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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Alexander & Baldwin's Fourth Quarter and Full Year 2019 Earnings Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded. (Operator Instructions) I would now like to hand the conference over to your speaker, Mr. Stephen Swett with Investor Relations. Please go ahead, sir.

Stephen C. Swett - *ICR, LLC - MD*

Thank you. Aloha, and welcome to our call to discuss Alexander & Baldwin's Fourth Quarter and Full Year 2019 Earnings. With me today are A&B's President and CEO, Chris Benjamin; and Brett Brown, CFO. We are also joined by Lance Parker, A&B's Chief Real Estate Officer; and Clayton Chun, Chief Accounting Officer, who will participate in the Q&A portion of the call.

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

These forward-looking statements include, but are not limited to, statements regarding possible or assumed future results of operations, business strategies, growth opportunities and competitive positions. Such forward-looking statements speak only as of the date the statements are 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 the actual results and the timing of certain events to differ materially from those expressed in or implied by the forward-looking statements.

These factors include, but are not limited to, prevailing market conditions and other factors related to the company's REIT status and the company's business, as well as the evaluation of alternatives by the company related to its Materials & Construction business and by the company's joint venture related to the development of Kukui'ula, generally discussed in the company's most recent Form 10-K, Form 10-Q and other filings with the SEC.

Information in this call and presentation should be evaluated in light of these important risk factors. We do not undertake any obligation to update the company's forward-looking statements.

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Management will be referring to non-GAAP financial measures during our call today. Included in the appendix of today's presentation slides is a statement regarding our use of these non-GAAP measures and reconciliations. Slides from this presentation are available for download at our website, alexanderbaldwin.com.

Chris will open up today's presentation with a strategic and operational update. He will then turn the presentation over to Brett, who will discuss financial matters. Chris will return for some closing remarks, and then we will open it up for your questions.

With that, let me turn it over to Chris.

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

Thanks, Steve, and good afternoon to our listeners. Today, I will provide an update on our strategic progress and provide high-level comments on our fourth quarter and full year 2019 results. Brett will then review our financial and operational results in more detail, summarize our balance sheet and introduce our guidance for 2020. I'll come back with a few closing remarks, and then we will open the call to your questions.

In 2019, we made significant progress on our path to refocus and simplify our business model on the ownership and operation of strategic Hawaii commercial real estate assets. We believe we are well-positioned to create outsized value by capitalizing on our embedded opportunities and deep local market knowledge in a unique geographic market in which developable urban land is scarce and barriers to entry are high. Let me take a few moments to walk through 2019 accomplishments and our priorities for the year ahead.

Our focus is on increasing NOI from our Hawaii real estate portfolio, and I'm very pleased with our team's results this year. Our fourth quarter total commercial real estate revenue increased by 18.6% over the prior year, and Cash NOI increased by 27.4% over the same period, primarily driven by our acquisitions earlier in 2019. Our income-producing portfolio now consists of 3.9 million square feet of operating commercial real estate and 154 acres of ground leases. Further, we now derive all of our $104.2 million of Cash NOI exclusively from strategic Hawaii commercial real estate assets, up from just $73.3 million three years ago. We materially exceeded our stated goal of driving CRE NOI over $100 million this year. At a time when macro industry trends are impacting other segments of the retail sector and world health concerns raised questions about tourism levels, we are pleased to be focused on a daily needs-based retail and light industrial asset base that caters primarily to the local Hawaii population.

Within our portfolio, operations continue to be strong. In the fourth quarter, we signed 52 leases for approximately 124,000 square feet of GLA. On the 43,000 square feet of comparable leases, we recorded an average leasing spread of 8.6%. At December 31, our total commercial real estate portfolio was 93.9% occupied, an increase of 150 basis points over year-end 2018. Our same-store portfolio was 94.1% occupied, an increase of 190 basis points over the same period in 2018. These results were driven by increased occupancy in our industrial portfolio, particularly at Komohana Industrial Park and the P&L warehouse.

In addition to leasing, we continue to execute on our value-add redevelopment program. During the fourth quarter, we completed planning and demolition at our project at Aikahi Park Shopping Center, where we were repurposing a grocery-anchored shopping center into a vibrant community center with dining, grocery and service-based retail and sustainable design. A significant element of this plan is repurposing a vacant theater space, which will help drive occupancy at completion. Already this year, landlord construction has started on the theater redevelopment portion, and the broader refresh work at the center is scheduled to begin shortly in March.

Additionally, in July, we celebrated the grand opening of Ho'okele Shopping Center Phase 1 on Maui. The Safeway grocery store, gas station and convenience store are now complete and open for business and exceeding tenant expectations. Strong leasing activity continues at this well-located center, and we look forward to announcing exciting new tenants to serve the Maui community in the near future.

Also in November, we celebrated the grand opening of the final tenant at Lau Hala Shops, our sustainable adaptive reuse of a department store. This project is 100% leased.

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Suffice it to say that 2019 was a great year with respect to advancing the strategic growth of our Hawaii income-producing commercial real estate portfolio, beyond the organic and redevelopment growth I just summarized, we acquired $218 million of assets, all in our preferred asset classes, funded with 1031 proceeds from sales of non-income-producing agricultural land.

We did not place new capital into acquisitions, but that's consistent with the guidance we provided early last year that once we placed the Maui land sale proceeds, we would focus our efforts on deleveraging and dispositions of non-commercial real estate assets, including development inventory and non-core lands. As we have said, the monetization of these assets will help us further improve our balance sheet and ultimately simplify our business model.

For the full year 2019, we closed on the sale of 42 acres of Wailea land on Maui; closed out of Increment 1 of the Kamalani project, which consisted of 44 unit sales; closed out of the Kahala project, which consisted of 5 lots; completed the sale of 9 acres at Maui Business Park, which was a nice pickup in momentum at that property; and finally, closed the sales of 30 units at the Kukui'ula joint venture project, also a very good outcome for that project.

In total, we generated over $90 million of net cash proceeds, helping us to retire $73.5 million of debt. While we're very proud of these results, and I'm particularly proud of our team's hard work in achieving them, we do recognize that continued progress on this front is critical. Going forward, we expect to monetize additional land holdings. We no longer have large contiguous parcels like the 41,000 acres we sold in December 2018, but we're actively pursuing sales of both development inventory at our remaining 2 active developments, Maui Business Park and Kukui'ula, and non-core parcels that include both inactive developments, underutilized urban land and agriculture or conservation land. In the near future, and until we achieve the leverage metrics we're targeting, we will use most proceeds from sales to reduce leverage.

Regarding Grace Pacific, there is no sugarcoating it --- 2019 was a tough year. However, we did take several positive steps to stabilize the business in the second half of 2019 under new leadership, and I believe the modestly positive EBITDA achieved in the fourth quarter is a sign we're making progress. While it's still early, our efforts to shift our operational focus and rightsized costs are beginning to bear fruit. It will take some time, but the Board and our team are committed to maximizing value for shareholders, and we believe stable and improving operations will create the conditions necessary to monetize this business at the appropriate time as we continue to simplify our overall business model.

Next, we continue to focus on streamlining our organization as we transform from a diversified conglomerate into a pure-play commercial real estate company. That's a gradual process that probably will take 2 or 3 more years. But over the past 12 months, we took steps -- several steps to reduce our cost structure and G&A, and have seen positive results from those efforts. Various cost savings initiatives have resulted in lower software, technology and consulting expenses.

The fourth quarter of 2019 reflected G&A reduction compared to the same quarter in 2018, and we expect continued progress over time as we simplify both our business mix and our processes. We remain a relatively diversified company that faces many legacy issues, but we are committed to transforming and simplifying in a thoughtful manner.

Finally, we remain committed to being good corporate citizens. We significantly expanded the scope of our ESG, or environmental, social and governance initiatives, in 2019 and continue to ensure ESG is ingrained in our culture. There is no better time than the occasion of our 150th anniversary to both reinforce the socially-minded DNA that has guided us through our first 150 years and lay the groundwork for even better engagement with our community, employees, investors and the environment in the future.

As part of our 150th celebration, we are empowering our employees to spend more time in community service and to direct charitable gifts to organizations that are meaningful to them. I was proud to join about 80 of my coworkers with their family members at a day of service on Martin Luther King Junior day in January. We partnered with the Department of Land and Natural Resources' Division of Forestry and Wildlife to plant trees at the Hamakua Marsh, which is in Kailua on Oahu, a very important community for the company.

We also took important strides in 2019 to increase our employees' and community members' roles in setting our priorities for social engagement with our employee-led Pride initiative and increased community engagement, just two of the results. We are very proud of our heritage and history and aim to be partners for Hawaii for the next 150 years.

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With that, I will now turn the call over to Brett, who will discuss our operational and financial results in more detail. Brett?

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

Thanks, Chris, and good afternoon, everyone. Let me begin with our financial results. For the fourth quarter, we recorded net income of $5.2 million or $0.07 per share, compared to a net loss of $136.6 million or $1.90 loss per share in the same quarter of 2018. The net loss in the fourth quarter of 2018 included a noncash impairment charge totaling $189 million.

For the full year 2019, we recorded a net loss of $36.6 million or $0.51 loss per share, compared to net loss of $72 million or $1.02 loss per share in 2018. The net loss in 2019 included the impact of the $49.7 million noncash goodwill impairment, an impact of $0.69 per share in 2019. Net income in 2018, again, included certain strategic items, including non-cash impairments and gains on asset sales.

Turning to our Commercial Real Estate segment. We're very pleased to report that revenues were up 18.6% or $6.6 million over the prior year quarter. Similarly, total portfolio cash NOI increased $5.9 million or 27.4% compared to the same period last year. This year-over-year growth was driven primarily by new acquisitions as part of the commercial real estate investments we had made in the last 12 months, as well as growth in the same-store portfolio.

For the full year 2019, revenues were up $20.3 million or 14.5% to $160.6 million. Total portfolio cash NOI increased by almost 21% or $18 million to $104.2 million, which again was driven primarily by capital recycling into income-producing real estate and same-store growth.

Same-Store cash NOI for the fourth quarter increased by $890,000 or 4.8% to $19.4 million. For the full year 2019, same-store cash NOI increased by $3.9 million or 5.2% to $78.6 million. We're pleased with our full year result, which fell at the high end of our previously stated increased guidance.

Moving on to our Land Operations segment. This business unit produced revenue of $31.7 million during the fourth quarter of 2019 as a result of sales and distributions related to land and development for sale projects, resulting in EBITDA of $5.3 million in the quarter. During the year, monetization activity included the closing out of Kahala, as well as a nice uptick in sales of both Maui Business Park with 9 acres and Kukui'ula with 30 units closed.

For the full year 2019, revenue for Land Operations was $114.1 million, resulting in EBITDA of $22.4 million. For the full year, monetization activity resulted in approximately $90 million of total net cash proceeds.

Within our Materials & Construction segment, we continue to work to improve operations despite certain structural challenges. Having taken a meaningful write-down in the third quarter, fourth quarter adjusted EBITDA was positive $600,000 and negative $6.1 million for the full year 2019. This compares to negative $400,000 in the fourth quarter of 2018 and positive $14.5 million for the full year 2018.

Additionally, as we continue to simplify our company and streamline operations, we should continue to benefit in the form of lower operating expenses. In the fourth quarter 2019, and excluding the noncash impairment charge in the fourth quarter of 2018, Operating Costs and Expenses decreased by nearly 28% from the prior year quarter due to lower operating expenses in the Land Operations and Materials & Construction segments. For the full year 2019, excluding the non-cash impairment charges in both 2018 and 2019, Operating Costs and Expenses decreased nearly 10% over the prior year.

Selling and G&A expenses decreased 16.4% to $13.8 million in the fourth quarter of 2019 compared to $16.5 million in the fourth quarter of 2018. Similarly, SG&A expenses decreased by 3.8% to $58.9 million for the full year 2019 versus $61.2 million in the full year 2018.

Now I'd like to take a few moments to update you on our financial priorities as they relate to our overall strategic direction. As we've previously stated, our intention is to maintain a strong balance sheet that will support the long-term growth of the Company. Having recycled nearly $1 billion of capital in the past 7 years into Hawaii income-producing real estate assets, we have improved the quality and stability of our income streams for shareholders as a REIT. Our strategy is to balance that capital recycling with debt repayment in order to reduce our leverage to a level more consistent with our REIT peers. In the fourth quarter, we repaid approximately $28 million of debt. Further, we are working with our existing lenders

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to enhance our covenant structure and extend maturities. This balance sheet improvement, combined with our ability to issue OP units as acquisition currency, will provide us with access to well-priced capital and position us to grow our CRE business over the long term.

At year-end, our total debt was $704.6 million, and we had total liquidity of $364.8 million. Our net debt to Consolidated Adjusted EBITDA was 7.4x, and our debt to total market capitalization ratio stood at 31.8%. This compares favorably to 37% just 1 year ago as we continue to reduce leverage to strengthen our balance sheet and support our long-term growth objectives.

Finally, with respect to our dividend, yesterday, on February 25th, our Board declared a first quarter 2020 dividend of $0.19 per share. The dividend is payable on March 24, 2020, to shareholders of record on March 9, 2020.

Moving on to guidance for 2020. We expect same-store NOI of 2% to 3%; leasing spreads from 4% to 5%; maintenance CapEx between $16 million to $20 million; and growth CapEx between $17 million and $21 million.

Also, our same-store pool includes only properties that were owned and operated for the entirety of the prior calendar year. In 2020, five properties: Laulani Village, Hokulei Village, Lau Hala Shops, The Collection and Opule Industrial will enter our same-store pool.

With that, I'll turn the call back to Chris for closing remarks.

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

Thanks, Brett. We are very proud of all that our team has accomplished in 2019. We have made significant strides in our effort to transform A&B into a focused commercial real estate operating company. Today, the vast majority of our capital is invested in operating real estate that is performing extremely well. We own great assets in a strong and growing market, and we have unique competitive advantages that derive from our local market knowledge and deep history. This is our focus into the future, and I look forward to communicating our results in 2020 and beyond.

Before we begin our Q&A session, I'd like to take a moment to thank Allen Doane, the former Chairman and CEO of Alexander & Baldwin, for his 29 years of leadership. Allen is retiring from our Board at our April annual meeting, consistent with our mandatory retirement age. Since 1991, Allen has been part of A&B's dramatic evolution and accomplishments, bringing his tremendous intelligence and breadth of industry knowledge to bear in helping guide the company as both its CEO and long-time director. Personally, I have benefited from that guidance, as well as the many opportunities he has given me. Thank you, Allen, from all of us here at A&B. We will miss you.

With that, we will now open the call for your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question will come from Sheila McGrath with Evercore.

Sheila Kathleen McGrath - *Evercore ISI Institutional Equities, Research Division - Senior MD*

Chris, I was wondering if you could give us a little bit more insight on the drivers of the positive EBITDA from Grace in fourth quarter. And is it possible that factors could carry over into 2020? Is the current plan for Grace to try to improve the operations, move it to positive EBITDA and revisit the sale process?

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

Yes, Sheila. Thanks. All good questions. First of all, I believe that the positive drivers of performance will continue, and hopefully, actually build on sales. One critical component of fourth quarter performance was just getting some of our costs in line, and that included both G&A and some operating costs. Obviously, our book of business and the level of activity had shrunk quite a bit during the year. And we were able to get some of our costs more in line with that level of activity. So that was a help. What we didn't accomplish as much as we would have liked is an increase in the level of activity, and that's something that I'm hopeful will continue to improve this year, where it's early in the year, but we do have an improving book of business. We have won some bids early in the year, tentatively. We still need to await the official awards. But our belief is that we're a little better on some attractive work. And with that, I think that we'll be able to maintain some of the cost improvements and add-on to that some more activity. Now I don't want to get carried away. It's early in the year. But I do believe that we should be on a path to a better 2020. Having said that, the sales process is still a process that we're going through. We did initiate that process in the latter part of 2019. And there are a few different assets in the portfolio that we are marketing, the main paving business as well as a couple of smaller subsidiaries. So we are still going through that process. And I really can't comment on timing other than to say that the process hasn't been terminated, but we do recognize the benefit of getting some positive performance behind us in order to get maximum value for the asset. So we're, I guess, I would just summarize by saying we remain committed to simplification. We recognize that we're not the right long-term owner of Grace, but we do want to extract as much value from the asset, which is, of course, a very valuable asset that's fallen on some, hopefully, temporary hard times. And if we can improve that performance, continue to improve the performance, we think we'll be in a better position to accomplish our simplification objectives and get fuller value for the asset. I hope I answered all of your questions.

Sheila Kathleen McGrath - *Evercore ISI Institutional Equities, Research Division - Senior MD*

Yes. No, that's helpful. Moving on to Kukui'ula. That project did turn around meaningfully from where it had been a couple of years ago. I'm just wondering if you could talk big picture what you think is driving the improvement of sales at Kukui'ula and how many units sold this year? And based on the inventory that you have, the backlog of sales, is it possible to achieve a similar sales level in 2020?

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

Well, starting with your last question. We certainly hope and expect to be at a similar sales level this year. I'd say -- but first of all, let me just state some very good news, which is that we haven't had to put any operating subsidy into the project for over -- or about 18 months, I think. And so that's been a good outcome. We haven't had to direct any capital for operating subsidy there. We have continued to build out inventory there, and that has been probably the biggest single driver. Sheila, it's a combination of the fact that we have a wider range of product and price points available at the project -- just means that a buyer that comes to the project is more likely to find something that she or he wants to buy. And so that's been very helpful. At the same time, a byproduct of that is just that the project is so much more vibrant and active. And when someone comes to see it, they see a real thriving community. And for many years, it was a fairly quiet place. And now I think we've had, and I'll let Lance jump in here and maybe elaborate, but I think, in general, our sales have been as strong as any project in Hawaii in the last year or two, and I think that we're really feeling that positive momentum. It does still require having the inventory available. And so we will be building out some more lots this coming year. But I think that if we're able to do that, which we expect to, we'll be able to continue to have the kind of sales performance we have had in the last 1.5 years, 2 years. Lance, is there anything else you'd like to add?

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

No. I would just add, Sheila, that based on the escrows that we have to date through the first 2 months of the year, we certainly do expect to be where we were last year in terms of sales, if not slightly higher. So the strong activity that we had in terms of buyer interest has continued so far through 2020.

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Sheila Kathleen McGrath - *Evercore ISI Institutional Equities, Research Division - Senior MD*

Okay, great. And one last one, and I'll get back in the queue. But leasing spreads, specifically for retail, we're pretty strong at 11.5%. If you could just give us a little bit more information if there were specific 1 or 2 leases driving that. And then if you could talk about the tenant watch list, or I know that Pier 1 is closing some stores in Hawaii.

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

So with regard to retail re-leasing spreads, it was really just a single tenant that drove the majority of that. And I won't get into the specifics of the deal itself. But suffice it to say that it was a renewal where we were able to convert a meaningful part of -- it was a step-up in rent as well as converting percentage rent into contract rent. And as we're able to do that, we get the benefit of increased leasing spreads. And then with regards to the tenant watch list, you are correct. We do have a Pier 1 in our portfolio at Pearl Highlands Center. So Pearl Highlands was the center that we repositioned last year. We got almost up to 100% occupancy. We did receive the space back just this week. So the loss in NOI has been factored into the guidance that Brett presented earlier. And from an occupancy standpoint, it's probably going to be about 31 bps on the entire portfolio. So we'd expect to see that next quarter. But our leasing team is actively pursuing backfill opportunities.

Operator

Our next question will come from Alexander Goldfarb with Piper Sandler.

Alexander David Goldfarb - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

So just a few questions from our side. One, just picking up on Sheila's question on the Materials business. It looks like you guys had about $600,000 of EBITDA in the fourth quarter. So I mean, it was positive, but it wasn't like a big number. But I'm assuming based, Chris, on your comments on what you guys are trying to do that this business is capable of more than just $600,000 of EBITDA a quarter. So I guess, can you frame it as what do you think is an EBITDA number that would be more representative? Or two, as you guys assess all the hard work that you need to do relative to the impact that it has to you guys as a public company, is it worth your time focusing on it and maybe just sort of whatever price you get, move on, let someone else deal with it, but focus your energy on the stuff that really is what people look to Alexander & Baldwin for, which is the retail, the residential, being that Hawaii entity?

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

Yes. Alex, it's a good question. And first of all, I want to make it very clear. You can rest assure that our real estate team is singularly focused on the performance of the portfolio. There is no doubt that for me and for Brett and some of the other senior executives at the corporate level, we are doing everything we can to make sure that we continue the simplification with Grace -- Grace's -- the sale of Grace being an important part of that. But it really is not distracting the team that is managing the portfolio. And I think that's evident in the performance of the portfolio. Now to the very important question of timing of Grace. It's more than just management distraction. As you know, it's simplification of our story. And so we do place a lot of importance on that. And all things being equal, we would like to monetize it sooner rather than later. I do think, though, that the timing of when we got to market and really the nadir of our performance there were coincident. And that meant that it was very difficult to get deep buyer interest. The process is still ongoing, and we do have some continued buyer interest. But I believe that getting a couple of quarters of improving performance under our belt could be very positive. So I don't want to give anyone the impression that we have changed our mind about our long-term direction with Grace, but I do want to make sure that we can realize optimal value. I won't say highest value, because highest value could take a multi-year turnaround, and that may not be in our best interest. But getting a couple of quarters, few quarters, a year, I just don't know what exactly it will take. But back to your question about EBITDA, I don't want to make a projection of EBITDA this year because there still are a lot of unknowns. But we do expect to have positive earnings. We do expect to have demonstrated that we've corrected a lot of the operational challenges that we've had, and hopefully, have some more positive momentum, and we think that will position us to try to realize better value for the asset. So I'm balancing a lot of things here, but just suffice it to say that we remain focused on monetization, but we want to do it at the right value and at the right time, and that's going to be a judgment call. But we'll be thoughtful about that judgment.

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Alexander David Goldfarb - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

And then on prior calls, you had referenced going back after uncollected jobs, either because like the job hadn't been fully wrapped up or the money never collected. How is that process going? Have you wrapped that up or that's another thing that will take several quarters or maybe longer to actually get all those prior jobs fully paid for?

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

I'm proud of the team's efforts on that front. I think we made some good progress in that. So even though our EBITDA was well, well below our expectations last year, our cash flow was not significantly below our expectations because we were able to accelerate some of our collection activity, and that's -- it's an ongoing process. We're not done. We still have some receivables that we would like to collect and it requires closing out some jobs. So we should continue to see the benefits of that, but there's also some more work to do on that front. So I'd say, I don't know if we're halfway through it or what, but we certainly made meaningful progress and we still have a little more work to do on that front.

Alexander David Goldfarb - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

Okay. And then looking at your guidance, cash same-store, 2 to 3. This year, you had cash same-store of 5. So what's the delta? Was it just you picked up occupancy last year or there was some backfill? Or why is the -- what's the difference between last year versus this year?

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

Yes, I'm going to ask Lance to comment on that. But I'd say that the short answer is probably what you pointed to. It was certainly helped by occupancy. I would only say before Lance provides more color that we feel good about continued growth off of what was a very good number this year. So we see the 2 to 3, while it's a lower number, it's a lower number off of a really good year. And maybe Lance can add a little more color.

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

Yes. I would just reiterate those points. It was a portion of our $5.2 million was occupancy driven. And then I'd point to the other thing for us in 2020, well not the same-store number, we expect meaningful growth in our total NOI as we get the benefit of our acquisitions from last year and full year performance.

Alexander David Goldfarb - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

Okay. And then just 1 final thing from us. Thoughts on FFO, on reporting FFO. You have $0.19 of dividends, which is great, but $0.07 of earnings makes it a little -- doesn't tell the full story, if you will. So what are the thoughts on moving towards an FFO? Is that something maybe not this year, but maybe for 2021 there's something for us to think about?

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

Hey, Alex, it's Brett. We are always committed to providing good disclosure, and obviously, we want to be responsive to your feedback on that. And we'll continue to monitor that and start reporting when we feel appropriate there. So we will let you know.

Operator

Our next question will come from Steve O'Hara with Sidoti.

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Stephen Michael O'Hara - *Sidoti & Company, LLC - Research Analyst*

Just, I guess, quickly on the growth CapEx of $17 million to $21 million. Is that CRE additions that is growth CapEx? Or is that something else for Grace or something else like Kukui'ula -- no, I think it wouldn't be Kukui'ula, but any of the other projects?

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

I'll let Lance jump in. I believe -- Lance or Brett. But I believe it's almost entirely, if not entirely, commercial real estate. But not acquisitions. It would be more development, I believe.

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

It's maintenance CapEx for the core CRE portfolio, the majority of that number.

Stephen Michael O'Hara - *Sidoti & Company, LLC - Research Analyst*

And then the growth CapEx, I mean, I'm sorry. So the growth CapEx of $17 million to $21 million?

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

Yes, the growth CapEx, the majority of that is going to be redevelopment in the portfolio. So Aikahi Shopping Center, which we've commenced, is going to take up the majority of that capital. And then we do have a couple of smaller repositioning, redevelopment opportunities that will commence in the first half of this year that will take up some of that capital where we expect to get similar returns to what we've done on other projects in the high single-digit range.

Stephen Michael O'Hara - *Sidoti & Company, LLC - Research Analyst*

Okay. And then what's the best way to think about kind of the traction from acquisitions dispositions for 2020? [A resending] $25.8 million in 2019. I mean, is there a way to think about, I assume some of that drops off because of what you own, but what's the right way to think about that number?

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

Brett, do you -- I'm not sure I understand the question. Perhaps if you can jump in.

Stephen Michael O'Hara - *Sidoti & Company, LLC - Research Analyst*

I guess, what I was trying to do is kind of back into your cash NOI expectations. I mean, is there kind of -- you said meaningful growth, I guess, in terms of NOI. Is there a way to bracket that in terms of what that means? Low single digits, high single digits, et cetera?

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

Yes. I'm going to ask either Clayton or someone else has insight on it. The components, of course, are going to be the same-store growth of 2% to 3% on a little less than $100 million of the portfolio. And then really, the realization of the full year impact from those assets that are not in same-store. So I don't know, Clayton or Brett, if you've got thoughts on what that overall number would be. But we can maybe provide that breakdown later.

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

Yes, Chris, I think you hit the nail on the head. And as far as the cash NOI goes, the non-same store component is going to be most impacted by the acquisitions that we had in 2019 and the full year impact for 2020. We did not provide guidance on that, though, as you mentioned.

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

But the vast majority of the portfolio is now in the same-store. So that would apply the 2% to 3% to that, and then we could provide more guidance later on what the balance is.

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

Well, it's this -- right. The 5 acquisitions that occurred in the early half of 2019 would then have a full year impact in the current year. So it would be that delta between a full year compared to the whatever fraction they were in for 2019.

Stephen Michael O'Hara - *Sidoti & Company, LLC - Research Analyst*

Okay. Okay. And then, I guess, just in terms of the commentary around using cash for debt repayment, things like that. Is there -- I don't know the last time you had any issues in Hawaii with SARS, maybe -- I know, it sounded like Japanese travelers were down pretty significantly through February. And I'm just wondering what you guys are seeing right now. Is there any ability or potential desire to be more aggressive on acquisitions if things kind of traded at a dislocated price? Or is that not typically the way things move, they move a little more slowly than other asset classes?

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

Okay. Well, let me try to take that one, Steve. There was a lot implied and expressed in that. So let me -- I think you're basically saying this coronavirus going to destabilize the market and create opportunities. So let me kind of start with the coronavirus answer, which is, first of all, the good news. The state put out an announcement today that there are no cases of coronavirus in Hawaii at this point. There are no cases being investigated. So that's good news. Having said that, it is conceivable that it could come to Hawaii. And even if it doesn't, there is likely to be, as you suggest, a slowdown in Japanese tourism and potentially from other countries. But that -- with SARS, as an example, since you raised it, that was a fairly short-lived phenomenon, and it didn't lead to any kind of protracted downturn that we would expect would drive property values down. So I certainly don't expect great buying opportunities as a result of the virus, but the good news there is I also don't expect any permanent degradation of value in our portfolio. We can't really predict what the impact of a drop in tourism would be on our portfolio, but we can say that our portfolio is not geared towards the tourist trade. It is much more a grocery-anchored, community-based, needs-based retail and then industrial portfolio. And so we're not heavily exposed to the tourist trade. And therefore, while we're obviously, from a human standpoint, we're very concerned about the virus, we hope that our portfolio is relatively resilient.

Operator

(Operator Instructions) We do have a follow-up question from Sheila McGrath with Evercore.

Sheila Kathleen McGrath - *Evercore ISI Institutional Equities, Research Division - Senior MD*

I -- yes, Chris, you mentioned in your deck, in the future using OP units, which I'm sure at the current stock price you wouldn't be that bullish on doing. But just curious if you've started a process of trying to educate sellers that have low basis in their property about a potential, like tax-efficient transaction.

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

We have Sheila. And as you are aware, it's our belief that in the Hawaii market, because there is a lot of family ownership -- multigenerational family ownership of assets and a lot of noninstitutional ownership, we think that there are potentially a lot of asset owners, potential sellers that could be interested in OP unit deal. And we have begun, Jeff Pauker and his team, have been working with the banks with some of the asset owners to try to educate them about OP units. And we've had some receptive -- we've had a good reception to that. So while you're absolutely on point as far as the stock price needing to be right -- and our focus of our team's efforts right now are a little bit more towards the disposition side, I fully expect that OP unit will be a currency that we use over the next several years to help grow our portfolio. I welcome Lance to jump in if he wants to add anything.

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

No, I'd just echo your comments, Chris.

Operator

(Operator Instructions) We do have a follow-up question from Alexander Goldfarb with Piper Sandler.

Alexander David Goldfarb - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

Just quickly, I don't think you've mentioned it, but maybe I missed it. Chris, you said about reducing leverage and you want to use the disposition proceeds to pay off debt. Is there a certain amount of debt you're looking to pay off? And then as we think about dispositions, how much income would be going away, meaning if you're selling assets and losing income, that's sort of a neutral transaction versus if you're selling non-income producing, that's efficient deleveraging. So just want to sort of get a sense of how much debt you're looking to pay down, and then if it's the balance between income-producing assets involved there versus non-income producing assets.

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

Yes. I'll let Brett jump in, in a moment on kind of debt reduction targets. But what I will say is that in all of our monetization efforts where we are being very mindful of the relationship of the debt and the EBITDA. So our goal is to improve our debt-to-EBITDA ratio. And we've indicated our goal of about 5x to 6x. And so we would -- obviously, if you can sell something at a good price that is generating no income, that's a no-brainer. But in selling any income-producing assets, we would be very mindful of the relationship there and make sure that it is accretive to our leverage metrics. Anything else, Brett, do you want to add in terms of total debt reduction targets?

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

We continue to target our debt-to-EBITDA number, Alex, to be in the 5% to 6% range. By year-end, we were at 7.4%. And so we'll continue with monetization, as we mentioned, to pay that down. And we believe that over time here, we'll be able to get it down in that range with the combination of debt reduction, but also with earnings increase. Yes, you're right, we do sell some. We have to be mindful of what the income that goes away with that. But we're also improving income in various areas, specifically with Grace and then with the improvements at the CRE level. So we're attacking it on both fronts, reducing the numerator, as well as the denominator. And so -- or increasing the dominator and getting us to those levels.

Operator

Thank you. I'm showing no further questions in the queue at this time. I would now like to turn the call back over to our host for any closing remarks.

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Stephen C. Swett - *ICR, LLC - MD*

Thank you, Sherry. And thank you all for joining us today. If you have any follow-up questions, please feel free to call us at (808) 525-8475 or e-mail us at investorrelations@abhi.com. Aloha, and have a great day.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for your participation. You may now disconnect.

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