



ALEXANDER & BALDWIN
PARTNERS FOR HAWAII

Premier Hawaii Commercial Real Estate Company

Investor Presentation
As of March 31, 2023



Safe Harbor Statement

Statements in this presentation that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve a number of risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements.

These forward-looking statements include, but are not limited to, statements regarding possible or assumed future results of operations, business strategies, growth opportunities and competitive positions. Such forward-looking statements speak only as of the date the statements were made and are not guarantees of future performance. Forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that could cause actual results and the timing of certain events to differ materially from those expressed in or implied by the forward-looking statements. These factors include, but are not limited to, prevailing market conditions and other factors related to the Company's REIT status and the Company's business, results of operations, liquidity and financial condition, and the evaluation of alternatives by the Company related to its materials and construction business, as well as other factors discussed in the Company's most recent Form 10-K, Form 10-Q and other filings with the SEC. The information in this presentation should be evaluated in light of these important risk factors. We do not undertake any obligation to update the Company's forward-looking statements.

Premier Hawaii REIT Investment Opportunity



**PROVEN
MANAGEMENT TEAM**
Diverse Experience and Deep Local Roots



**SUPERIOR
MARKET FUNDAMENTALS**
Dynamic, Growing Market with Structural
Limitations on New Supply



**HIGH-QUALITY
PORTFOLIO**
Irreplaceable assets



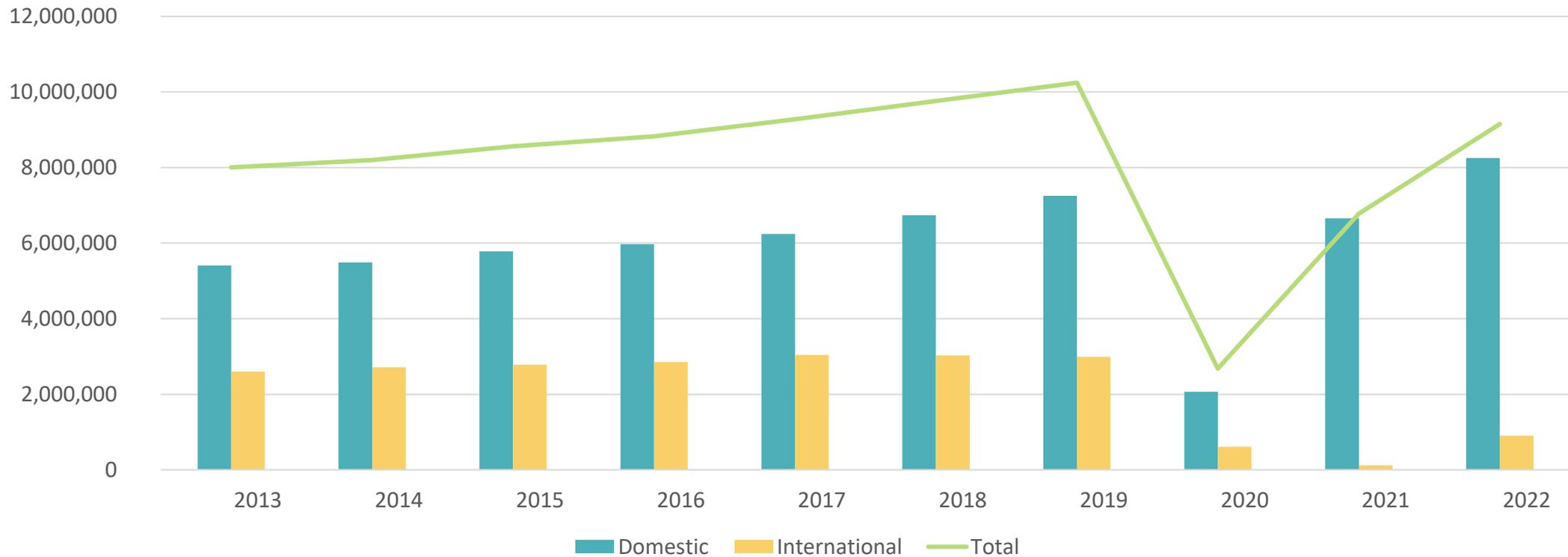
**OPPORTUNITIES
FOR GROWTH**
Embedded Internal Growth Opportunities
and
Competitive Advantage with Hawaii Focus



Hawaii Market

Perception: Tourism is Hawaii's One-Trick Economic Pony

Visitor Arrivals - 2013 to 2022

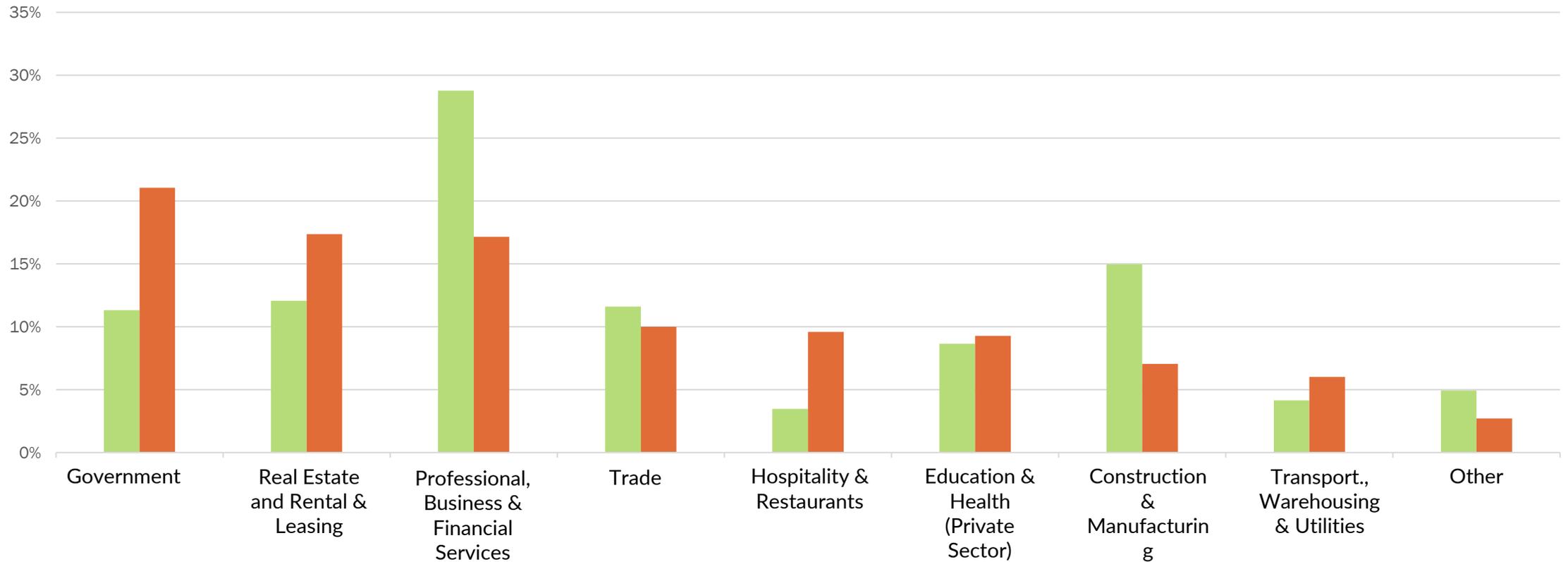


Source: Hawaii Department of Business, Economic Development & Tourism
 Data provided for informational purposes only; no endorsement implied.

Reality: Hawaii has Diverse GDP Production

2021 US and Hawaii GDP by Industry

■ US GDP ■ Hawaii GDP



Source: U.S. Bureau of Economic Analysis
 Data provided for informational purposes only; no endorsement implied.

High Barriers to Entry

STATE ACREAGE BY USE

CONSERVATION
1,973,946
(48%)

AGRICULTURE
1,932,822
(47%)

URBAN
205,620
(5%)



Source: State of Hawaii Land Use Division
Data provided for informational purposes only; no endorsement implied.

Partners for Hawai'i

Supply Constraints Due to Long Entitlement Process

Lengthy & Complex Entitlement Process

3-5 Years

FOR COUNTY GENERAL PLAN INCLUSION

3-5 Years

FOR STATE LAND USE URBAN DESIGNATION

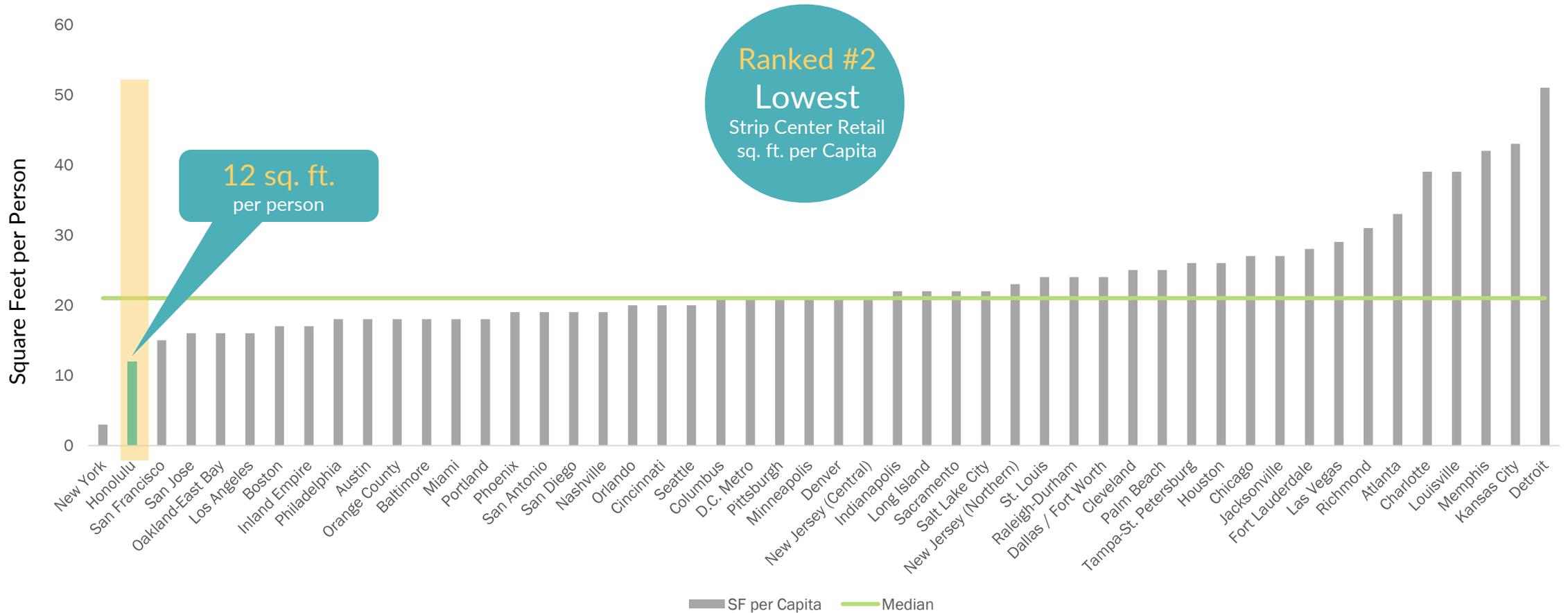
3-5 Years

FOR COUNTY URBAN ZONING

9-15 Years

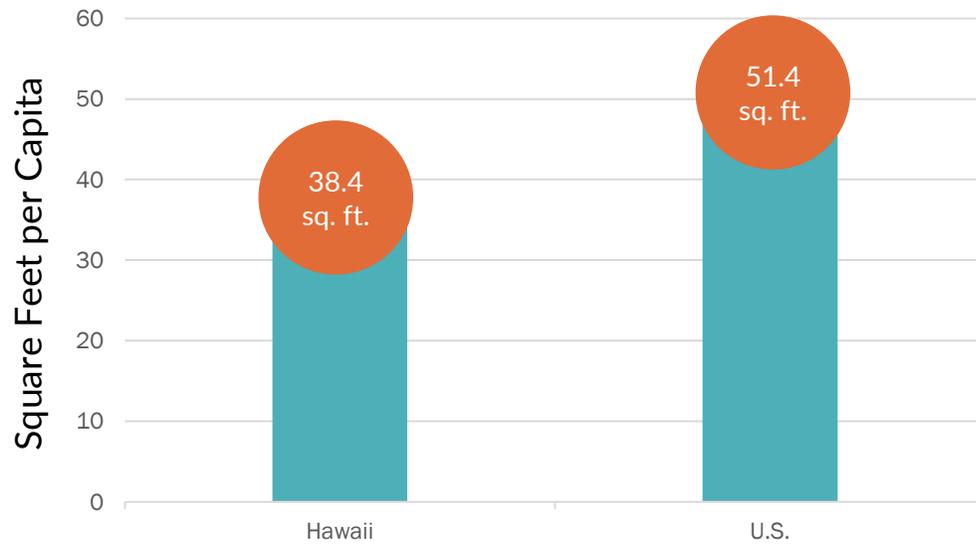
TOTAL

Strip Center Retail Supply



Source: Green Street Advisors 2023 Strip Center Outlook
Data provided for informational purposes only; no endorsement implied.

Industrial Supply



Source: Square footage per Colliers International and population data from U.S. Census Bureau
Data provided for informational purposes only; no endorsement implied.



Portfolio

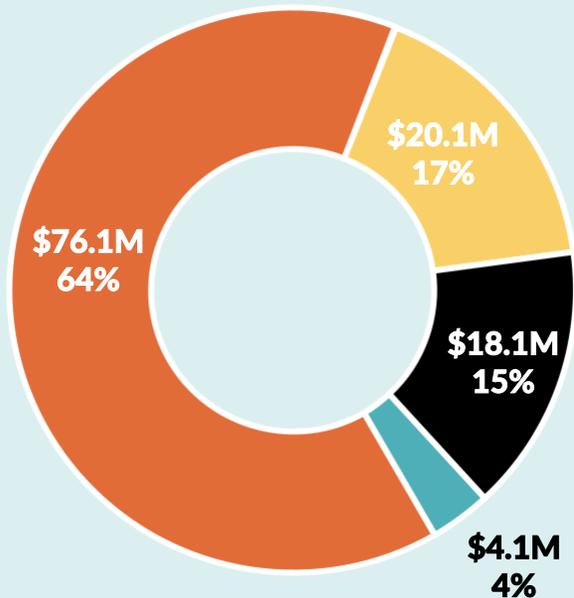
As of March 31, 2023

Outstanding Portfolio

Largest Owner of Grocery-Anchored Shopping Centers in Hawaii

\$118.4M¹

TTM NOI



3.9M sq. ft.
Total Improved GLA

2.5M sq. ft. Total GLA
22 Properties

1.3M sq. ft. Total GLA
12 Properties

142.0 Acres Total



OAHU
 % of Hawai'i GDP² | 74%
 2022 NOI | 73%

MAUI
 % of Hawai'i GDP² | 11%
 2022 NOI | 13%

OTHER ISLANDS
 % of Hawai'i GDP² | 15%
 2022 NOI | 14%

Partners for Hawai'i | 1: See appendix for a statement on management's use of non-GAAP financial measures and reconciliations.
 2: Per State of Hawaii Department of Business, Economic Development and Tourism data.

As of March 31, 2023

Retail Portfolio

22

Properties

2.5M

GLA

\$19.7M

NOI

93.6%

Leased
Occupancy

\$34.81

ABR PSF



First to Market

Ulta Beauty | 2018



Guitar Center | 2019



Chick Fil-A | 2022

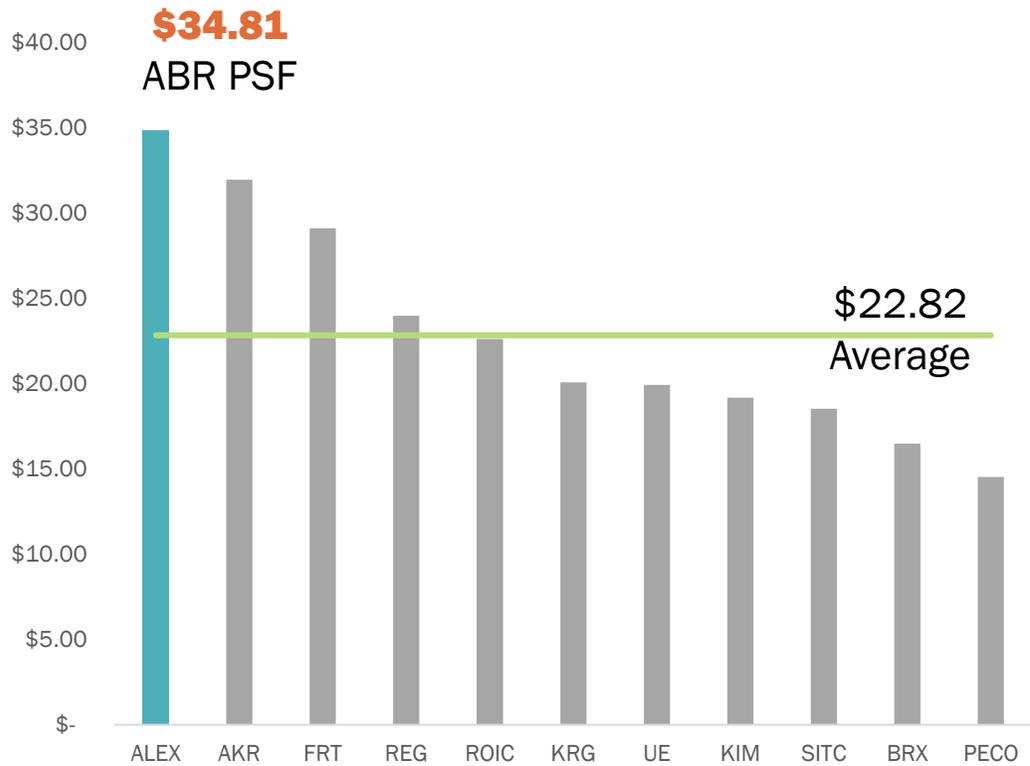


Sonic Drive-In | 2023



As of March 31, 2023

Strong ABR Compared to Peer Set



Source: Company disclosures; comparative data set represents Strip Retail peers under Green Street coverage; no endorsement implied.



As of March 31, 2023

Industrial Portfolio

13

Properties

1.3M

GLA

\$5.1M

NOI

95.2%

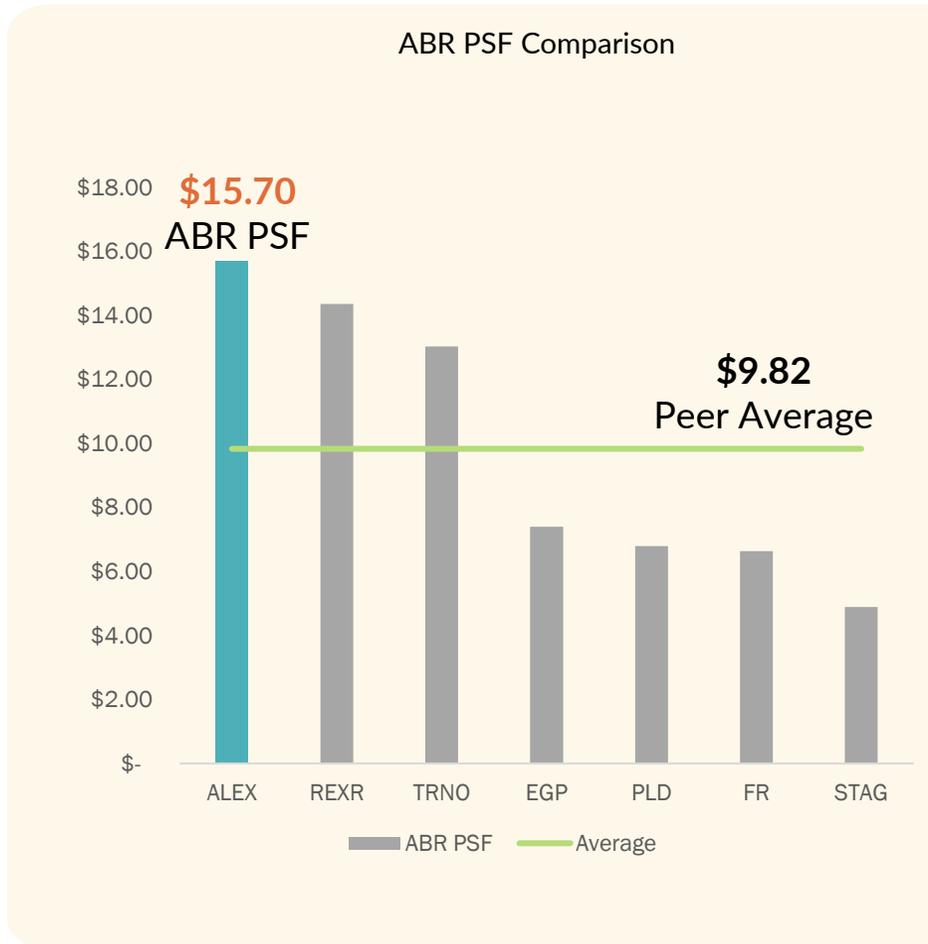
Leased
Occupancy

\$15.70

ABR PSF



Excellent Industrial Peer and Market Metrics



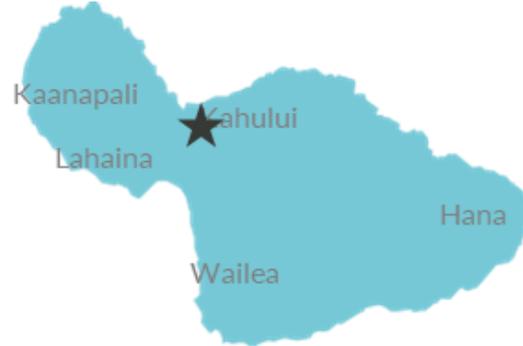
As of March 31, 2023

Ground Lease Portfolio

O'AHU



MAUI



142.0
Acres

\$4.7M
NOI

11.8 years
Average Remaining
Lease Term

15.5 years
Wtd. Avg.
Lease Term



Hawaii Ground Lease 101

Bifurcation of Property Ownership Between Land and Improvements Is Much More Common in Hawaii Than on the Mainland

- During the rapid development of Hawaii following WWII, many property owners provided long duration (often 50+ year) leases of undeveloped land to developers or owner-users, who invested significant amounts of their own capital to build vertical improvements
- Approach driven by a history of highly concentrated land ownership, scarcity of entitled development land, and a common desire of landowners to retain land control across generations
- Became a relatively common form of leasing/development over the ensuing decades, applied across asset classes and islands

Our Ground Lease Segment Is Comprised of “Leased Fee” (i.e., **Landlord**) Positions in These Bifurcated Assets

- We receive ground rent payments from our tenants, who own the improvements built on the land and in many instances sublease all or a portion of those improvements to individual users
- Unlike traditional leases, which predominantly have pre-negotiated, fixed rent resets throughout the known lease term, ground rents are often reset based on a set yield (e.g., 6-8%) applied against negotiated/appraised land value as of the reset date
- 100% of operating and capex costs of ongoing ownership are paid by our tenants throughout the lease term
- All improvements on these properties will automatically revert to us upon ground lease expiration

Leased Fee Investment Benefits

Benefits of Being the Landlord

- **Ground Rents Are Senior and Secured** -- senior to all other tenant financial obligations, and often materially “covered” by achievable improvement rents
- **Ground Rent NOI is Often Pure Cashflow** – given limited to no landlord operating and capital expenses, and light property management burden, ground rents go direct to our bottom line
- **Dramatic Rent Increases Possible Upon Resets** -- rapid land value growth often results in material mark-to-market rent resets
- **Reversions or Buyouts Can Create Value Uplift** -- significant improvement value may remain at reversion; potential to pursue leasehold buyouts to accelerate value capture



2020 KAIMUKI SHOPPING CENTER

FMV reset resulted in 29% ABR increase, with additional contract steps in years 3 and 7



2021 HART PRE-CAST YARD

Contractual step-up resulted in 34% ABR increase

Key Takeaway: Applying Traditional Asset Class-based Cap Rates to Leased Fees Can Dramatically Understate Value

Case Study: Aikahi Park Shopping Center

- Acquired leased fee interest in ~97,000 sq. ft. Safeway-anchored center in 2013 as part of off-market purchase of Kaneohe Ranch portfolio for \$373 million
- In-place ground lease generated an attractive risk-adjusted yield of 4.6%
- Acquired leasehold in 2015, ~10 years prior to reversion, at a whopping 25% cap rate
- Early control of improvements allowed us to accelerate redevelopment, with completion in 2022 and anticipated incremental return at stabilization of 9%
- That's an overall yield across all phases of this investment of over 7%, better than the yield achievable from speculative ground-up development in this time period on Oahu, but with much lower risk

Investment Stage	Capital Invested (\$M)	Stabilized Incremental NOI (\$M)	Stabilized Return on Cost
Leased Fee Purchase ¹	\$23.8	\$1.1	4.6%
Leasehold Purchase	\$1.6	\$0.4	25.0%
Redevelopment	\$18.8	\$1.7	9.0%
Total	\$44.2	\$3.2	7.2%



Growth Levers

Continued Focus on Growth



Accretive Acquisitions in our Preferred Asset Classes

- Anchored & strip retail centers
- Industrial/flex warehouses
- Mixed-use urban assets with retail components
- Sale-leasebacks
- Leasehold buyouts



Embedded Internal Investment Opportunities

- Build-to-suit development on owned, entitled lands
- Redevelopment of existing CRE assets and leasehold reversions
- Renewable energy investments

External Growth

Hawaii Specialist with 153-Year History

Strong local relationships and track record of closing complex deals provides a sourcing advantage in turbulent times

Unique Access to Capital

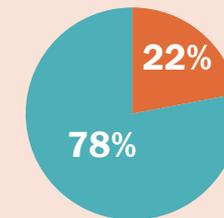
Almost \$500M of corporate revolver capacity, allowing us to move quickly while competitors are priced or frozen out of the asset-level financing markets

Substantial Headroom in Core Asset Classes

We own less than a quarter of the anchored retail market in Hawaii, and a small sliver of the ~60M square foot industrial market

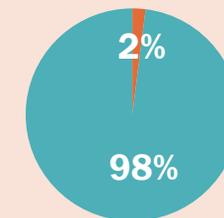
\$1.25B CRE acquisitions since 2013

90%+ Off-market or first-look acquisitions



15 Grocery or Drugstore Anchored Assets
2.2M Sq. Ft. of GLA (Anchored Retail)
93.6% Retail Segment Leased Occupancy
64% Of Total TTM NOI (Retail Segment)
~10M Sq. Ft. of GLA Total Anchored Retail Market

— A&B — Other



12 Industrial assets
1.3M Sq. Ft. of GLA
95.2% Leased Occupancy
17% Of Total TTM NOI
~60M Sq. Ft. of GLA Total Industrial Market

Kaomi Loop Industrial Acquisition

Off-market acquisition from a local water bottling and storage operator enabled seller to unlock cash for reinvestment into the business.

- 33,000 sq. ft. industrial asset located in Kapolei
- Acquisition price of \$9.5 million represents 5.6% cap rate
- 10-year lease with 3% annual increases
- 24-foot warehouse clear height
- Dock-high loading



Redevelopment

Irreplaceable Assets with Embedded Growth Upside

Expertise in unlocking value-add opportunities

COMPLETED



Lau Hala Shops

Reversion of
Ground Lease Asset
Adaptive Reuse

Return of 11%
on repositioning
capital spent and
current leased
occupancy of 100%.

COMPLETED



Aikahi Park
Shopping Center

Reversion of
Ground Lease Asset
Renovation and GLA Expansion

Estimated return of
9% on repositioning
capital spent and
current leased
occupancy of 88.5%.

COMPLETED



Waianae Mall
Shopping Center

Re-tenancy of Big Box

Estimated return of
12% on re-tenancy
capital spent and
100% preleased

ONGOING



Manoa Marketplace

Renovation of Aging Asset

Estimated return of
8% on refresh capital
spent and current
leased occupancy of
97.8%.

Ground-up Development of Commercial Assets

Low-cost Land Basis - Competitive Advantage at Maui Business Park II

Strategically developing and offering build-to-suit lease arrangements for tenants, while monetizing select parcels to owner-users

INDUSTRIAL



52.5 acres

Light industrial lots
in Kahului, Maui

Flex Zoning

Light industrial,
retail and office
use

RETAIL / Ho'okele Shopping Center



- Phase one development of 71,400-sq. ft. center complete
- Safeway grocery store, gas station, and convenience store anchor property
- First Sonic Drive-In in the State
- Stabilized yield of approximately 8%

INDUSTRIAL / Build-to-Suit



- Highly desirable commercial and light industrial development given proximity to Kahului Airport, Kahului Harbor and main Maui roadways

Ground-up Development of Commercial Assets

Industrial Land-Bank at Kapolei, Oahu

55 acres of Industrial zoned land strategically located on West Oahu, with capacity for 940,000 sf of institutional quality warehouse and distribution centers.

Oahu Industrial Land Opportunity Summary

	Land*	Potential GLA
KOMOHANA INDUSTRIAL PARK (yard only)	23.1	373,000 sf
HART	29.1	508,000 sf
KBPW Lots 22 & 5	3.0	59,000 sf
TOTAL	55.2	940,000 sf

* NET developable area excluding future roads, retention areas, and existing buildings.

55 acres

Industrial lots in
Kapolei, Oahu

**Industrial
Zoning**

Industrial,
manufacturing,
warehouse, and
distribution

Komohana Industrial Yard



- Asset includes 23 acres of undeveloped yard space zoned for Industrial use.

HART Yard



- Asset includes 29 acres of undeveloped yard space zoned for Industrial use.

Completed PV Initiatives

Pearl Highlands Center

- Completed construction of 1.3-megawatt rooftop PV system
- Sized to offset 100% of common area energy and provide additional power to select tenants

Complete
Status

\$400K
Estimated
Incremental Annual
NOI Uplift



Ongoing PV Initiatives

Identified next properties for broader rooftop solar initiative

Kaka'ako Commerce Center

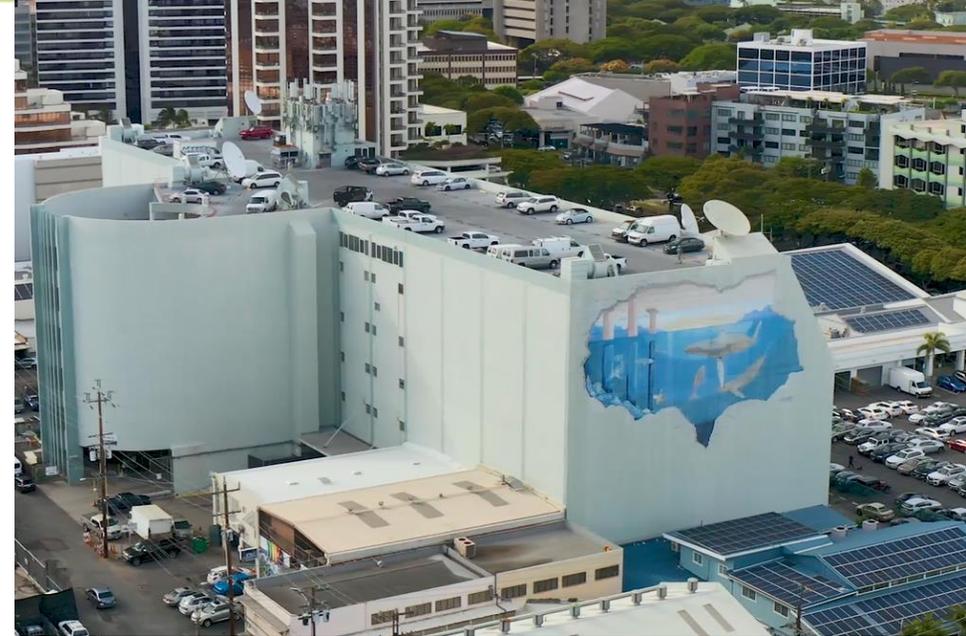
- 465-Kilowatt PV system
- Sized to offset approximately 37% of the Center's current energy demand

The Shops at Kukui'ula

- 443-Kilowatt PV system
- Sized to offset approximately 38% of the Center's current energy demand

In
Progress
Status

Low Teens
IRR
Estimated risk-
adjusted returns



Balance Sheet

Balance Sheet Philosophy



Low leverage



High proportion of fixed rate debt



Well-laddered maturity schedule



Ample liquidity

As of March 31, 2023

Strong Metrics. Flexible Balance Sheet.

Ample liquidity to support CRE growth



Total Liquidity | \$473M

Cash | \$11M

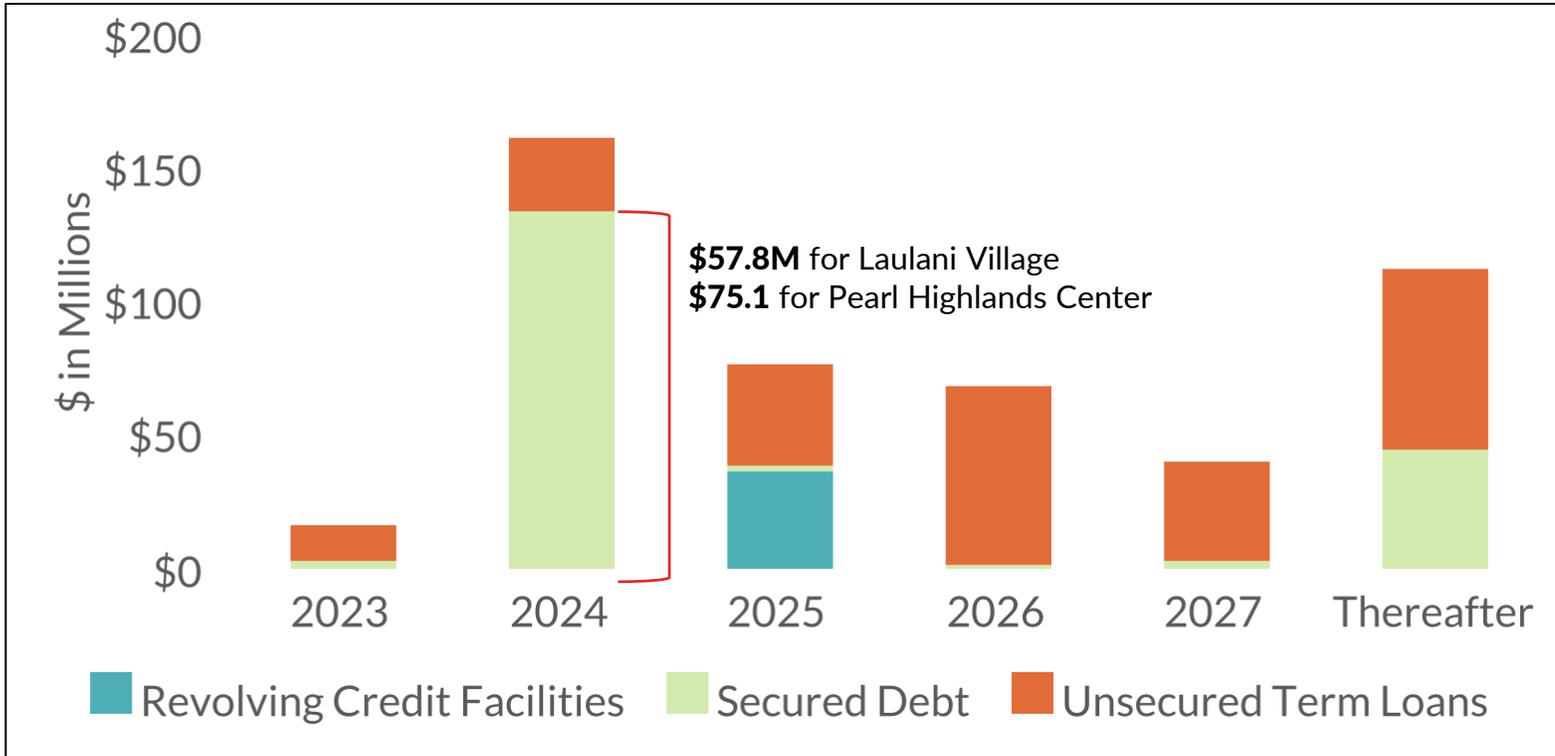
Undrawn Revolver | \$462M

- Committed capacity on revolver of **\$462M**
- Net Debt / TTM Adjusted EBITDA of **3.0x**
- Total Debt / Total Market Cap **25.9%**
- Fixed-rate debt **92.3%**
- Unsecured debt **\$287.2M**



As of March 31, 2023

Scheduled Principal Payments



Interest Rate Swaps

Entered into two forward starting interest rate swaps with blended interest rate of 4.86% on \$130 million of future financing.

Debt Financing

The \$130 million of financing is expected to be negotiated towards the end of 2023 and will be used to refinance the Lualani Village and Pearl Highlands Center debt.

3.2 years
Weighted Avg.
Maturity

4.37%
Weighted Average
Interest Rate

Appendix

CRE Q1 2023 Results



CRE Revenue

\$47.9 million

+350 basis points from 12 months earlier



NOI and Same-Store NOI

\$30.4 million

+220 basis points from 12 months earlier



Core Funds From Operations

\$21.2 million

+20 basis points from 12 months earlier



Leased & Same-Store Leased Occupancy

93.9%

-60 basis points from 12 months earlier



Economic Occupancy

92.4%

+40 basis points from 12 months earlier



Spreads for New and Renewal Leases

7.4%

Full-Year 2023 Guidance

	2023
Core FFO per diluted share	\$1.08 to \$1.13
CRE Same-Store NOI	2.0% to 4.0%
Same-Store NOI growth, excluding prior year reserve reversals, within a range of 5.0% to 6.5%	

Dollars in Millions

CRE Net Operating Income

NOI is a non-GAAP measure used internally in evaluating the unlevered performance of the Company's Commercial Real Estate portfolio. The Company believes NOI provides useful information to investors regarding the Company's financial condition and results of operations because it reflects only the contract-based income and cash-based expense items that are incurred at the property level. Below is a reconciliation of NOI for the March 31, 2023 trailing twelve month to CRE Operating Profit.

	TTM March 31, 2023
CRE Operating Profit (Loss)	\$ 81.7
Plus: Depreciation and amortization	36.4
Less: Straight-line lease adjustments	(6.1)
Less: Favorable/(unfavorable) lease amortization	(1.2)
Less: Termination income	(0.1)
Plus: Other (income)/expense, net	0.5
Plus: Selling, general, administrative and other expenses	7.2
NOI	\$ 118.4
Less: NOI from acquisitions, dispositions, and other adjustments	(0.6)
Same-Store NOI	\$ 117.8

Dollars in Millions

Net Debt and TTM Consolidated Adjusted EBITDA

Components of Net Debt to Adjusted EBITDA are below.

Net Debt

	March 31, 2023
Secured debt	\$ 192.0
Unsecured term debt	250.2
Unsecured revolving credit facility	37.0
	<u>479.2</u>
Add: Net unamortized deferred financing cost / discount (premium)	0.2
Less: Cash and cash equivalents	(10.7)
Net Debt	<u><u>\$ 468.7</u></u>

Consolidated Adjusted EBITDA

	TTM March 31, 2023
Net Income (Loss)	\$ (55.2)
Adjustments:	
Depreciation and amortization	37.3
Interest expense	21.3
Income tax expense (benefit)	(18.3)
Depreciation and amortization related to discontinued operations	4.4
Interest expense related to discontinued operations	0.4
Consolidated EBITDA	<u>\$ (10.1)</u>
Asset impairments related to the Land Operations Segment	5.0
Pension termination	73.7
(Income) loss from discontinued operations, net of income taxes and excluding depreciation, amortization and interest expense	87.4
Consolidated Adjusted EBITDA	<u><u>\$ 156.0</u></u>