to right: Dorine Holsey Streeter, Executive Vice President, REIM; Arthur Matzuyama, Property Accountant; Doug Morris, Vice President, Regional Manager; Raymond Tse, Asset Management Associate; Marcia Ballard, Property Accountant Supervisor; Rodney Takemoto, Vice President, Finance & Accounting, REIM



The Management Team

From left to right: David W. Rae, Senior Vice President, Development, Kapolei Property Development LLC; Gary S. Oliva, Senior Vice President, Real Estate Investments; Dorine Holsey Streeter, Executive Vice President, Real Estate Investment Management; Richard J. Dahl, President & Chief Executive Officer; Bradford J. Myers, President, Aina Nui Corporation; Landon H.W. Chun, Executive Vice President/Chief Financial Officer



Board of Directors

From left to right: David R. Andrews, Director; Linda M. Assante, Director; W. David P. Carey, III, Director; Kristin F. Gannon, Director; T. Michael May, Director; Stephen H. MacMillan, Director; Richard J. Dahl, Chairman of the Board



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MESSAGE FROM THE CEO

I am pleased to report that 2012 was indeed a good year. This is tempered, however, by a strong caution as the 2013 U.S. economy continues to reflect uncertain growth.

In spite of an unpredictable environment, the Company closed 2012 with excellent results, thanks to conservative management and investment practices. They included containing capital expenditures while capitalizing on opportunities that maximize asset value and revenue.

These results are based on the outstanding performance of our two operating divisions—Real Estate Investment Management, which is responsible for the Company’s portfolio of investment properties across the U.S. mainland and Hawai’i, and Hawai’i Development, which directs the development of Kapolei.

As we move forward, we will continue to adhere to our proven management practices and at the same time be poised to take advantage of opportunities for growth when they arise.

We thank all stakeholders of our Company, be they shareholders, tenants, vendors, and the communities we serve, for the continuing support of our fine Company.

A handwritten signature in black ink that reads "Richard J. Dahl". The signature is written in a cursive, flowing style.

Richard J. Dahl
Chairman & Chief Executive Officer



REAL ESTATE INVESTMENT MANAGEMENT

2012 was a year of steady but sluggish growth for the recovering U.S. economy. While some leading indicators were positive, global instability and political wrangling in Washington, D.C., created uncertainty and were a drag on the economy. This resulted in a slowdown in leasing activity in the commercial real estate market as companies were reluctant to make commitments to long-term leases. Fortunately, some markets in early recovery performed well in 2012 and real estate values remained strong due to institutional demand.

Real Estate Investment Management (REIM), which manages the Company's income-producing real estate assets in 16 states including Hawai'i, and Washington, D.C., responded to these challenges by closely managing expenses, implementing proactive customized leasing strategies throughout the portfolio, and capitalizing on leasing opportunities within markets emerging first in the recovery. It also strategically disposed of select assets to invest in properties with income stability or higher income growth potential.



Needham Corporate Center, opposite and above



10600 W. Belmont Avenue

ACQUISITIONS

In 2012, REIM acquired an office property in Massachusetts, and four industrial properties in Illinois, Minnesota and New Jersey.

Massachusetts

- **Needham Corporate Center** – This 138,690-square-foot multi-tenant office property is located on Route 128/I-95 in the premium Route 128 West Submarket, which is in the heart of Boston’s leading executive bedroom communities of Needham, Newton, Wellesley, and Brookline. The complex is just minutes away from major retail hubs like Needham Center and Legacy Place, suburban Boston’s premier lifestyle retail center. The newly upgraded office complex is 96 percent leased with a highly diversified tenant mix, including national and regional credit companies John Hancock, MetLife, Prudential, Swiss RE, Pacific Life, and Covidien.

Illinois

- **10600 W. Belmont Avenue** – This 206,400-square-foot distribution building is well located in the Chicago O’Hare submarket just over a mile from the O’Hare airport, with good access to two major highways, I-294 and Mannheim Road. The building is 100 percent leased to Life Fitness, a division of Brunswick Corporation (BC NYSE). The company manufactures and sells exercise equipment for commercial and home use, including weight machines, treadmills and similar fitness equipment. Life Fitness has been a tenant since it was built in 1996.

Minnesota

Both industrial properties are located in the high demand metro distribution areas of Plymouth and Eagan, which allows employers to draw labor from a large portion of the metro area. They are in the stable Minneapolis industrial market, whose overall vacancy rate ranks 9th out of 58 markets nationwide by CBRE Economic Advisors.

- **1090 Gemini Road** – Located on 3.1 acres in Eagan, Minnesota, this 47,786-square-foot office/warehouse is 100 percent leased to Shaw Industries, Inc., a Berkshire Hathaway subsidiary. The facility is located in the Minneapolis/St. Paul South Central industrial submarket.
- **865 Xenium Lane North** – This is a 110,502-square-foot office/warehouse building that sits on 8.23 acres in Plymouth, Minnesota. It is 100 percent leased to Auer Steel & Heating Supply Company, and is located in the Northwest industrial submarket of Minneapolis/St. Paul.



1090 Gemini Road



865 Xenium Lane North



One Matrix Drive

New Jersey

- **One Matrix Drive** – This 259,369-square-foot industrial property in Monroe Township, New Jersey, is fully occupied and serves as the state-of-the-art distribution center and headquarters of CooperFriedman Electric Supply Co. A wholly owned subsidiary of Sonepar USA, it is a leading provider of electrical supplies in the New York metropolitan area. The facility is located in the Exit 8A submarket that provides easy access to the New Jersey Turnpike, which feeds into the entire New York metropolitan areas, as well as metro Philadelphia, western Pennsylvania and southern New Jersey.

DISPOSITIONS

As part of its strategy of harvesting value and replacing underperforming assets with stable or higher income-producing properties, REIM disposed of two properties in Illinois.

- 785 Center Avenue, an industrial building in Carol Stream, Illinois for nearly \$13.9 million. Changes in tenancy undermined an asset that historically has performed well.
- Windham VII, a 723,000-square-foot industrial building in Romeoville, Illinois for \$33.7 million provided an opportunity to capture peak pricing for a single tenant building with near term roll over risk.

HAWAI'I DEVELOPMENT

Hawai'i's economy closed out 2012 on a cautiously positive note, with modest growth forecasted for 2013. This was driven in large part by the strong performance of the state's number one industry, tourism, which was bolstered by healthy increases in foreign visitors, thanks to the federal government's more liberal visa policies affecting countries like Korea and Taiwan. Moderate bumps in other leading indicators like jobs, personal income, tax revenues, and the construction industry added to the muted note of optimism for the economy going forward. However, uneasiness over the national fiscal cliff and an unstable global economy continue to temper activity in the Hawai'i commercial real estate market.

Hawai'i Development (HD), which manages the Company's Hawai'i land assets, saw evidence of this caution in investment and development activities in the Kapolei region. To meet these challenges, HD set and met its objective of maximizing values while reducing capital expenditures. To this end, it implemented several strategies—creating and expanding government and private partnerships, readying projects for development, positioning assets to maximize revenues and future value, and executing transactions to harvest the value created.

By the end of 2012, HD had successfully completed several transactions, while others were in the process of being executed.



Kiewit Infrastructure West | Photo courtesy Honolulu Authority for Rapid Transportation (HART)



Kalaeloa Barbers Point Harbor

COMPLETED TRANSACTIONS

In 2012, HD completed five transactions for health care, infrastructure, industrial, endangered species protection, and community parks activities.

- **Kaiser Foundation Health Plan Inc.**, purchased a five-acre parcel in Kapolei as a strategic investment for future development.
- **Kiewit Infrastructure West** signed a license agreement for 34 acres in Kapolei for a Honolulu Rail Transit-related concrete pre-cast plant.
- **State of Hawai'i Department of Transportation Harbors Division** acquired through condemnation a 54-acre Kapolei Maritime Industrial parcel for expansion of its Kalaeloa Barbers Point Harbor facilities.
- **U.S. Fish and Wildlife Service** acquired 28.8 acres, one of two remaining properties in Kahuku, for the James Campbell Wildlife Refuge. The Refuge is a critical habitat for Hawaiian endangered species.



Kahuku District Park

- **City and County of Honolulu** received a gift of 12 acres of land from the Company for its park system. The City had been leasing 7.5 acres for its Kahuku District Park since 1986, and 4.3 acres for the Puuloa Neighborhood Park in 'Ewa since 1961. The City now has clear control of these lands for the future. The Company also dedicated the 5.9-acre Kamokila Park to the City in exchange for park dedication credits benefitting the Kapolei West residential community project. The park is located east of Honokai Hale, and will remain in use as a park with the name Kamokila Park in perpetuity.



U.S. Fish and Wildlife Service



TRANSACTIONS IN PROCESS

By year's end, five transactions were in process. They include proposed alternative energy and retail uses.

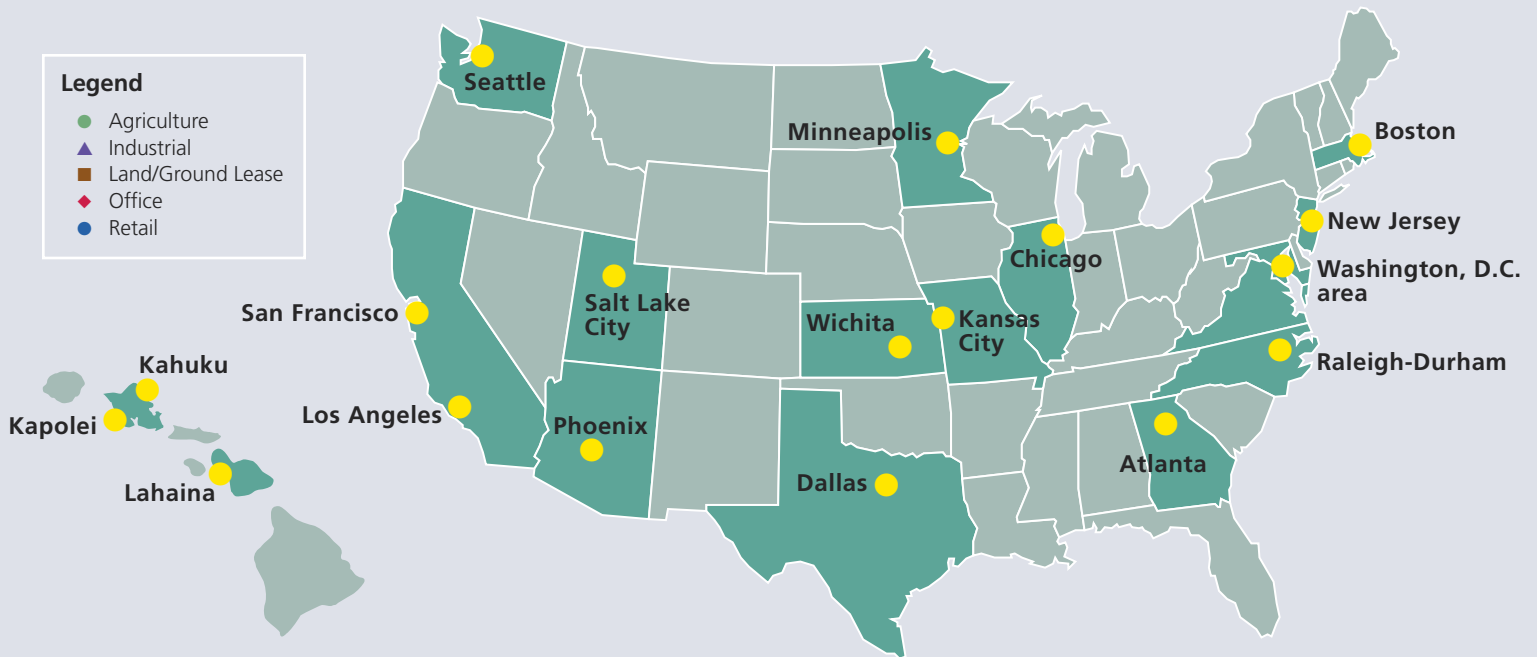
- **Forest City Hawai'i Residential, Inc.** is in due diligence on a 17-acre parcel along Kapolei Parkway, between the Leihano Senior Community and the new Foodland center. This will be a significant addition to Kapolei: a 500-unit multi-family rental project, the first large market-rate rental apartment development on O'ahu in many years. The plan also calls for apartment amenities as well as 10,000 square feet of retail.
- **SunEdison**, a major solar energy developer, is in due diligence for a 42-acre Palalai residential site for a 5-megawatt photovoltaic solar farm.
- **Pacific Development Center**, Safeway's development arm, is in the process of acquiring 11.3 acres within the Company's Kapolei West residential development project. It plans to develop a 135,000-square-foot retail center on the site, which is next to Kapolei Commons.
- **Lot 70** at the corner of Kapolei Parkway and Fort Barrette Road is under negotiation for development as a retail center.
- **A .7-acre lot** on Kamokila Boulevard across from Kapolei Entertainment Center is under discussion as a potential restaurant project.

Kapolei Area Map



Properties

as of December 31, 2012



Arizona

- Millennium McCormick Ranch

California

- ▲ 1200 Whipple Road
- ▲ 5725 Jurupa Street
- ▲ 13479 Valley Boulevard (Kaiser Gateway I or LeapFrog Building)
- ▲ 18021 Valley View Avenue
- ▲ 33300 Dowe Avenue
- ▲ Fullerton Industrial Center
- ▲ Montebello Industrial Center
- ▲ Ontario Distribution Center
- ▲ Ontario Gateway West
- Puente Hills East Blocks A, C and D
- Vintage Oaks at Novato

Georgia

- ▲ 675 Old Peachtree Road
- ▲ Atlanta Airport Distribution Center
- ▲ Breckinridge North
- ▲ Brook Hollow Distribution Center
- ▲ Goshen Springs Business Center
- ▲ Meadows Publix
- ▲ Norcross Center
- ▲ Shawnee Ridge
- ▲ SouthPoint
- ▲ Suwanee Creek Distribution Center

Hawai'i

- ◆ Campbell Square
- ▲ Cardinal Health
- ▲ I-2 Industrial
- Kahuku
- Kam IV Road
- Kapolei Harborside Center
- Kapolei Shopping Center
- Kapolei West
- Lanikuhonua Cultural Institute
- Makaiwa Hills
- ▲ Neiman Marcus
- Paradise Cove
- Kapolei
- Westin Maui

Illinois

- ◆ 600 North Field Drive
- 635 South Randall Road
- ▲ 815 & 825 Bluff Road
- ▲ 1333-1347 Mt. Prospect Road
- ▲ 10600 W. Belmont Avenue
- ◆ ArborLake Centre
- ▲ Carol Point Business Center
- ▲ Champion International
- ▲ Hamilton Parkway
- ▲ High Grove Lane
- ▲ Kehoe Boulevard
- ▲ Roselle Center
- ▲ Windham Industrial Center

Kansas

- Ridge Road

Maryland

- ◆ Park Plaza
- ◆ Two Washingtonian

Massachusetts

- ◆ Needham Corporate Center

Minnesota

- ▲ 865 Xenium Lane North
- ▲ 1090 Gemini Road
- ◆ 12700 Whitewater Drive
- ▲ Carlson Tech Center
- ▲ Oliver Avenue South
- ▲ Plymouth Industrial

Missouri

- ◆ Ward Parkway

New Jersey

- ▲ 24 Engelhard Drive
- ◆ 2200 Fletcher Avenue
- ▲ One Matrix Drive

North Carolina

- ◆ Central Park South
- ◆ Central Park West

Texas

- ▲ 4600 South Watson

Utah

- ◆ Union Park Center II
- ◆ Union Park Center III
- ◆ Union Park Center IV

Virginia

- ◆ 2051 Jamieson Avenue (Carlyle Place)
- ◆ 3110 Fairview Park Drive
- ◆ 4100 North Fairfax Drive
- ◆ 7600 Leesburg Pike

Washington

- Bank of America Fifth Avenue Plaza

Washington, D.C.

- ◆ 1331 F Street NW
- ◆ 1667 K Street NW



The James Campbell Company donated \$250,000 to nine Kapolei and West O'ahu schools. (L-R): **Dave Rae** (Kapolei Property Development), **Heidi Armstrong** (Campbell-Kapolei Complex Superintendent), **Francine Fernandez** (Wai'anae-Nānākuli Complex Superintendent), **Nelson Shigeta** (Wai'anae High School Principal), **Elden Esmeralda** (Kapolei High School Principal), **Naomi Takamori** (Campbell High School Principal), **Bruce Naguwa** (Kapolei Middle School Principal), **Cindy Otsu** (Kapolei Elementary School Principal), **Claudia Nakachi** (Barbers Point Elementary School Principal), **Todd Fujimori** (Makakilo Elementary School Principal) and **Shelley Ferrara** (Mauka Lani Elementary School Principal).

SUPPORTING OUR COMMUNITY

In 2012, the James & Abigail Campbell Family Foundation and the James Campbell Company contributed more than \$1.2 million to support institutions and non-profit organizations that serve children and their families mainly in West O’ahu communities.

The greatest share, \$690,065 or more than 50 percent, went to education in all its forms. This included support for traditional academic programs, scholarships for graduating high school students, and support for the capital and technology needs of public schools in the Leeward district. We also broadened our support to non-traditional educational programs that engage students with different learning styles through their interest in activities like sports, culture and arts, robotics and digital media. These programs included Hawaii High School Athletic Association and Pacific Islands Athletic Alliance; Afterschool Art and Performing Arts Center of Kapolei; and the Kapolei High School robotics program and Wai’anae High School’s Searider Productions.



Kapolei High School Engineering and Robotics Program



Performing Arts Center of Kapolei

Nearly 30 percent or \$340,394 supported non-profit organizations that serve a range of community needs. For example, grants were made to organizations like Child & Family Service and Family Programs Hawai’i. We supported environmental programs like Friends of Honouliuli and The Nature Conservancy, and the Hawai’i Community Foundation’s Pillars of Peace Hawai’i program with the Dalai Lama. We also made a major multi-year pledge to Waianae Coast Comprehensive Health Center for a new emergency medical services center.

We continued to support Hawaiian cultural programs, including the Annual Lei ‘O Lanikuhonua Hula Festival, which is sponsored by the Campbell Family Foundation, the James Campbell Company and the Lanikuhonua Cultural Institute at Ko Olina. The non-competitive one-day hula festival is open to all high school hula students who have a rare and unique opportunity to learn from many of Hawai’i’s leading kumu hula.

James Campbell Company LLC

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