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DELTA REPORT

10-K

ALEXANDER & BALDWIN, INC.

10-K - DECEMBER 31, 2022 COMPARED TO 10-K - DECEMBER 31, 2021

The following comparison report has been automatically generated

TOTAL DELTAS 3739

█ **CHANGES** 454

█ **DELETIONS** 1801

█ **ADDITIONS** 1484

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

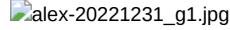
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2021** **December 31, 2022**
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from [] to []

Commission file number 001-35492



Alexander & Baldwin, Inc.

(Exact name of registrant as specified in its charter)

Hawaii **45-4849780**

(State or other jurisdiction of incorporation or organization) **(I.R.S. Employer Identification No.)**

**822 Bishop Street
Post Office Box 3440, Honolulu, Hawaii 96801**
(Address of principal executive offices and zip code)

808-525-6611

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, without par value	ALEX	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Aggregate market value of Common Stock held by non-affiliates computed by reference to the price at which the Common Stock was last sold, or the average bid and asked price of such Common Stock, as of the last business day of the most recently completed second fiscal quarter **June 30, 2021** **June 30, 2022: \$1,328,506,842** **\$1,305,282,230**

Number of shares of Common Stock outstanding as of latest practicable date (February **11, 2022**) **15, 2023: 72,680,364** **72,593,773**

Documents Incorporated By Reference
Portions of Registrant's Proxy Statement for the **2022** **2023** Annual Meeting of Shareholders (Part III of Form 10-K)

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ALEXANDER & BALDWIN, INC.

FORM 10-K

Annual Report for the Fiscal Year
Ended **December 31, 2021** December 31, 2022

PART I

ITEM 1. BUSINESS

Business and Strategy Overview

Alexander & Baldwin, Inc. ("A&B" or the "Company") is a fully integrated real estate investment trust ("REIT") whose history in Hawai'i dates back to 1870. Over time, the Company has evolved from a 571-acre sugar plantation on Maui to become one of Hawai'i's premier commercial real estate companies and the owner of the largest grocery-anchored, neighborhood shopping center portfolio in the state. After a long period as a holding company of operationally and geographically diverse business interests and assets, the Company established a strategic intent to become a Hawai'i-focused commercial real estate company, positioning the Company to create value for both shareholders and the community using its extensive local market knowledge and real estate expertise. To execute this strategy, the Company has endeavored to expand and strengthen its Hawai'i commercial real estate platform and simplify its business, primarily through monetizing non-core assets and businesses.

As of December 31, 2021 December 31, 2022, the Company's commercial real estate portfolio resides entirely in Hawai'i and consists of 22 retail centers, 1112 industrial assets and four office properties, representing a total of 3.9 million square feet of gross leasable area ("GLA"), as well as 143.4140.7 acres of land under ground leases. In total (inclusive)

Throughout this annual report on Form 10-K, references to "we," "our," "us" and the "Company" refer to Alexander & Baldwin, Inc., together with its consolidated subsidiaries.

Business Objectives and Strategies

A&B's business objective is to own and effectively operate a superior portfolio of its commercial real estate portfolio, properties in Hawaii in order to deliver long-term growth and to create value for the Company owns over 26,000 acres of land Company's shareholders, while also upholding its responsibility as a corporate citizen in Hawai'i, primarily conservation- and agriculture-zoned, but also urban-zoned.

the Hawaii community. The Company operates three segments: Commercial Real Estate; Land Operations; and Materials & Construction. A description of each of intends to achieve this objective through the Company's reporting segments is as follows: following:

- **Commercial Real Estate ("CRE") Portfolio Growth** - This segment functions as a vertically integrated commercial real estate company with core competencies in investments and acquisitions (i.e., identifying opportunities and acquiring properties); construction and development (i.e., designing and ground-up development of new properties or repositioning and redevelopment of existing properties); and in-house leasing and property management (i.e., executing new and renegotiating renewal lease arrangements, managing its properties' day-to-day operations and maintaining positive tenant relationships). The Company's preferred asset classes include improved retail and industrial properties and urban ground leases. Its focus within improved retail properties, in particular, is on grocery-anchored neighborhood shopping centers that meet the daily needs of Hawai'i communities. Through its core competencies and with its experience and relationships in Hawai'i, the Company seeks to create special places that enhance the lives of Hawai'i residents and to provide venues and opportunities that enable its tenants to thrive. Income from this segment is principally generated by owning, operating and leasing real estate assets.
- **Land Operations** - This segment includes the Company's legacy assets and landholdings that are subject to the Company's simplification and monetization effort. Financial results from this segment are principally derived from real estate development and land sales, income/loss from real estate joint ventures, hydroelectric energy and other legacy business activities.
- **Materials & Construction ("M&C")** - This segment operates one of Hawai'i's largest asphalt paving contractors and is one of the state's largest natural materials and infrastructure construction companies, primarily conducting business through its wholly-owned subsidiary, Grace Pacific LLC ("Grace Pacific"), a materials and construction company in Hawai'i. The M&C segment also includes the Company-owned quarry land on Maui, as well as the Company's unconsolidated joint venture interest in materials companies.

Of the Company's total consolidated assets as of December 31, 2021, 79.8% are within the CRE segment, 6.4% are within Land Operations and 9.5% are within Materials & Construction (with the remainder unallocated and used for corporate purposes). Additional information about the Company's business segments is provided in Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to Consolidated Financial Statements, included in Part II, Item 7 and Item 8 of this report, respectively.

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The Company's strategy is principally focused on:

- Increasing recurring income streams by leveraging several sources, of Commercial Real Estate portfolio growth including:
 - Effective leasing and property management;
 - Repositioning and redevelopment of existing assets;
 - Ground-up development of new assets; and
 - Acquisitions of new assets using the Company's balance sheet, equity or tax-deferred exchange funds from land/property non-core asset sales.
- **Executing on its simplification strategy which includes:**
 - Balance Sheet Management and Financing Strategy Monetizing development-for-sale pipeline and related investments,
 - Monetizing the Company's other legacy, non-core assets and landholdings; and
 - Exploring the potential monetization of non-core operating businesses in both the Land Operations and Materials & Construction segments.
- - Continuing to practice disciplined and prudent financial management and capital allocation to maintain balance sheet strength and financial flexibility.
- **Streamlining Complete Strategic Simplification** - Completing the Company's operations as Company's strategic simplification is achieved initiative by (1) divesting its materials and construction business which includes the Company's wholly-owned subsidiary, Grace Pacific LLC ("Grace Pacific") and Company-owned quarry land on Maui ("Maui Quarries") (collectively, "Grace Disposal Group"), (2) reducing exposure to legacy obligations, obligations, and (3) streamlining the Company's operations.

Key strategic activities and initiatives by segment are discussed below.

Commercial Real Estate strategy

The Company's commercial real estate strategy focuses on Hawai'i, where it benefits from its broad experience base, deep relationships and strong reputation in the islands. These attributes, and a geographic focus in Hawai'i, uniquely position the Company to create value through the acquisition, development, redevelopment and management of commercial real estate in the state. The Company believes the Hawai'i market offers high value opportunities for the Company to pursue attractive growth and position itself for long-term stability given its geographic location, high barriers to entry and lack of commercially-entitled lands, and comparatively low square footage per capita of strip-retail gross leasable area on Oahu. Oahu, Hawai'i's most populous island. Based on these factors, the Company believes the Hawai'i retail market compares favorably with other top-tier retail markets in the U.S. Similarly, given the severe shortage of industrial land supply in Hawai'i, industrial market rents and per-square-foot values generally exceed those achieved in other U.S. markets, making Hawai'i a high-performing industrial market. In addition, the Hawai'i commercial real estate market has been historically supported by the state's tourism industry (fueled by Hawai'i's unique brand and appeal), as well as consistently high levels of government spending due to Hawai'i's strategic defense location between the continental U.S. and Asia. Therefore, the Company has strategically concentrated its assets in Hawai'i, where management is best able to enhance portfolio performance and create value.

To further enhance asset quality and increase the recurring income stream from its commercial portfolio, the Company intends to:

- Increase income and optimize returns on its commercial portfolio by:
 - Being the landlord of choice by providing desirable locations, quality properties, landlord services and community amenities;
 - Leveraging internal property management and leasing to efficiently manage operations and maximize cash returns over the long term;
 - Executing effective marketing and leasing strategies that attract quality tenants in the marketplace and new tenants to Hawai'i by leveraging its position as the largest owner of grocery-anchored neighborhood shopping centers in Hawai'i;
 - Investing in the repositioning and redevelopment of existing assets at an appropriate risk-adjusted return on capital;
 - Developing new commercial properties at an appropriate risk-adjusted return on capital; and

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- Selectively acquiring commercial real estate assets in Hawai'i markets to optimize the quality and long-term growth rate of the Company's asset base.
- Evaluate other commercial property investment opportunities, such as leased fee assets or other commercial real estate types, when the acquisitions are strategically consistent with the value creation objectives of the Company.

Land Operations strategy

The Company strives strategy is to maximize value as it monetizes its legacy, non-core assets and landholdings. For its landholdings designated for current or future urban development and use, the Company explores development of commercial real estate assets for its own portfolio (in response to market demand while meeting community needs) or seeks monetization of such land and related investments (including current for-sale projects) earlier in their development cycle.

The Company also owns land that is not designated for development (e.g., agricultural lands, conservation/watershed lands). Consistent with its simplification strategy, the Company is pursuing monetization of these assets. When timely monetization is not feasible, the Company continues to employ these landholdings at their highest and best use through legacy business activities.

Materials & Construction strategy

Activities in the Materials & Construction segment are conducted primarily through the Company's consolidated subsidiary, Grace Pacific, a diversified and vertically integrated construction materials and hot mix asphalt paving contractor with operations throughout the Hawaiian Islands. Grace Pacific, through consolidated subsidiaries, including GP Roadway Solutions, offers a variety of related for-sale and for-rent services, including road safety, maintenance, and specialty construction services. Grace Pacific also holds a 50% interest in an unconsolidated affiliate, Maui Paving, LLC ("Maui Paving"), which operates primarily on the island of Maui and Molokai, and a 50% interest in an unconsolidated affiliate, Goodfellow Grace Pacific A.J.V. ("GGP"), which was established to perform a project on the island of Lanai.

Consistent with its simplification strategy to focus on the growth and expansion of expand its commercial real estate portfolio by pursuing acquisitions and other growth opportunities in Hawai'i, the Company intends to pursue the sale of some or all of the Grace Pacific businesses (subject to approval by its board of directors). No timeline has been established for such a sale.

Additional activity in the M&C segment includes the Company's share of the results of operations of an unconsolidated investment, Pohaku Pa' disciplined manner, while maintaining a LLC ("Pohaku"). Pohaku is composed of two wholly-owned subsidiaries, HC&D, LLC (formerly known as Ameron Hawaii, LLC) moderate leverage profile and Island Ready-Mix Concrete, Inc. Pohaku, through these wholly-owned subsidiaries, operates rock quarries on the islands of Oahu and Maui and sells a wide range of products that include ready-mix concrete, rock and sand aggregates and cultured stone and related products.

Financing strategy

The Company values a strong flexible balance sheet with levels of debt and repayment schedules that would enable it to protect its ownership of assets through market cycles and to provide capital for opportunities to invest at attractive risk-adjusted returns. Following an increase in debt due to the 2018 REIT special distribution, which was required to facilitate the REIT conversion, the Company pursued debt reduction through non-core asset monetization and cash flows from operating activities, and has achieved debt ratios consistent with its long-term objectives.

sheet. To maintain this desired balance sheet posture, the Company intends to:

- Maintain a disciplined capital allocation strategy with a focus on investments that have attractive risk-adjusted returns relative to the Company's cost of capital;

- Continue Target a 5x - 6x net debt to improve leverage metrics through earnings growth and debt reduction; Adjusted EBITDA ratio over the long-term;
- Ensure well-laddered debt maturities and minimize near-term maturing debt;
- Maintain a high proportion of fixed-rate debt and a longer weighted-average maturity; and
- Maintain a large unencumbered portfolio of assets.

Throughout this annual report The Company intends to finance acquisitions, property development and redevelopment, and other growth opportunities with sources of capital determined by management to be the most appropriate based on, Form 10-K, references among other factors, availability in current capital markets, pricing and other commercial and financial terms. Such sources of capital may include unsecured debt, mortgage and construction loans, the issuance of public equity, and other capital alternatives including the issuance of operating partnership units.

Simplification Strategy

As a REIT focused on Hawaii commercial real estate, the Company has pursued the monetization and disposition of legacy, non-core assets and landholdings in order to "we," "our," "us" simplify its business and allocate its capital resources to commercial real estate. The Company's remaining non-core assets and landholdings primarily includes its land that is not designated for development (e.g., agricultural lands, conservation/watershed lands), and Grace Pacific, the Company's vertically integrated materials and construction subsidiary.

In December 2022, in connection with the evaluation of strategic alternatives to monetize and dispose of Grace Pacific and the "Company" refer Maui Quarries, the Company's Board of Directors authorized Management to Alexander & Baldwin, Inc. complete a sale of the Grace Disposal Group. The outcome of the sale of the Grace Disposal Group is not certain, as any transaction would be dependent upon various external factors beyond the Company's control, including, among others, market conditions, industry trends, interest of third parties, and the availability of financing to potential buyer(s) on reasonable terms. Further, there can be no assurance that any potential transaction will result in the Company being able to recover the carrying value of the Grace Disposal Group.

Segment Reporting

The Company operates two segments: Commercial Real Estate and Land Operations. A description of the Company's reportable segments is as follows:

- *Commercial Real Estate* - This segment functions as a vertically integrated real estate investment company with core competencies in investments and acquisitions (i.e., together identifying opportunities and acquiring properties); construction and development (i.e., designing and ground-up development of new properties or repositioning and redevelopment of existing properties); and in-house leasing and property management (i.e., executing new and renegotiating renewal lease arrangements, managing its properties' day-to-day operations and maintaining positive tenant relationships). The Company's preferred asset classes include improved properties in retail and industrial spaces and also urban ground leases. Its focus within improved retail properties, in particular, is on grocery-anchored neighborhood shopping centers that meet the daily needs of Hawai'i communities. Through its core competencies and with its experience and relationships in Hawai'i, the Company seeks to create special places that enhance the lives of Hawai'i residents and to provide venues and opportunities that enable its tenants to thrive. Income from this segment is principally generated by owning, operating and leasing real estate assets.
- *Land Operations* - This segment includes the Company's legacy landholdings, assets, and liabilities that are subject to the Company's simplification and monetization effort. Financial results from this segment are principally derived from real estate development and land sales, joint ventures, and other legacy business activities.

Discontinued Operations

As of December 31, 2022, the Company concluded that the plan to dispose of the Grace Disposal Group met the criteria for classification as held for sale and discontinued operations. Accordingly, the assets and liabilities associated with the Grace Disposal Group have been classified as held for sale in the consolidated subsidiaries.

balance sheets, its financial results have been classified as discontinued operations in the consolidated statements of operations and cash flows for all periods presented, and the Company's former Materials and Construction ("M&C") segment has been eliminated. In conjunction with the elimination of the M&C segment, the Company's remaining equity interest in an unconsolidated materials company was incorporated with the Land Operations reportable segment.

Compliance with Government Regulations

The Company is subject to a number of federal, state and local laws and regulations. The CRE segment must comply with state and local regulations surrounding the brokering of deals and the management of its commercial real estate portfolio. With respect to land development in both its CRE and Land Operations segments, the Company is subject to laws and regulations that affect the land development process, including zoning and permitted land uses which may impact the Company's development costs. Additionally, the Company is subject to various other regulations such as Occupational Safety and Health Administration regulations; Environmental Protection Agency regulations; and state and county permitting requirements related to its other operations. The Materials & Construction segment is additionally subject to Mine Safety and Health Administration regulations.

The Company is also subject to a number of tax laws and regulations that could materially impact its financial condition and results of operations. For example, the Company frequently utilizes §1031 of the Internal Revenue Code of 1986, as amended (the "Code"), to obtain tax-deferral treatment when qualifying real estate assets are sold and the resulting proceeds are reinvested in replacement properties within the required time period. This may occur when the Company sells bulk parcels of land in Hawai'i or commercial properties in Hawai'i, many of which may have a lower tax basis. Failure to comply with, or a repeal of, or adverse amendment to, §1031 of the Code could impose significant additional costs on the Company in the event of a future transaction with an associated gain.

Human Capital Resources

As of December 31, 2021, Through its continuing operations, the Company and its subsidiaries had 611 144 regular full-time employees as of December 31, 2022, compared to 618 168 regular full-time employees in the prior year. At the end of 2021, the Company's Materials & Construction segment employed 443 regular full-time employees. Approximately 48% of the Company's employees are covered by collective bargaining agreements with unions.

The 15 Fifteen bargaining unit employees at the Company's wholly-owned subsidiary Kahului Trucking & Storage, Inc. ("KT&S") are covered by a collective bargaining agreement with the International Longshore and Warehouse Union ("ILWU") that expires on March 31, 2022 March 31, 2025. There are two collective bargaining agreements with 15 ten A&B Fleet Services employees on the Big Island and Kauai, represented by the ILWU. The Big Island agreement expires on August 31, 2024, and the Kauai agreement expires on August 31, 2023.

A collective bargaining agreement with the International Union of Operating Engineers AFL-CIO, Local Union 3 ("IUOE") covers 133 of Grace's employees, who are primarily classified as heavy-duty equipment operators, paving construction site workers, quarry workers, truck drivers and mechanics. The agreement expires on August 31, 2024.

Collective bargaining agreements with Laborers International Union of North America Local 368 ("Laborers") cover 124 Grace employees. The traffic and rentals Laborers' agreement expires on August 31, 2024 and the Laborers' agreement with fence, guardrail and sign installation workers expires on September 30, 2024.

A collective bargaining agreement with the Hawai'i Regional Council of Carpenters, United Brotherhood of Carpenters and Joiners of America, and its Affiliated Local Unions and General Contractors Labor Association and the Building Industry Labor Association of Hawai'i ("Carpenters") cover seven Grace employees. The Carpenters agreement expires on August 31, 2024.

The Company is dedicated to supporting its employees, who are all critical in achieving its mission to serve the community and create value for all stakeholders as "Partners for Hawai'i." The Company seeks to attract, develop and retain experienced employees by supporting them in the pursuit of their personal and professional goals. To support these efforts, the Company offers a competitive compensation and benefits program; provides learning and development opportunities that support the advancement of its employees; enhances the Company's culture by keeping employees engaged while fostering a diverse and inclusive environment; and helps employees give back to their communities.

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Compensation and benefits program

The Company's compensation and benefits program is designed to attract, reward and retain talented individuals who possess the skills necessary to support its business objectives, assist in the achievement of strategic goals and create long-term value for its shareholders. The Company provides its employees with competitive total rewards packages that include, in addition to base compensation, meaningful benefits such as health (medical, dental and vision) and life insurance; paid time off; flexible spending reimbursements accounts; a corporate wellness program; gain sharing opportunities; and a 401(k) plan with a generous Company contribution, as well as a Company match. Certain employees also are eligible to receive annual incentive bonuses and long-term equity awards tied to the value of the Company's common stock price. The Company believes that a compensation program with both short-term and long-term awards provides fair and competitive compensation and aligns employee and shareholder interests by incentivizing business and individual performance (i.e., pay for performance), motivating based on long-term company performance and integrating compensation with its business plans.

Learning and development

The Company provides meaningful learning and development opportunities for its employees; it has a wide variety of formal and informal training programs available and provides professional development stipends to be used towards qualified workshops, conferences, forums and classes. The Company also offers a tuition reimbursement program that is available to employees wishing to obtain a qualified higher education degree.

Company culture - engagement, diversity, equity and inclusion

The Company strives to keep its employees engaged by communicating regularly through various channels, including town halls, an employee intranet, employee newsletters and email updates. It also conducts a confidential, annual employee survey to better understand employee perspectives on topics including employee experience, workplace culture, employee engagement and the direction and leadership of the Company. Results of the survey are reviewed carefully by senior leadership and have resulted in specific actions, including increased recognition programs and the development of the Company's vision, mission and values statements.

The Company also believes that an equitable and inclusive environment with diverse teams fosters more creativity and produces more opportunities to create value through its assets, people and relationships and is crucial to its efforts to attract and retain key talent. The Company is focused on building an inclusive culture through a variety of diversity and inclusion initiatives. The Company has a social council that is focused on workplace culture and community impact, along with employee resource groups that promote diversity and empowerment and also help to build an inclusive culture through company events, participation in its recruitment efforts and input into its hiring strategies.

Community involvement

The Company has a long history of giving back to the community and believes that this commitment helps in its efforts to attract and retain employees. Further, the Company supports its employees' investments in their communities through its matching gifts program (which matches its employees' personal gifts with Company contributions to eligible community non-profit organizations up to a total of \$2,000); through its volunteer initiatives (which offers employees paid time off for employee community service, as well as cash grants to such eligible organizations); and through corporate sponsorship of charities supported by its employees.

For more information on human resources initiatives, please see the Company's Corporate Responsibility report which is available at the Company's website address.

ESG Highlights

In 2022, the Company expanded its long-standing commitment to Hawai'i and the principles of ESG with two employee councils focused on environmental and social stewardship. These strategic and cross-functional teams engage a broader and more diverse group of employee perspectives in defining and pursuing the Company's commitment to each other and the community.

Sustainability Reporting

- The Company published its third annual Corporate Responsibility Report, with enhanced disclosures on climate-related risks.
- The Company reported in line with the Sustainability Accounting Standards Board ("SASB") standards and the Task Force on Climate-related Financial Disclosures ("TCFD"), disclosing information sought by stakeholders.

Sustainability Initiatives

- The Company continues to focus on improving energy efficiency at all of its properties and achieved a 2.2% year-over-year reduction (at Same-Store properties) in energy usage from 2020 to 2021.
- The Company has partnered with Carbon Lighthouse to increase energy efficiency and reduce greenhouse gas ("GHC") emissions within the CRE portfolio. Under this partnership, approximately 22% of the Company's portfolio (based on GLA) has undergone performance updates to lighting, heating and cooling systems.
- The Company is implementing measures such as installing energy efficient LED lighting, rooftop photovoltaic ("PV") systems and electric vehicle ("EV") charging stations, as well as incorporating the use of cool roofs, water efficient fixtures, pedestrian friendly open spaces, and native Hawaiian and environmentally friendly plants and landscaping, among other initiatives. As of December 31, 2022, the Company has
 - Converted the common area lighting to LED at 17 properties.
 - Completed the installation of a 1.3-megawatt PV project at Pearl Highlands Center, the Company's largest retail asset by GLA.
 - Installed 18 EV charging stations at 10 properties and entered into agreements to add an additional 15 EV charging stations across a collective 12 properties within the next twelve months.

Additional information regarding the Company's ESG initiatives is available in the Company's ESG Report, which can be found on the Company's website. Information on the Company's website, including its ESG Report, is not incorporated by reference into this Annual Report on Form 10-K or in any other report or document filed with the SEC.

Available Information

The Company files reports with the Securities and Exchange Commission (the "SEC"). The reports and other information filed include annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other reports and information filed under the Securities Exchange Act of 1934 (the "Exchange Act").

The SEC maintains a website at www.sec.gov, which contains reports, proxy and information statements, and other information regarding the Company and other issuers that file electronically with the SEC.

The Company makes available, free of charge, on or through its Internet website, its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after it electronically files such material with, or furnishes it to, the SEC. The Company's website address is www.alexanderbaldwin.com. The information found on the Company's website, including the Company's Corporate Responsibility report, is not incorporated by reference into this Annual Report on Form 10-K or in any other report or document filed with the SEC.

ITEM 1A. RISK FACTORS

The risks described below could materially and adversely affect our shareholders and our results of operations, financial condition, liquidity and cash flows. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may affect our business. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Form 10-K and the Company's filings with the U.S. Securities and Exchange Commission.

Risk Factors Summary

Our business is subject to numerous risks and uncertainties and an investment in our common stock may involve various risks. Such risks, including, but not limited to, the following summarized risks, should be carefully considered before making an investment in our common stock:

Summary of risks related to REIT status

- Because qualification as a REIT involves highly technical and complex provisions of the Internal Revenue Code, of 1986, as amended (the "Code"), there can be no assurance that we will remain qualified as a REIT for U.S. federal income tax purposes.
- U.S. federal, state and local legislative, judicial or regulatory tax changes could have an adverse effect on our shareholders and us.
- Complying with the REIT requirements may cause us to sell assets or forgo otherwise attractive investment opportunities.
- We may be required to borrow funds, sell assets or raise equity to satisfy our REIT distribution requirements, which could adversely affect our ability to execute our business plan and grow.
- Dividends payable by REITs generally do not qualify for the reduced tax rates available for some dividends.
- The REIT ownership limitations and transfer restrictions contained in our articles of incorporation may restrict or prevent certain transfers of our common stock, could have unintended antitakeover effects and may not be successful in preserving our qualification for taxation as a REIT.
- Our cash distributions are not guaranteed and may fluctuate.
- Certain of our business activities may be subject to corporate level income tax and other taxes, which would reduce our cash flows, and would cause potential deferred and contingent tax liabilities.
- The tax imposed on REITs engaging in "prohibited transactions" may limit our ability to engage in transactions that would be treated as sales for federal income tax purposes.
- The ability of our board of directors to revoke our REIT qualification, without shareholder approval, may cause adverse consequences to our shareholders.

Summary of risks related to our business

- Changes in economic conditions, particularly in Hawai'i, may adversely affect our Commercial Real Estate and Land Operations and Materials & Construction segments.
- The COVID-19 pandemic and measures intended to prevent its spread has had, and could continue to have, a material adverse effect on our business, results of operations, cash flows and financial condition. We may face new or increased competition.
- Although we intend to market and sell non-strategic assets, many of the assets are relatively illiquid, and it may not be possible to dispose of such assets in a timely manner or on favorable terms, which could delay our strategic agenda and/or adversely affect our financial condition, operating results, cash flows and may result in additional non-cash impairment charges.
- We may be unsuccessful in completing a sale of our assets classified as held for sale or, if we are successful, the assets may be sold for less than our carrying value, which may result in additional non-cash impairment charges.
- We may face potential difficulties in obtaining operating and development capital.
- We may raise additional capital in the future on terms that are more stringent to us, which could provide holders of new issuances rights, preferences and privileges that are senior to those currently held by our common stockholders, shareholders, or that could result in dilution of common stock ownership.
- Failure to comply with certain restrictive financial covenants contained in our credit facilities could impose restrictions on our business segments, capital availability or the ability to pursue other activities.
- Increasing interest rates would increase our overall interest expense.
- We may be adversely affected by changes in LIBOR reporting practices or the method in which LIBOR is determined.
- Significant inflation and continuing increases in the inflation rate, could adversely affect our business and financial results.
- An increase in fuel prices may adversely affect our operating environment and costs.

- Noncompliance with, or changes to federal, state or local law or regulations, including environmental laws and regulations, may adversely affect our business.
- Work stoppages Security breaches through cyber attacks or intrusions, or other labor significant disruptions by our unionized employees or those of other companies in related industries, may increase operating costs or adversely affect our ability to conduct business.

- Interruption, breaches or failure of our the Company's information technology ("IT") networks, communications, and communications related systems could impair our ability to operate, adversely affect our financial condition, and damage our reputation.
- The Company's business and operations could suffer in the event of system failures or interruptions.
- Weather, natural disasters and the impacts of climate change may adversely affect our business.
- Political crises, public health crises and other events beyond our control may adversely impact our operations and profitability.
- We are subject to, and may in the future be subject to, disputes, legal or other proceedings, or government inquiries or investigations, that could have an adverse effect on us.
- Impairment in the carrying value of long-lived assets could negatively affect our operating results.

Summary of risks related to our Commercial Real Estate segment

- We are subject to a number of factors that could cause leasing rental income to decline.
- The bankruptcy or loss of key tenants in our commercial real estate portfolio may adversely affect our cash flows and profitability.
- A shift in retail shopping from brick and mortar stores to online shopping may have an adverse impact on our cash flow, financial condition and results of operations.
- We may be unable to renew leases, lease vacant space, or re-lease space as leases expire, thereby increasing or prolonging vacancies, which would adversely affect our financial condition, results of operations and cash flows.
- Increases in operating expenses would adversely affect our operating results.
- Our retail centers may depend on anchor stores or major tenants to attract shoppers and could be adversely affected by the loss of, or a store closure by, one or more of these tenants.
- Certain of our leases at our retail centers contain "co-tenancy" or "go-dark" provisions, which, if triggered, may allow tenants to pay reduced rent, cease operations, or terminate their leases, which could adversely affect our performance or the value of the applicable retail property.
- The value of our development-for-hold projects and commercial properties is affected by a number of factors.
- We may be unable to identify and complete acquisitions of properties that meet our criteria, which may impede our growth.
- We face competition for the acquisition and development of real estate properties, which may impede our ability to grow our operations or may increase the cost of these activities.
- We are subject to risks associated with real estate construction and development.
- Commercial real estate investments are relatively illiquid.

Risks Related to REIT Status

Because qualification as a REIT involves highly technical and complex provisions of the Code, there can be no assurance that we will remain qualified as a REIT for U.S. federal income tax purposes.

We have determined that we operated in compliance with the REIT requirements commencing with the taxable year ended December 31, 2017. However, qualification as a REIT involves the application of highly technical and complex provisions of the Code, for which there may be only limited judicial or administrative interpretations, and depends on our ability to meet, on a continuing basis, various requirements concerning, among other things, the sources of our income, the nature of our assets, the diversity of our share ownership and the amounts we distribute to our shareholders. Our ability to satisfy the asset tests depends upon our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. The determination of various factual matters and circumstances not entirely within our control can potentially affect our ability to continue to qualify as a REIT. In addition, no assurance can be given that future legislation, regulations, administrative interpretations or court decisions will not significantly change the requirements for qualification as a REIT or adversely affect the federal income tax consequences of such qualification. In addition, our ability to satisfy the requirements to qualify as a REIT depends, in part, on the actions of third parties, over which we have no control or only limited influence. Even a technical or inadvertent violation could jeopardize our REIT qualification.

Although we intend to operate in a manner consistent with the REIT requirements, we cannot be certain that we will remain so qualified. Under current law, if we fail to qualify as a REIT in any taxable year, we would not be allowed a deduction for dividends paid to shareholders in computing our net taxable income. In addition, our taxable income would be subject to U.S. federal and state income tax at the regular corporate rates. Also, unless we are entitled to relief under certain Code provisions, we would also be disqualified from re-electing REIT status for the four taxable years following the year during which we failed to qualify as a REIT. Cash available for distribution to our shareholders would be significantly reduced for each year in which we do not qualify as a REIT. In that event, we would not be required to continue to make distributions.

Although we currently intend to continue to qualify as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause us, without the consent of our shareholders, to revoke the REIT election or to otherwise take action that would result in disqualification.

U.S. federal, state and local legislative, judicial or regulatory tax changes could have an adverse effect on our shareholders and us.

The present U.S. federal income tax treatment of REITs and their shareholders may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time, which could affect the U.S. federal income tax treatment of an investment in us. The U.S. federal income tax rules dealing with REITs are constantly under review by persons involved in the legislative process, the Internal Revenue Service ("IRS") and the U.S. Treasury Department, which results in statutory changes as well as frequent revisions to regulations and interpretations. We cannot predict how changes in the tax laws might affect our investors or us. Revisions in U.S. federal income tax laws and interpretations thereof could significantly and negatively affect our ability to qualify as a REIT and the tax considerations relevant to an investment in us, or could cause us to change our investments and commitments.

Also, At the state level, the Hawai'i State legislature has repeatedly considered, and could consider in the future, legislation that would (i) eliminate (i.e., repeal) the REIT dividends paid deduction for Hawai'i State income tax purposes related to income generated in Hawai'i for a number of years or permanently, and/or (ii) mandate withholding of Hawai'i State income tax on dividends paid to out-of-state shareholders. These provisions could result in double taxation of REIT income in Hawai'i under the Hawai'i tax code, reduce returns to shareholders and make our stock less attractive to investors, which could in turn lower the value of our stock.

You are urged to consult with your tax advisor with respect to the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in our stock.

Our significant use of taxable REIT subsidiaries ("TRSs") may cause us to fail to qualify as a REIT.

The net income of our TRSs is not required to be transferred to us, and such TRS income that is not transferred to us is generally not subject to our REIT distribution requirements. However, if the accumulation of cash or reinvestment of significant earnings in our TRSs causes the fair market value of our securities in those entities, taken together with other non-qualifying assets, to represent more than 25% of the fair market value of our total assets, or causes the fair market value of our TRS securities alone to exceed 20% of the fair market value of our total assets, in each case as determined for REIT asset testing purposes, we would, absent timely responsive action, fail to qualify as a REIT.

Complying with the REIT requirements may cause us to sell assets or forgo otherwise attractive investment opportunities.

To maintain our qualification as a REIT, we must continually satisfy various requirements concerning, among other things, the nature of our assets, the sources of our income and the amounts we distribute to our shareholders. For example, we must ensure that, at the end of each calendar quarter, at least 75% of the value of our total assets consists of some combination of "real estate assets" (as defined in the Code), cash, cash items and U.S. government securities. The remainder of our investments (other than government securities, qualified real estate assets and securities issued by a TRS) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our total assets (other than government securities, qualified real estate assets and securities issued by a TRS) can consist of the securities of any one issuer, and no more than 20% of the value of our total assets can be represented by securities of one or more TRSs. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to sell assets or forgo otherwise attractive investment opportunities. These actions could have the effect of reducing our income, amounts available for distribution to our shareholders and amounts available for making payments on our indebtedness.

We may be required to borrow funds, sell assets or raise equity to satisfy our REIT distribution requirements, which could adversely affect our ability to execute our business plan and grow.

We generally must distribute annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains, to maintain our qualification as a REIT. To the extent that we satisfy this distribution requirement and qualify as a REIT but distribute less than 100% of our REIT taxable income, including any net capital gains, we will be subject to tax at ordinary corporate tax rates on the retained portion. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we distribute to our shareholders in a calendar year is less than a minimum amount specified under U.S. federal tax laws. We intend to make distributions to our shareholders to comply with the REIT requirements of the Code and avoid corporate income tax and the 4% annual excise tax.

From time to time, we may generate taxable income greater than our cash flow as a result of differences in timing between the recognition of taxable income and the actual receipt of cash or the effect of nondeductible capital expenditures, the creation of reserves or required debt or amortization payments. If we do not have other funds available in these situations, we could be required to borrow funds on unfavorable terms, sell assets at disadvantageous prices or distribute amounts that would otherwise be invested in future acquisitions, to make distributions sufficient to enable us to pay out enough of our taxable income to satisfy the REIT distribution requirement and to avoid corporate income tax and the 4% excise tax in a particular year. These alternatives could increase our costs or reduce our equity or adversely impact our ability to raise short- and long- term debt. Furthermore, the REIT distribution requirements may increase the financing we need to fund capital expenditures and further growth and expansion initiatives. Thus, compliance with the REIT requirements may hinder our ability to grow, which could adversely affect the value of our common stock.

Whether we issue equity, at what price and the amount and other terms of any such issuances will depend on many factors, including alternative sources of capital, our then-existing leverage, our need for additional capital, market conditions and other factors beyond our control. If we raise additional funds through the issuance of equity securities or debt convertible into equity securities, the percentage of stock owned by our existing shareholders may be reduced. In addition, new equity securities or convertible debt securities could have rights, preferences and privileges senior to those of our current shareholders, which could substantially decrease the value of our securities owned by them. Depending on the share price we are able to obtain, we may have to sell a significant number of shares to raise the capital we deem necessary to execute our long-term strategy, and our shareholders may experience dilution in the value of their shares as a result.

Dividends payable by REITs generally do not qualify for the reduced tax rates available for some dividends.

The maximum U.S. federal income tax rate applicable to income from "qualified dividends" payable to U.S. shareholders that are individuals, trusts and estates is currently 20%, exclusive of the 3.8% investment tax surcharge. Dividends

payable by REITs, however, generally are not eligible for the reduced rates applicable to qualified dividends. Although these rules do not adversely affect the taxation of REITs, the more favorable rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our common stock. However, for taxable years that begin before January 1, 2026, shareholders that are individuals, trusts or estates are generally entitled to a deduction equal to 20% of the aggregate amount of ordinary income dividends received from a REIT, subject to certain limitations.

The REIT ownership limitations and transfer restrictions contained in our articles of incorporation may restrict or prevent certain transfers of our common stock, could have unintended antitakeover effects and may not be successful in preserving our qualification for taxation as a REIT.

For us to remain qualified for taxation as a REIT, among other requirements, not more than 50% of the value of outstanding shares of our capital stock may be owned, beneficially or constructively, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of each taxable year beginning with our 2018 taxable year. Also, such shares must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year beginning with our 2018 taxable year. In addition, a person actually or constructively owning 10% or more of the vote or value of the shares of our capital stock could lead to a level of affiliation between the Company and one or more of its tenants that could cause our revenues from such affiliated tenants to not qualify as rents from real property. Our articles of incorporation include certain restrictions regarding transfers of our shares of capital stock and ownership limits that are intended to assist us in satisfying these limitations, among other purposes.

Subject to certain exceptions, our articles of incorporation prohibit any **stockholder** shareholder from owning, beneficially or constructively, more than (i) 9.8% in value of the outstanding shares of all classes or series of our capital stock or (ii) 9.8% in value or number, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock.

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Additionally, the constructive ownership rules for these limits are complex and groups of related individuals or entities may be deemed a single owner and consequently in violation of the share ownership limits. As a result, the acquisition of less than 9.8% of our outstanding common stock (or the outstanding shares of any class or series of our stock) by an individual or entity could cause that individual or entity, or another individual or entity, to own constructively in excess of the relevant ownership limits. Any attempt to own or transfer shares of our common stock, or of any of our other capital stock in violation of these restrictions, may result in the shares being automatically transferred to a charitable trust or may be void. As a result, if a violative transfer were made, the recipient of the shares would not acquire any economic or voting rights attributable to the transferred shares.

The transfer restrictions and ownership limits may prevent certain transfers of our common stock. These restrictions and limits may not be adequate in all cases, however, to prevent our qualification for taxation as a REIT from being jeopardized, including under the affiliated tenant rule. Furthermore, there can be no assurance that we will be able to enforce the ownership limits. If the restrictions in our articles of incorporation are not effective and, as a result, we fail to satisfy the REIT tax rules described above, then absent an applicable relief provision, we will fail to remain qualified for taxation as a REIT.

The ownership limits contained in our articles of incorporation may have the effect of delaying, deterring or preventing a change of control of us that might involve a premium price for our stock or otherwise be in the best interests of our shareholders. As a result, the overall effect of the ownership limitations and transfer restrictions may be to render more difficult or discourage any attempt to acquire us, even if such acquisition may be favorable to the interests of our shareholders. This potential inability to obtain a premium could reduce the price of our common stock.

Our cash distributions are not guaranteed and may fluctuate.

A REIT generally is required to distribute at least 90% of its REIT taxable income to its shareholders (determined without regard to the dividends paid deduction and excluding any net capital gains). Generally, we expect to distribute all, or substantially all, of our REIT taxable income, including net capital gains, so as to not be subject to the income or excise tax on undistributed REIT taxable income. Our board of directors, in its sole discretion, will determine on a quarterly basis the amount of cash to be distributed to our shareholders based on a number of factors including, but not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing capacity and other factors, including debt covenant restrictions, that may impose limitations on cash payments and plans for future acquisitions and divestitures. Consequently, our distribution levels may fluctuate.

Certain of our business activities may be subject to corporate level corporate-level income tax and other taxes, which would reduce our cash flows, and would cause potential deferred and contingent tax liabilities.

Our TRS assets and operations will continue to be subject to U.S. federal income taxes at regular corporate rates. We also may be subject to a variety of other taxes, including payroll taxes and state, local, and foreign income, property, transfer and other taxes on assets and operations. In addition, we could, in certain circumstances, be required to pay an excise or penalty tax, which could be significant in amount, in order to utilize one or more relief provisions under the Code to maintain qualification for taxation as a REIT. We also could incur a 100% excise tax on transactions with a TRS, if they are not conducted on an arm's length basis, or we also could be subject to tax in situations and on transactions not presently contemplated. Any of these taxes would decrease our earnings and our available cash.

In addition, the IRS and any state or local tax authority may successfully assert liabilities against us for corporate income taxes for taxable years prior to the time we qualified as a REIT, in which case we will owe these taxes plus applicable interest and penalties, if any. Moreover, any increase in taxable income for these pre-REIT periods will

likely result in an increase in pre-REIT accumulated earnings and profits, which could cause us to pay an additional taxable distribution to our shareholders after the relevant determination.

The tax imposed on REITs engaging in "prohibited transactions" may limit our ability to engage in transactions that would be treated as sales for federal income tax purposes.

A REIT's net income from prohibited transactions is subject to a 100% penalty tax. The term "prohibited transaction" generally includes a sale or other disposition of property (including mortgage loans, but other than foreclosure property, as discussed below) that is held primarily for sale to customers in the ordinary course of our trade or business. We might be subject to this tax if we were to dispose of or securitize loans in a manner that was treated as a prohibited transaction for U.S. federal income tax purposes.

We intend to conduct our operations so that no asset that we own (or are treated as owning) will be treated as, or as having been, held for sale to customers, and that a sale of any such asset will not be treated as having been in the ordinary

course of our business. As a result, we may choose not to engage in certain sales of loans at the REIT level, and may limit the structures we utilize for our securitization transactions, even though the sales or structures might otherwise be beneficial to us. In addition, whether property is held "primarily for sale to customers in the ordinary course of a trade or business" depends on the particular facts and circumstances. No assurance can be given that any property that we sell will not be treated as property held for sale to customers, or that we can comply with certain safe-harbor provisions of the Code that would prevent such treatment. The 100% prohibited transaction tax does not apply to gains from the sale of property that is held through a TRS or other taxable corporation, although such income will be subject to tax in the hands of the corporation at regular corporate rates. We intend to structure our activities to prevent prohibited transaction characterization.

The ability of our board of directors to revoke our REIT qualification, without shareholder approval, may cause adverse consequences to our shareholders.

Our articles of incorporation provide that the board of directors may revoke or otherwise terminate our REIT election, without the approval of our shareholders, if it determines that it is no longer in our best interests to continue to qualify as a REIT. If we cease to be a REIT, we will not be allowed a deduction for dividends paid to shareholders in computing our taxable income, and we will be subject to U.S. federal income tax at regular corporate rates, which may have adverse consequences on our total return to our shareholders.

Risks Related to Our Business

Changes in economic conditions, particularly in Hawai'i, may adversely affect our Commercial Real Estate and Land Operations and Materials & Construction segments.

Our business, including our assets and operations, is concentrated in Hawai'i, which exposes us to more concentrated risks than if our assets and operations were more geographically diverse. A weakening of economic drivers in Hawai'i, which include tourism, military and consumer spending, public and private construction starts and spending, personal income growth, and employment, or the weakening of consumer confidence, market demand, or economic conditions on the Mainland and elsewhere, may adversely affect the level of real estate leasing activity in Hawai'i, the demand for or sale of Hawai'i real estate, and demand for our materials and construction products. In addition, an increase in interest rates or other factors could reduce the market value of our real estate holdings, as well as increase the cost of buyer financing that may reduce the demand for our real estate assets.

The COVID-19 pandemic and measures intended to prevent its spread has had, and could continue to have, a material adverse effect on our business, results of operations, cash flows and financial condition.

In December 2019, a new strain of coronavirus ("COVID-19") was first reported in Wuhan, China, and on March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Considerable uncertainty surrounds COVID-19 and its effects on the population, as well as the effectiveness of any responses taken by government authorities and the availability and efficacy of vaccinations and therapeutic treatments for COVID-19. The pandemic has caused a decline in Hawai'i tourism, visitor arrivals and commercial activity and has had an adverse impact on Hawai'i's economy. The impact of the COVID-19 pandemic and measures to prevent its spread has had a material adverse effect (refer to Management's Discussion and Analysis of Financial Conditions and Results of Operations included in Part II, Item 7 of this report), and could continue to have a material adverse effect, on our businesses, results of operations, cash flows and financial condition.

With respect to our Commercial Real Estate segment, the pandemic and related governmental restrictions have adversely impacted, and could continue to adversely impact, our tenants' operations and financial condition, as governmental instructions and restrictions regarding safe practices and travel to the State have reduced customer foot traffic and has also caused certain of our tenants to close their brick-and-mortar stores and spaces. Our rental revenue and operating results depend significantly on the occupancy levels at our properties, the level of business activity of our tenants and the consequent ability of our tenants to meet their rent and other obligations to us. Tenants that experience deteriorating financial conditions due to the pandemic may be unwilling or unable to pay rent in full, on a timely basis, or pay any amount of rent. Certain of our tenants may incur significant costs or losses responding to the pandemic, lose business due to any interruption in the operations of our properties, or incur other losses or liabilities related to shelter-in-place orders, quarantines, infection or other related factors. Federal, state, local and industry-initiated efforts also may limit our ability to collect rent or enforce remedies for the failure to pay rent. In addition, the deterioration of economic conditions as a result of the pandemic may decrease occupancy levels and rents across our portfolio as tenants reduce or defer their spending, which could adversely affect the value of our properties. With respect to our Land Operations segment, declines in Hawai'i tourism, the impact of varying travel and other restrictions in the islands and other ramifications of COVID-19 has impacted and may continue to impact the timing and ability to close sales transactions involving developed and undeveloped land. And with respect to our Materials & Construction Segment, any

resulting slowdown or delays in, or work stoppages or workforce disruptions relating to, infrastructure and other projects could reduce the revenues and profits from our materials and construction businesses.

The extent and duration of the economic disruption due to the COVID-19 pandemic remains uncertain. Further deterioration of economic conditions may adversely impact or destabilize the lending, capital and other financial markets. Consequently, our access to capital and other sources of funding may become constrained, which could adversely affect the availability and terms of future borrowings, renewals, or the refinancing of our debt.

We may face new or increased competition.

There are numerous other developers, buyers, managers and owners of commercial and residential real estate and undeveloped land that compete or may compete with us for management and leasing revenues, land for development, properties for acquisition and disposition, and for tenants and purchasers of properties. Intense competition could lead to increased supply of space, which could then increase vacancies, the need for increased tenant incentives, decreased rents, sales prices or sales volume, or lack of development opportunities. Additionally, our tenants may face increased competition and/or shifts in market preferences and demand that adversely impact their performance, ability to pay rent or even their business viability.

Further, increasing competitive market conditions, including out-of-state or new in-state contractors competing for a limited number of projects available, could adversely impact Grace Pacific's results of operations through market share erosion due to lost bids, as well as lower pricing and thus lower margins realized on successful bids. Grace Pacific also mines aggregate and imports asphalt for sale. Grace Pacific's customers could seek alternative sources of supply, similar to some of its competitors that are importing liquid asphalt and aggregate.

Although we intend to market and sell non-strategic assets, many of the assets are relatively illiquid, and it may not be possible to dispose of such assets in a timely manner or on favorable terms, which could delay our strategic agenda and/or adversely affect our financial condition, operating results, cash flows and may result in additional non-cash impairment charges.

Our ability to dispose of non-strategic assets on advantageous terms, including pricing, depends on factors beyond our control, including but not limited to, competition from other sellers, insufficient infrastructure capacity or availability (e.g., water, sewer and roads) for real estate assets, the availability of attractive financing for potential buyers and market conditions. As a result, we may be unable to realize our strategy to simplify through dispositions, we may be unable to do so on advantageous terms, or we may not be able to execute the strategy in a timely manner, which could adversely affect our financial condition, operating results and/or cash flows and may result in additional non-cash impairment charges.

In addition, many of the non-strategic assets are relatively illiquid. Illiquid assets typically experience greater price volatility, as a ready market does not exist, and can be more difficult to value. In addition, validating third party pricing for illiquid assets may be more subjective than more liquid assets. As a result, we may record additional non-cash impairment charges and/or realize significantly less than the value at which we have previously recorded such assets.

We may be unsuccessful in completing a sale of our assets classified as held for sale or, if we are successful, the assets may be sold for less than our carrying value, which may result in additional non-cash impairment charges.

We can provide no assurances that we will successfully sell Grace Pacific and the Maui Quarries, that we will do so in accordance with our expected timeline or that we will recover the carrying value of the disposal group. The process of pursuing the plan to sell may be time consuming and disruptive to our business operations, and if we are unable to effectively manage the process, our businesses, financial condition, and results of operations could be adversely affected and may result in additional non-cash impairment charges. Any potential transactions, and the related valuations, would be dependent upon various external factors beyond the Company's control, including, among others, market conditions, industry trends, interest of third parties, and the availability of financing to potential buyer(s) on reasonable terms.

We may face potential difficulties in obtaining operating and development capital.

The successful execution of our strategy requires substantial amounts of operating and development capital. Sources of such capital could include banks, life insurance companies, public and private offerings of debt or equity, including rights offerings, sale of certain assets and joint venture partners. If our investment or credit profile deteriorates significantly, our access to the debt or equity capital markets may become restricted, our cost of capital may increase, or we may not be able to refinance debt at the same levels or on the same terms. Further, we rely on our ability to obtain and draw on a revolving credit facility to support our operations. Volatility in the credit and financial markets or deterioration in our credit profile may prevent us from accessing funds. There is no assurance that any capital will be available on terms acceptable to us, or at all, to satisfy our short or long-term cash needs.

We may raise additional capital in the future on terms that are more stringent to us, which could provide holders of new issuances rights, preferences and privileges that are senior to those currently held by our common stockholders, shareholders, or that could result in dilution of common stock ownership.

As noted above, the successful execution of our strategy requires substantial amounts of operating and development capital. If our capital needs are not able to be filled through our existing liquidity sources (e.g., our revolving credit facility), we may require additional capital. If we incur additional debt or raise equity, the terms of the debt or equity issued may give the holders rights, preferences and privileges senior to those of holders of our common stock, particularly in the event of liquidation. The terms of any new debt may also impose additional and more stringent restrictions on our operations than

currently in place. If we issue additional common equity, either through public or private offerings or rights offerings, your existing common shareholders' percentage ownership in us would decline if you they do not participate on a ratable basis.

Failure to comply with certain restrictive financial covenants contained in our credit facilities could impose restrictions on our business segments, capital availability or the ability to pursue other activities.

Our credit facilities and term debt contain certain restrictive financial covenants. If we breach any of the covenants and such breach is not cured in a timely manner or waived by the lenders, and such event results in default, our access to credit may be limited or terminated and the lenders could declare any outstanding amounts immediately due and payable. We further may be limited in our ability to make distributions to our shareholders in event of default.

Increasing interest rates would increase our overall interest expense.

Interest expense on our floating-rate debt would increase if interest rates rise. Additionally, the interest expense associated with fixed-rate debt could rise in future periods when the debt matures and is refinanced. Furthermore, the value of our commercial real estate portfolio and the market price of our stock could decline if market interest rates increase and investors seek alternative investments with higher distribution rates.

We may be adversely affected by changes in LIBOR reporting practices or the method in which LIBOR is determined.

We have a number of financial instruments (refer to Note 108 – Notes Payable and Other Debt of Notes to Consolidated Financial Statements, included in Part II, Item 8 of this report) which bear interest at a floating rate based on the London Interbank Offered Rate ("LIBOR") plus an applicable margin (certain of these financial instruments are subject to interest rate swaps through maturity at fixed rates) and we may incur additional debt indexed to LIBOR in the future. The United Kingdom Financial Conduct Authority (the authority that regulates LIBOR) announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. The ICE Benchmark Administration (the administrator of LIBOR) ceased the publication of all GBP, EUR, CHF and JPY LIBOR settings, as well as the one-week and two-month USD LIBOR tenors after December 31, 2021. Publication of the remaining USD LIBOR tenors will cease after June 30, 2023. In the United States, efforts to identify a set of alternative U.S. dollar reference interest rates include proposals by the Alternative Reference Rates Committee of the Federal Reserve Board and the Federal Reserve Bank of New York. We are The Alternative Reference Rate Committee has identified the Secured Overnight Financing Rate, or SOFR, as its preferred alternative rate for LIBOR. At this time, it is not able possible to predict when LIBOR how markets will cease respond to be available SOFR or if another other alternative reference rate attains market traction as a rates in connection with the LIBOR replacement phase-out.

We may need to amend certain agreements related to financial instruments and agree upon a benchmark replacement index with the bank and, as a result, the interest rate on our financial instruments may change. The new rate may not be as favorable as those in effect prior to any LIBOR phase-out. Furthermore, the transition process may result in delays in funding, higher interest expense, additional expenses and increased volatility in markets for instruments that currently rely on LIBOR. Although the full impact of such reforms and actions together with any transition away from LIBOR remains unclear, these changes may have a material adverse impact on the availability of financing, including LIBOR-based loans, and on our financing costs.

Significant inflation and continuing increases in the inflation rate, could adversely affect our business and financial results.

Recent substantial increases in the rate of inflation and potential future elevated rates of inflation, both real and anticipated, may impact our results of operations. In a highly inflationary environment, we may be unable to raise rental rates at or above the rate of inflation, which could reduce our profit margins. Increased inflation could also adversely affect us by increasing construction costs, including tenant improvements and capital projects, and operating costs. Many of the Company's leases require tenants to pay an allocable portion of operating expenses, including common area maintenance, real estate taxes and insurance, resulting in a mitigating impact on increased costs and operating expenses due to inflation. However, unreimbursed increased operating expenses may adversely affect the Company's operating results and cash flows.

An increase in fuel prices may adversely affect our operating environment and costs.

Fuel prices have a direct impact on the health of the Hawai'i economy. Increases in the price of fuel may result in higher transportation costs to Hawai'i and adversely affect visitor counts and the cost of goods shipped to Hawai'i, thereby affecting the strength of the Hawai'i economy and its consumers. Increases in fuel costs also can lead to other non-recoverable, direct expense increases to us through, for example, increased costs of energy and petroleum-based raw materials used in the production of aggregate, and the manufacture, transportation, and placement of hot mix asphalt. Increases in energy costs for our leased real estate portfolio are typically recovered from lessees, although our share of energy costs increases as a result of lower occupancies, and higher operating cost reimbursements impact the ability to increase underlying rents. Rising fuel prices also may increase the cost of construction, including delivery costs to Hawai'i, and the cost of materials that are petroleum-based, thus affecting our real estate development projects and margins.

Noncompliance with, or changes

Changes to federal, state or local law or regulations, including environmental laws and regulations, may adversely affect our business.

We are subject to federal, state and local laws and regulations, including government rate, land use, environmental, climate-related and tax laws and regulations. Noncompliance Compliance or noncompliance with, or changes to, the laws and regulations governing our business could impose significant additional costs on us and adversely affect our financial condition and results of operations. For example, the our real estate estate-related segments are subject to numerous federal, state and local laws and regulations, which, if changed or not complied with, may adversely affect our business.

We frequently utilize §1031 of the Code to defer taxes when selling qualifying real estate and reinvesting the proceeds in replacement properties. This often occurs when we sell bulk parcels of land in Hawai'i or commercial properties in Hawai'i, all of which typically have a very low tax basis. A repeal of, or adverse amendment to, §1031 of the Code could impose significant additional costs on us. We

The Company's operations and properties are subject to various federal, state and local laws and regulations concerning the protection of the environment, including Occupational Safety and Health Administration regulations; Environmental Protection Agency regulations; and state and county permits related to our

operations. Under some environmental laws, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances released at a property. The Materials & Construction segment owner or operator may also be held liable to a governmental entity or to third parties for property damage or personal injuries and for investigation and clean-up costs incurred by those parties because of the contamination. These laws often impose liability without regard to whether the owner or operator knew of the release of the substances or caused the release. The presence of contamination or the failure to remediate contamination may impair the Company's ability to sell or lease real estate or to borrow using the real estate as collateral. Other laws and regulations govern indoor and outdoor air quality including those that can require the abatement or removal of asbestos-containing materials in the event of damage, demolition, renovation or remodeling and also govern emissions of and exposure to asbestos fibers in the air. The maintenance and removal of lead paint and certain electrical equipment containing polychlorinated biphenyls ("PCBs") and underground storage tanks are also regulated by federal and state laws. The Company is additionally also subject to Mine Safety risks associated with human exposure to chemical or biological contaminants such as molds, pollens, viruses and Health Administration regulations.

Work stoppages bacteria which, above certain levels, can be alleged to be connected to allergic or other labor disruptions by our unionized employees health effects and symptoms in susceptible individuals. The Company could incur fines for environmental compliance and be held liable for the costs of remedial action with respect to the foregoing regulated substances or those tanks or related claims arising out of other companies in related industries, may increase operating costs environmental contamination or adversely affect our ability human exposure to conduct business.

Many contamination at or from its properties. Identification of our employees are covered by collective bargaining agreements with unions. We may be adversely affected by actions taken by our employees compliance concerns or those undiscovered areas of other companies in related industries against efforts by management to control labor costs, restrain wage or benefits increases or modify work practices. Strikes and disruptions may occur as a result of our failure, or that of other companies in our industry, to negotiate collective bargaining agreements with such unions successfully. For example, in our Materials & Construction segment, a labor disruption resulting from a unionized workforce stoppage may significantly impede our production and ability to complete projects that are in process. Additionally, in our Land Operations segment, we may be unable to complete a development-for-sale project if building materials or labor are unavailable due to labor disruptions contamination, changes in the relevant trade groups, extent or known scope of contamination, discovery of additional sites, human exposure to the contamination or changes in cleanup or compliance requirements could result in significant costs to the Company. Moreover, compliance with new laws or regulations such as those related to climate change, including compliance with "green" building codes, or more stringent laws or regulations or stricter interpretations of existing laws may require material expenditures by the Company.

Interruption, Security breaches through cyber attacks or failure intrusions, or other significant disruptions of our the Company's information technology ("IT") networks, communications, and communications related systems could impair our ability to operate, adversely affect our financial condition, and damage our reputation.

We rely extensively on information technology and communication systems to process transactions and to operate and manage our business. Information technology business and communication face risks associated with security breaches, whether through cyber attacks or cyber intrusions over the Internet, malware, computer viruses, attachments to e-mails, persons inside the Company or persons with access to systems inside the Company. The risk of a security breach or disruption, particularly through cyber attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. The Company's IT networks and related systems are subject essential to reliability issues, integration the operation of its business and compatibility concerns, and cybersecurity-threatening intrusions. Further, we may experience failures caused by the occurrence its ability to perform day-to-day operations. Furthermore, a significant subset of a natural disaster, terrorism, war, the intentional or inadvertent acts and errors by our employees partially operate in a remote work environment, which may exacerbate certain risks to our businesses, including an increased risk of cybersecurity attacks and increased risk of unauthorized dissemination of proprietary or vendors, or other problems at our facilities. confidential information.

Despite our implementation of security measures, there can be no assurance that our efforts to maintain the security and integrity of our systems will be effective. Any failure effective or that attempted security breaches of or disruptions would not be successful or damaging. A security breach or other significant disruption involving our systems could result in improper uses of our systems and interruptions in our operations, which in turn could have a material adverse effect on our income, cash flow, results of operations, financial condition, liquidity, the ability to service debt obligations, the market price of our common stock and reputation. our ability to pay dividends and other distributions to stockholders. We may also incur significant costs to remedy damages caused by disruptions security breaches.

These risks require continuous and likely increasing attention and other resources to our systems. identify and quantify these risks, upgrade, and expand the Company's technologies, systems and processes to adequately address them and provide periodic training for the Company's employees to assist them in detecting phishing, malware and other schemes. Such attention diverts time and other resources from other activities and there is no assurance that the Company's efforts will be effective. Additionally, the Company relies on third-party service providers for certain aspects of the Company's business. The Company can provide no assurance that the networks and systems that the Company's third-party vendors have established or use will be effective. As the Company's reliance on technology has increased, so have the risks posed to the Company's information systems, both internal and those provided by the Company and third-party service providers.

Similarly, our In the normal course of business, the Company and its service providers collect and retain certain personal information provided by employees, tenants and vendors, and tenants rely relies extensively on computer IT systems to process transactions and manage their businesses its business. The Company can provide no assurance that the data security measures designed to protect confidential information on the Company's systems established by the Company and thus, are also at risk from, the Company's service providers will be able to prevent unauthorized access to this personal information or that attempted security breaches or disruptions would not be successful or damaging.

The Company's business and may be impacted by, cybersecurity attacks. An interruption operations could suffer in the business operations event of our vendors system failures or interruptions.

The Company's internal IT systems are vulnerable to damage from any number of sources, including computer viruses, unauthorized access, energy blackouts, natural disasters, terrorism, war, telecommunication failures, reliability issues, and tenants resulting from a cybersecurity attack could indirectly impact our business operations.

integration and compatibility concerns. Further, in response to we may experience failures caused by the COVID-19 pandemic, we have transitioned a significant subset of intentional or inadvertent acts and errors by our employees or vendors. The Company has implemented policies and procedures around its IT systems, including security measures, employee training, system redundancies, and the existence of a disaster recovery plan. However, any system failure or accident that causes interruptions in the Company's operations could result in a material disruption to a remote work environment, which its business. The Company may exacerbate certain risks incur additional costs to our businesses, including an remedy damages caused by such disruptions, as well as increased demand for information technology resources increased risk of cybersecurity attacks and increased risk of unauthorized dissemination of proprietary or confidential information. to support employees operating in a partially remote work environment.

Weather, natural disasters and the impacts of climate change may adversely affect our business.

As a result of climate change, we may experience extreme weather and changes in precipitation and temperature, including natural disasters. Should the impact of climate change be significant or occur for lengthy periods of time, our financial condition or results of operations would be adversely affected.

Our Commercial Real Estate and Land Operations segments are vulnerable to natural disasters, such as hurricanes, earthquakes, tsunamis, floods, sea level rise, fires, tornadoes and unusually heavy or prolonged rain, which could cause personal injury and loss of life. In addition, natural disasters could damage our real estate holdings, which could result in substantial repair or replacement costs to the extent not covered by insurance, a reduction in property values, or a loss of revenue, and could have an adverse effect on our ability to develop, lease and sell properties. The occurrence of natural disasters could also cause increases in property insurance rates and deductibles, which could reduce demand for, or increase the cost of, owning or developing our properties.

Drought, greater than normal rainfall, hurricanes, earthquakes, tsunamis, floods, sea level rise, fires, other natural disasters, agricultural pestilence, or negligence or intentional malfeasance by individuals, may also adversely impact the conditions of the land and thereby ~~harming~~ harm the prospects for the Land Operations segment ~~including our renewable energy operations~~, and our land infrastructure and facilities, including dams and reservoirs.

~~The Materials & Construction segment is notably impacted by weather conditions. For example, periods of wet or other adverse weather conditions could interrupt paving activities, resulting in delayed or loss of revenue, under-utilization of crews and equipment and less efficient rates of overhead recovery. Adverse weather conditions also restrict the demand for aggregate products, increase aggregate production costs and impede its ability to efficiently transport material.~~

We maintain casualty insurance under policies we believe to be adequate and appropriate. These policies are generally subject to large retentions and deductibles. Some types of losses, such as losses resulting from physical damage to dams, generally are not insured. In some cases, we retain the entire risk of loss because it is not economically prudent to purchase insurance coverage or because of the perceived remoteness of the risk. Other risks are uninsured because insurance coverage may not be commercially available. Finally, we retain all risk of loss that exceeds the limits of our insurance.

Political crises, public health crises and other events beyond our control may adversely impact our operations and profitability.

Political crises (including but not limited to heightened security measures, war, actual or threatened terrorist attacks, efforts to combat terrorism or other acts of violence) and public health crises (including, but not limited to, pandemics) may cause consumer confidence and spending to decrease, or may affect the ability or willingness of tourists to travel to Hawai'i, thereby adversely affecting Hawai'i's economy and us. Further, as our business is concentrated in Hawai'i, an attack on Hawai'i as a result of war or terrorism may severely or irreparably harm the Company.

Such events beyond our control could adversely affect trade and global and local economies and may lead to actions limiting trade and population movement and the movement of goods through the supply chain, as well as other impacts to business and consumer demand, which may adversely affect the Company's business, operating results and financial condition.

We are subject to, and may in the future be subject to, disputes, legal or other proceedings, or government inquiries or investigations, that could have an adverse effect on us.

The nature of our business exposes us to the potential for disputes, legal or other proceedings, or government inquiries or investigations, relating to labor and employment matters, contractual disputes, personal injury and property damage, environmental matters, construction litigation, business practices, and other matters, as discussed in the other risk factors disclosed in this section. These disputes could harm our business by distracting our management from the operation of our business. If these disputes develop into proceedings, these proceedings could result in significant expenditures or losses by us. Further, as a real estate developer, we may face warranty and construction defect claims, as described below under "Risks Relating to Our Land Operations Segment."

Impairment in the carrying value of long-lived assets could negatively affect our operating results.

We have a significant amount of long-lived assets on our consolidated balance sheet and have recorded non-cash impairment charges in the past. Under generally accepted accounting principles, long-lived assets are required to be reviewed for impairment whenever adverse events or changes in circumstances indicate a possible impairment. If business conditions or other factors cause profitability and cash flows to decline, we may be required to record additional non-cash impairment charges. Events and conditions that could result in further impairment in the value of our long-lived assets include changes in the industries in which we operate, particularly the impact of a downturn in the global or Hawai'i economy, as well as competition and advances in technology, adverse changes in the regulatory environment, or other factors leading to reduction in expected long-term sales or profitability.

Risks Related to Our Commercial Real Estate Segment

We are subject to a number of factors that could cause leasing rental income to decline.

We own a portfolio of commercial real estate assets. Factors that may adversely affect the portfolio's profitability include, but are not limited to: (i) a significant number of our tenants are unable to meet their obligations; (ii) increases in non-recoverable operating and ownership costs; (iii) we are unable to lease space at our properties when the space becomes available; (iv) the rental rates upon a renewal or a new lease are significantly lower than prior rents or do not increase sufficiently to cover increases in operating and ownership costs; (v) the providing of lease concessions, such as free or discounted rents and tenant improvement allowances; and (vi) the discovery of hazardous or toxic substances, or other environmental, culturally-sensitive, or related issues at the property.

The bankruptcy or loss of key tenants in our commercial real estate portfolio may adversely affect our cash flows and profitability.

We may derive significant cash flows and earnings from certain key tenants. If one or more of these tenants declares bankruptcy or voluntarily vacates from the leased premise and we are unable to re-lease such space (or to re-lease it on comparable or more favorable terms), we may be adversely impacted. Additionally, we may be further adversely impacted by

an impairment or "write-down" of intangible assets, such as lease-in-place value, favorable lease asset, or a deferred asset related to straight-line lease rent, associated with a tenant bankruptcy or vacancy.

A shift in retail shopping from brick and mortar stores to online shopping may have an adverse impact on our cash flow, financial condition and results of operations.

Although many of the retailers operating at our properties sell groceries and other necessity-based soft goods or provide services, the shift to online shopping may cause declines in brick-and-mortar sales generated by certain of our tenants and/or may cause certain of our tenants to reduce the size or number of their retail locations in the future. As a result, our cash flow, financial condition and results of operations could be adversely affected.

We may be unable to renew leases, lease vacant space, or re-lease space as leases expire, thereby increasing or prolonging vacancies, which would adversely affect our financial condition, results of operations and cash flows.

We may not be able to renew leases, lease vacant space, or re-let space as leases expire. In addition, we may need to offer substantial rent abatements, tenant improvements, early termination rights, or below-market renewal options to retain existing tenants or attract new tenants. If the rental rates for our properties decrease, our existing tenants do not renew their leases, or we do not re-let our available space, our financial condition, results of operations, and cash flows would be adversely affected.

Increases in operating expenses would adversely affect our operating results.

Our operating expenses include, but are not limited to, property taxes, insurance, utilities, repairs, and the maintenance of the common areas of our commercial real estate. We may experience increases in our operating expenses, some or all of which may be out of our control. Most of our leases require that tenants pay for a share of property taxes, insurance, and common area maintenance costs. However, if any property is not fully occupied, or if recovery income from tenants is not sufficient to cover operating expenses, then we could be required to expend our own funds for operating expenses. In addition, we may be unable to renew leases or negotiate new leases with terms requiring our tenants to pay all the property tax, insurance, and common area maintenance costs that tenants currently pay, which would adversely affect our operating results.

Our retail centers may depend on anchor stores or major tenants to attract shoppers and could be adversely affected by the loss of, or a store closure by, one or more of these tenants.

Some of our retail centers are anchored by large tenants. At any time, our tenants may experience a downturn in their business that may significantly weaken their financial condition. As a result, our tenants, including our anchor and other major tenants, may fail to comply with their contractual obligations to us, seek concessions in order to continue operations, or declare bankruptcy, any of which could result in the termination of such tenants' leases and the loss of rental income attributable to the terminated leases. In addition, certain of our tenants may cease operations while continuing to pay rent, which could decrease customer traffic, thereby decreasing sales for our other tenants at the applicable retail property. In addition, mergers or consolidations among retail establishments could result in the closure of existing stores or the duplication or geographic overlapping of store locations, which could include stores at our retail centers.

Loss of, or a store closure by, an anchor store or major tenant could significantly reduce our occupancy level or the rent that we receive from our retail centers. We may be unable to re-lease vacated space or to re-lease it on comparable or more favorable terms, or at all. In the event of default by an anchor store or major tenant, we may experience delays and costs in enforcing our rights as landlord to recover amounts due to us under the terms of our agreements with such parties.

Certain of our leases at our retail centers contain "co-tenancy" or "go-dark" provisions, which, if triggered, may allow tenants to pay reduced rent, cease operations, or terminate their leases, which could adversely affect our performance or the value of the applicable retail property.

Certain of the leases at our retail centers contain "co-tenancy" provisions that establish conditions related to a tenant's obligation to remain open, the amount of rent payable, or a tenant's obligation to continue occupying space, including (i) the presence of an anchor tenant, (ii) the continued operation of an anchor tenant's store, and (iii) minimum occupancy levels at the applicable property. If a co-tenancy provision is triggered by a failure of any of these conditions, a tenant could have the right to cease operations, to terminate its lease early, or to a reduction of its rent. In addition, certain of the leases at our retail centers contain "go-dark" provisions that allow the tenant to cease operations while continuing to pay rent. This could result in decreased customer traffic at the property, thereby decreasing sales for our other tenants at such property, which may result in our other tenants being unable to pay their minimum rents or expense recovery charges. Such provisions may also result in lower rental revenue generated under the applicable leases. To the extent co-tenancy or go-dark provisions in our leases result

in lower revenue or tenant sales, tenants' rights to terminate their leases early, or to a reduction of their rent, our performance and/or the value of the applicable retail center could be adversely affected.

The value of our development-for-hold projects and commercial properties is affected by a number of factors.

We have significant investments in various commercial real estate properties and development-for-hold projects. Weakness in the real estate sector, especially in Hawai'i, difficulty in obtaining or renewing project-level financing, and changes in our investment and redevelopment and development-for-hold strategy, among other factors, may affect the fair value of these real estate assets. If the undiscounted cash flows of our commercial properties, or redevelopment or development-for-hold projects, were to decline below the carrying value of those assets, we would be required to recognize an impairment loss if the fair value of those assets were below their carrying value.

We may be unable to identify and complete acquisitions of properties that meet our criteria, which may impede our growth.

Our business strategy involves the acquisition of retail, office, industrial, and other properties. These activities require us to identify suitable acquisition candidates or investment opportunities that meet our criteria. We evaluate the market of available properties and may attempt to acquire properties when strategic opportunities exist. We may be unable to acquire properties that we have identified as potential acquisition opportunities due to various factors, including but not limited to, the inability to (i) negotiate terms agreeable to the parties involved, (ii) satisfy conditions to closing, or (iii) finance the acquisition on favorable terms, or at all. In addition, we may incur significant costs and divert management attention in connection with evaluating and negotiating potential acquisitions, including ones that we are subsequently not able to complete. If we are unable to acquire properties on favorable terms, or at all, our financial condition, results of operations, and cash flow could be adversely affected.

We face competition for the acquisition and development of real estate properties, which may impede our ability to grow our operations or may increase the cost of these activities.

We compete with many other entities for the acquisition of commercial real estate and land suitable for new developments, including other REITs, private institutional investors, and other owner-operators of commercial real estate. Larger REITs may enjoy competitive advantages that result from a lower cost of capital. These competitors may increase the market prices we would have to pay in order to acquire properties. If we are unable to acquire properties that meet our criteria at prices we deem reasonable, our ability to grow may be adversely affected.

We are subject to risks associated with real estate construction and development.

Our redevelopment and development-for-hold projects are subject to risks relating to our ability to complete our projects on time and on budget. Factors that may result in a development project exceeding budget or being prevented from completion include, but are not limited to: (i) our inability to secure sufficient financing or insurance on favorable terms, or at all; (ii) construction delays, defects, or cost overruns, which may increase project development costs; (iii) an increase in commodity or construction costs, including labor costs; (iv) the discovery of hazardous or toxic substances, or other environmental, culturally-sensitive, or related issues; (v) an inability to obtain, or a significant delay in obtaining, zoning, construction, occupancy and other required governmental permits and authorizations; (vi) difficulty in complying with local, city, county and state rules and regulations regarding permitting, zoning, subdivision, utilities, and water quality, as well as federal rules and regulations regarding air and water quality and protection of endangered species and their habitats; (vii) insufficient infrastructure capacity or availability (e.g., water, sewer and roads) to serve the needs of our projects; (viii) an inability to secure tenants necessary to support the project or maintain compliance with debt covenants; (ix) failure to achieve or sustain anticipated occupancy levels; (x) condemnation of all or parts of development or operating properties, which could adversely affect the value or viability of such projects; and (xi) instability in the financial industry could reduce the availability of financing.

Significant instability in the financial industry may result in declining property values and increasing defaults on loans. This, in turn, could lead to increased regulations, tightened credit requirements, reduced liquidity and increased credit risk premiums for virtually all borrowers. Deterioration in the credit environment may also impact us in other ways, including the credit or solvency of vendors, tenants, or joint venture partners, the ability of partners to fund their financial obligations to joint ventures and our access to mortgage financing for our own properties.

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Commercial real estate investments are relatively illiquid.

Our ability to promptly sell one or more properties in our portfolio in response to changing economic, financial and investment conditions is limited. The real estate market is affected by many factors, such as general economic conditions, supply and demand, availability of financing, interest rates and other factors that are beyond our control. We cannot be certain that we will be able to sell any property for the price and other terms we seek, or that any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot estimate with certainty the length of time needed to find a willing purchaser and to complete the sale of a property. Factors that impede our ability to dispose of properties could adversely affect our financial condition and operating results.

Risks Related to Our Land Operations Segment

We are subject to risks associated with real estate construction and development.

Our development-for-sale projects are subject to risks that are similar to those described in the "We are subject to risks associated with real estate construction and development" risk factor above, under the "Risks Relating to Our Commercial Real Estate Segment" section.

Significant instability in the financial industry may result in declining property values and increasing defaults on loans. This, in turn, could lead to increased regulations, tightened credit requirements, reduced liquidity and increased credit risk premiums for virtually all borrowers. Fewer loan products and strict loan qualifications make it more difficult for borrowers to finance the purchase of units in our projects. Additionally, more stringent requirements to obtain financing for buyers of commercial properties make it significantly more difficult for us to sell commercial properties and may negatively impact the sales prices and other terms of such sales. Deterioration in the credit environment may also impact us in other ways, including the credit or solvency of customers, vendors, or joint venture partners, the ability of partners to fund their financial obligations to joint ventures and our access to mortgage financing for our own properties.

Governmental entities have adopted or may adopt regulatory requirements that may restrict our development activity.

We are subject to laws and regulations that affect the land development process, including zoning and permitted land uses. Government entities have adopted or may approve regulations or laws that could negatively impact the availability of land and development opportunities. It is possible that requirements will be imposed on developers that could adversely affect our ability to develop projects in the affected markets or could require that we satisfy additional administrative and regulatory requirements, which could delay development progress or increase the development costs to us.

Real estate development projects are subject to warranty and construction defect claims, in the ordinary course of business, that can be significant.

In our development-for-sale projects, we are subject to warranty and construction defect claims arising in the ordinary course of business. The amounts payable under these claims, both in legal fees and remedying any construction defects, can be significant and could exceed the profits made from the project. As a consequence, we may maintain liability insurance, obtain indemnities and certificates of insurance from contractors generally covering claims related to workmanship and materials, and create warranty and other reserves for projects based on historical experience and qualitative risks associated with the type of project built. Because of the uncertainties inherent in these matters, we cannot provide any assurance that our insurance coverage, contractor arrangements and reserves will be adequate to address some or all of our warranty and construction defect claims in the future. For example, contractual indemnities may be difficult to enforce, we may be responsible for applicable self-insured retentions, and certain claims may not be covered by insurance or may exceed applicable coverage limits. Additionally, the coverage offered, and the availability of liability insurance for construction defects, could be limited or costly. Accordingly, we cannot provide any assurance that such coverage will be adequate, available at an acceptable cost, or available at all.

Our ability to use or lease agricultural lands for agricultural purposes may be limited by government regulation.

Given the large scale of our agricultural landholdings on Kauai, many of the third parties to whom we lease land for agricultural purposes may be characterized as large scale commercial agricultural operations. Legislation passed on Kauai placed restrictions on the ability of such operations to use land within specified distances of highways, schools, oceans, streams, residences, parks, care homes, hospitals and other similar uses, to grow crops other than ground cover. This legislation also put significant restrictions regarding, and public notification obligations concerning, pesticide use on such operations and limited their ability to use genetically modified organism (GMO) crops. In November 2016, the Kauai legislation was invalidated by the courts. If additional legislative agricultural restrictions are passed, such as restrictions on the use of pesticides, our ability to

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use or lease lands for large scale agricultural purposes, and any rents that we can achieve for those lands, may be adversely affected.

Agricultural land is illiquid and difficult to value.

Even if qualified farm lessees can be identified and engaged in leases, agricultural operations are high risk by nature and turnover can be expected. From a landlord's perspective, agricultural leases produce only modest rents that could imply a valuation of the land that could materially understate other methods of appraising asset value.

The lack of water for agricultural irrigation could adversely affect the operations financial position and profitability of the Land Operations segment.

It is crucial to have access to sufficient, reliable and affordable sources of water in order to conduct sustainable agricultural activity on our lands. Existing infrastructure serving these agricultural lands rely on the collection and transmission of surface waters. If the ability to divert surface waters for agricultural use is limited or there is insufficient rainfall on an extended basis, this would have a significant, adverse effect on the utility of the land and our ability to employ the land in active agricultural use. On Maui and Kauai, where our agricultural lands are located, there are regulatory and legal challenges to water diversion from streams.

activity. Water availability also is critical to the successful implementation of farming plans on those lands purchased from us by Mahi Pono Holdings LLC ("Mahi Pono") in conjunction with our sale of certain agricultural landholdings on Maui (the "Agricultural Land Sale"). As described in our public filings associated with that sale, as well as Note 13.11 – Revenue and Contract Balances of Notes to Consolidated Financial Statements, included in Part II, Item 8 of this report, if Mahi Pono is unable to secure sufficient water to support the agricultural plans for which it purchased the lands, this could trigger certain financial obligations.

Our power sales contracts could be replaced on less favorable terms or may not be replaced.

Our power sales contracts expire at various points in the future and may not be replaced or could be replaced on less favorable terms, which could adversely affect Land Operations profitability.

The market for power sales in Hawai'i is limited.

The power distribution systems in Hawai'i are small and island-specific; currently, there is no ability to move power generated on one island to any other island. In addition, Hawai'i law generally limits the ability of independent power producers, such as us, to sell their output to firms other than the respective utilities on each island, without themselves becoming utilities and subject to the State's Public Utilities Commission (PUC) regulation. Further, any sales of electricity by us to the utilities on each island are subject to the approval of the PUC. Unlike some areas in the Mainland, Hawai'i's independent power producers have no ability to use utility infrastructure to transfer power to other locations.

Governmental entities have adopted or may adopt regulatory requirements related to our dams, reservoirs, and other water infrastructure that may adversely affect our operations.

We are subject to inspections and regulations that apply to certain of our dams, reservoirs, and other water infrastructure. Certain of these facilities have deficiencies noted by the State of Hawai'i, which we are working with the regulators to resolve. It is possible that current or future requirements imposed on landowners and dam owners/operators may require that we satisfy additional administrative and regulatory requirements and thereby increase the holding costs to us and/or decrease the operational utility of the subject facilities.

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Risks Related to Our Materials & Construction Segment

Our Materials & Construction segment's revenue growth and profitability are dependent on factors outside of our control.

Our Materials & Construction segment's ability to grow its revenues and improve profitability may be impacted by factors outside of our control, which include, but are not limited to: (i) decreased government funding for infrastructure projects; (ii) reduced spending by private sector customers resulting from poor economic conditions in Hawai'i; (iii) an increased number of competitors; (iv) less success in competitive bidding for contracts; (v) a decline in transportation and logistical costs, which may result in customers purchasing material from sources located outside of Hawai'i in a more cost-efficient manner; (vi) limitations on access to necessary working capital and investment capital to sustain growth; and (vii) inability to hire and retain essential personnel and to acquire equipment to support growth.

Economic downturns or reductions in government funding of infrastructure projects could reduce our revenues and profits from our materials and construction businesses.

The segment's products are used in public infrastructure projects, which include the construction, maintenance and improvement of highways, streets, roads, airport runways and similar projects. Our materials and construction businesses, including our aggregates business, are highly dependent on the amount and timing of infrastructure work funded by various governmental entities, which, in turn, depends on the overall condition of the economy, the need for new or replacement infrastructure, the priorities placed on various projects funded by governmental entities and federal, state or local government spending levels. We cannot be assured of the existence, amount and timing of appropriations for spending on these and other future projects, including state and federal spending on roads and highways. Spending on infrastructure could decline for numerous reasons, including decreased revenues received by state and local governments for spending on such projects (including federal funding), and other competing priorities for available state, local and federal funds. State spending on highway and other projects can be adversely affected by decreases or delays in, or uncertainties regarding, federal highway funding. The segment is reliant upon contracts with the City and County of Honolulu, the State of Hawai'i and the Federal Government for a significant portion of its revenues. If revenues and profits are impacted by economic downturns or reductions in government funding, the segment's long-lived assets and goodwill may become impaired.

We may be unsuccessful in identifying or completing any strategic alternative of our Materials & Construction segment or, if we are successful, any such strategic alternative may be less than our carrying value, which may result in additional non-cash impairment charges.

Our pursuit of strategic alternatives for our Materials & Construction businesses, either together as a group or individually, may not result in the identification or consummation of any transaction(s) or may not be on terms that are favorable to us. The process of pursuing strategic alternatives may be time consuming and disruptive to our business operations, and if we are unable to effectively manage the process, our businesses, financial condition, and results of operations could be adversely affected and may result in additional non-cash impairment charges. Any potential transactions, and the related valuations, would be dependent upon a number of factors that may be beyond our control, including, among others, market conditions, industry trends, the interest of third parties, and the availability of financing to potential buyer(s) on reasonable terms. Identification of a single buyer for the Materials & Construction segment as a whole, due to its size, may be difficult, while selling the Materials & Construction businesses separately may result in unforeseen consequences, which may result in the Company being unable to recover its carrying value of the Materials & Construction businesses or related disposal group. In addition, acceleration of the timing of a potential transaction may result in additional non-cash impairment charges.

We may face community opposition to the operation or expansion of quarries or other facilities.

Quarries and other facilities require special and conditional use permits to operate. Permitting and licensing applications and proceedings and regulatory enforcement proceedings are open to public scrutiny and comment. In addition, the Makakilo quarry is adjacent to residential areas and heavy equipment and explosives are used in the mining process. As a result, our Materials & Construction operations may be subject to community opposition and adverse publicity that may have a negative effect on operations and delay or limit any future expansion or development of operations.

Significant contracts may be canceled, or we may be disqualified from bidding for new contracts.

Governmental entities typically have the right to cancel their contracts with our construction businesses at any time with payment generally only for the work already completed plus a negotiated compensatory overhead recovery amount. In addition, our construction businesses could be prohibited from bidding on certain governmental contracts if we fail to maintain qualifications required by those entities, such as maintaining an acceptable safety record.

If our materials and construction businesses are unable to accurately estimate the overall risks, requirements or costs when bidding on or negotiating a contract that we are ultimately awarded, the segment may achieve a lower than anticipated profit or incur a loss on the contract.

The majority of the Materials & Construction segment's revenues are derived from "quantity pricing" (fixed unit price) contracts. Quantity pricing contracts require the provision of line-item materials at a fixed unit price based on approved quantities irrespective of actual per unit costs. Expected profits on contracts are realized only if costs are accurately estimated and then successfully controlled. If cost estimates for a contract are inaccurate, or if the contract is not performed within cost estimates, then cost overruns may result in losses or cause the contract not to be as profitable as expected.

If our materials and construction businesses are unable to attract and retain key personnel and skilled labor, or encounter labor difficulties, the ability to bid for and successfully complete contracts may be negatively impacted.

The ability to attract and retain reliable, qualified personnel is a significant factor that enables our materials and construction businesses to successfully bid for and profitably complete their work. This includes members of management, project managers, estimators, supervisors, and foremen. The segment's future success also will depend on its ability to hire, train and retain, or to attract, when needed, highly skilled management personnel. If competition for these employees is intense, it could be difficult to hire and retain the

personnel necessary to support operations. If we do not succeed in retaining our current employees and attracting, developing and retaining new highly skilled employees, segment operations and future earnings may be negatively impacted.

A majority of segment personnel are unionized. Any work stoppage or other labor dispute involving unionized workforce, or inability to renew contracts with the unions, could have an adverse effect on operations.

Our construction and construction-related businesses may fail to meet schedule or performance requirements of our paving contracts.

Asphalt paving contracts have penalties for late completion. In most instances, projects must be completed within an allotted number of business or calendar days from the time the notice to proceed is received, subject to allowances for additional days due to weather delays or additional work requested by the customer. If our construction businesses subsequently fail to complete the project as scheduled, we may be responsible for contractually agreed-upon liquidated damages, an amount assessed per day beyond the contractually allotted days, at the discretion of the customer. Under these circumstances, the total project cost could exceed original estimates and could result in a loss of profit or a loss on the project. Additionally, our construction businesses enter into lump sum and quantity pricing contracts where profits can be adversely affected by a number of factors beyond our control, which can cause actual costs to materially exceed the costs estimated at the time of our original bid.

Timing of the award and performance of new contracts could have an adverse effect on Materials & Construction segment operating results and cash flow.

It is generally very difficult to predict whether and when bids for new projects will be offered for tender, as these projects frequently involve a lengthy and complex design and bidding process, which is affected by a number of factors, such as market conditions, funding arrangements and governmental approvals. Because of these factors, segment results of operations and cash flows may fluctuate from quarter to quarter and year to year, and the fluctuation may be substantial.

The uncertainty of the timing of contract awards after a winning bid is submitted may also present difficulties in matching the size of equipment fleet and work crews with contract needs. In some cases, our materials and construction businesses may maintain and bear the cost of more equipment than is currently required, in anticipation of future needs for existing contracts or expected future contracts.

In addition, the timing of the revenues, earnings and cash flows from contracts can be delayed by a number of factors, including delays in receiving material and equipment from suppliers and services from subcontractors and changes in the scope of work to be performed.

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Dependence on a limited number of customers could adversely affect our materials and construction businesses and results of operations.

Due to the size and nature of the segment's construction contracts, one or a few customers, such as the Federal Government, the State of Hawai'i, and the various counties in Hawai'i, have in the past and may in the future represent a substantial portion of consolidated segment revenues and gross profits in any one year or over a period of several consecutive years. Similarly, segment backlog frequently reflects multiple contracts for certain customers; therefore, one customer may comprise a significant percentage of backlog at a certain point in time. The loss of business from any such customer, or a default or delay in payment on a significant scale by a customer, could have an adverse effect on our materials and construction businesses or results of operations.

Our materials and construction businesses are likely to require more capital over the longer term.

The property and machinery needed to produce aggregate products and perform asphaltic concrete paving contracts are expensive. The segment's ability to generate sufficient cash flow to fund these expenditures depends on future performance, which will be subject to general economic conditions, industry cycles and financial, business, and other factors affecting operations, many of which are beyond our control. If the segment is unable to generate sufficient cash to operate its businesses, it may be required, among other things, to further reduce or delay planned capital or operating expenditures.

An inability to obtain bonding could limit the aggregate dollar amount of contracts that our materials and construction businesses are able to pursue.

As is customary in the construction industry, we may be required to provide surety bonds to our customers to secure our performance under construction contracts. Our ability to obtain surety bonds primarily depends upon our capitalization, working capital, past performance, management expertise and reputation and certain external factors, including the overall capacity of the surety market. Surety companies consider such factors in relationship to the amount of backlog and their underwriting standards, which may change from time to time. Events that adversely affect the insurance and bonding markets generally may result in bonding becoming more difficult to obtain in the future, or being available only at a significantly greater cost. The inability to obtain adequate bonding would limit the amount that our construction businesses are able to bid on new contracts and could have an adverse effect on the segment's future revenues and business prospects.

Our Materials & Construction segment operations are subject to hazards that may cause personal injury or property damage, thereby subjecting us to liabilities and possible losses, which may not be covered by insurance.

Segment employees are subject to the usual hazards associated with performing construction activities on road construction sites, plants and quarries. Operating hazards can cause personal injury and loss of life, damage to or destruction of property, plant and equipment and environmental damage. We maintain general liability and excess liability insurance, workers' compensation insurance, auto insurance and other types of insurance, all in amounts consistent with our materials and construction businesses' risk of loss and industry practice, but this insurance may not be adequate to cover all losses or liabilities incurred in operations.

Insurance liabilities are difficult to assess and quantify due to unknown factors, including the severity of an injury, the determination of liability in proportion to other parties, the number of incidents not reported and the effectiveness of the segment's safety program. If insurance claims or costs were above our estimates, our materials and construction businesses might be required to use working capital to satisfy these claims, which could impact their ability to maintain or expand their operations.

Environmental and other regulatory matters could adversely affect our materials and construction businesses' ability to conduct business and could require significant expenditures.

Segment operations are subject to various environmental laws and regulations relating to the management, disposal and remediation of hazardous substances, climate change and the emission and discharge of pollutants into the air and water. Our materials and construction businesses could be held liable for such contamination created not only from their own activities but also from the historical activities of others on properties that the segment acquires or leases. Segment operations are also subject to laws and regulations relating to workplace safety and worker health, which, among other things, regulate employee exposure to hazardous substances. Violations of such laws and regulations could subject us to substantial fines and penalties, cleanup costs, third-party property damage or personal injury claims. In addition, these laws and regulations have become, and enforcement practices and compliance standards are becoming, increasingly stringent. Moreover, we cannot predict the nature, scope or effect of legislation or regulatory requirements that could be imposed, or how existing or future laws or regulations will be administered or interpreted, with respect to products or activities to which they have not been previously applied.

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Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of the regulatory agencies, could require substantial expenditures for, among other things, equipment not currently possessed, or the acquisition or modification of permits applicable to segment activities.

Short supplies and volatility in the costs of fuel, energy and raw materials may adversely affect our materials and construction businesses.

Our materials and construction businesses require a continued supply of diesel fuel, electricity and other energy sources for production and transportation. The financial results of these businesses have at times been affected by the high costs of these energy sources. Significant increases in costs, or reduced availability of these energy sources, have and may in the future reduce financial results. Moreover, fluctuations in the supply and costs of these energy sources can make planning business operations more difficult. We do not hedge our fuel price risk, but instead focus on volume-related price reductions, fuel efficiency, alternative fuel sources, consumption and the natural hedge created by the ability to increase aggregate prices.

Similarly, segment operations also require a continued supply of liquid asphalt, which serves as a key raw material in the production of asphaltic concrete. Liquid asphalt is subject to potential supply constraints and significant price fluctuations, which are generally correlated to the price of crude oil, though not as closely as diesel or gasoline, and are beyond the control of our materials and construction businesses. Accordingly, significant increases in the price of crude oil will have an adverse impact on the financial results of the Materials & Construction segment due to higher costs of production of asphaltic concrete. Conversely, significant declines in the price of oil had, and in the future may have, an adverse impact on our material and construction sales of liquid asphalt concrete, due to lower costs of importing asphalt to Hawai'i, which may result in customers sourcing liquid asphalt from competition located outside of Hawai'i.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 2. DESCRIPTION OF PROPERTIES BY SEGMENT

Commercial Real Estate

Asset classes

The Company owns and operates a portfolio of improved properties within three asset classes in Hawai'i (retail, industrial and office). The following table presents a summary of GLA square footage ("SF") by the improved property asset class as of December 31, 2021 December 31, 2022:

	Current GLA (SF)
Retail	2,500,000 2,503,700
Industrial	1,246,300 1,255,200
Office	143,300 145,700
Total	3,889,600 3,904,600

As noted above, the Company also owns 143.4 140.7 acres of land under urban ground leases in Hawai'i as of December 31, 2021 December 31, 2022.

Improved properties

Most of the Company's improved retail, industrial and office properties are located on Oahu and Maui, with a smaller number of holdings on Kauai and Hawai'i (island). The occupancy for the improved properties portfolio (i.e., the percentage of square footage leased and commenced to gross leasable space at the end of the period reported, "Leased Occupancy") was 95.0% as of December 31, 2022, and 94.3% as of December 31, 2021 and 2020. For properties in the portfolio, the Company presents annualized base rent ("ABR") for each of its improved properties on a total and per-square-foot ("PSF") basis; ABR is calculated by multiplying the current month's contractual base rent by twelve.

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As of December 31, 2021 December 31, 2022, the Company's commercial real estate improved property assets were as follows (dollars in thousands, except PSF data):

	Property	Year Built/ Current Leased/Economic ABR						Year Built/ Current Leased/Economic ABR						
		Island	Renovated	GLA (SF)	Occupancy	ABR	PSF	Island	Renovated	GLA (SF)	Occupancy	ABR	PSF	
Retail:												Retail:		
1	1 Pearl Highlands Center	Oahu	1992-1994	411,400	99.8%	95.3%	\$ 10,528	\$ 26.86	1 Pearl Highlands Center	Oahu	1992-1994	411,400	99.4%	98.2%
2	2 Kailua Retail	Oahu	1947-2014	326,200	96.1%	94.6%	11,056	36.10	2 Kailua Retail	Oahu	1947-2014	326,400	95.4%	94.6%
3	3 Laulani Village	Oahu	2012	175,800	96.6%		6,542	38.56	3 Laulani Village	Oahu	2012	175,600	96.5%	6,650
4	4 Waianae Mall	Oahu	1975	170,800	94.6%	82.9%	3,317	23.65	4 Waianae Mall	Oahu	1975	170,800	96.2%	95.5%
5	5 Manoa Marketplace	Oahu	1977	142,900	90.6%	87.2%	4,240	34.23	5 Manoa Marketplace	Oahu	1977	142,000	97.8%	91.7%
6	6 Queens' MarketPlace Island	Hawai'i	2007	134,000	85.4%	83.5%	3,517	39.08	6 Queens' MarketPlace Island	Hawai'i	2007	134,000	84.5%	83.6%
7	7 Kaneohe Bay Shopping Center (Leasehold)	Oahu	1971	125,400	98.6%	96.6%	3,125	25.80	7 Kaneohe Bay Shopping Center (Leasehold)	Oahu	1971	125,400	97.8%	3,212
8	8 Hokulei Village	Kauai	2015	119,200	99.2%		4,301	36.39	8 Hokulei Village	Kauai	2015	119,000	100.0%	4,288
9	9 Pu'unene Shopping Center	Maui	2017	118,000	70.9%	68.1%	3,885	48.35	9 Pu'unene Shopping Center	Maui	2017	118,000	78.4%	70.9%
10	10 Waipio Shopping Center	Oahu	1986, 2004	113,800	100.0%	99.3%	3,426	30.31	10 Waipio Shopping Center	Oahu	1986, 2004	113,800	97.4%	3,426
11	11 Aikahi Park Shopping Center	Oahu	1971	97,500	92.4%	91.7%	3,011	33.63	11 Aikahi Park Shopping Center	Oahu	1971, 2022	97,300	88.8%	84.9%
12	12 Lanihau Marketplace Island	Hawai'i	1987	88,300	97.1%	93.8%	1,587	19.16	12 Lanihau Marketplace Island	Hawai'i	1987	88,300	97.7%	92.4%
13	13 The Shops at Kukui'ula	Kauai	2009	85,900	89.5%	80.7%	2,608	45.48	13 The Shops at Kukui'ula	Kauai	2009	85,900	95.6%	87.5%
14	14 Ho'okele Shopping Center	(1) Maui	2019	71,400	96.1%	88.0%	2,503	39.84	14 Ho'okele Shopping Center	Maui	2019	71,400	96.1%	91.2%
15	15 Kunia Shopping Center	Oahu	2004	60,600	98.3%	93.9%	2,017	39.88	15 Kunia Shopping Center	Oahu	2004	60,600	90.1%	2,171
16	16 Waipouli Town Center	Kauai	1980	56,600	35.0%		430	21.73	16 Waipouli Town Center	Kauai	1980	56,600	39.7%	451
17	17 Lau Hala Shops	Oahu	2018	46,300	100.0%		2,400	51.87	17 Kahului Shopping Center	(2) Maui	1951	50,900	94.3%	935
18	18 Kahului Shopping Center	Maui	1951	45,900	93.7%		725	16.85	18 Lau Hala Shops	Oahu	2018	46,300	100.0%	2,487
19	19 Napili Plaza	Maui	1991	45,600	87.1%	83.9%	1,148	31.00	19 Napili Plaza	Maui	1991	45,600	90.3%	1,271
20	20 Gateway at Mililani Mauka	Oahu	2008, 2013	34,900	95.4%	87.7%	1,802	58.93	20 Gateway at Mililani Mauka	Oahu	2008, 2013	34,900	93.7%	90.3%
21	21 Port Allen Marina Center	Kauai	2002	23,600	96.0%		645	28.52	21 Port Allen Marina Center	Kauai	2002	23,600	92.0%	648
22	22 The Collection	Oahu	2017	5,900	72.9%		249	57.91	22 The Collection	Oahu	2017	5,900	100.0%	339

		Subtotal – Retail	2,500,000	93.1%	89.9%	\$ 73,062	\$ 33.19		Subtotal – Retail	2,503,700	93.8%	91.7%	\$ 77,967	\$ 34.50	
Industrial:															
23	23 Komohana Industrial Park	Oahu	1990	238,300	100.0%	\$ 3,392	\$ 14.24	23 Komohana Industrial Park	Oahu	1990	238,300	100.0%	\$ 3,516	\$ 14.76	
24	24 Kaka'ako Commerce Center	Oahu	1969	201,900	93.3%	2,758	14.64	24 Kaka'ako Commerce Center	Oahu	1969	202,200	95.5%	2,759	14.64	
25	25 Waipio Industrial	Oahu	1988-1989	158,400	100.0%	2,586	16.33	25 Waipio Industrial	Oahu	1988-1989	158,400	99.0%	2,640	16.84	
26	26 Opule Industrial	Oahu	2005-2006, 2018	151,500	100.0%	2,462	16.25	26 Opule Industrial	Oahu	2005-2006, 2018	151,500	100.0%	2,550	16.83	
27	27 P&L Warehouse	Maui	1970	104,100	100.0%	1,569	15.07	27 P&L Warehouse	Maui	1970	104,100	100.0%	1,610	15.46	
28	28 Kapolei Enterprise Center	Oahu	2019	93,000	100.0%	1,580	16.98	28 Kapolei Enterprise Center	Oahu	2019	93,000	100.0%	1,618	17.39	
29	29 Honokohau Industrial	Hawai'i Island	2004-2006, 2008	86,500	98.0%	1,237	14.60	29 Honokohau Industrial	Hawai'i Island	2004-2006, 2008	86,700	98.0%	96.0%	1,263	15.18
30	30 Kailua Industrial/Other	Oahu	1951-1974	69,000	92.1%	1,170	18.86	30 Kailua Industrial/Other	Oahu	1951-1974	69,000	92.6%	91.4%	1,106	17.95
31	31 Port Allen	Kauai	1983, 1993	64,600	84.8%	615	12.00	31 Port Allen	Kauai	1983, 1993	64,600	95.6%	736	12.64	
32	32 Harbor Industrial	Maui	1930	51,100	86.7%	545	12.31	32 Harbor Industrial	(2) Maui	1930	51,100	100.0%	626	12.26	
33	33 Kahai Street Industrial	(1) Oahu	1973	27,900	100.0%	333	11.94	33 Kahai Street Industrial	(1) Oahu	1973	27,900	100.0%	354	12.70	
34								34 Maui Lani Industrial	(1) Maui	2010	8,400	100.0%	151	17.98	
	Subtotal – Industrial		1,246,300	97.0%	\$ 18,247	\$ 15.16		Subtotal – Industrial		1,255,200	98.4%	98.2%	\$ 18,929	\$ 15.48	
	Office:														
34	34 Kahului Office Building	Maui	1974	59,100	91.3%	89.7%	\$ 1,565	\$ 29.50	35 Kahului Office Building	Maui	1974	59,100	86.6%	\$ 1,490	\$ 29.90
35	35 Gateway at Mililani Mauka South	Oahu	1992, 2006	37,100	97.8%	1,679	46.23	36 Gateway at Mililani Mauka South	Oahu	1992, 2006	37,100	98.4%	96.2%	1,696	47.48
36	36 Kahului Office Center	Maui	1991	33,400	85.7%	82.0%	747	27.25	37 Kahului Office (2) Maui	1991	35,800	90.5%	1,012	31.21	
37	37 Lono Center	Maui	1973	13,700	89.5%	341	27.89	38 Lono Center	Maui	1973	13,700	61.7%	281	33.34	
38								Subtotal – Office		143,300	91.5%	90.0%	\$ 4,332	\$ 33.58	
	Total – Hawai'i Improved Portfolio		3,889,600	94.3%	92.2%	\$ 95,641	\$ 27.06	Subtotal – Office		145,700	88.2%	87.7%	\$ 4,479	\$ 35.43	
	Total – Hawai'i Improved Portfolio							Total – Hawai'i Improved Portfolio		3,904,600	95.0%	93.6%	\$ 101,375	\$ 28.09	

(1) Property is currently not included in the same-store ("Same-Store") pool, which management uses in the calculation of certain non-GAAP metrics at an improved property or ground lease level. Refer to page 42 for a discussion of non-GAAP financial measures and the required reconciliations of non-GAAP measures to GAAP measures.

(1) Property is currently not included in the same-store ("Same-Store") pool, which management uses in the calculation of certain non-GAAP metrics at an improved property or ground lease level. Refer to page 37 for a discussion of non-GAAP financial measures and the required reconciliations of non-GAAP measures to GAAP measures.

(2) Includes leases that were previously classified as ground leases and presented in the table on page [23](#).

(1) Property is currently not included in the same-store ("Same-Store") pool, which management uses in the calculation of certain non-GAAP metrics at an improved property or ground lease level. Refer to page 37 for a discussion of non-GAAP financial measures and the required reconciliations of non-GAAP measures to GAAP measures.

(2) Includes leases that were previously classified as ground leases and presented in the table on page [23](#).

Ground leases

The Company's portfolio of commercial ground leases at [December 31, 2021](#) [December 31, 2022](#), was as follows (dollars in thousands):

	Property Name (1)	Location (City, Island) Acres Type Year ABR					Property Name	Location (City, Island) Acres Type Year ABR						
		Kapolei, Windward City Shopping	Oahu	36.4	Industrial	2025	\$ 3,110	Kapolei, Windward City	Oahu	36.4	Industrial	2025	\$ 3,203	
1	1 Owner/Operator	Kapolei, Windward City Shopping	Oahu	15.4	Retail	2035	2,800	1 Owner/Operator	Kapolei, Windward City	Oahu	15.4	Retail	2035	2,800
2	2 Center	Kaneohe, Honolulu,	Oahu	9.0	Retail	2045	2,075	2 Shopping Center	Kaneohe, Honolulu,	Oahu	9.0	Retail	2045	2,075
3	3 Owner/Operator	Kaimuki Shopping	Oahu	2.8	Retail	2040	1,728	3 Owner/Operator	Kaimuki Shopping	Oahu	2.8	Retail	2040	2,039
4	4 Center	Pu'unene, Heavy	Maui	52.0	Industrial	2059	1,275	4 Center	Pu'unene, Heavy	Maui	52.0	Industrial	2059	1,275
5	5 S&F Industrial	Kaneohe, Windward Town and Country	Oahu	3.7	Retail	2048	990	5 S&F Industrial	Kailua, Windward Town and Country	Oahu	3.7	Retail	2048	990
6	6 Owner/Operator	Kailua, Windward Town and Country	Oahu	3.4	Retail	2062	753	6 Pali Palms Plaza	Kailua, Windward Town and Country	Oahu	3.4	Retail	2062	963
7	7 Plaza I	Kailua, Windward Town and Country	Oahu	2.2	Retail	2062	485	7 Owner/Operator	Kailua, Windward Town and Country	Oahu	2.2	Retail	2062	621
8	8 Plaza II	Kailua, Windward Town and Country	Oahu	1.9	Retail	2034	450	8 Country Plaza I	Kailua, Windward Town and Country	Oahu	1.9	Retail	2034	450
9	9 Owner/Operator	Kailua, Honolulu,	Oahu	0.5	Retail	2028	366	9 Country Plaza II	Kailua, Honolulu,	Oahu	0.5	Retail	2028	375
10	10 Owner/Operator	Honolulu, Honolulu,	Oahu	0.5	Parking	2023	339	10 Owner/Operator	Honolulu, Honolulu,	Oahu	0.5	Parking	2028	349
11	11 Owner/Operator	(2) Honolulu, Honolulu,	Oahu	0.7	Industrial	—	296	11 Owner/Operator	Honolulu, Honolulu,	Oahu	0.7	Industrial	2027	264
12	12 Owner/Operator	Kahului, Seven-Eleven	Oahu	0.8	Retail	2026	257	12 Owner/Operator	Kahului, Seven-Eleven	Oahu	0.8	Retail	2026	258
13	13 Owner/Operator	Seven-Eleven	Kailua,	0.9	Retail	2033	253	13 Owner/Operator	Kailua,	Oahu	0.9	Retail	2033	245
14	14 Kailua Center	Kailua, Kailua Center	Oahu	1.2	Retail	2022	237	14 Kailua Center	Kailua, Honolulu,	Oahu	1.2	Retail	2027	237
15	15 Owner/Operator	Oahu	(1)	0.7	Industrial	—	15 Owner/Operator	Oahu	0.7	Industrial	2027	245		

16	16 Owner/Operator	Kahului, Maui	0.8	Industrial	2025	218	16 Owner/Operator	Kailua, Oahu	1.2	Retail	2023	237
17	Pali Palms	Kailua, Oahu	3.3	Office	2037	200	17 Owner/Operator	Kahului, Maui	0.8	Industrial	2025	228
18	17 Plaza	Kahului, Maui	0.5	Retail	2029	184	18 Owner/Operator	Kahului, Maui	0.4	Retail	2027	181
19	18 Owner/Operator	Kailua, Oahu	0.4	Retail	2022	166	19 Owner/Operator	Kailua, Oahu	0.4	Retail	2025	174
20	19 Owner/Operator	Kahului, Maui	0.4	Retail	2027	158	20 Owner/Operator	Kahului, Maui	0.9	Retail	2025	142
	Remainder	Various	6.6	Various	1,137		Remainder	Various	3.5	Various		891
	Total - Ground Leases		143.4		\$17,477		Total - Ground Leases²		140.7			\$18,752

(1) Excludes intercompany ground leases, which are eliminated in the consolidated results of operations.

(2) Ground lease is currently not included in the Same-Store pool, which management uses in the calculation of certain non-GAAP metrics at an improved property or ground lease level. Refer to page 42 for a discussion of non-GAAP financial measures and the required reconciliations of non-GAAP measures to GAAP measures.

(3) Represents the acquisition of 228 Kalihia Street in October 2021.

(1) Ground lease is currently not included in the Same-Store pool, which management uses in the calculation of certain non-GAAP metrics at an improved property or ground lease level. Refer to page 37 for a discussion of non-GAAP financial measures and the required reconciliations of non-GAAP measures to GAAP measures.

(2) Leases previously classified as ground leases as of December 31, 2021, are now included and presented in the table of improved properties on page 21.

(1) Ground lease is currently not included in the Same-Store pool, which management uses in the calculation of certain non-GAAP metrics at an improved property or ground lease level. Refer to page 37 for a discussion of non-GAAP financial measures and the required reconciliations of non-GAAP measures to GAAP measures.

(2) Leases previously classified as ground leases as of December 31, 2021, are now included and presented in the table of improved properties on page 21.

Land Operations

The Company's Land Operations segment **seeks to manage and monetize** primarily consists of the Company's **legacy**, non-commercial real estate landholdings and **assets**, **other legacy assets and liabilities**.

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Landholdings Real Estate Investments

At December 31, 2021 December 31, 2022, the Company owned 24,404 acres Company's real estate investments related to its Land Operations segment were as follows:

Type	Kauai	Maui	Oahu	Total Acres
Land used in other operations	—	21	3	24
Urban land, not in active development/use				
Urban Developable, with full or partial infrastructure	2	116	—	118
Urban Developable, with limited or no infrastructure	29	81	—	110
Urban Other	1	17	—	18
Subtotal - Urban land, not in active development/use	32	214	—	246
Agriculture-related				
Agriculture/Other	6,152	4,296	75	10,523
Urban entitlement process	260	—	—	260
Conservation & preservation	12,487	355	509	13,351
Subtotal - Agriculture-related	18,899	4,651	584	24,134
Total Land Operations Landholdings	18,931	4,886	587	24,404

(amounts in millions, except acres data)

Acres

Carrying Value

Real estate investments

Core real estate investments

Kapolei Business Park West	3	\$ 6.2
Maui Business Park II	53	22.1
<i>Non-core real estate investments</i>		
Other real estate development	192	37.8
Agricultural land	3,123	0.4
Urban land, not in active development	20	0.6
Conservation & preservation	777	0.9
Investments in real estate joint ventures and partnerships		7.5
Total real estate investments, net	4,168	\$ 75.5

Active development-for-sale projects Core Real Estate Development-for-sale Projects

As of December 31, 2021 December 31, 2022, the Company's Land Operations segment has one remaining active, core real estate development-for-sale project, Maui Business Park II, which encompasses light industrial lots located in Kahului, Maui. The Company significantly reduced the number of active development-for-sale projects in recent years in connection with its efforts to monetize non-core assets and to simplify the business.

The following is a summary A summary of the Company's active real estate development-for-sale portfolio Company's Maui Business Park II project as of December 31, 2021 December 31, 2022 is as follows:

Project	Project	Location	Type	(in millions)								(in millions)										
				Planned				Total		A&B Gross		Planned				Total		A&B Gross				
				Est.	Units or	Units/	Project/	Investment	(Life to	Project	Location	Type	Acres	Closed	Cost	Date)	Est.	Units or	Units/	Project/	Investment	(Life to
Maui Business Park (Phase II)	Maui Business Park (Phase II)	Kahului, Maui	Light industrial lots	100%	116.7	59.3	\$ 89	\$ 65	Project	Maui Business Park (Phase II)	Kahului, Maui	Light industrial lots	116.7	64.2	\$ 89	\$ 65						

Maui Business Park Park II: Maui Business Park (Phase II) ("MBP II") represents the second phase of the Company's Maui Business Park project in Kahului, Maui. MBP II Maui, and is zoned for light industrial, retail and office use. During the year ended December 31, 2022 December 31, 2021, the Company successfully closed on the sale of 9.24.9 acres at Maui Business Park MBP Phase II.

Renewable energy Sale of Business

The Company is directly involved in the renewable energy field and has been a clean energy producer for over 115 years. Through its history, the Company has produced renewable energy through hydroelectric facilities on Kauai, operated by its wholly-owned subsidiary, McBryde Resources, Inc. ("McBryde"). In connection with its strategy to simplify its business, the Company's simplification efforts, during the quarter ended September 30, 2020 June 30, 2022, the Company sold its solar completed the disposal of approximately 18,900 acres of primarily conservation and agricultural land on the island of Kauai and 100% of the Company's ownership interest in McBryde Resources, Inc., the operator of hydroelectric power facility in Port Allen facilities on Kauai, to an independent operator of renewable energy facilities in Hawai'i.

During the year ended December 31, 2021, McBryde produced 25,723 megawatt-hours ("MWH") of hydroelectric power (compared to 26,283 MWH in 2020). To the extent it is not used in A&B-related operations, McBryde sells electricity to Kauai Island Utility Cooperative ("KIUC"). Hydroelectric power sales in 2021 amounted to 19,069 MWH (compared to 20,107 MWH in 2020). Solar power sales in 2020 amounted to 9,215 prior to the sale of the Company's solar power facility.

Materials & Construction

Grace Pacific owns 542 acres in Makakilo, Oahu, approximately 200 acres of which are used for its quarrying operations. Approximately 910,000 and 635,000 tons of rock were delivered by Grace Pacific in 2021 and 2020, respectively. The operation of the quarry is governed by special and conditional use permits, which allow Grace Pacific to extract aggregate through 2032. The Materials & Construction segment also includes land holdings that are licensed to third-party operators for quarrying operations, including 651 acres on Maui and 264 acres on Molokai.

Grace Pacific owns and operates on- and off-highway rolling stock, which consist of heavy-duty trucks, passenger vehicles and various road paving, quarrying and operations equipment. Additionally, Grace Pacific owns and operates non-rolling stock items used in its operations, such as generators, transit tankers, light towers, message boards and nuclear gauges. The Materials & Construction segment has six rock crushing plants and five asphaltic concrete plants (two on Oahu, one on Kauai, one on Lanai, and one on Hawai'i (island)). unrelated third party.

ITEM 3. LEGAL PROCEEDINGS

The information set forth under the "Legal proceedings and other contingencies" section in Note [12.10 – Commitments and Contingencies](#) of Notes to Consolidated Financial Statements, included in Part II, Item 8 of this report, is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95 to this Annual Report on Form 10-K.

PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

The common stock of Alexander & Baldwin, Inc. ("A&B" or the "Company") is listed on the New York Stock Exchange under the ticker symbol ALEX. As of [February 11, 2022](#) [February 15, 2023](#), there were approximately [1,893](#) [1,825](#) shareholders of record. In addition, Cede & Co., which appears as a single record holder, represents the holdings of thousands of beneficial owners of the Company's common stock.

The Company elected to be taxed as a real estate investment trust ("REIT") for US federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its taxable year ended December 31, 2017. As a REIT, the Company is generally required to distribute at least 90% of its REIT taxable income to its shareholders (determined without regard to the dividends paid deduction and excluding any net capital gains). The Company has distributed and intends to continue to distribute REIT taxable income, including net capital gains, to its shareholders that will enable the Company to meet the distribution requirements applicable to REITs under the Code. The Company's Board of Directors, in its sole discretion, will determine on a quarterly basis the amount of cash to be distributed to the Company's shareholders based on a number of factors including, but not limited to, the Company's results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing capacity and other factors, including debt covenant restrictions, that may impose limitations on cash payments and plans for future acquisitions and divestitures.

Securities authorized for issuance under equity compensation plans at [December 31, 2021](#) [December 31, 2022](#), included:

Plan Category	Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))	Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
		(a)	(b)	(c) ¹		(a)	(b)	(c) ¹
Equity compensation plans approved by security holders	Equity plans approved by security holders	0	\$0.00	965,840	Equity compensation plans approved by security holders	—	\$0.00	3,359,277

¹ Under the [2012](#) [2022](#) Incentive Compensation Plan, [\\$65,840](#) [3,359,277](#) shares may be issued either as restricted stock grants, restricted stock unit grants, or stock option grants.

In February 2020, the Company's Board of Directors authorized the Company to repurchase up to \$150 million of its common stock beginning on February 25, 2020, and ending on December 31, 2021. In October 2021, the Company's Board of Directors reauthorized the Company to repurchase up to \$150 million of its common stock beginning on January 1, 2022, and ending on December 31, 2023.

During the quarter ended December 31, 2022, the Company repurchased 80,960 shares of our common stock in the open market for an aggregate purchase price, including commissions, of \$1.4 million. These shares were retired upon repurchase. As of December 31, 2022, \$145.4 million remains available under the stock repurchase program. The following summarizes the Company's purchases of equity securities and use of proceeds for the fourth quarter of fiscal year 2022.

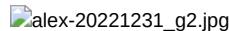
Period	Issuer Purchases of Equity Securities			Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in thousands)		
	Total Number of Shares Purchased	Average Price Paid per Share ¹					
October 1-31, 2022	80,960	\$	16.95	277,010	\$ 145,400		
November 1-30, 2022	—	\$	—	277,010	\$ 145,400		
December 1-31, 2022	—	\$	—	277,010	\$ 145,400		

Total	80,960	\$	16.95	277,010	\$	145,400
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¹The average price paid per share includes \$0.02 commission fee per share.

There were no unregistered equity securities sold by the Company during 2022 or 2021.

The graph below compares the cumulative total return on the Company's common stock with that of the Standard & Poor's 500 Stock Index ("S&P 500") and two industry peer group indices, FTSE Nareit All Equity REITs and FTSE Nareit Equity Shopping Centers, from December 31, 2016 December 31, 2017, through December 31, 2021 December 31, 2022. The stock price performance graph assumes that an investor invested \$100 in each of the Company and the indices, and the reinvestment of any dividends. The comparisons in the graph are provided in accordance with the SEC disclosure requirements and are not intended to forecast or be indicative of the future performance of the Company's shares of common stock.



In February 2020, the Company's Board of Directors authorized the Company to repurchase up to \$150 million of its common stock beginning on February 25, 2020 and ending on December 31, 2021. In October 2021, the Company's Board of Directors reauthorized the Company to repurchase up to \$150 million of its common stock beginning on January 1, 2022 and ending on December 31, 2023. There were no purchases or repurchases of equity securities made by or on behalf of the Company in 2021 or 2020 under such plan.

There were no unregistered equity securities sold by the Company during 2021.

ITEM 6. RESERVED

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Statements in this Form 10-K that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and 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, as well as the rapidly changing challenges with, and the Company's plans and responses to, the coronavirus pandemic ("COVID-19") and related economic disruptions. 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, those discussed in Part I, Item 1A of this Form 10-K under the heading "Risk Factors." The information in this Form 10-K should be evaluated in light of these important risk factors. The Company does not undertake any obligation to update any forward-looking statements.

The risk factors discussed in "Risk Factors" could cause our results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that we are unable to predict at this time or that we currently do not expect to have a material adverse effect on our financial position, results of operations or cash flows. Any such risks could cause our results to differ materially from those expressed in forward-looking statements.

Introduction and Objective

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") provides additional material information about the Company's business, recent developments and financial condition; its results of operations at a consolidated and segment level; its liquidity and capital resources including an evaluation of the amounts and certainty of cash flows from operations and from outside sources; and how certain accounting principles, policies and estimates affect its financial statements. MD&A is organized as follows:

- *Business Overview:* This section provides a general description of the Company's business, as well as recent developments that management believes are important in understanding its results of operations and financial condition or in understanding anticipated future trends.
- *Consolidated Results of Operations:* This section provides an analysis of the Company's consolidated results of operations.
- *Analysis of Operating Revenue and Profit by Segment:* This section provides an analysis of the Company's results of operations by business segment.
- *Liquidity and Capital Resources:* This section provides a discussion of the Company's liquidity, financial condition and an analysis of its cash flows, including a discussion of the Company's ability to fund its future commitments and ongoing operating activities in the short-term (i.e., over the next twelve months from the most recent fiscal period end) and in the long-term (i.e., beyond the next twelve months) through internal and external sources of capital. It includes an evaluation of the amounts and certainty of cash flows from operations and from outside sources.

- **Critical Accounting Estimates:** This section identifies and summarizes the significant judgments or estimates on the part of management in preparing the Company's consolidated financial statements that may materially impact the Company's reported results of operations and financial condition.

This section of this Form 10-K generally discusses 2022, 2021, and 2020 items and year-to-year comparisons between 2022 and 2021, and 2021 and 2020. Discussions of 2019 items and year-to-year comparisons between 2020 and 2019 that are not included in this Form 10-K can be found in Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

Amounts in the MD&A section are rounded to the nearest tenth of a million. Accordingly, a recalculation of totals and percentages, if based on the reported data, may be slightly different.

Business Overview

Reportable segments

The Company operates **three** two segments: Commercial Real Estate; Estate and Land Operations; and Materials & Construction Operations. A description of each of the Company's **reporting** reportable segments is as follows:

- Commercial Real Estate ("CRE") - This segment functions as a vertically integrated **commercial** real estate **investment** company with core competencies in investments and acquisitions (i.e., identifying opportunities and acquiring properties); construction and development (i.e., designing and ground-up development of new properties or repositioning and redevelopment of existing properties); and in-house leasing and property management (i.e., executing new and renegotiating renewal lease arrangements, managing its properties' day-to-day operations and maintaining positive tenant relationships). The Company's preferred asset classes include improved **properties** in **retail** and **industrial** **properties** **spaces** and **also** **urban** **ground** **leases**. Its focus within improved retail properties, in particular, is on grocery-anchored neighborhood shopping centers that meet the daily needs of Hawai'i communities. Through its core competencies and with its experience and relationships in Hawai'i, the Company seeks to create special places that enhance the lives of Hawai'i residents and to provide venues and opportunities that enable its tenants to thrive. Income from this segment is principally generated by owning, operating and leasing real estate assets.
- Land Operations - This segment includes the Company's legacy **landholdings**, assets, and **landholdings** **liabilities** that are subject to the Company's simplification and monetization effort. Financial results from this segment are principally derived from real estate development and land sales, **income/loss from real estate** joint ventures, **hydroelectric energy** and other legacy business activities.
 - Materials & Construction ("M&C") - This segment operates one **Simplification strategy**

As a REIT focused on Hawaii commercial real estate, the Company has pursued the monetization and disposition of **Hawai'i's** **largest** **asphalt** **paving** **contractors** **legacy**, **non-core** **assets** and **is** **one** **landholdings** **in** **order** **to** **simplify** **its** **business** and **allocate** **its** **capital** **resources** **to** **commercial** **real** **estate**.

In December 2022, in connection with the evaluation of the state's largest natural materials strategic alternatives to monetize and **infrastructure** **construction** **companies**, primarily conducting business through its wholly-owned subsidiary, **dispose** of Grace Pacific, **LLC** ("the Company's Board of Directors authorized Management to complete a sale of Grace Pacific"), a materials Pacific and construction company in Hawai'i. The M&C segment also includes the Company-owned quarry land on Maui as well as (collectively, the Company's unconsolidated joint venture interest in materials companies.

Simplification strategy

As a result of its conversion to a REIT and consequent de-emphasis of non-REIT operating businesses, "Grace Disposal Group". In conjunction with the Board's authorization, the Company has pursued concluded that the simplification of its business, which includes ongoing efforts to accelerate Grace Disposal Group met the monetization of its non-commercial real estate assets, including its Materials & Construction businesses.

During the second quarter of 2020, the Company sold its interest in GP/RM Prestress, LLC ("GPRM"), which was a consolidated joint venture of Grace Pacific and is a provider of precast/prestressed concrete products and services. In connection with this criteria for classification as held for sale and **disposal**, discontinued operations as of December 31, 2022. The assets and liabilities associated with the Company recognized a write-down of \$5.6 million (based on fair value less cost to sell) related to GPRM which was included Grace Disposal Group have been classified as held for sale in **Impairment of assets** the consolidated balance sheets, and its financial results are classified as discontinued operations in the consolidated statements of operations **in** and cash flows for all periods presented and the year ended December 31, 2020.

The Company is evaluating strategic alternatives in order to monetize Company's former Materials and **dispose** Construction ("M&C") segment has been eliminated. In conjunction with the elimination of the remaining Materials & Construction businesses, either together as a group or individually. However, the outcome, including the timing, of the strategic exploration process is not certain, as any potential transaction related to the Materials & Construction businesses would be dependent upon a number of external factors that may be beyond M&C segment, the Company's control, including, among other factors, market conditions, industry trends, **equity** **interest** of **third** **parties**, and in an unconsolidated materials company was incorporated with the availability of financing to potential buyer(s) on reasonable terms. There can be no assurance that the exploration of strategic alternatives will result in any agreements or transactions, or that, if completed, any agreements or transactions will be successful or on attractive terms. Accordingly, there can be no assurance that any of the options evaluated will be pursued or completed. Further, there can be no assurance that the outcome of the evaluation of strategic alternatives or any potential transaction or transactions will result in the Company being able to recover the carrying value of the Materials & Construction businesses or related disposal group. **Land Operations** **reportable** **segment**.

Related to the Land Operations segment, during the year ended December 31, 2022, the Company completed the sale of approximately 18,900 acres of primarily conservation and agricultural land on the island of Kauai and 100% of the Company's ownership interest in McBryde Resources, Inc., the operator of hydroelectric power facilities on Kauai, for \$76.0 million. In connection with the sale, the Company recognized a net gain on disposition of \$54.0 million and received cash proceeds of \$73.9 million. Excluding this

transaction, the Company completed real estate disposals involving approximately 1,300 acres of land holdings on Maui and Kauai for \$19.9 million and closed on the sale of six Maui Business Park II lots for \$8.1 million.

During the year ended December 31, 2021, the Company completed real estate sales involving approximately 1,800 acres of land holdings on Maui and Kauai for \$41.3 million, \$41.3 million, and also closed on the sale of nine Maui Business Park II lots for \$16.0 million during the year ended December 31, 2021. \$16.0 million. In addition, in November 2021, the Company capitalized on the historically high demand for Hawai'i real estate when its joint venture projects Kukui'ula Development Company (Hawaii) LLC, Kukui'ula Web IP LLC, and Lodge IP LLC (collectively, "KDCH") completed the sale of substantially all of their assets to a third party for \$183.5 million. \$183.5 million. The Company received cash distributions of \$113.4 million \$113.4 million and recognized joint venture income of \$5.5 million \$5.5 million related to the transaction. The transaction reduced the carrying value of the Company's investment in KDCH is zero as of December 31, 2021, to zero. This substantially completed the Company's goal to monetize its unconsolidated equity method investments in joint venture

development projects at Kukui'ula.

Termination of certain employee benefit plans

On February 23, 2021, the Company's Board of Directors approved a plan to effect the termination of the A&B Retirement Plan for Salaried Employees of Alexander & Baldwin, LLC and the Pension Plan for Employees of A&B Agricultural Companies (collectively, the "Defined Benefit Plans"), which became effective on May 31, 2021. As a result, In June 2022, the Company has proceeded with the following steps in connection with the termination of the tax-qualified Defined Benefit Plans:

- In April 2021, the Company amended the plan agreements of the Defined Benefit Plans in order to provide for a limited lump-sum window for eligible participants;
- The Company filed the Application for Determination Upon Termination with the Internal Revenue Service ("IRS") in April 2021, and the Company received a favorable determination notice for federal tax purposes from the IRS in July 2021;
- The Company is preparing the appropriate notices and documents to file related to completed the termination of the Defined Benefit Plans. During the year ended December 31, 2022, the Company made cash contributions of \$28.7 million to employee benefit plans, and wind-down in connection with the termination process recorded a pre-tax settlement charge of \$76.9 million within Pension Benefit Guaranty Corporation (the "PBGC") termination in the consolidated statements of operations, which represents the acceleration of deferred charges previously included within accumulated other comprehensive loss and the impact of remeasuring the plan assets and obligations at termination. In addition, the Company recorded an income tax benefit of \$18.3 million during the year ended December 31, 2022, to reclassify the U.S. Department of Labor, the trustee and any tax effects in accumulated other appropriate parties.

Except for retirees currently receiving payments under the Defined Benefit Plans, participants will have the choice of receiving a single lump sum payment or an annuity from a highly-rated insurance company that will pay and administer future benefit payments. The amount of any lump sum payment will equal the actuarial-equivalent present value comprehensive loss upon completion of the participant's accrued benefit under the applicable pension plan as of the distribution date. Annuity payments to current retirees will continue under their current elections, but will be administered by the selected insurance company.

The Company will recognize a gain/loss upon settlement termination of the Defined Benefit Plans when the following three criteria have been met: (1) an irrevocable action to terminate the Defined Benefit Plans have occurred, (2) the Company is relieved of the primary responsibility of the Defined Benefit Plans, and (3) the significant risks related to the obligations of the Defined Benefit Plans and the assets used to effect the settlement is eliminated for the Company.

The Company expects to make cash contributions in 2022 in order to fully fund the Defined Benefit Plans on a plan termination basis, and the Defined Benefit Plans will be settled upon completion of lump sum distributions and purchase of annuity contracts. These additional cash contributions are expected to range between \$34 million and \$48 million. However, the actual amount of this cash contribution requirement will depend upon the nature and timing of participant settlements, interest rates, as well as prevailing market conditions. In addition, the Company expects to recognize pre-tax non-cash pension settlement charges in the range of \$80 million to \$95 million, related to actuarial losses currently in Accumulated other comprehensive income (loss) in the consolidated balance sheets, upon settlement of the obligations of the Defined Benefit Plans. These charges are currently expected to occur in 2022, with the specific timing and final amounts dependent upon completion of the activities enumerated above.

Coronavirus disease

COVID-19 has adversely impacted the global economy and contributed to significant volatility in financial markets and uncertainty still remains. During 2020, the pandemic resulted in severe, government-imposed restrictions on business activities and travel to/from Hawai'i that significantly disrupted the local economy, including the Company's tenants and the Company's business. During 2021, Hawai'i's government-imposed restrictions moderated, resulting in increased, domestic tourism and enabling an economic recovery. However, economic uncertainty and volatility resulting from the pandemic continued to persist throughout 2021, including depressed international tourism, global supply chain disruptions, labor shortages and turnover, and more recently, rising inflation. The ultimate extent of the impact that the COVID-19 pandemic will have on the Company's business, financial condition, results of operations and liquidity and capital resources may continue to be impacted by unpredictable future developments.

As a result of financial hardships from the COVID-19 pandemic, certain tenants sought rent relief from the Company, which has been provided in the form of rent deferrals (varying in terms of applicable months covered and the repayment period) or other relief modifications, including modifying the nature of rent payments from fixed to variable (i.e., variable based on a percentage of the tenant's sales, typically subject to a minimum "floor" amount) or, in some cases, payment forgiveness.

Additionally, during the year ended December 31, 2021, the Company estimated a higher amount of uncollectable tenant billings due to COVID-19, pursuant to which the reductions or increases in revenue the Company recorded as a result of such assessments were as follows (in millions):

	2021	2020
Other relief modifications and other adjustments ¹	\$ 7.5	\$ 6.4
Tenant collectability assessments and allowance for doubtful accounts		
Impact to billed accounts receivable	(1.3)	10.6
Impact to straight-line lease receivables	0.1	4.8
Total revenue reductions (increases) - tenant collectability assessments	(1.2)	15.4
Provision for allowance for doubtful accounts	(1.7)	3.6
Total revenue reductions (increases) for assessments and provisions	(2.9)	19.0
Total revenue reductions (increases) related to adjustments, assessments and provisions	\$ 4.6	\$ 25.4
Total revenue reductions (increases) impacting billed accounts receivable only ²	\$ 4.5	\$ 20.6

¹ Primarily related to COVID-19, but may include other adjustments (e.g., adjustments due to tenant bankruptcies).

² Excludes the impact to unbilled straight-line receivables.

The Company's financial results for the year ended December 31, 2020, were significantly impacted by COVID-19 resulting in fluctuations in operating profit and its non-GAAP performance measures. As such, the comparability of the Company's results of operations for the year ended December 31, 2020 to past and future periods may be significantly impacted by the effects of COVID-19.

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Consolidated Results of Operations

The following analysis of the consolidated financial condition and results of operations of the Company and its subsidiaries should be read in conjunction with the consolidated financial statements and related notes thereto.

	2021 vs 2020						2022 vs 2021						2021 vs 2020						
	(amounts in millions, except percentage data and per share data)						(amounts in millions, except percentage data and per share data)						(amounts in millions, except percentage data and per share data)						
	2021	2020	\$	%	2022	2021	\$	%	2021	2020	\$	%	2022	2021	\$	%	2022	2021	
Operating revenue	Operating revenue	\$379.3	\$305.3	\$74.0	24.2 %	Operating revenue	\$230.5	\$254.0	\$190.3	\$(23.5)	(9.3)%	\$63.7	33.5 %						
Cost of operations	Cost of operations	(254.1)	(233.5)	(20.6)	(8.8)%	Cost of operations	(132.9)	(134.9)	(126.2)	2.0	1.5 %	(8.7)	(6.9)%						
Selling, general and administrative	Selling, general and administrative	(51.9)	(46.1)	(5.8)	(12.6)%	Selling, general and administrative	(35.9)	(36.6)	(31.1)	0.7	1.9 %	(5.5)	(17.7)%						
Impairment of assets		(26.1)	(5.6)	(20.5)	4X														
Gain (loss) on disposal of assets, net	Gain (loss) on disposal of assets, net	3.0	9.6	(6.6)	(68.8)%	Gain (loss) on disposal of assets, net	54.0	2.9	9.4	51.1	18X	(6.5)	(69.1)%						
Operating income (loss)	Operating income (loss)	50.2	29.7	20.5	69.0	Operating income (loss)	115.7	85.4	42.4	30.3	35.5 %	43.0	101.4 %						
Income (loss) related to joint ventures	Income (loss) related to joint ventures	17.5	5.9	11.6	196.6 %	Income (loss) related to joint ventures	1.6	17.9	6.8	(16.3)	(91.1)%	11.1	163.2 %						

Impairment of equity method investment	(2.9)	—	(2.9)	— %										
Pension termination					Pension	termination	(76.9)	—	—	(76.9)	— %	—	— %	
Interest and other income (expense), net	Interest and other income (expense), net	(1.6)	0.3	(1.9)	Interest and other income (expense), net	0.4	(1.7)	(0.1)	2.1	NM	(1.6)	16X		
Interest expense	Interest expense	(26.3)	(30.3)	4.0	13.2 %	Interest expense	(22.0)	(26.2)	(30.2)	4.2	16.0 %	4.0	13.2 %	
Income tax benefit (expense)	Income tax benefit (expense)	—	0.4	(0.4)	(100.0)%	Income tax benefit (expense)	18.3	—	0.4	18.3	— %	(0.4)	(100.0)%	
Income (loss) from continuing operations	Income (loss) from continuing operations	36.9	6.0	30.9	5X	Income (loss) from continuing operations	37.1	75.4	19.3	(38.3)	(50.8)%	56.1	3X	
Discontinued operations (net of income taxes)	Discontinued operations (net of income taxes)	(1.1)	(0.8)	(0.3)	(37.5)%	Discontinued operations (net of income taxes)	(86.6)	(39.6)	(14.1)	(47.0)	(118.7)%	(25.5)	(180.9)%	
Net income (loss)	Net income (loss)	35.8	5.2	30.6	6X	Net income (loss)	(49.5)	35.8	5.2	(85.3)	NM	30.6	6X	
(Income) loss attributable to noncontrolling interest	(Income) loss attributable to noncontrolling interest	(0.4)	0.4	(0.8)	NM									
(Income) loss attributable to discontinued noncontrolling interest	(Income) loss attributable to discontinued noncontrolling interest					(Income) loss attributable to discontinued noncontrolling interest								
Net income (loss) attributable to A&B	Net income (loss) attributable to A&B	\$ 35.4	\$ 5.6	\$ 29.8	5X A&B	Net income (loss) attributable to A&B	\$ (50.6)	\$ 35.4	\$ 5.6	\$ (86.0)	NM	\$ 29.8	5X	
Basic Earnings (Loss) Per Share of Common Stock:	Basic Earnings (Loss) Per Share of Common Stock:					Basic Earnings (Loss) Per Share of Common Stock:								
Basic earnings (loss) per share - continuing operations	Basic earnings (loss) per share - continuing operations	\$ 0.50	\$ 0.09	\$ 0.41	5X operations	Basic earnings (loss) per share - continuing operations	\$ 0.51	\$ 1.03	\$ 0.27	\$ (0.52)	(50.5)%	\$ 0.76	3X	
Basic earnings (loss) per share - discontinued operations	Basic earnings (loss) per share - discontinued operations	(0.02)	(0.01)	(0.01)	(100.0)%	Basic earnings (loss) per share - discontinued operations	(1.21)	(0.55)	(0.19)	(0.66)	(120.0)%	(0.36)	(189.5)%	
Diluted Earnings (Loss) Per Share of Common Stock:	Diluted Earnings (Loss) Per Share of Common Stock:	\$ 0.48	\$ 0.08	\$ 0.40	5X	Diluted Earnings (Loss) Per Share of Common Stock:	\$ (0.70)	\$ 0.48	\$ 0.08	\$ (1.18)	NM	\$ 0.40	5X	
Diluted earnings (loss) per share - continuing operations	Diluted earnings (loss) per share - continuing operations	\$ 0.50	\$ 0.09	\$ 0.41	5X	Diluted earnings (loss) per share - continuing operations	\$ 0.50	\$ 1.03	\$ 0.27	\$ (0.53)	(51.5)%	\$ 0.76	3X	

Diluted earnings (loss) per share - discontinued operations	Diluted earnings (loss) per share - discontinued operations	(0.02) \$ 0.48	(0.01) \$ 0.08	(0.01) \$ 0.40	(100.0)% 5X	Diluted earnings (loss) per share - discontinued operations	(1.20) \$ (0.70)	(0.55) \$ 0.48	(0.19) \$ 0.08	(0.65) \$ (1.18)	(118.2)% NM (189.5)%	(0.36) \$ 0.40	(189.5)% 5X
Continuing operations available to A&B common shareholders	Continuing operations available to A&B common shareholders	\$ 36.2	\$ 6.3	\$ 29.9	5X	Continuing operations available to A&B common shareholders	\$ 36.9	\$ 75.1	\$ 19.2	\$ (38.2)	(50.9)% \$ 55.9	NM \$ 29.6	3X
Discontinued operations available to A&B common shareholders	Discontinued operations available to A&B common shareholders	(1.1)	(0.8)	(0.3)	(37.5)%	Discontinued operations available to A&B common shareholders	(87.7)	(40.0)	(13.7)	(47.7)	(119.3)% (26.3)	(192.0)%	
Net income (loss) available to A&B common shareholders	Net income (loss) available to A&B common shareholders	\$ 35.1	\$ 5.5	\$ 29.6	5X	Net income (loss) available to A&B common shareholders	\$ (50.8)	\$ 35.1	\$ 5.5	\$ (85.9)	NM \$ 29.6	5X	
Funds From Operations ("FFO") ¹	Funds From Operations ("FFO") ¹	\$ 70.0	\$ 45.1	\$ 24.9	55.2 % ("FFO") ¹	Funds From Operations ("FFO") ¹	\$ 73.4	\$ 110.0	\$ 58.8	\$ (36.6)	(33.3)% \$ 51.2	87.1 %	
Core FFO ₁	Core FFO ₁	\$ 69.4	\$ 55.2	\$ 14.2	25.7 % Core FFO ₁	Core FFO ₁	\$ 82.2	\$ 69.5	\$ 55.3	\$ 12.7	18.3 % \$ 14.2	25.7 %	
FFO per diluted share	FFO per diluted share	\$ 0.96	\$ 0.62	\$ 0.34	54.8 % diluted share	FFO per diluted share	\$ 1.01	\$ 1.52	\$ 0.81	\$ (0.51)	(33.6)% \$ 0.71	87.7 %	
Core FFO per diluted share	Core FFO per diluted share	\$ 0.96	\$ 0.76	\$ 0.20	26.3 % diluted share	Core FFO per diluted share	\$ 1.13	\$ 0.96	\$ 0.76	\$ 0.17	17.7 % \$ 0.20	26.3 %	
Weighted average diluted shares outstanding (FFO/Core FFO) ₂	Weighted average diluted shares outstanding (FFO/Core FFO) ₂	72.6	72.4	FFO ₂	72.8	72.6	72.4						

¹ For definitions of capitalized terms and a discussion of management's use of non-GAAP financial measures and the required reconciliations of non-GAAP measures to GAAP measures, refer to page 42.

¹ For definitions of capitalized terms and a discussion of management's use of non-GAAP financial measures and the required reconciliations of non-GAAP measures to GAAP measures, refer to page 37.

¹ For definitions of capitalized terms and a discussion of management's use of non-GAAP financial measures and the required reconciliations of non-GAAP measures to GAAP measures, refer to page 37.

² May differ from figure used in the consolidated statements of operations based on differing dilutive effects for net income (loss) versus FFO/Core FFO.

2022 compared to 2021

The causes of material changes in the consolidated statements of operations for the year ended December 31, 2022, as compared to the year ended December 31, 2021, are described below or in the Analysis of Operating Revenue and Profit by Segment sections below.

Operating revenue for 2022 decreased 9.3%, or \$23.5 million, to \$230.5 million due primarily to lower legacy business activities revenue (primarily McBryde's legacy leasing revenue and energy generation due to its sale in the second quarter of 2022) and lower unimproved property sales revenue from the Company's Land Operations operating segment, partially offset by higher revenues from the Commercial Real Estate segment.

Cost of operations for 2022 decreased 1.5%, or \$2.0 million, to \$132.9 million, due primarily to a decrease in costs incurred by the Land Operations segment, partially offset by higher costs from the Commercial Real Estate segment.

Selling, general and administrative costs for 2022 decreased 1.9%, or \$0.7 million, to \$35.9 million primarily due to lower consulting costs in the current year.

Gain (loss) on disposal of assets, net of \$54.0 million for 2022 was primarily due to the sale of approximately 18,900 acres of primarily agricultural and conservation land on the island of Kauai and 100% of the Company's ownership interest in McBryde Resources, Inc., the operator of hydroelectric power facilities on Kauai. The \$2.9 million gain on disposal of assets, net during 2021, was primarily driven by the sale of residual land on Maui that was part of the Company's Commercial Real Estate segment.

Pension termination loss of \$76.9 million in 2022 resulted from the termination of the Defined Benefit Plans and represents the acceleration of deferred charges previously included within *Accumulated Other Comprehensive Loss* in the Company's balance sheet and the impact of remeasuring the plan assets and obligations at termination.

Income tax benefit (expense) of \$18.3 million for 2022, was due primarily to the termination of the Company's Defined Benefit Plan and the reclassification of the tax effects in accumulated other comprehensive loss upon completion of the termination of the Defined Benefit Plans.

Loss from discontinued operations (net of income taxes) for 2022 increased 118.7%, or \$47.0 million, to \$86.6 million primarily due to higher impairment charges recorded in 2022. As a result of the Grace Disposal Group's classification as held for sale as of December 31, 2022, the Company measured the disposal group at its fair value less costs to sell and accordingly recorded impairment of \$89.8 million in 2022. During 2021, the Company recorded impairment of \$26.1 million related to Grace Pacific's paving and roadway solutions operations.

2021 compared to 2020

The causes of material changes in the consolidated statements of operations for the year ended December 31, 2021 as compared to the year ended December 31, 2020, are described below or in the Analysis of Operating Revenue and Profit by Segment sections below.

Operating revenue for 2021 increased 24.2% 33.5%, or \$74.0 million \$63.7 million, to \$379.3 million \$254.0 million due primarily to higher revenues from the Land Operations and Commercial Real Estate segments.

Cost of operations for 2021 increased 8.8% 6.9%, or \$20.6 million \$8.7 million, to \$254.1 million \$134.9 million, due primarily to higher costs from the **Materials & Construction and Land Operations segments**, segment.

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Selling, general and administrative costs for 2021 increased 12.6% 17.7%, or \$5.8 million \$5.5 million, to \$51.9 million \$36.6 million primarily due to higher Corporate overhead costs, partially offset by lower costs incurred in the Land Operations and Commercial Real Estate segments. Corporate overhead costs increased from the prior period primarily due to higher performance-based incentive compensation costs and expenses incurred in 2021 related to the Company's implementation of a new enterprise resource planning system.

Impairment of assets of \$26.1 million during 2021 related to the Company's Materials & Construction segment. During the fourth quarter of 2021, the Company recorded impairment charges related to Grace Pacific's paving and roadway solutions operations as a result of the Company's review and analysis of strategic alternatives that have resulted in downward revisions of management's forecasts on future projected earnings and cash flows. During 2020, the Company recorded impairment of \$5.6 million in connection with the disposition of GPRM in the quarter ended June 30, 2020.

Gain (loss) on disposal of assets, net of \$3.0 million \$2.9 million for 2021 was primarily related to the sale of residual land on Maui that was part of the Company's Commercial Real Estate segment. The \$9.6 million \$9.4 million gain on disposal of assets, net during 2020, was primarily driven by the consummation of the sale of assets related to the Company's solar power facility in Port Allen on Kauai that was part of the Company's Land Operations segment.

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Loss from discontinued operations (net of income taxes) for 2021 increased 180.9%, or \$25.5 million, to \$39.6 million primarily due to impairment charges of \$26.1 million recorded in 2021 related to Grace Pacific's paving and roadway solutions operations. During 2020, the Company recorded impairment of \$5.6 million in connection with the disposition of GPRM in the quarter ended June 30, 2020.

Analysis of Operating Revenue and Profit by Segment

The following analysis should be read in conjunction with the consolidated financial statements and related notes thereto.

Commercial Real Estate

Financial results

Results of operations for the years ended December 31, 2021 December 31, 2022, 2021 and 2020 were as follows:

(amounts in millions, except percentage data and acres; unaudited)	(amounts in millions, except percentage data and acres; unaudited)	2021 vs 2020				(amounts in millions, except percentage data and acres; unaudited)	2022	2021	2020	2022 vs 2021		2021 vs 2020	
		2021	2020	\$	%					\$	%	\$	%

Commercial Real Estate operating revenue	Commercial Real Estate operating revenue	\$173.2	\$150.0	\$23.2	15.5 %	Commercial Real Estate operating revenue	\$187.2	\$174.1	\$151.6	\$13.1	7.5 %	\$22.5	14.8 %
Commercial Real Estate operating costs and expenses	Commercial Real Estate operating costs and expenses	(96.0)	(95.6)	(0.4)	(0.4) %	Commercial Real Estate operating costs and expenses	(98.7)	(96.0)	(95.6)	(2.7)	(2.8) %	(0.4)	(0.4) %
Selling, general and administrative	Selling, general and administrative	(6.5)	(7.5)	1.0	13.3 %	Selling, general and administrative	(6.8)	(6.5)	(7.5)	(0.3)	(4.6) %	1.0	13.3 %
Intersegment operating revenue, net ¹	Intersegment operating revenue, net ¹	1.3	2.0	(0.7)	(35.0) %	Intersegment operating revenue, net ¹	0.3	0.4	0.4	(0.1)	(25.0) %	—	— %
Pension termination						Pension termination	(0.7)	—	—	(0.7)	— %	—	— %
Interest and other income (expense), net	Interest and other income (expense), net	0.6	0.9	(0.3)	(33.3) %	Interest and other income (expense), net	0.2	0.6	0.9	(0.4)	(66.7) %	(0.3)	(33.3) %
Commercial Real Estate operating profit (loss)	Commercial Real Estate operating profit (loss)	\$ 72.6	\$ 49.8	\$ 22.8	45.8 %	Commercial Real Estate operating profit (loss)	\$ 81.5	\$ 72.6	\$ 49.8	\$ 8.9	12.3 %	\$ 22.8	45.8 %
Operating profit (loss) margin		41.9 %	33.2 %										
Net Operating Income ("NOI") ²	Net Operating Income ("NOI") ²	\$110.7	\$ 94.3	\$16.4	17.4 %	Net Operating Income ("NOI") ²	\$117.8	\$110.7	\$ 94.3	\$ 7.0	6.3 %	\$16.4	17.4 %
Same-Store Net Operating Income ("Same-Store NOI") ²	Same-Store Net Operating Income ("Same-Store NOI") ²	\$107.8	\$ 91.9	\$15.9	17.3 %	Same-Store Net Operating Income ("Same-Store NOI") ²	\$117.1	\$110.5	\$ 91.9	\$ 6.7	6.0 %	\$18.6	20.2 %
Gross Leasable Area ("GLA") in square feet ("SF") for improved properties at end of period	Gross Leasable Area ("GLA") in square feet ("SF") for improved properties at end of period	3.9	3.9	—	— %	Gross Leasable Area ("GLA") in square feet ("SF") for improved properties at end of period	3.9	3.9	3.9	—	— %	—	— %
Ground leases (acres at end of period)	Ground leases (acres at end of period)	143.4	153.8	(10.4)	(6.8) %	Ground leases (acres at end of period)	140.7	143.4	153.8	(2.7)	(1.9) %	(10.4)	(6.8) %

¹ Intersegment operating revenue, net for Commercial Real Estate is primarily from the Materials & Construction segment and is eliminated in the consolidated results of operations.

² For a discussion of management's use of non-GAAP financial measures and the required reconciliations of non-GAAP measures to GAAP measures, refer to page 42.

¹ Intersegment operating revenue, net for Commercial Real Estate is primarily from the Land Operations segment and is eliminated in the consolidated results of operations.

² For a discussion of management's use of non-GAAP financial measures and the required reconciliations of non-GAAP measures to GAAP measures, refer to page 37.

¹ Intersegment operating revenue, net for Commercial Real Estate is primarily from the Land Operations segment and is eliminated in the consolidated results of operations.

² For a discussion of management's use of non-GAAP financial measures and the required reconciliations of non-GAAP measures to GAAP measures, refer to page 37.

2022 compared to 2021

Commercial Real Estate operating revenue increased **15.5% 7.5%** or **\$23.2 million** \$13.1 million, to **\$173.2 million** \$187.2 million for the year ended December 31, 2022, as compared to the year ended December 31, 2021. Operating profit increased 12.3%, or \$8.9 million, to \$81.5 million for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The increase in Commercial Real Estate operating revenue and operating profit for the year ended December 31, 2022 was primarily driven by higher base rents and higher recoveries. Operating costs and expenses increased 2.8% or \$2.7 million to \$98.7 million for the year ended December 31, 2022 as compared to the prior year due primarily to higher utilities and other property operating costs.

2021 compared to 2020

Commercial Real Estate operating revenue increased 14.8% or \$22.5 million, to \$174.1 million for the year ended December 31, 2021, as compared to the year ended December 31, 2020. Operating profit increased 45.8%, or \$22.8 million, to \$72.6 million for the year ended December 31, 2021, as compared to the year ended December 31, 2020. The increase in each of Commercial Real Estate operating revenue and operating profit for the year ended December 31, 2021, largely reflects improved performance due primarily to lower, net bad debt and cash-basis charges as a result of rent collections and recoveries of previously reserved A/R balances. During the year ended December 31, 2021, the Company recorded reductions to revenue of \$4.6 million related to collectability assessments of tenant billings, as compared to \$25.4 million for the year ended December 31, 2020. The Commercial Real Estate segment also benefited from the positive impacts to revenue and operating profit of redevelopment/new development projects commencing operations. Operating costs and expenses remained relatively flat, increasing slightly by 0.4% or \$0.4 million to \$96.0 million for the year ended December 31, 2021.

Commercial Real Estate portfolio acquisitions, transfers and dispositions

During the year ended December 31, 2021 December 31, 2022, the Company's acquisitions of Company transferred the following commercial real estate properties were from other segments as follows (dollars in millions):

Acquisitions				
Property	Location	Date (Month/Year)	Purchase Price	GLA (SF)
228 Kalili Street	Oahu, HI	10/21	\$ 4.4	N/A
Kahai Street Industrial	Oahu, HI	10/21	\$ 6.4	27,900

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During the year ended December 31, 2021, the Company had the following dispositions of two land parcels that were subject to immaterial ground leases in the CRE segment (dollars in millions):

Dispositions Transfers				
Property	Location	Date (Month/Year)	Purchase Price	GLA (SF)
Residual	Maui, HI	2/21 06/22	\$ N/A <small>0.31</small>	N/A 8,400
Maui				
land Lani				
Industrial				
			Maui, 11/21 \$2.7 N/A	
			HI Represents	
			an	
			intercompany	
			transaction.	
Residual Maui land <small>1</small>				

During the year ended December 31, 2022, there were no acquisitions or dispositions of commercial real estate properties.

Leasing activity

In the year ended December 31, 2021 December 31, 2022, the Company signed 9584 new leases and 176177 renewal leases for its improved properties across its three asset classes, covering 650,600 777,800 square feet of GLA. The 9584 new leases consist of 210,300 186,200 square feet with an average annual base rent of \$27.24 \$24.27 per-square-foot. Of the 9584 new leases, 2922 leases with a total GLA of 73,600 42,000 square feet were considered comparable (i.e., leases executed for units that have been vacated in the previous 12 months for comparable space and comparable lease terms) and, for these 2922 leases, resulted in a 9.3% 8.8% average base rent increase over comparable expiring leases. The 176177 renewal leases consist of 440,300 591,600 square feet with an average annual base rent of \$27.79 \$27.70 per square foot. Of the 176177 renewal leases, 111124 leases with a total GLA of 286,400 469,100 were considered comparable and resulted in a 3.7% 4.0% average base rent increase over comparable expiring leases.

Leasing activity summarized by asset class for the year ended December 31, 2021 December 31, 2022, was as follows:

	Year Ended December 31, 2021				Year Ended December 31, 2022					
	Leases	GLA	ABR/SF	Rent Spread ¹	Leases	GLA (SF)	ABR/SF	Rent Spread ¹		
Retail	Retail	185	310,263	\$38.93	5.2%	Retail	183	504,907	\$32.89	3.9%
Industrial	Industrial	68	304,191	\$14.99	4.1%	Industrial	65	251,513	\$14.18	5.7%
Office	Office	18	36,141	\$36.62	3.0%	Office	13	21,357	\$34.49	7.7%

¹ Rent spread is calculated for comparable leases, a subset of the total population of leases for the period presented (described above).

Occupancy

The Company reports three types of occupancy: "Leased Occupancy," "Physical Occupancy," and "Economic Occupancy."

The Leased Occupancy percentage calculates the square footage leased (i.e., the space has been committed to by a lessee under a signed lease agreement) as a percentage of total available improved property square footage as of the end of the period reported.

The Physical Occupancy percentage calculates the square footage leased and commenced (i.e., measured when the lessee has physical access to the space) as a percentage of total available improved property square footage at the end of the period reported.

The Economic Occupancy percentage calculates the square footage under leases for which the lessee is contractually obligated to make lease-related payments (i.e., subsequent to the rent commencement date) to total available improved property square footage as of the end of the period reported.

The Company's improved portfolio occupancy metrics as of December 31, 2021 December 31, 2022 and 2020, 2021, were as follows:

	As of		Basis Point Change
	December 31, 2021	December 31, 2020	
Leased Occupancy	94.3%	94.3%	—
Physical Occupancy	93.8%	93.5%	30
Economic Occupancy	92.2%	92.9%	(70)

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				As of	As of	Basis
				December	December	Point
				31, 2022	31, 2021	Change
Leased Occupancy				Leased Occupancy	95.0%	94.3%
Physical Occupancy				Physical Occupancy	94.2%	93.8%
Economic Occupancy				Economic Occupancy	93.6%	92.2%
						Leased Occupancy
				As of	As of	Basis
				December	December	Point
				31, 2022	31, 2021	Change
Retail	Retail	93.1%	92.3%	80	Retail	93.8%
Industrial	Industrial	97.0%	98.6%	(160)	Industrial	98.4%
Office	Office	91.5%	93.0%	(150)	Office	88.2%
Total Leased Occupancy	Total Leased Occupancy	94.3%	94.3%	—	Total Leased Occupancy	95.0%
						94.3%
						70
						Economic Occupancy
				As of	As of	Basis
				December	December	Point
				31, 2022	31, 2021	Change
Retail	Retail	89.9%	90.4%	(50)	Retail	91.7%
Industrial	Industrial	97.0%	98.1%	(110)	Industrial	98.2%
Office	Office	90.0%	90.8%	(80)	Office	87.7%
Total Economic Occupancy	Total Economic Occupancy	92.2%	92.9%	(70)	Total Economic Occupancy	93.6%
						92.2%
						140
						Same-Store Leased Occupancy
			As of	As of	As of	As of
			December	December	December	December
			31, 2022	31, 2021	31, 2021	31, 2021

		Basis				Basis		
		December	December	Point		December	December	Point
		31, 2021	31, 2020	Change		31, 2022	31, 2021	Change
Retail	Retail	93.0%	92.2%	80	Retail	93.8%	93.1%	70
Industrial	Industrial	96.9%	98.6%	(170)	Industrial	98.3%	96.9%	140
Office	Office	91.5%	93.0%	(150)	Office	88.2%	91.5%	(330)
Total Same-Store Leased Occupancy			Total Same-Store Leased Occupancy			Total Same-Store Leased Occupancy		
Total Same-Store Leased Occupancy			94.2%	94.3%	(10)	95.0%	94.3%	70
Same-Store Economic Occupancy:								
		As of	As of	Basis		As of	As of	Basis
		December	December	Point		December	December	Point
		31, 2021	31, 2020	Change		31, 2022	31, 2021	Change
Retail	Retail	90.0%	90.6%	(60)	Retail	91.7%	89.9%	180
Industrial	Industrial	96.9%	98.1%	(120)	Industrial	98.1%	96.9%	120
Office	Office	90.0%	90.8%	(80)	Office	87.7%	90.0%	(230)
Total Same-Store Economic Occupancy			Total Same-Store Economic Occupancy			Total Same-Store Economic Occupancy		
Total Same-Store Economic Occupancy			92.2%	93.0%	(80)	93.6%	92.1%	150
1 For a discussion of management's use of non-GAAP financial measures and the required reconciliations of non-GAAP measures to GAAP measures, refer to page 42.								
1 For a discussion of management's use of non-GAAP financial measures and the required reconciliations of non-GAAP measures to GAAP measures, refer to page 37.					1 For a discussion of management's use of non-GAAP financial measures and the required reconciliations of non-GAAP measures to GAAP measures, refer to page 37.			

Land Operations

Trends, events and uncertainties

The asset class mix of real estate sales in any given period can be diverse and may include developed residential real estate, developable subdivision lots, undeveloped land or property sold under threat of condemnation. Further, the timing of property or parcel sales can significantly affect operating results in a given period.

Operating profit reported in each period for the Land Operations segment does not necessarily follow a percentage of sales trend because the cost basis of property sold can differ significantly between transactions. For example, the sale of undeveloped land and vacant parcels in Hawai'i may result in higher margins than the sale of developed property due to the low historical cost basis of the Company's Hawai'i landholdings.

As a result, direct year-over-year comparison of the Land Operations segment results may not provide a consistent, measurable indicator of future performance. Further, Land Operations revenue trends, cash flows from the sales of real estate,

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and the amount of real estate held for sale on the Company's consolidated balance sheet do not necessarily indicate future profitability trends for this segment.

Financial results

Results of operations for the years ended December 31, 2021 December 31, 2022, 2021 and 2020, were as follows:

(amounts in millions; unaudited)	(amounts in millions; unaudited)			(amounts in millions; unaudited)			2022	2021	2020
	Development	sales	2021	2020	Development	sales			
Development sales revenue	revenue		\$ 16.0	\$ 7.9	revenue			8.1	\$ 16.0
Unimproved/other property sales revenue	Unimproved/other property sales		41.3	9.7	Unimproved/other property sales			19.9	41.3
Unimproved/other property sales revenue	revenue				revenue				9.7

Other operating revenue ¹	Other operating revenue ¹	22.6	21.1	Other operating revenue ¹	15.3	22.6	21.1
	Total Land Operations operating revenue	79.9	38.7	Total Land Operations operating revenue	43.3	79.9	38.7
Total Land Operations operating revenue	(39.4)	(31.4)					
Land Operations operating costs and expenses ²				Land Operations operating costs and expenses	(34.2)	(38.9)	(30.6)
Land Operations operating costs and expenses							
Selling, general and administrative	Selling, general and administrative	(3.8)	(4.9)	Selling, general and administrative	(3.5)	(3.8)	(4.9)
Intersegment operating charges, net ²				Intersegment operating charges, net ²	(0.3)	(0.2)	(0.3)
Gain (loss) on disposal of assets, net	Gain (loss) on disposal of assets, net	0.1	8.9	Gain (loss) on disposal of assets, net	54.0	0.1	8.9
Earnings (loss) from joint ventures	Earnings (loss) from joint ventures	20.4	4.6	Earnings (loss) from joint ventures	1.6	17.9	6.7
Pension termination				Pension termination	(62.2)	—	—
Interest and other income (expense), net	Interest and other income (expense), net	(1.8)	(0.5)	Interest and other income (expense), net	(0.1)	(1.8)	(0.5)
Total Land Operations operating profit (loss)	Total Land Operations operating profit (loss)	\$55.4	\$15.4	Total Land Operations operating profit (loss)	\$ (1.4)	\$53.2	\$18.0

¹ Other operating revenue includes revenue related to trucking, renewable energy and diversified agriculture.

² Includes intersegment operating charges primarily from CRE that are eliminated in the consolidated results of operations.

¹ Other operating revenue includes revenue related to trucking, renewable energy and licensing and leasing of non-core legacy agricultural lands.

² Intersegment operating charges for Land Operations is primarily from the Commercial Real Estate segment and are eliminated in the consolidated results of operations.

¹ Other operating revenue includes revenue related to trucking, renewable energy and licensing and leasing of non-core legacy agricultural lands.

² Intersegment operating charges for Land Operations is primarily from the Commercial Real Estate segment and are eliminated in the consolidated results of operations.

2022: Land Operations revenue of \$43.3 million during the year ended December 31, 2022, was primarily driven by sales of six development parcels at Maui Business Park for \$8.1 million, as well as unimproved and other land sales on the islands of Kauai and Maui of approximately 1,300 acres for \$19.9 million. Revenue also included other operating revenue related to the Company's legacy business activities in the Land Operations segment (primarily licensing and leasing of non-core legacy agricultural lands, trucking service, and renewable energy).

During the year ended December 31, 2022, the Company completed the sale of approximately 18,900 acres of primarily agricultural and conservation land on the island of Kauai and 100% of the Company's ownership interest in McBryde Resources, Inc., the operator of hydroelectric power facilities on Kauai, which resulted in a gain on disposal of \$54.0 million.

Operating costs and expenses for this segment decreased primarily due to lower cost of sales associated with the unimproved and other landholdings and Maui Business Park II lot sales. Additionally, during the year ended December 31, 2022, the segment incurred a settlement charge of \$62.2 million in connection with the termination of the Defined Benefit Plans and a \$5.0 million impairment charge related to conservation and agriculture zoned land on Oahu.

2021: Land Operations revenue of \$79.9 million and operating profit of \$55.4 million during the year ended December 31, 2021, was primarily driven by land monetization, including land sales of approximately 1,800 acres on the islands of Maui and Kauai for \$41.3 million and nine Maui Business Park II lots for \$16.0 million. Additionally, segment operating profit included earnings from joint ventures of \$20.4 million, \$17.9 million, due primarily to the Company's joint venture projects at Kukui'ula.

Operating costs and expenses for this segment increased primarily due to cost of sales associated with the landholdings and Maui Business Park II lot sales, but also included costs and expenses related to the segment's other legacy business activities (e.g., trucking service and renewable energy, and diversified agribusiness operations).

2020: Land Operations revenue of \$38.7 million and operating profit of \$18.0 million during the year ended December 31, 2020, was \$38.7 million and included primarily driven by land monetization, including the sales of development parcels at Maui Business Park II and unimproved land sales on the islands of Kauai and Maui. Revenue also included other operating revenue related to the Company's legacy business activities in the Land Operations segment (e.g., (primarily licensing and leasing of non-core legacy agricultural lands, trucking service, and renewable energy, and diversified agribusiness operations)).

Land Operations Other notable items within operating profit of \$15.4 million during the year ended December 31, 2020, was primarily driven by the included a gain of \$8.9 million realized on the sale of the Company's solar power facility in Port Allen during the third quarter and was also composed of the margins on the sales noted above, as well as profits generated from the operations of the segment's other legacy business activities. Other notable items within operating profit during the year ended December 31, 2020, included a charge of \$6.7 million related to the estimated costs of probable remediation work for reservoirs on Kauai, as well as the impact of a favorable resolution of certain contingent liabilities during the year ended December 31, 2020 related to the sale of agricultural land on Maui in 2018.

Materials & Construction

Financial results

Results of operations for the years ended December 31, 2021 and 2020, were as follows:

(dollars in millions; unaudited)			2021 vs 2020	
	2021	2020	\$	%
Materials & Construction				
Operating revenue	\$ 126.2	\$ 116.6	\$ 9.6	8.2 %
Operating costs and expenses	(118.9)	(106.8)	(12.1)	(11.3)%
Selling, general and administrative	(15.2)	(15.0)	(0.2)	(1.3)%
Intersegment operating charges, net ¹	(0.9)	(1.6)	0.7	43.8 %
Impairment of assets	(26.1)	(5.6)	(20.5)	4X
Impairment of equity method investments	(2.9)	—	(2.9)	— %
Gain (loss) on disposal of assets, net	0.1	0.2	(0.1)	(50.0)%
Income (loss) related to joint ventures	(2.9)	1.3	(4.2)	NM
Interest and other income (expense), net	0.1	0.4	(0.3)	(75.0)%
Materials & Construction operating profit (loss)	\$ (40.5)	\$ (10.5)	\$ (30.0)	3X
Operating margin percentage	(32.1)%	(9.0)%		
Depreciation and amortization	\$ 10.8	\$ 10.8	\$ —	— %
Backlog at period end ²	\$ 175.3	\$ 126.7	\$ 48.6	38.4 %

¹ Intersegment operating charges, net for Materials & Construction represent amounts primarily from the Commercial Real Estate segment and are eliminated in the consolidated results of operations.

² Backlog represents the total amount of revenue that Grace Pacific, Maui Paving, LLC and Goodfellow Grace Pacific A.J.V. expect to realize on contracts awarded. Both Maui Paving and Goodfellow Grace Pacific are 50-percent-owned unconsolidated affiliates. Backlog primarily consists of asphalt paving and, to a lesser extent, Grace Pacific's consolidated revenue from its construction-and traffic control-related products and services. Backlog includes estimated revenue from the remaining portion of contracts not yet completed, as well as revenue from approved change orders. The length of time that projects remain in backlog can span from a few days for a small volume of work to 36 months, or longer, for large paving contracts and contracts performed in phases. This amount includes opportunity backlog consisting of contracts in which Grace Pacific has been confirmed to be the lowest bidder at the time of this disclosure (such amounts were \$63.4 million and \$64.1 million as of December 31, 2021 and 2020, respectively). Circumstances outside the Company's control such as procurement or technical protests, and/or changes in the availability of project funding, among others, may arise that prevent the finalization of such contracts. Maui Paving's backlog as of December 31, 2021 and 2020 was \$10.6 million and \$5.8 million, respectively. Goodfellow Grace Pacific's backlog as of December 31, 2021 and 2020 was \$24.2 million and zero, respectively.

Materials & Construction revenue was \$126.2 million for the year ended December 31, 2021, compared to \$116.6 million for the year ended December 31, 2020. Segment operating loss was \$40.5 million for the year ended December 31, 2021, compared to \$10.5 million for the year ended December 31, 2020. The segment operating loss during the current period was largely driven by goodwill and other asset impairment charges of \$26.1 million, impairment of an equity method investment of \$2.9 million, and a loss related to joint ventures of \$2.9 million. The segment recorded goodwill and long-lived asset impairment charges as a result of the Company's review and analysis of strategic alternatives that have resulted in downward revisions of management's forecasts on future projected earnings and cash flows. The segment operating loss of \$10.5 million in the prior period was primarily driven by a write-down of \$5.6 million related to the sale of the Company's interest in GPRM which was completed during the quarter ended June 30, 2020.

The remaining operating loss during the years ended December 31, 2021 and 2020 was due primarily to the impact of low paving volumes and lower margins resulting from persisting, competitive market pressures. These losses were partially offset by the operating profit generated by the segment's quarry operations.

In connection with its simplification efforts, the Company is evaluating strategic alternatives in order to monetize and dispose of the remaining Materials & Construction businesses, either together as a group or individually. However, the outcome, including the timing, of the strategic exploration process is not certain, as any potential transaction related to the Materials & Construction businesses would be dependent upon a number of external factors that may be beyond the Company's control, including, among other factors, market conditions, industry trends, interest of third parties, and the availability of financing to potential buyer(s) on reasonable terms. There can be no assurance that the exploration of strategic alternatives will result in any agreements or transactions, or that, if completed, any agreements or transactions will be successful or on attractive terms. Accordingly, there can be no assurance that any of the options evaluated will be pursued or completed. Further, there can be no assurance that the outcome of the evaluation of strategic alternatives or any potential transaction or transactions will result in the Company being able to recover the carrying value of the Materials & Construction businesses or related disposal group.

Backlog at December 31, 2021, was \$175.3 million, an increase from \$126.7 million as of December 31, 2020. The increase in backlog was primarily driven by an increase in the amount of marketed bid opportunities during the current period.

Use of Non-GAAP Financial Measures

The Company uses non-GAAP measures when evaluating operating performance because management believes that they provide additional insight into the Company's and segments' core operating results, and/or the underlying business trends affecting performance on a consistent and comparable basis from period to period. These measures generally are provided to investors as an additional means of evaluating the performance of ongoing core operations. The non-GAAP financial information presented herein should be considered supplemental to, and not as a substitute for or superior to, financial measures calculated in accordance with GAAP.

FFO is presented by the Company as a widely used non-GAAP measure of operating performance for real estate companies. FFO is defined by the National Association of Real Estate Investment Trusts ("Nareit") December 2018 Financial Standards White Paper as follows: net income (loss) available to A&B common shareholders (calculated in accordance with GAAP), excluding (1) depreciation and amortization related to real estate, (2) gains and losses from the sale of certain real estate assets, (3) gains and losses from change in control, and (4) impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity, entity, (5) gains and losses from the sale of assets or businesses that are incidental to CRE, and (6) impairment write-downs of assets that are incidental to CRE.

The Company believes that, subject to the following limitations, FFO provides a supplemental measure to net income (calculated in accordance with GAAP) for comparing its performance and operations to those of other REITs. FFO does not represent an alternative to net income calculated in accordance with GAAP. In addition, FFO does not represent cash generated from operating activities in accordance with GAAP, nor does it represent cash available to pay distributions and should not be considered as an alternative to cash flow from operating activities, determined in accordance with GAAP, as a measure of the Company's liquidity. The Company presents different forms of FFO:

- "Core FFO" represents a non-GAAP measure relevant to the operating performance of the Company's commercial real estate business (i.e., its core business). Core FFO is calculated by adjusting CRE operating profit to exclude items noted above (i.e., depreciation and amortization related to real estate included in CRE operating profit) and to make further adjustments to include expenses not included in CRE operating profit but that are necessary to accurately reflect the operating performance of its core business (i.e., corporate expenses and interest expense attributable to this core business) or to exclude items that are non-recurring, infrequent, unusual and unrelated to the core business operating performance (i.e., not likely to recur within two years or has not occurred within the prior two years). The Company believes such adjustments facilitate the comparable measurement of the Company's core operating performance over time. The Company believes that Core FFO, which is a supplemental non-GAAP financial measure, provides an additional and useful means to assess and compare the operating performance of REITs.
- FFO represents the Nareit-defined non-GAAP measure for the operating performance of the Company as a whole. The Company's calculation refers to net income (loss) available to A&B common shareholders as its starting point in the calculation of FFO.

The Company presents both non-GAAP measures and reconciles each to the most directly-comparable GAAP measure as well as reconciling FFO to Core FFO. The Company's FFO and Core FFO may not be comparable to FFO non-GAAP measures reported by other REITs. These other REITs may not define the term in accordance with the current Nareit definition or may interpret the current Nareit definition differently.

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. When compared across periods, NOI can be used to determine trends in earnings of the Company's properties as this measure is not affected by non-contract-based revenue (e.g., straight-line lease adjustments required under GAAP); by non-cash expense recognition items (e.g., the impact of depreciation and amortization expense or impairments); or by other expenses or gains or losses that do not directly relate to the Company's ownership and operations of the properties (e.g., indirect selling, general, administrative and other expenses, as well as lease termination income). The Company believes the exclusion of these items from operating profit (loss) is useful because the resulting measure captures the contract-based revenue that is realizable (i.e., assuming collectability is deemed probable) and the direct property-related expenses paid or payable in cash that are incurred in operating the Company's Commercial Real Estate portfolio, as well as

trends in occupancy rates, rental rates and operating costs. NOI should not be viewed as a substitute for, or superior to, financial measures calculated in accordance with GAAP.

NOI represents total Commercial Real Estate contract-based operating revenue that is realizable (i.e., assuming collectability is deemed probable) less the direct property-related operating expenses paid or payable in cash. The calculation of NOI excludes the impact of depreciation and amortization (e.g., depreciation related to capitalized costs for improved properties, other capital expenditures for building/area improvements and tenant space improvements, as well as amortization of leasing commissions); straight-line lease adjustments (including amortization of lease incentives); amortization of favorable/unfavorable lease assets/liabilities; lease termination income; interest and other income (expense), net; selling, general, administrative and other expenses (not directly associated with the property); and impairment of commercial real estate assets.

The Company reports NOI and Occupancy on a Same-Store basis, which includes the results of properties that were owned and operated for the entirety of the prior calendar year and current reporting period, year-to-date. The Same-Store pool excludes properties under development or redevelopment and also excludes properties acquired or

sold during either of the comparable reporting periods. While there is management judgment involved in classifications, new developments and redevelopments are moved into the Same-Store pool after one full calendar year of stabilized operation. Properties included in held for sale are excluded from Same-Store.

The Company believes that reporting on a Same-Store basis provides investors with additional information regarding the operating performance of comparable assets separate from other factors (such as the effect of developments, redevelopments, acquisitions or dispositions).

To emphasize, the Company's methods of calculating non-GAAP measures may differ from methods employed by other companies and thus may not be comparable to such other companies.

Reconciliations of net income (loss) available to A&B common shareholders to FFO and Core FFO for the years ended December 31, 2021 December 31, 2022, 2021 and 2020, are as follows (in millions):

	2021	2020
Net income (loss) available to A&B common shareholders	\$ 35.1	\$ 5.5
Depreciation and amortization of commercial real estate properties	37.7	40.1
Gain on the disposal of commercial real estate properties, net	(2.8)	(0.5)
FFO	<u>\$ 70.0</u>	<u>\$ 45.1</u>
Exclude items not related to core business:		
Land Operations Operating Profit	(55.4)	(15.4)
Materials & Construction Operating (Profit) Loss	40.5	10.5
Loss from discontinued operations	1.1	0.8
Income (loss) attributable to noncontrolling interest	0.4	(0.4)
Income tax expense (benefit)	—	(0.4)
Non-core business interest expense	12.8	15.0
Core FFO	<u>\$ 69.4</u>	<u>\$ 55.2</u>

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	2022	2021	2020
Net income (loss) available to A&B common shareholders	\$ (50.8)	\$ 35.1	\$ 5.5
Depreciation and amortization of commercial real estate properties	36.5	37.7	40.1
Gain on the disposal of commercial real estate properties, net	—	(2.8)	(0.5)
Loss from discontinued operations, net of income taxes	86.6	39.6	14.1
Income (loss) attributable to discontinued noncontrolling interest	1.1	0.4	(0.4)
FFO	<u>\$ 73.4</u>	<u>\$ 110.0</u>	<u>\$ 58.8</u>
Exclude items not related to core business:			
Land Operations operating (profit) loss	1.4	(53.2)	(18.0)
Income tax expense (benefit)	(18.3)	—	(0.4)
Pension termination - CRE and Corporate	14.7	—	—
Non-core business interest expense	11.0	12.7	14.9
Core FFO	<u>\$ 82.2</u>	<u>\$ 69.5</u>	<u>\$ 55.3</u>

Reconciliations of Core FFO starting from CRE operating profit for the years ended December 31, 2021 December 31, 2022, 2021 and 2020, are as follows (in millions):

	CRE Operating Profit	2021	2020	CRE Operating Profit	2022	2021	2020
		\$ 72.6	\$ 49.8		\$ 81.5	\$ 72.6	\$ 49.8
Depreciation and amortization of commercial real estate properties	Depreciation and amortization of commercial real estate properties	37.7	40.1	Depreciation and amortization of commercial real estate properties	36.5	37.7	40.1
Corporate and other expense	Corporate and other expense	(27.1)	(19.3)	Corporate and other expense	(39.3)	(27.0)	(19.2)
Core business interest expense	Core business interest expense	(13.5)	(15.3)	Core business interest expense	(11.0)	(13.5)	(15.3)
Distributions to participating securities	Distributions to participating securities	(0.3)	(0.1)	Distributions to participating securities	(0.2)	(0.3)	\$ (0.1)
Pension termination - CRE and Corporate				Pension termination - CRE and Corporate	14.7	—	\$ —
Core FFO	Core FFO	<u>\$ 69.4</u>	<u>\$ 55.2</u>	Core FFO	<u>\$ 82.2</u>	<u>\$ 69.5</u>	<u>\$ 55.3</u>

Reconciliations of CRE operating profit (loss) to NOI for the years ended December 31, 2021 December 31, 2022, 2021 and 2020, are as follows (in millions):

CRE Operating Profit (Loss)	2021		2020		2022		2021		2020	
	\$	72.6	\$	49.8	\$	81.5	\$	72.6	\$	49.8
Plus: Depreciation and amortization	Plus: Depreciation and amortization	37.7	40.1	Plus: Depreciation and amortization		36.5	37.7	40.1		
Less: Straight-line lease adjustments	Less: Straight-line lease adjustments	(4.4)	1.3	Less: Straight-line lease adjustments		(6.3)	(4.4)	1.3		
Less: Favorable/(unfavorable) lease amortization	Less: Favorable/(unfavorable) lease amortization	(0.9)	(1.2)	Less: Favorable/(unfavorable) lease amortization		(1.1)	(0.9)	(1.2)		
Less: Termination income	Less: Termination income	(0.2)	(2.3)	Less: Termination income		(0.1)	(0.2)	(2.3)		
Plus: Other (income)/expense, net	Plus: Other (income)/expense, net	(0.6)	(0.9)	Plus: Other (income)/expense, net		0.5	(0.6)	(0.9)		
Plus: Selling, general, administrative and other expenses	Plus: Selling, general, administrative and other expenses	6.5	7.5	Plus: Selling, general, administrative and other expenses		6.8	6.5	7.5		
NOI	NOI	110.7	94.3	NOI		117.8	110.7	94.3		
Less: NOI from acquisitions, dispositions and other adjustments		(2.9)	(2.4)	Less: NOI from acquisitions and dispositions		(0.7)	(0.2)	(2.4)		
Same-Store NOI	Same-Store NOI	\$107.8	\$91.9	Same-Store NOI		\$117.1	\$110.5	\$91.9		

Liquidity and Capital Resources

Overview

The Company's principal sources of liquidity to meet its business requirements and plans both in the short-term (i.e., the next twelve months from December 31, 2021 December 31, 2022) and long-term (i.e., beyond the next twelve months) have generally been cash provided by operating activities; available cash and cash equivalents; and borrowing capacity under its various credit facilities facility. The Company's primary liquidity needs for its business requirements and plans have generally been supporting its known contractual obligations and also funding capital expenditures (including recent commercial real estate acquisitions and real estate developments); shareholder distributions; and working capital needs.

The Company's ability to retain outstanding borrowings and utilize remaining amounts available under its revolving credit facility will depend on its continued compliance with the applicable financial covenants and other terms of the Company's notes payable and other debt arrangements. The Company was in compliance with its financial covenants for all outstanding balances as of December 31, 2022, and intends to operate in compliance with these covenants or seek to obtain waivers or modifications to these financial covenants to enable the Company to maintain compliance in the future. However, due to various uncertainties and factors outside of Management's control, the Company may be unable to continue to maintain compliance with certain of its financial covenants. Failure to maintain compliance with its financial covenants or obtain waivers or agree to modifications with its lenders would have a material adverse impact on the Company's financial condition.

Based on its current outlook, the Company believes that funds generated from cash provided by operating activities; available cash and cash equivalent balances; and borrowing capacity under its credit facility will be sufficient to meet the needs of the Company's business requirements and plans both in the short-term (i.e., the next twelve months from December 31, 2022) and long-term (i.e., beyond the next twelve months). There can be no assurance, however, that the Company will continue to generate cash flows at or above current levels or that it will be able to maintain its ability to borrow under its available credit facilities. As the circumstances underlying its current outlook may change, the Company will continue to actively monitor the situation and may take further actions that it determines is in the best interest of its business, financial condition and liquidity and capital resources.

Known contractual obligations

A description of material contractual commitments as of December 31, 2021 December 31, 2022, is included in Note 10, 8 – Notes Payable and Other Debt, Note 13 – Leases - The Company as a Lessee, and Note 15 and Note 17 – Employee Benefit Plans of the Notes to Consolidated Financial Statements and Part II, Item 8 of this report, and relates to the Company's Notes payable and other debt, Operating lease liabilities and Accrued pension and post-retirement benefits, respectively, and is herein incorporated by reference.

In addition, contractual interest payments for Notes payable and other debt in the short term (i.e., over the next twelve months from December 31, 2021 December 31, 2022) and long-term (i.e., beyond the next twelve months) is estimated to be \$21.6 million \$19.8 million and \$67.2 million, \$48.6 million, respectively (includes amounts based on contractual/fixed swap interest rates applied to future principal balances based on repayment schedules for secured and unsecured debt and also estimated interest on the revolving credit facilities facility based on the outstanding balances balance and the rate in effect as of December 31, 2021 December 31, 2022).

Total amounts to be spent on contractual non-cancellable purchase obligations (that specifies all significant terms, including fixed or minimum quantities to be purchased, pricing structure and approximate timing of the transaction that are not recorded as liabilities in the consolidated balance sheet) over the next twelve months from December 31, 2021 December 31, 2022, is \$5.5 million; \$10.1 million; such amounts beyond the next twelve months are not material. The largest of such amounts pertain to the Company's CRE

redevelopment project related to Aikahi Park Shopping Center Manoa Marketplace (with a target in-service date in the second quarter of 2022) totaling approximately \$2.6 million \$3.9 million to be spent over the next twelve months.

A description of other commitments, contingencies and off-balance sheet arrangements as of December 31, 2021 December 31, 2022, is included in Note 12 10 – Commitments and Contingencies of Notes to Consolidated Financial Statements, included in Part II, Item 8 of this report, and is herein incorporated by reference.

Sources of liquidity

As noted above, one of the Company's principal sources of liquidity has been operating cash flows provided by from continuing operations, which were \$124.2 million \$67.2 million for the year ended December 31, 2021 December 31, 2022, primarily driven by cash generated from the CRE operations (the Company's core business) and monetization of non-core assets within the Land Operations segment. The Company's cash flows from continuing operations provided by operating activities for the year ended December 31, 2021 reflect an increase December 31, 2022, reflects a decrease of \$62.4 million \$50.9 million from the prior year amount of \$63.1 million \$118.1 million, due primarily which was largely driven by cash contributions made to higher and in conjunction with the termination of the Company's Defined Benefit Plans in 2022 and lower cash proceeds generated from the monetization of non-core assets unimproved and development land sales in the Land Operations segment, 2022 as well as improved tenant collections and overall performance in the CRE operations, compared to 2021. Cash proceeds from unimproved/other property and development sales increased decreased by \$32.2 million \$23.1 million from \$16.9 million \$49.1 million for the year ended December 31, 2020 December 31, 2021, to \$49.1 million \$26.0 million for the year ended December 31, 2021 December 31, 2022.

The Company's operating income (loss) and cash flows provided by operating activities is generated by its subsidiaries. There are no material restrictions on the ability of the Company's wholly owned subsidiaries to pay dividends or make other distributions to the Company.

The Company's other primary sources of liquidity include its cash and cash equivalents of \$70.0 million \$33.3 million as of December 31, 2021 December 31, 2022, and the Company's revolving credit and term facilities, which provide liquidity and flexibility on a short-term (i.e., the next twelve months from December 31, 2021 December 31, 2022), as well as long-term basis. On August 31, 2021, the Company amended the existing \$450.0 million \$450.0 million committed revolving credit facility ("A&B Revolver"), which increased the total revolving commitments to \$500.0 million \$500.0 million, extended the term of the facilities facility to August 29, 2025, and includes two six-month extension options. In addition, there were favorable amendments to certain covenants and reductions to the interest rates and fees charged. With respect to the A&B Revolver, as of December 31, 2021 December 31, 2022, the Company had \$50.0 million \$12.0 million of borrowings outstanding, \$1.1 million \$1.1 million letters of credit issued against and \$448.9 million \$486.9 million of available capacity on such revolving credit facility.

On August 13, 2021, the Company entered into an at-the-market equity distribution agreement, or ATM Agreement, pursuant to which it may sell common stock up to an aggregate sales price of \$150.0 million \$150.0 million. Sales of common stock, if any, made pursuant to the ATM Agreement may be sold in negotiated transactions or transactions that are deemed to be "at the market" offerings, as defined in Rule 415 of the Securities Act of 1933, as amended. Actual sales will depend on a variety of factors including market conditions, the trading price of the Company's common stock, capital needs, and the Company's determination of the appropriate sources of funding to meet such needs. As of December 31, 2021 December 31, 2022, the Company has not sold any shares under the at-the-market offering program, nor has any obligation to sell the shares under the at-the-market offering program.

Other sources of liquidity for the Company include trade receivables, contracts retention, and inventories (excluding parts, materials and supplies), totaling \$47.4 million at December 31, 2021.

Other uses (or sources) of liquidity

The Company may use (or, in some periods, generate) cash through various investing activities or financing activities. Cash provided by investing activities from continuing operations was \$96.5 million \$51.0 million for the year ended December 31, 2021 December 31, 2022, as compared to cash provided by investing activities from continuing operations of \$12.0 million \$104.1 million for the year ended December 31, 2020 December 31, 2021. The year ended December 31, 2022, included \$73.1 million in cash proceeds from disposal of assets, primarily related to the sale of approximately 18,900 acres of agricultural and conservation land on the island of Kauai and 100% of the Company's ownership interest in McBryde Resources, Inc.. The year ended December 31, 2021, included cash proceeds from distributions of capital and other receipts from the Company's investments in affiliates, primarily its Kukui'ula joint ventures, of \$149.5 million \$149.5 million.

Cash used in investing activities is primarily composed of capital expenditures. In the year ended December 31, 2021 December 31, 2022, the Company had capital expenditures for property, plant and equipment of \$53.5 million \$21.7 million. As it relates to the CRE segment (i.e., its core business), the Company differentiates capital expenditures as follows (based on management's perspective on discretionary versus non-discretionary areas of spending for its CRE business):

- *Growth Capital Expenditures*: Property acquisition, development and redevelopment activity to generate income and cash flow growth.
- *Maintenance Capital Expenditures*: Activity necessary to maintain building value, the current income stream and position in the market.

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Capital expenditures for continuing operations are summarized as follows for the respective periods for all segments were as follows: years ended:

(in millions, unaudited)	(in millions, unaudited)	2021	2020	Change	(in millions, unaudited)	2022	2021	2020
CRE property acquisitions, development and redevelopment	CRE property acquisitions, development and redevelopment	\$27.2	\$ 9.7	180.4%	CRE property acquisitions, development and redevelopment	\$ 6.8	\$27.2	\$ 9.7
Building/area improvements (Maintenance Capital Expenditures)	Building/area improvements (Maintenance Capital Expenditures)	9.9	6.0	65.0%	Building/area improvements (Maintenance Capital Expenditures)	10.7	9.9	6.0
Tenant space improvements (Maintenance Capital Expenditures)	Tenant space improvements (Maintenance Capital Expenditures)	2.5	3.1	(19.4)%	Tenant space improvements (Maintenance Capital Expenditures)	3.9	2.5	3.1

Quarrying and paving	6.3	4.5	40.0%			
Agribusiness and other	7.6	1.8	322.2%			
Total capital expenditures¹	\$53.5	\$25.1	113.1%			
Land Operations and Corporate				Land Operations and Corporate	0.3	7.6
Total capital expenditures for continuing operations:				Total capital expenditures for continuing operations:	\$21.7	\$47.2
						\$20.6

¹ Excludes capital expenditures for real estate developments to be held and sold as real estate development inventory, which are classified in the consolidated statement of cash flows as operating activities and are excluded from the tables above.

The year ended December 31, 2022, included cash outlays of \$21.7 million related to capital expenditures for property, plant and equipment improvements. The year ended December 31, 2021, included cash outlays of \$53.5 million related to capital expenditures \$47.2 million, which was largely driven by \$36.6 million \$30.3 million of capital expenditures for property, plant and equipment improvements, \$10.8 million \$10.8 million related to the Company's acquisition of two commercial real estate assets using proceeds from the sale of legacy landholdings that qualified for tax-deferral treatment under §1033 of the Internal Revenue Code of 1986, as amended (the "Code"), and \$6.2 million \$6.2 million for two land operations assets that qualified for tax-deferral treatment under §1031 and §1033 of the Code. There were no such acquisitions of commercial real estate or land operations assets during the year ended December 31, 2020. See below for further discussion on the Company's use of §1031 and §1033 of the Code.

The Company regularly evaluates investment opportunities, including development-for-hold projects, commercial real estate acquisitions, joint venture investments, share repurchases, business acquisitions and other strategic transactions to increase shareholder value. In 2022, 2023, the Company expects that its capital expenditures, not including potential commercial real estate acquisitions, will be approximately \$47.0 million \$50.0 million - \$60.0 million \$60.0 million. Of this amount, the Company expects to spend approximately \$35.0 million \$48.0 million - \$43.0 million \$57.0 million for growth and maintenance capital for the Commercial Real Estate segment \$11.0 million - \$14.0 million for the Materials & Construction segment, and the remaining \$1.0 million \$2.0 million - \$3.0 million \$3.0 million for Land Operations and general Corporate purposes. Should investment opportunities in excess of the amounts budgeted arise, the Company believes it has adequate sources of liquidity to fund these investments.

Net cash flows Cash used in financing activities for continuing operations was \$207.1 million \$126.2 million for the year ended December 31, 2021 December 31, 2022, as compared to net a decrease from cash used in financing activities for continuing operations of \$205.7 million for the year ended December 31, 2020, of \$33.1 million December 31, 2021. The change Cash used in cash flows from financing activities in 2021 as compared to 2020 was due is primarily to higher net composed of dividend payments on and payments of notes payable and other debt, (i.e., debt payments net of additional borrowings) of \$159.2 million during year ended December 31, 2021, as compared to \$18.7 million which totaled \$57.7 million and \$61.2 million during the year ended December 31, 2020 December 31, 2022, as well as higher cash dividends paid of \$46.6 million during year ended December 31, 2021, as compared to \$13.8 million during the year ended December 31, 2020, respectively.

Other capital resource matters

The Company utilizes §1031 or §1033 of the Code, to obtain tax-deferral treatment when qualifying real estate assets are sold or become subject to involuntary conversion and the resulting proceeds are reinvested in replacement properties within the required time period. Proceeds from potential tax-deferred sales under §1031 of the Code are held in escrow (and presented as part of Restricted cash on the consolidated balance sheets) pending future reinvestment or are returned to the Company for general use if eligibility for tax-deferral treatment based on the required time period lapses. The proceeds from involuntary conversions under §1033 of the Code are held by the Company until the funds are redeployed.

During the year ended December 31, 2021 December 31, 2022, the Company completed four transactions one transaction that gave rise to cash proceeds from sales or involuntary conversion activity that qualified under §1031 or §1033 of the Code. Further, during the year ended December 31, 2021, there were four acquisitions utilizing eligible/available proceeds from tax-deferred sales or involuntary conversions.

As of December 31, 2021 December 31, 2022, there is \$0.8 million \$0.8 million from tax-deferred sales that are available for use and have not been reinvested under §1031 of the Code. In addition, the Company holds approximately \$3.1 million \$3.1 million from tax-deferred involuntary conversions that had not yet been reinvested under §1033 of the Code as of December 31, 2021 December 31, 2022.

Trends, events and uncertainties

As noted above, COVID-19 has significantly General Economic Conditions

General economic conditions and consumer spending patterns can negatively impact our operating results. Unfavorable local, regional, national, or global economic developments or uncertainties, including supply chain constraints, inflationary pressures, travel restrictions, war, natural disasters or effects of climate change, or a prolonged economic downturn, could reduce consumer spending and adversely affect our business. Consumer spending on discretionary goods may also decline as a result of lower consumer confidence levels, higher interest rates or higher fuel costs, even if prevailing economic conditions are otherwise favorable.

Inflationary Trends

During 2022, the U.S. economy experienced the highest rate of inflation in nearly 40 years, which impacted a wide variety of industries and sectors. Inflation increased construction costs, including tenant improvements and capital projects, and operating costs. Many of the global economy. Although initial economic impacts have largely come into focus, long-term effects remain uncertain. This uncertainty includes Company's leases require tenants to pay an allocable portion of operating expenses, including common area maintenance, real estate taxes and insurance, resulting in a mitigating impact on increased costs and operating expenses due to inflation.

In response to persistent concerns over inflation, the potential need Federal Reserve increased the federal funds rate to 4.50% as of December 31, 2022, up from 0.25% on January 1, 2022, and signaled its intent for additional capital resources to maintain increases into 2023. The ultimate extent of the impact that inflation will have on the Company's business, and operations during a period of potential declining or delayed rent payments from CRE tenants and/or potential declining revenue from its other businesses.

The Company's ability to retain outstanding borrowings and utilize remaining amounts available under its revolving credit facility will depend on its continued compliance with the applicable financial covenants and other terms of the Company's notes payable and other debt arrangements. The Company was in compliance with its financial covenants for all outstanding balances as of December 31, 2021. However, due to various uncertainties and factors outside of Management's control, the Company may be unable to continue to maintain compliance with certain of its financial covenants. Failure to maintain compliance with its financial covenants or obtain waivers or agree to modifications with its lenders would have a material adverse impact on the Company's financial condition. The Company intends to operate in compliance with these covenants or seek to obtain waivers or modifications to these financial covenants to enable the Company to maintain compliance.

Based on its current outlook, the Company believes that funds generated from cash provided by operating activities; available cash and cash equivalent balances; and borrowing capacity under its various credit facilities will be sufficient to meet the needs of the Company's business requirements and plans both in the short-term (i.e., the next twelve months from December 31, 2021) and long-term (i.e., beyond the next twelve months). There can be no assurance, however, that the Company will continue to generate cash flows at or above current levels or that it will be able to maintain its ability to borrow under its available credit facilities. As the circumstances underlying its current outlook may change, the Company will continue to actively monitor the situation and may take further actions that it determines is in the best interest of its business, financial condition, results of operations and liquidity and capital resources. resources will largely depend on future developments, including the resulting impact on economic growth/recession, the impact on travel and tourism behavior and the impact on consumer confidence and discretionary and non-discretionary spending, all of which are highly uncertain and cannot be reasonably predicted.

Critical Accounting Estimates

The Company's significant accounting policies are described in Note 2 – Significant Accounting Policies of Notes to Consolidated Financial Statements, included in Part II, Item 8 of this report. The preparation of financial statements in conformity with accounting principles generally accepted in the United States, upon which the MD&A is based, requires that management exercise judgment when making estimates and assumptions about future events that may affect the amounts reported in the financial statements and accompanying notes. Future events and their effects cannot be determined with certainty and actual results may differ from those critical accounting estimates. These differences could be material.

Management considers an accounting estimate to be critical if: (i) it requires assumptions to be made that were uncertain at the time the estimate was made; and (ii) changes in the estimate, or the use of different estimating methods that could have been selected and could have a material impact on the Company's consolidated results of operations or financial condition. The critical accounting estimates inherent in the preparation of the Company's financial statements are described below.

Impairment of long-lived assets held and used and finite-lived intangible assets

Long-lived assets held and used, including finite-lived intangible assets, are reviewed for possible impairment when events or circumstances indicate that the carrying value may not be recoverable. In such an evaluation, the estimated future undiscounted cash flows generated by the asset are compared with the amount recorded for the asset to determine if its carrying value is not recoverable. If this review determines that the recorded value will not be recovered, the amount recorded for the asset is reduced to estimated fair value. These asset impairment analyses are highly subjective because they require management to make assumptions and apply considerable judgments to, among other things, estimates of the timing and amount of future cash flows, the cash flow projection period, uncertainty about future events, including changes in economic conditions, changes in operating performance, discount rates, changes in the use of the assets and ongoing costs of maintenance and improvements of the assets, and thus, the accounting estimates may change from period to period. If management uses different assumptions or if different conditions occur in future periods, the Company's financial condition or its future financial results could be materially impacted.

Assets held for sale are carried at the lower of their carrying values or estimated fair values less costs to sell. The fair value of a disposal group, less any costs to sell, is assessed each reporting period it remains classified as held for sale and any remeasurement to the lower of carrying value or fair value less costs to sell is reported as an adjustment to the carrying value. The estimates of fair value consider matters such as contracts or the results of negotiations with prospective purchasers. These estimates are subject to revision as market conditions, and our assessment of such conditions, change.

During the year ended December 31, 2021 December 31, 2022, the Company recorded aggregate long-lived asset and finite-lived intangible asset impairment charges of \$24.3 million \$5.0 million related to its Materials Land Operations segment and Construction segment.

In each of included in continuing operations. During the years ended December 31, 2020 December 31, 2021 and 2019, 2020, the Company did not recognize any impairments of long-lived assets or finite-lived intangible assets for assets held and used, used in continuing operations.

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As a result of Grace Pacific and the Maui Quarries classification as held for sale as of December 31, 2022, the Company measured the disposal group at its fair value less costs to sell and accordingly recorded impairment of \$89.8 million in 2022. During the year ended December 31, 2021, the Company recorded impairment charges of \$26.1 million related to Grace Pacific's paving and roadway solutions operations. During 2020, the Company recorded impairment of \$5.6 million in connection with the disposition of GPRM in the quarter ended June 30, 2020.

New Accounting Pronouncements

See Note 2 – Significant Accounting Policies of Notes to Consolidated Financial Statements, included in Part II, Item 8 of this report, for a full description of the impact of recently issued accounting standards, which is incorporated herein by reference, including the expected dates of adoption and estimated effects on the Company's results of operations and financial condition.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to changes in interest rates, primarily as a result of its borrowing activities used to maintain liquidity and to fund business operations. In order to manage its exposure to changes in interest rates, the Company utilizes a balanced mix of debt maturities, along with both fixed-rate and variable-rate debt. The Company further manages its exposure to interest rate risk through interest rate swaps on its variable-rate debt. The nature and amount of the Company's fixed-rate and variable-rate debt can be expected to fluctuate as a result of future business requirements, market conditions and other factors.

As of **December 31, 2021** December 31, 2022, the Company's fixed-rate debt (after the effects of interest rate swaps), excluding debt premium or discount and debt issuance costs, ~~consisted~~ of **\$532.9 million** \$460.4 million in principal term notes and other instruments. As of **December 31, 2021** December 31, 2022, the Company's variable-rate debt under its revolving credit facilities ~~is effectively zero due to an interest rate swap on \$50.0 million of principal until February 2023, at which time it becomes a variable-rate~~ was \$12.0 million. Other than in default, the Company does not have an obligation, nor the option in some cases, to prepay its fixed-rate debt prior to maturity and, as a result, interest rate fluctuations and the resulting changes in fair value would not have an impact on the Company's financial condition or results of operations unless the Company was required to refinance such debt.

The following table summarizes the Company's estimated exposure to interest rate risk over each of the next five years and thereafter based on the expected remaining principal obligation as of the beginning of each period and the related interest rates based on the Company's debt obligations as of **December 31, 2021** December 31, 2022 (dollars in millions):

Liabilities	Liabilities	Expected Remaining Principal Obligation as of Beginning of Year							Expected Remaining Obligation as of Beginning of Year							Fair Value at December 31, 2022							
		Year 31, 2021							Year 31, 2022														
		2022	2023	2024	2025	2026	Thereafter	2021	2023	2024	2025	2026	2027	Thereafter	2022								
Fixed-rate debt	Fixed-rate debt	\$ 532.9	\$ 502.8	\$ 418.2	\$ 261.2	\$ 221.0	\$ 152.1	\$ 554.3	Fixed-rate debt	\$ 460.4	\$ 425.4	\$ 263.5	\$ 223.1	\$ 153.9	\$ 113.0	\$ 437.4							
Average interest rate on remaining fixed-rate principal	Average interest rate on remaining fixed-rate principal	4.12 %	4.08 %	4.22 %	4.23 %	4.11 %	4.10 %		Average interest rate on remaining fixed-rate principal	4.26 %	4.22 %	4.23 %	4.11 %	4.10 %	3.90 %								
Variable-rate debt ¹	Variable-rate debt ¹	\$ —	\$ —	\$ 50.0	\$ 50.0	\$ —	\$ —	\$ —	Variable-rate debt ¹	\$ 12.0	\$ 12.0	\$ 12.0	\$ —	\$ —	\$ —	\$ 11.3							
Average interest rate on remaining variable-rate principal ²	Average interest rate on remaining variable-rate principal ²	— %	— %	1.15 %	1.15 %	— %	— %		Average interest rate on remaining variable-rate principal ²	5.44 %	5.44 %	5.44 %	— %	— %	— %								
Expected Remaining Notional as of Beginning of Year																							
Year 31, 2021							Year 31, 2022							Year 31, 2022									
2022 2023 2024 2025 2026 Thereafter 2021							2023 2024 2025 2026 2027 Thereafter 2022							2022									
<u>Interest rate derivatives³</u>																							
<u>Interest rate swap agreements³</u>																							

Variable to fixed remaining notional and fair value of swap asset (liability)	Variable to fixed remaining notional and fair value of swap asset (liability)	Variable to fixed remaining notional and fair value of swap asset (liability)
Average pay fixed rate	Average pay fixed rate	Average pay fixed rate
Average receive variable rate ₂	Average receive variable rate ₂	Average receive variable rate ₂
		Fair Value at

¹ Estimated variable-rate principal is based on the amounts outstanding and the contractual maturity date of the revolving credit facility as of December 31, 2021. Actual principal outstanding may be greater or less than the amounts indicated.

² Estimated interest rates on variable-rate debt are determined based on the rate in effect on December 31, 2021. Actual interest rates may be greater or less than the amounts indicated.

		Expected Remaining Notional as of Beginning of Year						December 31, 2022
		2023	2024	2025	2026	2027	Thereafter	2022
<u>Forward interest rate swap agreements₃</u>	<u>Forward interest rate swap agreements₃</u>							
Variable to fixed remaining notional and fair value of swap asset (liability)	Variable to fixed remaining notional and fair value of swap asset (liability)	\$130.0	\$130.0	\$130.0	\$130.0	\$130.0	\$130.0	\$ (2.8)
Average pay fixed rate	Average pay fixed rate	— %	— %	4.85 %	4.85 %	4.85 %	4.85 %	
Average receive variable rate ₂	Average receive variable rate ₂	— %	— %	5.61 %	5.61 %	5.61 %	5.61 %	

¹ Estimated variable-rate principal is based on the amounts outstanding and the contractual maturity date of the revolving credit facility as of December 31, 2022. Actual principal outstanding may be greater or less than the amounts indicated.

² Estimated interest rates on variable-rate debt are determined based on the rate in effect on December 31, 2022. Actual interest rates may be greater or less than the amounts indicated.

¹ Estimated variable-rate principal is based on the amounts outstanding and the contractual maturity date of the revolving credit facility as of December 31, 2022. Actual principal outstanding may be greater or less than the amounts indicated.

² Estimated interest rates on variable-rate debt are determined based on the rate in effect on December 31, 2022. Actual interest rates may be greater or less than the amounts indicated.

³ Certain of the Company's interest rate derivatives are designated as cash flow hedges with changes in the fair value of the asset or liability recorded to accumulated other comprehensive income. Refer to Notes to Consolidated Financial Statements, included in Part II, Item 8 of this report, for further discussion.

As of December 31, 2020 December 31, 2021, the Company had \$576.3 million \$532.9 million of fixed-rate debt and \$111.0 million of variable-rate debt outstanding with weighted average interest rates of 4.27% 4.1% and 2.20%, respectively, no variable-rate debt outstanding, and the aggregate fair value of its interest rate derivatives for variable to fixed interest rate swaps was a liability of \$6.4 million \$2.2 million.

Also, from time to time, the Company may invest its excess cash in short-term money market funds that purchase government securities or corporate debt securities. At December 31, 2021 December 31, 2022, and December 31, 2020 December 31, 2021, the amount invested in money market funds was immaterial.

As noted above, COVID-19 has adversely impacted recent disruptions in the global economy; has economy have contributed to significant volatility in financial markets; markets and both its near-term and long-term economic impacts remain uncertain. With respect to its exposure to changes in interest rates, the Company will continue to actively monitor the economic situation and its impact on interest rates and may take further actions that it determines is in the best interest of its business, financial condition and liquidity and capital resources.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Alexander & Baldwin, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Alexander & Baldwin, Inc. and subsidiaries (the "Company") as of December 31, 2021 December 31, 2022 and 2020, 2021, the related consolidated statements of operations, comprehensive income (loss), equity and redeemable noncontrolling interest, and cash flows, for each of the three years in the period ended December 31, 2021 December 31, 2022, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 December 31, 2022 and 2020, 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021 December 31, 2022, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2022 March 1, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the US U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of Held for Sale and Discontinued Operations Classification — Refer to Note 2 – Significant Accounting Policies and Note 23 – Held for Sale and Discontinued Operations to the financial statements

Critical Audit Matter Description

The Company has established a strategy to simplify its business, which includes evaluating options for the eventual monetization of some or all of its Materials & Construction (M&C) businesses, Grace Pacific LLC ("Grace Pacific") and the Maui quarries. At each reporting period, the Company assesses the held for sale and discontinued operations criteria as it relates to the contemplation of the sale of Grace Pacific and the M&C businesses Maui quarries. This involves significant complexities and judgments in making the accounting treatment determination. There are subjective and complex judgments in the determination of whether some or all of Grace Pacific and the M&C businesses Maui quarries meet the criteria to be classified as held for sale, including in the assessment of whether some or all of Grace Pacific and the M&C businesses Maui quarries are available for sale in the present condition subject only to terms that are usual and customary for sales of such businesses, whether the sale of some or all of Grace Pacific and the M&C businesses Maui quarries is probable and that the transfer of assets will be a completed sale within one year from period-end, period end, and whether there is formal approval from the Board of Directors authorizing the sale. For Grace Pacific and the M&C businesses Maui

quarries that will be sold or

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will meet the held for sale criteria, there are also significant judgments in the evaluation of whether the sale of these businesses represent a strategic shift that has a major effect on the Company's operations and financial results.

We identified the assessment of held for sale and discontinued operations classification for Grace Pacific and the M&C businesses Maui quarries as a critical audit matter because of the significant judgments made in determining whether events have occurred indicating that Grace Pacific and the M&C businesses Maui quarries should be presented as held for sale and discontinued operations. This required a high degree of auditor effort and judgment when performing audit procedures to evaluate whether management appropriately classified the assets, liabilities and operations of Grace Pacific and the M&C businesses Maui quarries.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the assessment of held for sale and discontinued operations classification included the following, among others:

- We tested the design and operating effectiveness of the controls established to review compliance with held for sale and discontinued operations criteria.

- We evaluated management's the Company's assessment of held for sale and discontinued operations criteria as it relates to Grace Pacific and the M&C businesses Maui quarries by:
 - Inquiring of executive officers and key members of management and Board members to obtain an understanding of the plans to sell some or all of Grace Pacific and the M&C businesses Maui quarries.
 - Assessing the Company's judgments in determining whether Grace Pacific and the M&C businesses Maui quarries meet the held for sale and discontinued operations criteria through procedures performed including, but not limited to, reviewing minutes from meetings of the Board of Directors and related committees, communications regarding how far along the Company was in the selling process, and consideration of sales of M&C businesses other Grace Pacific entities that have occurred in prior years.
 - Comparing the relevant guidance against management's the Company's conclusions and testing the completeness and accuracy of information used in the Company's evaluation.
 - Evaluating the accuracy and completeness of the Company's disclosures.

/s/ Deloitte & Touche LLP

Honolulu, Hawai'i

February 25, 2022 March 1, 2023

We have served as the Company's auditor since 1950.

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ALEXANDER & BALDWIN, INC.
CONSOLIDATED BALANCE SHEETS
(amounts in millions)

ASSETS	ASSETS	December 31,		December 31,	
		2021	2020	2022	2021
Real estate investments	Real estate investments			Real estate investments	
Real estate property	Real estate property	\$1,588.2	\$1,549.7	Real estate property	\$1,598.9 \$1,588.2
Accumulated depreciation	Accumulated depreciation	(180.5)	(154.4)	Accumulated depreciation	(202.3) (180.5)
Real estate property, net	Real estate property, net	1,407.7	1,395.3	Real estate property, net	1,396.6 1,407.7
Real estate developments	Real estate developments	65.0	75.7	Real estate developments	59.9 65.0
Investments in real estate joint ventures and partnerships	Investments in real estate joint ventures and partnerships	8.8	134.1	Investments in real estate joint ventures and partnerships	7.5 8.8
Real estate intangible assets, net	Real estate intangible assets, net	51.6	61.9	Real estate intangible assets, net	43.6 51.6
Real estate investments, net	Real estate investments, net	1,533.1	1,667.0	Real estate investments, net	1,507.6 1,533.1
Cash and cash equivalents	Cash and cash equivalents	70.0	57.2	Cash and cash equivalents	33.3 65.4
Restricted cash	Restricted cash	1.0	0.2	Restricted cash	1.0 1.0
Accounts receivable and retention, net of allowances (credit losses and doubtful accounts) of \$1.3 million and \$3.3 million as of December 31, 2021 and 2020, respectively		28.9	43.5		
Inventories		20.3	18.4		
Accounts receivable, net of allowances (credit losses and doubtful accounts) of \$2.5 million and \$0.8 million as of December 31, 2022 and 2021, respectively				Accounts receivable, net of allowances (credit losses and doubtful accounts) of \$2.5 million and \$0.8 million as of December 31, 2022 and 2021, respectively	6.1 2.2
Other property, net	Other property, net	83.5	110.8	Other property, net	2.5 17.9

Operating lease right-of-use assets	Operating lease right-of-use assets	20.1	18.6	Operating lease right-of-use assets	5.4	7.0
Goodwill	Goodwill	8.7	10.5	Goodwill	8.7	8.7
Other receivables, net of allowances of \$2.5 million and \$3.9 million as of December 31, 2021 and December 31, 2020, respectively		11.6	14.2	Other receivables, net of allowances of \$2.7 million and \$2.5 million as of December 31, 2022 and 2021, respectively	6.9	11.6
Other receivables, net of allowances of \$2.7 million and \$2.5 million as of December 31, 2022 and 2021, respectively						
Prepaid expenses and other assets	Prepaid expenses and other assets	102.6	95.6	Prepaid expenses and other assets	89.0	78.2
Assets held for sale				Assets held for sale	126.8	154.7
Total assets	Total assets	\$1,879.8	\$2,036.0	Total assets	\$1,787.3	\$1,879.8
LIABILITIES AND EQUITY	LIABILITIES AND EQUITY			LIABILITIES AND EQUITY		
Liabilities:	Liabilities:			Liabilities:		
Notes payable and other debt	Notes payable and other debt	\$ 532.7	\$ 687.1	Notes payable and other debt	\$ 472.2	\$ 530.8
Accounts payable	Accounts payable	9.9	9.8	Accounts payable	4.5	3.4
Operating lease liabilities	Operating lease liabilities	19.4	18.4	Operating lease liabilities	4.9	6.5
Accrued pension and post-retirement benefits	Accrued pension and post-retirement benefits	56.3	34.7	Accrued pension and post-retirement benefits	10.1	56.3
Deferred revenue	Deferred revenue	68.5	66.9	Deferred revenue	68.8	68.3
Accrued and other liabilities	Accrued and other liabilities	119.5	116.5	Accrued and other liabilities	102.1	95.2
Liabilities associated with assets held for sale				Liabilities associated with assets held for sale	81.0	45.8
Total liabilities	Total liabilities	806.3	933.4	Total liabilities	743.6	806.3
Commitments and Contingencies (Note 12)				Commitments and Contingencies (Note 10)		
Commitments and Contingencies (Note 10)	Redeemable Noncontrolling Interest (Note 2)			Commitments and Contingencies (Note 10)		
Redeemable Noncontrolling Interest (Note 2)	Redeemable Noncontrolling Interest (Note 2)	6.9	6.5	Redeemable Noncontrolling Interest (Note 2)	8.0	6.9
Equity:	Equity:			Equity:		
Common stock - no par value; authorized, 150.0 million shares; outstanding 72.5 million and 72.4 million shares as of December 31, 2021 and 2020, respectively		1,810.5	1,805.5	Common stock - no par value; authorized, 150.0 million shares; outstanding 72.5 million and 72.5 million shares as of December 31, 2022 and 2021, respectively	1,808.4	1,810.5
Common stock - no par value; authorized, 150.0 million shares; outstanding 72.5 million and 72.5 million shares as of December 31, 2022 and 2021, respectively						
Accumulated other comprehensive income (loss)	Accumulated other comprehensive income (loss)	(80.7)	(60.0)	Accumulated other comprehensive income (loss)	1.8	(80.7)
Distributions in excess of accumulated earnings	Distributions in excess of accumulated earnings	(663.2)	(649.4)	Distributions in excess of accumulated earnings	(774.5)	(663.2)
Total A&B shareholders' equity	Total A&B shareholders' equity	1,066.6	1,096.1	Total A&B shareholders' equity	1,035.7	1,066.6
Total liabilities and equity	Total liabilities and equity	\$1,879.8	\$2,036.0	Total liabilities and equity	\$1,787.3	\$1,879.8

See Notes to Consolidated Financial Statements.

ALEXANDER & BALDWIN, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(amounts in millions, except per share data)

Operating Revenue:	Operating Revenue:	Year Ended December 31,			Year Ended December 31,		
		2021 2020 2019			2022 2021 2020		
		Operating Revenue:			Operating Revenue:		

Commercial Real Estate	Commercial Real Estate	\$173.2	\$150.0	\$160.6	Commercial Real Estate	\$187.2	\$174.1	\$151.6
Land Operations	Land Operations	79.9	38.7	112.2	Land Operations	43.3	79.9	38.7
Materials & Construction		126.2	116.6	162.4				
Total operating revenue	Total operating revenue	379.3	305.3	435.2	Total operating revenue	230.5	254.0	190.3
Operating Costs and Expenses:	Operating Costs and Expenses:				Operating Costs and Expenses:			
Cost of Commercial Real Estate	Cost of Commercial Real Estate	96.0	95.6	89.0	Cost of Commercial Real Estate	98.7	96.0	95.6
Cost of Land Operations	Cost of Land Operations	39.2	31.1	92.5	Cost of Land Operations	34.2	38.9	30.6
Cost of Materials & Construction		118.9	106.8	159.4				
Selling, general and administrative	Selling, general and administrative	51.9	46.1	58.9	Selling, general and administrative	35.9	36.6	31.1
Impairment of assets		26.1	5.6	49.7				
Total operating costs and expenses	Total operating costs and expenses	332.1	285.2	449.5	Total operating costs and expenses	168.8	171.5	157.3
Gain (loss) on disposal of commercial real estate properties, net	Gain (loss) on disposal of commercial real estate properties, net	2.8	0.5	—	Gain (loss) on disposal of commercial real estate properties, net	—	2.8	0.5
Gain (loss) on disposal of non-core assets, net	Gain (loss) on disposal of non-core assets, net	0.2	9.1	—	Gain (loss) on disposal of non-core assets, net	54.0	0.1	8.9
Total gain (loss) on disposal of assets, net	Total gain (loss) on disposal of assets, net	3.0	9.6	—	Total gain (loss) on disposal of assets, net	54.0	2.9	9.4
Operating Income (Loss)	Operating Income (Loss)	50.2	29.7	(14.3)	Operating Income (Loss)	115.7	85.4	42.4
Other Income and (Expenses):	Other Income and (Expenses):				Other Income and (Expenses):			
Income (loss) related to joint ventures	Income (loss) related to joint ventures	17.5	5.9	5.3	Income (loss) related to joint ventures	1.6	17.9	6.8
Impairment of equity method investment		(2.9)	—	—				
Pension termination					Pension termination	(76.9)	—	—
Interest and other income (expense), net (Note 2)	Interest and other income (expense), net (Note 2)	(1.6)	0.3	3.2	Interest and other income (expense), net (Note 2)	0.4	(1.7)	(0.1)
Interest expense	Interest expense	(26.3)	(30.3)	(33.1)	Interest expense	(22.0)	(26.2)	(30.2)
Income (Loss) from Continuing Operations	Income (Loss) from Continuing Operations				Income (Loss) from Continuing Operations			
Before Income Taxes	Before Income Taxes	36.9	5.6	(38.9)	Before Income Taxes	18.8	75.4	18.9
Income tax benefit (expense)	Income tax benefit (expense)	—	0.4	2.0	Income tax benefit (expense)	18.3	—	0.4
Income (Loss) from Continuing Operations	Income (Loss) from Continuing Operations	36.9	6.0	(36.9)	Income (Loss) from Continuing Operations	37.1	75.4	19.3
Income (loss) from discontinued operations, net of income taxes	Income (loss) from discontinued operations, net of income taxes	(1.1)	(0.8)	(1.5)	Income (loss) from discontinued operations, net of income taxes	(86.6)	(39.6)	(14.1)
Net Income (Loss)	Net Income (Loss)	35.8	5.2	(38.4)	Net Income (Loss)	(49.5)	35.8	5.2
Loss (income) attributable to noncontrolling interest		(0.4)	0.4	2.0				
Loss (income) attributable to discontinued noncontrolling interest					Loss (income) attributable to discontinued noncontrolling interest	(1.1)	(0.4)	0.4
Net Income (Loss) Attributable to A&B Shareholders	Net Income (Loss) Attributable to A&B Shareholders				Net Income (Loss) Attributable to A&B Shareholders			
Earnings (Loss) Per Share Available to A&B Shareholders:	Earnings (Loss) Per Share Available to A&B Shareholders:	\$ 35.4	\$ 5.6	\$ (36.4)	Earnings (Loss) Per Share Available to A&B Shareholders:	\$ (50.6)	\$ 35.4	\$ 5.6
Basic Earnings (Loss) Per Share of Common Stock:	Basic Earnings (Loss) Per Share of Common Stock:				Basic Earnings (Loss) Per Share of Common Stock:			
Continuing operations available to A&B shareholders	Continuing operations available to A&B shareholders	\$ 0.50	\$ 0.09	\$ (0.49)	Continuing operations available to A&B shareholders	\$ 0.51	\$ 1.03	\$ 0.27
Discontinued operations available to A&B shareholders	Discontinued operations available to A&B shareholders	(0.02)	(0.01)	(0.02)	Discontinued operations available to A&B shareholders	(1.21)	(0.55)	(0.19)
Net income (loss) available to A&B shareholders	Net income (loss) available to A&B shareholders	\$ 0.48	\$ 0.08	\$ (0.51)	Net income (loss) available to A&B shareholders	\$ (0.70)	\$ 0.48	\$ 0.08
Diluted Earnings (Loss) Per Share of Common Stock:	Diluted Earnings (Loss) Per Share of Common Stock:				Diluted Earnings (Loss) Per Share of Common Stock:			
Continuing operations available to A&B shareholders	Continuing operations available to A&B shareholders	\$ 0.50	\$ 0.09	\$ (0.49)	Continuing operations available to A&B shareholders	\$ 0.50	\$ 1.03	\$ 0.27
Discontinued operations available to A&B shareholders	Discontinued operations available to A&B shareholders	(0.02)	(0.01)	(0.02)	Discontinued operations available to A&B shareholders	(1.20)	(0.55)	(0.19)

Net income (loss) available to A&B shareholders	Net income (loss) available to A&B shareholders	\$ 0.48	\$ 0.08	\$ (0.51)	Net income (loss) available to A&B shareholders	\$ (0.70)	\$ 0.48	\$ 0.08
Weighted-Average Number of Shares Outstanding:	Weighted-Average Number of Shares Outstanding:				Weighted-Average Number of Shares Outstanding:			
Basic	Basic	72.5	72.3	72.2	Basic	72.6	72.5	72.3
Diluted	Diluted	72.6	72.4	72.2	Diluted	72.8	72.6	72.4
Amounts Available to A&B Common Shareholders (Note 19):								
Amounts Available to A&B Common Shareholders (Note 17):					Amounts Available to A&B Common Shareholders (Note 17):			
Continuing operations available to A&B common shareholders	Continuing operations available to A&B common shareholders	\$ 36.2	\$ 6.3	\$ (35.1)	Continuing operations available to A&B common shareholders	\$ 36.9	\$ 75.1	\$ 19.2
Discontinued operations available to A&B common shareholders	Discontinued operations available to A&B common shareholders	(1.1)	(0.8)	(1.5)	Discontinued operations available to A&B common shareholders	(87.7)	(40.0)	(13.7)
Net income (loss) available to A&B common shareholders	Net income (loss) available to A&B common shareholders	\$ 35.1	\$ 5.5	\$ (36.6)	Net income (loss) available to A&B common shareholders	\$ (50.8)	\$ 35.1	\$ 5.5

See Notes to Consolidated Financial Statements.

ALEXANDER & BALDWIN, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(amounts in millions)

	Net Income (Loss)	Year Ended December 31,			Year Ended December 31,		
		2021	2020	2019	2022	2021	2020
		\$35.8 \$ 5.2 \$(38.4)			\$ (49.5) \$35.8 \$ 5.2		
Net Income (Loss)	Net Income (Loss)				Net Income (Loss)		
Other Comprehensive Income (Loss), net of tax:	Other Comprehensive Income (Loss), net of tax:				Other Comprehensive Income (Loss), net of tax:		
Cash flow hedges:	Cash flow hedges:				Cash flow hedges:		
Unrealized interest rate hedging gain (loss)	Unrealized interest rate hedging gain (loss)	2.3	(6.9)	(4.0)	Unrealized interest rate hedging gain (loss)	4.9	2.3 (6.9)
Realized interest rate hedging gain (loss)					Realized interest rate hedging gain (loss)	(0.5)	— —
Impact of reclassification adjustment to interest expense included in Net Income (Loss)	Impact of reclassification adjustment to interest expense included in Net Income (Loss)	1.6	1.0	(0.1)	Impact of reclassification adjustment to interest expense included in Net Income (Loss)	0.5	1.6 1.0
Employee benefit plans:	Employee benefit plans:				Employee benefit plans:		
Actuarial gain (loss)	Actuarial gain (loss)	(27.4)	(7.7)	5.3	Actuarial gain (loss)	17.0	(27.4) (7.7)
Amortization of net loss included in net periodic benefit cost	Amortization of net loss included in net periodic benefit cost	2.8	2.5	4.0	Amortization of net loss included in net periodic benefit cost	1.9	2.8 2.5
Prior service cost	Prior service cost	—	(0.1)	—	Prior service cost	—	— (0.1)
Amortization of prior service credit included in net periodic benefit cost	Amortization of prior service credit included in net periodic benefit cost	—	—	(0.7)	Amortization of prior service credit included in net periodic benefit cost	0.1	— —
Curtailment (gain)/loss		—	—	(1.4)			
Pension termination					Pension termination	76.9	— —
Income taxes related to other comprehensive income (loss)					Income taxes related to other comprehensive income (loss)	(18.3)	— —
Other comprehensive income (loss), net of tax	Other comprehensive income (loss), net of tax	(20.7)	(11.2)	3.1	Other comprehensive income (loss), net of tax	82.5	(20.7) (11.2)
Comprehensive Income (Loss)	Comprehensive Income (Loss)				Comprehensive Income (Loss)		
Comprehensive income (loss) attributable to noncontrolling interest		(0.4)	0.4	2.0			
Comprehensive (income) loss attributable to discontinued noncontrolling interest					Comprehensive (income) loss attributable to discontinued noncontrolling interest	(1.1)	(0.4) 0.4

Comprehensive Income (Loss) Attributable to A&B Shareholders	Comprehensive Income (Loss) Attributable to A&B Shareholders	\$14.7	(\$5.6)	(\$33.3)	Comprehensive Income (Loss) Attributable to A&B Shareholders	\$ 31.9	\$14.7	(\$5.6)
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See Notes to Consolidated Financial Statements.

ALEXANDER & BALDWIN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in millions)

Cash Flows from Operating Activities:	Cash Flows from Operating Activities:	Year Ended December 31,			Year Ended December 31,			
		2021	2020	2019	2022	2021	2020	
Net income (loss)	Net income (loss)	\$ 35.8	\$ 5.2	(\$38.4)	Net income (loss)	(\$49.5)	\$ 35.8	\$ 5.2
Adjustments to reconcile net income (loss) to net cash provided by (used in) operations:	Adjustments to reconcile net income (loss) to net cash provided by (used in) operations:				Adjustments to reconcile net income (loss) to net cash provided by (used in) operations:			
Loss (income) from discontinued operations					Loss (income) from discontinued operations	86.6	39.6	14.1
Depreciation and amortization	Depreciation and amortization	50.4	53.3	50.5	Depreciation and amortization	38.0	39.6	42.5
Income tax benefit related to pension termination and other, net					Income tax benefit related to pension termination and other, net	(18.1)	—	—
Loss (gain) from disposals and asset transactions, net	Loss (gain) from disposals and asset transactions, net	(3.0)	(9.5)	(2.6)	Loss (gain) from disposals and asset transactions, net	(54.0)	(2.9)	(9.3)
Impairment of assets and equity method investment		29.0	5.6	49.7	Impairment of assets	5.0	—	—
Impairment of assets					Share-based compensation expense	4.9	5.9	5.8
Share-based compensation expense	Share-based compensation expense	5.9	5.8	5.4	Equity in (income) loss from affiliates, net of operating cash distributions	(0.9)	(9.0)	(5.6)
Equity in (income) loss from affiliates, net of operating cash distributions	Equity in (income) loss from affiliates, net of operating cash distributions	(8.6)	(4.8)	(1.4)	Pension termination	76.9	—	—
Pension termination					Changes in operating assets and liabilities:			
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:				Changes in operating assets and liabilities:			
Trade, contracts retention, and other contract receivables		4.7	8.8	8.5	Trade and other receivables	(3.9)	3.9	(2.9)
Trade and other receivables					Inventories	0.1	(0.2)	—
Inventories	Inventories	(1.9)	2.1	5.7	Prepaid expenses, income tax receivable and other assets	(1.8)	(4.7)	13.8
Prepaid expenses, income tax receivable and other assets	Prepaid expenses, income tax receivable and other assets	1.3	13.0	28.5	Development/other property inventory	10.5	8.7	3.6
Development/other property inventory	Development/other property inventory	8.7	3.6	56.8	Accrued pension and post-retirement benefits	(27.1)	(3.0)	2.7
Accrued pension and post-retirement benefits	Accrued pension and post-retirement benefits	(3.0)	2.7	4.6	Accounts payable	0.8	(0.5)	(4.5)
Accounts payable	Accounts payable	1.9	(6.2)	(12.9)	Accrued and other liabilities	(0.3)	4.9	(10.4)
Accrued and other liabilities	Accrued and other liabilities	3.0	(16.5)	3.2	Operating cash flows from continuing operations	67.2	118.1	55.0
Operating cash flows from continuing operations					Operating cash flows from discontinued operations	(33.2)	6.1	8.1
Operating cash flows from discontinued operations					Net cash provided by (used in) operations	34.0	124.2	63.1
Net cash provided by (used in) operations	Net cash provided by (used in) operations	124.2	63.1	157.6	Cash Flows from Investing Activities:			
Cash Flows from Investing Activities:	Cash Flows from Investing Activities:				Capital expenditures for acquisitions	—	(16.9)	—
Capital expenditures for acquisitions	Capital expenditures for acquisitions	(16.9)	—	(218.4)	Capital expenditures for property, plant and equipment	(21.7)	(30.3)	(20.6)
Capital expenditures for property, plant and equipment	Capital expenditures for property, plant and equipment	(36.6)	(25.1)	(36.7)	Proceeds from disposal of assets	73.1	3.0	22.9
Proceeds from disposal of assets	Proceeds from disposal of assets	3.2	27.1	4.4	Payments for purchases of investments in affiliates and other investments	(0.5)	(1.2)	(1.0)
Payments for purchases of investments in affiliates and other investments	Payments for purchases of investments in affiliates and other investments	(2.7)	(1.0)	(3.3)				

Distributions of capital and other receipts from investments in affiliates and other investments	Distributions of capital and other receipts from investments in affiliates and other investments	149.5	11.0	13.6	Distributions of capital and other receipts from investments in affiliates and other investments	0.1	149.5	11.0
Investing cash flows from continuing operations	Investing cash flows from continuing operations				Investing cash flows from continuing operations	51.0	104.1	12.3
Investing cash flows from discontinued operations	Investing cash flows from discontinued operations				Investing cash flows from discontinued operations	(6.4)	(7.6)	(0.3)
Net cash provided by (used in) investing activities	Net cash provided by (used in) investing activities	96.5	12.0	(240.4)	Net cash provided by (used in) investing activities	44.6	96.5	12.0
Cash Flows from Financing Activities:	Cash Flows from Financing Activities:				Cash Flows from Financing Activities:			
Proceeds from issuance of notes payable and other debt	Proceeds from issuance of notes payable and other debt	131.0	173.0	125.9	Proceeds from issuance of notes payable and other debt	—	131.0	173.0
Payments of notes payable and other debt and deferred financing costs	Payments of notes payable and other debt and deferred financing costs	(290.2)	(183.0)	(203.9)	Payments of notes payable and other debt and deferred financing costs	(23.2)	(288.8)	(181.7)
Borrowings (payments) on line-of-credit agreement, net	Borrowings (payments) on line-of-credit agreement, net	—	(8.7)	(0.3)	Borrowings (payments) on line-of-credit agreement, net	(38.0)	—	(8.7)
Distribution to noncontrolling interests		—	—	(0.3)				
Cash dividends paid	Cash dividends paid	(46.6)	(13.8)	(50.0)	Cash dividends paid	(57.7)	(46.6)	(13.8)
Proceeds from issuance (payments for repurchases) of capital stock and other, net	Proceeds from issuance (payments for repurchases) of capital stock and other, net	(1.3)	(0.6)	(1.0)				
Payment of deferred acquisition holdback	Payment of deferred acquisition holdback	—	—	(7.1)				
Repurchases of common stock and other payments	Repurchases of common stock and other payments				Repurchases of common stock and other payments	(7.3)	(1.3)	(0.6)
Financing cash flows from continuing operations	Financing cash flows from continuing operations				Financing cash flows from continuing operations	(126.2)	(205.7)	(31.8)
Financing cash flows from discontinued operations	Financing cash flows from discontinued operations				Financing cash flows from discontinued operations	11.0	(1.4)	(1.3)
Net cash provided by (used in) financing activities	Net cash provided by (used in) financing activities	(207.1)	(33.1)	(136.7)	Net cash provided by (used in) financing activities	(115.2)	(207.1)	(33.1)
Cash, Cash Equivalents and Restricted Cash					Cash, Cash Equivalents, Restricted Cash, and Cash included in Assets Held for Sale			
Net increase (decrease) in cash, cash equivalents and restricted cash	Net increase (decrease) in cash, cash equivalents and restricted cash	13.6	42.0	(219.5)	Net increase (decrease) in cash, cash equivalents, restricted cash, and cash included in assets held for sale	(36.6)	13.6	42.0
Cash, Cash Equivalents, Restricted Cash, and Cash included in Assets Held for Sale					Cash, Cash Equivalents, Restricted Cash, and Cash included in Assets Held for Sale			
Net increase (decrease) in cash, cash equivalents, restricted cash, and cash included in assets held for sale	Net increase (decrease) in cash, cash equivalents, restricted cash, and cash included in assets held for sale				Net increase (decrease) in cash, cash equivalents, restricted cash, and cash included in assets held for sale	(36.6)	13.6	42.0
Balance, beginning of period	Balance, beginning of period	57.4	15.4	234.9	Balance, beginning of period	71.0	57.4	15.4
Balance, end of period	Balance, end of period	\$ 71.0	\$ 57.4	\$ 15.4	Balance, end of period	\$ 34.4	\$ 71.0	\$ 57.4

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Other Cash Flow Information:	Other Cash Flow Information:	Year Ended December 31,			Year Ended December 31,			
		2021 2020 2019			2022 2021 2020			
Interest paid, net of capitalized interest	Interest paid, net of capitalized interest	\$ (25.4)	\$ (29.0)	\$ (32.5)	Interest paid, net of capitalized interest	\$ (21.4)	\$ (25.3)	\$ (28.9)
Income tax (payments)/refunds, net	Income tax (payments)/refunds, net	\$ 0.5	\$ 0.5	\$ 25.8	Income tax (payments)/refunds, net	\$ 1.0	\$ 0.5	\$ 0.5
Noncash Investing and Financing Activities:					Noncash Investing and Financing Activities:			
Noncash Investing and Financing Activities from continuing operations:					Noncash Investing and Financing Activities from continuing operations:			
Capital expenditures included in accounts payable and accrued and other liabilities	Capital expenditures included in accounts payable and accrued and other liabilities	\$ 1.6	\$ 2.9	\$ 4.4	Capital expenditures included in accounts payable and accrued and other liabilities	\$ 0.3	\$ 1.5	\$ 2.7

Operating lease liabilities arising from obtaining ROU assets		Operating lease liabilities arising from obtaining ROU assets	\$ 0.7	\$ —	\$ —			
Finance lease liabilities arising from obtaining ROU assets		Finance lease liabilities arising from obtaining ROU assets	\$ 2.6	\$ —	\$ —			
Dividends declared but unpaid at end of period		Dividends declared but unpaid at end of period	\$ 16.3	\$ 13.4	\$ 10.9			
Escrow receivable from disposal of assets		Escrow receivable from disposal of assets	\$ 0.9	\$ —	\$ —			
Right-of-use ("ROU") assets and corresponding lease liability recorded upon ASC 842 adoption	\$ — \$ —	\$ 31.0						
Noncash Investing and Financing Activities from discontinued operations:		Noncash Investing and Financing Activities from discontinued operations:						
Capital expenditures included in accounts payable and accrued and other liabilities		Capital expenditures included in accounts payable and accrued and other liabilities	\$ 0.1	\$ 0.1	\$ 0.2			
Operating lease liabilities arising from obtaining ROU assets	Operating lease liabilities arising from obtaining ROU assets	\$ 5.5	\$ 0.4	\$ —				
Finance lease liabilities arising from obtaining ROU assets	Finance lease liabilities arising from obtaining ROU assets	\$ 0.1	\$ 0.9	\$ 3.4				
Dividends declared		\$ 13.4	\$ 10.9	\$ —				
Reconciliation of cash, cash equivalents and restricted cash:		Reconciliation of cash, cash equivalents, restricted cash, and cash included in assets held for sale:						
Reconciliation of cash, cash equivalents, restricted cash, and cash included in assets held for sale:		Reconciliation of cash, cash equivalents, restricted cash, and cash included in assets held for sale:						
Beginning of the period:	Beginning of the period:	Beginning of the period:						
Cash and cash equivalents	Cash and cash equivalents	\$ 57.2	\$ 15.2	\$ 11.4	Cash and cash equivalents	\$ 65.4	\$ 54.9	\$ 15.2
Restricted cash	Restricted cash	0.2	0.2	223.5	Restricted cash	1.0	0.2	0.2
Cash, cash equivalents and restricted cash		\$ 57.4	\$ 15.4	\$ 234.9				
Cash included in assets held for sale					Cash included in assets held for sale	4.6	2.3	—
Cash, cash equivalents, restricted cash, and cash included in assets held for sale					Cash, cash equivalents, restricted cash, and cash included in assets held for sale	\$ 71.0	\$ 57.4	\$ 15.4
End of the period:	End of the period:	End of the period:			End of the period:			
Cash and cash equivalents	Cash and cash equivalents	\$ 70.0	\$ 57.2	\$ 15.2	Cash and cash equivalents	\$ 33.3	\$ 65.4	\$ 54.9
Restricted cash	Restricted cash	1.0	0.2	0.2	Restricted cash	1.0	1.0	0.2
Cash, cash equivalents and restricted cash		\$ 71.0	\$ 57.4	\$ 15.4				
Cash included in assets held for sale					Cash included in assets held for sale	0.1	4.6	2.3
Cash, cash equivalents, restricted cash, and cash included in assets held for sale					Cash, cash equivalents, restricted cash, and cash included in assets held for sale	\$ 34.4	\$ 71.0	\$ 57.4

See Notes to Consolidated Financial Statements.

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ALEXANDER & BALDWIN, INC.
CONSOLIDATED STATEMENTS OF EQUITY AND REDEEMABLE NONCONTROLLING INTEREST
(amounts in millions, except per share data)

	Total Equity								Total Equity							
	(Distribution)				Common Stock				Accumulated Other in Excess				Common Stock			
	Common Stock		Accumulated Other		in Excess		Common Stock		Accumulated Other		in Excess of		Common Stock		Accumulated Other	
	Stated Shares	Value	Income (Loss)	Compre- hensive Income	Other Earnings	in Excess of Surplus	Accumulated Earnings)	Non-Controlling Interest	Total	Shares	Redeem- able Non-Controlling Interest	Non-Controlling Interest	Stated Value	Income (Loss)	Other Earnings	in Excess of Surplus
Balance, January 1, 2019	72.0	\$ 1,793.4	\$ (51.9)	\$ (538.9)	\$ 5.7	\$ 1,208.3	\$ 7.9									
Net income (loss)	—	—	—	(36.4)	(2.1)	(38.5)	0.1									
Other comprehensive income (loss), net of tax	—	—	3.1	—	—	3.1	—									

Dividend on common stock (\$0.69 per share)	—	—	—	(50.0)	—	(50.0)	—
Distributions to noncontrolling interest	—	—	—	—	—	—	(0.3)
Adjustments to redemption value of redeemable noncontrolling interest (Note 2)	—	1.4	—	—	—	1.4	(1.4)
Share-based compensation	—	5.4	—	—	—	5.4	—
Shares issued or repurchased, net	0.3	(0.1)	—	(0.9)	—	(1.0)	—
Balance, December 31, 2019	72.3	\$1,800.1	\$ (48.8)	\$ (626.2)	\$ 3.6	\$1,128.7	\$ 6.3
Balance, January 1, 2020							
Cumulative impact of adoption of ASC 326	Cumulative impact of adoption of ASC 326	—	—	—	(4.0)	(0.1)	(4.1)
Net income (loss)	Net income (loss)	—	—	—	5.6	(0.6)	5.0
Other comprehensive income (loss), net of tax	Other comprehensive income (loss), net of tax	—	—	(11.2)	—	—	(11.2)
Dividend on common stock (\$0.34 per share)	Dividend on common stock (\$0.34 per share)	—	—	—	(24.7)	—	(24.7)
Disposal of M&C subsidiary	—	—	—	—	(2.9)	(2.9)	—
Disposal of subsidiary							
Share-based compensation	Share-based compensation	—	5.8	—	—	—	5.8
Shares issued or repurchased, net	0.1	(0.4)	—	(0.1)	—	(0.5)	—
Shares issued (repurchased), net							
Balance, December 31, 2020	Balance, December 31, 2020	72.4	\$1,805.5	\$ (60.0)	\$ (649.4)	\$ —	\$1,096.1
Net income (loss)	Net income (loss)	—	—	—	35.4	—	35.4
Other comprehensive income (loss), net of tax	Other comprehensive income (loss), net of tax	—	—	(20.7)	—	—	(20.7)
Dividend on common stock (\$0.67 per share)	Dividend on common stock (\$0.67 per share)	—	—	—	(49.2)	—	(49.2)
Share-based compensation	Share-based compensation	—	5.9	—	—	—	5.9
Shares issued or repurchased, net	0.1	(0.9)	—	—	—	(0.9)	—
Shares issued (repurchased), net							
Shares issued (repurchased), net							
Shares issued (repurchased), net							

Balance, December 31, 2021	Balance, December 31, 2021	72.5	\$1,810.5	\$	(80.7)	\$	(663.2)	\$	—	\$1,066.6	\$	6.9	Balance, December 31, 2021	72.5	\$1,810.5	\$	(80.7)	\$	(663.2)	\$	—	\$
Net income													Net income									
(loss)													(loss)	—	—	—	—	(50.6)	—	—	—	
Other													Other									
comprehensive													income (loss),									
income (loss),													net of tax	—	—	82.5	—	—	—	—	—	
net of tax													Dividend on									
Dividend on													common stock									
common stock													(\$0.83 per									
(\$0.83 per													share)	—	—	—	(60.8)	—	—	—	—	
Share-based													Share-based									
compensation													compensation	—	4.9	—	—	—	—	—	—	
Shares issued													Shares issued									
(repurchased),													(repurchased),									
net													net	—	(7.0)	—	0.1	—	—	—	—	
Balance,													Balance,									
December 31,													December 31,									
2022													2022	72.5	\$1,808.4	\$	1.8	\$	(774.5)	\$	—	\$

See Notes to Consolidated Financial Statements.

Alexander & Baldwin, Inc.

Notes to Consolidated Financial Statements

1. Background and Basis of Presentation

Description of Business: Alexander & Baldwin, Inc. ("A&B" or the "Company") is a fully integrated real estate investment trust ("REIT") headquartered in Honolulu, Hawai'i, whose history in Hawai'i dates back to 1870. Over time, the Company has evolved from a 571-acre sugar plantation on Maui to become one of Hawai'i's premier commercial real estate companies and the owner of the largest grocery-anchored, neighborhood shopping center portfolio in the state. As of December 31, 2022, the Company owns a portfolio of commercial real estate improved properties in Hawai'i consisting of 22 retail centers, 12 industrial assets and four office properties, representing a total of 3.9 million square feet of gross leasable area; it also owns a portfolio of ground leases in Hawai'i representing 140.7 acres as of December 31, 2022.

The Company operates in three two segments: Commercial Real Estate; Estate and Land Operations; and Materials & Construction. Operations. A description of each of the Company's reporting reportable segments is as follows:

- **Commercial Real Estate ("CRE")** - This segment functions as a vertically integrated commercial real estate investment company with core competencies in investments and acquisitions (i.e., identifying opportunities and acquiring properties); construction and development (i.e., designing and ground-up development of new properties or repositioning and redevelopment of existing properties); and in-house leasing and property management (i.e., executing new and renegotiating renewal lease arrangements, managing its properties' day-to-day operations and maintaining positive tenant relationships). The Company's preferred asset classes include improved properties in retail and industrial properties spaces and also urban ground leases. Its focus within improved retail properties, in particular, is on grocery-anchored neighborhood shopping centers that meet the daily needs of Hawai'i communities. Through its core competencies and with its experience and relationships in Hawai'i, the Company seeks to create special places that enhance the lives of Hawai'i residents and to provide venues and opportunities that enable its tenants to thrive. Income from this segment is principally generated by owning, operating and leasing real estate assets.
- **Land Operations** - This segment includes the Company's legacy landholdings, assets, and landholdings liabilities that are subject to the Company's simplification and monetization effort. Financial results from this segment are principally derived from real estate development and land sales, income/loss from real estate joint ventures, hydroelectric energy and other legacy business activities.
- **Materials & Construction ("M&C")** - This segment operates one of Hawai'i's largest asphalt paving contractors and is one of the state's largest natural materials and infrastructure construction companies, primarily conducting business through its wholly-owned subsidiary, Grace Pacific LLC ("Grace Pacific"), a materials and construction company in Hawai'i. The M&C segment also includes the Company-owned quarry land on Maui, as well as the Company's unconsolidated joint venture interest in materials companies.

Grace Pacific owns hot-mix asphalt plants throughout the state that support its internal paving operations and third-party customers. Grace Pacific also owns and operates a rock quarry and processing plant in Makakilo, Hawai'i. In addition, Grace Pacific offers a variety of related for-sale and for-rent services including temporary and permanent roadway traffic control (GP Roadway Solutions, Inc. or "GPRS") and other related products and services. Grace Pacific also holds a 50% interest in an unconsolidated affiliate, Maui Paving, LLC ("Maui Paving"), which operates primarily on the island of Maui, and a 50% interest in an unconsolidated affiliate, Goodfellow Grace Pacific A J.V., which operates primarily on the island of Lanai.

Additional activity in the M&C segment includes its share of the results of operations of an unconsolidated investment, Pohaku Pa'a LLC ("Pohaku"). Pohaku, through its wholly-owned subsidiaries, operates rock quarries on the islands of Oahu and Maui and sells a wide range of products that include ready-mix concrete, rock and sand aggregates and cultured stone and related products.

As of December 31, 2021, the Company owns a portfolio of commercial real estate improved properties in Hawai'i consisting of 22 retail centers, 11 industrial assets and four office properties, representing a total of 3.9 million square feet of gross leasable area; it also owns a portfolio of ground leases in Hawai'i representing 143.4 acres as of December 31, 2021.

Basis of Presentation and Principles of Consolidation: The Company presents its financial statements in accordance with accounting principles generally accepted in the United States ("GAAP") as outlined in the Financial Accounting Standard Board ("FASB") Accounting Standards Codification (the "Codification" or "ASC"). The Codification is the single source of authoritative accounting principles applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP.

The consolidated financial statements include the accounts of the Company (including all wholly-owned subsidiaries), as well as all other entities in which the Company has a controlling financial interest. Intercompany transactions and balances have been eliminated in consolidation. Significant investments in businesses, partnerships and limited liability companies in which the Company does not have a controlling financial interest, but the Company has the ability to exercise significant influence, are accounted for using the equity method.

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A controlling financial interest in an entity may be established (i) through the Company holding a majority voting interest or (ii) if the Company is the primary beneficiary of an entity that qualifies as a variable interest entity ("VIE"), as defined in the Codification. The Company evaluates all partnerships, joint ventures and other arrangements with variable interests to determine if the entity or arrangement qualifies as a VIE. VIEs are entities where investors lack sufficient equity at risk for the entity to finance its activities without additional subordinated financial support or where equity investors, as a group, lack one of the following characteristics: (a) the power to direct the activities that most significantly impact the entity's economic performance, (b) the obligation to absorb the expected losses of the entity, or (c) the right to receive the expected returns of the entity. If the entity or arrangement qualifies as a VIE and the Company is determined to be the primary beneficiary, the Company is required to consolidate the assets, liabilities, and results of operations of the VIE. The Company reevaluates whether an entity is a VIE as needed (i.e., when assessing reconsideration events that result in changes in the factors mentioned above) as part of determining if the consolidation or equity method treatment remains appropriate. As of December 31, 2021 December 31, 2022, the Company had an interest in various unconsolidated joint ventures that the Company accounts for using the equity method. Other than the obligations described in Note 12, 10 – Commitments and Contingencies, obligations of the

Company's joint ventures do not have recourse to the Company and the Company's maximum exposure is limited to its investment.

The consolidated financial statements include the historical results of GP/RM Prestress, LLC ("GPRM"), a supplier of structural precast/prestressed concrete products, which was owned 51% by the Company, through the date of its disposal during the year ended December 31, 2020 (refer to Note 24). The consolidated financial statements also include the results of GLP Asphalt, LLC ("GLP Asphalt"), an importer and distributor of liquid asphalt, which is owned 70% by the Company. These entities were consolidated because the Company held a controlling financial interest through its majority voting interest in the entities. The remaining interest in these entities is reported as Noncontrolling interest and Redeemable Noncontrolling Interest in the consolidated financial statements. Profits, losses and cash distributions are allocated in accordance with the respective operating agreements.

Use of Estimates: The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported. Estimates and assumptions are used for, but not limited to: (i) asset impairments, including intangible assets and goodwill, (ii) litigation and contingencies, (iii) revenue recognition for long-term real estate developments, and construction contracts, (iv) pension and postretirement estimates, and (v) income taxes. Future results could be materially affected if actual results differ from these estimates and assumptions.

Customer Concentration: A significant portion of Materials & Construction revenue and accounts receivable is generated directly and indirectly from projects administered by the City and County of Honolulu and from the State of Hawai'i. Reductions in funding of infrastructure projects by these government agencies could reduce revenue and profits from the M&C segment.

Rounding: Amounts in the consolidated financial statements and notes are rounded to the nearest tenth of a million. Accordingly, a recalculation of some per-share amounts and percentages, if based on the reported data, may result in differences.

Discontinued Operations: In December 2022, in connection with the evaluation of strategic alternatives to monetize and dispose of Grace Pacific, the Company's Board of Directors authorized Management to complete a sale of Grace Pacific and the Company-owned quarry land on Maui (collectively, the "Grace Disposal Group"). As of December 31, 2022, the Company concluded that the plan to dispose of the Grace Disposal Group met the criteria for classification as held for sale and discontinued operations. Accordingly, the assets and liabilities associated with the Grace Disposal Group have been classified as held for sale in the consolidated balance sheets, its financial results have been classified as discontinued operations in the consolidated statements of operations and cash flows for all periods presented. Refer to Note 23 – Held for Sale and Discontinued Operations for additional information. All footnotes exclude discontinued operations unless otherwise noted.

Segment Reclassifications: Certain amounts presented in the prior year have been reclassified to conform to the current year presentation (e.g., captions previously presented in the prior years that, in the currently presented periods, are less than five percent of total assets or total liabilities were combined in the current year consolidated balance sheets). The Company continually monitors its reportable segments for changes in facts and circumstances to determine whether changes in the identification or aggregation of operating segments are necessary. In During the first fourth quarter of 2021, 2022, the Company updated progressed on its reportable segments.

Consequently, simplification efforts related to the divestiture of its materials & construction business. The Grace Disposal Group, which was reclassified as held for sale and discontinued operations for all periods presented, made up the majority of activity in the Company's former Materials and Construction ("M&C") segment. Accordingly, the former M&C segment has been eliminated and the segment information presented herein excludes the results of the Grace Disposal Group for all periods presented. As a result of this strategic shift, the chief operating decision maker began reviewing all investments in unconsolidated affiliates together within the Land Operations segment. This change resulted in a reorganization to present the income (loss) related to one joint venture which historically was included in the results of the former M&C segment to now be included in the results of the Land Operations segment. The segment disclosures in this filing have been recast to reflect these changes and therefore differ from prior year period quarterly and annual filings to conform to the current year presentation resulting from the reorganization of a component of the Company historically included in the results of Land Operations that is now included in the results of Materials & Construction. presentation. Refer to Note 22 20 – Segment Results for additional information.

2. Significant Accounting Policies

Real estate property, net: Real estate property, net primarily represents long-lived physical assets associated with the CRE segment's leasing activity (e.g., improved property leases and ground leases); it also includes landholdings and related assets in the Land Operations segment that the Company holds for either possible future development or future monetization as part of its simplification strategy. The balance primarily consists of land, buildings and improvements and is recorded at cost, net of accumulated depreciation.

Expenditures for additions, improvements and other enhancements to real estate properties are capitalized, and minor replacements, maintenance and repairs that do not improve or extend asset lives are charged to expense as incurred. When

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assets related to real estate properties are retired or otherwise disposed of, the related cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is included in results of operations for the respective period.

Certain costs are capitalized related to the development and redevelopment of real estate properties, including pre-construction costs; real estate taxes; insurance; construction costs; attributable interest expense; and salaries, and related costs of personnel directly involved. Additionally, the Company makes estimates as to the probability of certain development and redevelopment projects being completed. If the Company determines the development or redevelopment is no longer probable of completion, the Company expenses all capitalized costs which are not recoverable.

Acquisitions of real estate properties: Acquisitions of real estate properties are evaluated to determine if they should be accounted for as asset acquisitions or business combinations (under current guidance, acquisitions of real estate properties are generally considered asset acquisitions). Under asset acquisition accounting, the Company estimates the fair value of acquired tangible assets (e.g., land, buildings and tenant improvements), identifiable intangible assets (e.g., in-place leases and favorable leases) and liabilities (e.g., unfavorable leases and assumed debt) based on an evaluation of available information at the date of the acquisition. Based on these estimates, the purchase consideration is allocated to the acquired assets and assumed

liabilities. Transaction costs incurred during the acquisition process are capitalized as a component of the purchase consideration. Upon the closing of a business combination, after identifying all tangible and intangible assets and liabilities, the excess consideration paid over the fair value of the assets and liabilities acquired and assumed, respectively, represents goodwill.

In estimating the fair value of the tangible and intangible assets acquired and liabilities assumed, the Company considers information obtained about each property as a result of its due diligence and marketing and leasing activities and uses various valuation methods, such as estimated cash flow projections using appropriate discount and capitalization rates, analysis of recent comparable sales transactions, estimates of replacement costs net of depreciation and other available market information. The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant.

Values for favorable leases acquired and unfavorable leases assumed are estimated based on the present value (using a discount rate reflecting the risks associated with leases acquired) of the difference between: (i) the contractual amounts to be paid pursuant to the leases negotiated and in-place at the time of acquisition and (ii) management's estimate of fair market lease rates for the property or an equivalent property, measured over a period equal to the remaining term of the lease for favorable leases and the initial term plus the estimated term of any below-market, fixed-rate renewal options for unfavorable leases. The assets recognized and liabilities assumed are amortized to revenue over the related lease term plus fixed-rate renewal options, as appropriate.

The purchase price is further allocated to in-place lease values and tenant relationship values based on management's evaluation of the specific characteristics of the acquired lease portfolio and the Company's overall relationship with the anchor tenants. Such amounts are amortized to expense over the remaining initial lease term (and expected renewal periods for tenant relationships).

Real estate developments: Real estate developments represent certain costs capitalized and presented in the Land Operations segment that relate to (i) active real estate development projects and other land intended for sale or (ii) potential future real estate development projects intended for lease that would be part of future CRE segment operations. For potential future real estate development projects intended for lease, when management with the relevant authority has approved expenditures for activities clearly associated with the development and construction of a CRE segment project, (generally after all required government agency approvals have been obtained), the capitalized costs associated with such project (e.g., historical cost of land) will be included in Real estate property, net in the accompanying consolidated balance sheets.

Certain costs capitalized relating to active real estate development projects intended for sale may include pre-construction costs (e.g., costs related to land acquisition); construction costs (e.g., grading, roads, water and sewage systems, landscaping and project amenities); direct overhead costs (e.g., utilities, maintenance, insurance and real estate taxes); capitalized interest; and salaries and related costs of personnel directly involved.

For development projects, capitalized costs are allocated using the direct method for expenditures that are specifically associated with the unit being sold and the relative-sales-value method for expenditures that benefit the entire project. Direct overhead costs incurred after the development project is substantially complete and ready to be marketed are charged to selling, general and administrative expense as incurred. All indirect overhead costs are charged to selling, general and administrative costs as incurred.

Cash flows related to active real estate development projects and other land intended for sale are classified as operating activities in the consolidated statements of cash flows.

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Capitalized Interest: Interest costs on developments and major redevelopments are capitalized as part of real estate development and redevelopment projects that have not yet been placed into service. Capitalization of interest commences when development activities and expenditures begin and end when the asset is substantially complete and ready for its intended use or ready to be marketed.

Other property, net: Other property, net represents all other long-lived physical assets other than those presented in Real estate property, net and Real estate developments. The balance primarily consists of long-lived assets in the M&C segment, but also contains corporate long-lived physical assets and Land Operations long-lived physical assets that are used in other Land Operations activities and are not included in Real estate property, net or Real estate developments in the accompanying consolidated balance sheets. Other property, net is stated at cost, net of accumulated depreciation. Expenditures for major renewals and betterments are capitalized. Replacements, maintenance and repairs that do not improve or extend asset lives are expensed as incurred.

Depreciation and Amortization: Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of property are as follows:

Classification	Range of Life (in years)
Building and improvements	10 to 40
Leasehold improvements	5 to 10 (lesser of useful life or lease term)
Water, power and sewer systems	5 to 50
Asphalt plants, machinery	2 to 35
Machinery and equipment	
Other property improvements	3 to 35

Intangible Assets: Real estate intangible assets are included in Real estate intangible assets, net in the accompanying consolidated balance sheets and are generally related to the acquisition of commercial real estate properties. In the event a lease or leases with a tenant have been, or are expected to be, terminated early, the Company evaluates the remaining useful lives of depreciable or amortizable assets of the associated assets related to the lease terminated (i.e., tenant improvements, above and below market lease intangibles, in-place lease value and leasing commissions). Based upon consideration of the facts and circumstances surrounding the termination, the Company may accelerate the depreciation and amortization of such associated assets.

Other intangible assets are included in *Prepaid expenses and other assets* in the accompanying consolidated balance sheets and are generally related to historical acquisitions from the Materials & Construction segment or software capitalized for internal use.

Cash and Cash Equivalents: Cash equivalents consist of highly liquid investments with a maturity of three months or less at the date of purchase. The Company carries these investments at cost, which approximates fair value.

Restricted Cash: The Company's historical restricted cash balances have been primarily composed of proceeds from potential §1031 of the Internal Revenue Code of 1986, as amended (the "Code") tax-deferred sales held in escrow pending future use in acquisitions of replacement real estate assets (if within the required time period). As of December 31, 2021 December 31, 2022 and 2020, 2021, there were \$0.8 million and zero of available proceeds from potential Code §1031 tax-deferred sales in the restricted cash balance, respectively, balance.

Allowance for Credit Losses: The Company estimates its allowance for credit losses for financial assets within the scope of ASC Topic 326, *Financial Instruments - Credit Losses* ("ASC 326"), at portfolio levels which include the CRE segment and the Land Operations segment and individual components of the M&C segment. Within these portfolio levels, the Company develops expected credit loss estimates by security type (which may include financing receivables or contract assets recognized in contracts with customers) by factoring historical loss information; information on both current conditions and reasonable and supportable forecasts of future conditions that may not be reflected in historical loss information; and other relevant credit quality information for the respective securities. As part of this process, the Company analyzes relevant information on a collective (pool) basis for securities with similar risk characteristics or separately on an individual basis when a financial asset does not share risk characteristics with other financial assets.

The portfolios of financial assets within the scope of ASC 326 relating to the CRE and Land Operations segments include financing receivables (i.e., notes receivable), which are primarily composed of historical development and other land-related transactions. The assets in these portfolios are analyzed on an individual basis, in which the Company considers certain, available information specific to the counterparties to the transactions (e.g., liquidity and solvency of the counterparties) and environmental factors that are relevant in the assessment of the expected collectability of the future cash flows for these assets (e.g., changes and expected changes in the general economic environment in which the counterparty operates). For these assets,

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the Company uses a discounted cash flow method to calculate the allowance for credit losses using the asset's effective interest rate.

The portfolios relating to the M&C segment represent discrete business components and are composed of contract assets from the Company's contracts with customers. The differing nature of the products and services provided by these components drive differences in historical and expected credit loss patterns and, as such, the Company tracks historical loss information at this portfolio level as part of information it uses to develop its estimate of expected credit losses. Further, as the Company believes its contract assets have different default risk expectations based on customer/project type, in addition to the historical loss information at the portfolio level, the Company also pools the respective portfolio's contract receivables by these different categories to make adjustments to its historical loss experience. Other information the Company analyzes and uses in its development of its allowance for credit losses include known customer information and environmental factors surrounding the customers' current and future ability to pay (i.e., changes and expected changes in the general economic environment in which the customers operate).

Allowance for Doubtful Accounts: Allowances for doubtful accounts are established by management based on estimates of collectability. Estimates of collectability are principally based on an evaluation of the current financial condition of the Company's customers and their payment history, which are regularly monitored by the Company.

Other receivables, net: Other receivables, net are primarily composed of notes receivable recorded at cost less allowances for credit losses on the consolidated balance sheets.

Inventories: Inventories related to trucking services within the Land Operations segment are stated at the lower of cost (principally average cost, first-in, first-out basis) or net realizable value. As of December 31, 2022 and 2021, inventories consisted of parts, materials, and supplies and were \$0.4 million and \$0.5 million, respectively.

Goodwill: The Company reviews goodwill for impairment at the reporting unit level annually or between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. The goodwill impairment test estimates the fair value of a reporting unit using an income approach that is based on a discounted cash flow analysis. The discounted cash flow approach relies on a number of assumptions, including future macroeconomic conditions, market factors specific to the reporting unit, the amount and timing of estimated future cash flows to be generated by the business over an extended period of time and a discount rate that considers the risks related to the amount and timing of the cash flows, among others. The Company classified these fair value measurements as Level 3. If the results of the Company's test indicates that a reporting unit's estimated fair value is less than its carrying value, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit. Refer

The Company's goodwill balance as of December 31, 2022 and 2021, was \$8.7 million and is attributable to Note 8 the CRE reporting unit, which is also a reportable segment. There is no goodwill related to the Land Operations reporting unit, which is also a reportable segment.

Assets and Liabilities Held for additional detail: Sale: Assets and liabilities to be disposed of by sale ("disposal groups") are reclassified into **Assets held for sale** and **Liabilities associated with assets held for sale** on our consolidated balance sheets. The reclassification occurs when all the held for sale criteria have been met. Disposal groups are measured at the lower of carrying value or fair value less costs to sell and are not depreciated or amortized. The fair value of a disposal group, less any costs to sell, is assessed each reporting period it remains classified as held for sale and any remeasurement to the lower of carrying value or fair value less costs to sell is reported as an adjustment to the carrying value. Assets and liabilities as of December 31, 2022 and 2021, associated with the Grace Disposal Group were reclassified as held for sale in the consolidated balance sheets for all periods presented. The Grace Disposal Group includes financing leases that are secured by the associated leased heavy equipment and a revolving credit facility maintained by GLP Asphalt, a consolidated joint venture that is part of the Grace Disposal Group. The credit facility is collateralized by GLP Asphalt inventory and accounts receivable, and can only be used to finance GLP Asphalt working capital needs, including, the purchase of liquid asphalt. The Company does not expect the revolving credit facility to represent an obligation of the Company upon completion of a sale. Liabilities related to the cessation of sugar operations are presented within **Accrued and other liabilities** in the consolidated balance sheets.

Self-Insured Liabilities: The Company is self-insured for certain losses that include, but are not limited to, employee health, workers' compensation, general liability, real and personal property, and real estate construction warranty and defect claims. When feasible, the Company obtains third-party insurance coverage to limit its exposure to these claims. When estimating its self-insured liabilities, the Company considers a number of factors, including historical claims experience, demographic factors, and valuations provided by independent third-parties.

Redeemable Noncontrolling Interest: As noted above, the Company has a 70% ownership interest in GLP Asphalt through its ownership of Grace Pacific. The noncontrolling interest in GLP Asphalt may be redeemed for cash at the option of the noncontrolling interest holder at a redemption value, which is derived from a specified formula in the GLP Asphalt operating agreement (i.e., other than fair value).

Non-controlling Noncontrolling interests in subsidiaries that are redeemable for cash or other assets outside of the Company's control at other than fair value are classified as mezzanine equity, outside of equity and liabilities. Such amounts are adjusted at each reporting date to the higher of (1) the amount resulting from the initial carrying amount, increased or decreased for cumulative amounts of the noncontrolling interest holder's share of net income or loss, share of other comprehensive income or loss and dividends and (2) the redemption value on each annual balance sheet date. The resulting changes in the carrying value, increases or decreases, are recorded with corresponding adjustments against earnings surplus or, in the absence of earnings surplus, common stock. When applicable, these adjustments are reflected in the computation of earnings per share using the two-class method.

Fair Value Measurements: ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"), as amended, establishes a fair value hierarchy, which requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and assigns the lowest priority to unobservable inputs (Level 3 measurements). The three levels of inputs within the hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

If the technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy, the lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Revenue Recognition and Leases - The Company as a Lessor: Sources of revenue for the Company primarily include commercial property rentals, sales of real estate and real estate development projects, material sales and paving construction projects. The Company generates revenue from its **three** **two** distinct **business** segments:

Commercial Real Estate: The Commercial Real Estate segment owns, operates, leases, and manages a portfolio of retail, office, and industrial properties in Hawai'i; it also leases urban land in Hawai'i to third-party lessees. Commercial Real Estate revenue is recognized under lease accounting guidance with the Company as lessor.

Leases - The Company as Lessor: The Company reviews its contracts to determine if they qualify as a lease. A contract is determined to be a lease when the right to substantially all of the economic benefits and to direct the use of an identified asset is transferred to a customer over a defined period of time for consideration. During this review, the Company evaluates among other items, asset specification, substitution rights, purchase options, operating rights and control over the asset during the contract period.

The Company has lease agreements with lease and non-lease components, which are generally accounted for separately under ASC Topic 606, *Revenue from Contracts with Customers*. The Company has elected the practical expedient to not separate non-lease components from lease components for all classes of underlying assets where the component follows the same timing and pattern as the lease component and the lease component is classified as an operating lease. Non-lease components included in rental revenue primarily consist of tenant reimbursements for common area maintenance and other services paid for by the lessor and utilized by the lessee. Under the practical expedient, the Company accounts for the single, combined component under leasing guidance as the lease component is the predominant component in the contract.

Rental revenue is primarily derived from operating leases and, therefore, is generally recognized on a straight-line basis over the term of the lease. Fixed contractual payments from the Company's leases are recognized on a straight-line basis over the terms of the respective leases. Straight-line rental revenue commences when the customer assumes control of the leased premises. The accrued straight-line receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with lease agreements. Certain of the Company's lease agreements include terms for contingent rental revenue (e.g., percentage rents based on tenant sales volume) and tenant reimbursed property taxes, which are both accounted for as variable payments.

Certain of the Company's leases include termination and/or extension options. Termination options allow the customer to terminate the lease prior to the end of the lease term under specific circumstances. The Company's extension options generally require a re-negotiation with the customer at market rates. Initial direct costs, primarily commissions, related to the leasing of properties are capitalized on the balance sheet and amortized over the lease term. All other costs to negotiate or arrange a lease are expensed as incurred.

Accounts receivable related to leases are regularly evaluated for collectability, considering factors including, but not limited to, the credit quality of the customer, historical trends of the customer, and changes in customer payment terms. Upon determination that the collectability of a customer receivable is not probable, the Company will reverse the receivable and any accrued straight-line receivable and record a corresponding reduction of revenue previously recognized. Subsequent revenue is recorded on a cash basis until collectability on related billings becomes probable. Upon determination that portions of a tenant's receivables are not probable of collection (e.g., due to current conditions impacting specific amounts), the Company will record an allowance for doubtful accounts for the recorded operating lease receivable and record a corresponding adjustment of revenue previously recognized.

In April 2020, the FASB staff issued a question-and-answer document focusing on lease concessions related to the effects of the 2019 coronavirus ("COVID-19") and the application of lease accounting guidance related to modifications (the "Lease Modification Q&A"). See Note **14** **12** – **Leases - The Company as a Lessor** for further discussion on the impact of applicable rent relief provided beginning in the quarter ended June 30, 2020 under the Lease Modification Q&A. As of December 31, 2022, the Company no longer provides COVID-19 lease concessions.

Land Operations: Revenues from sales of real estate are recognized at the point in time when control of the underlying goods is transferred to the customer and the payment is due (generally on the closing date). For certain development projects, the Company will use a percentage of completion for revenue recognition. Under this method, the amount of revenue recognized is based on the development costs that have been incurred throughout the reporting period as a percentage of total expected developments **development costs** associated with the development project.

Materials & Construction: Revenue from the Materials & Construction segment is primarily generated from material sales and paving and construction contracts. The recognition of revenue is based on the underlying terms of the transactions.

Materials: Revenues from material sales, which include basalt aggregate, liquid asphalt and hot mix asphalt, are usually recognized at a point in time when control of the underlying goods is transferred to the customers (generally this occurs when materials are picked up by customers or their agents) and when the Company has a present right to payment for materials sold.

Construction: The Company's construction contracts generally contain a single performance obligation as the promise to transfer individual goods or services are not separately identifiable from other promises in the contracts and is, therefore, not distinct. Revenue is earned from construction contracts over a period of time as control is continuously transferred to customers.

Construction contracts can generally be categorized into two types of contracts with customers based on the respective payment terms; either lump sum or unit priced. Lump sum contracts require the total amount of work be performed under a single fixed price irrespective of actual quantities or actual costs. Earnings on both unit price contracts and lump sum fixed-price paving contracts are recognized using the percentage of completion, cost-to-cost, input method, as it is able to faithfully depict the transfer of control of the underlying assets to the customer.

Related to its long-term construction contracts, due to the nature of the work required to be performed, estimating total revenue and cost at completion of the contract is complex, subject to many variables and requires significant judgment. Such estimates of contract revenue and cost are dependent on a number of factors that may change during a contract performance period, resulting in changes to estimated contract profitability. These factors include, but are not limited to, the completeness and accuracy of the original bid; changes in the timing of scheduled work; change orders; unusual weather conditions; changes in costs of labor and/or materials; changes in productivity expectations; and In evaluating the expected or actual, resolution terms for claims. Management evaluates changes in development costs associated with a development project, significant estimates on a contract and considerable judgments by contract basis and uses the cumulative catch-up method to account for the changes in the period in which they management are determined.

Certain construction contracts include retainage provisions. The balances billed but not paid by customers pursuant to these provisions generally become due upon completion and acceptance of the project work or products by the owners. involved.

The Company deems its contract prices reflective of the standalone selling prices of the underlying goods and services since the contracts are required to go through a competitive bidding process.

On a consolidated basis, in addition to disclosing amounts recorded as contract assets or contract liabilities in its consolidated balance sheets, the Company discloses information about the amount of contract consideration allocated to either wholly unsatisfied or partially satisfied performance obligations (see Note 13) 11 – Revenue and Contract Balances). Related to this disclosure, the Company has elected to not disclose information about the amount of contract consideration allocated to remaining performance obligations for certain contracts that have original expected durations of one year or less. This may occur with contracts for sales of real estate that are executed as of the end of the period with control of the underlying assets to be transferred to the customer subsequent to the end of the period. The closing date of such transactions will generally occur within one year or less of the contract execution date.

Leases - The Company as Lessee: The Company determines if an arrangement is a lease at inception by considering whether that arrangement conveys the right to use an identified asset for a period of time in exchange for consideration. Operating leases are included in *Operating lease right-of-use assets ("ROU assets")* and *Operating lease liabilities ("lease liabilities")* in the Company's consolidated balance sheets. ROU assets and lease liabilities related to finance leases are included in *OtherReal estate property, net* and *Notes payable and other debt*, respectively, in the Company's consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate and are not readily determinable, the Company uses its incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. ROU assets also include any lease payments made at or before the commencement date and excludes any lease incentives received. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term.

In connection with its application of the lease guidance, the Company has evaluated the lease and non-lease components within its leases where it is the lessee and has elected, for all classes of underling assets, the practical expedient to present lease and non-lease components in its lease agreements as one component. The Company has also elected, for all classes of underlying assets, to not recognize lease liabilities and lease assets for leases with a term of 12 months or less.

Impairment of Long-Lived Assets Held and Used and Finite-Lived Intangible Assets: Long-lived assets held and used, including finite-lived intangible assets, are reviewed for possible impairment when events or circumstances indicate that the carrying value may not be recoverable. In such an evaluation, the estimated future undiscounted cash flows generated by the asset are compared with the amount recorded for the asset to determine if its carrying value is not recoverable. If this review determines that the recorded value will not be recovered, the amount recorded for the asset is reduced to estimated fair value. In evaluating the fair value of long-lived asset groups, significant estimates and considerable judgments are involved. These long-lived asset impairment analyses are highly subjective because they require management to make assumptions and apply considerable judgments to, among other things, estimates of the timing and amount of future cash flows, the cash flow projection period, uncertainty about future events, including changes in economic conditions, changes in operating performance, changes in the use of the assets and ongoing costs of maintenance and improvements of the assets, appropriate discount rates based on the perceived risks, and thus, the accounting estimates may change from period to period. Refer to Note 23 7 – Fair Value Measurements for further discussion.

Assets and Liabilities Held for Sale: The Company classifies assets and liabilities to be sold (disposal groups) as held for sale on the balance sheet in the period in which all of the criteria for held for sale classification are met.

Impairment of Investments in Affiliates: The Company's investments in affiliates that are accounted for under the equity method are reviewed for impairment whenever there is evidence that fair value may be below carrying cost. An

investment is written down to fair value if fair value is below carrying cost and the impairment is believed to be other-than-temporary. Refer to Note 57 – Fair Value Measurements for further discussion.

Share-Based Compensation: The Company records compensation expense for all share-based payment awards made to employees and directors. The Company's various equity plans are more fully described in Note 16.14 – Share-based Payment Awards.

Employee Benefit Plans: The Company provides a wide range of benefits to existing employees and retired employees, including single-employer defined benefit plans, postretirement, defined contribution plans, post-employment and health care benefits. The Company records amounts relating to these plans based on various actuarial assumptions, including discount rates, assumed rates of return, compensation increases, turnover rates and health care cost rate trends. The Company reviews its actuarial assumptions on an annual basis and makes modifications to the assumptions based on current economic conditions and trends. The Company believes that the assumptions utilized in recording obligations under the Company's plans, which are presented in Note 17.15 – Employee Benefit Plans, are reasonable based on its experience and on advice from its independent actuaries; however, differences in actual experience or changes in the assumptions may materially affect the Company's financial position or results of operations.

Interest and other income (expense), net for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019 2020, included the following (in millions):

	2021	2020	2019
Pension and postretirement benefit (expense)	\$ (3.0)	\$ (2.6)	\$ (3.1)
Interest income	1.0	1.7	3.0
Gain (loss) on sale of joint venture interest	—	—	2.6
Reductions in solar investments, net	—	—	(0.1)
Other income (expense)	0.4	1.2	0.8
Interest and other income (expense), net	<u>\$ (1.6)</u>	<u>\$ 0.3</u>	<u>\$ 3.2</u>

	2022	2021	2020
Pension and post-retirement benefit (expense)	\$ (0.6)	\$ (3.0)	\$ (2.6)
Interest income	0.3	1.0	1.6
Other income (expense), net	0.7	0.3	0.9
Interest and other income (expense), net	<u>\$ 0.4</u>	<u>\$ (1.7)</u>	<u>\$ (0.1)</u>

Income Taxes: The Company makes certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments are applied in the calculation of tax credits, tax benefits and deductions, and in the calculation of certain deferred tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes. Deferred tax assets and deferred tax liabilities are adjusted to the extent necessary to reflect tax rates expected to be in effect when the temporary differences reverse. Adjustments may be required to deferred tax assets and deferred tax liabilities due to changes in tax laws and audit adjustments by tax authorities. To the extent adjustments are required in any given period, the adjustments would be included within the tax provision in the accompanying consolidated statements of operations. Refer to Note 18.16 – Income Taxes for further discussion.

Discontinued Operations: The Company reports disposal groups as discontinued operations in the consolidated statements of operations when the criteria are met. The Company's loss from discontinued operations for the years ended December 31, 2021 December 31, 2022, 2021 and 2020, included revenues and 2019 included costs incurred expenses associated with the Grace Disposal Group in connection addition to expenses associated with the resolution of liabilities related to from the Company's former sugar operations. Liabilities related to the cessation The results of sugar operations are presented within Accrued and other liabilities as discontinued operations in the consolidated balance sheets, statements of operations.

Earnings Per Share ("EPS"): Basic and diluted earnings per share are computed and disclosed in accordance with ASC Topic 260, *Earnings Per Share*. The Company utilizes the two-class method to compute earnings available to common shareholders. Under the two-class method, earnings are adjusted by accretion amounts to redeemable noncontrolling interests recorded at redemption value. The adjustments represent in-substance dividend distributions to the noncontrolling interest holder as the holder has a contractual right to receive a specified amount upon redemption. As a result, earnings are adjusted to reflect this in-substance distribution that is different from other common shareholders. In addition, the Company allocates net earnings to each class of common stock and participating security as if all of the net earnings for the period had been distributed. The Company's participating securities consist of time-based restricted unit awards that contain a non-forfeitable right to receive dividends and, therefore, are considered

to participate in earnings with common shareholders. Basic earnings per common share excludes dilution and is calculated by dividing net earnings allocated to common shares by the weighted-average number of common shares outstanding for the period. Diluted earnings per common share is calculated by dividing net earnings allocable to common shares by the weighted-average number of common shares outstanding for the period, as adjusted for the potential dilutive effect of non-participating share-based awards.

Recently issued accounting pronouncements

In March 2020, the FASB issued **ASU Accounting Standards Update ("ASU")** No. 2020-04, *Reference Rate Reform*, establishing ASC Topic 848, and amended the standard thereafter through ASU No. 2021-01 and **ASU No. 2022-06** (collectively, "ASC 848"). ASC 848 provides optional practical expedients and exceptions related to the impacts of reference rate reform that affect certain debt, leases, derivatives and other contracts if certain criteria are met. The amendments apply only to contracts and hedging relationships that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. These amendments are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before **December 31, 2022** **December 31, 2024**. Reference rate reform has not had a material impact on any of the Company's existing contracts, therefore, the Company has not elected to apply any of the optional practical expedients and exceptions under ASC 848 as of the current date. The Company will assess future changes in its contracts and the impact of electing to apply the optional practical expedients and exceptions provided by ASC 848 as they occur, but does not expect their application will have a material effect on its financial position or results of operations.

3. Real Estate Property, Net and Other Property, Net

Real estate property, net as of **December 31, 2021** **December 31, 2022** and **2020** **2021**, includes the following (in millions):

	Land	2021	2020		2022	2021
Land	Land	\$ 784.9	\$ 769.6	Land	\$ 780.0	\$ 784.9
Buildings	Buildings	709.4	696.0	Buildings	719.6	709.4
Other property improvements	Other property improvements	93.9	84.1	Other property improvements	99.3	93.9
Subtotal	Subtotal	1,588.2	1,549.7	Subtotal	1,598.9	1,588.2
Accumulated depreciation	Accumulated depreciation	(180.5)	(154.4)	Accumulated depreciation	(202.3)	(180.5)
Real estate property, net	Real estate property, net	\$ 1,407.7	\$ 1,395.3	Real estate property, net	\$ 1,396.6	\$ 1,407.7

Other property, net, as of **December 31, 2021** **December 31, 2022** and **2020** **2021**, was as follows (in millions):

	Land	2021	2020		2022	2021
Land	Land	\$ 38.3	\$ 39.3	Land	\$ 0.2	\$ 0.3
Buildings	Buildings	13.4	18.5	Buildings	6.4	6.3
Asphalt plants, machinery and equipment		46.6	104.4			
Machinery and equipment				Machinery and equipment	4.4	8.3
Water, power and sewer systems	Water, power and sewer systems	21.0	19.7	Water, power and sewer systems	0.5	21.0
Other property improvements	Other property improvements	6.2	6.4	Other property improvements	—	1.5
Subtotal	Subtotal	125.5	188.3	Subtotal	11.5	37.4
Accumulated depreciation	Accumulated depreciation	(42.0)	(77.5)	Accumulated depreciation	(9.0)	(19.5)
Other property, net	Other property, net	\$ 83.5	\$ 110.8	Other property, net	\$ 2.5	\$ 17.9

As noted in Note 2 – **Significant Accounting Policies**, the Company may capitalize a portion of interest costs incurred to long-lived assets for developments, major redevelopments and other projects that meet certain criteria. Total interest costs incurred were **\$26.6 million** **\$22.5 million**, **\$30.6 million** **\$26.5 million**, and **\$34.1 million** **\$30.5 million** in 2022, 2021 **2020** and **2019** **2020**, respectively. Capitalized interest costs related to development activities were **\$0.5 million**, **\$0.3 million**, and **\$0.3 million** in 2022, 2021 and **\$1.0 million** in 2021, 2020, and **2019**, respectively.

Depreciation expense for the years ended **December 31, 2021** **December 31, 2022**, **2021** and **2020**, was **\$29.4 million**, **\$29.2 million** and **2019** was **\$38.2 million**, **\$38.8 million** and **\$35.6 million** **\$29.9 million**, respectively.

4. Acquisitions and Intangible Assets, Net

Acquisitions in 2022

The Company did not execute any commercial real estate asset acquisitions during the year ended December 31, 2022.

Acquisitions in 2021

During the year ended December 31, 2021, the Company acquired two commercial real estate assets for **\$10.8 million** that were accounted for as asset acquisitions. Such acquisitions were structured primarily with funds acquired from involuntary conversions in accordance with Code §1033 from the sale of land on Maui in 2018.

The allocation of purchase price to the aggregate assets acquired in connection with the two commercial real estate acquisitions in 2021 was as follows (in millions):

Fair value of assets acquired		
Assets acquired:		
Land	\$	8.8
Property and improvements		2.0
Total assets acquired	\$	10.8

As of the acquisition date, there were no in-place, favorable, or unfavorable leases for the acquired properties.

Acquisitions in 2020

The Company did not execute any commercial real estate asset acquisitions during the year ended December 31, 2020.

Acquisitions in 2019

During the year ended December 31, 2019, the Company acquired five commercial real estate assets for **\$218.4 million** that were accounted for as asset acquisitions. Such acquisitions were structured as like-kind exchanges in accordance with Code §1031, using cash proceeds from the sale of agricultural land on Maui in 2018.

The allocation of purchase price to the aggregate assets acquired and liabilities assumed in connection with the five commercial real estate acquisitions in 2019 was as follows (in millions):

Fair value of assets acquired and liabilities assumed		
Assets acquired:		
Land	\$	106.9
Property and improvements		91.3
In-place leases		23.2
Favorable leases		4.3
Total assets acquired	\$	225.7
Liabilities assumed:		
Unfavorable leases	\$	7.3
Total liabilities assumed	\$	7.3
Net assets acquired	\$	218.4

As of the acquisition date, the weighted-average amortization periods of the in-place and favorable leases were approximately 8.2 years and 4.7 years, respectively. The weighted-average amortization period of the unfavorable leases was approximately 18.6 years.

Intangible assets, net

Real estate intangible assets, net and other intangible assets included in Prepaid expenses and other assets as of December 31, 2021 December 31, 2022 and 2020 were as follows (in millions):

		2021	2020		2022	2021
In-place leases	In-place leases	\$124.8	\$125.0	In-place leases	\$75.0	\$124.8
Favorable leases	Favorable leases	29.0	29.0	Favorable leases	15.2	29.0
Accumulated amortization of in-place leases	Accumulated amortization of in-place leases	(81.9)	(73.8)	Accumulated amortization of in-place leases	(38.8)	(81.9)
Accumulated amortization of favorable leases	Accumulated amortization of favorable leases	(20.3)	(18.3)	Accumulated amortization of favorable leases	(7.8)	(20.3)
Real estate intangible assets, net	Real estate intangible assets, net	\$ 51.6	\$ 61.9	Real estate intangible assets, net	\$43.6	\$ 51.6
Other intangible assets	Other intangible assets	\$ 21.1	\$ 20.4	Other intangible assets	\$ 0.6	\$ 3.2
Accumulated amortization of other intangible assets	Accumulated amortization of other intangible assets	(12.4)	(10.2)	Accumulated amortization of other intangible assets	(0.6)	(3.2)

Other intangible assets, net	Other intangible assets, net	\$ 8.7	\$ 10.2	Other intangible assets, net	\$ — \$ —
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Total intangible asset amortization expense was \$12.2 million \$8.1 million, \$14.5 million \$10.7 million, and \$12.5 million \$13.3 million for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019, 2020, respectively. Estimated amortization expenses related to intangible assets over the next five years are as follows (in millions):

		Estimated Amortization		Estimated Amortization
2022		\$ 9.1		
2023	2023	8.1	2023	\$ 7.1
2024	2024	5.9	2024	5.8
2025	2025	5.5	2025	5.4
2026	2026	3.9	2026	3.8
2027			2027	3.6

5. Investments in Affiliates

The Company's investments in affiliates consist principally of equity investments in limited liability companies that operate or develop real estate and joint ventures that engage in materials-related activities and renewable energy. The Company does not have a controlling financial interest, but has the ability to exercise significant influence over the operating and financial policies of these investments and, accordingly, accounts for its investments using the equity method of accounting. Operating results presented in the Company's consolidated statements of operations include the Company's proportionate share of net income (loss) from its equity method investments.

In November 2021, the Company's joint venture projects Kukui'ula Development Company (Hawaii) LLC ("KDCH"), Kukui'ula Web IP LLC, and Lodge IP LLC (collectively, "Kukui'ula") completed the sale of substantially all of their assets to a third party for \$183.5 million ("Kukui'ula Transaction"), which resulted in the Company receiving cash distributions of \$113.4 million. Subsequent to the Kukui'ula Transaction, the Company and its joint venture partner retained their respective ownership interest in KDCH.

The Company's investments in affiliates consist principally of equity investments in limited liability companies that operate or develop real estate and joint ventures that engage in materials and construction-related activities and renewable energy. The Company does not have a controlling financial interest, but has the ability to exercise significant influence over the operating and financial policies of these investments and, accordingly, accounts for its investments using the equity method of accounting. Operating results presented in the Company's consolidated statements of operations include the Company's proportionate share of net income (loss) from its equity method investments.

The Company's carrying value of investments in affiliates totaled \$39.3 million \$36.9 million and \$169.6 million \$35.7 million as of December 31, 2021 December 31, 2022 and 2020 2021, respectively. The amounts of the Company's investment as of December 31, 2021 December 31, 2022 and 2020 2021 that represent undistributed earnings of investments in affiliates was approximately \$7.5 million \$5.6 million and \$10.6 million \$2.9 million, respectively. Dividends and distributions from unconsolidated affiliates totaled \$0.8 million in 2022, \$148.6 million in 2021, and \$6.1 million in 2020, and \$12.4 million in 2019, 2020. During the three years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019, 2020, Income (loss) related to joint ventures was \$17.5 million \$1.6 million, \$5.9 million \$17.9 million and \$5.3 million \$6.8 million, respectively, and return on investment operating cash distributions was \$8.9 million, \$1.1 million \$0.7 million, \$8.9 million and \$3.9 million, \$1.2 million, respectively.

A summary of combined assets and liabilities reported by such entities accounted for by the equity method as of December 31, 2021 December 31, 2022 and 2020 2021, were as follows (in millions):

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	2021	2020	2022	2021		
Current assets	Current assets	\$ 73.2	\$ 73.0	Current assets	\$ 56.5	\$ 65.2
Non-current assets	Non-current assets	206.4	688.0	Non-current assets	240.0	203.5
Total assets	Total assets	\$ 279.6	\$ 761.0	Total assets	\$ 296.5	\$ 268.7
Current liabilities	Current liabilities	\$ 28.1	\$ 33.5	Current liabilities	\$ 26.3	\$ 25
Non-current liabilities	Non-current liabilities	88.7	96.7	Non-current liabilities	121.1	88.3
Total liabilities	Total liabilities	\$ 116.8	\$ 130.2	Total liabilities	\$ 147.4	\$ 113.3

A summary of combined operating results reported by such entities accounted for by the equity method for each of the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019, 2020, were as follows (in millions):

	2021	2020	2019
Revenues	\$ 243.0	\$ 174.2	\$ 191.9
Operating costs and expenses	214.2	147.1	173.0
Gross profit (loss)	\$ 28.8	\$ 27.1	\$ 18.9
Income (loss) from Continuing Operations*	\$ (288.1)	\$ 12.1	\$ 6.6

Net income (loss)*	\$ (288.3)	\$ 11.6	\$ 6.6
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* Includes earnings from equity method investments held by the investee.

	2022	2021	2020
Revenues	\$ 130.0	\$ 231.1	\$ 164.2
Operating costs and expenses	118.4	204.1	137.0
Gross Profit (Loss)	\$ 11.6	\$ 27.0	\$ 27.2
Income (Loss) from Continuing Operations ¹	\$ 1.6	\$ (287.9)	\$ 15.3
Net Income (Loss) ²	\$ 1.3	\$ (288.1)	\$ 14.9

¹Includes earnings from equity method investments held by the investee.

Investments in affiliates **Net net** income (loss) is for the year ended December 31, 2021, was primarily related to the net loss incurred by the joint venture as a result of the aforementioned Kukui'ula transaction in which the carrying value of the net assets sold exceeded the net sales proceeds. In connection with the Kukui'ula transaction, the Company recognized income related to joint ventures of \$5.5 million during the fourth quarter of 2021, reflecting a basis difference that was derived from an other-than-temporary impairment charge of **\$186.8 million** \$186.8 million recorded by the Company in the fourth quarter of 2018.

6. Allowances and Other Reserves

The Company reduces recorded amounts for accounts receivable and other financial assets by various allowances and reserve accounts. Effective January 1, 2020, the Company adopted ASC 326 and certain amounts previously recorded in the allowance for doubtful accounts or in other allowances for financing receivables were reclassified to an allowance for credit losses.

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The following table presents the balances and activity (including reclassifications) in the various allowance and reserve accounts related to the Company's accounts receivable and financial assets for the three years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019 2020, (in millions):

	Year ended December 31, 2022	Deducted from assets	Reserve for cash basis tenants	Allowance for doubtful accounts	Allowance for credit losses - financing receivables	Balance at beginning of year	Impact of adoption of ASC 326 ¹	Impact of adoption of ASC 326 ²	Additions/(Reductions) ³	Deductions or other ⁴
						Year ended December 31, 2022	Deducted from assets	Reserve for cash basis tenants	Allowance for doubtful accounts	Allowance for credit losses - financing receivables
Year ended December 31, 2022										
Deducted from assets										
Reserve for cash basis tenants			\$ 11.1	\$ —	\$ —					\$ (1.2) \$ (3.0)
Allowance for doubtful accounts			\$ 0.8	\$ —	\$ —					0.2 1.4
Allowance for credit losses - financing receivables			\$ 2.5	\$ —	\$ —					0.2 —
Balance at beginning of year			Impact of adoption of ASC 326 ¹	Impact of adoption of ASC 326 ²	Additions/(Reductions) ³	Deductions or other ⁴	Balance at end of year			

Year ended December 31, 2021	Year ended December 31, 2021	Year ended December 31, 2021
Deducted from assets	Deducted from assets	Deducted from assets
Reserve for cash basis tenants	Reserve for cash basis tenants	Reserve for cash basis tenants
Allowance for doubtful accounts	Allowance for doubtful accounts	Allowance for doubtful accounts
Reserve for contract credits	\$ 2.3	—
Allowance for credit losses - financing receivables	\$ 3.9	—
Allowance for credit losses - contract assets	\$ 0.7	—
Year ended December 31, 2020	Year ended December 31, 2020	Year ended December 31, 2020
Deducted from assets	Deducted from assets	Deducted from assets
Reserve for cash basis tenants	Reserve for cash basis tenants	Reserve for cash basis tenants
Allowance for doubtful accounts	Allowance for doubtful accounts	Allowance for doubtful accounts
Reserve for contract credits	\$ 2.3	—
Allowance for credit losses - financing receivables	\$ —	1.6
Allowance for credit losses - contract assets	\$ —	2.7
Loans allowance	Loans allowance	Loans allowance
Other reserves	Other reserves	Other reserves
Year ended December 31, 2019		
Deducted from assets		
Reserve for cash basis tenants	\$ —	—
Allowance for doubtful accounts	\$ 2.0	—
Reserve for contract credits	\$ —	—
Loans allowance	\$ 1.6	—
Other reserves	\$ 0.4	—

¹ Reclassifications from other reserves or allowances that fall into the scope of ASC 326.

² Impact of adoption of ASC 326 recorded against total equity.

³ Net provisions charged against income.

⁴ Write-offs or other activity (e.g., reclassifications for movement of allowances to cash basis reserves).

Refer to Note 14.12 – Leases - The Company as a Lessor for discussion on current period charges related to the Company's assessment of collectability on amounts due under leases. Note that under ASC 842, such charges and reserve activity reflect a reversal of the revenue and receivable balance originally recorded.

The allowance for credit losses for financing receivables at December 31, 2021 relates to two assets that originated as part of transactions in the Land Operations segment. The credit quality of the Company's financing receivables is monitored each reporting period on an individual asset basis using specific information on the counterparties in these transactions. The first originated in 2008 and had an amortized cost basis of \$1.6 million as of both December 31, 2021 and December 31, 2022 and December 31, 2020. Based on individual credit quality indicators of the counterparty as of December 31, 2021 December 31, 2022 and December 31, 2020, 2021, the most likely outcome of expected cash flows for the asset in a range of possible outcomes (i.e., the single best estimate) was zero and, as a result, the Company recorded a full allowance for credit losses for the financing receivable as of December 31, 2021 December 31, 2022 and December 31, 2020, 2021. The second financing receivable within Land Operations was generated in 2017 and had an amortized cost basis of \$2.8 million \$2.5 million and \$2.7 million \$2.8 million as of December 31, 2021 December 31, 2022 and December 31, 2020, 2021, respectively. This financing receivable was evaluated based on the credit quality indicators of the counterparty (as well as reasonable and supportable forecasts of future conditions that are relevant to determining the expected collectability of the receivable) as of December 31, 2021 December 31, 2022 and December 31, 2020, 2021, and the estimated allowance for credit losses was calculated using a discounted cash flow approach.

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The allowance for credit losses for contract assets relates to trade receivables in the M&C segment that are due in one year or less and resulted from revenue transactions from contracts with customers.

For allowance for credit losses estimated using the discounted cash flow approach, changes in present value attributable to the passage of time are reported as an adjustment to credit loss expense. As a result, the provision for expected credit losses in any given period may be impacted by changes in expected credit losses on future payments or current period collections for receivables on which allowances were recorded in previous periods, both of which may be further impacted or offset by changes in present value attributable to the passage of time.

7. Inventories

Inventories are stated at the lower of cost (principally average cost, first-in, first-out basis) or net realizable value. Inventories as of December 31, 2021 and 2020 were as follows (in millions):

	2021	2020
Asphalt	\$ 4.7	\$ 4.2
Processed rock and sand	8.1	7.9
Work in progress	3.6	3.2
Retail merchandise	2.1	2.1
Parts, materials and supplies inventories	1.8	1.0
Total	\$ 20.3	\$ 18.4

8. Goodwill

The Company's goodwill balance as of December 31, 2021 and 2020 was \$8.7 million and \$10.5 million, respectively. As of January 1, 2020, the goodwill balance was attributable to two reporting units in the M&C segment - GPRS (primarily consisting of Grace Pacific's roadway and maintenance solutions operations) and GPRM (primarily consisting of Grace Pacific's prestressed and precast concrete operations) - and the CRE reporting unit, which is also a reportable segment. During the year ended December 31, 2020, the Company disposed of the GPRM reporting unit in its entirety and derecognized the associated goodwill accordingly.

The changes in the carrying amount of goodwill (for each period a consolidated balance sheet is presented) allocated to the Company's reportable segments starting with the year ended December 31, 2020 and continuing to the year ended December 31, 2021 were as follows (in millions):

	Materials & Construction	Commercial Real Estate	Total
Carrying amount of goodwill:			
Gross amount of goodwill	\$ 93.6	\$ 8.7	\$ 102.3
Accumulated impairment losses	(86.9)	—	(86.9)
Balance, January 1, 2020	\$ 6.7	\$ 8.7	\$ 15.4

Gross amount of goodwill included in disposal	(7.1)	—	(7.1)
Accumulated impairment losses included in disposal	2.2	\$	2.2
Carrying amount of goodwill:			
Gross amount of goodwill	86.5	8.7	95.2
Accumulated impairment losses	(84.7)	—	(84.7)
Balance, December 31, 2020	\$ 1.8	\$ 8.7	\$ 10.5
Impairment losses	\$ (1.8)	\$ —	(1.8)
Carrying amount of goodwill:			
Gross amount of goodwill	86.5	8.7	95.2
Accumulated impairment losses	(86.5)	—	(86.5)
Balance, December 31, 2021	\$ —	\$ 8.7	\$ 8.7

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There is no goodwill related to the Land Operations segment.

Goodwill Impairment: The goodwill impairment test estimates the fair value of a reporting unit using various methodologies, including an income approach that is based on a discounted cash flow analysis and a market approach that involves the application of market-derived multiples. Valuations performed in conjunction with the Company's goodwill impairment tests for each reporting unit assumes that each is an unrelated business to be sold separately and independently from the other reporting units.

The discounted cash flow approach relies on a number of assumptions, including future macroeconomic conditions, market factors specific to the reporting unit, the amount and timing of estimated future cash flows to be generated by the business over an extended period of time and a discount rate that considers the risks related to the amount and timing of the cash flows, among others. Under the market multiple methodology, the estimate of fair value is based on market multiples of EBITDA (earnings before interest, taxes, depreciation and amortization) or revenues. When using market multiples of EBITDA or revenues, the Company must make judgments about the comparability of those multiples in closed and proposed transactions and comparability of multiples for similar companies.

If the results of the Company's test indicates that a reporting unit's estimated fair value is less than its carrying value, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

During the year ended December 31, 2021, the Company recorded a non-cash impairment charge of \$1.8 million related to its one remaining M&C reporting unit based upon the results of its annual goodwill impairment test performed.

The Company's goodwill and impairment test estimated the fair value of the M&C reporting unit using an income approach that was based on a discounted cash flow analysis. The Company classified these fair value measurements as Level 3. The weighted-average discount rate used in the 2021 valuation was 13.0%.

9. Fair Value Measurements

The fair value of the Company's cash and cash equivalents, restricted cash, accounts receivable, net and short-term borrowings approximate their carrying values due to the short-term nature of the instruments.

The fair value of the Company's notes receivable approximates the carrying amount of \$8.4 million and \$11.5 million as of December 31, 2021 and 2020. The fair value of these notes is estimated using a discounted cash flow analysis in which the Company uses unobservable inputs such as market interest rates determined by the loan-to-value and market capitalization rates related to the underlying collateral at which management believes similar loans would be made and classified as a Level 3 measurement in the fair value hierarchy.

At December 31, 2021, the carrying amount of the Company's notes payable and other debt was \$532.7 million and the corresponding fair value was \$554.3 million. At December 31, 2020, the carrying amount of the Company's notes payable and other debt was \$687.1 million and the corresponding fair value was \$704.1 million. The fair value of debt is calculated by discounting the future cash flows of the debt at rates based on instruments with similar risk, terms and maturities as compared to the Company's existing debt arrangements (Level 3). Recurring Fair Value Measurements

The Company records its interest rate swaps at fair value. The fair values of the Company's interest rate swaps (Level 2 measurements) are based on the estimated amounts that the Company would receive or pay to terminate the contracts at the reporting date and are determined using interest rate pricing models and interest rate related observable inputs (refer to Note 119 – Derivative Instruments for fair value information regarding the Company's derivative instruments).

The following tables present the fair value of those assets and (liabilities) measured on a recurring basis as of December 31, 2022 and 2021, (in millions):

Fair Value Measurements at
December 31, 2022

	Consolidated Balance Sheet Location	Total	Quoted Prices in Active Markets (Level 1)		Significant Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)	
Assets								
Derivative financial instruments - interest rate swaps	Prepaid expenses and other assets	\$ 5.5	\$ —	\$ 5.5	\$ —			
Liabilities								
Derivative financial instruments - interest rate swaps	Accrued and other liabilities	\$ (2.8)	\$ —	\$ (2.8)	\$ —			
Fair Value Measurements at December 31, 2021								
	Consolidated Balance Sheet Location	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
Liabilities								
Derivative financial instruments - interest rate swaps	Accrued and other liabilities	\$ (2.2)	\$ —	\$ (2.2)	\$ —			

Non-Recurring Fair Value

Certain financial and nonfinancial assets and liabilities are measured at fair value on a nonrecurring basis and are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment. The Company's process for identifying and recording impairment is discussed in Note 2 – Significant Accounting Policies.

Impairment of Long-lived Assets Held and Used and Finite-Lived Intangible Assets: During the years ended December 31, 2021, December 31, 2022, 2020 and 2019, the Company recorded aggregate impairment charges of \$26.1 million, \$5.6 million and \$49.7 million related to goodwill and/or other long-lived assets, parcels of conservation and agriculture zoned land on Oahu. During the year ended December 31, 2021, the Company also recorded an other-than-temporary-impairment charge impairment charges of \$2.9 million related to an equity method investment, Grace Pacific's paving and roadway solutions operations, which included \$1.8 million related to goodwill impairment of one reporting unit, GPRS (primarily consisting of Grace Pacific's roadway and maintenance solutions operations). The Company has classified the classifications these fair value measurements as a Level 3 measurement in the fair value hierarchy because they involve significant unobservable inputs such as cash flow projections, discount rates, and management assumptions.

Impairment of Assets Held for Sale: As a result of Grace Pacific and the Maui Quarries classification as held for sale as of December 31, 2022, the Company measured the disposal group at its fair value less costs to sell and accordingly recorded impairment of \$89.8 million for the three and twelve months ended December 31, 2022. The Company classifies these fair value measurements as Level 3 in the fair value hierarchy because they involve significant unobservable inputs such as cash flow projections, discount rates, and management assumptions.

Impairment of Investments in Unconsolidated Affiliate: The Company's investments in unconsolidated affiliates are reviewed for impairment whenever there is evidence that fair value may be below carrying cost. An investment is written down to fair value if fair value is below carrying cost and the impairment is believed to be other-than-temporary. Significant estimates that are highly subjective and with considerable judgment are involved, including the Company's current and future evaluation of general economic and market conditions, estimates regarding the timing and amount of future cash flows, including revenue,

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and cost of sales, and appropriate discount rates based on the perceived risks, among others. Changes in these and other assumptions could affect the fair value of the unconsolidated affiliate. The Company classifies these fair value measurements as Level 3.

During the year ended December 31, 2022, the Company did not recognize any impairments of its investments in affiliates. During the year ended December 31, 2021, the Company determined that its investment in Maui Paving was other-than-temporarily impaired due to lower paving volumes and persisting, competitive market pressures that negatively affect sales and margins. As a result, the Company estimated the fair value of its investment in Maui Paving using a discounted cash flow model and recorded a non-cash, other-than-temporary impairment of \$2.9 million. In

The following tables present quantitative information about the significant unobservable inputs used to determine the fair value of the impairment of long-lived assets held and used and assets held for sale, net for the years ended December 31, 2020 December 31, 2022 and 2019, 2021, (in millions):

	Effective Date	Fair Value	Impairment Loss	Quantitative Information about Level 3 Fair Value Measurements	
				2022	
Assets held for sale, net ^{1,2}	December 31, 2022	\$ 50.0	\$ 89.8	Indicative bids	N/A
Long-lived assets ³	December 31, 2022	—	5.0	Discounted cash flows	16%

					Market comparables	N/A
Total		\$ 50.0	\$ 94.8			
2021						
Long-lived assets ¹	December 31, 2021	\$ 27.3	\$ 24.3	Discounted cash flows	13%	
Goodwill ¹	December 31, 2021	—	1.8	N/A	N/A	
Investment in unconsolidated affiliate ¹	December 31, 2021	2.1	2.9	Discounted cash flows	13%	
Total		\$ 29.4	\$ 29.0			

¹ Assets or liabilities are presented in *Assets held for sale* or *Liabilities associated with assets held for sale*, respectively, in the Consolidated Balance Sheets. Impairment loss is presented in *Income (loss) from discontinued operations, net of income taxes* in the Consolidated Statements of Operations.

² Assets held for sale of \$126.8 million, net of liabilities associated with assets held for sale of \$81.0 million, and excluding estimated selling costs of \$4.2 million.

³ Included in *Real estate property* in the Consolidated Balance Sheets. Impairment loss is presented in *Cost of Land Operations* in the Consolidated Statements of Operations.

Financial Assets and Liabilities not Measured at Fair Value

Financial assets and liabilities that are not measured at fair value on our consolidated balance sheets include cash and cash equivalents, restricted cash, accounts and notes receivable, net and notes payable and other debt. The fair value of the Company's cash and cash equivalents, restricted cash, accounts receivable, net and short-term borrowings approximate their carrying values due to the short-term nature of the instruments, which is classified as Level 1 measurement in the fair value hierarchy.

The fair value of the Company's notes receivable approximated the carrying amount of \$1.9 million and \$8.4 million as of December 31, 2022 and 2021. The fair value of these notes is estimated using a discounted cash flow analysis in which the Company did not recognize any impairments uses unobservable inputs such as market interest rates determined by the loan-to-value and market capitalization rates related to the underlying collateral at which management believes similar loans would be made, and is classified as a Level 3 measurement in the fair value hierarchy.

At December 31, 2022, the carrying amount of its investments the Company's notes payable and other debt was \$472.2 million and the corresponding fair value was \$449.2 million. At December 31, 2021, the carrying amount of the Company's notes payable and other debt was \$530.8 million and the corresponding fair value was \$554.7 million. The fair value of debt is calculated by discounting the future cash flows of the debt at rates based on instruments with similar risk, terms and maturities as compared to the Company's existing debt arrangements, and is classified as a Level 3 measurement in the fair value hierarchy.

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8. Notes Payable and Other Debt

As of December 31, 2021 December 31, 2022 and 2020, 2021, Notes payable and other debt consisted of the following (in millions):

Debt	Debt	Principal Outstanding				Debt	Principal Outstanding				
		Interest Rate (%)	Maturity Date	December 31, 2021	December 31, 2020		Interest Rate (%)	Maturity Date	December 31, 2022	December 31, 2021	
Secured:	Secured:										
Kailua Town Center		(1)	2021	\$ —	\$ 9.8						
Kailua Town Center #2		3.15%	2021	\$ —	4.5						
Heavy Equipment Financing		(2)	(2)	1.9	3.2						
Laulani Village	Laulani Village	3.93%	2024	60.2	61.3	Laulani Village	3.93%	2024	\$ 59.0	\$ 60.2	
Pearl Highlands	Pearl Highlands	4.15%	2024	79.4	81.4	Pearl Highlands	4.15%	2024	77.3	79.4	
Photovoltaic Financing						Photovoltaic Financing	(1)	2027	2.6	—	
Manoa Marketplace	Manoa Marketplace	(3)	2029	56.3	57.9	Manoa Marketplace	(2)	2029	54.5	56.3	
Subtotal	Subtotal			\$ 197.8	\$ 218.1	Subtotal			\$ 193.4	\$ 195.9	
Unsecured:	Unsecured:										
Bank syndicated loan		(4)	2021	\$ —	50.0						
Series A Note	Series A Note	5.53%	2024	21.3	28.4	Series A Note	5.53%	2024	14.2	21.3	
Series J Note	Series J Note	4.66%	2025	10.0	10.0	Series J Note	4.66%	2025	10.0	10.0	
Series B Note	Series B Note	5.55%	2026	45.0	46.0	Series B Note	5.55%	2026	36.0	45.0	
Series C Note	Series C Note	5.56%	2026	13.0	22.0	Series C Note	5.56%	2026	11.0	13.0	
Series F Note	Series F Note	4.35%	2026	15.2	19.7	Series F Note	4.35%	2026	15.2	15.2	
Series H Note	Series H Note	4.04%	2026	50.0	50.0	Series H Note	4.04%	2026	50.0	50.0	
Series K Note	Series K Note	4.81%	2027	34.5	34.5	Series K Note	4.81%	2027	34.5	34.5	

Series G Note	Series G Note	3.88%	2027	28.1	29.6	Series G Note	3.88%	2027	28.1	28.1
Series L Note	Series L Note	4.89%	2028	18.0	18.0	Series L Note	4.89%	2028	18.0	18.0
Series I Note	Series I Note	4.16%	2028	25.0	25.0	Series I Note	4.16%	2028	25.0	25.0
Term Loan 5	Term Loan 5	4.30%	2029	25.0	25.0	Term Loan 5	4.30%	2029	25.0	25.0
Subtotal	Subtotal			\$ 285.1	\$ 358.2	Subtotal			\$ 267.0	\$ 285.1
Revolving Credit Facilities:	Revolving Credit Facilities:					Revolving Credit Facilities:				
GLP Asphalt revolving credit facility	(5)	2022	—	—	—					
A&B Revolver	A&B Revolver	(6)	2025	50.0	111.0	A&B Revolver	(3)	2025	12.0	50.0
Subtotal	Subtotal			\$ 50.0	\$ 111.0	Subtotal			\$ 12.0	\$ 50.0
Total Debt (contractual)				\$ 532.9	\$ 687.3					
Unamortized debt premium (discount)			—	—	—					
Total debt (contractual)						Total debt (contractual)				
Unamortized debt issuance costs	Unamortized debt issuance costs			(0.2)	(0.2)	Unamortized debt issuance costs			(0.2)	(0.2)
Total debt (carrying value)	Total debt (carrying value)			\$ 532.7	\$ 687.1	Total debt (carrying value)			\$ 472.2	\$ 530.8

(1) Loan had Financing lease has a stated interest discount rate of LIBOR plus 1.50% but was swapped through maturity to a 5.95% fixed rate. Loan was repaid in full in September 2021, 4.14%.

(2) Loans have a weighted average stated interest rate of approximately 2.80% and stated maturity dates ranging from 2021 to 2024.

(3) Loan has a stated interest rate of LIBOR plus 1.35% but is swapped through maturity to a 3.14% fixed rate.

(4) Loan had a stated interest rate of LIBOR plus 1.80% based on a pricing grid, and its LIBOR component was swapped through maturity. Loan was repaid in full in August 2021.

(5) Loan has a stated interest rate of LIBOR plus 1.75%.

(6) (3) Loan has a stated interest rate of LIBOR plus 1.05% based on pricing grid. \$50.0 million is \$50.0 million was swapped through February 2023 June 2022 to a 2.40% fixed rate.

The Company's notes payable and other debt is categorized between debt instruments secured by real estate improved properties or other assets ("Secured Debt"), unsecured notes payable and other term loans ("Unsecured Debt") and lines of credit and borrowings under revolving credit facilities ("Revolving Credit Facilities") which includes the existing revolving

credit facility used for general Company purposes ("A&B Revolver").

On March 5, 2021, as well as the Financial Conduct Authority announced a revolving credit facility related to one timeline for the phase-out of the consolidated subsidiaries in London Interbank Offered Rate ("LIBOR"). The Federal Reserve, the M&C segment (the "GLP Asphalt Revolving Credit Facility" Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency subsequently issued a joint statement saying that banks should stop entering into new contracts with LIBOR as soon as possible but at least by December 31, 2021. As of January 1, 2022, LIBOR can only be used for legacy LIBOR obligations entered into prior to December 31, 2021. In addition, the publication of US dollar LIBOR is expected to cease after June 30, 2023. The Secured Overnight Financing Rate ("SOFR") and Bloomberg Short Term Bank Yield Index ("BSBY") have been identified as replacements to LIBOR, with the former being recommended by the Federal Reserve-formed Alternative Reference Rates Committee.

Secured Debt

Kailua Town Center: On December 20, 2013, the Company consummated the acquisition of the Kailua Portfolio, a collection of retail assets on Oahu. In connection with the acquisition of the Kailua Portfolio, the Company assumed a \$12.0 million mortgage note, with a maturity date in September 2021, and an interest rate swap that effectively converted the floating rate debt to a fixed rate of 5.95% (refer to Note 11). This note was repaid in full in September 2021.

The Company also secured a \$5.0 million second mortgage on the Kailua Portfolio during the first quarter of 2017 that bore interest at 3.15% and matured in 2021. This note was also repaid in full in September 2021.

Heavy Equipment Financing: In connection with the M&C segment, the Company enters into leases for machinery and equipment related to its businesses that are classified as finance leases. Finance leases are further discussed in Note 15.

Laulani Village: In connection with asset acquisitions of commercial real estate improved properties made in the year ended December 31, 2018, the Company assumed a \$62.0 million mortgage secured by Laulani Village that matures on May 1, 2024. The note, and bears interest at 3.93% and. The note required monthly interest only payments of approximately \$0.2 million until May 2020 and 2020. Thereafter, the note requires monthly principal and interest payments of approximately \$0.3 million thereafter and a final principal payment of approximately \$57.5 million due on May 1, 2024.

Pearl Highlands: On September 17, 2013, the Company consummated the acquisition of Pearl Highlands Center in Pearl City, Oahu. In connection with the acquisition, the Company assumed a \$59.3 million mortgage loan secured by Pearl Highlands Center. On December 1, 2014, the loan was refinanced to increase the amount of the loan to \$92.0 million (bearing interest at 4.15%). The refinanced loan requires monthly principal and interest payments of approximately \$0.4 million and requires a final principal payment of approximately \$73.0 million due on December 8, 2024.

Manoa Marketplace: In 2016, the Company, through wholly-owned subsidiaries, entered into a \$60.0 million mortgage loan agreement secured by Manoa Marketplace with First Hawaiian Bank ("FHB"). Such The loan bears interest at LIBOR plus 1.35% and requires principal and interest payments over the term with a final principal payment of \$41.7 million due on August 1, 2029. The Company had previously entered into an interest rate swap with a notional amount equal to the principal amount on the debt to fix the variable interest rate on the related periodic interest payments at an effective rate of 3.14% (refer to Note 11|9 – Derivative Instruments).

Assets Pledged as Collateral: The gross book value of the commercial real estate assets pledged as collateral described above at December 31, 2021 December 31, 2022, was \$345.9 million \$360.1 million.

Unsecured Debt

Prudential Series Notes: In December 2015, the Company entered into an agreement (the "Prudential Agreement") with Prudential Investment Management, Inc. and its affiliates (collectively, "Prudential") for an unsecured note purchase and private shelf facility that enabled the Company to issue notes in an aggregate amount up to \$450.0 million, less the sum of all principal amounts then outstanding on any notes issued by the Company or any of its subsidiaries to Prudential and the amounts of any notes that are committed under the Prudential Agreement. The Prudential Agreement (which amended and renewed a then-existing agreement) had an issuance period that ended in December 2018 and contained certain restrictive covenants for the notes issued under the Prudential Agreement that were substantially the same as the covenants contained in the Historical Revolving Credit Facility (defined below). Borrowings under the uncommitted shelf facility bear interest at rates that were determined at the time of borrowing.

Bank Syndicated Loan: In February 2018, the Company entered into an agreement with Wells Fargo Bank, National Association ("Wells Fargo") and a syndicate of other financial institutions that provides provided for a \$50.0 million \$50.0 million term loan facility ("Wells Fargo Term Facility" or "Bank Syndicated Loan"). The Company also drew \$50.0 million \$50.0 million under the Wells Fargo Term Facility in February 2018 and used such term loan proceeds to repay amounts that were borrowed under revolving credit facilities described below. Borrowings under the Wells Fargo Term Facility bore interest at a variable base rate (LIBOR), as defined, plus a margin that is determined using a leverage based pricing grid. In February 2020 the Company entered into an interest rate swap agreement with a notional amount equal to the principal amount of the debt to fix the variable interest rate (LIBOR) on the related periodic interest payments resulting in an effective rate (subject to changes in the margin based on a pricing grid) of 3.15% as of December 31, 2021 (refer to Note 11|9 – Derivative Instruments). On August 31, 2021, concurrent with the closing of the 2021 A&B Revolver (discussed in Revolving credit facilities section below), the Company drew \$50.0 million on the A&B Revolver and repaid the Bank Syndicated Loan in full, plus accrued interest, and satisfied all obligations thereto. The In order to preserve an effective hedging relationship, the Company has committed to maintaining maintained a \$50.0 million draw on the A&B Revolver until February 27, 2023 June 30, 2022, the maturity date of when the interest

rate swap in order to maintain an effective hedging relationship. agreement was terminated.

Term Loan 5: In November 2017, the Company entered into a rate lock commitment to draw \$25.0 million under its Note Purchase and Private Shelf Agreement with AIG Asset Management (U.S.), LLC. Under the commitment, the Company drew \$25.0 million in December 2017. The note bears interest at 4.30% and matures on December 20, 2029. Interest only is paid semi-annually and the principal balance is due at maturity. On August 31, 2021, the Company entered into an agreement with AIG Asset Management to amend certain covenants related to the AIG Private Shelf Facility. All other terms of this agreement remain substantially unchanged.

Revolving credit facilities

GLP Asphalt Revolving Credit Facility: GLP Asphalt, a consolidated joint venture in the M&C segment, has a \$30.0 million line of credit (the "GLP Asphalt Revolving Credit Facility") with Wells Fargo. The GLP Asphalt Revolving Credit Facility is collateralized by the subsidiary's accounts receivable, inventory and equipment and may only be used for asphalt purchase. The Company and the noncontrolling interest holder are guarantors, on a several basis, for their pro rata shares (based on membership interests) of borrowings under the line of credit. In September 2018, GLP Asphalt entered into a Third Amended Credit Agreement with Wells Fargo, which amended and extended its existing \$30.0 million committed revolving credit facility reduced the interest rate by 25 basis points and added a fee of 20 basis points on the unused amount of the GLP Asphalt Revolving Credit Facility. In April 2021, the Company entered into a Fourth Amendment to Credit Agreement with Wells Fargo, which extended the maturity date to February 01, 2022, reduced the maximum advance to \$12.5 million, increased the interest rate by 50 basis points, and increased the unused commitment fee by 25 basis points. In January 2022, the Company entered into a Fifth Amendment to Credit Agreement, which extended the maturity date to May 01, 2022.

A&B Revolver: The Company had a revolving senior credit facility that provided for an aggregate \$350.0 million, five-year unsecured commitment (the "Historical Revolving Credit Facility"), with an uncommitted \$100.0 million increase option. The Historical Revolving Credit Facility also provided for a \$100.0 million sub-limit for the issuance of standby and commercial letters of credit and an \$80.0 million sub-limit for swing line loans. Amounts drawn under the facilities would bear interest at a stated rate, as defined, plus a margin determined based on a pricing grid using the ratio of debt to total adjusted asset value, as defined. The agreement contained certain restrictive covenants, the most significant of which requires the maintenance of minimum shareholders' equity levels, minimum EBITDA to fixed charges ratio, maximum debt to total assets ratio, minimum unencumbered income-producing asset value to unencumbered debt ratio, and limitations on priority debt, as defined in the agreement. In December 2015, the Historical Revolving Credit Facility was amended to extend the maturity date to December 2020.

In September 2017, the Company entered into a Second Amended and Restated Credit Agreement ("2017 A&B Revolver") with Bank of America N.A., as administrative agent, First Hawaiian Bank, and other lenders party thereto, which amended and restated the existing \$350.0 million commitment under the Historical Revolving Credit Facility. The 2017 A&B Revolver increased the total revolving commitments to \$450.0 million, extended the term of the facilities to September 15, 2022, amended certain covenants, and reduced the interest rates and fees charged under the Historical Revolving Credit Facility. All other terms under the Historical Revolving Credit Facility remained substantially unchanged.

In August 2021, the Company entered into a Third Amended and Restated Credit Agreement ("2021 A&B Revolver") with Bank of America N.A., as administrative agent, First Hawaiian Bank, KeyBank National Association, Wells Fargo Bank, National Association, and other lenders party thereto, which amended and restated the Company's existing \$450.0 million committed under the Second Amended and Restated Credit Agreement ("2017 A&B Revolver") with Bank of America N.A., as administrative agent, First Hawaiian Bank, and other lenders party thereto. The 2021 A&B Revolver increased the total revolving commitments to \$500.0 million, extended the term of the facilities from September 15, 2022, to August 29, 2025, and includes two six-month extension options. In addition, the 2021 A&B Revolver amended certain covenants (see below) and reduced the interest rates and fees charged under the financials-based pricing grid of the 2017 A&B Revolver.

At December 31, 2021 December 31, 2022, the Company had \$50.0 million \$12.0 million of revolving credit borrowings outstanding, \$1.1 million \$1.1 million in letters of credit had been issued against the facility, and \$448.9 million \$486.9 million remained available.

Covenants under 2021 A&B Revolver, Prudential Series Notes, and Term Loan 5 (subsequent to amendments)

The principal amendments under the 2021 A&B Revolver, the Prudential Amendment, and the AIG Amendment are as follows:

- An increase in the maximum ratio of secured debt to total adjusted asset value from 0.25:1.0 1.00 to 0.40:1.0 1.00.
- Establishes the minimum shareholders' equity amount to be \$865.6 million \$865.6 million plus 75% percent of the net proceeds received from equity issuances after June 30, 2021.

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- Modification of the minimum unencumbered fixed charge coverage ratio to an unencumbered interest coverage ratio and increases the ratio from 1.50:1.01 1.00 to 1.75:1.0 1.00.

Debt principal payments

At December 31, 2021 December 31, 2022, debt principal payments and maturities during the next five years and thereafter and the corresponding amount of unamortized deferred financing costs or debt discounts or premiums were as follows (in millions):

	Scheduled principal payments										Scheduled Principal Payments									
						(Unamort Debt Issue Cost)/						(Unamort Debt Issue Cost)/								
	2022	2023	2024	2025	2026	There- after	Total	Principal	Premium	Total	2023	2024	2025	2026	2027	Thereafter	Principal	Premium	Total	
Secured debt	Secured debt	\$ 6.0	\$ 6.0	\$135.0	\$ 1.9	\$ 1.9	\$ 47.0	\$ 197.8	\$ (0.1)	\$197.7	Secured debt	\$ 5.4	\$134.9	\$ 2.1	\$ 2.2	\$ 3.8	\$ 45.0	\$ 193.4	\$ —	\$193.4
Unsecured debt	Unsecured debt	24.1	28.6	22.0	38.3	67.0	105.1	285.1	(0.1)	285.0	Unsecured debt	29.6	27.0	38.3	67.0	37.1	68.0	267.0	(0.2)	266.8
Revolving credit facilities	Revolving credit facilities	—	—	—	50.0	—	—	50.0	—	50.0	Revolving credit facilities	—	—	12.0	—	—	—	12.0	—	12.0
Total Notes payable and other debt	Total Notes payable and other debt	\$30.1	\$34.6	\$157.0	\$90.2	\$68.9	\$152.1	\$ 532.9	\$ (0.2)	\$532.7	Total Notes payable and other debt	\$35.0	\$161.9	\$52.4	\$69.2	\$40.9	\$ 113.0	\$ 472.4	\$ (0.2)	\$472.2

11.9. Derivative Instruments

The Company is exposed to interest rate risk related to its variable-rate debt. The Company balances its cost of debt and exposure to interest rates primarily through its mix of fixed-rate and variable-rate debt. From time to time, the Company may use interest rate swaps to manage its exposure to interest rate risk.

Cash flow hedges of interest rate risk

In October 2022, the Company entered into two forward starting interest rate swap agreements with notional amounts of \$57.0 million and \$73.0 million in order to hedge interest rate fluctuations related to \$130 million of financing. The Company has accounted for the agreements as cash flow hedges.

As of December 31, 2022, the Company had three interest rate swap agreements designated as cash flow hedges, two of which were forward interest rate swap agreements. As of December 31, 2021, there were two interest rate swap agreements designated as cash flow hedges, whose neither of which were forward interest rate swap agreements. The key terms of the agreements are as follows (dollars in millions):

Effective Date	Effective Date	Maturity Date	Fixed Interest Rate	Notional Amount at December 31, 2021	Asset (Liability) Fair Value at December 31, 2021		Classification on Balance Sheet	Effective Date	Maturity Date	Fixed Interest Rate	Notional Amount at December 31, 2022	Asset (Liability) Fair Value at December 31, 2022	
					December 31, 2021	December 31, 2021						December 31, 2022	December 31, 2022
<i>Interest Rate Swap Agreements</i>													
4/7/2016	4/7/2016	8/1/2029	3.14%	\$ 56.3	\$ (1.7)	\$ (4.8)	Accrued and other liabilities	4/7/2016	8/1/2029	3.14%	\$ 54.5	\$ 5.5	\$ (1.7)
2/13/2020	2/13/2020	2/27/2023	3.15%	\$ 50.0	\$ (0.5)	\$ (1.3)	Accrued and other liabilities	2/13/2020	2/27/2023	(1)	\$ —	\$ —	\$ (0.5)
<i>Forward Interest Rate Swap Agreements</i>													
5/1/2024								5/1/2024	12/9/2031	4.88%	\$ 57.0	\$ (1.3)	\$ —
12/9/2024								12/9/2024	12/9/2031	4.83%	\$ 73.0	\$ (1.5)	\$ —
(1) \$50.0 million in notional interest rate swap was terminated on June 30, 2022, resulting in a realized gain of \$0.5 million included within <i>Interest and other income (expense), net</i> .													

Liabilities The asset related to the interest rate swap as of December 31, 2022, is presented within *Accrued and other liabilities and assets are presented within Prepaid expenses and other assets in the consolidated balance sheets*. The liabilities related to the interest rate swaps as of December 31, 2021 and forward interest rate swaps as of December 31, 2022, are presented within *Accrued and other liabilities*. The changes in fair value of the cash flow hedge hedges are recorded in accumulated other comprehensive income (loss) and subsequently reclassified into interest expense as interest is incurred on the related variable-rate debt.

The following table represents the pre-tax effect of the derivative instruments in the Company's consolidated statement of comprehensive income (loss) during the years ended December 31, 2021 December 31, 2022 and 2020 2021, (in millions):

Derivatives in Designated Cash Flow Hedging Relationships:	Derivatives in Designated Cash Flow Hedging Relationships:	2021 2020		2022 2021	
		2021	2020	2022	2021
Amount of gain (loss) recognized in OCI on derivatives	Amount of gain (loss) recognized in OCI on derivatives	\$ 2.3	\$ (6.9)	\$ 4.9	\$ 2.3
Impact of reclassification adjustment to interest expense included in Net Income (Loss)	Impact of reclassification adjustment to interest expense included in Net Income (Loss)	\$ 1.6	\$ 1.0	\$ 0.5	\$ 1.6
Realized interest rate hedging gain (loss)				Realized interest rate hedging gain (loss)	\$ (0.5) \$ —

As of December 31, 2021 December 31, 2022, the Company expects to reclassify \$1.6 million \$1.1 million of net gains (losses) on derivative instruments from accumulated other comprehensive income to earnings during the next 12 months.

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Non-designated hedges

The Company's single interest rate swap that was not designated as a cash flow hedge matured on September 1, 2021. Key terms were as follows (dollars in millions):

Effective Date	Maturity Date	Fixed Interest Rate	Notional Amount at December 31, 2021	Asset (Liability) Fair Value at December 31, 2021		Classification on Balance Sheet
				December 31, 2021	December 31, 2021	
1/1/2014	9/1/2021	5.95%	\$ —	\$ —	\$ (0.3)	Accrued and other liabilities

The Company records gains or losses related to interest rate swaps that have not been designated as cash flow hedges in *Interest and other income (expense), net* in its consolidated statements of operations. For the years ended December 31, 2021 and 2020, the Company recognized gains related to changes in fair value of \$0.3 million and \$0.2 million, respectively.

The Company measures all of its interest rate swaps at fair value. The fair values of the Company's interest rate swaps are based on the estimated amounts that the Company would receive or pay to terminate the contracts at the reporting date and are determined using interest rate pricing models and interest rate related observable inputs. The fair values of the Company's interest rate swaps are classified as a Level 2 measurement in the fair value hierarchy.

12.10. Commitments and Contingencies

Commitments and other financial arrangements

The Company has various financial commitments and other arrangements including standby letters of credit and bonds that are not recorded as liabilities on the Company's consolidated balance sheets as of **December 31, 2021** **December 31, 2022**:

- Standby letters of credit issued by the Company's lenders under the Company's revolving credit **facilities** **facility** totaled **\$1.1 million** **\$1.1 million** as of **December 31, 2021** **December 31, 2022**. These letters of credit primarily relate to the Company's workers' compensation plans and **construction activities**; if drawn upon, the Company would be obligated to reimburse the issuer.
- Bonds related to the Company's **construction and real estate activities** totaled **\$250.4 million** **\$18.6 million** as of **December 31, 2021** **December 31, 2022**, and represent **commercial bonds** issued by third party sureties (permit, subdivision, license and notary bonds). **Approximately \$231.8 million** represents if drawn upon, the Company would be obligated to reimburse the surety that issued the bond for the amount of the bond, reduced for the work completed to date.
- Bonds related to Grace Pacific totaled **\$300.0 million** as of December 31, 2022, and represent the face value of construction bonds issued by third party sureties (bid, performance and payment bonds), and the remainder is related to **commercial bonds** issued by third party sureties (permit, subdivision, license and notary bonds); if drawn upon, the Company would be obligated to reimburse the surety that issued the bond for the amount of the bond, reduced for the work completed to date. As of **December 31, 2021** **December 31, 2022**, the Company's maximum remaining exposure, in the event of defaults on all existing contractual construction obligations, was approximately **\$61.2 million**, **\$116.3 million**.

The Company also provides certain bond indemnities and guarantees of indebtedness for certain of its unconsolidated affiliates that it accounts for as equity method investments (e.g., real estate joint ventures).

- Bond indemnities are provided for the benefit of the surety in exchange for the issuance of surety bonds and cover joint venture construction activities (such as project amenities, roads, utilities, and other infrastructure). Under such bond indemnities, the Company and the joint venture partners agree to indemnify the surety bond issuer from all losses and expenses arising from the failure of the joint venture to complete the specified bonded construction; the Company may be obligated to complete construction of the joint ventures' construction projects if the joint venture does not perform. The maximum potential amount of aggregate future payments is a function of the amount covered by outstanding bonds at the time of default by the joint venture, reduced by the amount of work completed to date.
- Guarantees of indebtedness may be provided by the Company for the benefit of financial institutions providing credit to unconsolidated equity method investees. As of **December 31, 2021** **December 31, 2022**, the Company had **one arrangement** **no such arrangements** with third party lenders **that provided for a limited guarantee on any outstanding amounts related to an its unconsolidated equity method investee's line of credit; related to borrowings on such line of credit by the equity method investee, there were none** **investees and no amounts outstanding as of December 31, 2021** **December 31, 2022**.

The recorded amounts of the bond indemnities and guarantee of indebtedness were not material individually or in the aggregate. Other than those described above, obligations of the Company's joint ventures do not have recourse to the Company, and the Company's "at-risk" amounts are limited to its investment.

Legal proceedings and other contingencies

Prior to the sale of approximately 41,000 acres of agricultural land on Maui to Mahi Pono Holdings, LLC ("Mahi Pono") in December 2018, the Company, through East Maui Irrigation Company, LLC ("EMI"), also owned approximately 16,000 acres of watershed lands in East Maui and **also** held four water licenses to approximately 30,000 acres owned by the State of Hawai'i in East Maui. The sale to Mahi Pono included the sale of a 50% interest in EMI (which closed February 1, 2019), and provided for the Company and Mahi Pono, through EMI, to jointly continue the existing process to secure a long-term lease from the State for delivery of irrigation water to Mahi Pono for use in Central Maui.

The last of these water license agreements expired in 1986, and all four agreements were then extended as revocable permits that were renewed annually. In 2001, a request was made to the State Board of Land and Natural Resources (the "BLNR") to replace these revocable permits with a long-term water lease. Pending the completion by the BLNR of a contested case hearing it ordered to be held on the request for the long-term lease, the BLNR has kept the existing permits on a holdover basis. Three parties (Healoha Carmichael; Lezley Jacintho; and Na Moku Aupuni O Ko'olau Hui) filed a lawsuit on April 10, 2015, (the "Initial Lawsuit") alleging that the BLNR has been renewing the revocable permits annually rather than keeping them in holdover status. The lawsuit challenged the BLNR's decision to continue the revocable permits for calendar year 2015 and asked the court to void the revocable permits and to declare that the renewals were illegally issued without preparation of an environmental assessment ("EA"). In December 2015, the BLNR decided to reaffirm its prior decisions to keep the permits in holdover status. This decision by the BLNR was challenged by the three parties. In January 2016, the court ruled in the Initial Lawsuit that the renewals were not subject to the EA requirement, but that the BLNR lacked legal authority to keep the revocable permits in holdover status beyond one year (the "Initial Ruling"). The Initial Ruling was appealed to the Intermediate Court of Appeals ("ICA") of the State of Hawai'i.

In May 2016, while the appeal of the Initial Ruling was pending, the Hawai'i State Legislature passed House Bill 2501, which specified that the BLNR has the legal authority to issue holdover revocable permits for the disposition of water rights for a period not to exceed three years. The governor signed this bill into law as Act 126 in June 2016. Pursuant

to Act 126, the annual authorization of the existing holdover permits was sought and granted by the BLNR in December 2016, November 2017 and November 2018 for calendar years 2017, 2018 and 2019. No extension of Act 126 was approved by the Hawai'i State Legislature in 2019.

In June 2019, the ICA vacated the Initial Ruling, effectively reversing the determination that the BLNR lacked authority to keep the revocable permits in holdover status beyond one year (the "ICA Ruling"). The ICA remanded the case back to the trial court to determine whether the holdover status of the permits was both (a) "temporary" and (b) in the best interest of the State, as required by statute. The plaintiffs filed a motion with the ICA for reconsideration of its decision, which was denied on July 5, 2019. On September 30, 2019, the plaintiffs filed a request with the Supreme Court of Hawai'i to review and reverse the ICA Ruling. On November 25, 2019, the Supreme Court of Hawai'i granted the plaintiffs' request to review the ICA Ruling and, on May 5, 2020, oral argument was held. No decision has yet been rendered by the Supreme Court of Hawai'i.

On October 11, 2019, the BLNR took up the renewal of all the existing water revocable permits in the state, acting under the ICA Ruling, and approved the continuation of the four East Maui water revocable permits for another one-year period through December 31, 2020. On November 13, 2020, the BLNR approved another renewal of such permits through December 31, 2021.

On March 2, 2022, the Supreme Court of Hawai'i vacated the ICA's ruling relating to the BLNR's decision to continue the revocable permits for the calendar year 2015, holding that Hawaii Revised Statutes Chapter 343 (the Hawaii Environmental Policy Act) did apply to the permits. The court remanded the matter back to the Circuit Court to determine if any exceptions would apply and, if not, how HRS Chapter 343 should be applied in light of the steps taken by A&B/EMI toward the long-term water lease. The Supreme Court of Hawai'i also determined that the BLNR had the statutory authority to continue the permits for more than one year, but required BLNR to make findings of fact and conclusions of law determining that the action would serve the best interests of the State. A&B/EMI will continue to defend against the plaintiffs' claims on remand.

In a separate matter, on December 7, 2018, a contested case request filed by the Sierra Club (contesting the BLNR's November 2018 approval of the 2019 revocable permits) was denied by the BLNR. On January 7, 2019, the Sierra Club filed a lawsuit in the circuit court of the first circuit in Hawai'i against BLNR, A&B and EMI, seeking to invalidate the 2019 and 2020 holdovers of the revocable permits for, among other things, failure to perform an EA. The lawsuit also sought to have the BLNR enjoin A&B/EMI from diverting more than 25 million gallons a day until a permit or lease is properly issued by the BLNR, and for the imposition of certain conditions on the revocable permits by the BLNR. The court seeking to invalidate the revocable permits based on the failure to perform an EA was dismissed by the court, based on the ICA Ruling in the Initial Lawsuit. The Sierra Club's lawsuit was amended to include a challenge to the BLNR's renewal of the revocable permits for calendar year 2020. After a full trial on the merits held beginning in August of 2020, the court ruled, on April 6, 2021, against the Sierra Club on its lawsuit challenging the 2019 and 2020 revocable permits. As a final judgement has not yet been entered, On February 17, 2022, the time to Sierra Club filed its notice of appeal has not yet run, challenging the decision on the August 2020 trial. The court is separately considering a lawsuit filed by the Sierra Club appealing the BLNR's decision to deny them it a contested case hearing on the 2021 revocable permits, which were granted by the BLNR on or about November 13, 2020. On In that case, on May 28, 2021, the court issued an interim decision that the Sierra Club's due process rights were violated, and ordered the BLNR to hold a contested case hearing on the 2021 permits, and that the permits should be vacated. On July 30, 2021, the court modified its ruling to say that the permits would not be invalidated, but left in place pending the outcome of the contested case hearing. The contested case hearing was held by the BLNR in December 2021 to address the continuation of the revocable permits for both calendar years 2021 and 2022 and BLNR issued a decision is pending. On June 30, 2022. On December 27, 2021, while BLNR's decision in the contested case hearing was pending, the court further modified its ruling to say that allow the permits will to remain in place until the

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earlier of May 1, 2022, the date on which the BLNR renders a substantive decision on the continuation of the permits for calendar year 2022, or further order of the court. On April 26, 2022, the court orally granted an extension of the May 1, 2022 deadline to the earlier of June 15, 2022, or the date on which the BLNR renders a substantive decision on the continuation of the permits for calendar year 2022, or as may be further ordered by the court. On June 1, 2022, the court granted an extension of the June 15, 2022 deadline to the earlier of July 15, 2022 or the date on which the BLNR renders a substantive decision on the continuation of the permits for calendar year 2022 or as may be further ordered by the court. On June 30, 2022, the BLNR issued its final decision on the contested case hearing on the permits for calendar years 2021 and 2022, approving the continuation of the permits through the end of calendar year 2022. The Sierra Club has filed a notice of appeal of that decision to the Circuit Court of the First Circuit in Hawai'i. The Company and the BLNR also appealed the court's determination that the Sierra Club was entitled to a contested case hearing on the 2021 revocable permits.

On November 10, 2022, the BLNR voted to continue the revocable permits for calendar year 2023 and, at that same meeting, denied the Sierra Club's oral request for a contested case hearing. The Sierra Club subsequently submitted a written request to the BLNR for a contested case hearing on the continuation of the revocable permits, which the BLNR denied on December 9, 2022. On November 29, 2022, the Sierra Club filed an appeal of BLNR's decisions to deny its oral request for a contested case hearing and to continue the revocable permits for 2023 and on December 15, 2022, the Sierra Club amended its appeal to also challenge the BLNR's denial of its written request for a contested case hearing. The BLNR's decision to continue the permits through the end of calendar year 2023 will stand unless overturned on appeal or the Sierra Club obtains a preliminary injunction to prevent the decision from remaining in place.

In connection with A&B's obligation to continue the existing process to secure a long-term water lease from the State, A&B and EMI will defend against the remaining claims made by the Sierra Club.

The In addition to the litigation described above, the Company is a party to, or may be contingently liable in connection with, other legal actions arising in the normal conduct of its businesses, businesses. While the outcomes of which, such litigation and claims cannot be predicted with certainty, in the opinion of management after consultation with counsel, the reasonably possible losses would not have a material effect on the Company's consolidated financial statements as a whole.

Further note that certain of the Company's properties and assets may become the subject of other types of claims and assessments at various times (e.g., environmental matters based on normal operations of such assets). Depending on the facts and circumstances surrounding such potential claims and assessments, the Company records an accrual if it is deemed probable that a liability has been incurred and the amount of loss can be reasonably estimated/valued as of the date of the financial statements.

13.11. Revenue and Contract Balances

The Company generates revenue through its Commercial Real Estate and Land Operations and Materials & Construction segments. Through its Commercial Real Estate segment, the Company owns and operates a portfolio of commercial real estate properties and generates income (i.e., revenue) as a lessor through leases of such assets. Refer to Note 14.12 – Leases - The Company as a Lessor for further discussion of lessor income recognition. The Land Operations and Materials & Construction segments

generate segment generates revenue from contracts with customers. The Company further disaggregates revenue from contracts with customers by revenue type when appropriate if the Company believes disaggregation best depicts how the nature, amount, timing and uncertainty of the Company's revenue and cash flows are affected by economic factors. Revenue by type for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019 2020, was as follows (in millions):

	Revenues:	2021	2020	2019		2022	2021	2020
Revenues:	Revenues:				Revenues:			
Commercial Real Estate	Commercial Real Estate	\$ 173.2	\$ 150.0	\$ 160.6	Commercial Real Estate	\$ 187.2	\$ 174.1	\$ 151.6
Land Operations:	Land Operations:				Land Operations:			
Development sales revenue	Development sales revenue	16.0	7.9	57.2	Development sales revenue	8.1	16.0	7.9
Unimproved/other property sales revenue	Unimproved/other property sales revenue	41.3	9.7	32.4	Unimproved/other property sales revenue	19.9	41.3	9.7
Other operating revenue	Other operating revenue	22.6	21.1	22.6	Other operating revenue	15.3	22.6	21.1
Land Operations	Land Operations	79.9	38.7	112.2	Land Operations	43.3	79.9	38.7
Materials & Construction		126.2	116.6	162.4				
Total revenues	Total revenues	\$ 379.3	\$ 305.3	\$ 435.2	Total revenues	\$ 230.5	\$ 254.0	\$ 190.3

Timing of revenue recognition may differ from the timing of invoicing to customers. Certain construction contracts include retainage provisions that are customary in the industry (i.e., are not for financing purposes) and are included in Accounts receivable and contracts retention, net. The balances billed but not paid by customers pursuant to these provisions generally become due upon completion and acceptance of the project work or products by the customers. Within Prepaid and other assets, the Company records assets for "costs and estimated earnings in excess of billings on uncompleted contracts" which represent amounts earned and reimbursable under contracts, but have a conditional right for billing and payment, such as achievement of milestones or completion of the project. When events or conditions indicate that it is probable that the amounts outstanding become unbillable, the transaction price and associated contract asset is reduced. Within Accrued and other liabilities, the Company records liabilities for "billings in excess of costs and estimated earnings on uncompleted contracts" which represent billings to customers on contracts in advance of work performed, including advance payments negotiated as a contract condition. Generally, unearned project-related costs will be earned over the next twelve months.

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The following table provides information about receivables, contract assets and contract liabilities from contracts with customers as of December 31, 2021 December 31, 2022 and 2020 2021 (in millions):

	2021	2020
Accounts receivable	\$ 25.1	\$ 39.5
Contracts retention	5.1	7.3
Allowances (credit losses and doubtful accounts)	(1.3)	(3.3)
Accounts receivable and retention, net	\$ 28.9	\$ 43.5
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 10.4	\$ 2.3
Billings in excess of costs and estimated earnings on uncompleted contracts	\$ 6.8	\$ 8.5
Variable consideration	\$ 62.0	\$ 62.0
Other deferred revenue	\$ 6.5	\$ 4.9

	2022	2021
Accounts receivable	\$ 8.6	\$ 3.0
Allowances (credit losses and doubtful accounts)	(2.5)	(0.8)
Accounts receivable, net of allowance for credit losses and allowance for doubtful accounts	\$ 6.1	\$ 2.2
Variable consideration ¹	\$ 62.0	\$ 62.0
Other deferred revenue	\$ 6.8	\$ 6.3

¹ Variable consideration deferred as of the end of the periods related to amounts received in the sale of agricultural land on Maui in 2018 that, under revenue recognition guidance, could not be included in the transaction price.

For the year ended December 31, 2022, the Company did not recognize any revenue related to the Company's contract liabilities reported as of December 31, 2021. For the year ended December 31, 2021, the Company recognized revenue of approximately \$8.1 million \$0.9 million related to the Company's contract liabilities reported as of December 31, 2020. For the year ended December 31, 2020, the Company recognized revenue of approximately \$7.4 million related to the Company's contract liabilities reported as of December 31, 2019.

On December 17, 2018, A&B entered into a Purchase and Sale Agreement and Escrow Instructions (the "PSA") with Mahi Pono (the "Buyer") related to the sale of agricultural land on Maui. In connection with the sale, the Company deferred approximately \$62.0 million \$62.0 million of revenue related to certain performance obligations involving

securing adequate water to support the Buyer's agricultural plans for the land, through an agreement with the State of Hawai'i to provide rights to access state water for agricultural irrigation ("State Water Lease"), as well as ensuring that the Buyer has continued access to water prior to the issuance of the State Water Lease. Under the terms of the PSA, the Company may be required to remit amounts up to \$62.0 million to the Buyer to the extent performance obligations are not met (recorded as deferred revenue of \$62.0 million as of December 31, 2021 December 31, 2022 and 2020 2021).

Regarding other information related to the Company's contracts with customers, the amount of revenue recognized from performance obligations satisfied in prior periods (e.g., due to changes in transaction price) was not material in any of the periods presented. Further, the total amount of the transaction price allocated to either wholly unsatisfied or partially satisfied performance obligations was \$140.5 million and \$120.8 million as of December 31, 2021 and 2020, respectively. The Company expects to recognize approximately 65% to 75% of this contract consideration as revenue in 2022, with the remaining recognized thereafter.

Finally, additional information related to uncompleted contracts (presented in the contract assets and contract liabilities table above) as of December 31, 2021 and 2020, is as follows (in millions):

	2021	2020
Costs incurred on uncompleted contracts	\$ 346.2	\$ 389.8
Estimated earnings	35.0	41.1
Subtotal	<u>381.2</u>	<u>430.9</u>
Billings to date	(377.6)	(437.1)
Total	<u>\$ 3.6</u>	<u>\$ (6.2)</u>

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14.12. Leases - The Company As a Lessor

The Company leases real estate property to tenants under operating leases. Such activity is primarily composed of operating leases within its CRE segment.

As a result of the coronavirus pandemic ("COVID-19"), the Company provided certain of its tenants rent relief arrangements during each of the years ended December 31, 2020 December 31, 2022, 2021 and 2021, 2020, which typically consisted of rent deferrals or other relief modifications that resulted in changes to fixed contractual lease payments for specified months. Consistent with lease accounting guidance and interpretations provided by the FASB for rent relief arrangements specifically related to COVID-19, the Company elected to treat such eligible lease concessions (i.e., such rent deferrals, fixed-to-variable modifications or payment forgiveness arrangements that do not result in a substantial increase in the rights of the lessor or obligations of the lessee) outside of the lease accounting modification framework.

For such eligible rent deferrals, the Company accounts for the event as if no changes to the lease contract were made and continues to record lease receivables and recognize income during the deferral period. For the eligible other relief modifications mentioned above that resulted in reductions to fixed contractual lease payments the Company reports, for periods covered by the modification, reduced rental income (i.e., revenue) equal to the agreed-upon amounts (offset by any variable lease payments).

The Company assesses collectability on all such amounts due under leases and only recognizes revenue to the extent such amounts are probable of collection (or payment is received). During the year ended December 31, 2020, the Company projected a higher amount of uncollectable tenant billings due to COVID-19 and consequently recorded reductions in revenue of \$15.4 million related to aggregate charges for CRE accounts receivable and unbilled straight-line lease receivables for which the Company assessed that the tenant's future payment of amounts due under leases was not probable. Further, during the year ended December 31, 2020, the Company recorded reductions of revenue of \$3.6 million related to the allowance for doubtful accounts for other impacted operating lease receivables.

During the year ended December 31, 2021, the Company collected cash receipts of \$4.3 million related to CRE accounts receivables that were previously assessed as uncollectible, which resulted in a net addition to revenue of \$1.2 million. Further, during the year ended December 31, 2021, the Company recorded additions to revenue of \$1.7 million related to the allowance for doubtful accounts for other impacted operating lease receivables.

A summary of the impact of revenue reductions (increases) related to CRE tenant collectability assessments, provisions, and other relief modifications and adjustments is as follows:

	2021	2020
Tenant collectability assessments and allowances for doubtful accounts		
Impact to billed accounts receivable	\$ (1.3)	\$ 10.6
Impact to straight-line lease receivables	<u>0.1</u>	<u>4.8</u>
Total revenue reductions (increases) - tenant collectability assessments	<u>\$ (1.2)</u>	<u>\$ 15.4</u>
Provision for allowance for doubtful accounts	(1.7)	3.6
Total revenue reductions (increases) - tenant collectability assessments and allowance for doubtful accounts	(2.9)	19.0
Other relief modifications and other adjustments:	7.5	6.4
Total revenue reductions (increases) related to adjustments, assessments and provisions	\$ 4.6	\$ 25.4

Total revenue reductions (increases) impacting billed accounts receivable only ²	\$	4.5	\$	20.6
: Primarily related to COVID-19, but may include other adjustments (e.g., adjustments due to tenant bankruptcies).				
: Excludes the impact to unbilled straight-line lease receivables.				

As a result of COVID-19, certain tenants experiencing economic difficulties have sought and may continue to seek current and future rent relief, which may be provided in the form of additional rent deferrals or other relief modifications, among other possible agreements. The future impact of any potential rent concessions in the context of lease accounting

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guidance and related interpretations is dependent upon the extent of relief granted to tenants as a result of COVID-19 in future periods and the elections made by the Company at the time of entering into such agreements.

The historical cost of, and accumulated depreciation on, leased property as of December 31, 2021 December 31, 2022 and 2020 2021, was as follows (in millions):

	2021	2020
Leased property - real estate	\$ 1,563.2	\$ 1,525.3
Less: Accumulated depreciation	(182.2)	(152.2)
Property under operating leases, net	<u><u>\$ 1,381.0</u></u>	<u><u>\$ 1,373.1</u></u>

	2022	2021
Leased property - real estate	\$ 1,572.0	\$ 1,562.8
Less accumulated depreciation	(201.8)	(182.1)
Property under operating leases - net	<u><u>\$ 1,370.2</u></u>	<u><u>\$ 1,380.7</u></u>

Total rental income (i.e., revenue) under these operating leases relating to lease payments and variable lease payments were as follows (in millions):

Lease payments	Lease payments	2021		2020		Lease payments	2022		2021		2020	
		\$ 123.6	\$ 113.7	\$ 130.8	\$ 122.7		\$ 130.8	\$ 122.7	\$ 99.1			
		56.0	39.3	59.3	55.8		59.3	55.8	53.3			
Total rental income	Total rental income	<u><u>\$ 179.6</u></u>	<u><u>\$ 153.0</u></u>	Total rental income	Total rental income	Total rental income	<u><u>\$ 190.1</u></u>	<u><u>\$ 178.5</u></u>	<u><u>\$ 152.4</u></u>			

Contractual future lease payments to be received on non-cancelable operating leases as of December 31, 2021 December 31, 2022, were as follows (in millions):

2022			\$ 117.5									
2023	2023		107.9	2023								\$ 124.5
2024	2024		96.0	2024								113.5
2025	2025		81.5	2025								96.6
2026	2026		67.1	2026								83.9
2027				2027								73.0
Thereafter	Thereafter		477.5	Thereafter								554.6
Total future lease payments to be received		Total future lease payments to be received	<u><u>\$ 947.5</u></u>	Total future lease payments to be received								\$ 1,046.1

15.13. Leases - The Company As a Lessee

Principal non-cancelable operating leases include land and office space harbors and equipment that have lease terms that expire through 2043, 2031. Management expects that in the normal course of business, most operating leases will be renewed or replaced by other similar leases. The Company has equipment under a finance leases lease with a lease terms term that expire expires through 2026, 2027.

Lease expense for operating leases that provide for future escalations are accounted for on a straight-line basis. For the years ended December 31, 2021 December 31, 2022 and 2020 2021, lease expense under operating and finance leases was as follows (in millions):

	2021	2020
Lease cost - operating and finance leases:		
Operating lease cost	\$ 4.8	\$ 4.6
Finance lease cost:		
Amortization of right-of-use assets	1.3	1.2
Interest on lease liabilities	0.1	0.1
Total lease cost - operating and finance leases	<u>\$ 6.2</u>	<u>\$ 5.9</u>
Amounts related to other lease transactions:		
Short-term lease cost	\$ 0.9	\$ 0.6
Variable lease cost	\$ 0.8	\$ 0.6
Sublease income	\$ 0.3	\$ 0.3

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	2022	2021	2020
Lease cost - operating and finance leases:			
Operating lease cost	\$ 2.7	\$ 2.5	\$ 2.5
Finance lease cost:			
Amortization of right-of-use assets	0.1	—	—
Total lease cost - operating and finance leases	<u>\$ 2.8</u>	<u>\$ 2.5</u>	<u>\$ 2.5</u>

Other amounts relating to leases segregated between those for finance and operating leases include the following for the years ended December 31, 2021 December 31, 2022 and 2020 (dollars in millions):

	2022	2021	2020	2022			2021			2020				
				Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:		
Cash paid for amounts included in the measurement of lease liabilities:				Operating cash outflows from operating leases	\$ 4.8	\$ 4.6	Operating cash outflows from operating leases	\$ 2.7	\$ 2.5	\$ 2.4	Operating cash outflows from operating leases	\$ 2.7	\$ 2.5	\$ 2.4
Operating cash outflows from operating leases				Operating cash outflows from financing leases	\$ 0.1	\$ 0.1	Operating cash outflows from financing leases	\$ —	\$ —	\$ —	Operating cash outflows from financing leases	\$ —	\$ —	\$ —
Operating cash outflows from financing leases				Financing cash flows from finance leases	\$ 1.3	\$ 1.2	Financing cash flows from finance leases	\$ 0.1	\$ —	\$ —	Financing cash flows from finance leases	\$ 0.1	\$ —	\$ —
Financing cash flows from finance leases				Other details:			Other details:				Other details:			
Other details:				Weighted-average remaining lease term (years) - operating leases	12.1	9.1	Weighted-average remaining lease term (years) - operating leases	3.0	3.7	4.6	Weighted-average remaining lease term (years) - operating leases	3.0	3.7	4.6
Weighted-average remaining lease term (years) - operating leases				Weighted-average remaining lease term (years) - finance leases	2.1	2.9	Weighted-average remaining lease term (years) - finance leases	4.8	0.0	0.0	Weighted-average remaining lease term (years) - finance leases	4.8	0.0	0.0
Weighted-average discount rate - operating leases				Weighted-average discount rate - operating leases	4.4 %	4.4 %	Weighted-average discount rate - operating leases	4.2 %	4.4 %	4.4 %	Weighted-average discount rate - finance leases	4.2 %	4.4 %	4.4 %
Weighted-average discount rate - finance leases				Weighted-average discount rate - finance leases	3.0 %	3.2 %	Weighted-average discount rate - finance leases	4.1 %	— %	— %	Weighted-average discount rate - finance leases	4.1 %	— %	— %

Future lease payments under non-cancelable operating and finance leases as of December 31, 2021 December 31, 2022, were as follows (in millions):

		Operating Leases		Finance Leases				Operating Leases	Finance Leases
		\$	4.8	\$	1.0			\$	2.6
2022						2023		\$ 2.6	\$ 0.2
2023	2023					2024		2.1	0.2
2024	2024					2025		0.7	0.2
2025	2025					2026		0.6	0.2
2026	2026					2027		0.2	1.8
2027						Thereafter		0.4	—
Thereafter	Thereafter					Total lease payments		\$ 6.6	\$ 2.6
Total lease payments	Total lease payments	\$	26.4	\$	2.0	Less: Interest		(1.7)	—
Less: Interest	Less: Interest		(7.0)		(0.1)	Total lease liabilities		\$ 4.9	\$ 2.6
Total lease liabilities	Total lease liabilities	\$	19.4	\$	1.9	Total lease liabilities			

ROU assets and lease liabilities related to operating leases are presented separately on the consolidated balance sheets. Information for finance leases as of the years ended December 31, 2021 December 31, 2022 and 2020 2021, were as follows (in millions):

	2021	2020		Consolidated Balance Sheet Location	2022	2021
Assets			Assets			
ROU assets	ROU assets	\$ 3.5	ROU assets	Real estate property, net	\$ 2.6	\$ —
Liabilities			Liabilities			
Lease liabilities	Lease liabilities	\$ 1.9	Lease liabilities	Notes payable and other debt	\$ 2.6	\$ —

16. Share-Based 14. Share-based Payment Awards

On April 26, 2022, shareholders approved the Alexander & Baldwin, Inc. 2022 Omnibus Incentive Plan ("2022 Plan"). The 2022 Plan serves as the successor to the 2012 Incentive Compensation Plan ("2012 Plan") and allows for the granting of stock options, stock appreciation rights, stock awards, restricted stock units, dividend equivalent rights, and common stock. During 2018, other awards. The 2012 Plan allowed for the Company retroactively approved granting of stock options, stock appreciation rights, stock awards, and restricted stock units, including an increase automatic grant program for non-employee directors. All awards outstanding under the 2012 Plan remain subject to the terms of the 2012 Plan. Effective April 26, 2022, no additional shares of common stock reserved for issuance at January 1, 2018 from 4.3 million shares to 5.3 million shares. As of December 31, 2021 there were 1.0 million remaining shares available for grants, will be issued under the 2012 Plan. The shares of common stock authorized to be issued under the 2012 Plan may be drawn from the shares of the Company's authorized but unissued common stock or from shares of its common stock that the Company acquires, including shares purchased on the open market or private transactions.

The 2022 Plan allows for the granting of up to 3.2 million shares in the form of stock options, restricted stock units or common stock, subject to adjustment for shares under the 2022 Plan or 2012 Plan consists of four separate incentive compensation programs: (i) that expire or are forfeited, cancelled, or terminated for any reason prior to the discretionary grant program, (ii) the stock issuance program, (iii) the incentive bonus program and (iv) the automatic grant program for the non-employee members of the Company's Board shares. This includes 2.5 million new shares and 0.7 million shares that carried over from the 2012 Plan. As of December 31, 2022, there were 3.4 million remaining shares available for future grants.

Discretionary Grant Program: Under the Discretionary Grant Program, stock options may be granted with an exercise price no less than 100% of the fair market value (defined as the closing market price) of the Company's common stock on the date of the grant. Options generally become exercisable ratably over three years and have a maximum contractual term of ten years. There were no option grants in 2021, 2020 or 2019, 2022 Plan and the Company currently has no plans to issue options in the future.

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Stock Issuance Program: Under the Stock Issuance Program, 2012 Plan, shares of common stock or restricted stock units may be granted. Equity awards granted may be designated as time-based awards or market-based performance awards.

Automatic Grant Program: At each annual shareholder meeting, non-employee directors will receive an award of restricted stock units that entitle the holder to an equivalent number of shares of common stock upon vesting.

The following table summarizes the Company's stock option activity for the year ended December 31, 2021 (in thousands, except weighted-average exercise price and weighted-average contractual life):

	2012 Plan	Weighted-		Aggregate
		Stock	Average	
		Options	Exercise	
Outstanding, January 1, 2021	97.9	\$ 14.80		
Exercised	(97.9)	\$ 14.80		
Canceled	—	\$ —		
Outstanding, December 31, 2021	—	\$ —	0 years	\$ —
Vested or expected to vest	—	\$ —	0 years	\$ —
Exercisable, December 31, 2021	—	\$ —	0 years	\$ —

The following table summarizes non-vested restricted stock unit activity for the year ended December 31, 2021 December 31, 2022, (in thousands, except weighted-average grant-date fair value amounts):

2012 Plan	Weighted-		Restricted Stock Units	Weighted-	
	Restricted	Average		Grant-date	Average
	Stock Units	Fair Value		Fair Value	Fair Value

Outstanding, January 1, 2021	550.5	\$ 25.44	Outstanding, January 1, 2022	677.7	\$ 21.26	
Granted	Granted	376.6	\$ 16.63	Granted	306.3	\$ 25.56
Vested	Vested	(167.4)	\$ 20.48	Vested	(305.1)	\$ 24.30
Canceled	Canceled	(82.0)	\$ 29.62	Canceled	(116.5)	\$ 21.84
Outstanding, December 31, 2021	677.7	\$ 21.26	Outstanding, December 31, 2022	562.4	\$ 21.83	

The time-based restricted stock units granted to employees vest ratably over a period of three years. The time-based restricted stock units granted to non-employee directors prior to 2018 vest ratably over a period of three years, and commencing in 2018, the time-based restricted stock units granted to non-employee directors vest over a one year one-year period. The market-based performance share units cliff vest over three years, provided that the total shareholder return of the Company's common stock over the relevant period meets or exceeds pre-defined levels of total shareholder returns relative to indices, as defined.

As of December 31, 2021 December 31, 2022, there was \$6.3 million \$5.4 million of total unrecognized compensation cost related to non-vested restricted stock units granted under the 2012 2022 plan; that cost is expected to be recognized over a remaining weighted-average period of 1.7 years.

The fair value of the Company's time-based awards is determined using the Company's stock price on the date of grant. The fair value of the Company's market-based awards is estimated using the Company's stock price on the date of grant and the probability of vesting using a Monte Carlo simulation with the following weighted-average assumptions:

		2021 Grants	2020 Grants	2019 Grants		2022 Grants	2021 Grants	2020 Grants
Volatility of A&B common stock	Volatility of A&B common stock	47.2 %	22.6 %	23.6 %	Volatility of A&B common stock	47.7 %	47.2 %	22.6 %
Average volatility of peer companies	Average volatility of peer companies	51.1 %	22.5 %	24.2 %	Average volatility of peer companies	51.1 %	51.1 %	22.5 %
Risk-free interest rate	Risk-free interest rate	0.2 %	1.3 %	2.5 %	Risk-free interest rate	1.4 %	0.2 %	1.3 %

The weighted-average grant date fair value of the time-based restricted units and market-based performance share units granted in 2022, 2021 and 2020, was \$25.56, \$16.63, and 2019 was \$16.63, \$22.01, and \$20.05, respectively. No compensation cost is recognized for actual forfeitures of time-based or market-based awards if an employee is terminated prior to rendering the requisite service period. There was no tax benefit realized upon vesting for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019 2020.

The Company recognizes compensation cost net of actual forfeitures of time-based or market-based awards. A summary of compensation cost related to share-based payments is as follows for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019 2020, (in millions):

	Share-based expense:	2021	2020	2019		Share-based expense:	2022	2021	2020
Share-based expense:	Time-based and market-based restricted stock units	Time-based and market-based restricted stock units	\$ 5.9	\$ 5.8	\$ 5.4	Time-based and market-based restricted stock units	\$ 4.9	\$ 5.9	\$ 5.8
Total share-based expense	Total share-based expense	5.9	5.8	5.4	Total share-based expense	4.9	5.9	5.8	
Total recognized tax benefit	Total recognized tax benefit	—	—	—	Total recognized tax benefit	—	—	—	
Share-based expense (net of tax)	Share-based expense (net of tax)	\$ 5.9	\$ 5.8	\$ 5.4	Share-based expense (net of tax)	\$ 4.9	\$ 5.9	\$ 5.8	
Cash received upon option exercise	Cash received upon option exercise	\$ 1.4	\$ 3.5	\$ 2.6	Cash received upon option exercise	\$ —	\$ 1.4	\$ 3.5	
Intrinsic value of options exercised	Intrinsic value of options exercised	\$ 0.6	\$ 0.5	\$ 2.6	Intrinsic value of options exercised	\$ —	\$ 0.6	\$ 0.5	
Tax benefit realized upon option exercise	Tax benefit realized upon option exercise	\$ —	\$ —	\$ —	Tax benefit realized upon option exercise	\$ —	\$ —	\$ —	
Fair value of stock vested	Fair value of stock vested	\$ 5.4	\$ 3.0	\$ 4.5	Fair value of stock vested	\$ 5.6	\$ 5.4	\$ 3.0	

17.15. Employee Benefit Plans

The During the year ended December 31, 2022, the Company has completed the termination of its funded single-employer defined benefit pension plans that covered certain non-bargaining unit employees and bargaining unit employees of the Company excluding Grace Pacific. In addition, (see Pension Plan Termination below), and transferred the life insurance benefits for retirees as of June 30, 2022, to an insurance company. The Company has continues to maintain its plans that provide retiree health care and the remaining life insurance benefits to certain salaried and hourly employees. Employees are generally eligible for such benefits upon retirement and completion of a specified number of years of service. The Company does not pre-fund these health care and life insurance benefits and has the right to modify or terminate certain of these plans in the future. Certain groups of retirees pay a portion of the benefit costs.

Pension Plan Termination: On February 23, 2021, the Company's Board of Directors approved a plan to effect the termination of the A&B Retirement Plan for Salaried Employees of Alexander & Baldwin, LLC and the Pension Plan for Employees of A&B Agricultural Companies (collectively, the "Defined Benefit Plans"), which became effective on May 31, 2021. As a result, **On June 30, 2022**, the Company has proceeded with the following steps in connection with the termination of the tax-qualified Defined Benefit Plans:

- In April 2021, the Company amended the plan agreements of the Defined Benefit Plans in order to provide for a limited lump-sum window for eligible participants;
- The Company filed the Application for Determination Upon Termination with the Internal Revenue Service ("IRS") in April 2021, and the Company received a favorable determination notice for federal tax purposes from the IRS in July 2021; and
- The Company is preparing the appropriate notices and documents to file related to completed the termination of the Defined Benefit Plans and wind-down with the Pension Benefit Guaranty Corporation (the "PBGC"), the U.S. Department of Labor, the trustee and any other appropriate parties.

Except for retirees currently receiving payments under the Defined Benefit Plans, participants will have the choice of receiving a single lump sum payment or an annuity from a highly-rated insurance company that will pay and administer future benefit payments. The amount of any lump sum payment will equal the actuarial-equivalent present value of the participant's accrued benefit under the applicable pension plan as of the distribution date. Annuity payments to current retirees will continue under their current elections, but will be administered by the selected insurance company.

The Company will recognize a gain/loss upon settlement of the Defined Benefit Plans when meeting the following three criteria have been met: criteria: (1) an irrevocable action to terminate the Defined Benefit Plans have had occurred, (2) the Company is relieved of the primary responsibility of the Defined Benefit Plans, and (3) the significant risks related to the obligations of the Defined Benefit Plans and the assets used to effect the settlement is was eliminated for the Company.

During the year ended December 31, 2022, the Company made cash contributions of \$28.7 million to defined benefit plans, and in connection with the Defined Benefit Plans termination process, recorded a pre-tax settlement charge of \$76.9 million within *Pension termination* in the consolidated statements of operations, which represents the acceleration of deferred charges previously included within accumulated other comprehensive loss and the impact of remeasuring the plan assets and obligations at termination. In addition, the Company recorded an income tax benefit of \$18.3 million during the year ended December 31, 2022, to reclassify the tax effects in accumulated other comprehensive loss upon completion of the termination of the Defined Benefit Plans.

Benefit Obligations, Plan Assets and Funded Status of the Plans: The measurement date for the Company's benefit plan disclosures is December 31 of each year. The status of the funded defined benefit pension plan and the unfunded accumulated post-retirement benefit plans as of December 31, 2021 December 31, 2022 and 2020, 2021, and are shown below (in millions):

Change in Benefit Obligation	Non-qualified						Non-qualified						Non-qualified					
	Pension Benefits			Other Post-retirement Benefits			Plan Benefits			Pension Benefits			Other Post-retirement Benefits			Plan Benefits		
	2021	2020	2021	2020	2021	2020	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Change in Benefit Obligation	Change in Benefit Obligation										Change in Benefit Obligation							
Benefit obligation at beginning of year	Benefit obligation at beginning of year										Benefit obligation at beginning of year							
Service cost	Service cost	1.2	0.8	0.1	0.1	—	—	Service cost	1.4	1.2	0.1	0.1	—	—	Service cost	1.4	1.2	0.1
Interest cost	Interest cost	5.1	6.5	0.3	0.3	—	0.1	Interest cost	0.7	5.1	0.4	0.3	0.1	—	Interest cost	0.7	5.1	0.4
Plan participants' contributions	Plan participants' contributions	—	—	0.7	0.8	—	—	Plan participants' contributions	—	—	0.6	0.7	—	—	Plan participants' contributions	—	—	0.6
Actuarial (gain) loss	Actuarial (gain) loss	17.2	21.1	(0.6)	3.7	—	0.2	Actuarial (gain) loss	(44.5)	17.2	(2.2)	(0.6)	(0.6)	—	Actuarial (gain) loss	(44.5)	17.2	(2.2)
Benefits paid	Benefits paid	(15.0)	(14.1)	(1.4)	(1.5)	—	—	Benefits paid	(13.9)	(15.0)	(1.2)	(1.4)	—	—	Benefits paid	(13.9)	(15.0)	(1.2)
Settlement	Settlement	—	—	—	—	—	—	Settlement	(170.9)	—	(2.2)	—	(0.6)	—	Settlement	(170.9)	—	(2.2)
Benefit obligation at end of year	Benefit obligation at end of year	\$227.2	\$218.7	\$ 12.6	\$ 13.5	\$ 3.1	\$ 3.1	Benefit obligation at end of year	\$ —	\$227.2	\$ 8.1	\$ 12.6	\$ 2.0	\$ 3.1	Benefit obligation at end of year	\$ —	\$227.2	\$ 8.1
Change in Plan Assets	Change in Plan Assets										Change in Plan Assets							
Fair value of plan assets at beginning of year	Fair value of plan assets at beginning of year	\$200.6	\$190.5	\$ —	\$ —	\$ —	\$ —	Fair value of plan assets at beginning of year	\$186.6	\$200.6	\$ —	\$ —	\$ —	\$ —	Fair value of plan assets at beginning of year	\$186.6	\$200.6	\$ —
Actual return on plan assets	Actual return on plan assets	(5.7)	24.2	—	—	—	—	Actual return on plan assets	(27.1)	(5.7)	—	—	—	—	Actual return on plan assets	(27.1)	(5.7)	—
Employer contributions	Employer contributions	6.7	—	0.7	0.7	—	—	Employer contributions	25.3	6.7	2.8	0.7	0.6	—	Employer contributions	25.3	6.7	2.8

Participant contributions	Participant contributions	—	—	0.7	0.8	—	—	Participant contributions	—	—	0.6	0.7	—	—
Benefits paid	Benefits paid	(15.0)	(14.1)	(1.4)	(1.5)	—	—	Benefits paid	(13.9)	(15.0)	(1.2)	(1.4)	—	—
Settlement	Settlement	—	—	—	—	—	—	Settlement	(170.9)	—	(2.2)	—	(0.6)	—
Fair value of plan assets at end of year	Fair value of plan assets at end of year	\$186.6	\$200.6	\$ —	\$ —	\$ —	\$ —	Fair value of plan assets at end of year	\$ —	\$186.6	\$ —	\$ —	\$ —	\$ —
Funded Status (Recognized Liability:)	Funded Status (Recognized Liability:)	<u>\$ (40.6)</u>	<u>\$ (18.1)</u>	<u>\$ (12.6)</u>	<u>\$ (13.5)</u>	<u>\$ (3.1)</u>	<u>\$ (3.1)</u>	Funded Status (Recognized Liability:)	\$ —	\$ (40.6)	\$ (8.1)	\$ (12.6)	\$ (2.0)	\$ (3.1)

¹ Presented as *Accrued pension and post-retirement benefits* in the accompanying consolidated balance sheets as of December 31, 2022 and 2021.

¹ Presented as *Accrued pension and post-retirement benefits* in the accompanying consolidated balance sheets as of December 31, 2021 and 2020.

Defined benefit pension plan actuarial losses in the changes in benefit obligations for 2021 and 2020 resulted primarily due from reflecting a lump sum window and transfer of remaining benefit obligations to an insurance company. Defined benefit pension plan actuarial gains in the decrease changes in discount rate (see assumptions used in table below).

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benefit obligations for 2022 resulted from favorable lump sum election and insurer annuity pricing upon pension termination.

Benefit Plan Assets Investment Policies and Target Asset Allocations: As Prior to termination in June 2022, the Company served as the plan sponsor for its defined benefit pension plan the Company is and was responsible for the investment and management of the pension plan assets. The Company manages managed the pension plan assets based upon a liability-driven investment strategy, which seeks sought to increase the correlation of the pension plan assets and liabilities to reduce the volatility of the plan's funded status and, over time, improve the funded status of the plan. As a result, the asset allocation of the defined benefit pension plan was weighted toward fixed income investments, which reduces reduced investment volatility, but also reduces reduced investment returns over time. In connection with the liability-driven investment strategy, the Company appointed an investment adviser that directs to direct investments and selects select investment options, based on established guidelines.

The Company's target weighted-average asset allocation by asset category as of December 31, 2021, and the weighted-average asset allocations was as of December 31, 2021 and 2020 were as follows:

	Target	2021	2020
Fixed income securities ¹	97 %	98 %	99 %
Cash and cash equivalents	3 %	2 %	1 %
Total	100 %	100 %	100 %

¹ Fixed income securities include investment-grade corporate bonds from diversified industries and U.S. Treasuries.

	2021
Fixed income securities ¹	98 %
Cash and cash equivalents	2 %
Total	100 %

¹ Fixed income securities include investment-grade corporate bonds from diversified industries and U.S. Treasuries.

Fair Value of Plan Assets: As a result of the pension termination, the Company had no defined benefit pension plan assets as of December 31, 2022, and therefore, no corresponding fair values. The fair values of the Company's defined benefit pension plan assets as of December 31, 2021 and 2020, by asset category, are were as follows (in millions):

Fair Value Measurements at						Fair Value Measurements at		
December 31, 2021			December 31, 2020			December 31, 2021		
Quoted Prices in Active Markets (Level 1)		Significant Observable Inputs (Level 2)	Quoted Prices in Active Markets (Level 1)		Significant Observable Inputs (Level 2)	Quoted Prices in Active Markets (Level 1)		Significant Observable Inputs (Level 2)
Total	1)	(Level 2)	Total	1)	(Level 2)	Total	(Level 1)	(Level 2)

Asset Category	Asset Category							Asset Category						
Cash and cash equivalents	Cash and cash equivalents	\$ 4.6	\$ 4.6	\$ —	\$ 1.2	\$ —	\$ 1.2	\$ —	\$ 4.6	\$ 4.6	\$ —	\$ 4.6	\$ —	
Assets measured at NAV	Assets measured at NAV	182.0	—	—	199.4	—	—	—	182.0	—	—	—	—	
Total	Total	\$186.6	\$ 4.6	\$ —	\$200.6	\$ —	\$ 1.2	\$ —	\$186.6	\$ 4.6	\$ —	\$ 4.6	\$ —	

The Company's pension plan assets **are were** held in a master trust and stated at estimated fair value, which **is was** based on the fair values of the underlying investments. Purchases and sales of securities **are were** recorded on a trade-date basis. Interest income **is was** recorded on the accrual basis. Dividends **are were** recorded on the ex-dividend date.

Investments in funds that **are were** measured at fair value using the net asset value ("NAV") per share practical expedient in accordance with ASC 820 **have are not been** classified in the fair value hierarchy **tables table** above. The NAV **is was** based on the fair value of the underlying assets owned by the fund and **is** determined by the investment manager or custodian of the fund. The fair value amounts presented **are is** intended to permit reconciliation of the fair value hierarchy to the amounts presented in the fair value of plan assets. These investments primarily **include included** other fixed income investments and securities.

Expected Rate-of-Return on Plan Assets: The expected return on plan assets assumption (2.6% for 2021 according to the table on assumptions used in plan accounting below) **is was** principally based on the long-term outlook for various asset class returns, asset mix, the historical performance of the plan assets under the liability-driven investment strategy, and a comparison of the estimated long-term return calculated to the distribution of assumptions adopted by other plans with similar asset mixes. For the years ended December 31, 2021 December 31, 2022 and 2020, 2021, the plan assets experienced a negative return of 2.8% 14.5% and a positive return of 12.7% 2.8%, respectively.

Accumulated Benefit Obligation for Defined Benefit Pension Plans: In 2007, the Company changed the traditional defined benefit pension plan formula for new non-bargaining unit employees hired after January 1, 2008, and, replaced it with a cash balance defined benefit pension plan formula. Subsequently, effective January 1, 2012, the Company changed the benefits under its traditional defined benefit plans for non-bargaining unit employees hired before January 1, 2008, and, replaced the benefit with the same cash balance defined benefit pension plan formula provided to those employees hired after January 1, 2008. Retirement benefits under the cash balance pension plan formula **are were** based on a fixed percentage of eligible compensation, plus interest. The plan interest credit rate **will vary varied** from year-to-year based on the 10-year U.S. Treasury rate. During the year ended December 31, 2019, the Company amended the cash balance pension plan such that, effective January 1, 2020, benefit accruals under the cash balance formula **would cease ceased** and **would be were** replaced with a non-elective contribution by the Company into a defined contribution plan. All accumulated benefits under the traditional defined benefit pension plan and the cash balance pension plan will remain credited to employees' accounts under the amendments made in 2019. During the year ended December 31, 2020, the Company amended the traditional defined benefit pension plan formula for remaining bargaining unit employees to cease accruals effective January 1, 2021.

As a result of the pension termination, the Company had no accumulated benefit obligation as of December 31, 2022. The accumulated benefit obligation for the Company's qualified pension plans was \$227.2 million and \$218.7 million as of December 31, 2021 and 2020, respectively.

Estimated Benefit Payments: The estimated future benefit payments for the next ten years are as follows (in millions):

Estimated Benefit Payments	Estimated Benefit Payments	2022	2023	2024	2025	2026	2027-2031	Estimated Benefit Payments	2023	2024	2025	2026	2027	2028-2032
		\$ 227.9	\$ —	\$ —	\$ —	\$ —	\$ —		\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 2.7
Pension	Post-retirement Benefits	0.7	0.7	0.7	0.7	0.7	3.1	Post-retirement Benefits	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 2.7
Non-qualified Plan Benefits	Non-qualified Plan Benefits	0.6	0.6	—	1.9	—	—	Non-qualified Plan Benefits	—	0.5	1.6	—	—	—
Total estimated benefit payments		\$ 229.2	\$ 1.3	\$ 0.7	\$ 2.6	\$ 0.7	\$ 3.1	Total	\$ 0.6	\$ 1.1	\$ 2.2	\$ 0.6	\$ 0.6	\$ 2.7

Estimated Future Contributions: Contributions are determined annually for each plan by the Company's pension Administrative Committee, based upon the actuarial-determined minimum required contribution under the Employee Retirement Income Security Act of 1974, as amended, the Pension Protection Act of 2006, and the maximum deductible contribution allowed for tax purposes. During the **year** years ended December 31, 2021 December 31, 2022, 2021 and 2020, the Company made a contribution contributions of \$6.7 million \$28.7 million, \$7.4 million, and zero to its defined benefit pension plans, for the 2020 plan year. During the years ended December 31, 2020 and 2019, the Company made no contributions to its defined benefit pension plans, respectively. The Company's funding policy is to contribute cash to its pension defined benefit plans so that it meets at least the minimum contribution requirements. With the completion of the pension plan termination in 2022, the Company expects to make no further contributions to the defined benefit pension plans.

Net Benefit Cost Recognized and Amounts Recognized in Other Comprehensive Income: Components of the net periodic benefit cost and other amounts recognized in other comprehensive income (loss) for the defined benefit pension plans and the post-retirement health care and life insurance benefit plans during the years ended **December 31, 2021**, **December 31, 2022**, **2020** **2021** and **2019**, **2020**, are shown below (in millions):

Components of Net Periodic Benefit Cost	Pension Benefits			Other Post-retirement Benefits			Non-qualified Plan Benefits		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
	\$ 1.4	\$ 1.2	\$ 0.8	\$ 0.1	\$ 0.1	\$ 0.1	\$ —	\$ —	\$ —
Service cost	\$ 1.4	\$ 1.2	\$ 0.8	\$ 0.1	\$ 0.1	\$ 0.1	\$ —	\$ —	\$ —
Interest cost	0.7	5.1	6.5	0.4	0.3	0.3	0.1	—	0.1
Expected return on plan assets	(2.6)	(5.0)	(6.8)	—	—	—	—	—	—
Amortization of net loss	1.7	2.5	2.5	0.1	—	(0.1)	0.1	0.1	0.1
Amortization of prior service cost	0.1	—	—	—	—	—	—	—	—
Pension termination	76.7	—	—	0.1	—	—	0.1	—	—
Net periodic benefit cost	<u>\$ 78.0</u>	<u>\$ 3.8</u>	<u>\$ 3.0</u>	<u>\$ 0.7</u>	<u>\$ 0.4</u>	<u>\$ 0.3</u>	<u>\$ 0.3</u>	<u>\$ 0.1</u>	<u>\$ 0.2</u>
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income (Loss)									
Net gain (loss)	\$ 14.4	\$ (28.0)	\$ (3.8)	\$ 2.2	\$ 0.6	\$ (3.7)	\$ 0.4	\$ —	\$ (0.2)
Amortization of net loss ¹	1.7	2.6	2.5	0.1	0.1	(0.1)	0.1	0.1	0.1
Prior service cost	—	—	(0.1)	—	—	—	—	—	—
Amortization of prior service credit ¹	0.1	—	—	—	—	—	—	—	—
Pension termination ¹	76.7	—	—	0.1	—	—	0.1	—	—
Income taxes related to other comprehensive income (loss) ¹	(18.3)	—	—	(0.1)	—	—	0.1	—	—
Total recognized in Other comprehensive income (loss)	<u>\$ 74.6</u>	<u>(25.4)</u>	<u>(1.4)</u>	<u>2.3</u>	<u>0.7</u>	<u>(3.8)</u>	<u>0.7</u>	<u>0.1</u>	<u>(0.1)</u>
Total recognized in net periodic benefit cost and Other comprehensive income (loss)	<u>\$ (3.4)</u>	<u>\$ (29.2)</u>	<u>\$ (4.4)</u>	<u>\$ 1.6</u>	<u>\$ 0.3</u>	<u>\$ (4.1)</u>	<u>\$ 0.4</u>	<u>\$ —</u>	<u>\$ (0.3)</u>

¹ Represents amortization or recognition of balances previously recorded to *Accumulated other comprehensive income (loss)* in the consolidated balance sheets and recognized as a component of net periodic benefit cost.

Components of Net Periodic Benefit Cost	Pension Benefits			Other Post-retirement Benefits			Non-qualified Plan Benefits		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
	\$ (1.2)	\$ (0.8)	\$ (2.3)	\$ (0.1)	\$ (0.1)	\$ (0.1)	\$ —	\$ —	\$ (0.1)
Service cost	\$ (1.2)	\$ (0.8)	\$ (2.3)	\$ (0.1)	\$ (0.1)	\$ (0.1)	\$ —	\$ —	\$ (0.1)
Interest cost	(5.1)	(6.5)	(8.0)	(0.3)	(0.3)	(0.4)	—	(0.1)	(0.1)
Expected return on plan assets	5.0	6.8	7.3	—	—	—	—	—	—
Amortization of net loss	(2.5)	(2.5)	(4.1)	—	0.1	0.1	(0.1)	(0.1)	—
Amortization of prior service cost	—	—	0.6	—	—	—	—	—	0.1
Curtailment gain (loss)	—	—	1.3	—	—	—	—	—	0.1
Settlement gain (loss)	—	—	—	—	—	—	—	—	—
Net periodic benefit cost	<u>\$ (3.8)</u>	<u>\$ (3.0)</u>	<u>\$ (5.2)</u>	<u>\$ (0.4)</u>	<u>\$ (0.3)</u>	<u>\$ (0.4)</u>	<u>\$ (0.1)</u>	<u>\$ (0.2)</u>	<u>\$ —</u>
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income (Loss)									
Net gain (loss)	\$ (28.0)	\$ (3.8)	\$ 5.2	\$ 0.6	\$ (3.7)	\$ 0.3	\$ —	\$ (0.2)	\$ (0.2)
Amortization of net loss ¹	2.6	2.5	4.1	0.1	(0.1)	(0.1)	0.1	0.1	—
Prior service credit	—	—	—	—	—	—	—	—	—
Prior service cost	—	(0.1)	—	—	—	—	—	—	—
Amortization of prior service credit ¹	—	—	(0.6)	—	—	—	—	—	(0.1)
Curtailment gain recognition of prior service credit ¹	—	—	(1.3)	—	—	—	—	—	(0.1)
Recognition of settlement loss ¹	—	—	—	—	—	—	—	—	—
Total recognized in Other comprehensive income (loss)	<u>(25.4)</u>	<u>(1.4)</u>	<u>7.4</u>	<u>0.7</u>	<u>(3.8)</u>	<u>0.2</u>	<u>0.1</u>	<u>(0.1)</u>	<u>(0.4)</u>
Total recognized in net periodic benefit cost and Other comprehensive income (loss)	<u>\$ (29.2)</u>	<u>\$ (4.4)</u>	<u>\$ 2.2</u>	<u>\$ 0.3</u>	<u>\$ (4.1)</u>	<u>\$ (0.2)</u>	<u>\$ —</u>	<u>\$ (0.3)</u>	<u>\$ (0.4)</u>

¹ Represents amortization or recognition of balances previously recorded to Accumulated other comprehensive income (loss) in the consolidated balance sheets and recognized as a component of net periodic benefit cost.

Other components of net periodic benefit costs (other than the service cost component) are recorded in *Interest and other income (expense), net* in the consolidated statements of operations.

Amounts recognized on the consolidated balance sheets in accumulated other comprehensive income (loss) as of **December 31, 2021** **December 31, 2022** and **2020**, 2021, were as follows (in millions):

	Other Post-retirement Benefits						Other Post-retirement Benefits							
	Pension Benefits		Other Post-retirement Benefits		Non-qualified Plan Benefits		Pension Benefits		Other Post-retirement Benefits		Non-qualified Plan Benefits			
	2021	2020	2021	2020	2021	2020	2022	2021	2022	2021	2022	2021		
Net gain (loss), net of taxes	Net gain (loss), net of taxes	\$ (74.5)	\$ (48.8)	\$ (2.6)	\$ (3.6)	\$ (0.7)	\$ (0.8)	Net gain (loss), net of taxes	\$ —	\$ (74.5)	\$ 0.3	\$ (2.6)	\$ —	\$ (0.7)
Unrecognized prior service credit (cost), net of taxes	Unrecognized prior service credit (cost), net of taxes	(0.1)	(0.1)	—	—	—	—	Unrecognized prior service credit (cost), net of taxes	—	(0.1)	—	—	—	—
Total		\$ (74.6)	\$ (48.9)	\$ (2.6)	\$ (3.6)	\$ (0.7)	\$ (0.8)							
Total Accumulated other comprehensive income (loss)								Total Accumulated other comprehensive income (loss)	\$ —	\$ (74.6)	\$ 0.3	\$ (2.6)	\$ —	\$ (0.7)

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Unrecognized gains and losses of the post-retirement benefit plans are amortized over **five years**, the average future lifetime of inactive participants in excess of a **10% corridor**. Although current health costs are expected to increase, the Company attempts to mitigate these increases by maintaining caps on certain of its benefit plans, using lower cost health care plan options where possible, requiring that certain groups of employees pay a portion of their benefit costs, self-insuring for certain insurance plans, encouraging wellness programs for employees, and implementing measures to mitigate future benefit cost increases.

Assumptions in Plan Accounting: The weighted average assumptions used to determine benefit information during the years ended **December 31, 2021** **December 31, 2022**, **2020** **2021** and **2019**, **2020**, were as follows:

	Pension Benefits			Other Post-retirement Benefits			Non-qualified Plan Benefits		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Weighted Average Assumptions									
Discount rate to determine benefit obligations	2.26%	2.40%	3.29%	2.86%	2.49%	3.38%	1.68%	1.07%	2.48%
Discount rate to determine net cost	2.39%	3.28%	4.33%	2.48%	3.38%	4.38%	1.07%	2.48%	3.78%
Rate of compensation increase	N/A	N/A	0.5%-3.0%	0.5%-3.0%	0.5%-3.0%	0.5%-3.0%	N/A	N/A	N/A
Expected return on plan assets	2.60%	3.70%	4.30%	N/A	N/A	N/A	N/A	N/A	N/A
Interest crediting rates	2.15%	0.71%	1.68%	N/A	N/A	N/A	2.15%	0.71%	1.68%
Initial health care cost trend rate	N/A	N/A	N/A	5.90%	5.70%	6.00%	N/A	N/A	N/A
Ultimate rate	N/A	N/A	N/A	4.00%	4.50%	4.50%	N/A	N/A	N/A
Year ultimate rate is reached	N/A	N/A	N/A	2045	2037	2037	N/A	N/A	N/A

Multiemployer Plans: Grace Pacific and certain subsidiaries contribute to a number of multiemployer defined benefit pension plans under the terms of collective-bargaining agreements that cover their union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Company chooses to stop participating in some of its multiemployer plans, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company's participation in these plans and the historical activity for the years ended December 31, 2021, 2020 and 2019, are outlined in the table below. Regarding the Hawai'i Laborers Trust Funds, GPRS and GPRM (as applicable prior to the Company's disposal of GPRM in the year ended December 31, 2020) had separate contracts and are presented separately in the table below to reflect the historical contributions by relevant entity.

The "EIN Pension Plan Number" column provides the Employee Identification Number (EIN) and the 3-digit plan number, if applicable. The most recent Pension Protection Act ("PPA") zone status is based on the most recent annual report received from the plan for the following plan year ends (as certified by the plan's actuary):

- Pension Trust Fund for Operating Engineers Pension Plan - December 31, 2020
- Laborer's National (Industrial) Pension Fund - December 31, 2020
- Hawai'i Laborer's Trust Funds - February 28, 2021

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The zone status listed for each plan is determined, in part and among other factors, as follows:

- Green - plan is funded more than 80%.
- Yellow - meets one of the following criteria: (1) plan is funded between 65% and 80% funded or (2) plan has an accumulated funding deficiency or is expected to have a deficiency in any of the next six years.
- Orange - Plan meets both of the criteria listed above applicable to the yellow zone.
- Red - Plan is less than 65% funded and is in need of reorganization.

The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented and the "Surcharge Imposed" column represents whether the Company has paid a surcharge to the plan as of December 31, 2021. The "Expiration Date" column describes the expiration dates of the collective-bargaining agreements requiring contributions to the plan.

Fund	EIN Pension Plan			FIP/RP Status		Contribution by Entity		Contribution by Entity		Contribution by Entity	
	Number	PPA Zone Status	Pending/Implemented	Jan. 1 - Dec. 31, 2021		Jan. 1 - Dec. 31, 2020		Jan. 1 - Dec. 31, 2019		Surcharge Imposed	Expiration Date
				2021	2020	2020	2019				
Operating Engineers	94-6090764; 001	Yellow	Yes	\$ 3.5	\$ 3.3	\$ 4.1	No	8/31/24			
Laborers National	52-6074345; 001	Green	Yes	0.2	0.2	0.2	No	8/31/24			
Hawai'i Laborers (GPRM)	99-6025107; 001	Green	No	—	0.3	1.1	No	N/A			
Hawai'i Laborers (GPRS)	99-6025107; 001	Green	No	0.2	0.2	0.2	No	9/30/24			
Total				\$ 3.9	\$ 4.0	\$ 5.6					

As of the end of each respective period, based upon the most recently available annual reports for the applicable plan year, plans reporting that the Company's contributions represented more than 5% of the plan's total contributions for the applicable plan year were as follows: as of December 31, 2021 and December 31, 2020, there were no such plans; as of December 31, 2019, there was one plan (Hawai'i Laborers Trust Fund).

Weighted Average Assumptions	Pension Benefits			Other Post-retirement Benefits			Non-qualified Plan Benefits		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Discount rate to determine benefit obligations	N/A	2.26%	2.40%	5.41%	2.86%	2.49%	5.24%	1.68%	1.07%
Discount rate to determine net cost	N/A	2.39%	3.28%	3.51%	2.48%	3.38%	1.68%	1.07%	2.48%
Rate of compensation increase	N/A	N/A	N/A	0.5%-3.0%	0.5%-3.0%	0.5%-3.0%	N/A	N/A	N/A
Expected return on plan assets	N/A	2.60%	3.70%	N/A	N/A	N/A	N/A	N/A	N/A
Interest crediting rates	N/A	2.15%	0.71%	N/A	N/A	N/A	2.15%	2.15%	0.71%
Initial health care cost trend rate	N/A	N/A	N/A	5.90%	5.90%	5.70%	N/A	N/A	N/A
Ultimate rate	N/A	N/A	N/A	4.00%	4.00%	4.50%	N/A	N/A	N/A
Year ultimate rate is reached	N/A	N/A	N/A	2045	2045	2037	N/A	N/A	N/A

A&B Defined Contribution Plans: The Company sponsors defined contribution plans that qualify under Section 401(k) of the Code and provides matching contributions of up to 3% of eligible compensation. The Company's matching contributions expensed under these plans totaled \$0.6 million, \$0.6 million and \$0.2 million for each of the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019, 2020, respectively. The Company also maintains profit sharing plans and, if a minimum threshold of Company

performance is achieved, provides contributions of 1% to 5%, depending upon Company performance above the minimum threshold. There were \$0.7 million \$0.8 million, \$0.5 million \$0.7 million and \$0.3 million \$0.5 million of profit sharing contribution expenses recognized in the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019, 2020, respectively.

As noted above, during the year ended December 31, 2019, the Company amended the cash balance pension plan such that, effective January 1, 2020, benefit accruals under the cash balance formula would cease and would be replaced with a non-elective contribution of 3% of the participant's annual eligible compensation made by the Company into the participant's defined contribution plan. The Company's contribution expensed under this non-elective component of the defined contribution plan totaled \$0.6 million \$0.7 million, \$0.7 million \$0.6 million, and zero \$0.7 million for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019, 2020, respectively.

Grace Pacific 401(k) Plans: The Company allows for discretionary non-elective employer contributions up to the sum of 10% of each eligible employee's compensation for the 12 months in the plan year, subject to certain limitations. Management revenue sharing bonuses can be deferred to the employee's 401(k) account, but will be subject to the IRS' annual limit on employee elective deferrals. Grace Pacific recognized discretionary employer contribution and revenue sharing expense of \$1.1 million, \$1.1 million, and \$1.1 million in the years ended December 31, 2021, 2020 and 2019, respectively.

18.16. Income Taxes

For taxable years prior The Company elected to 2017, the Company filed be taxed as a consolidated REIT and operate in a manner that allows us to qualify as a REIT for federal income tax return, which included all of its wholly owned subsidiaries. On October 15, 2018, the Company filed its 2017 Form 1120-REIT purposes commencing with the Internal Revenue Service, our taxable year ended December 31, 2017. The Company's taxable REIT subsidiary ("TRS") filed separately as a C corporation. The Company also files separate income tax returns in various states. The Company completed the necessary preparatory work and obtained the necessary

approvals such that the Company believes it has been organized and operates in a manner that enables it to qualify, and continue to qualify, as a REIT for federal income tax purposes.

As a REIT, the Company will generally be allowed a deduction for dividends that it pays, and therefore, will not be subject to United States federal corporate income tax on its taxable income that is currently distributed to shareholders. The Company may be subject to certain state gross income and franchise taxes, as well as taxes on any undistributed income and federal and state corporate taxes on any income earned by its TRS.

Distributions with respect to the Company's common stock can be characterized for federal income tax purposes as ordinary income, capital gains, unrecaptured section 1250 gains, return of capital, or a combination thereof. Taxable distributions paid for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019, 2020, were classified as ordinary income.

The income tax expense (benefit) on income (loss) from continuing operations for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019, 2020, consisted of the following (in millions):

		2021	2020	2019		2022	2021	2020
Current:	Current:				Current:			
Federal	Federal	\$ 0.1	\$ (0.1)	\$ (1.6)	Federal	\$ (18.0)	\$ 0.1	\$ (0.1)
State	State	(0.1)	(0.3)	(0.4)	State	(0.3)	(0.1)	(0.3)
Current	Current	\$ —	\$ (0.4)	\$ (2.0)	Current	\$ (18.3)	\$ —	\$ (0.4)
Deferred:	Deferred:				Deferred:			
Federal	Federal	\$ —	\$ —	\$ —	Federal	\$ —	\$ —	\$ —
State	State	—	—	—	State	—	—	—
Deferred	Deferred	\$ —	\$ —	\$ —	Deferred	\$ —	\$ —	\$ —
Income tax expense (benefit)	Income tax expense (benefit)	\$ —	\$ (0.4)	\$ (2.0)	Income tax expense (benefit)	\$ (18.3)	\$ —	\$ (0.4)

Income tax expense (benefit) for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019, 2020, differs from amounts computed by applying the statutory federal rate to income from continuing operations before income taxes for the following reasons (in millions):

		2021	2020	2019		2022	2021	2020
Computed federal income tax expense (benefit)	Computed federal income tax expense (benefit)	\$ 7.8	\$ 1.2	\$ (8.2)	Computed federal income tax expense (benefit)	\$ 3.9	\$ 15.8	\$ 4.0
State income taxes	State income taxes	(0.7)	(1.1)	(5.1)	State income taxes	(1.5)	1.4	(0.4)
Valuation allowance	Valuation allowance	1.7	3.4	8.3	Valuation allowance	5.3	(8.0)	(0.2)
REIT rate differential	REIT rate differential	(9.0)	(4.7)	(7.9)	REIT rate differential	(7.8)	(9.0)	(4.7)
Amended return		—	—	(1.1)				
Noncontrolling interest		(0.1)	0.1	0.5				

Goodwill impairment	0.5	—	12.4		
Other non-deductible expense				Other non-deductible expense	— — 0.6
Share-based compensation				Share-based compensation	(0.1) 0.1 0.2
Effective rate differences between current and deferred taxes				Effective rate differences between current and deferred taxes	0.4 (0.5) 0.1
Pension termination				Pension termination	(18.3) — —
Other, net	Other, net	(0.2) 0.7 (0.9)	Other, net	(0.2) 0.2 —	
Income tax expense (benefit)	Income tax expense (benefit)	\$ — \$(0.4) \$(2.0)	Income tax expense (benefit)	\$ (18.3) \$ — \$(0.4)	

The change in the Company's effective tax rate for the year ended December 31, 2021 December 31, 2022, as compared to the year ended December 31, 2020 December 31, 2021, is primarily due to the termination of the Company's Defined Benefit Plans, impairments incurred in 2021 and 2022, and changes in the valuation allowance on deferred tax assets during the year and overall increase in pretax book income for the year ended December 31, 2021 December 31, 2022.

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The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31, 2021 December 31, 2022 and 2020, were as follows (in millions):

	Deferred tax assets:	2021		2020		Deferred tax assets:	2022		2021		
		Employee benefits	Capitalized costs	Joint ventures and other investments	Impairment and amortization	Solar investment benefits	Insurance and other reserves	Disallowered interest expense	Net operating losses	Other	
Employee benefits	Employee benefits	\$ 17.7	\$ 11.5	1.6	42.6	15.7	6.0	1.7	52.6	3.0	\$ 6.3 \$ 17.7
Capitalized costs	Capitalized costs			6.4				1.6			1.5 1.6
Joint ventures and other investments	Joint ventures and other investments				42.6						6.0 6.4
Impairment and amortization	Impairment and amortization					15.7					24.8 1.7
Solar investment benefits	Solar investment benefits					6.0					14.9 15.7
Insurance and other reserves	Insurance and other reserves						7.2				6.0
Disallowered interest expense	Disallowered interest expense							9.1			8.9 10.5
Net operating losses	Net operating losses								44.1		52.6
Operating lease liability	Operating lease liability							2.0			6.6 1.6
Other	Other									1.0	3.0
Total deferred tax assets	Total deferred tax assets	\$ 116.8	\$ 118.1								\$ 121.3 \$ 116.8
Valuation allowance	Valuation allowance	(109.6)	(104.0)								(109.8) (109.6)
Total net deferred tax assets	Total net deferred tax assets	\$ 7.2	\$ 14.1								\$ 11.5 \$ 7.2
Deferred tax liabilities:	Deferred tax liabilities:										Deferred tax liabilities:
Property (including tax-deferred gains on real estate transactions)	Property (including tax-deferred gains on real estate transactions)	\$ 5.6	\$ 12.2								Property (including tax-deferred gains on real estate transactions)
Operating lease asset	Operating lease asset			1.6	1.9						6.5 1.6
Other		—	—								
Total deferred tax liabilities	Total deferred tax liabilities	\$ 7.2	\$ 14.1								\$ 11.5 \$ 7.2
Net deferred tax assets (liabilities)	Net deferred tax assets (liabilities)	\$ —	\$ —								\$ — \$ —

Federal tax credit carryforwards at December 31, 2021 December 31, 2022, totaled \$8.7 million and \$8.2 million, of which \$8.1 million will expire in 2036, \$0.2 million and \$0.1 million will expire in 2039. State tax credit carryforwards at December 31, 2021 December 31, 2022, totaled \$6.9 million \$6.7 million and may be carried forward indefinitely under state law. As of December 31, 2021 December 31, 2022, the Company had gross federal net operating loss carryforwards of \$201.1 million \$169.2 million (\$42.2 35.5 million tax-effected), of which \$15.9 million (\$3.3 million tax-effected) will expire in 2037, with the remaining being that can be carried forward indefinitely under federal law. As of December 31, 2021 December 31, 2022, the Company had state net operating loss carryforwards of \$204.8 million \$169.7 million (\$10.4 8.6 million tax-effected), of which \$17.2 million (\$0.9 million tax-effected) of Hawai'i net operating loss carryforwards will expire in 2037, and the remaining being that can be carried forward indefinitely.

A valuation allowance must be provided if it is more likely than not that some portion or all of the deferred tax assets will not be realized, based upon consideration of all positive and negative evidence. Sources of evidence include, among other things, a history of pretax earnings or losses, expectations of future results, tax planning opportunities and appropriate tax law.

Due to the recent losses the Company has generated in its TRS, the Company believes that it is more likely than not that its U.S. and state deferred tax assets will not be realized as of December 31, 2021 December 31, 2022. Therefore, the Company recorded an increase in the valuation allowance of \$5.6 million \$0.2 million on its net U.S. and state deferred tax assets for the current period. Should the Company determine that it would be able to realize its deferred tax assets in the foreseeable future, an adjustment to the deferred tax assets may cause a material increase to income in the period such determination is made. Significant management judgment is required in determining the period in

which reversal of a valuation allowance should occur. The net change to the valuation allowance recorded during each of the years ended **December 31, 2021** December 31, 2022, **2020** 2021 and **2019** 2020, was as follows (in millions):

	Balance at Beginning of Year	Net Change	Balance at End of Year		Balance at Beginning of Year	Net Change	Balance at End of Year
2022				2022	\$ 109.6	\$ 0.2	\$ 109.8
2021	2021 \$ 104.0	\$ 5.6	\$ 109.6	2021	\$ 104.0	\$ 5.6	\$ 109.6
2020	2020 \$ 99.3	\$ 4.7	\$ 104.0	2020	\$ 99.3	\$ 4.7	\$ 104.0
2019	2019 \$ 91.5	\$ 7.8	\$ 99.3				

The Company receives an income tax benefit for exercised stock options calculated as the difference between the fair market value of the stock issued at the time of exercise and the option exercise price, tax-effected. The Company also receives an income tax benefit for restricted stock units when they vest, measured as the fair market value of the stock issued at the time of vesting, tax effected. Due to the Company's valuation allowance in the respective periods, there were no net tax benefits recognized from share-based transactions for the years ended **December 31, 2021** December 31, 2022, **2020** 2021 and **2019** 2020.

The Company recognizes accrued interest and penalties on income taxes as a component of income tax expense. As of **December 31, 2021** December 31, 2022, accrued interest and penalties were not material. The Company has not identified any material unrecognized tax positions and as such has no related interest or penalty accruals.

As of **December 31, 2021** December 31, 2022, tax years **2018** 2019 and later are open to audit by the tax authorities. The Company does not believe that the result of any potential audits will have a material adverse effect on its results of operations, financial condition or liquidity.

19.17. Earnings Per Share ("EPS")

Basic earnings per common share excludes dilution and is calculated by dividing net earnings allocated to common shares by the weighted-average number of common shares outstanding for the period. Diluted earnings per common share is calculated by dividing net earnings allocated to common shares by the weighted-average number of common shares outstanding for the period, as adjusted for the potential dilutive effect of non-participating share-based awards, as well as adjusted by the number of additional shares, if any, that would have been outstanding had the potentially dilutive common shares been issued.

The following table provides a reconciliation of income (loss) from continuing operations to **income (loss) from continuing operations available to A&B shareholders** and net income (loss) **available to A&B shareholders** for the years ended **December 31, 2021** December 31, 2022, **2020** 2021 and **2019** 2020 (in millions):

	2021	2020	2019		2022	2021	2020	
Income (loss) from continuing operations	Income (loss) from continuing operations	\$ 36.9	\$ 6.0	(\$ 36.9)	Income (loss) from continuing operations	\$ 37.1	\$ 75.4	\$ 19.3
Exclude: Loss (income) attributable to noncontrolling interest		(0.4)	0.4	2.0				
Income (loss) from continuing operations attributable to A&B shareholders		36.5	6.4	(34.9)				
 Distributions and allocations to participating securities	Distributions and allocations to participating securities	(0.3)	(0.1)	(0.2)	Distributions and allocations to participating securities	(0.2)	(0.3)	(0.1)
Income (loss) from continuing operations available to A&B shareholders	Income (loss) from continuing operations available to A&B shareholders	36.2	6.3	(35.1)	Income (loss) from continuing operations available to A&B shareholders	36.9	75.1	19.2
Income (loss) from discontinued operations available to A&B shareholders	Income (loss) from discontinued operations available to A&B shareholders	(1.1)	(0.8)	(1.5)	Income (loss) from discontinued operations available to A&B shareholders	(86.6)	(39.6)	(14.1)
Exclude: Loss (income) attributable to discontinued noncontrolling interest					Exclude: Loss (income) attributable to discontinued noncontrolling interest	(1.1)	(0.4)	0.4
Net income (loss) available to A&B common shareholders	Net income (loss) available to A&B common shareholders	\$ 35.1	\$ 5.5	(\$ 36.6)	Net income (loss) available to A&B common shareholders	\$ (50.8)	\$ 35.1	\$ 5.5

The number of shares used to compute basic and diluted earnings per share for the years ended **December 31, 2021** December 31, 2022, **2020** 2021 and **2019** 2020 were as follows (in millions): 2020:

	2021	2020	2019		2022	2021	2020	
Denominator for basic EPS - weighted average shares outstanding	Denominator for basic EPS - weighted average shares outstanding	72.5	72.3	72.2	Denominator for basic EPS - weighted average shares outstanding	72.6	72.5	72.3
Effect of dilutive securities:	Effect of dilutive securities:				Effect of dilutive securities:			
Stock options and restricted stock unit awards	Stock options and restricted stock unit awards	0.1	0.1	—	Stock options and restricted stock unit awards	0.2	0.1	0.1
Denominator for diluted EPS - weighted average shares outstanding	Denominator for diluted EPS - weighted average shares outstanding	72.6	72.4	72.2	Denominator for diluted EPS - weighted average shares outstanding	72.8	72.6	72.4

There were 0.1 million, zero, 0.3 million, and 0.2 million 0.3 million shares of anti-dilutive securities outstanding during the years ended **December 31, 2021** December 31, 2022, **2020** 2021 and **2019** 2020 respectively.

20.18. Accumulated Other Comprehensive Income (Loss)

Other comprehensive income (loss) principally includes amortization of deferred pension and postretirement costs. The components of accumulated other comprehensive loss, net of taxes, were as follows for the years ended December 31, 2021 December 31, 2022 and 2020 2021 (in millions):

	Employee benefit plans:	2021	2020		2022	2021
Pension plans	Pension plans	\$ (74.6)	\$ (48.9)	Pension plans	\$ —	\$ (74.6)
Post-retirement plans	Post-retirement plans	(2.6)	(3.6)	Post-retirement plans	(0.3)	(2.6)
Non-qualified benefit plans	Non-qualified benefit plans	(0.7)	(0.8)	Non-qualified benefit plans	—	(0.7)
Total employee benefit plans	Total employee benefit plans	(77.9)	(53.3)	Total employee benefit plans	(0.3)	(77.9)
Interest rate swap	Interest rate swap	(2.8)	(6.7)	Interest rate swap	2.1	(2.8)
Accumulated other comprehensive income (loss)	Accumulated other comprehensive income (loss)	\$ (80.7)	\$ (60.0)	Accumulated other comprehensive income (loss)	\$ 1.8	\$ (80.7)

The changes in accumulated other comprehensive income (loss) by component for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019 2020 were as follows (in millions, net of tax):

	Employee Benefit Plans	Interest Swap	Total	Employee Benefit Plans	Interest Swap	Total
Balance, January 1, 2019	\$ (55.2)	\$ 3.3	\$ (51.9)			
Other comprehensive income (loss) before reclassifications, net of taxes of \$0	5.3	(4.0)	1.3			
Amounts reclassified from accumulated other comprehensive income (loss), net of taxes of \$0	1.9	(0.1)	1.8			
Balance, December 31, 2019	\$ (48.0)	\$ (0.8)	\$ (48.8)			
Balance, January 1, 2020				Balance, January 1, 2020		
Other comprehensive income (loss) before reclassifications, net of taxes of \$0	(7.7)	(6.9)	(14.6)	Other comprehensive income (loss) before reclassifications, net of taxes of \$0	(7.7)	(6.9)
Amounts reclassified from accumulated other comprehensive income (loss), net of taxes of \$0	2.4	1.0	3.4	Amounts reclassified from accumulated other comprehensive income (loss), net of taxes of \$0	2.4	1.0
Balance, December 31, 2020	\$ (53.3)	\$ (6.7)	\$ (60.0)	Balance, December 31, 2020	\$ (53.3)	\$ (6.7)
Other comprehensive income (loss) before reclassifications, net of taxes of \$0	(27.4)	2.3	(25.1)	Other comprehensive income (loss) before reclassifications, net of taxes of \$0	(27.4)	2.3
Amounts reclassified from accumulated other comprehensive income (loss), net of taxes of \$0	2.8	1.6	4.4	Amounts reclassified from accumulated other comprehensive income (loss), net of taxes of \$0	2.8	1.6
Balance, December 31, 2021	\$ (77.9)	\$ (2.8)	\$ (80.7)	Balance, December 31, 2021	\$ (77.9)	\$ (2.8)
Other comprehensive income (loss) before reclassifications, net of taxes of \$0				Other comprehensive income (loss) before reclassifications, net of taxes of \$0	17.0	4.9
Amounts reclassified from accumulated other comprehensive income (loss), net of taxes of \$0				Amounts reclassified from accumulated other comprehensive income (loss), net of taxes of \$0	78.9	—
Taxes on other comprehensive income (loss)				Taxes on other comprehensive income (loss)	(18.3)	—
Balance, December 31, 2022				Balance, December 31, 2022	\$ (0.3)	\$ 2.1
						\$ 1.8

The reclassifications of other comprehensive income (loss) components out of accumulated other comprehensive income (loss) for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019 2020, were as follows (in millions):

	2021	2020	2019	2022	2021	2020
Unrealized interest rate hedging gain (loss)	\$ 2.3	\$ (6.9)	\$ (4.0)	Unrealized interest rate hedging gain (loss)	\$ 4.9	\$ 2.3
Actuarial loss	(27.4)	(7.7)	5.3		\$ (6.9)	

Impact of reclassification adjustment to interest expense included in Net Income (Loss)		Impact of reclassification adjustment to interest expense included in Net Income (Loss)					
Realized interest rate hedging gain (loss)		Realized interest rate hedging gain (loss)		1.6	1.0	(0.1) (Loss)	0.5 1.6 1.0
Actuarial gain (loss)		Actuarial gain (loss)				17.0 (27.4) (7.7)	
Amortization of defined benefit pension items reclassified to net periodic pension cost:		Amortization of defined benefit pension items reclassified to net periodic pension cost:		Amortization of defined benefit pension items reclassified to net periodic pension cost:			
Net loss*	Net loss*	2.8	2.5	4.0	Net loss*	1.9	2.8 2.5
Prior service cost*	Prior service cost*	—	(0.1)	—	Prior service cost*	—	— (0.1)
Prior service credit*		—	—	(0.7)			
Curtailment (gain)/loss*		—	—	(1.4)			
Amortization of prior service credit*		Amortization of prior service credit*		0.1		—	—
Pension termination		Pension termination		76.9		—	—
Total before income tax		Total before income tax		\$100.8		\$(20.7)	\$(11.2)
Income taxes related to other comprehensive income (loss)		Income taxes related to other comprehensive income (loss)		(18.3)		—	—
Other comprehensive income (loss), net of tax		Other comprehensive income (loss), net of tax		\$(20.7) \$(11.2) \$ 3.1 tax		\$ 82.5 \$(20.7) \$(11.2)	

* This accumulated other comprehensive income (loss) component is included in the computation of net periodic pension cost (refer to Note 17 15 – Employee Benefit Plans).

21.19. Related Party Transactions

The Company changed the composition of its reportable segments during the current year, which caused reported amounts (i.e., related party revenue) in the historical period to be reclassified from Land Operations to Materials & Construction. All comparable information for the historical periods has been restated to reflect the impact of these changes. Refer to Note 22 for additional information.

Construction Contracts and Material Sales. The Company enters into contracts in the ordinary course of business, as a supplier, with affiliate entities that require accounting under the equity method due to the Company's financial interests in such entities (refer to Note 5) and also with affiliate parties that are members in entities in which the Company also is a member and holds a controlling financial interest. Related to the periods during which such relationships existed, revenues earned from transactions with such affiliates were \$9.3 million, \$8.6 million and \$11.4 million for the years ended December 31, 2021, 2020 and 2019, respectively. Expenses recognized from transactions with such affiliates were \$1.4 million, \$1.1 million and \$3.1 million for the years ended December 31, 2021, 2020 and 2019, respectively. Receivables from these affiliates were \$1.1 million and \$0.9 million at December 31, 2021 and December 31, 2020, respectively. Amounts due to these affiliates were \$0.3 million and \$0.3 million as of December 31, 2021 and 2020, respectively.

Commercial Real Estate. The Company entered into contracts in the ordinary course of business, as a lessor of property, with certain entities that were partially owned by a former director of the Company, as lessee. Revenue from transactions with these entities (confined to periods during which the former director was actively serving the Company) was approximately \$1.3 million for the year ended December 31, 2019. There were no such amounts to report during the years ended December 31, 2021 and 2020 (i.e., subsequent to the former director's service to the Company).

Land Operations. The Company provides materials and services to certain unconsolidated investments in affiliates. The Company also recognizes interest earned on a note receivable related to a construction loan secured by a mortgage on real property with one of the Company's joint ventures. During the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019, 2020, the Company recognized \$4.5 million \$0.3 million, \$1.9 million \$4.5 million and \$1.3 million \$1.9 million, respectively, related to revenues earned from transactions with these affiliates. There were no receivables from service arrangements with these affiliates as of December 31, 2021 December 31, 2022 and 2020. The note receivable with one of the Company's joint ventures was held at a carrying value of \$9.5 million as of December 31, 2020. This note was repaid in full in November 2021.

22.20. Segment Results

Operating segments are components of an enterprise that engage in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company operates and reports on three segments: Commercial Real Estate; Land Operations; and Materials & Construction.

The Commercial Real Estate segment owns, operates and manages a portfolio of retail, industrial and office properties in Hawai'i totaling 3.9 million square feet of gross leasable area. The Company also leases approximately 143.4 acres of commercial land in Hawai'i to third-party lessees under ground leases.

The Land Operations segment generates its revenues from real estate development and land sales, income/loss from real estate joint ventures, hydroelectric energy and other legacy business activities in Hawai'i.

The Materials & Construction segment performs asphalt paving as prime contractor and subcontractor; imports and sells liquid asphalt; mines, processes and sells rock and sand aggregates; produces and sells asphaltic concrete; provides and sells various construction- and traffic-control-related products and, historically, manufactured and sold precast

concrete products through GPRM (until GPRM's disposal in the year ended December 31, 2020).

The accounting policies of the operating segments are described in Note 2, Reportable 2 – Significant Accounting Policies. The Company measures and evaluates operating segments **are measured** based on operating profit, exclusive of interest expense, general corporate expenses and income taxes. Revenues related to transactions between reportable segments have been eliminated in consolidation. Transactions between reportable segments are accounted for on the same basis as transactions with unrelated third parties.

A significant portion of Prior to December 31, 2022 the Company operated and reported on three segments: Commercial Real Estate; Land Operations; and Materials & Construction revenue. During the fourth quarter of 2022, the Company progressed on its simplification efforts related to the divestiture of its materials & construction business. The Grace Disposal Group, which was reclassified as held for sale and accounts receivable is generated directly and indirectly from projects administered by discontinued operations for all periods presented, made up the City and County majority of Honolulu and from activity in the State of Hawai'i. Reductions in funding of infrastructure projects by these government agencies could reduce revenue and profits from the Company's former M&C segment.

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During Accordingly, the first quarter ended March 31, 2021, former M&C segment has been eliminated and the chief operating decision maker began reviewing the segments structure of its internal organization in a manner that caused the composition of its reportable segments to change. Specifically, the change resulted from a reorganization to present the activity and results of operations of Company-owned quarries on the island of Maui (utilized and operated by third parties who pay for such extraction rights under operating agreements), which historically have been included in segment information presented herein excludes the results of Land Operations and are now included in the results of Materials & Construction. The corresponding Grace Disposal Group for all periods presented. All comparable information for all the historical periods has been restated to reflect the impact of these changes. As a result of these changes, the Company now operates and resulted reports on two segments: Commercial Real Estate and Land Operations.

The Commercial Real Estate segment owns, operates and manages a portfolio of retail, industrial and office properties in changes Hawai'i totaling 3.9 million square feet of gross leasable area. The Company also leases approximately 140.7 acres of commercial land in segment Operating Revenue and Operating Profit (Loss), from Hawai'i to third-party lessees under ground leases.

The Land Operations to Materials & Construction, segment generates its revenues from real estate development and land sales, income/loss from joint ventures, and other legacy business activities in Hawai'i. Historically, this segment also generated revenues from the sale of \$1.9 million during hydroelectric energy until the disposal of McBryde Resources Inc. in the year ended December 31, 2020 and \$1.9 million during the year ended December 31, 2019 December 31, 2022. The Company continues to maintain its three reportable segments and the changes are reclassifications within these existing segments.

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Operating segment information for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019 2020 is summarized below (in millions):

		2021	2020	2019		2022	2021	2020
Operating Revenue:	Operating Revenue:				Operating Revenue:			
Commercial Real Estate	Commercial Real Estate	\$ 173.2	\$ 150.0	\$ 160.6	Commercial Real Estate	\$ 187.2	\$ 174.1	\$ 151.6
Land Operations ¹	Land Operations ¹	79.9	38.7	112.2	Land Operations ¹	43.3	79.9	38.7
Materials & Construction ¹		126.2	116.6	162.4				
Total operating revenue	Total operating revenue	379.3	305.3	435.2	Total operating revenue	230.5	254.0	190.3
Operating Profit (Loss):	Operating Profit (Loss):				Operating Profit (Loss):			
Commercial Real Estate ²	Commercial Real Estate ²	72.6	49.8	66.2	Commercial Real Estate ²	81.5	72.6	49.8
Land Operations ^{1,3}		55.4	15.4	18.9				
Materials & Construction ^{1,4}		(40.5)	(10.5)	(67.3)				
Total operating profit (loss)		87.5	54.7	17.8				
Land Operations ^{1,3,4}					Land Operations ^{1,3,4}			
Total operating profit (loss)					(1.4)	53.2	18.0	
Gain (loss) on disposal of commercial real estate properties, net	Gain (loss) on disposal of commercial real estate properties, net	2.8	0.5	—	Total operating profit (loss) ¹	80.1	125.8	67.8
Interest expense	Interest expense	(26.3)	(30.3)	(33.1)	Gain (loss) on disposal of commercial real estate properties, net	—	2.8	0.5
General corporate expenses		(27.1)	(19.3)	(23.6)	Interest expense	(22.0)	(26.2)	(30.2)
Corporate and other expense ⁴					Corporate and other expense ⁴	(39.3)	(27.0)	(19.2)
Income (Loss) from Continuing Operations Before Income Taxes	Income (Loss) from Continuing Operations Before Income Taxes	\$ 36.9	\$ 5.6	\$ (38.9)	Income (Loss) from Continuing Operations Before Income Taxes	\$ 18.8	\$ 75.4	\$ 18.9

Identifiable Assets:		Identifiable Assets:			Identifiable Assets:		
Commercial Real Estate		Commercial Real Estate	\$1,499.5	\$1,499.9	\$1,532.6	Commercial Real Estate	\$1,499.9
Land Operations ^s		Land Operations ^s	121.0	258.4	282.5	Land Operations ^s	112.0
Materials & Construction			178.2	211.9	243.0		144.5
Other		Other	81.1	65.8	26.2	Other	48.6
Assets Held for Sale						Assets Held for Sale	81.1
Total assets		Total assets	\$1,879.8	\$2,036.0	\$2,084.3	Total assets	126.8
Capital Expenditures:		Capital Expenditures:			Capital Expenditures:		
Commercial Real Estate ⁶		Commercial Real Estate ⁶	\$ 39.6	\$ 18.8	\$ 250.5	Commercial Real Estate ⁶	\$ 21.4
Land Operations ⁷		Land Operations ⁷	7.4	1.4	2.3	Land Operations ⁷	0.2
Materials & Construction			6.3	4.5	1.9		7.4
Other		Other	0.2	0.4	0.4	Other	1.4
Total capital expenditures		Total capital expenditures	\$ 53.5	\$ 25.1	\$ 255.1	Total capital expenditures	\$ 21.7
Depreciation and Amortization:		Depreciation and Amortization:			Depreciation and Amortization:		
Commercial Real Estate		Commercial Real Estate	\$ 37.7	\$ 40.1	\$ 36.7	Commercial Real Estate	\$ 36.5
Land Operations		Land Operations	1.1	1.5	1.6	Land Operations	1.2
Materials & Construction			10.8	10.8	11.4		1.1
Other		Other	0.8	0.9	0.8	Other	1.5
Total depreciation and amortization		Total depreciation and amortization	\$ 50.4	\$ 53.3	\$ 50.5	Total depreciation and amortization	\$ 38.0

¹ As described above, during the current year, in 2021, the Company changed the composition of its reportable segments based on how the CODM assesses the Company's performance, which caused reported amounts (i.e., revenue and operating profit) in the historical period to be reclassified from Land Operations to Materials & Construction, the previous M&C reportable segment, and subsequently to discontinued operations, which reduced Land Operations segment Operating Revenue and Operating Profit (Loss) by \$1.9 million for the year ended December 31, 2020. In 2022, as a result of the Grace Disposal Group's classification as held for sale and discontinued operations, the Company changed the composition of its reportable segments based on how the CODM assesses the Company's performance, which caused reported amounts (i.e. operating profit) related to one joint venture in the historical period to be reclassified from the former M&C segment to Land Operations, which changed Land Operations Operating Profit (Loss) by \$2.5) million and \$2.1 million for the years ended December 31, 2021 and 2020, respectively and Total operating profit (loss) by \$38.3 million and \$13.1 million for the years ended December 31, 2021 and 2020, respectively. All comparable information for the historical periods has been restated to reflect the impact of these changes.

² Commercial Real Estate segment operating profit (loss) includes intersegment operating revenue, primarily from the Materials & Construction Land Operations segment, and is eliminated in as well as pension termination charges of \$0.7 million for the consolidated results of operations, year ended December 31, 2022.

³ Land Operations segment operating profit (loss) includes \$1.6 million, \$17.9 million, and \$6.8 million of equity in earnings (losses) from the Company's various real estate joint ventures for the years ended December 31, 2022, 2021 and non-cash reductions related to the Company's solar tax equity investments, 2020, respectively.

⁴ Materials & Construction Land Operations segment operating profit (loss) includes pension termination charges of \$62.2 million for the year ended December 31, 2021 includes impairment charges related to its long-lived December 31, 2022, as well as a gain on sale of non-core assets, equity method investment, and goodwill net, of \$29.0 million. Materials & Construction segment operating profit (loss) \$54.0 million for the year ended December 31, 2020 includes an impairment charge of \$5.6 million December 31, 2022, related to its disposal the McBryde transaction (Note 22 – Sale of GPRM. Materials & Construction segment operating profit (loss) for the year ended December 31, 2019 includes an impairment charge related to its goodwill of \$49.7 million Business).

⁵ The Land Operations segment includes assets related to its investment in various real estate joint ventures. As a result of the change in the composition of the Land Operations segment in 2022, as noted above, total identifiable assets increased \$23.4 million and \$26.7 million as of December 31, 2021 and 2020, respectively.

⁶ Represents gross capital additions to the commercial real estate portfolio, including gross tax deferred property purchases but excluding the assumption of debt, that are reflected as non-cash transactions in the consolidated statements of cash flows.

⁷ Excludes expenditures for real estate developments held for sale, which are classified as cash flows from operating activities within the consolidated statements of cash flows, and excludes investment in joint ventures classified as cash flows from investing activities.

23.21. Long-lived Assets - Impairments

2021 impairments of assets held and used

During the fourth quarter of 2021, the Company concluded that the carrying values of certain paving and traffic-control-related assets in its Materials & Construction segment were not recoverable due primarily to the Company's review and analysis of strategic alternatives that have resulted in downward revisions of management's forecasts on

future projected earnings and cash flows. As a result, the Company recorded impairment charges of \$24.3 million during the fourth quarter of 2021 to reduce the carrying amounts to the estimated fair value. The Company classified these fair value measurements as Level 3. The key unobservable inputs used in the asset valuation included the discount rate of 13.0%, the cash flow projection period, uncertainty about future events, changes in the use of the assets and the timing and amount of expected future cash flows. Changes to Materials & Construction long-lived assets for the year ended December 31, 2021, including such impairments, were as follows (in millions):

Long-lived Assets	Materials & Construction
Balance, January 1, 2021	\$ 92.8
Additions to long-lived assets	6.3
Depreciation	(9.1)
Long-lived asset impairment	(24.3)
Balance, December 31, 2021	<u><u>\$ 65.7</u></u>

24. Long-lived Assets - Held for sale or Disposals

2020 Port Allen solar power facility asset sale

As described in Item 2, the Company, through its wholly-owned subsidiary, McBryde Resources, Inc., has produced renewable energy through hydroelectric and solar power facilities on Kauai. Energy generated from these hydroelectric and solar power facilities has been used for A&B-related operations or sold to Kauai Island Utility Cooperative. Such activities are included and reported in the Land Operations segment.

In connection with its strategy to simplify its business, during the quarter ended September 30, 2020, the Company executed a purchase and sale agreement and consummated the sale of assets related to its solar power facility in Port Allen on Kauai for purchase consideration (measured at the date of disposal) of approximately \$17.1 million. As a result, the Company derecognized the carrying value of the net assets of the disposal group and recorded a gain on disposal of approximately \$8.9 million which is included in *Gain (loss) on disposal of non-core assets, net* in the consolidated statements of operations. The disposal was not considered individually significant and does not qualify for presentation and disclosure as a discontinued operation.

2020 GPRM sale

22. Sale of subsidiary Business

As described in Note 1, as of December 31, 2019

On May 31, 2022, the Company owned a 51% interest entered into Purchase and Sale Agreements with Brue Baukol Capital Partners, an unrelated third party, which resulted in GPRM, a provider of precast/prestressed concrete products and services, which the Company consolidated due to holding a controlling financial interest through its majority voting interests and reported as part of the M&C segment. Subsequent to the quarter ended March 31, 2020, GPRM met the criteria to be classified as held for sale. As a result, in the quarter ended June 30, 2020, the Company recorded a write-down of \$5.6 million (based on fair value less cost to sell) related to the disposal group which was included in Impairment of assets in the consolidated statements of operations.

On June 29, 2020, the Company consummated the sale of its 51% approximately 18,900 acres of primarily conservation and agricultural land on the island of Kauai and 100% of the Company's ownership interest in GPRM to an unrelated third-party through an LLC interest purchase agreement McBryde Resources, Inc., the operator of hydroelectric power facilities on Kauai, in exchange for cash proceeds received/to be received and escrow receivables of approximately \$5.0 million \$73.9 million and \$0.9 million, respectively. The sale closed on June 30, 2022. In connection with the consummation of sale, the disposal of GPRM, the Company recorded an entry to deconsolidate the carrying amounts of the GPRM disposal group and recognized a net loss gain of \$0.1 million \$54.0 million for the year ended December 31, 2022, which was included in is presented within *Gain (loss) on disposal of non-core assets, net* in the consolidated statements of operations.

The GPRM disposal was not considered individually significant and does not qualify for presentation and disclosure as a discontinued operation.

25.23. Held for Sale and Discontinued Operations

In December 2022, in connection with the evaluation of strategic alternatives to monetize and dispose of Grace Pacific and the Company-owned quarry land on Maui, the Company's Board of Directors authorized Management to complete a sale of the Grace Disposal Group. In conjunction with the Board's authorization, the Company concluded that the plan to dispose of the Grace Disposal Group met the criteria for classification as held for sale and discontinued operations as of December 31, 2022. Accordingly, the assets and liabilities associated with the Grace Disposal Group are presented in the Consolidated Balance Sheets as *Assets held for sale* and *Liabilities associated with assets held for sale* and the results of operations are presented as discontinued operations in the Consolidated Statements of Operations and Cash Flows. While the ultimate outcome is neither certain nor guaranteed, the Company intends to conduct the respective businesses in the ordinary course in substantially the same manner in which it previously has been conducted until a sale occurs.

The following table summarizes income (loss) from discontinued operations included in the Consolidated Statements of Operations for the three years ended December 31, 2022, 2021 and 2020 (in millions):

	2022	2021	2020
Revenue	\$ 171.2	\$ 126.2	\$ 116.6
Cost of sales ¹	(153.5)	(121.0)	(109.3)
Selling, general and administrative	(14.5)	(15.6)	(15.5)
Impairment of assets	(89.8)	(26.1)	(5.6)
Gain (loss) on disposal of non-core assets, net	0.1	0.1	0.2
Operating income (loss) from discontinued operations ¹	<u><u>(86.5)</u></u>	<u><u>(36.4)</u></u>	<u><u>(13.6)</u></u>

Income (loss) related to joint ventures	(0.4)	(0.4)	(0.8)
Impairment of equity method investments	—	(2.9)	—
Interest and other income (expense), net	0.5	0.2	0.4
Interest expense	(0.2)	(0.1)	(0.1)
Income (loss) from discontinued operations before income taxes ¹	(86.6)	(39.6)	(14.1)
Income tax benefit (expense) attributable to discontinued operations	—	—	—
Income (loss) from discontinued operations ¹	(86.6)	(39.6)	(14.1)
Loss (income) attributable to discontinued noncontrolling interest	(1.1)	(0.4)	0.4
Income (loss) from discontinued operations attributable to A&B Shareholders ¹	\$ (87.7)	\$ (40.0)	\$ (13.7)

¹Includes \$(0.4) million, \$(1.1) million, and \$(0.8) million in costs associated with the resolution of liabilities from the Company's former sugar operations and previously presented in Income (loss) from discontinued operations for the years ended December 31, 2022, 2021 and 2020, respectively.

The assets and liabilities held for sale included in the consolidated balance sheets as of December 31, 2022 and 2021, were as follows (in millions):

	2022	2021
Cash and cash equivalents	\$ 0.1	\$ 4.6
Accounts receivable and retention, net of allowance for credit losses and allowance for doubtful accounts of \$0.4 million and \$0.5 million as of December 31, 2022, and December 31, 2021, respectively	30.8	26.7
Inventories	45.0	19.8
Other property, net	67.4	65.7
Operating lease right-of-use assets	31.3	13.2
Prepaid expenses and other assets	42.0	24.7
Less: Impairment recognized on classification as held for sale	(89.8)	—
Total Assets held for sale	<u>126.8</u>	<u>154.7</u>
Notes payable and other debt	\$ 14.1	\$ 2.0
Accounts payable	10.2	6.4
Operating lease liabilities	31.3	12.9
Deferred revenue	—	0.2
Accrued and other liabilities	25.4	24.3
Total Liabilities associated with assets held for sale	<u>81.0</u>	<u>45.8</u>

As a result of the Grace Disposal Group classification as held for sale as of December 31, 2022, the Company measured the disposal group at its fair value less costs to sell and accordingly recorded impairment of \$89.8 million in the fourth quarter of 2022.

Related Party Transactions within Discontinued Operations and Held for Sale: The Company enters into contracts in the ordinary course of business, as a supplier, with affiliate entities that require accounting under the equity method due to the Company's financial interests in such entities and also with affiliate parties that are members in entities in which the Company also is a member and holds a controlling financial interest. Related to the periods during which such relationships existed, revenues earned from transactions with such affiliates were \$16.9 million, \$9.3 million and \$8.6 million for the years ended December 31, 2022, 2021 and 2020, respectively. Expenses recognized from transactions with such affiliates were \$4.8 million, \$1.4 million and \$1.1 million for the years ended December 31, 2022, 2021 and 2020, respectively. Receivables from these affiliates were \$6.9 million and \$1.1 million as of December 31, 2022 and 2021, respectively. Amounts due to these affiliates were \$0.4 million and \$0.3 million as of December 31, 2022 and 2021, respectively.

24. Subsequent Events

On February 22, 2022 February 28, 2023, the Company's Board of Directors declared a cash dividend of \$0.19 \$0.22 per share of outstanding common stock, payable on April 5, 2022 April 4, 2023, to shareholders of record as of the close of business on March 18, 2022 March 17, 2023.

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25. Unaudited Summarized Quarterly Information

The unaudited summarized quarterly information for the fiscal years 2022 and 2021 have been reclassified as a result of the discontinued operations presentation as described in Note 23 – Held for Sale and Discontinued Operations. Unaudited quarterly results for the years ended December 31, 2022 and 2021, were as follows (in millions, except per share amounts):

2022

	Q1	Q2	Q3	Q4
Revenue	\$ 59.2	\$ 51.1	\$ 49.4	\$ 70.8
Total operating profit (loss)	\$ 22.4	\$ 11.8	\$ 19.0	\$ 26.9
Income (Loss) from Continuing Operations	\$ 9.6	\$ 5.5	\$ 5.8	\$ 16.2
Income (loss) from discontinued operations, net of income taxes	\$ 1.4	\$ (1.1)	\$ 1.0	\$ (87.9)
Net income (loss) attributable to A&B shareholders	\$ 10.5	\$ 4.1	\$ 6.4	\$ (71.6)
Net income (loss) available to A&B common shareholders	\$ 10.5	\$ 4.0	\$ 6.3	\$ (71.6)
Earnings (Loss) Per Share Available to A&B Shareholders:				
Basic Earnings (Loss) Per Share of Common Stock:				
Continuing operations available to A&B shareholders	\$ 0.13	\$ 0.08	\$ 0.08	\$ 0.22
Discontinued operations available to A&B shareholders	0.01	(0.02)	0.01	(1.21)
Net income (loss) available to A&B shareholders	<u>\$ 0.14</u>	<u>\$ 0.06</u>	<u>\$ 0.09</u>	<u>\$ (0.99)</u>
Diluted Earnings (Loss) Per Share of Common Stock:				
Continuing operations available to A&B shareholders	\$ 0.13	\$ 0.07	\$ 0.08	\$ 0.22
Discontinued operations available to A&B shareholders	0.01	(0.02)	0.01	(1.21)
Net income (loss) available to A&B shareholders	<u>\$ 0.14</u>	<u>\$ 0.05</u>	<u>\$ 0.09</u>	<u>\$ (0.99)</u>
Weighted-average number of shares outstanding:				
Basic	72.6	72.7	72.7	72.5
Diluted	72.8	72.8	72.8	72.7

	2021			
	Q1	Q2	Q3	Q4
Revenue	\$ 57.2	\$ 59.5	\$ 49.7	\$ 87.6
Total operating profit (loss)	\$ 26.6	\$ 28.7	\$ 20.8	\$ 49.5
Income (Loss) from Continuing Operations	\$ 13.7	\$ 16.0	\$ 7.8	\$ 37.9
Income (loss) from discontinued operations, net of income taxes	\$ (3.8)	\$ (3.0)	\$ (1.3)	\$ (31.5)
Net income (loss) attributable to A&B shareholders	\$ 9.9	\$ 12.8	\$ 6.4	\$ 6.3
Net income (loss) available to A&B common shareholders	\$ 9.9	\$ 12.8	\$ 6.3	\$ 6.1
Earnings (Loss) Per Share Available to A&B Shareholders:				
Basic Earnings (Loss) Per Share of Common Stock:				
Continuing operations available to A&B shareholders	\$ 0.19	\$ 0.22	\$ 0.11	\$ 0.52
Discontinued operations available to A&B shareholders	(0.05)	(0.04)	(0.02)	(0.44)
Net income (loss) available to A&B shareholders	<u>\$ 0.14</u>	<u>\$ 0.18</u>	<u>\$ 0.09</u>	<u>\$ 0.08</u>
Diluted Earnings (Loss) Per Share of Common Stock:				
Continuing operations available to A&B shareholders	\$ 0.19	\$ 0.22	\$ 0.11	\$ 0.51
Discontinued operations available to A&B shareholders	(0.05)	(0.04)	(0.02)	(0.43)
Net income (loss) available to A&B shareholders	<u>\$ 0.14</u>	<u>\$ 0.18</u>	<u>\$ 0.09</u>	<u>\$ 0.08</u>
Weighted-average number of shares outstanding:				
Basic	72.5	72.5	72.5	72.5
Diluted	72.6	72.6	72.7	72.7

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of **December 31, 2021** **December 31, 2022**, the Company's disclosure controls and procedures were effective.

Internal Control Over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the Company's fiscal fourth quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

The management of Alexander & Baldwin, Inc. has the responsibility for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended, as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting only provides reasonable assurance with respect to financial statement presentation and preparation and cannot provide absolute assurance that all control issues and instances of fraud, if any, will be detected. Management does not expect that the Company's internal controls will prevent or detect all errors and all fraud. Additionally, the design of a control system must consider the benefits of the controls relative to their costs. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of **December 31, 2021** **December 31, 2022**. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework* (2013). Based on its assessment, management believes that, as of **December 31, 2021** **December 31, 2022**, the Company's internal control over financial reporting was effective.

The Company's independent registered public accounting firm, Deloitte & Touche LLP, has issued an audit report on the Company's internal control over financial reporting. That report appears below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Alexander & Baldwin, Inc.

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Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Alexander & Baldwin, Inc. and subsidiaries (the "Company") as of **December 31, 2021** **December 31, 2022**, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of **December 31, 2021** **December 31, 2022**, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended **December 31, 2021** **December 31, 2022**, of the Company and our report dated **February 25, 2022** **March 1, 2023**, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Honolulu, Hawaii

February 25, 2022 March 1, 2023

ITEM 9B. OTHER INFORMATION

None.

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ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

For information about the directors of A&B, see the section captioned "Election of Directors" in A&B's proxy statement for the 2022 2023 Annual Meeting of Shareholders ("A&B's 2022 2023 Proxy Statement"), which section is incorporated herein by reference.

Executive Officers

As of February 15, 2022 February 15, 2023, the name of each executive officer of A&B (in alphabetical order), age (in parentheses), and present and prior positions with A&B and business experience for the past five years are given below.

Generally, the term of office of executive officers is at the pleasure of the Board of Directors. For a discussion of change in control agreements between A&B and certain of A&B's executive officers, and the Executive Severance Plan, see the subsections captioned "Other Potential Post-Employment Payments" in A&B's 2022 2023 Proxy Statement, which subsections are incorporated herein by reference.

References within this section to A&B include the Company and Alexander & Baldwin, Inc. prior to the Holding Company Merger, which was completed on November 8, 2017 in order to facilitate the Company's conversion to a REIT. Also, references to "A&B Predecessor" are to Alexander & Baldwin, Inc. prior to its separation from Matson, Inc. on June 29, 2012.

Christopher J. Benjamin (58) (59)

Chief Executive Officer of A&B, 1/16-present; President of A&B, 6/12-present; 12-12/22; Chief Operating Officer of A&B, 6/12-12/15; President of Land Group of A&B Predecessor, 9/11-6/12; President of A & B Properties Inc., 9/11-8/15; Senior Vice President of A&B Predecessor, 7/05-8/11; Chief Financial Officer of A&B Predecessor, 2/04-8/11;

Treasurer of A&B Predecessor, 5/06-8/11; Plantation General Manager, Hawaiian Commercial & Sugar Company, 3/09-3/11; first joined A&B Predecessor in 2001.

Brett A. Brown (57)

Executive Vice President and Chief Financial Officer of A&B, 5/19-present; Treasurer of A&B, 8/19-present; Chief Financial Officer of PREP Property Group, 2/18-5/19; Executive Vice President, Chief Financial Officer and Treasurer of IRC Retail Centers/Inland Real Estate Corporation, 8/11-7/17.

Meredith J. Ching (65)(66)

Executive Vice President, External Affairs, of A&B, 3/18-present; Senior Vice President, External Affairs, of A&B, 6/12-3/18; Senior Vice President, Government & Community Relations, of A&B Predecessor, 6/07-6/12; first joined A&B Predecessor in 1982.

Clayton K. Y. Chun (44)(45)

Executive Vice President, Chief Financial Officer and Treasurer of A&B, 12/22-present; Senior Vice President of A&B, 2/19-present; 19-11/22; Chief Accounting Officer of A&B, 1/18-present; 18-11/22; Vice President of A&B, 3/18-1/19; Controller of A&B, 9/15-present; 15-11/22.

Derek T. Kanehira (56)(57)

Senior Vice President, Human Resources, of A&B, 5/20-present; Vice President and Director of HR Services, Hawaii Employers Council, 1/17-4/20; Vice President and Director of Human Resources, Hawaii National Bank, 5/13-1/17.

Scott G. Morita (53)(54)

Vice President and Corporate Counsel of A&B, 11/21-present; Associate General Counsel of A&B, 7/18-10/21; Partner, Schlack Ito, 3/13-6/18.

Lance K. Parker (48)(49)

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Executive Vice President of A&B, 3/18-present; 1/23-present; Chief Operating Officer of A&B, 11/21-present; President of A&B Properties Hawaii, LLC ("ABP"), 9/15-present; Executive Vice President of A&B, 3/18-1/23; Chief Real Estate Officer of A&B, 10/17-11/21; Senior Vice President of ABP, 6/13-8/15; first joined A&B Predecessor in 2004.

Jerrod M. Schreck (48)(49)

Executive Vice President of A&B, 4/21-present; President of Grace Pacific LLC, 4/19-present; Senior Vice President, Land Stewardship of A&B, 4/18-4/21; Vice President, Land Stewardship, of A&B, 4/17-4/18; Director, Land Stewardship and Energy Development, 9/15-4/17.

Corporate Governance

For information about the Audit Committee of the A&B Board of Directors, see the section captioned "Board of Directors Information" in A&B's 2022 2023 Proxy Statement, which section is incorporated herein by reference.

Code of Ethics

For information about A&B's Code of Ethics, see the subsection captioned "Code of Ethics" in A&B's 2022 2023 Proxy Statement, which subsection is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

See the section captioned "Executive Compensation" and the subsection captioned "Compensation of Directors" in A&B's 2022 2023 Proxy Statement, which section and subsection are incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

See the section captioned "Shareholders' Security Ownership" and the subsection titled "Security Ownership of Directors and Executive Officers" in A&B's 2022 2023 Proxy Statement, which section and subsection are incorporated herein by reference. See the Equity Compensation Plan Information table in Item 5 of Part II.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

See the section captioned "Election of Directors" and the subsection captioned "Relationships and Transactions" in A&B's 2022 2023 Proxy Statement, which section and subsection are incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information concerning principal accountant fees and services appears in the section captioned "Ratification of Appointment of Independent Registered Public Accounting Firm" in A&B's 2022 2023 Proxy Statement, which section is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Financial Statements

The financial statements are set forth in Item 8 of Part II above.

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Financial Statement Schedules

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SCHEDULE III – REAL ESTATE AND ACCUMULATED DEPRECIATION

Alexander & Baldwin, Inc.
December 31, 2021 2022

(in millions)	Description	Costs Capitalized												Costs Capitalized																						
		Initial Cost			Subsequent to Acquisition			Gross Amounts of Which						Initial Cost			Subsequent to Acquisition			Gross Amounts of Which																
		Encum- brances	Buildings and	Buildings Carrying	Buildings and	Accumulated Depreciation	Date of Acquired/	Carried at Close of Period	(in millions)	Encum- brances	Buildings and	Buildings Carrying	Buildings and	Accumulated Depreciation	Carried at Close of Period	(in millions)	Encum- brances	Buildings and	Buildings Carrying	Buildings and	Accumulated Depreciation	Carried at Close of Period	(in millions)													
Description	Description	(1)	Land	Improvements	Improvements	Costs	Land	Improvements	Total (2)	(3)	Construction Completed	Completed	(1)	Land	Improvements	Improvements	Costs	Land	Improvements	Costs	Land	Improvements	Total (2)	(3)												
Commercial	Commercial																																			
Real Estate	Real Estate																																			
Segment	Segment																																			
Industrial :	Industrial :																																			
Kapolei	Kapolei																																			
Enterprise	Enterprise																																			
Center (HI)	Center (HI)	\$ —	\$ 7.9	\$ 16.8	\$ 0.8	\$ —	\$ 7.9	\$ 17.6	\$ 25.5	\$ (1.6)	2019		Center (HI)	\$ —	\$ 7.9	\$ 16.8	\$ 0.7	\$ —	\$ 7.9	\$ 17.5	\$ 25.4	\$ (2.1)														
Harbor	Harbor	—	—	—	1.3	—	—	1.3	1.3	(1.2)	1930	2018	Industrial (HI)	—	0.1	—	1.3	—	0.1	1.3	1.4	(1.2)														
Industrial (HI)	Industrial (HI)	—	—	—	1.3	—	—	1.3	1.3	(1.2)	1930	2018	Industrial (HI)	—	0.1	—	1.3	—	0.1	1.3	1.4	(1.2)														
Honokohau	Honokohau												Honokohau	—	5.0	4.8	0.1	—	5.0	4.9	9.9	(0.6)	Various	2017												
Industrial (HI)	Industrial (HI)	—	5.0	4.8	0.1	—	5.0	4.9	9.9	(0.6)	Various	2017	Industrial (HI)	—	5.0	4.8	0.1	—	5.0	4.9	9.9	(0.8)														
Kailua	Kailua												Kailua	—	10.5	2.0	0.8	—	10.5	2.8	13.3	(0.6)	Various	2013												
Industrial/Other (HI)	Industrial/Other (HI)	—	10.5	2.0	0.8	—	10.5	2.8	13.3	(0.6)	Various	2013	(HI)	—	10.5	2.0	0.8	—	10.6	2.7	13.3	(0.7)														
Kakaako	Kakaako												Kakaako	—	16.9	20.6	2.1	—	16.9	22.7	39.6	(4.0)	1969	2014												
Commerce	Commerce												Commerce	—	16.9	20.6	2.1	—	16.9	20.6	3.4	—	16.9	24.0	40.9	(4.5)										
Center (HI)	Center (HI)	—	16.9	20.6	2.1	—	16.9	22.7	39.6	(4.0)	1969	2014	Center (HI)	—	16.9	20.6	2.1	—	16.9	20.6	3.4	—	16.9	24.0	40.9	(4.5)										
Komohana	Komohana												Komohana	—	25.2	10.8	1.8	—	25.4	12.4	37.8	(3.8)	1990	2010												
Industrial Park (HI)	Industrial Park (HI)	—	25.2	10.8	1.8	—	25.4	12.4	37.8	(3.8)	1990	2010	Industrial Park (HI)	—	25.2	10.8	1.8	—	25.4	12.4	37.8	(4.3)														
Opule	Opule												Opule	—	2005-2006, 2018	2018	2018	—	2018	2018	2018	—	2018	2018	2018	—										
Industrial (HI)	Industrial (HI)	—	10.9	27.1	—	—	10.9	27.1	38.0	(2.1)	2018	2018	Industrial (HI)	—	10.9	27.1	—	—	10.9	27.1	38.0	(2.8)														
P&L (HI)	P&L (HI)	—	—	—	1.5	—	—	1.5	1.5	(0.9)	1970	(HI)	—	—	—	—	1.8	—	—	1.8	1.8	(0.9)														
Warehouse (HI)	Warehouse (HI)	—	—	—	1.5	—	—	1.5	1.5	(0.9)	1970	(HI)	—	—	—	—	1.8	—	—	1.8	1.8	(0.9)														
Port Allen (HI)	Port Allen (HI)	—	—	0.7	2.4	—	—	3.1	3.1	(2.3)	1983, 1993	1983-1993	Port Allen (HI)	—	—	0.7	2.3	—	—	3.0	3.0	(2.4)														
Waipio	Waipio												Waipio	—	19.6	7.7	1.0	—	19.7	8.6	28.3	(2.8)	1988-1989	2009	Industrial (HI)	—	19.6	7.7	1.5	—	19.7	9.1	28.8	(3.0)		
Industrial (HI)	Industrial (HI)	—	4.4	2.0	—	—	4.4	2.0	6.4	—	1973	2021	Kahai Street	—	4.4	2.0	—	—	4.4	2.0	6.4	(0.1)														

Maui Lani												Maui Lani													
Industrial (HI)						Industrial (HI)						Industrial (HI)		Industrial (HI)		Industrial (HI)		Industrial (HI)							
Office :	Office :												Office :	Office :		Office :		Office :							
Kahului Office	Kahului Office												Kahului Office	Kahului Office		Kahului Office		Kahului Office							
Building (HI)	Building (HI)												Building (HI)	Building (HI)		Building (HI)		Building (HI)							
Kahului Office	Kahului Office												Kahului Office	Kahului Office		Kahului Office		Kahului Office							
Center (HI)	Center (HI)												Center (HI)	Center (HI)		Center (HI)		Center (HI)							
Lono Center (HI)	Lono Center (HI)												Lono Center (HI)	Lono Center (HI)		Lono Center (HI)		Lono Center (HI)							
Gateway at Millani Mauka	Gateway at Millani Mauka												Gateway at Millani Mauka	Gateway at Millani Mauka		Gateway at Millani Mauka		Gateway at Millani Mauka							
South (HI)	South (HI)												South (HI)	South (HI)		South (HI)		South (HI)							
Retail :	Retail :												Retail :	Retail :		Retail :		Retail :							
Aikahi Park Shopping Center (HI)	Aikahi Park Shopping Center (HI)												Aikahi Park Shopping Center (HI)	Aikahi Park Shopping Center (HI)		Aikahi Park Shopping Center (HI)		Aikahi Park Shopping Center (HI)							
Gateway at Millani Mauka (HI)	Gateway at Millani Mauka (HI)												Gateway at Millani Mauka (HI)	Gateway at Millani Mauka (HI)		Gateway at Millani Mauka (HI)		Gateway at Millani Mauka (HI)							
Hokulei Street (HI)	Hokulei Street (HI)												Hokulei Street (HI)	Hokulei Street (HI)		Hokulei Street (HI)		Hokulei Street (HI)							
Kahului Shopping Center (HI)	Kahului Shopping Center (HI)												Kahului Shopping Center (HI)	Kahului Shopping Center (HI)		Kahului Shopping Center (HI)		Kahului Shopping Center (HI)							
Kailua Retail Other (HI)	Kailua Retail Other (HI)												Kailua Retail Other (HI)	Kailua Retail Other (HI)		Kailua Retail Other (HI)		Kailua Retail Other (HI)							
Kaneohe Bay Shopping Ctr. (HI)	Kaneohe Bay Shopping Ctr. (HI)												Kaneohe Bay Shopping Ctr. (HI)	Kaneohe Bay Shopping Ctr. (HI)		Kaneohe Bay Shopping Ctr. (HI)		Kaneohe Bay Shopping Ctr. (HI)							
Kunia Shopping Center (HI)	Kunia Shopping Center (HI)												Kunia Shopping Center (HI)	Kunia Shopping Center (HI)		Kunia Shopping Center (HI)		Kunia Shopping Center (HI)							
Lanaihau Marketplace (HI)	Lanaihau Marketplace (HI)												Lanaihau Marketplace (HI)	Lanaihau Marketplace (HI)		Lanaihau Marketplace (HI)		Lanaihau Marketplace (HI)							
Laulani Village (HI)	Laulani Village (HI)												Laulani Village (HI)	Laulani Village (HI)		Laulani Village (HI)		Laulani Village (HI)							
Manoa Marketplace (HI)	Manoa Marketplace (HI)												Manoa Marketplace (HI)	Manoa Marketplace (HI)		Manoa Marketplace (HI)		Manoa Marketplace (HI)							
Napili Plaza (HI)	Napili Plaza (HI)												Napili Plaza (HI)	Napili Plaza (HI)		Napili Plaza (HI)		Napili Plaza (HI)							
Pearl Highlands Center (HI)	Pearl Highlands Center (HI)												Pearl Highlands Center (HI)	Pearl Highlands Center (HI)		Pearl Highlands Center (HI)		Pearl Highlands Center (HI)							
Port Allen Marina Ctr. (HI)	Port Allen Marina Ctr. (HI)												Port Allen Marina Ctr. (HI)	Port Allen Marina Ctr. (HI)		Port Allen Marina Ctr. (HI)		Port Allen Marina Ctr. (HI)							
The Collection (HI)	The Collection (HI)												The Collection (HI)	The Collection (HI)		The Collection (HI)		The Collection (HI)							
The Shops at Kukui'ula (HI)	The Shops at Kukui'ula (HI)												The Shops at Kukui'ula (HI)	The Shops at Kukui'ula (HI)		The Shops at Kukui'ula (HI)		The Shops at Kukui'ula (HI)							
Waianae Mall (HI)	Waianae Mall (HI)												Waianae Mall (HI)	Waianae Mall (HI)		Waianae Mall (HI)		Waianae Mall (HI)							
Waipio Shopping Center (HI)	Waipio Shopping Center (HI)												Waipio Shopping Center (HI)	Waipio Shopping Center (HI)		Waipio Shopping Center (HI)		Waipio Shopping Center (HI)							

Lau Hala												Lau Hala																																									
Shops (H)			Shops (H)			39.1			15.2			23.9			39.1			(3.2)			2018			Shops (H)			39.1			15.2			23.9			39.1			(4.5)														
Ho'okele (H)	Ho'okele (H)	—	—	—	—	31.3	—	13.5	17.8	31.3	(2.3)	2017	2019	Ho'okele (H)	—	—	—	31.3	—	13.5	17.8	31.3	(3.2)	Puunene	Puunene	Shopping	Shopping	Center (H)	Center (H)	—	24.8	28.6	7.9	—	25.2	36.1	61.3	(7.0)															
Queens'	Queens'	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	Marketplace	Marketplace	(H)	(H)	—	20.4	58.9	1.5	—	20.4	60.4	80.8	(4.8)	2007	2019	(H)	—	20.4	58.9	1.5	—	20.3	60.5	80.8	(6.5)			
Waipouli Town	Waipouli Town	Center (H)	Center (H)	—	5.9	9.7	1.2	—	6.0	10.8	16.8	(1.0)	1980	2019	Waipouli Town	Center (H)	—	5.9	9.7	1.6	—	6.0	11.2	17.2	(1.4)	Other :	Other :	Oahu Ground	Oahu Ground	Leases (H)	Leases (H)	—	234.9	0.1	(0.1)	—	235.1	—	235.1	—	—	Leases (H)	—	235.5	0.1	0.1	—	235.7	—	235.7	—		
Other	Other	miscellaneous	investments	investments	—	1.6	0.1	8.8	—	1.8	8.7	10.5	(7.0)	—	—	Other	miscellaneous	investments	—	0.5	0.1	7.2	—	0.6	7.2	7.8	(5.7)	Other :	Other :	Oahu Ground	Oahu Ground	Leases (H)	Leases (H)	—	234.9	0.1	(0.1)	—	235.1	—	235.1	—	—	Leases (H)	—	235.5	0.1	0.1	—	235.7	—	235.7	—
Total	Total	\$ 195.8	\$ 731.1	\$ 611.9	\$ 227.4	\$ —	\$ 770.2	\$ 800.4	\$ 1,570.6	\$ (178.2)	\$ 193.4	\$ 730.9	\$ 612.2	\$ 247.2	\$ —	Total	\$ 193.4	\$ 730.9	\$ 612.2	\$ 247.2	\$ —	\$ 771.7	\$ 818.6	\$ 1,590.3	\$ (201.8)	Total	\$ 195.8	\$ 731.1	\$ 611.9	\$ 227.4	\$ —	\$ 770.2	\$ 800.4	\$ 1,570.6	\$ (178.2)	Total	\$ 193.4	\$ 730.9	\$ 612.2	\$ 247.2	\$ —	\$ 771.7	\$ 818.6	\$ 1,590.3	\$ (201.8)								

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Description	Accumulated												Accumulated																
	Encumbrances			Buildings and Improvements			Carrying Costs			Buildings and Improvements			Total	Depreciation	(2)	(3)	Description			Encumbrances			Buildings and Improvements			Carrying	Costs	Buildings and Improvements	Total
(amounts in millions)	(amounts in millions)	(1)	Land	Buildings	Improvements	Carrying	Costs	Land	Buildings	Improvements	Total	Depreciation	(2)	(3)	(amounts in millions)	(1)	Land	Buildings	Improvements	Carrying	Costs	Land	Buildings	Improvements	Total	Depreciation	(2)	(3)	
Land Operations																													
Segment																													
Agricultural Land																													
Kapolei Business Park																													
West																													
Kamalani																													
Kauai Landholdings																													
Maui Business Park II																													
Maui Landholdings																													
Wailea B-1																													
Wailea, other																													
Other miscellaneous investments																													
Wailea																													
Other non-core																													
landholdings																													
Total	Total	\$ —	\$ 39.1	\$ 0.2	\$ 46.4	\$ (3.1)	\$ 36.6	\$ 46.0	\$ 82.6	\$ (2.3)	Total	\$ —	\$ 37.9	\$ —	\$ 38.9	\$ (8.3)	\$ 30.3	\$ 38.2	\$ 68.5	\$ (0.5)									

(1) See Note 108 – Notes Payable and Other Debt to the consolidated financial statements.

(2) The aggregate tax basis, at December 31, 2021 December 31, 2022, for the Commercial Real Estate segment and Land Operations segment assets was approximately \$690.8 million \$675.6 million.

(3) Depreciation is computed based upon the following estimated useful lives:

Building and improvements: 10 – 40 years

Leasehold improvements: 5 – 10 years (lesser of useful life or lease term)

Other property improvements: 3 – 35 years

Reconciliation of Real Estate (in millions)			Reconciliation of Real Estate (in millions)			2021			2020			2019			Reconciliation of Real Estate (in millions)			2022			2021			2020		
Balance at beginning of year			Balance at beginning of year			\$ 1,625.4			\$ 1,619.3			\$ 1,447.7			Balance at beginning of year			\$ 1,653.2			\$ 1,625.4			\$ 1,619.3		
Additions and improvements			Additions and improvements			45.4			20.4			232.8			Additions and improvements			24.5			45.4			20.4		
Dispositions, retirements and other adjustments			Dispositions, retirements and other adjustments			(17.6)			(14.3)			(61.2)			Dispositions, retirements and other adjustments			(13.9)			(17.6)			(14.3)		
Impairment of assets			Impairment of assets			—			—			—			Impairment of assets			(5.0)			—			—		

Balance at end of year	Balance at end of year	\$1,653.2	\$1,625.4	\$1,619.3	Balance at end of year	\$1,658.8	\$1,653.2	\$1,625.4
Reconciliation of Accumulated Depreciation (in millions)								
Balance at beginning of year		\$ 154.4	\$ 127.5	\$ 107.6				
Depreciation expense		27.3	27.4	24.3				
Dispositions, retirements and other adjustments		(1.2)	(0.5)	(4.4)				
Balance at end of year		<u>\$ 180.5</u>	<u>\$ 154.4</u>	<u>\$ 127.5</u>				
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Alexander & Baldwin, Inc.

Reconciliation of Accumulated Depreciation (in millions)	2022	2021	2020
Balance at beginning of year	\$ 180.5	\$ 154.4	\$ 127.5
Depreciation expense	28.6	27.3	27.4
Dispositions, retirements and other adjustments	(6.8)	(1.2)	(0.5)
Balance at end of year	<u>\$ 202.3</u>	<u>\$ 180.5</u>	<u>\$ 154.4</u>

Opinion on the Financial Statement Schedule

We have audited the consolidated financial statements of Alexander & Baldwin, Inc. and subsidiaries (the "Company") as of December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, and the Company's internal control over financial reporting as of December 31, 2021, and have issued our reports thereon dated February 25, 2022; such reports are included elsewhere in this Form 10-K. Our audits also included the financial statement schedule of the Company listed in the Index at Item 15. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement schedule based on our audits. In our opinion, the financial statement schedule, when considered in relation to the consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Deloitte & Touche LLP

Honolulu, Hawai'i
February 25, 2022

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Exhibits Required by Item 601 of Regulation S-K

Exhibits not filed herewith are incorporated by reference to the exhibit number and previous filing shown in parentheses. All previous exhibits were filed with the Securities and Exchange Commission in Washington, D.C. Exhibits filed pursuant to the Securities Exchange Act of 1934 were filed under file number 001-34187. Shareholders may obtain copies of exhibits for a copying and handling charge of \$0.15 per page by writing to Alyson J. Nakamura, Corporate Secretary, Alexander & Baldwin, Inc., P. O. Box 3440, Honolulu, Hawai'i 96801.

2. Plan of acquisition, reorganization, arrangement, liquidation or succession.

[2.a. Agreement and Plan of Merger, dated as of July 10, 2017, by and among Alexander & Baldwin, Investments, LLC \(formerly Alexander & Baldwin, Inc.\), Alexander & Baldwin, Inc. \(formerly Alexander & Baldwin REIT Holdings, Inc.\) and A&B REIT Merger Corporation \(Exhibit 2.1 to Form 8-K, dated July 12, 2017\).](#)

3. Articles of incorporation and bylaws.

[3.a. Amended and Restated Articles of Incorporation of Alexander & Baldwin, Inc., effective as of November 8, 2017 \(Exhibit 3.1 to Form 8-K, dated November 8, 2017\).](#)

[3.b. Amended and Restated Bylaws of Alexander & Baldwin, Inc., effective as of November 8, 2017 July 26, 2022 \(Exhibit 3.2.3.b to Form 8-K, dated November 8, 2017 10-Q for the quarter ended June 30, 2022\).](#)

4. Instruments defining the rights of security holders.

[4.a. Description of Capital Stock \(Exhibit 4.1 to Form 8-K, dated November 8, 2017\).](#)

[4.b. Form of Company Common Stock Certificate \(Exhibit 4.2 to Form 8-K, dated November 8, 2017\).](#)

[4.c. Description of Registrant's Securities \(Exhibit 4.c. to Form 10-K for the year ended December 31, 2019\).](#)

10. Material contracts.

[10.a. \(i\) Amended and Restated Operating Agreement of Kukui'ula Development Company \(Hawaii\), LLC, dated May 1, 2009, by and between KDC, LLC, a Hawaii limited liability company, and DMB Kukui'ula LLC, an Arizona limited liability company \(Exhibit 10.6 to Amendment No. 2 to Form 10 filed on May 21, 2012\).](#)

[\(ii\) First Amendment to the Amended and Restated Operating Agreement of Kukui'ula Development Company \(Hawaii\), LLC, dated September 28, 2010, by and between KDC, LLC, a Hawaii limited liability company, and DMB Kukui'ula LLC, an Arizona limited liability company \(Exhibit 10.7 to Amendment No. 2 to Form 10 filed on May 21, 2012\).](#)

[\(iii\) Second Amendment to the Amended and Restated Operating Agreement of Kukui'ula Development Company \(Hawaii\), LLC, dated July 20, 2011, by and between KDC, LLC, a Hawaii limited liability company, and DMB Kukui'ula LLC, an Arizona limited liability company \(Exhibit 10.8 to Amendment No. 2 to Form 10 filed on May 21, 2012\).](#)

[\(iv\) Third Amendment to the Amended and Restated Operating Agreement of Kukui'ula Development Company \(Hawaii\), LLC, dated November 2, 2020, by and between KDC, LLC, a Hawaii limited liability company, and DMB Kukui'ula LLC, an Arizona limited liability company \(Exhibit 10.a.\(iv\) to Form 10-K for the year ended December 31, 2020\).¹](#)

[\(v\) General Contract of Indemnity, among Alexander & Baldwin, LLC \(formerly known as Alexander & Baldwin, Inc.\), Kukui'ula Development Company \(Hawaii\), LLC, DMB Kukui'ula LLC, and DMB Communities LLC, in favor of Travelers Casualty and Surety Company of America, dated June 13, 2006 \(incorporated by reference to Exhibit 10.1 to Alexander & Baldwin, Inc.'s Form 8-K dated June 14, 2006 \(File No. 000-00565\)\).](#)

[\(vi\) Mutual Indemnification Agreement, among Kukui'ula Development Company \(Hawaii\), LLC, DMB Kukui'ula LLC, DMB Communities LLC, and Alexander & Baldwin, LLC \(formerly known as Alexander & Baldwin, Inc.\).](#)

¹ Portions of this exhibit have been omitted pursuant to Rule 601(b)(10)(iv) of Regulation S-K. The omitted information is not material and is the type that the registrant treats as private or confidential.

[dated June 14, 2006 \(incorporated by reference to Exhibit 10.2 to Alexander & Baldwin, Inc.'s Form 8-K dated June 14, 2006 \(File No. 000-00565\)\).](#)

[\(vii\) General Agreement of Indemnity, among Alexander & Baldwin, LLC \(formerly known as Alexander & Baldwin, Inc.\), Kukui'ula Development Company \(Hawaii\), LLC, and DMB Communities LLC, in favor of Safeco Insurance Company of America, dated August 30, 2006 and entered into September 5, 2006 \(incorporated by reference to Exhibit 10.1 to Alexander & Baldwin, Inc.'s Form 8-K dated September 5, 2006 \(File No. 000-00565\)\).](#)

[\(viii\) Mutual Indemnification Agreement, among Kukui'ula Development Company \(Hawaii\), LLC, DMB Kukui'ula LLC, DMB Communities LLC, and Alexander & Baldwin, LLC \(formerly known as Alexander & Baldwin, Inc.\), dated August 30, 2006 and entered into September 5, 2006 \(incorporated by reference to Exhibit 10.2 to Alexander & Baldwin, Inc.'s Form 8-K dated September 5, 2006 \(File No. 000-00565\)\).](#)

[\(ix\) Credit Agreement between Alexander & Baldwin, LLC \(formerly known as Alexander & Baldwin, Inc.\), First Hawaiian Bank, Bank of America, N.A. and the other lenders party thereto, dated as of June 4, 2012 \(Exhibit 10.2 to Form 8-K, dated June 4, 2012\).](#)

[\(x\) \(ii\) First Amendment to Credit Agreement by and among Alexander & Baldwin, LLC, Grace Pacific LLC, Alexander & Baldwin, Inc., A&B II, LLC, Bank of America, N.A., and First Hawaiian Bank, dated December 18, 2013 \(Exhibit 10.a.\(xvi\) to Alexander & Baldwin, Inc.'s Form 10-Q for the quarter ended March 31, 2015\).](#)

[\(xi\) \(iii\) Second Amended and Restated Credit Agreement by and among Alexander & Baldwin, LLC, Grace Pacific LLC, Alexander & Baldwin, LLC, Series R, Alexander & Baldwin, LLC, Series T, Alexander & Baldwin, LLC, Series M, Bank of America N.A., First Hawaiian Bank, and other lenders party thereto, dated September 15, 2017 \(Exhibit 10.1 to Form 8-K, dated September 19, 2017\).](#)

[\(xii\) \(iv\) Third Amended and Restated Credit Agreement by and among Alexander & Baldwin, Inc., Alexander & Baldwin Investments, LLC, A&B II, LLC, Grace Pacific LLC, Bank of America N.A., First Hawaiian Bank, KeyBank National Association, Wells Fargo Bank, National Association, and other lenders party thereto, dated August 31, 2021 \(Exhibit 10.1 to Form 8-K, dated August 31, 2021\).](#)

[\(xiii\) \(v\) Joinder Agreement, by Alexander & Baldwin, Inc., dated November 8, 2017, to Second Amended and Restated Credit Agreement, dated September 15, 2017, among Alexander & Baldwin, LLC, Grace Pacific LLC, Alexander & Baldwin, LLC, Series R, Alexander & Baldwin, LLC, Series T, Alexander & Baldwin, LLC, Series M, Bank of America, N.A., First Hawaiian Bank, and other lenders party thereto \(Exhibit 10.a.\(xi\) to Form 10-K for the year ended December 31, 2017\).](#)

(xiv) Amended and Restated Credit Agreement, dated December 10, 2015, among Alexander & Baldwin, LLC, Grace Pacific LLC, Bank of America, N.A., and other lenders party thereto (Exhibit 10.a.(xvii) to Form 10-K for the year ended December 31, 2015).

(xv) Amended and Restated Note Purchase and Private Shelf Agreement among Alexander & Baldwin, LLC (formerly known as Alexander & Baldwin, Inc.), Prudential Investment Management, Inc. and the other purchasers party thereto, dated as of June 4, 2012 (Exhibit 10.1 to Form 8-K, dated June 4, 2012).

(xvi) Modification to Amended and Restated Note Purchase and Private Shelf Agreement among Alexander & Baldwin, LLC, Alexander & Baldwin, Inc., Prudential Investment Management, Inc. and the other purchasers party thereto, dated as of September 27, 2013 (Exhibit 10.a.(xviii) to Form 10-Q for the quarter ended September 30, 2013).

(xvii) Second Amended and Restated Note Purchase and Private Shelf Agreement among Alexander & Baldwin, Inc., Alexander & Baldwin, LLC, Prudential Investment Management, Inc., and certain affiliates of Prudential Investment Management, Inc., dated December 10, 2015 (Exhibit 10.a.(xx) to Form 10-K for the year ended December 31, 2015).

(xviii) Third Amendment to Second Amended and Restated Note Purchase and Private Shelf Agreement among Alexander & Baldwin, Inc., Alexander & Baldwin, LLC, Prudential Investment Management, Inc., and certain affiliates of Prudential Investment Management, Inc., dated August 31, 2021 (Exhibit 10.2 to Form 8-K, dated August 31, 2021).

(xix) Amendment to Second Amended and Restated Note Purchase and Private Shelf Agreement by and among Alexander & Baldwin, Inc., Alexander & Baldwin, LLC, Prudential Investment Management, Inc., and certain

affiliates of Prudential Investment Management, Inc., dated September 15, 2017 (Exhibit 10.2 to Form 8-K, dated September 19, 2017).

(xx) Joinder Agreement, by Alexander & Baldwin, Inc. (formerly Alexander & Baldwin REIT Holdings, Inc.), dated November 8, 2017, to Second Amended and Restated Note Purchase and Private Shelf Agreement, dated December 10, 2015, as amended, between Alexander & Baldwin, LLC, Alexander & Baldwin, Inc., and the other Guarantors party thereto, on the one hand, and the Purchasers party thereto, on the other hand (Exhibit 10.a.(xvii) to Form 10-K for the year ended December 31, 2017).

(xxi) Second Amendment to Second Amended and Restated Note Purchase and Private Shelf Agreement, by and among Alexander & Baldwin, Inc., Alexander & Baldwin, LLC, Alexander & Baldwin, LLC, Series R, Alexander & Baldwin, LLC, Series T, Alexander & Baldwin, LLC, Series M, Prudential Investment Management, Inc., and certain affiliates of Prudential Investment Management, Inc., dated January 8, 2018 (Exhibit 10.a.(xviii) to Form 10-K for the year ended December 31, 2017).

(xxii) Series J Senior Notes (No. J-1 through No. J-8) by Alexander & Baldwin, LLC, Alexander & Baldwin, LLC, Series R, Alexander & Baldwin, LLC, Series T, and Alexander & Baldwin, LLC, Series M in favor of The Prudential Insurance Company of America, dated April 18, 2018 (Exhibit 10.a.(xix) to Form 10-Q for the quarter ended March 31, 2018).

(xxiii) Series K Senior Notes (No. K-1 through No. K-8) by Alexander & Baldwin, LLC, Alexander & Baldwin, LLC, Series R, Alexander & Baldwin, LLC, Series T, and Alexander & Baldwin, LLC, Series M in favor of The Prudential Insurance Company of America, dated April 18, 2018 (Exhibit 10.a.(xx) to Form 10-Q for the quarter ended March 31, 2018).

(xxiv) Series L Senior Notes (No. L-1 through No. L-8) by Alexander & Baldwin, LLC, Alexander & Baldwin, LLC, Series R, Alexander & Baldwin, LLC, Series T, and Alexander & Baldwin, LLC, Series M in favor of The Prudential Insurance Company of America, dated April 18, 2018 (Exhibit 10.a.(xxi) to Form 10-Q for the quarter ended March 31, 2018).

(xxv) Limited Guaranty among A & B Properties, Inc., First Hawaiian Bank, Wells Fargo Bank N.A., Bank of Hawaii, and Central Pacific Bank, dated as of November 30, 2012 (Exhibit 10.1 to Form 8-K, dated December 4, 2012).

(xxvi) Completion Guaranty among A & B Properties, Inc., First Hawaiian Bank, Wells Fargo Bank N.A., Bank of Hawaii, and Central Pacific Bank, dated as of November 30, 2012 (Exhibit 10.2 to Form 8-K, dated December 4, 2012).

(xxvii) Note Purchase and Private Shelf Agreement among Alexander & Baldwin, Inc., Alexander & Baldwin, LLC, AIG Asset Management (U.S.), LLC, and certain affiliates of AIG Asset Management (U.S.), LLC, dated December 20, 2017 (Exhibit 10.4 to Form 10-Q for the quarter ended September 30, 2021).

(xxviii) First Amendment to Note Purchase and Private Shelf Agreement among Alexander & Baldwin, Inc., Alexander & Baldwin, LLC, AIG Asset Management (U.S.), LLC, and certain affiliates of AIG Asset Management (U.S.), LLC, dated March 5, 2018 (Exhibit 10.a.(xviii) to Form 10.3 to Form 10-K for the year ended December 31, 2021).

(xxix) Second Amendment to Note Purchase and Private Shelf Agreement among Alexander & Baldwin, Inc., Alexander & Baldwin, LLC, AIG Asset Management (U.S.), LLC, and certain affiliates of AIG Asset Management (U.S.), LLC, dated August 31, 2021 (Exhibit 10.3 to Form 8-K, dated August 31, 2021).

(xxx) Note and Mortgage Assumption Agreement, dated January 15, 2013, among U.S. Bank National Association, as trustee for Morgan Stanley Capital I Inc., Commercial Mortgage Pass-Through Certificates, Series 2006-IO11, TNP SRT Waianae Mall, LLC, and A&B Waianae LLC (Exhibit 10.a.(xx) to Form 10-K for the year ended December 31, 2012).

(xxx)(xx) Loan Assumption and Amendment to Loan Documents, among PHSC Holdings, LLC, ABP Pearl Highlands LLC, Pearl Highlands LLC, and The Northwestern Mutual Life Insurance Company, dated September 17, 2013 (Exhibit 10.a.(xxii) to Form 10-Q for the quarter ended September 30, 2013).

(xxxii)(xxi) Promissory Note between ABP Pearl Highlands LLC and The Northwestern Mutual Life Insurance Company, dated November 20, 2014 (Exhibit 10.1 to Form 8-K, dated December 1, 2014).

(xxxiii)(xxii) Mortgage and Security Agreement between ABP Pearl Highlands LLC and The Northwestern Mutual Life Insurance Company, dated November 20, 2014 (Exhibit 10.2 to Form 8-K, dated December 1, 2014).

(xxxiv)(xxiii) Term Loan Agreement among Kukui'ula Village LLC, Bank of America, N.A., and the other financial institutions party thereto, dated as of November 5, 2013 (Exhibit 10.a.(xxvi) to Alexander & Baldwin, Inc.'s Form 10-K for the year ended December 31, 2013).

(xxxv)(xxiv) Real Estate Term Loan Agreement among Kukui'ula Village LLC, Kukui'ula Development Company (Hawaii), LLC, Bank of America, N.A., and the other financial institutions party thereto, dated as of November 5, 2013 (Exhibit 10.a.(xxv) to Alexander & Baldwin, Inc.'s Form 10-K for the year ended December 31, 2013).

(xxxvi)(xxv) Promissory Note by ABL Manoa Marketplace LF LLC, A&B Manoa LLC, ABL Manoa Marketplace LH LLC, and ABP Manoa Marketplace LH LLC to First Hawaiian Bank, dated August 1, 2016 (Exhibit 10.a.(xxxiv) to Form 10-Q for the quarter ended September 30, 2016).

(xxxvii)(xxvi) Mortgage, Security Agreement and Fixture Filing by ABL Manoa Marketplace LF LLC, A&B Manoa LLC, ABL Manoa Marketplace LH LLC, and ABP Manoa Marketplace LH LLC to First Hawaiian Bank, dated August 1, 2016 (Exhibit 10.a.(xxxv) to Form 10-Q for the quarter ended September 30, 2016).

(xxxviii)(xxvii) Limited Liability Company Agreement of Alexander & Baldwin Investments, LLC, dated as of November 8, 2017 (Exhibit 10.1 to Form 8-K, dated November 8, 2017).

(xxxix)(xxviii) Term Loan Agreement, among Alexander & Baldwin, LLC, Grace Pacific LLC, the other borrowers party thereto, Wells Fargo Bank, National Association, Wells Fargo Securities, LLC, and the other lenders party thereto, dated February 26, 2018 (Exhibit 10.a.(xxxiii) to Form 10-Q for the quarter ended March 31, 2018).

(x)(xxix) Promissory Note by TRC Laulani Village, LLC in favor of The Northwestern Mutual Life Insurance Company, dated April 10, 2014 (Exhibit 10.a.(xxxiv) to Form 10-Q for the quarter ended March 31, 2018).

(xi)(xx) Loan Assumption and Amendment to Loan Documents, among TRC Laulani Village, LLC, ABP E1 LLC, ABP ER1 LLC, and The Northwestern Mutual Life Insurance Company, dated February 23, 2018 (Exhibit 10.a.(xxxv) to Form 10-Q for the quarter ended March 31, 2018).

(xli)(x) Purchase and Sale Agreement, among Hokulei Village, LLC, TRC Laulani Village, LLC, Laulani Village Pad G, LLC, and Puunene Shopping Center, LLC, on one hand, and A & B Properties Hawaii, LLC, Series R, on the other hand, effective as of November 22, 2017, as amended (Exhibit 10.a.(xxxvi) to Form 10-Q for the quarter ended March 31, 2018).¹

(xlii)(xi) Purchase and Sale Agreement and Escrow Instructions by Alexander & Baldwin, LLC, Series R, Alexander & Baldwin, LLC, Series T, and A & B Properties Hawaii, LLC, Series R, and Mahi Pono Holdings, LLC, dated December 17, 2018 (Exhibit 10.1 to Form 8-K, dated December 20, 2018).

*10.b.1. (i) Alexander & Baldwin, Inc. 2012 Incentive Compensation Plan (Exhibit 99.1 to Form S-8 filed on June 29, 2012).

(ii) Amendment No. 1 to Alexander & Baldwin, Inc. 2012 Incentive Compensation Plan, effective as of January 24, 2017 (Exhibit 10.b.1.(ii) to Form 10-K for the year ended December 31, 2016).

(iii) Alexander & Baldwin, Inc. Amended and Restated 2012 Incentive Compensation Plan, as assumed (Exhibit 99.1 to Post-Effective Amendment No. 1 to Form S-8 filed on November 8, 2017).

(iv) Alexander & Baldwin, Inc. Amended and Restated 2012 Incentive Compensation Plan, as assumed on November 8, 2017, as further amended and restated effective January 23, 2018 (Exhibit 10.b.1.(iv) to Form 10-Q for the quarter ended September 30, 2018).

(v) Amendment No. 1 to Alexander & Baldwin, Inc. Amended and Restated 2012 Incentive Compensation Plan, effective April 26, 2021 (Exhibit 10.b.1.(v) to Form 10-Q for the quarter ended June 30, 2021).

(vi)(vi) Form of Notice of Stock Option Grant (Exhibit 99.2 to Form S-8 filed on June 29, 2012).

(vii)(vii) Form of Stock Option Agreement for Executive Employees (Exhibit 99.4 to Form S-8 filed on June 29, 2012).

(viii) (viii) Form of Notice of Time-Based Restricted Stock Unit Grant (Exhibit 10.b.1.(iv) to Form 10-K for the year ended December 31, 2012).

(ix) (ix) Form of Notice of Time-Based Restricted Stock Unit Grant (Exhibit 10.b.1(viii) to Form 10-K for the year ended December 31, 2019).

(x) (x) Form of Time-Based Restricted Stock Unit Agreement for Executive Employees (Exhibit 10.b.1.(v) to Form 10-K for the year ended December 31, 2012).

(xi) (xi) Form of Restricted Stock Unit Agreement for Non-Employee Directors (Exhibit 99.8 to Form S-8 filed on June 29, 2012).

(xii) (xii) Form of Restricted Stock Unit Agreement for Non-Employee Directors (Deferral Election) (Exhibit 99.9 to Form S-8 filed on June 29, 2012).

(xiii) (xiii) Form of Notice of Performance-Based Restricted Stock Unit Grant (Exhibit 99.10 to Form S-8 filed on June 29, 2012).

(xiv) (xiv) Form of Performance-Based Restricted Stock Unit Agreement for Executive Employees (Exhibit 99.12 to Form S-8 filed on June 29, 2012).

(xv) (xv) Form of Universal Stock Option Agreement for Substitute Options-Executive Officers (2007 Plan) (Exhibit 99.13 to Form S-8 filed on June 29, 2012).

(xvi) (xvi) Form of Universal Stock Option Agreement for Substitute Options (1998 Plan) (Exhibit 99.15 to Form S-8 filed on June 29, 2012).

(xvii) (xvii) Form of Universal Stock Option Agreement for Substitute Options (1998 Non-employee Director Plan) (Exhibit 99.16 to Form S-8 filed on June 29, 2012).

(xviii) (xviii) Form of Universal Restricted Stock Unit Award Agreement for Substitute Awards-Executive Officer (2007 Plan) (Exhibit 99.17 to Form S-8 filed on June 29, 2012).

(xix) (xix) Form of Universal Restricted Stock Unit Award Agreement for Substitute Awards-Non-employee Board Member (Exhibit 99.19 to Form S-8 filed on June 29, 2012).

(xx) (xx) Form of Universal Restricted Stock Unit Award Agreement for Substitute Awards-Non-employee Board Member (Deferral Elections) (Exhibit 99.20 to Form S-8 filed on June 29, 2012).

(xxi) (xxi) Form of Restricted Stock Unit Award Agreement for Substitute 2012 Performance-Based Award-Executive Officer (Exhibit 99.21 to Form S-8 filed on June 29, 2012).

(xxii) (xxii) Form of Notice of Award of Performance Share Units (Exhibit 10.2 to Form 8-K, dated January 28, 2013).

(xxiii) (xxiii) Form of Performance Share Unit Award Agreement (Exhibit 10.1 to Form 8-K, dated January 28, 2013).

(xxiv) (xxiv) Form of Notice of Award of Performance Share Units (Exhibit 10.b.1.(xix) to Form 10-K for the year ended December 31, 2014).

(xxv) Form of Notice of Award of Performance Share Units (Exhibit 10.b.1.(xxv) to Form 10-K for the year ended December 31, 2021).

(xxvi) (xxvi) Form of Performance Share Unit Award Agreement (Exhibit 10.b.1.(xx) to Form 10-K for the year ended December 31, 2014).

(xxvii) (xxvii) Form of Letter Agreement (Exhibit 10.1 to Form 8-K, dated June 28, 2012).

(xxviii) Form of Letter Agreement (current participants) (Exhibit 10.b.1(xxviii) to Form 10-Q for the quarter ended March 31, 2022).

(xxix) Form of Letter Agreement (prospective participants) (Exhibit 10.b.1(xxix) to Form 10-Q for the quarter ended March 31, 2022).

(xxx) Alexander & Baldwin, Inc. Executive Severance Plan, amended and restated as of January 1, 2022 (Exhibit 10.1 to Form 10-Q for the quarter ended September 30, 2021).

(xxxi) Alexander & Baldwin, Inc. One-Year Performance Improvement Incentive Plan (Exhibit 10.3 to Form 8-K, dated January 28, 2013).

(xxxii) Amendment No. 1 to Alexander & Baldwin, Inc. One-Year Performance Improvement Incentive Plan, dated July 29, 2014 (Exhibit 10.b.1(xxii) to Form 10-Q for the quarter ended September 30, 2014).

(xxxiii) Amendment No. 2 to Alexander & Baldwin, Inc. One-Year Performance Improvement Incentive Plan, effective January 1, 2018 (Exhibit 10.b.1(XXX) to Form 10-Q for the quarter ended March 31, 2021).

(xxxiv) Alexander & Baldwin, Inc. Excess Benefits Plan (Exhibit 10.4 to Form 8-K, dated June 28, 2012).

[\(xxxiii\) Amendment No. 1 to the Alexander & Baldwin, Inc. Excess Benefits Plan, effective as of March 1, 2013 \(Exhibit 10.b.1\(xxiii\) to Form 10-Q for the quarter ended March 31, 2013\).](#)

[\(xxxvii\) Amendment No. 2 to the Alexander & Baldwin, Inc. Excess Benefits Plan, effective as of January 1, 2020 \(Exhibit 10.b.1\(xxvii\) to Form 10-K for the year ended December 31, 2019\).](#)

[\(xxxviii\) Amendment No. 3 to the Alexander & Baldwin, Inc. Excess Benefits Plan, effective as of April 1, 2020 \(Exhibit 10.b.1\(xxviii\) to Form 10-Q for the quarter ended March 31, 2021\).](#)

[\(xxxix\) Alexander & Baldwin, Inc. Deferred Compensation Plan for Outside Directors \(Exhibit 10.b.1\(xxix\) to Form 10-Q for the quarter ended June 30, 2012\).](#)

[\(xxvii\) Alexander & Baldwin, Inc. Retirement Plan for Outside Directors \(Exhibit 10.b.1\(xxvii\) to Form 10-Q for the quarter ended June 30, 2012\).](#)

[\(xxviii\) Amendment No. 4 to the Alexander & Baldwin, Inc. Excess Benefits Plan, effective as of April 1, 2022 \(Exhibit 10.b.1\(xxviii\) to Form 10-Q for the quarter ended March 31, 2022\).](#)

[\(xli\) Amendment No. 1 to the Alexander & Baldwin, Inc. Retirement Plan for Outside Directors, effective as of March 1, 2013 \(Exhibit 10.b.1\(xli\) to Form 10-Q for the quarter ended March 31, 2013\).](#)

[\(xlii\) Letter Agreement, dated March 21, 2019, between Alexander & Baldwin, Inc. and Brett Brown \(Exhibit 10.b.1\(xlii\) to Form 10-Q for the quarter ended June 30, 2019\).](#)

[\(xliii\) 2019 Alexander & Baldwin Nonqualified Defined Contribution Plan Adoption Agreement \(Exhibit 10.b.1\(xliii\) to Form 10-K for the year ended December 31, 2019\).](#)

[\(xlv\) Base Plan for 2019 Alexander & Baldwin Nonqualified Defined Contribution Plan Adoption Agreement \(Exhibit 10.b.1\(xlv\) to Form 10-K for the year ended December 31, 2019\).](#)

[\(xlvi\) Alexander & Baldwin, Inc. 2021 Executive Simplification Incentive Program, effective February 22, 2021 \(Exhibit 10.b.1\(xlii\) to Form 10-Q for the quarter ended March 31, 2021\).](#)

[\(xlvii\) Alexander & Baldwin, Inc. 2022 Omnibus Incentive Plan \(Appendix A to Proxy Statement filed on March 15, 2022\).](#)

[\(xlviii\) Form of Restricted Stock Unit Agreement for Non-Employee Directors \(Exhibit 10.b.1\(xlviii\) to Form 10-Q for the quarter ended March 31, 2022\).](#)

[\(xlvix\) Form of Notice of Time-Based Restricted Stock Unit Grant \(Exhibit 10.b.1\(xlvix\) to Form 10-Q for the quarter ended September 30, 2022\).](#)

[\(xlvi\) Form of Time-Based Restricted Stock Unit Agreement for Executive Employees \(Exhibit 10.b.1\(xli\) to Form 10-Q for the quarter ended September 30, 2022\).](#)

[\(xlvi\) Form of Notice of Performance-Based Restricted Stock Unit Grant \(Exhibit 10.b.1\(xli\) to Form 10-Q for the quarter ended September 30, 2022\).](#)

[\(li\) Form of Performance-Based Restricted Stock Unit Agreement for Executive Employees \(Exhibit 10.b.1\(li\) to Form 10-Q for the quarter ended September 30, 2022\).](#)

[\(lii\) Notice of Award of Time-Based Restricted Stock Units, dated February 1, 2023, for Christopher J. Benjamin; Time-Based Restricted Stock Award Agreement between Alexander & Baldwin, Inc. and Christopher J. Benjamin \(Exhibit 10.1 to Form 8-K, dated February 2, 2023\).](#)

[\(liii\) Consulting Agreement, dated January 30, 2023, between Alexander & Baldwin, Inc. and Christopher J. Benjamin \(Exhibit 10.2 to Form 8-K, dated February 2, 2023\).](#)

[\(liii\) Letter Agreement, dated January, 2023, between Alexander & Baldwin, Inc. and Christopher J. Benjamin \(Exhibit 10.3 to Form 8-K, dated February 2, 2023\).](#)

All exhibits listed under 10.b.1. are management contracts or compensatory plans or arrangements.

[21.1 Alexander & Baldwin, Inc. Subsidiaries as of February 1, 2022.](#)

[23.1 Consent of Deloitte & Touche LLP dated February 25 March 1, 2023.](#)

[23.2 Consent of Deloitte & Touche LLP dated March 1, 2023.](#)

[31.1 Certification of Chief Executive Officer, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

[31.2 Certification of Chief Financial Officer, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

[32. Certification of Chief Executive Officer and Chief Financial Officer, Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to 906 of the Sarbanes-Oxley Act of 2002.](#)

[99.1 Financial Statements of Kukui'ula Development Company \(Hawaii\), LLC as of and for the year ended December 31, 2022](#)

[99.2 Financial Statements of Kukui'ula Development Company \(Hawaii\), LLC as of and for the years ended December 31, 2021 and 2020](#)

[95. Mine Safety Disclosure.](#)

101. The following information from Alexander & Baldwin, Inc.'s Annual Report on Form 10-K for the fiscal year ended **December 31, 2021** **December 31, 2022**, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Equity, and (vi) Notes to Consolidated Financial Statements.

104. Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101).

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALEXANDER & BALDWIN, INC.
(Registrant)

February 25, 2022 **March 1, 2023**

By: */s/* Christopher J. Benjamin

Christopher J. Benjamin

President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ Eric K. Yeaman	Chairman of the Board	February 25, 2022 March 1, 2023
Eric K. Yeaman		
/s/ Christopher J. Benjamin	President, Chief Executive Officer	February 25, 2022 March 1, 2023
Christopher J. Benjamin	Officer and Director	
/s/ Brett A. Brown	Executive Vice President and Chief Financial Officer	February 25, 2022
Brett A. Brown		
/s/ Clayton K.Y. Chun	Senior Executive Vice President, Chief Accounting Officer and Controller	February 25, 2022 March 1, 2023
Clayton K.Y. Chun	Treasurer	
/s/ Diana M. Laing	Director	February 25, 2022 March 1, 2023
Diana M. Laing		
/s/ John T. Leong	Director	February 25, 2022 March 1, 2023
John T. Leong		
/s/ Thomas A. Lewis, Jr.	Director	February 25, 2022 March 1, 2023
Thomas A. Lewis, Jr.		
/s/ Douglas M. Pasquale	Lead Independent Director	February 25, 2022 March 1, 2023
Douglas M. Pasquale		
/s/ Michele K. Saito	Director	February 25, 2022 March 1, 2023
Michele K. Saito		

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EXECUTION VERSION

**FIRST AMENDMENT TO
NOTE PURCHASE AND PRIVATE SHELF AGREEMENT**

THIS FIRST AMENDMENT TO NOTE PURCHASE AND PRIVATE SHELF AGREEMENT (this "First Amendment") dated as of March 5, 2018 is by and among Alexander & Baldwin, LLC, a Delaware limited liability company (the "Company"), Alexander & Baldwin, LLC, Series R ("Series R"), Alexander & Baldwin, LLC, Series T ("Series T"), Alexander & Baldwin, LLC, Series M ("Series M" and together with the Company, Series R and Series T, the "Co-Issuers"), Alexander & Baldwin,

Inc., a Hawaii corporation ("Holdings"), each other Guarantor (as defined in the Note Purchase Agreement defined below) which is a signatory to this First Amendment, AIG Asset Management (U.S.), LLC, a Delaware limited liability company ("AIG"), and each of the holders of the Series 2017-1 Notes referred to below that is a signatory to this First Amendment (collectively, the "Noteholders"). The Co-Issuers, Holdings and the other Guarantors are collectively referred to herein as the "Credit Parties."

RECITALS:

A. The Credit Parties, AIG and the Noteholders have heretofore entered into a Note Purchase and Private Shelf Agreement dated December 20, 2017 (the "Note Purchase Agreement"), relating to the issue and sale from time to time by the Co-Issuers of their senior promissory notes, including the issue and sale on December 20, 2017 of the \$25,000,000 4.30% Series 2017-1 Senior Notes, due December 20, 2029 (the "Series 2017-1 Notes").

B. The Credit Parties, AIG and the Noteholders now desire to amend the Note Purchase Agreement in the respects, but only in the respects, hereinafter set forth.

C. Capitalized terms used herein shall have the respective meanings ascribed thereto in the Note Purchase Agreement unless herein defined or the context shall otherwise require.

D. All requirements of law have been fully complied with and all other acts and things necessary to make this First Amendment a valid, legal and binding instrument according to its terms for the purposes herein expressed have been done or performed.

Now, THEREFORE, upon the full and complete satisfaction of the conditions precedent to the effectiveness of this First Amendment set forth in Section 3.1 hereof, and in consideration of good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. AMENDMENTS.

Section 1.1. Subclause (c) paragraph 1B(2) of the Note Purchase Agreement shall be and is hereby amended and restated as follows:

(c) the aggregate principal amount of all Shelf Notes of additional Series that may be issued hereunder is \$75,000,000 (the "Maximum Shelf Facility Amount").

Section 1.2. Paragraph 10B of the Note Purchase Agreement shall be and is hereby amended by amending and restating the following term:

"Series Joinder Agreements" means each Series Joinder Agreement which the Co-Issuers and any new LLC Series executes and delivers pursuant to the requirements of paragraph 5G, joining such LLC Series to this Agreement as a Co-Issuer for the benefit of the holders of the Notes (provided that each new LLC Series shall be bound by paragraph 12S of this Agreement).

Section 1.3. Paragraph 10B of the Note Purchase Agreement shall be and is hereby amended by inserting the following new definition in its proper alphabetical order:

"Obligations" is defined in paragraph 12S.

Section 1.4. The Note Purchase Agreement shall be and is hereby amended by inserting the following new paragraph 12S in its proper numerical order:

12S. Concerning Joint and Several Liability of the Company and the LLC Series.

(a) Each of the Company, Series R, Series T, Series M, and each LLC Series which hereafter may execute and deliver a Series Joinder Agreement pursuant to the requirements of paragraph 5G(ii) is accepting joint and several liability hereunder and in respect of the Notes in consideration of the financial accommodations provided and to be provided by the holders of the Notes, for the mutual benefit, directly and indirectly, of each of the Co-Issuers and in consideration of the undertakings of each of the other Co-Issuers to accept joint and several liability for the obligations of each of them.

(b) Each of the Co-Issuers jointly and severally hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Co-Issuers with respect to the payment and performance of all of the Obligations arising under this Agreement, the Notes and the other Transaction Documents, it being the intention of the parties hereto that all the Obligations shall be the joint and several obligations of each of the Co-Issuers without preferences or distinction among them.

As used in this paragraph 12S, the term

“Obligations” shall mean all loans, advances, debts, liabilities and obligations, for monetary amounts or otherwise, from time to time owing by any of the Co-Issuers to the holders of the Notes or to be performed by any of the Co-Issuers in connection with this Agreement, the Notes and the other Transaction Documents, whether due or to become due, matured or unmatured, liquidated or unliquidated, contingent or non-contingent, and all covenants and duties regarding such amounts, of any kind or nature, present or future, whether or not evidenced by any note, agreement or instrument, arising under or in respect of this Agreement, the Notes or the other Transaction Documents (it being understood that this term includes all principal, interest (including interest that accrues after the commencement by or against any of the Co-Issuers of any action under bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law, whether now or hereafter in effect), the Make-Whole Amount, if any, premium or other prepayment consideration, fees, expenses, costs or other sums (including all fees and disbursements of any law firm or other external counsel) chargeable to the Co-Issuers under this Agreement, the Notes or the other Transaction Documents).

(c) If and to the extent that a Co-Issuer shall fail to make any payment with respect to any of the Obligations hereunder as and when due or to perform any of such Obligations in accordance with the terms thereof, then in each such event, the other Co-Issuers will make such payment with respect to, or perform, such Obligation.

(d) The obligations of each Co-Issuer under this paragraph 12S constitute full recourse obligations of such Co-Issuer, enforceable against it to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of this Agreement as against any other Co-Issuer or any other circumstances whatsoever that would impair the rights of any holder of a Note as against any other Co-Issuer.

(e) Except as otherwise expressly provided herein, each Co-Issuer hereby waives notice of acceptance of its joint and several liability, notice of occurrence of any Default or Event of Default (except to the extent notice is expressly required to be given pursuant to the terms of this Agreement), or of any demand for any payment under this Agreement, the Notes or any other Transaction Document, notice of any action at any time taken or omitted by any holder of a Note under or in respect of any of the

Obligations hereunder, any requirement of diligence and, generally, all demands, notices and other formalities of every kind in connection with this Agreement, the Notes or any other Transaction Document. Each Co-Issuer hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Obligations hereunder, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by the holders of the Notes at any time or times in respect of any default by any Co-Issuer in the performance or satisfaction of any term, covenant, condition or provision of this Agreement, any and all other indulgences whatsoever by the holders of the Notes in respect of any of the Obligations hereunder, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of such Obligations or the addition, substitution or release, in whole or in part, of any Co-Issuer. Without limiting the generality of the foregoing, each Co-Issuer assents to any other action or delay in acting or any failure to act on the part of the holders of the Notes, including any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with applicable laws or regulations thereunder which might, but for the provisions of this paragraph 12S, afford grounds for terminating, discharging or relieving such Co-Issuer, in whole or in part, from any of its obligations under this paragraph 12S, it being the intention of each Co-Issuer that, so long as any of the Obligations hereunder remain unsatisfied, the obligations of such Co-Issuer under this paragraph 12S shall not be discharged except by performance and then only to the extent of such performance. The obligations of each Co-Issuer under this paragraph 12S shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any Co-Issuer or the holders of the Notes. The joint and several liability of the Co-Issuers hereunder shall continue in full force and effect notwithstanding any absorption, merger, amalgamation or any other change whatsoever in the name, membership, constitution or place of formation of any Co-Issuer or the holders of the Notes.

(f) The provisions of this paragraph 12S are made for the benefit of the Purchasers and their respective successors, transferees and assigns, and may be enforced by any such Person from time to time against any of the Co-Issuers as often as occasion therefor may arise and without requirement on the part of any holder of a Note first to marshal any of its claims or to exercise any of its rights against any other Co-Issuer or to exhaust any remedies available to it against any other Co-Issuer or to resort to

any other source or means of obtaining payment of any of the Obligations or to elect any other remedy. The provisions of this paragraph 12S shall remain in effect until all the Obligations hereunder shall have been paid in full or otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the Obligations, is rescinded or must otherwise be restored or returned by the holders of the Notes upon the insolvency, bankruptcy or reorganization of any of the Co-Issuers, or otherwise, the provisions of this paragraph 12S will forthwith be reinstated and in effect as though such payment had not been made.

(g) Each Co-Issuer hereby agrees that, to the extent that a Co-Issuer shall have paid an amount hereunder to any holder of a Note that is greater than the net value of the benefits received, directly or indirectly, by such paying Co-Issuer as a result of the issuance and sale of the Notes, such paying Co-Issuer shall be entitled to contribution from each other Co-Issuer that has not paid its proportionate share, based on benefits received as a result of the issuance and sale of the Notes. Any amount payable as a contribution under this paragraph 12S(g) shall be determined as of the date of which the related payment or distribution is made by the Co-Issuer seeking contribution, and each of the Co-Issuer acknowledges that the right to contribution hereunder shall constitute an asset of such Co-Issuer to which such contribution is owed. Notwithstanding the foregoing, the provisions of this paragraph 12S(g) shall in no respect limit the obligations and liabilities of any Co-Issuer to the holders of the Notes hereunder or under any other Transaction Document, and each Co-Issuer shall remain liable for the full payment and performance of the Obligations. Any indebtedness or other obligations of the other Co-Issuers now or hereafter held by or owing to any Co-Issuer is hereby subordinated in time and right of payment to all indebtedness or other obligation of the other Co-Issuers owed during the continuation of an Event of Default to any or all of the holders of the Notes under the Notes, this Agreement or any other Transaction Document.

SECTION 2. REPRESENTATIONS AND WARRANTIES OF THE CREDIT PARTIES.

Section 2.1. To induce AIG and the Noteholders to execute and deliver this First Amendment (which representations shall survive the execution and delivery of this First Amendment), each of the Credit Parties, jointly and severally, represent and warrant to AIG and the Noteholders that:

(a) this First Amendment has been duly authorized, executed and delivered by each Credit Party and constitutes the legal, valid and binding obligation, contract and agreement of each Credit Party enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(b) the Note Purchase Agreement, as amended by this First Amendment, constitutes the legal, valid and binding obligation, contract and agreement of each Credit Party enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(c) the execution, delivery and performance by each Credit Party of this First Amendment (i) has been duly authorized by all requisite corporate action and, if required, equity-holder action, (ii) does not require the consent or approval of any governmental or regulatory body or agency, and (iii) will not (A) violate (1) any provision of law, statute, rule or regulation or its certificate of incorporation or bylaws, (2) any order of any court or any rule, regulation or order of any other agency or government binding upon it, or (3) any provision of any material indenture, agreement or other instrument to which it is a party or by which its properties or assets are or may be bound, including, without limitation, each Principal Credit Facility, or (B) result in a breach or constitute (alone or with due notice or lapse of time or both) a default under any indenture, agreement or other instrument referred to in clause (iii)(A)(3) of this Section 2.1(c); and

(d) as of the date hereof and after giving effect to this First Amendment, no Default or Event of Default has occurred which is continuing; and

(e) all the representations and warranties contained in Paragraph 8 of the Note Purchase Agreement are true and correct in all material respects with the same force and effect as if made on and as of the date hereof.

SECTION 3. CONDITIONS TO EFFECTIVENESS OF THIS FIRST AMENDMENT.

Section 3.1. This First Amendment shall not become effective until, and shall become effective when:

(a) executed counterparts of this First Amendment, duly executed by the Credit Parties, AIG and the Noteholders, shall have been delivered to AIG and the Noteholders;

(b) the Noteholders shall have received copies of the resolutions of the Board of Directors of each of the Credit Parties authorizing the execution, delivery and performance by such Credit Party of this First Amendment, certified by a Secretary or an Assistant Secretary; and

(c) the representations and warranties of the Credit Parties set forth in Section 2 hereof shall be true and correct on and with respect to the date hereof (and execution of this First Amendment by each Credit Party shall constitute its certification of the same).

Upon receipt or satisfaction of all of the foregoing, this First Amendment shall become effective. **SECTION 4. MISCELLANEOUS.**

Section 4.1. Holdings and each Co-Issuer agree to pay upon demand, the reasonable fees and expenses of Chapman and Cutler LLP, special counsel to the Noteholders, in connection with the negotiation, preparation, approval, execution and delivery of this First Amendment.

Section 4.2. This First Amendment shall be construed in connection with and as part of the Note Purchase Agreement, and except as modified and expressly amended by this First Amendment, all terms, conditions and covenants contained in the Note Purchase Agreement and the Series 2017-1 Notes are hereby ratified and shall be and remain in full force and effect.

Section 4.3. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this First Amendment may refer to the Note Purchase Agreement without making specific reference to this First Amendment but nevertheless all such references shall include this First Amendment unless the context otherwise requires.

Section 4.4. The descriptive headings of the various Sections or parts of this First Amendment are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

Section 4.5. This First Amendment shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York, excluding choice of law principles of the law of such state that would permit the application of the laws of a jurisdiction other than such state.

The execution hereof by you shall constitute a contract between us for the uses and purposes herein above set forth, and this First Amendment may be executed in any number of counterparts, each executed counterpart constituting an original, but all together only one agreement.

Co-Issuers:

Alexander & Baldwin, LLC

By: /s/ James E. Mead
Name: James E. Mead
Title: Authorized Signatory

By: /s/ Nelson N. S. Chun
Name: Nelson N. S. Chun
Title: Authorized Signatory

Alexander & Baldwin, LLC, Series R

By: /s/ James E. Mead
Name: James E. Mead
Title: Chief Financial Officer

By: /s/ Nelson N. S. Chun
Name: Nelson N. S. Chun
Title: Senior Vice President and
Chief Legal Officer

[First Amendment to 2017 Note Purchase and Private Shelf Agreement]

Alexander & Baldwin, LLC, Series T

By: /s/ James E. Mead
Name: James E. Mead
Title: Chief Financial Officer

By: /s/ Nelson N. S. Chun
Name: Nelson N. S. Chun
Title: Senior Vice President and
Chief Legal Officer

Alexander & Baldwin, LLC, Series M

By: /s/ Christopher J. Benjamin

Name: Christopher J. Benjamin

Title: President, Chief Executive

Officer, Secretary & Treasurer

[First Amendment to 2017 Note Purchase and Private Shelf Agreement]

Holdings:

Alexander & Baldwin, Inc.

By: /s/ James E. Mead

Name: James E. Mead

Title: Executive Vice President and
Chief Financial Officer

By: /s/ Nelson N. S. Chun

Name: Nelson N. S. Chun

Title: Executive Vice President and
Chief Legal Officer

[First Amendment to 2017 Note Purchase and Private Shelf Agreement]

Guarantors:

Alexander & Baldwin, Inc.

By: /s/ James E. Mead

Name: James E. Mead

Title: Executive Vice President and
Chief Financial Officer

By: /s/ Nelson N. S. Chun

Name: Nelson N. S. Chun

Title: Executive Vice President and
Chief Legal Officer

Alexander & Baldwin Investments, Inc.

By: /s/ James E. Mead

Name: James E. Mead

Title: Executive Vice President and
Chief Financial Officer

By: /s/ Nelson N. S. Chun

Name: Nelson N. S. Chun

Title: Senior Vice President and
Chief Legal Officer

Grace Pacific LLC

By: /s/ James E. Mead

Name: James E. Mead

Title: Chief Financial Officer

By: /s/ Nelson N. S. Chun

Name: Nelson N. S. Chun

Title: Vice President

[First Amendment to 2017 Note Purchase and Private Shelf Agreement]

A&B II, LLC

By: /s/ James E. Mead

Name: **James E. Mead**

Title: **Chief Financial Officer**

By: /s/ Nelson N. S. Chun

Name: **Nelson N. S. Chun**

Title: **Vice President**

[First Amendment to 2017 Note Purchase and Private Shelf Agreement]

The foregoing Agreement is hereby accepted as of the date first above written.

AIG Asset Management (U.S.), LLC

By: /s/ Byron Douglass

Name: **Byron Douglass**

Title: **Vice President**

Noteholders:

**The United States Life Insurance Company in
the City of New York**

The Variable Annuity Life Insurance Company

By: **AIG Asset Management (U.S.), LLC, as
Investment Adviser**

By: /s/ Byron Douglass

Name: **Byron Douglass**

Title: **Vice President**

[First Amendment to 2017 Note Purchase and Private Shelf Agreement]

EXHIBIT 1

**ALEXANDER & BALDWIN, INC.
NOTICE OF AWARD OF PERFORMANCE SHARE UNITS**

The Corporation hereby awards to Participant, as of the Award Date indicated below, an award (the "Award") of Performance Share Units under the Corporation's 2012 Incentive Compensation Plan (the "Plan"). Each Performance Share Unit represents the right to receive one or more shares of

Common Stock on the applicable issuance date following the vesting of that Performance Share Unit. The number of Performance Share Units subject to this Award and the applicable performance-vesting requirement for those Performance Share Units and the underlying shares of Common Stock are set forth below. The remaining terms and conditions governing the Award, including the applicable service-vesting requirements and the applicable issuance date or dates for the shares of Common Stock that vest and become issuable under the Award, shall be as set forth in the form Performance Share Unit Award Agreement attached hereto as Exhibit A.

AWARD SUMMARY

Participant

Award Date: February 1, 2022

Performance Share Units:

The actual number of shares of Common Stock that may become issuable pursuant to this Award shall be determined in accordance with the performance-vesting provisions of attached Schedule I and the service-vesting provisions of the attached form Performance Share Unit Award Agreement. For purposes of the applicable calculations under those vesting provisions, the number of shares of Common Stock to be utilized is _____ shares (the "Performance Share Units").

Vesting Schedule:

The number of shares of Common Stock which may actually vest and become issuable pursuant to the Award shall be determined pursuant to a two-step process: (i) first there shall be calculated the maximum number of shares of Common Stock in which Participant can vest as a result of the level at which each of the Performance Goals specified on attached Schedule I is in fact attained and (ii) then the number of shares calculated under clause (i) in which Participant may actually vest shall be determined on the basis of his or her satisfaction of the applicable Service vesting requirements set forth in the attached form Performance Share Unit Award Agreement.

Performance Vesting: Attached Schedule I specifies the two Performance Goals and Performance Period established for this Award. For each Performance Goal, there are three designated levels of attainment set forth in Schedule I: Threshold, Target and Maximum. The Performance Shares Units designated for this Award are hereby allotted fifty percent (50%) to each Performance Goal. Within sixty (60) days after the completion of the Performance Period, the Plan Administrator shall determine and certify the actual level of attainment for each Performance Goal and shall then measure that level of attainment against the Threshold, Target and Maximum Levels set forth for that Performance Goal in attached Schedule I. The maximum number of shares in which Participant can vest based upon the actual level of attainment of each Performance Goal shall be determined by applying the corresponding percentage below for that level of attainment to the number of Performance Share Units allotted to that particular Performance Goal in accordance with the foregoing allocations (the "Allotted Performance Share Units"):

Attainment below the Threshold Level:	0% of the Allotted Performance Share Units
Attainment at the Threshold Level:	35% of the Allotted Performance Share Units
Attainment at the Target Level:	100% of the Allotted Performance Share Units
Attainment at Maximum Level:	200% of the Allotted Performance Share Units

To the extent the actual level of attainment of a Performance Goal is at a point between the Threshold and Target Levels, the maximum number of shares allotted to that Performance Goal in which Participant can vest shall be pro-rated between the two points on a straight line basis in accordance with the payout slope set forth in attached Schedule I.

To the extent the actual level of attainment of a Performance Goal is at a point between the Target and Maximum Levels, the maximum number of shares allotted to that Performance Goal in which Participant can vest shall be pro-rated between the two

points on a straight line basis in accordance with the payout slope set forth in attached Schedule I.

The maximum number of shares of Common Stock in which Participant can vest in the aggregate on the basis of the actual level of attainment of both Performance Goals shall be hereinafter designated the "Performance-Qualified Shares" and shall in no event exceed in the aggregate 200% of the number of Performance Share Units set forth above.

Service Vesting. The number of Performance-Qualified Shares in which Participant actually vests shall be determined on the basis of his or her

satisfaction of the Service-vesting requirements set forth in Paragraph 3 of the attached form Performance Share Unit Agreement.

Resulting Shares. Each Performance-Qualified Share in which Participant vests in accordance with the applicable performance-vesting and service-vesting provisions of this Award shall entitle Participant to receive one share of Common Stock on the designated issuance date for that share determined in accordance with the provisions of the attached Performance Share Unit Award Agreement.

Participant understands and agrees that the Award is granted subject to and in accordance with the terms of the Plan and hereby agrees to be bound by the terms of the Plan and the terms of the Award as set forth in the form Performance Share Unit Award Agreement attached hereto as Exhibit A. A copy of the Plan is available upon request made to the Human Resources Department at the Corporation's principal offices at 822 Bishop Street, Honolulu, Hawaii 96813.

Coverage under Recoupment Policy. By accepting this Award, Participant hereby agrees that should Participant at this time be, or at any time hereafter become, either an executive officer of the Corporation subject to Section 16 of the Securities Exchange Act of 1934, as amended, or a participant in the Corporation's Performance Improvement Incentive Plan, then:

(a) Participant shall be subject to the Alexander & Baldwin, Inc. Policy Regarding Recoupment of Certain Compensation, effective as of June 29, 2012, the terms of which are hereby incorporated herein by reference and receipt of a copy of which Participant hereby acknowledges; and

(b) any incentive compensation that is paid or granted to, or received by, Participant on or after June 29, 2012 (including any incentive compensation that is paid to, or received by, Participant on or after June 29, 2012 pursuant to an incentive compensation award made to Participant prior to June 29, 2012, whether by the Corporation or any predecessor entity) and during the three-year period preceding the date on which the Corporation is required to prepare an accounting restatement due to material non-compliance with any applicable financial reporting requirements under the federal securities laws shall, accordingly, be subject to recovery and recoupment pursuant to the terms of such policy.

For purposes of such recoupment policy, "incentive compensation" means any cash or equity-based awards (e.g., any stock award, restricted stock unit award, performance share unit award or stock option grant or shares of Common Stock issued thereunder) or any profit sharing payment or distribution that is based upon the achievement of financial performance metrics. An additional copy of the recoupment policy is available upon request made to the Corporate Secretary at the Corporation's principal offices.

Continuing Consent. Participant further acknowledges and agrees that, except to the extent the Plan Administrator notifies Participant in writing to the contrary, each subsequent award of Performance Share Units made to him or her under the Plan shall be subject to the same terms and conditions set forth in the form Performance Share Unit Award Agreement attached hereto as Exhibit A, and Participant hereby accepts those terms and conditions for each such subsequent Performance Share Unit award that may be made to him or her under the Plan and hereby agrees to be bound by those terms and conditions for any such Performance Share Unit awards, without any further consent or acceptance required on his or her part at the time or times when those awards may be made. However, Participant may, at any time he or she holds an outstanding Performance Share Unit award under the Plan, request a written copy of the form Performance Share Unit Award Agreement from the Corporation by contacting the Corporation's Human Resources Department at the Corporation's principal offices.

Employment at Will. Nothing in this Notice or in the form Performance Share Unit Award Agreement or in the Plan shall confer upon Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Parent or Subsidiary employing or retaining Participant) or of Participant, which rights are hereby expressly reserved by each, to terminate Participant's Service at any time for any reason, with or without cause.

Definitions. All capitalized terms in this Notice shall have the meaning assigned to them in this Notice or in the attached form Performance Share Unit Award Agreement.

DATED: February 15, 2022

ALEXANDER & BALDWIN, INC.

By: /s/ Derek Kanehira

Title: Sr. Vice President, Human Resources

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SCHEDULE I

PERFORMANCE GOALS AND PERFORMANCE PERIOD

PERFORMANCE PERIOD

The Performance Period shall be the three-year period beginning January 1, 2022 and ending December 31, 2024.

PERFORMANCE GOALS FOR PERFORMANCE VESTING

Performance Goal One: The performance-vesting requirement for fifty percent (50%) of the Performance Share Units subject to this Award shall be tied to the percentile level at which the total shareholder return (including stock price appreciation and reinvestment of any cash dividends or other stockholder distributions) to the Corporation's stockholders over the Performance Period stands in relation to the total shareholder return realized for that period by the companies comprising the FTSE Nareit All-Equity Index.

Performance Goal Two: The performance-vesting requirement for the remaining fifty percent (50%) of the Performance Share Units subject to this Award shall be tied to the percentile level at which the total shareholder return (including stock price appreciation and reinvestment of any cash dividends or other stockholder distributions) to the Corporation's stockholders over the Performance Period stands in relation to the total shareholder return realized for that period by the companies comprising the Selected Peer Group (as set forth on attached Schedule II).

Total Shareholder Return: For purposes of each Performance Goal, the total shareholder return ("TSR") for the Corporation's stockholders shall be determined pursuant to the following formula:

$$\text{TSR} = (\text{Ending Stock Price}^* - \text{Beginning Stock Price}^{**}) + \text{Reinvested Dividends}^{***} \quad \text{Beginning Stock Price}^{**}$$

* Ending Stock Price is the average daily closing price per share of the Common Stock calculated for the last thirty-one (31) days within the Performance Period.

** Beginning Stock Price is the average daily closing price per share of the Common Stock calculated for the thirty-one (31)-day period immediately preceding the commencement date of the Performance Period.

*** Reinvested Dividends shall be calculated by multiplying (i) the aggregate number of shares (including fractional shares) of Common Stock that could have been purchased during the Performance Period had each cash dividend paid on a single share of Common Stock during that period been immediately reinvested in additional shares (or fractional shares) of Common Stock at the closing price per share of the Common Stock on the applicable dividend payment date by (ii) the average daily closing price per share of Common Stock calculated for the last thirty-one (31) days within the Performance Period.

Each of the foregoing amounts shall be equitably adjusted for stock splits, stock dividends, recapitalizations and other similar events affecting the shares in question without the issuer's receipt of consideration.

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For each company in the FTSE Nareit All-Equity Index and the Selected Peer Group, the TSR with respect to its common stock shall be calculated in the same manner as for the Common Stock.

In addition, the following parameters shall be in effect for purposes of measuring the TSR for the FTSE Nareit All-Equity Index and the Selected Peer Group :

- a company will be included in the FTSE Nareit All-Equity Index and the Selected Peer Group (as applicable) only if that company is represented in the index at the start of the Performance Period and remains publicly traded on an established exchange as an independent entity for the entire Performance Period, and the stock price performance of any company that is acquired, or otherwise ceases to exist as an independent publicly-owned entity, during the Performance Period shall not be taken into account in determining the relative TSR of the companies comprising the applicable Index;

- a company that is in the FTSE Nareit All-Equity Index or the Selected Peer Group (as applicable) at the start of the Performance Period that is involved in bankruptcy proceedings (and is no longer publicly traded) during the Performance Period shall be included in the applicable Index with a TSR designated at -100%;

- any distribution (other than a regular cash dividend), whether in cash, securities (other than shares of the distributing company's common stock) or other property, made during the Performance Period by a company included in the FTSE Nareit All-Equity Index or the Selected Peer Group (as applicable) for that period shall be treated in the same manner as a regular cash dividend paid by such distributing company (in an amount per share of the distributing company's common stock deemed equal to the cash amount or the fair market value of the securities or other property distributed per share of the distributing company's common stock) that is immediately reinvested in the distributing company's common stock; and

- any spin-off distribution of shares of the common stock of one or more subsidiaries or other affiliated entities that is made during the Performance Period by a company included in the FTSE Nareit All-Equity Index or the Selected Peer Group (as applicable) for that period shall be treated in the same manner as a regular cash dividend paid by that distributing company (in an amount per share of the distributing company's common stock deemed equal to the fair market value of the common stock (or fractional share thereof) of the spun-off entity distributed per share of the distributing company's common stock) that is immediately reinvested in the distributing company's common stock.

For purposes of measuring the TSR of the Company for the Performance Period, the foregoing parameters governing distributions and spin-off transactions shall also apply to any distribution (other than a regular cash dividend) or spin-off transaction that is effected by the Company during the

Performance Period.

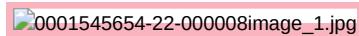
Should a Change in Control occur during the Performance Period, then the attained level of each Performance Goal shall be determined in accordance with the applicable Change in Control provisions of the form Performance Share Unit Award Agreement attached hereto as Exhibit A.

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Payout Slope for Determining Number of Performance-Qualified Shares Based on Attained Levels of Performance Goal: The number of shares in which Participant may vest on the basis of the certified percentile level of a Performance Goal attainment shall be calculated by multiplying the number of Performance Share Units allotted to that Performance Goal by the applicable percentage determined in accordance with the following payout slope for the Performance Goal:

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TOTAL SHAREHOLDER RETURN PAYOUT SLOPE



Payout Slope Details

Percentile	Percentage of Performance Share Units Allotted to the Performance Goal in which Participant may vest*
<35th	0%
35th	35%
45th	67.5%
55th	100%
65th	150%
75th	200%

*linear interpolation between performance levels, rounded down to the nearest whole share.

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SCHEDULE II

SELECTED PEER GROUP

The Selected Peer Group shall be comprised of the following companies

Name and Ticker

Brixmor Property Group, Inc. BRX
Urban Edge Properties UE
Acadia Realty Trust AKR
Retail Opportunity Investments Corp. ROIC
Kite Realty Group Trust KRG
Saul Centers, Inc. BFS
Urstadt Biddle Properties Inc. Class A UBA
Cedar Realty Trust, Inc. CDR
Washington Real Estate Investment Trust WRE
American Assets Trust, Inc. AAT
Armada Hoffler Properties, Inc. AHH
Whitestone REIT WSR
One Liberty Properties, Inc. OLP
SITE Centers Corp SITC
RPT Realty RPT

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ALEXANDER & BALDWIN, INC.

Subsidiaries as of **February 1, 2022** **February 1, 2023**

<u>Name of Subsidiary</u>	<u>State or Other Jurisdiction Under Which Organized</u>
SUBSIDIARIES AND RELATED ENTITIES*	
Alexander & Baldwin Investments, LLC	Delaware
Alexander & Baldwin, LLC	Delaware
Alexander & Baldwin, LLC, Series R	Delaware
A&B Deer Valley LLC	Delaware
A&B Gateway LLC	Hawaii
A&B Little Cottonwood LLC	Delaware
A&B Lot 100 LLC	Hawaii
A&B Mililani Investment LLC	Hawaii
A&B Napili LLC	Hawaii
AB Collection Retail LLC	Hawaii
ABL Laa LLC	Hawaii
A & B Properties Hawaii, LLC, Series R	Delaware
A&B Lanihau LLC	Hawaii
A&B Manoa LLC	Hawaii
A&B Ninigret LLC	Hawaii
A&B P&L LLC	Hawaii
A&B Visalia 1 LLC	Hawaii
A&B Visalia 3 LLC	Delaware
A&B Wailea LLC, Series 2	Delaware
A&B Waipio 100 LLC	Hawaii
A&B Waipio Shopping Center LLC	Hawaii
AB Properties Concorde LLC	Hawaii
ABP Deer Valley LLC	Delaware
ABP HDI LLC	Hawaii
ABP Hokulei LLC	Hawaii
ABP Honokohau LLC	Hawaii
ABP Kahai Warehouse LLC	Hawaii
ABP Kailua Road LLC	Hawaii
ABP Kakaako Commerce 1 LLC	Hawaii
ABP Kakaako Commerce 2 LLC	Hawaii
ABP Kalihi Yard LLC	Hawaii
ABP Kapolei Lot 5 LLC	Hawaii
ABP Kapolei Lot 22 LLC	Hawaii
ABP Kapolei Warehouse LLC	Hawaii
ABP KBPWII LLC	Hawaii
ABP KI New LLC	Hawaii
ABP KI Old LLC	Hawaii
ABP Komohana LLC	Hawaii
ABP Laulani LLC	Hawaii
ABP Manoa Marketplace LH LLC	Hawaii
ABP Mililani Gateway LLC	Hawaii
ABP Mililani Gateway South LLC	Hawaii

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ABP Mililani Gateway South LLC	Hawaii
ABP Napili LLC	Hawaii
ABP Pearl Highlands LLC	Hawaii
ABP Puunene LLC	Hawaii
ABP Residuary LLC	Hawaii
ABP 2927 East Manoa Road LLC	Hawaii
ABP Ulupuni LLC	Hawaii
ABP Waikoloa LLC	Hawaii
ABP Waipouli LLC	Hawaii
ABP Windward LLC	Hawaii
Aikahi Park Holdings LLC	Hawaii
EOK Kihei LLC	Hawaii
Kahului Town Center LLC	Hawaii
KKV Management LLC	Hawaii
Palmdale Trade & Commerce Center, LLC**	California
Panama and Gosford Retail, LLC**	California
Port Allen Residential LLC	Hawaii
Rye Canyon Office Partners, LLC**	California
Square One Lahaina LLC	Hawaii
WDCI Deer Valley LLC	Delaware
WDCI Komohana LLC	Hawaii
A&B Waianae LLC	Delaware
AB Hawaii Royal MacArthur LLC	Hawaii
ABI Concorde LLC	Hawaii
ABI Mililani Gateway South LLC	Hawaii
ABL Ag. LLC	Hawaii
ABL Exchange LLC	Hawaii
ABL Hahani LLC	Hawaii
ABL Hamakua LLC	Hawaii
ABL Kakaako Commerce 1 LLC	Hawaii
ABL Kakaako Commerce 2 LLC	Hawaii
ABL Kelo LLC	Hawaii
ABL Manoa Marketplace LF LLC	Hawaii
ABL Manoa Marketplace LH LLC	Hawaii
ABL 233 Lahainaluna Road LLC	Hawaii
ABX Napili LLC	Hawaii
DSD LLC	Hawaii
East Maui Landholdings, LLC	Hawaii
EMI Kakaako Commerce LLC	Hawaii
EMI Residuary LLC	Hawaii
Kukui'ula Acres LLC	Hawaii
Kukui'ula Village LLC	Delaware
Kukui'ula Web IP LLC	Hawaii
Lodge IP LLC**	Hawaii
McBryde Sugar Company, LLC, Series R	Delaware
McBryde Concorde LLC	Hawaii
Alexander & Baldwin, LLC, Series T	Delaware

Alexander & Baldwin, LLC, Series T	Delaware
A&B KRS II LLC	Hawaii
A & B Properties Hawaii, LLC, Series T	Delaware
A&B Airport Hotel LLC	Hawaii
A&B Guam LLC	Hawaii
A&B Ka Milo LLC	Hawaii
A&B Kakaako LLC	Hawaii
A&B Kane LLC	Hawaii
A&B Kihei LLC	Hawaii
Kamalani Ventures LLC	Hawaii
A&B Kukui'ula Fairway Homes LLC	Hawaii
ABP-EWP Development LLC**	Hawaii
A&B MF-11 LLC	Hawaii
Keala O Wailea LLC**	Hawaii
A&B MLR LLC	Hawaii
A&B Riverside LLC	Hawaii
A&B Santa Barbara LLC	Hawaii
Santa Barbara Land and Ranching Company, LLC**	Delaware
A&B Waiawa LLC	Hawaii
A&B Waikiki LLC	Hawaii
A&B Wailea LLC, Series 1	Delaware
A&B Wailea LLC, Series 3	Delaware
A&B Wailea Ridge Holdings LLC	Hawaii
ABP Waikoloa TRS LLC	Hawaii
Blacksand Hawaii Investment LLC	Hawaii
EOK 4607 LLC	Hawaii
Estates of Kahala LLC	Hawaii
Keawe Development LLC	Hawaii
The Collection LLC**	Hawaii
Wailea Estates LLC	Hawaii
Wailea MF-7 LLC	Hawaii
Wailea MF-8 LLC	Hawaii
Kai Malu Wailea LLC**	Hawaii
Waimanu Development LLC	Hawaii
Kewalo Development LLC**	Hawaii
A&B II, LLC	Hawaii
A&B EKS Holdings LLC	Hawaii
A&B EKS LH LLC	Hawaii
Grace Pacific LLC	Hawaii
G P Maintenance Solutions, Inc.	Hawaii
G P Roadway Solutions, Inc.	Hawaii
GLP Asphalt LLC**	Hawaii
Goodfellow Grace Pacific A.J.V.**	Hawaii
Grace Pacific Precast, Inc.	Hawaii
Maui Paving, LLC**	Hawaii
Niu Construction, Inc.	Hawaii
Oahu Paving Company, Inc.	Hawaii

Oahu Paving Company, Inc.	Hawaii
Pohaku Pa'a, LLC**	Hawaii
ABHI Management LLC	Hawaii
Agri-Quest Development Company, Inc.	Hawaii
East Maui Irrigation Company, LLC	Hawaii
Kahului Trucking & Storage, Inc.	Hawaii
Kauai Commercial Company, Incorporated	Hawaii
KDC, LLC	Hawaii
Kukui'ula Development Company (Hawaii)	
LLC**	Hawaii
KDCH Workforce Housing LLC**	Hawaii
Koloa Housing I LLC**	Hawaii
Kukui'ula Makai LLC**	Hawaii
Kukui'ula South Shore Community Services, LLC**	Hawaii
Makai Cottage Model, LLC**	Hawaii
Kukui'ula Housing Development LLC**	Hawaii
Kukui'ula Model Home LLC**	Hawaii
Lodge Hale Development, LLC**	Hawaii
Kukui'ula Housing Development II, LLC**	Hawaii
Kainani Villas, LLC**	Hawaii
Kukui'ula Residential Development, LLC**	Hawaii
Kukui'ula Development, LLC	Hawaii
South Shore Resources LLC	Hawaii
McBryde Sugar Company, LLC, Series T	Delaware
McBryde Camp Housing LLC	Hawaii
McBryde Resources, Inc.	Hawaii
Ohanui Corporation	Hawaii
WTEI, LLC	Hawaii
WAISOLARTEI, Inc.	Hawaii
Waihonu Equity Holdings LLC**	Hawaii
OTHER RELATED ENTITIES	
Alexander & Baldwin Foundation	Hawaii
Brydeswood Water Company	Hawaii
Hawaiian Sugar & Transportation Cooperative	Hawaii
<u>INACTIVE SUBSIDIARIES *</u>	
A&B Inc.	Hawaii

* Wholly-owned unless otherwise indicated.

** Partial ownership.

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-258796 on Form S-3, and Post-Effective Amendment No. 1 to Registration Statement No. 333-182419 on Form S-8, and Registration Statement No. 333-264480 on Form S-8 of our reports dated February 25, 2022 March 1, 2023, relating to the consolidated financial statements and consolidated financial statement schedule of Alexander & Baldwin, Inc. and the effectiveness of Alexander & Baldwin, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K of Alexander & Baldwin, Inc. for the year ended December 31, 2021 December 31, 2022.

/s/ Deloitte & Touche LLP

Honolulu, Hawai'i

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Registration Statement No. 333-258796 on Form S-3, Post-Effective Amendment No. 1 to Registration Statement No. 333-182419 on Form S-8, and Registration Statement No. 333-264480 on Form S-8 of our report dated August 25, 2022, relating to the consolidated balance sheets of Kukui'ula Development Company (Hawai'i), LLC as of December 31, 2021 and 2020, and the related consolidated statements of operations, members' equity, and cash flows for the years then ended appearing in this Annual Report on Form 10-K of Alexander & Baldwin, Inc. for the year ended December 31, 2022.

/s/ Deloitte & Touche LLP

Honolulu, Hawai'i
March 1, 2023

EXHIBIT 31.1

CERTIFICATION

I, Christopher J. Benjamin, certify that:

1. I have reviewed this Annual Report on Form 10-K of Alexander & Baldwin, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By /s/ Christopher J. Benjamin

Christopher J. Benjamin

President and Chief Executive Officer

Date: February 25, 2022 March 1, 2023

EXHIBIT 31.2

CERTIFICATION

I, Brett A. Brown, Clayton K.Y. Chun, certify that:

1. I have reviewed this Annual Report on Form 10-K of Alexander & Baldwin, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By /s/ Brett A. Brown Clayton K.Y. Chun

Brett A. Brown Clayton K.Y. Chun

Executive Vice President, and Chief Financial Officer and Treasurer

Date: February 25, 2022 March 1, 2023

EXHIBIT 32

**Certification of Chief Executive Officer and
Chief Financial Officer Pursuant to
18 U.S.C. Section 1350, As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 10-K of Alexander & Baldwin, Inc. (the "Company") for the fiscal year ended **December 31, 2021** **December 31, 2022**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Christopher J. Benjamin, as **President** and **Chief Executive Officer** of the Company, and **Brett A. Brown, Clayton K.Y. Chun**, as Executive Vice President, **and** **Chief Financial Officer** **and** **Treasurer** of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to their knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Christopher J. Benjamin

Name: Christopher J. Benjamin
Title: **President and Chief Executive Officer**
Date: **February 25, 2022** **March 1, 2023**

/s/ Brett A. Brown Clayton K.Y. Chun

Name: Brett A. Brown **Clayton K.Y. Chun**
Title: **Executive Vice President, and Chief Financial Officer and Treasurer**
Date: **February 25, 2022** **March 1, 2023**

Exhibit 95

MINE SAFETY DISCLOSURE

The operation of Grace Pacific LLC's Makakilo Quarry (the "Quarry") is subject to regulation by the federal Mine Safety and Health Administration (MSHA) under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). MSHA inspects the Quarry on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act. Whenever MSHA issues a citation or order, it also generally proposes a civil penalty, or fine, related to the alleged violation. Citations or orders can be contested and appealed, and as part of that process, are often reduced in severity and amount, and are sometimes dismissed.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the Company is required to present information regarding certain mining safety and health citations which MSHA has issued with respect to its mining operation in its periodic reports filed with the Securities and Exchange Commission (the "SEC"). We have provided information below in response to the rules and regulations of the SEC issued under Section 1503(a) of the Dodd-Frank Act.

The Dodd-Frank Act and the subsequent implementing regulation issued by the SEC require disclosure of the following categories of violations, orders and citations: (1) Section 104 S&S Citations, which are citations issued for violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a mine safety or health hazard; (2) Section 104(b) Orders, which are orders issued upon a follow up inspection where the inspector finds the violation previously cited has not been totally abated in the prescribed time period; (3) Section 104(d) Citations and Orders, which are issued upon violations of mandatory health or safety standards caused by an unwarrantable failure of the operator to comply with the standards; (4) Section 110(b)(2) Violations, which result from the reckless and repeated failure to eliminate a known violation; (5) Section 107(a) Orders, which are given when MSHA determines that an imminent danger exists and results in an order of immediate withdrawal from the area of the mine affected by the condition; and (6) written notices from MSHA of a pattern of violations—or the potential to have such pattern—of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of mine health or safety hazards under Section 104(e). In addition, the Dodd-Frank Act requires the disclosure of the total dollar value of proposed assessments from MSHA under the Mine Act and the total number of mining related fatalities. This information for the Quarry for the year ended **December 31, 2021** **December 31, 2022** is as follows:

Total Number of S&S Citations	10
Mine Act § 104(b) Orders	0
Mine Act § 104(d) Citations and Orders	0
Mine Act § 110(b)(2) Violations	0
Mine Act § 107(a) Orders	0
Total Dollar Value of Proposed MSHA Assessments	\$500.00 133.00
Total Number of Mining Related Fatalities	0
Received Written Notice of Pattern of Violation under Mine Act §104(e) (yes/no)	No
Received Written Notice of Potential to Have Pattern under Mine Act §104(e) (yes/no)	No

As of **December 31, 2021** December 31, 2022, there were no pending legal actions before the Federal Mine Safety and Health Review Commission involving the Quarry. No legal actions were instituted during the year ended **December 31, 2021** December 31, 2022 and no legal actions were resolved during the year ended **December 31, 2021** December 31, 2022.

Kukui'ula Development Company (Hawaii), LLC (A Limited Liability Company) and Subsidiaries

Consolidated Financial Statements as of and for the
Year Ended December 31, 2022 (Unaudited)

**KUKUI'ULA DEVELOPMENT COMPANY (HAWAII), LLC
(A LIMITED LIABILITY COMPANY) AND SUBSIDIARIES**

CONSOLIDATED BALANCE SHEET

**AS OF DECEMBER 31, 2022
(UNAUDITED)**

	2022
ASSETS	
CASH	\$ 4,685,211
DUE FROM AFFILIATES	31,439
OTHER ASSETS	4,221,990
TOTAL ASSETS	\$ 8,938,640
LIABILITIES AND MEMBERS' EQUITY	
LIABILITIES:	
Accounts payable and accrued expenses	4,666
Deferred revenue and contract liabilities	4,232
Due to affiliates	3,530
Total liabilities	12,428
COMMITMENTS AND CONTINGENCIES (Note 4)	
MEMBERS' EQUITY	8,926,212
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 8,938,640

See notes to consolidated financial statements.

**KUKUI'ULA DEVELOPMENT COMPANY (HAWAII), LLC
(A LIMITED LIABILITY COMPANY) AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)**

	2022
OPERATING EXPENSES (CREDIT):	
General and administrative	745,095
Total operating expenses	<u>745,095</u>
OPERATING INCOME (LOSS)	<u>(745,095)</u>
OTHER INCOME (EXPENSES):	
Other income	110,429
Total other income	<u>110,429</u>
NET INCOME (LOSS)	<u><u>\$ (634,666)</u></u>

See notes to consolidated financial statements.

**KUKUI'ULA DEVELOPMENT COMPANY (HAWAII), LLC
(A LIMITED LIABILITY COMPANY) AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)**

	Total
BALANCE—December 31, 2021	9,560,878
Net loss	<u>(634,666)</u>
BALANCE—December 31, 2022	<u><u>\$ 8,926,212</u></u>

See notes to consolidated financial statements.

**KUKUI'ULA DEVELOPMENT COMPANY (HAWAII), LLC
(A LIMITED LIABILITY COMPANY) AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)**

	2022
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income (loss)	\$ (634,666)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Changes in certain assets and liabilities:	
Due from affiliates	(30,344)
Other assets	(4,199,796)
Accounts payable and accrued expenses	(18,931)
Deferred revenue	4,232
Net cash provided by (used in) operating activities	<u>(4,879,505)</u>
NET DECREASE IN CASH	
CASH—Beginning of year	<u>9,564,716</u>
CASH—End of year	<u>\$ 4,685,211</u>

See notes to consolidated financial statements.

**KUKUI'ULA DEVELOPMENT COMPANY (HAWAII), LLC
(A LIMITED LIABILITY COMPANY) AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)**

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

a. Company Operations

Kukui'ula Development Company (Hawaii), LLC (a limited liability company) and subsidiaries (the "Company," KDCH, "we," or "our") is a Hawaii limited liability company formed on April 25, 2002, by KDC, LLC (KDC), a Hawaii limited liability company, and DMB Kukui'ula LLC (DMB), an Arizona limited liability company. The principal activity of the Company was the development of a residential luxury resort community in Poipu, Kauai (the "Project"), and included a luxury 18-hole golf course surrounding the Project and resort facilities, which consisted of a golf clubhouse, restaurant, and spa facilities.

In September 2021, the Company entered into a Purchase and Sale Agreement (PSA) to sell substantially all of its assets and liabilities to Brue Baukol Capital Partners, a third-party buyer. As described in the PSA, the sale of the Company will occur in two phases, as the Hawaii Public Utilities Commission (HPUC) is required to approve the sale of any public utility in the state of Hawaii. During the year ended December 31, 2021, the Company completed the Phase I Closing, which consisted of the sale of the Company's business. As of December 31, 2022, the Phase II Closing has not occurred.

b. Basis of Presentation and Consolidation

The Company's consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP) and include the accounts of the Company and its wholly owned subsidiary, Kukui'ula South Shore Community Services LLC. All significant intercompany transactions and balances have been eliminated in consolidation.

c. Cash

Cash consists of cash on hand and demand deposits with financial institutions. We do not hold any investments with initial maturities of three months or less, which would be considered cash equivalents at December 31, 2022.

d. Management Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods.

e. Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to KDC and DMB (the "Members") in accordance with the Operating Agreement of Kukui'ula Development Company (Hawaii), LLC (the "Operating Agreement"). No provision has been made in the consolidated financial statements for federal or state income taxes, as these taxes are the responsibility of the individual Members.

f. Concentrations of Credit Risk

The Company maintains cash balances in financial institutions as of December 31, 2022, which, at times, may exceed US federally insured limits. The Company has not experienced losses in these accounts and management believes there is no significant credit risk related to cash.

2. MEMBERS' EQUITY

DMB and KDC entered a Reimbursement Agreement and Escrow Instructions in December 2021 in which the final allocable shares was stipulated to be 30.55% for DMB and 69.45% for KDC. Members' equity balances of DMB and KDC as of December 31, 2022, are approximately \$2,726,958 and \$6,199,254, respectively.

3. TRANSACTIONS WITH AFFILIATES

a. Management Fees

The Company pays management fees for services provided by Members or their affiliates related to oversight of general operations, accounting, and reporting. Total payments were approximately \$0.2 million to DMB and its affiliates and \$0 to KDC and its affiliates for 2022.

b. Consulting Agreement

The Company entered into an agreement with KDC on January 25, 2022, for KDC to provide consulting services for legal and tax-related matters and tax filing services (the "Consulting Agreement"). Total payments under the Consulting Agreement were approximately \$0.3 million to KDC and its affiliates for 2022.

c. Due from and Due to Affiliates

Due from and due to affiliates consisted of the following as of December 31, 2022:

	2022
Due from affiliates	\$ 31,439
Due to affiliates	(3,530)
Net due to affiliates	<u>\$ 27,909</u>

Amounts due from affiliates at December 31, 2022, represent reimbursements for insurance bills, legal bills and various other reimbursements.

Amounts due to affiliates at December 31, 2022, represent payables for reimbursements.

4. COMMITMENTS AND CONTINGENCIES

Litigation

The Company is involved in certain litigation incurred in the normal course of business. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the Company.

5. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 1, 2023, the date the consolidated financial statements were available to be issued.

Kukui'ula Development Company (Hawaii), LLC (A Limited Liability Company) and Subsidiaries

Consolidated Financial Statements as of and for the
Years Ended December 31, 2021 and 2020, and Independent Auditors' Report

INDEPENDENT AUDITOR'S REPORT

To Kukui'ula Development Company (Hawaii), LLC:

Opinion

We have audited the consolidated financial statements of Kukui'ula Development Company (Hawaii), LLC and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in September 2021, the Company entered into a purchase and sale agreement with a third-party buyer to sell the Company, which will occur in two phases. During the year ended December 31, 2021, the Company completed the closing of Phase I of the sale transaction, which

consisted of the sale of the Company's business development and sales operations and substantially all of the Company's assets. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ Deloitte & Touche LLP

August 25, 2022

KUKUI'ULA DEVELOPMENT COMPANY (HAWAII), LLC (A LIMITED LIABILITY COMPANY) AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		

CASH	\$ 9,564,716	\$ 10,607,167
REAL ESTATE UNDER DEVELOPMENT—Net	—	491,498,466
PROPERTY AND EQUIPMENT—Net	—	333,194
PROPERTY HELD FOR SALE	—	725,000
DUE FROM AFFILIATES	1,095	72,679
OTHER ASSETS	22,194	1,183,508
TOTAL ASSETS	<u>\$ 9,588,005</u>	<u>\$ 504,420,014</u>
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES:		
Notes payable		
Accounts payable and accrued expenses	\$ —	\$ 13,978,933
Deferred revenue and contract liabilities	23,597	2,873,402
Retentions payable	—	1,750,812
Due to affiliates	—	409,749
	<u>3,530</u>	<u>334,560</u>
Total liabilities	27,127	19,347,456
COMMITMENTS AND CONTINGENCIES (Note 9)		
MEMBERS' EQUITY	<u>9,560,878</u>	<u>485,072,558</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 9,588,005</u>	<u>\$ 504,420,014</u>

See notes to consolidated financial statements.

KUKUI'ULA DEVELOPMENT COMPANY (HAWAII), LLC (A LIMITED LIABILITY COMPANY) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
REAL ESTATE SALES—Net	\$ 91,700,163	\$ 14,790,936
COST OF SALES	<u>76,331,770</u>	<u>8,109,127</u>
	<u>15,368,393</u>	<u>6,681,809</u>
OPERATING EXPENSES (CREDIT):		
Marketing	(25,536)	511,923
General and administrative	1,220,126	700,111
Depreciation and amortization	<u>55,605</u>	<u>70,931</u>
Total operating expenses	<u>1,250,195</u>	<u>1,282,965</u>
GAIN (LOSS) ON DISPOSAL OF PROPERTY AND EQUIPMENT	<u>(398,921)</u>	<u>114,355</u>

OPERATING INCOME	13,719,277	5,513,199
OTHER INCOME (EXPENSES):		
Interest income	1,328	17,179
Other income	233,954	270,951
Other expenses	(33,826)	(24,757)
Total other income	201,456	263,373
LOSS ON SALE OF BUSINESS	(296,546,178)	—
NET INCOME (LOSS)	\$ (282,625,445)	\$ 5,776,572

See notes to consolidated financial statements.

**KUKUI'ULA DEVELOPMENT COMPANY (HAWAII), LLC
(A LIMITED LIABILITY COMPANY) AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	Total
BALANCE—January 1, 2020	\$ 479,095,986
Net income	5,776,572
Contributions	200,000
BALANCE—December 31, 2020 (Unaudited)	485,072,558
Net loss	(282,625,445)
Distributions	(192,886,235)
BALANCE—December 31, 2021 (Audited)	<u><u>\$ 9,560,878</u></u>

See notes to consolidated financial statements.

**KUKUI'ULA DEVELOPMENT COMPANY (HAWAII), LLC
(A LIMITED LIABILITY COMPANY) AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (282,625,445)	\$ 5,776,572
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		

Depreciation and amortization	55,605	70,931
Loss (gain) on disposal of property and equipment	398,921	(114,355)
Loss on sale of business	296,546,178	—
Changes in certain assets and liabilities:		
Trade notes receivable	(14,480,066)	107,504
Real estate under development—net	42,124,577	(15,931,904)
Prepaid expenses	—	10,532
Due from affiliates	71,584	(7,677)
Other assets	(1,777,501)	(833,077)
Lease liability	—	42,093
Accounts payable and accrued expenses	748,490	(535,370)
Retentions payable	411,877	64,475
Due to affiliates	(331,030)	(60,644)
Deferred revenue	(812)	(10,253)
Net cash provided by (used in) operating activities	41,142,378	(11,421,173)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of business	165,141,163	—
Purchase of property and equipment	(6,756,824)	(17,326)
Proceeds from sale of property and equipment	6,296,000	4,366,866
Net cash provided by investing activities	164,680,339	4,349,540
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	9,257,029	—
Payments on notes payable	(23,235,962)	(5,670,291)
Distributions	(192,886,235)	—
Proceeds from CFD bonds	—	146
Net cash used in financing activities	(206,865,168)	(5,670,145)
NET DECREASE IN CASH	(1,042,451)	(12,741,778)
CASH—Beginning of year	10,607,167	23,348,945
CASH—End of year	\$ 9,564,716	\$ 10,607,167
OTHER CASH FLOW INFORMATION—Interest paid—net of interest capitalization	\$ 716,810	\$ 353,092
SUPPLEMENTAL INFORMATION OF INVESTING AND FINANCING NON-CASH ACTIVITIES:		
Note receivable exchanged for property held for sale	\$ —	\$ 725,000
Right-of-use (ROU) assets obtained in exchange for operating lease obligations	\$ —	\$ 258,311

See notes to consolidated financial statements.

KUKUI'ULA DEVELOPMENT COMPANY (HAWAII), LLC (A LIMITED LIABILITY COMPANY) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

a. Company Operations

Kukui'ula Development Company (Hawaii), LLC (a limited liability company) and subsidiaries (the "Company," KDCH, "we," or "our") is a Hawaii limited liability company formed on April 25, 2002, by KDC, LLC (KDC), a Hawaii limited liability company, and DMB Kukui'ula LLC (DMB), an Arizona limited liability company. The principal activity of the Company is the development of a residential luxury resort community in Poipu, Kauai (the "Project"), and includes a luxury 18-hole golf course surrounding the Project and resort facilities, which consists of a golf clubhouse, restaurant, and spa facilities. In September 2021, the Company entered into an agreement to sell substantially all of its assets and liabilities to a third-party purchaser (see Note 2).

b. Basis of Presentation and Consolidation

The Company's consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP) and include the accounts of the Company and its wholly owned subsidiaries, Kukui'ula South Shore Community Services LLC, KDCH Workforce Housing LLC, Koloa Housing I LLC ("Koloa Housing"), Makai Cottage Model LLC, and Kukui'ula Makai LLC. All significant intercompany transactions and balances have been eliminated in consolidation. All subsidiaries except for Kukui'ula South Shore Community Services LLC (KSSCS) were dissolved in 2021 in connection with the sale of business (see Note 2).

c. Revenue and Cost Recognition

In accordance with Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, *Topic 606*, we apply the following steps in determining the timing and amount of revenue to recognize: (1) identify the contract with our customer; (2) identify the performance obligation(s) in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract, if applicable; and (5) recognize revenue when (or as) we satisfy the performance obligation. The performance obligation and subsequent revenue recognition for our two sources of revenue are outlined below:

- Revenue from closings of real estate sales is recognized when closings have occurred; the risks and rewards of ownership are transferred to the buyer; and we have no continuing involvement with the property, which is generally upon the close of escrow. Revenue is reported net of any discounts and incentives.
- Revenue from land sales to homebuilders is recognized when title passes and collectibility of the receivable is reasonably assured and we have no continuing involvement with the property, which is generally upon the close of escrow.

Land and lot sale contract assets consist of cash from home closings. Contract liabilities include trade credit incentives that are recognized as revenue upon use or expiration of the credit, as defined in the sales agreement, and are classified as deferred revenue and contract liabilities in our accompanying consolidated balance sheets. Revenues expected to be recognized in any future year related to remaining performance obligations (if any) and contract liabilities expected to be recognized as revenue are not material.

Direct selling costs include commissions, legal costs, and other selling costs directly related to the individual lots sold and are recorded as prepaid expenses in the accompanying consolidated balance sheets and expensed in the period in which the related revenue is recognized, as earned, or when the sales contract is canceled.

d. Cash

Cash consists of cash on hand and demand deposits with financial institutions. We do not hold any investments with initial maturities of three months or less, which would be considered cash equivalents at December 31, 2021 and 2020.

e. Management Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods.

f. Real Estate Under Development

The Company capitalizes all of the direct costs of development of the Project, including real estate taxes and other carrying costs incurred during the development period. Lot development costs are accumulated and released through the revenue recognition model. Cost of lot closings includes all related allocated land acquisition, land development, and other common costs (both incurred and estimated to be incurred) that are allocated based upon the total number of lots expected to be closed. Any changes to the estimated total development costs of a community or phase are allocated to the remaining lots.

Cost of lot closings includes closing costs, land acquisition and development costs, development period interest, and common costs. Estimates of costs incurred, or to be incurred but not paid, are accrued and expensed at the time of closing. Land development, acquisition, and common costs are allocated to each lot based on the percentage of completion.

g. Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives as follows:

Building and improvements	5 to 27.5 years
Vehicles	5 years
Computer and equipment	3 to 5 years
Furniture and fixtures	5 years
Leasehold improvements	Lease term

h. Long-Lived Assets

The carrying values of long-lived assets are reviewed when events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. If the undiscounted future cash flows (without interest charges) are less than the carrying amount of an asset, an impairment loss is recognized to the extent that the asset's carrying amount exceeds its fair value. Fair value is reduced by the amount of estimated selling costs for the impaired assets that are held for sale.

i. Marketing Expenses (Credit)

The Company records marketing expenses as incurred from an affiliate. For the years ended December 31, 2021 and 2020, marketing expenses (credit) were \$(25,000) and \$0.5 million, respectively. During the year ended December 31, 2021, marketing expenses included a marketing fee credit of \$1.2 million.

j. Capitalization of Interest

The Company capitalizes interest cost on borrowings incurred during the new construction or upgrade of qualifying assets. Capitalized interest for the years ended December 31, 2021 and 2020, was approximately \$0.7 million and \$1.2 million, respectively. Total interest paid for the years ended December 31, 2021 and 2020, was approximately \$0.7 million and \$1.5 million, respectively.

k. Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to KDC and DMB (the "Members") in accordance with the Operating Agreement of Kukui'ula Development Company (Hawaii), LLC (the "Operating Agreement"). No provision has been made in the consolidated financial statements for federal or state income taxes, as these taxes are the responsibility of the individual Members.

l. Concentrations of Credit Risk

The Company maintains cash balances in financial institutions at December 31, 2021 and 2020, which, at times, may exceed US federally insured limits. The Company has not experienced losses in these accounts and management believes there is no significant credit risk related to cash.

2. SALE OF BUSINESS

In September 2021, the Company entered into a Purchase and Sale Agreement (PSA) with Brue Baukol Capital Partners (the "Buyer"), a third-party buyer, to sell the Company for \$183.5 million. As described in the PSA, the sale of the Company will occur in two phases (the "Transaction"), as the Hawaii Public Utilities Commission (HPUC) is required to approve the sale of any public utility in the state of Hawaii. The closing of first phase of the Transaction ("Phase I Closing") will consist of the sale of the Company's business development and sales operations, in addition to substantially all of the Company's assets. The closing of phase two of the Transaction ("Phase II Closing") will consist of the sale of KSSCS and the membership interest of DMB and KDC to the Buyer for modest consideration.

During the year ended December 31, 2021, the Company completed the Phase I Closing, which consisted of the sale of the Company's business. At the time of the disposal, the business included total assets of \$467.9 million and total liabilities of \$6.2 million. The total asset balance was primarily composed of real estate under development of \$449.4 million, notes receivable of \$14.5 million, and refundable deposits of \$2.9 million. The total liability balance was primarily composed of accounts payable and accrued expenses of \$3.6 million. The transaction and other costs related to the sale of \$18.7 million were primarily composed of inventory adjustments for lots that sold prior to the transaction closing, guaranteed maximum price contract credits, broker commissions and title, settlement, and recording charges. As the assets and liabilities sold met the definition of a business and as the sale of the business did not represent a contract with a customer, the Company recognized a loss on the disposal of \$296.5 million presented in the consolidated statements of operations as loss on sale of business.

As of December 31, 2021, the Phase II Closing has not occurred.

3. DEFERRED REVENUE AND CONTRACT LIABILITIES

Deferred revenue and contract liabilities as of December 31, 2020, consisted of the following:

	2020
Contract liabilities	\$ 1,750,000
Other deferred revenue	812
Total	\$ 1,750,812

In 2020, contract liabilities consisted of deferrals related to contractual trade incentive credits. In 2021, the remaining deferred revenue and contract liabilities were assumed by the Buyer upon completion of the Phase I Closing (see Note 2).

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2020:

	2020
Buildings and improvements	\$ 4,148,499
Leasehold improvements	28,998
Furniture and fixtures	430,252
Vehicles	368,163
Computers and equipment	1,127,383
Other	644,671
Total property and equipment	6,747,966
Less accumulated depreciation	(6,414,772)
Property and equipment — net	\$ 333,194

In both 2021 and 2020, the Company capitalized approximately \$0.03 million of depreciation expense, which was recorded in real estate under development in the accompanying consolidated balance sheets. In 2021, the remaining property and equipment was sold to the Buyer upon completion of the Phase I Closing (see Note 2).

5. NOTES PAYABLES

Notes payable consisted of the following as of December 31, 2020:

	2020		
	Stated Rate	Maturity Date	Principal Outstanding
A&B Properties Hawaii, LLC Series T:			
Tranche A	LIBOR + 7.00%	August 20, 2022	\$ 5,355,933
Tranche B	LIBOR + 7.00%	August 20, 2022	5,750,000
The Brown Family Trust	LIBOR + 7.00%	August 20, 2022	2,873,000
Total			\$ 13,978,933

In 2007, the Company entered into a loan agreement with First Hawaiian Bank to fund a portion of the purchase and renovation of the Koloa Housing project. Effective October 23, 2019, the Company amended the loan agreement to extend the maturity date to June 26, 2020; modify required monthly principal payments; and set the interest rate at the London InterBank Offered Rate (LIBOR), plus 2.75%. The interest rate on the notes payable was 4.45% as of December 31, 2019. The loan was repaid in full in 2020.

In 2017, the Company entered into a loan agreement with two related parties to develop a specific parcel. The Company may borrow up to a maximum of \$16 million from one related party. The other related party purchased a lot for \$4 million during the year ended December 31, 2017. Concurrent with that lot sale, the Company obtained an additional revolving construction loan up to a maximum of \$4 million from the second related party. The outstanding balance on the notes with Alexander & Baldwin and The Brown Family Trust at December 31, 2020, amounted to \$14 million. The outstanding principal balance accrued interest at a rate of LIBOR, plus 7% per annum, and payments are due at the earlier of the lot sales within the specified parcel or loan maturity in 2022. These notes were repaid in full in 2021 with proceeds from the sale of the business (see Note 2).

In March 2021, the Company entered into a construction loan for \$18.9 million to develop a specific parcel. The loan accrued interest of 5% and matured on March 1, 2024. The loan was collateralized by the parcel and was to be repaid with the proceeds from the sale of the parcel. This loan was repaid in full in 2021 with proceeds from the sale of the business (see Note 2).

The Company was in compliance with all debt covenants for the years ended December 31, 2021 and 2020.

6. MEMBERS' EQUITY

Pursuant to the terms of the Operating Agreement, as amended, DMB was obligated to fund all capital needs necessary to complete the Project.

In accordance with the Amended and Restated Operating Agreement, the contributions made by the Members prior to March 20, 2009, shall not affect the allocation of distributions.

In 2020, KDC contributed approximately \$0.2 million in principal preferred contributions. In 2021, no principal preferred contributions were made by either Member. DMB and KDC entered a Reimbursement Agreement and Escrow Instructions in December 2021 in which the final allocable shares was stipulated to be 30.55% for DMB and 69.45% for KDC, which resulted in members' equity balances of DMB and KDC of approximately \$2,921,000 and \$6,640,000, respectively, at December 31, 2021. As of December 31, 2021 and 2020, DMB and KDC each fulfilled the Additional Capital Contributions, Preferred Capital Contributions, and Supplemental Capital Contributions requirements.

The Amended and Restated Operating Agreement requires the Company to allocate profits and losses to Members using the hypothetical liquidation at book value method (the "HLBV method"). The Amended and Restated Operating Agreement states that under the HLBV method, the Company will distribute net cash flow available to the Members first to the Principal Preferred Capital Return, second to three-fifths of the Optional Capital Return and Supplemental Capital Returns, third to the remaining two-fifths of the Optional Capital Return, fourth to the Preferred Capital Return, and last to the Members in proportion to their respective Additional Capital Contributions.

7. TRANSACTIONS WITH AFFILIATES

a. Project Administration Fees and Reimbursements

The Operating Agreement provides for reimbursement to Members or their affiliates for salaries or other reimbursable expenses payable for employees who provide regular and substantial services to the Project. Total amounts reimbursed were approximately \$8.9 million and \$5.3 million to DMB and its affiliates for 2021 and 2020, respectively, and \$0 to KDC and its affiliates for 2021 and 2020. These costs are recorded as real estate under development in the accompanying consolidated balance sheets as their services are directly attributable to the Project.

b. Water Delivery Agreement

The Company entered into a water delivery agreement with McBryde Sugar Company, Limited, an affiliate of KDC, on April 25, 2002 (the "Agreement"). A minimum charge of approximately \$0.04 million is due in advance every quarter beginning April 1, 2003, through the termination of the Agreement by the Company or by default, as specified in the Agreement. Total payments made under the Agreement during 2021 and 2020 were approximately \$0.3 million. The Company's obligations under this agreement were transferred to the Buyer upon completion of the Phase I Closing (see Note 2).

c. Due from and Due to Affiliates

Due from and due to affiliates consisted of the following as of December 31, 2021 and 2020:

	2021	2020
Due from affiliates	\$ 1,095	\$ 72,679
Due to affiliates	(3,530)	(334,560)
Net due to affiliates	<u>\$ (2,435)</u>	<u>\$ (261,881)</u>

Amounts due from affiliates at December 31, 2021 and 2020, represent reimbursements for insurance bills, legal bills, the tax paid on the interest income for the affiliate's notes receivable and various other reimbursements.

Amounts due to affiliates at December 31, 2021 and 2020, represent payables for reimbursements of payments related to water delivery fees, marketing expenses, sales expenses, and various other payments.

8. COMMUNITY FACILITIES DISTRICT

Tax-exempt bond financing is utilized to fund and manage portions of the Project's public and private infrastructure. In 2019 and 2012, \$20.3 million and \$11.9 million, respectively, in bonds were issued by the County of Kauai's (the "County") Community Facilities District (CFD) No. 2008-1, an independent special-purpose unit of the County government, established and operating in accordance with Chapter 26 of the Kauai County Code of 1987. The Company received approximately \$18.8 million and \$8.1 million of the bond proceeds, which was recorded as a reduction of real estate under development in 2019 and 2012, respectively. The remaining proceeds were used to fund the County's public improvements, establish a reserve account, and to pay for a portion of the bond issuance costs.

The bonds are serviced by special assessments levied on certain developable and developed property, as defined, in the Project, the assessments constitute a liability against the developable and developed property, and are intended to secure the CFD's ability to meet bond-servicing obligations. The Company records and pays assessments on parcels owned when such assessments are fixed and determinable. The assessments are not a liability of the Company or any other landowner within the CFD, but are obligations secured by the land. After a parcel is sold, the Company no longer pays the assessments on the parcels sold and any future assessments become the responsibility of the new owner and its successors in title until the bonds are paid in full. During the years ended December 31, 2021 and 2020, the Company paid approximately \$0.6 million and \$0.5 million, respectively, in special taxes, which were recorded in real estate under development in the accompanying consolidated balance sheets.

The CFD also has the ability to levy special assessments on the undeveloped land currently owned by the Company ("Additional Assessments") should the initial special assessment be deemed insufficient to meet the reserve requirement stipulated in the ordinance, as defined. The Company's exposure to potential

Additional Assessments is equal to the remaining CFD debt service, less existing reserves, and the Company's anticipated share of the initial special assessments throughout the term of the CFD bonds. The CFD bonds mature serially from 2014 through 2042. Management evaluates the Company's exposure to any potential Additional Assessments at each consolidated balance sheet date and provides accruals as deemed necessary. As of December 31, 2020, no accrual was deemed necessary. The Company's exposure was transferred to the Buyer upon the completion of the Phase I Closing (see Note 2).

9. COMMITMENTS AND CONTINGENCIES

a. Kukui'ula Community Association and the Club at Kukui'ula

In 2005, the Kukui'ula Community Association (the "Association") and The Club at Kukui'ula (the "Club") were formed to operate, maintain, and manage certain amenities and common areas, as defined. The Company is required to pay to the Association and the Club the lesser of the respective membership/maintenance fees or operating subsidies of the Association and the Club, until all of lots are conveyed to the owners, which are recorded as real estate under development in the accompanying consolidated balance sheets. For the years ended December 31, 2021 and 2020, approximately \$0.9 million and \$6.2 million, respectively, were paid by the Company to the Club and approximately \$0.1 million and \$0.3 million, respectively, were paid by the Company to the Association. All requirements to pay the Association and the Club were assumed by the Buyer upon the completion of the Phase I Closing (see Note 2). As of December 31, 2020, the Company did not have receivables related to expenses paid by the Company that will be reimbursed by the Association and the Club.

b. Litigation

The Company is involved in certain litigation incurred in the normal course of business. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the Company.

c. Leases—The Company as Lessee

The Company leased vehicles and equipment that have lease terms that expire through 2025. All leases were assigned to the Buyer upon completion of the Phase I Closing (see Note 2). For the years ended December 31, 2021 and 2020, lease expense was \$0.08 million and \$0.12 million, respectively.

Supplemental consolidated balance sheets information related to operating leases as of December 31, 2020, was as follows:

	2020
Weighted-average remaining lease term (years)	3.34
Weighted-average discount rate	5.0 %

Supplemental consolidated statements of cash flows information related to operating leases for the year ended December 31, 2020, was \$0.1 million, in operating cash outflows for operating leases. For the year ended December 31, 2020, the Company obtained \$0.3 million in new operating leases. Lease liabilities and ROU assets for operating leases as of December 31, 2020, were \$0.2 million and \$0.3 million, respectively. The remaining leases were transferred to the Buyer upon completion of the Phase I Closing (see Note 2).

d. Leases—The Company as Lessor

The Company leased real estate property to tenants under operating leases. In March 2020, the Company sold its leased property for \$4.5 million and recorded a gain of \$0.1 million. The Company no longer has any lease agreements where they are the lessor. Total rental income under these operating leases were \$0.1 million for the year ended December 31, 2020.

10. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through August 25, 2022, the date the consolidated financial statements were available to be issued.

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