



ALEXANDER & BALDWIN

A&B Repositions, Then Sells, Two Phoenix, AZ Retail Centers; \$35.6 Million Achieved for Carefree Marketplace and Mesa South

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HONOLULU--(BUSINESS WIRE)--June 28, 2006--Alexander & Baldwin, Inc. (NASDAQ:ALEX) and its subsidiaries today completed the sale of two retail centers located in the Phoenix metropolitan area for a combined price of \$35.6 million following completion of its objective to reposition both properties. The sale of Carefree Marketplace was to Jackett Carefree LLC; Mesa South shopping center was sold to Jackett Mesa South LLC. A&B had acquired Carefree Marketplace in 2001, following its purchase of Mesa South shopping center in 1999.

"Our value-creation objectives for both of these properties have been achieved," explained A&B Land Group CEO Stanley Kuriyama. "At the time of acquiring these properties, we recognized that both assets could benefit from Phoenix's strong population and economic growth, as well as ongoing improvements in transportation infrastructure. A&B has successfully repositioned both properties to maximize their values, and we are selling them in a response to unsolicited offers. A&B remains, however, confident in the broader Phoenix market -- we have no current plans to sell our other assets in the area and will continue to actively seek other Phoenix investments."

The 133,600 square foot Mesa South Center is located on an 18-acre parcel in a well-established residential community in the City of Mesa, east of Phoenix. This neighborhood shopping center was built in 1981. The smaller Carefree Marketplace -- 85,000 square feet of leasable area on a 6.5-acre parcel -- is located in Carefree, north of Scottsdale, which benefits from its proximity to several upscale master-planned communities. It was constructed in 1988.

Norbert M. Buelsing, executive vice president of A&B Properties, Inc., A&B's real property development and management subsidiary, explained that A&B's original purchase decisions both were supported by population growth projections and the expectation of large-scale expansion of the area's freeway network. "Both properties were similar in many respects," Buelsing said. "Both were grocery anchored, rents for smaller tenant spaces were well below market, and the maintenance and appearance of the centers suffered from minimal involvement of their absentee ownership. But each presented unique challenges.

"With improved freeway access to the area, and educating tenants and leasing agents on Carefree's growth potential, we were successful in increasing Carefree's in-line rents by approximately 40% over a four-year period," said Buelsing.

"In contrast, although Mesa South shopping center already had excellent roadway access, the center was challenged by the loss of its grocery anchor. We were able to attract several large sub-anchor tenancies for the former grocery location, which have proven to be popular regional draws. Tenants at the property now report that Mesa South ranks as one of their top performing Phoenix locations," said Buelsing.

"A&B continues to see opportunities in the Phoenix market," added Buelsing. "Last year, we purchased Deer Valley Financial Center, in north Phoenix, and we still own Southbank II, an office property located near the airport."

A&B's income portfolio of commercial properties in Hawaii and on the U.S. mainland currently consists of 5.7 million square feet of leasable retail, office and industrial space. A&B owns 90,000 acres of land in Hawaii, making it the state's fourth largest private landowner. The majority of A&B's recent acquisition and investment activity has been focused on Hawaii, where various A&B development projects are ongoing on Oahu, Maui, Kauai and the Big Island.

A&B Properties, Inc. (www.abprop.com) is the real estate subsidiary of Alexander & Baldwin, Inc., a diversified corporation headquartered in Honolulu. A&B's major lines of business are ocean transportation (Matson Navigation Company, Inc. and Matson Integrated Logistics, Inc.); real estate (A&B Properties, Inc.); and food products (Hawaiian Commercial & Sugar Company, Kauai Coffee Company, Inc.). Additional information about A&B may be found at its web site: www.alexanderbaldwin.com.

Statements in this press release that are not historical facts are "forward-looking statements," within the meaning of the Private Securities Litigation Reform Act of 1995, that involve a number of risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Factors that could cause actual results to differ materially from those contemplated in the statements include, without limitation, overall economic conditions, failure to satisfy the closing conditions set forth in the definitive agreement and other risks associated generally with acquisitions and developments. These forward-looking statements are not guarantees of future performance. This release should be read in conjunction with our Annual Report on Form 10-K and our other filings with the SEC through the date of this release, which identify important factors that could affect the forward-looking statements in this release.

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