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CORPORATE PARTICIPANTS

Brett A. Brown *Alexander & Baldwin, Inc. - Executive VP, CFO & Treasurer*

Christopher J. Benjamin *Alexander & Baldwin, Inc. - President, CEO & Director*

Clayton K.Y Chun *Alexander & Baldwin, Inc. - Senior VP, CAO & Corporate Controller*

Lance K. Parker *Alexander & Baldwin, Inc. - Executive VP & Chief Real Estate Officer*

CONFERENCE CALL PARTICIPANTS

Katy McConnell

PRESENTATION

Katy McConnell

Good afternoon and welcome to Citi's 2021 Virtual Global Property CEO Conference. I'm Katy McConnell with Citi Research, and we're pleased to have with us today, Alexander & Baldwin.

This session is for Citi-investing clients only. If media or other individuals are on the line, please disconnect now. Disclosures are available on the webcast. (Operator Instructions)

So to kick things off, I'll turn it over to you, Chris, to start with some opening remarks on the company.

Christopher J. Benjamin - *Alexander & Baldwin, Inc. - President, CEO & Director*

Thanks so much, Katy. It's great to be here. Congratulations on your new role at Citi and also on almost having survived the first virtual conference. I know we're -- your last company, and we appreciate you hanging in there for us. So we're excited to be back this year. We've had some great meetings, and we're looking forward to being back in person next year.

Let me start by introducing my team. So first of all, I'm Chris Benjamin, President and CEO of Alexander & Baldwin, and I'm joined by Brett Brown, our CFO; Lance Parker, our Chief Real Estate Officer; and Clayton Chun, who's our Chief Accounting Officer. So I've got lots of support for the questions as we go along here.

Let me just start with a little bit of overview of A&B. We are a geographically focused REIT with 100% of our portfolio in Hawaii. We're focused on the needs of the local community. About 2/3 of our portfolio is grocery-anchored shopping centers, which serve our local communities. The rest is primarily in light industrial and ground leases and under those ground lease assets are -- those ground leases, I'm sorry, are under assets that again are primarily focused on serving the local community. So while Hawaii is heavily tourism driven, our portfolio is not directly dependent on visitor spend. It gives us a degree of insulation from tourism swings as compared to a portfolio that is for example, primarily resort oriented. So we like that degree of insulation. And certainly, in 2020, that was very beneficial for us.

We're a 150-year-old company, and we're in the final stages of a very dramatic transformation into a focused commercial real estate company. We were a very diversified company just 10 years ago. And we've been steadily monetizing noncore businesses and assets over the past several years, and we're now about 75% commercial real estate. We anticipate continuing the progress that we've made in monetizing our noncore assets over the next 12 to 18 months, and that should dramatically simplify our story and strengthen our balance sheet. So we're looking forward to continued progress on that front.

When we look back on 2020 a number of things have been extremely gratifying for us. We feel that we've done an outstanding job of working with our tenants and retaining occupancy despite the very severe COVID restrictions put in place in Hawaii. We've had the best COVID outcomes in the country, but it's because we've largely closed our borders to visitors and that took a toll on our economy in general.

So even though I referenced earlier that we're not directly dependent on the tourism spend, there's certainly that indirect impact as hotel workers and airline workers and others get laid off. And so we feel that we're well positioned coming out of that because of the work that we've done with our tenants to benefit from what should be a pretty significant bounce back.

We've advanced our simplification efforts, frankly, more than I thought we would a year ago this month, I thought that maybe sales of assets in Hawaii would be on hold for a while and far from it. We had a very good year in terms of monetization, and that was encouraging. Interest in Hawaii from outside investors and individuals looking to relocate to the state as they're able to work from anywhere has been a very positive factor for us.

We've improved the performance of our Materials & Construction business, and taking important steps toward eventual sale of that business. And perhaps most importantly, because we are a locally-based company that prides itself on working with the community, not just in working with our tenants, and the residents, but also building relationships that allow us to create value in real estate, we feel that 2020 gave us a great opportunity to demonstrate our commitment to our employees, our tenants, the local community. And we believe all of that is critical to fulfilling our commitment to our shareholders.

As I said, the entire foundation of our business strategy is a belief that by having the best team in Hawaii, the best knowledge of the local market, deep and long-standing relationships in the local market and our strong reputation as a company that does what it says it will do, we can leverage those to create tremendous value. And that's our investment thesis, and we think that 2020 actually enabled us to demonstrate and prove out some of those fundamental facts.

That's my introduction, and happy to transition to your questions.

QUESTIONS AND ANSWERS

Katy McConnell

Great. So to start off each session, we're asking each company, if an investor is buying one real estate stock coming out of the pandemic, what are 3 reasons that it should be yours?

Christopher J. Benjamin - *Alexander & Baldwin, Inc. - President, CEO & Director*

Yes. I think they all relate to the fact that we believe we'll have a disproportionate improvement in our story and our performance over the coming year. First, we're starting from a base of good occupancy because we've successfully worked with our tenants to protect occupancy and we believe that because of that, our centers are well positioned to benefit from the Hawaii market recovery.

Second of all, as I sort of alluded to a moment ago, we think that not only is that recovery underway. But we think that it should be disproportionately strong because the restrictions in COVID were so stringent that as the Hawaii economy opens up and tourism comes back, we think the uplift for our portfolio can be very significant and frankly, disproportionately strong, relative to our peers that operate in markets that were less impacted by COVID.

And part of that comes from the fact that we are not entirely dependent on the tourism spend. Tourism may not come back to pre-pandemic levels for a few years, but we think our portfolio should do well even with a relatively modest return of tourism as people just get back to their jobs and are out shopping again.

So the third thing, I would say, is that the COVID recovery, which we see driving good economic activity in Hawaii, coincides with the final stages of our simplification process. We expect to materially advance our noncore asset monetization and simplification efforts over the next 12 to 18 months. And that will help strengthen our balance sheet.

So we think that the fact that we're so focused on these noncore dispositions at this time, it's very well-timed to coincide with what we think is going to be a nice post-COVID recovery in Hawaii.

Katy McConnell

And can you walk us through how each of your property sectors, in particular, were impacted throughout the pandemic. So retail and then comparing that to resi and office exposure that you have?

Christopher J. Benjamin - *Alexander & Baldwin, Inc. - President, CEO & Director*

Yes. Let me invite Lance to jump in here. The high level comment I would make is that the restrictions put in place were, of course, most significant in the retail sector and in our industrial and other asset classes. There was less impact on the tenants, but let me let Lance elaborate a little bit on how the various asset classes did.

Lance K. Parker - *Alexander & Baldwin, Inc. - Executive VP & Chief Real Estate Officer*

Sure. Thanks, Chris. So as Chris mentioned, the majority -- and I'll start with retail. The majority of our retail assets are grocery or drug anchored, and that's 2/3 of the NOI within our portfolio. So throughout the pandemic, all of our assets remained opened. And as we look at the portfolio today, 98% of our tenants by ABR are open on the retail front. So we we're encouraged by that. And again, that's sort of validated, I think, for us, our investment thesis about really the community-based approach to ownership as well as the type of assets that we seek to own.

Certainly, early on with forced closures, it was important to differentiate between essential versus non-essential, we've really sort of worked through that. And importantly, for us, here in Hawaii, we've gotten to a place where, with the exception of bars on the island of Oahu, all retailers are able to be open. From a retail standpoint, there's no restrictions in terms of capacity. From a restaurant standpoint, there's no technical restrictions as long as your parties are less than 10 for indoor dining and spaced at least 6 feet apart. So we're pleased with how that portion of the asset classes has sort of recovered.

On the industrial side, that stayed pretty resilient for us. We've got, I would say, 2 different types of assets within our portfolio. One is more traditional Class A, dock high warehouse-type space that was very resilient throughout the pandemic with distribution needs continuing to be important and flow through the state.

We did have some early deferrals that we granted that have been paid back for tenants in that space. We did have some impact on collections on the industrial side, and that was related more to our smaller business park-type properties that act as sort of quasi retail that were associated with either direct retail outlets or in, like I said, sort of a quasi environment. And then we also have a meaningful ground lease portfolio. So that's about 17% of our net operating income. And that's a very interesting piece of the assets that we own in that it's really the most secure piece because it's secured by the leasehold improvements on the real estate. So we had good performance in that portion of our portfolio.

Katy McConnell

And maybe you could talk about where does e-commerce penetration stand in Hawaii now, obviously, that would be helping your industrial exposure, but hurting the retail? And how does that change over the course of the pandemic?

Lance K. Parker - *Alexander & Baldwin, Inc. - Executive VP & Chief Real Estate Officer*

Yes. It's -- obviously, e-commerce was something that was a pre pandemic issue that retailers have been having to deal with. I'd say on the -- thinking about our national retailers and larger users who have invested heavily in technology to be more omnichannel, we do have a somewhat different and interesting distribution network on the warehouse side being on the islands and 2,500 miles away from the West Coast.

So a few years ago, we saw as big takers of industrial space, larger box users, some of which have been -- we've been the beneficiary of as a landlord and then I think more recently, through the pandemic with just the desire for customers for touchless contact and shopping online, we've seen some of our smaller shop tenants who have had to adapt to think more about how they omnichannel sell as well as think about their warehousing and distribution needs.

But it's not something that's been entirely unique to our market. It's something that a lot of our retailers have traditionally taken larger formats in spaces here, acknowledging the fact that distribution is slightly more nuanced because of our distance. And so the whole thing about last-mile distribution in some ways, I think, our tenants were actually set up pretty well to sort of continue growing into that space and that trend.

Katy McConnell

And then can you talk about what the leasing environment is like in Hawaii today? And to what extent are you seeing off-island new demand coming in? Did that have an impact or slow down during the peak of the pandemic?

Lance K. Parker - *Alexander & Baldwin, Inc. - Executive VP & Chief Real Estate Officer*

Sure. We were pleased with the activity that we had in 2020, particularly in Q4. We had some really strong renewals on some of our anchors, which were important to us. If you looked at activity from a deal count, from a GLA perspective or from a lease spread, sort of all the important metrics, we felt very good about where we were. And looking forward into 2021, we're pleased with the interest that we're receiving for space.

So Hawaii continues to be, I would use the term, underserviced by retailers in the sense that a lot of your nationals do not have presence here and continue to view this as a market that they are desirous to expand into. And so that interest has not waned, whether it's been on the box side. I think it's particularly strong on the QSR side.

And one of the nice things about being in the retail position we are, where we've got a 22% of the anchored-strip market in the state and being the largest owner of that space and then having assets across the entire island chain, we are sort of the first point of contact for these national retailers to make sure when they come to the state and have an expansion strategy and looking at multi-location needs that we get first looks at these opportunities to hopefully position ourselves to take advantage of that. And we've got examples that we could cite where we were able to execute on that.

In addition to QSR, I would say, specialty grocer is another category that continues to sort of circle the wagon for new opportunities.

And then on the restaurant side, I think that was a bit of a surprise for me, even sort of local restaurant but one of the things that we're appreciating is this has really separated the well-capitalized, well-operated businesses. And I think those types of operations realize this is an opportunity to grab space and market share in areas that may not have otherwise been available. And so we're starting to see some of that interest.

And then pre-pandemic interest, I'd say also in the medical and also more recently, medical-related, but vet, in particular, has been particularly strong in a lot of our community centers.

Katy McConnell

And then could you just update us on the characteristics of the tenant fallout you have seen to date as far as size formats. And then your progress in re-leasing that so far and kind of your outlook for the mark-to-market upside there?

Lance K. Parker - *Alexander & Baldwin, Inc. - Executive VP & Chief Real Estate Officer*

Yes. So let me maybe start on national front and then work my way down through sort of our local smaller companies. On the national front, we were pleased. We did have -- we're at the lower end of exposure to watch-list tenants. We did have a few that went through, emerged from bankruptcy and accepted all of our leases. So we're feeling good about where our portfolio stands from that perspective.

On the tenant side, we did have some fallout. And I would say, across the board, we were not unique in terms of the tenant types that were most challenged, particularly small businesses. It's locally owned restaurants, fitness, entertainment, certainly, all of those categories.

And then for us, we do have 2 resort properties specifically that do have some exposure. And so those were disproportionately affected. But for us, I think one of the unique things, and Chris really sort of hit this is A&B has been here for 150 years, we're a local company. We view that as a competitive advantage in the sense that we don't just own and operate our centers, we actually shop in our centers. So we are the users as well. And we think as a result of that we really understand the needs and desires of the community and so we took a tenant-first approach in how we dealt with all of our tenants through the pandemic.

And so it was a heavier touch. We made a conscious decision to weigh occupancy over collections. And I think our numbers will show both of that, both on the good in terms of same-store occupancy actually increased over the year. We had a 40-basis-point drop in overall occupancy. And we were lower on the collection side.

But again, that was a conscious decision for us to get the tenants that we feel are important to us, or important to the community or important to the assets through this to the other end of the tunnel and then position ourselves really for longer-term growth. And as Chris also alluded to, I think, a quicker rebound as the economy bounces back.

Katy McConnell

And if you think about the time line to accomplish that re-leasing, when would you expect your portfolio NOI to get back to pre-COVID levels?

Lance K. Parker - *Alexander & Baldwin, Inc. - Executive VP & Chief Real Estate Officer*

So I think for us, 2021, there's going to be some stabilization in the market, but we also see growth opportunities for us. We've got organic growth in the portfolio in terms of contractual step-ups that were already sort of in there as well as some re-leasing that we did last year for some of our anchors.

We have the opportunity to start to go economic on some of our redevelopment and recognize full occupancy for earlier acquisitions or other redevelopment efforts. And so we think through 2021 and then into 2022, we'll be back to pre-COVID levels in terms of overall portfolio NOI.

Katy McConnell

And then you provided same-store NOI guidance for next year that was on the higher end. Can you talk about what might be driving that versus the peers?

Lance K. Parker - *Alexander & Baldwin, Inc. - Executive VP & Chief Real Estate Officer*

Sure. So I touched on a couple of the drivers, that being sort of the organic growth within the portfolio, some of that being within our improved property space, some of that being within our ground lease asset class where we have some material step-ups on a contractual basis as well as some fair market values coming down the pike in subsequent years. But we had one in particular that's already going to be a driver of about 80 basis points of same-store increase. And so that's a material pillar for us in 2021.

And then the second would be, again, we talked a lot about in the past, one of our redevelopment projects being Aikahi Park Shopping Center. This was -- it's a great example of where ground leases is a powerful asset for us. We were able to buy the leasehold improvements at a significant discount, consolidate leasehold and leased fee into a fee simple ownership structure and now we're refreshing the asset. We will get the -- I was going to say, we will get the full economic benefit. That's not true. We will start to go economic this year and that will be a driver for us in 2021 and then a full driver of economic benefit in 2022.

And then the third piece that I would add is we do think there's opportunity on the collection front. For 2021, reserves that we took, we think that we were relatively conservative in working with our tenants and appropriately moving tenants to cash basis and taking reserves, and we think there's some opportunity for us there as well.

Katy McConnell

What percentage of your portfolio is cash basis tenancy now?

Clayton K.Y Chun - *Alexander & Baldwin, Inc. - Senior VP, CAO & Corporate Controller*

It's about 10%.

Katy McConnell

And the collection rates on that group? Are you starting from a pretty low level, I imagine?

Clayton K.Y Chun - *Alexander & Baldwin, Inc. - Senior VP, CAO & Corporate Controller*

So as the year progressed, we started to see some (inaudible).

Christopher J. Benjamin - *Alexander & Baldwin, Inc. - President, CEO & Director*

Clayton, we have -- yes, lean a little closer to the computer.

Clayton K.Y Chun - *Alexander & Baldwin, Inc. - Senior VP, CAO & Corporate Controller*

(inaudible). Apologize. The question was regarding collections on cash-basis tenants, and we started to see some upward trending with our tenants recovering the cash receipts have progressed as well. And so we're seeing some nice progression with cash-basis tenants paying on their rents, and that's continuing into 2021.

Katy McConnell

Got it. Thank you. So maybe we can talk about the ground lease portfolio a little bit more. Do you have any plans to monetize a portion of that? And I know, at least in the U.S., there's really strong demand for those net lease parcels at some of these shopping centers. So just curious if you're seeing that same demand Hawaii?

Christopher J. Benjamin - *Alexander & Baldwin, Inc. - President, CEO & Director*

Well, I'll jump back in here to give Lance a break. But I would say that, if anything, we would be an acquirer of net -- of leasehold assets of ground leases as we go forward because we see them as a very attractive long-term opportunity for us. So I don't think that we would be looking to sell any of our ground lease assets.

We do have one project, which is Maui Business Park, at which is entitled for light Industrial, which includes retail development, and we have monetized some of that land. And you might ask, well, why would you sell some of that land if you could keep it and either do a ground lease or build an asset and get a space lease and it really is just based on the fact that some tenants simply don't want to -- they want to own their space and their land. And so our first priority is always going to be to develop on that land if we can make it pencil and generate a space lease.

Second preference would be a ground lease to an investor who had built an asset. And then our last preference is to sell. But we do recognize that the market demand is such that, to some extent, we're going to have to sell some of that land. But as far as our other ground leases, we wouldn't anticipate monetizing any of them. And if anything, we would be looking to acquire more.

Katy McConnell

Got it. And then can you update us on where you stand with the rest of our simplification efforts and kind of the remainder of the noncore that you have to sell and the time frame around that?

Christopher J. Benjamin - *Alexander & Baldwin, Inc. - President, CEO & Director*

Yes. As I mentioned earlier, we have about 25% of our asset base by book value that we would consider noncore. And in one way or another, virtually, all of that is going to be for sale at the right time. Some of it is actively being marketed. Some of it is being positioned for marketing either later this year or perhaps next year. We've made some good progress last year. We sold a renewable energy asset. We sold some noncore ag land. We sold a number of properties within our noncore development projects, including Kukui'ula. And so we felt good about the progress that we made last year, but we have even greater aspirations this year.

So it's always difficult to predict the timing and the success of those efforts just because land sales are difficult to predict and they're binary. They either close or they don't within a given year. So it's hard to say exactly how long it will take to monetize that 25%, but I would say that we have high hopes and expectations that over the next 12 to 18 months, we will make material progress in further simplifying our story, and that will help us further strengthen our balance sheet. Our balance sheet is much, much stronger than it was immediately after we converted to a REIT because, of course, we had to distribute out earnings and profits. And so our leverage went up quite a bit.

But over the last few years, we've steadily been bringing our leverage down, and we're feeling much better about it, and we think that by the time we finish the simplification, we will be well within, if not slightly below the leverage percentage range that we target, which is 5% to 6%. And we think that we can get even south of 5%, as we go through the simplification. So we think all of this, it will help simplify our story. It will help strengthen our balance sheet. And we think over the next 18 months or so, we'll make material progress towards that.

Katy McConnell

And so after debt paydown, how are you thinking about priorities for potential disposition proceeds, how you'd like to deploy that on the external growth front?

Christopher J. Benjamin - *Alexander & Baldwin, Inc. - President, CEO & Director*

Yes. Let me let Brett pick up on the balance sheet and our capitalization strategy. I will say that one of the things we're very much looking forward to is getting back into the acquisition market. As you know, over the last -- since we placed the $250 million of proceeds that we generated from our ag land sale in late 2018 and finished that reinvestment in second quarter of 2019, we've largely been on the sidelines and focused more on disposition.

So strategically, I will say that we're very anxious to getting back to an acquisition mode, which I think that we're on the cusp of being able to do. But let me let Brett elaborate a little bit more on our balance sheet considerations.

Brett A. Brown - *Alexander & Baldwin, Inc. - Executive VP, CFO & Treasurer*

Thanks, Chris. And yes, to Chris' point, we're focused on the dispositions of the noncore assets and taking those proceeds and paying down debt, getting our net debt-to-EBITDA in line with our investment-grade peers in the 5 to 6x. And I think once we accomplish that transition and sell the rest of those noncore assets, we'll have the balance sheet. We'll have the attention, I think, from the dedicated investors that we'll be able to then -- our stock price, I believe, should be in a position where we could issue and be acquisitive and as well as just overall improvement of the company's operating performance, I think, people will take notice.

You mentioned you saw our same-store NOI growth is on the higher side. I think we'll see some hopefully outsized improvements there as we recover better than some of the mainland peers. And so we're optimistic that we can use our balance sheet, whether it's through equity issuance and in the future at the appropriate time or we even have umbrella partnership structure where we can do OP units. And I think that would be an effective way on island as there is some interesting ownership of multigenerational family ownership of a lot of assets here. And so that could be a very attractive way for estate-planning purposes for potential sellers on Island. So we're optimistic we can we can effectively acquire through that route as well.

So we've a lot of good upside areas to grow there. We're only 22% of the grocery-anchored shopping center space. So that gives us some upside potential there. And we're only 2% of the industrial sector, which gives us a significant amount of growth there. And we like those 2 asset classes very, very much. So we see a lot of good avenues for growth.

Katy McConnell

And you're seeing good opportunities to acquire on both of those ends? How has pricing been trending for both categories?

Brett A. Brown - *Alexander & Baldwin, Inc. - Executive VP, CFO & Treasurer*

I'll defer it to Lance to see what he and his team has seen.

Christopher J. Benjamin - *Alexander & Baldwin, Inc. - President, CEO & Director*

I'll jump in very quickly, and then I'll let Lance elaborate on the market and what we've seen. I will say that we've really focused our investments team on our disposition efforts over the last 18 months. Once they completed the reinvestment of the ag lands proceeds, we pivoted, and that's part of the reason that we've had, the good success we've had in simplification because we viewed that as our highest priority.

They are beginning -- we do have some exchange proceeds that we will be looking to invest later in the next year or so. And so they are beginning to look at opportunities there. And so -- but Lance, maybe you can elaborate on what they're seeing in the market.

Lance K. Parker - *Alexander & Baldwin, Inc. - Executive VP & Chief Real Estate Officer*

Yes. I guess, I would say, from a general market standpoint, it's relatively tight. There haven't been a lot of trades. I think that's not surprising, that's not unique to our marketplace relative to others across the country. But again, one of the advantages we have being here is that we have so many relationships and when we look at our performance in the past, the majority of our acquisitions are off-market deals or first looks. And so we continue to keep our ear to the ground and we're always looking at opportunities and to the extent that we find ones that are accretive, whether it's because it's from a tax-deferred, cost-of-capital perspective or other uses of capital, we will certainly take a look at them. Yes.

Katy McConnell

Great. So maybe you could talk about where the company stands from ESG perspective today? And as you think about next year, what do you view as the top 3 priorities to improve your square?

Christopher J. Benjamin - *Alexander & Baldwin, Inc. - President, CEO & Director*

Yes. Katy, in an interesting way, 2020 actually enabled us to really prove out and demonstrate some of our ESG commitment in a few ways. First of all, we dedicated ourselves last year, as we've said, to supporting our tenants, our communities, our shareholders and our employees amid the pandemic. And we feel good about how we did that. We advanced environmentally friendly initiatives like renewable energy generation.

And importantly, we won ICSC's gold award for renovations and expansions in North America for our Lau Hala Shops adaptive reuse, which was a tremendous, I think, environmentally friendly initiative that avoided having to tear down a building and start from scratch. And we were able to reuse that old Macy's box. And we're very proud of that.

We also won NAREIT's Silver award for diversity, equity and inclusion. And we expanded some of our internal employee initiatives, including our Pride initiative, our women's leadership initiative. And we initiated social justice forums in the company to address and explore the issues of discrimination that are important to our employees.

So in addition, we took important steps to increase the independence and diversity of our Board. So I really feel like 2020, we did a great job of advancing ESG. But for 2021, our priority is that first and foremost, to be a little bit more clear about the measurement and the reporting of our ESG progress. We did initiate our first corporate responsibility report -- social responsibility report last year. But what we want to do this year is using the SASB framework and using TCFD, we want to make sure that we are identifying our specific goals, tracking them and recording them.

We're also going to be [starting] (added by the company after the call) energy-efficiency initiatives and generation initiatives. We've got a new pilot that we're going to be doing on our Pearl Highlands Shopping Center to install solar there. And it required some thoughtful structuring of both the investment and then some lease modifications. And I think we've -- we feel that we've cracked the code on how to make that work. We're going to do it first on Pearl Highlands and hope that we can do it on some other centers.

And then finally, I'd say diversity work is never complete. We're very proud of what we've accomplished. We are proud of the diversity, both in gender and ethnicity in our workforce. But we always know there's more to be done.

And we think that one of the things that's interesting about 2020 is I think it gave increased recognition for all people that there are systemic barriers that will need be addressing and no matter how good our intent is, if we don't begin to address some of the systemic barriers, we're really not going to achieve our goals. So these are going to be the areas of focus for us in 2021.

Katy McConnell

Great. Thank you. So we'll go into our rapid-fire questions now to wrap up the meeting. So the first one is, when we're are physically sitting together in Florida a year from now, what will be one thing that will have surprised people the most about your business over the prior 12 months?

Christopher J. Benjamin - *Alexander & Baldwin, Inc. - President, CEO & Director*

Well, I think it is going to be the rebound in our commercial real estate portfolio, and that's going to be fueled by both the strong occupancy position we have coming out of COVID and the continued strength of the Hawaii market. And I think that will benefit us not only in our core business, but also in our simplification efforts.

Katy McConnell

Okay. And what do you think will -- your corporate travel budget will be in 2022 as a rough percentage of what you spent in 2019?

Christopher J. Benjamin - *Alexander & Baldwin, Inc. - President, CEO & Director*

Yes. I think that I wanted to say less than half, but I think realistically, we're probably about 2/3. I think most of our travel will need to resume, but we're certainly going to try to manage it and go virtual as much as we can.

Katy McConnell

What will same-store NOI growth be for your property sector overall in 2022?

Christopher J. Benjamin - *Alexander & Baldwin, Inc. - President, CEO & Director*

In 2022 versus 2021, probably about 5%.

Katy McConnell

Okay. And last one, what will the 10-year treasury yield be one year from today?

Christopher J. Benjamin - *Alexander & Baldwin, Inc. - President, CEO & Director*

We'll say 2%.

Katy McConnell

Okay. Great. Well, thank you all so much for joining and for doing the presentation. I hope you guys have a great day.

Christopher J. Benjamin - *Alexander & Baldwin, Inc. - President, CEO & Director*

Nice seeing you, Katy. Thank you, Katy.

Lance K. Parker - *Alexander & Baldwin, Inc. - Executive VP & Chief Real Estate Officer*

Thanks, Katy.

Christopher J. Benjamin - *Alexander & Baldwin, Inc. - President, CEO & Director*

Thanks very much. Say hey to Michael.

Katy McConnell

I will.

Christopher J. Benjamin - *Alexander & Baldwin, Inc. - President, CEO & Director*

Take care.

Lance K. Parker - *Alexander & Baldwin, Inc. - Executive VP & Chief Real Estate Officer*

Bye-bye.
