THE SPIN-OFF REPORT

May 8, 2012

Alexander & Baldwin Inc. (Pre-Spin)

Current Share Price (5/8/12): $52.68
Fair Value Estimate: $57 per share
Shares Outstanding: 42 million
Market Capitalization: $2.2 billion

Ticker: ALEX
Dividend: $1.26
Yield: 2.4%

Matson Inc.

Fair Value Estimate: $19 per share
Shares Outstanding*: 42 million
Market Capitalization: $800 million

Ticker: TBA
Dividend: $0.50-0.70
Yield: 2.6%-3.7%

Alexander & Baldwin Inc. (Post-Spin)

Fair Value Estimate: $38 per share
Shares Outstanding*: 42 million
Market Capitalization: $1.6 billion

Ticker: ALEX
Dividend: Nil
Yield: N/A

*Assumes an exchange ratio of 1:1.
Note: Market capitalization is based on fair value estimate for post-spin entities and current market cap for pre-spin ALEX.

Institutional Research Group

Steve Ferazani
Michael Wolleben

PCS Research Services
125 Maiden Lane, 6th Floor
New York, NY 10038
(212) 233-0100
www.pcsresearchservices.com

Research Team

Murray Stahl **Steven Bregman**

Thérèse Byars, Ryan Casey, James Davolos, Derek Devens
Peter Doyle, Michael Gallant, Matthew Houk, Utako Kojima
David Leibowitz, Eric Sites, Fredrik Tjernstrom, Steven Tuen

Institutional Research Group ("IRG") is the author of this report. PCS Research Services ("PCS") is the exclusive marketer and an authorized distributor of this and other research reports created by Horizon Kinetics LLC ("Horizon Kinetics"). Horizon Kinetics is the parent holding company to several SEC-registered investment advisors, including Horizon Asset Management LLC and Kinetics Asset Management LLC. Certain portions of this report may have been drafted by IRG based on information, ideas and data provided by Horizon Kinetics. Horizon Kinetics, IRG, PCS and each of their respective employees and affiliates may have positions in the securities of companies mentioned herein. This report is based on information available to the public, and no representation is made with regard to its accuracy or completeness. This document is neither an offer nor a solicitation to buy or sell securities. All expressions of opinion reflect judgments at the date set forth above and are subject to change. All views expressed in this research report accurately reflect the research analysts' opinion about the subject matter contained herein. No part of the research analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the research analysts in the research report. Reproduction of this report is strictly prohibited. © Horizon Kinetics LLC™ 2012.

Investment Thesis

On December 1, 2011, Alexander & Baldwin, Inc. (NYSE: ALEX) announced that its Board of Directors had approved separating into two independent, publicly traded companies. Prior to the separation, Alexander & Baldwin shareholders will vote on the creation of a holding company, Alexander & Baldwin Holding Inc., in which all assets currently part of ALEX will be merged. The formation of the holding company is to facilitate the transfer of real estate assets in an efficient manner, as well as to enable the ocean transportation company to maintain its Jones Act protection. The holding company will operate under maritime restrictions limiting ownership of shares by non-US citizens to less than 22%.

Following the merger into the holding company, the real estate and agribusiness assets will be separated into a new entity, which will retain the Alexander & Baldwin name and ticker symbol, while the holding company's name will then be changed to Matson Inc. A decision on a ticker symbol is still pending. The shareholder vote on the merger is scheduled for mid-May 2012. If it takes place, the separation may occur as early as July 1, 2012. Completion of the transaction will require receipt of a favorable IRS ruling and tax opinion, effective declaration of ALEX's Form 10 by the SEC, and final approval by the Board of Directors. Current ALEX CEO Stanley M. Kuriyama will serve as chairman and CEO of the new Alexander & Baldwin, while Matson's current president, Matt Cox, will serve as Matson's president and CEO upon separation. ALEX's chairman Walter Dods will hold the same title at Matson and will retain a Board seat with the new Alexander & Baldwin.

Matson's operations include 17 Jones Act vessels and 47,000 company-owned containers and container equipment, along with dedicated terminal facilities and a top US logistics company, among other businesses. Matson serves routes between US West Coast ports, Hawaii, Guam, and China. ALEX will focus on property development and management, which currently includes 88,000 acres of land, primarily in Hawaii, and 7.9 million square feet of commercial properties in Hawaii and on the US mainland. Additionally, ALEX's agribusiness consists of 36,000 acres of productive agricultural land.

The separation should more clearly define the new businesses and attract a more focused shareholder base than is possible with the current corporate structure. On a sum-of-the-parts basis, one may value ALEX pre-spin at $57 per share, offering modest upside to investors. The stock appears interesting ahead of the separation transaction, but perhaps, the best opportunity for investors will emerge following the spin-off. In particular, there would appear to be significant potential for investor mispricing of either or both equities give the niche positions both entities fill in their respective industries.

Given that Matson is protected by the Jones Act, its revenue and operating profit have remained far healthier than the overall global containerized shipping industry. If Matson's shares come under pressure post spin due to its perceived position in the competitive global shipping industry, that may provide an attractive entry point for investors, particularly if the Hawaiian economy continues to strengthen and the expected relocation of the US military base on Okinawa to Guam moves forward. The stock may appear attractive priced below a fair value of $19 per share following the transaction.

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

Investors may also be presented with an opportunity to purchase new Alexander & Baldwin ("New A&B") post transaction at an attractive price, as it is unlikely the stock will generate significant analyst coverage. A valuation is complicated by its sugar production business. Moreover, management has expressed no interest in transforming New A&B into a REIT, unlike most of its peers in the real estate developing and leasing industry. Also notable is the significant valuation divide between real estate entities included or excluded from exchange traded funds (ETFs), as shown in the following tables. Stocks in the second table that are included in only a handful of ETFs have nearly twice the dividend yield as stocks in the first table and trade at nearly a 50% discount on a price/book basis. At least in the initial trading, ETFs are more likely to exclude New A&B given its sugar production operations and other complications. This could provide a compelling opportunity for investors if the stock initially trades a price below a fair value estimate of $38 per share.

Ticker	Popular Real Estate Equities	# ETFs where in Top 10 Holdings	Div. Yield	Price/ Book	Debt/ Equity
SPG	Simon Property Group	18	2.37%	8.22x	3.17x
HCP	HCP	17	2.55%	3.10x	1.55x
EQR	Equity Residential	17	2.64%	4.40x	4.79x
PSA	Public Storage	15	3.21%	1.00x	0.79x
PLD	Prologis	14	2.01%	3.03x	1.62x
BXP	Boston Properties	13	3.35%	2.45x	1.22x
VNO	Vornado Realty	12	0.85%	1.56x	0.84x
AVB	AvalonBay Communities	12	5.25%	1.72x	0.99x
HST	Host Hotels and Resorts	7	2.37%	8.22x	3.17x
HCN	Health Care REIT	5	2.55%	3.10x	1.55x
		Average:	***2.96%***	***3.03x***	***1.66x***

Source: www.etfdb.com, Bloomberg as of 4/13/2012

Ticker	Not-So-Popular Real Estate Equities	# ETFs where in Top 10 Holdings	Div. Yield	Price/ Book	Debt/ Equity
EPR	Entertainment Properties Tr	4	6.01%	1.80x	0.77x
WRE	Washington REIT	2	5.96%	2.11x	1.37x
BDN	Brandywine Realty Trust	1	5.41%	0.73x	1.27x
GOV	Government Pptys Income Tr	1	7.12%	1.19x	0.49x
WRI	Weingarten Realty Investors	1	6.49%	2.28x	1.39x
LXP	Lexington Realty	1	5.38%	1.38x	1.36x
FUR	Winthrop Realty	1	5.99%	0.97x	0.73x
UBA	Urstadt Biddle Properties	0	5.17%	2.19x	0.42x
WPC	W.P. Carey & Co.	0	4.60%	2.38x	0.81x
		Average:	***5.79%***	***1.67x***	**0.96x**

Source: www.etfdb.com, Bloomberg as of 4/13/2012

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

Company Description

Alexander & Baldwin ("ALEX") was established as a Hawaiian sugar plantation by Samuel Alexander and Henry Baldwin in the mid-nineteenth century. The partnership expanded over the next four decades as irrigation systems were built and acreage was added. By 1900, the business had grown beyond the partnership structure, and its $1.5 million in assets were transferred into a newly created corporation with Henry Baldwin as president. The company slowly entered the transportation business because of its own internal need to ship supplies from the US mainland and send sugar back to West Coast ports. Through the purchase of plantation acreage, the company gained an expertise in the management of real estate transactions. Likewise, that side of the business grew rapidly beyond its early beginnings as a sugar plantation.

While sugar production remains a small part of Alexander & Baldwin today, the ocean transportation and real estate operations are the overwhelming contributors to operating profit. Although both businesses grew out of the same needs to expand sugar production operations, by the twenty-first century they appeared to be ill suited for a single corporate structure, creating obvious investor confusion and lack of Wall Street interest. After years of investor pressure, in late 2011 A&B management finally succumbed and agreed to separate the transportation and real estate assets. The sugar production operations will remain with the real estate business, which will retain the Alexander & Baldwin name (referred to in this report as "New A&B").

The portion of the business attributed to Matson has made up the largest percentage of operating profit and EBITDA in recent years. In 2011, transportation contributed 60% of ALEX's segment profit and about 69% of EBITDA (see Exhibit 1). After bottoming in 2009, both the real estate and transportation segments have recovered to near pre-recession highs. In 2011, however, transportation again weakened due to fuel and other operations costs, although revenue achieved record levels (largely due to fuel surcharges).

Matson includes the ocean transportation business, terminal operations (including SSA Terminals LLC, a joint venture of which 65% is controlled by SSA Marine, which itself is owned by privately held Carrix Inc., and 35% by Matson, operating terminals in Long Beach, Oakland, and Seattle), and logistics services.

The real estate business includes the operation and management of commercial properties nationwide, development and sales of new properties, and leasing of acreage in Hawaii, as well as the separate agribusiness operations, of which sugar production accounts for the largest share.

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

Exhibit 1 Alexander & Baldwin: Operations by Segment, 2007–2011

(in millions)	2011	2010	2009	2008	2007
Revenue					
Transportation	**$1,464**	**$1,372**	**$1,210**	**$1,460**	**$1,440**
Ocean Transportation	$1,078	$1,017	$889	$1,024	$1,007
Logistics	$386	$356	$321	$436	$434
Real Estate	**$281**	**$268**	**$199**	**$449**	**$238**
Leasing	$100	$94	$103	$108	$109
Sales	$66	$136	$126	$350	$118
Discontinued operations	($48)	($127)	($137)	($133)	($112)
Agribusiness	$162	$164	$107	$124	$124
Corporate	($22)	($26)	($16)	($11)	($9)
Total	**$1,722**	**$1,614**	**$1,392**	**$1,898**	**$1,669**
Segment profit	**$132**	**$163**	**$60**	**$196**	**$214**
Transportation	**$79**	**$126**	**$65**	**$124**	**$148**
Ocean Transportation	$74	$119	$58	$106	$127
Logistics	$5	$7	$7	$19	$22
Real Estate	**$53**	**$37**	**($5)**	**$71**	**$65**
Leasing	$39	$35	$43	$48	$52
Sales	$16	$50	$39	$96	$74
Discontinued operations	($24)	($55)	($59)	($59)	($61)
Agribusiness	$22	$6	($28)	($13)	$0
Corporate expense	**($20)**	**($23)**	**($22)**	**($21)**	**($27)**
Transportation	**($0)**	**($1)**	**($1)**	**($1)**	**($1)**
Real Estate	($20)	($23)	($21)	($21)	($27)
Depreciation and amortization	**($109)**	**($107)**	**($105)**	**($101)**	**($93)**
Transportation	($74)	($72)	($71)	($68)	($65)
Real Estate	($35)	($35)	($35)	($33)	($28)
EBITDA	**$221**	**$247**	**$144**	**$276**	**$279**
Transportation	$153	$198	$135	$192	$213
Real Estate	$68	$50	$9	$84	$66
Margins- 2011	**Operating**	**EBITDA**	**% of Sales**	**% of Segment Profit**	**% of EBITDA**
Transportation	5%	10%	84%	60%	69%
Real Estate	19%	24%	16%	40%	31%

Source: Company reports, *The Spin-Off Report* estimates.

Matson

The bulk of Matson's revenue and operating profit is generated from containerized transportation on routes between US West Coast ports, Hawaii, Guam, and three ports in China (Shanghai, Ningbo, and Xiamen). Matson owns and operates five vessels that transport containers on routes that connect these ports, while four other vessels provide turnaround between the Hawaiian Islands and three West Coast destinations: Long Beach, Seattle and Oakland. Three barges move containers and freight between the Hawaiian Islands. Another chartered vessel transports containers from Guam to other markets in Micronesia.

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

Ocean-bound transport of goods between US ports is protected by the Jones Act. Part of the Merchant Marine Act of 1920, the portion commonly referred to as the Jones Act requires that cargo transported between US ports is carried by a US-built vessel that is at minimum 75% owned by American citizens or corporations. As a result, Matson faces limited competition in its primary routes from the US West Coast to Hawaii and Guam. In fact, at the moment, it is the only carrier of goods to Guam from US ports. Naturally, competition is more fierce between US and Chinese ports.

Matson estimates it holds about a 5% share of goods transported between markets it serves in the US and China. Less competition results in far more stable revenue and margins on its US routes. Higher prices for bunker fuel can generally be passed on entirely to customers on domestic routes. (Bunker fuel, used by ships, is named for the bunkers in ships that store the liquids. It is a highly viscous, toxic fuel that is removed from the bottom of the barrel after the refining process and is typically far cheaper than gasoline, jet fuel or diesel.) On more competitive international routes, however, Matson's margins may be weakened by higher operating costs. In 2011, about 77% of Matson's business was generated from Jones Act-protected transportation.

Matson's fleet consists of eight diesel-powered ships, five steam-powered ships, and four barges, comprising total capacity of 27,686 TEUs (twenty-feet equivalent units) for its ships and an additional 1,049 TEUs for its barges (see Exhibit 2). One barge is exclusively utilized for roll-on, roll-off (ro-ro) services, essentially for vehicle transportation. Other vessels in the fleet also have ro-ro capabilities. Matson is a large transporter of new cars to Hawaii. The company owned 34,000 containers and 900 auto-frames at year-end 2011. Currently all eight diesel ships and one steamship are in use, as well as three of the four barges. Over the last two decades, the higher maintenance and operational costs of steam-powered ships have reduced their usage globally. Nevertheless, Matson could consider using them if demand picks up suddenly or when other vessels are dry-docked.

Exhibit 2 Matson: Fleet by Type of Vessel

	Ship	TEUs	Diesel(D)/ Steam (S)/ Barge(B)	Year built
1	RJ Pfeiffer	2,245	D	1992
2	Mokihana	1,994	D	1983
3	Manulani	2,372	D	2005
4	Mahimahi	2,824	D	1982
5	Manoa	2,824	D	1982
6	Manukai	2,378	D	2003
7	Maunawili	2,378	D	2004
8	Maunalei	1,992	D	2006
9	Kauai	1,644	S	1980
10	Maui	1,644	S	1978
11	Matsonia	1,727	S	1973
12	Lurline	1,646	S	1973
13	Lihue	2,018	S	1971
14	Waialeale*		B	1991
15	Mauna Kea	379	B	1988
16	Mauna Loa	335	B	1984
17	Haleakala	335	B	1984
Total, ex. Barges		27,686		

*Ro-ro only

Source: Company reports.

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

In the five-year period through 2011, revenue in the ocean transportation business has been relatively stable, due in part to the Jones Act protection. The one big change during this period was Matson's abortive attempt to start a second route from US West Coast ports to China. Dubbed CLX2, the express service transported goods between Long Beach and the ports of Hong Kong, Yantian, and Shanghai. Without the benefit of the stable revenue streams in the less competitive Hawaiian and Guam markets, the five-vessel operation was more exposed to overcapacity and to shifting fuel costs that could not be easily passed along to customers, both of which resulted in weaker rates.

In late September 2011, the service was shut down after only 13 months. Liabilities for the shutdown were only about $5 million at the end of 2011. Short-term charters on three of the ships had already expired, and Matson was seeking to sub-charter the remaining vessels. Notably, Matson chose to charter vessels, as opposed to purchasing vessels, for this second string of China routes. The steam-powered ships in reserve were also not considered for the route. The failure of the venture raised the question of whether Matson can be successful in operating routes that are not protected by the Jones Act even when the economy and global shipping rates improve.

EBITDA margin for the ocean transportation segment was about 14% in 2011 compared to 21% in 2007 on essentially flat revenue. The lower margin is likely largely the result of the pure pass-through of fuel surcharges on Guam and Hawaii routes as well as weaker rates on US-China routes. Equity in earnings from the SSAT joint venture (terminal management) contributed $8.6 million in 2011 compared to $10.7 million in 2007.

Revenue and operating profit for the logistics business weakened more significantly during the global economic recession and has yet to recover. In 2007, the segment generated revenue of $434 million and an operating margin of about 5%. By 2011, logistics revenue was $386 million, but margin had declined to less than 2%. The business is more competitive and has fewer barriers to entry. In addition, Matson's asset-light approach appeared to negatively affect the business when conditions worsened. Notably, other logistics providers expanded their supply of 53-foot containers, which are used for highway transportation. Having a physical supply of these assets seemed to provide an advantage to certain logistics operators when the market weakened. It should be noted that Matson's intermodal revenue has remained fairly resilient in comparison to a sharp decline in highway revenue. One might think that Matson would consider adding inventory if and when the market begins to recover, in order to reclaim business. The loss of CLX 2 also appeared to cut off some of its logistics markets for customers being provided with ocean transport in the string of ports it serves.

New A&B

Following the spin-off transaction, Alexander & Baldwin's ("New A&B") business will be focused on real estate development, with its portfolio of commercial properties and agricultural lands providing the cash flow stream to fund new development projects. New A&B's Hawaiian land is concentrated on Maui (70,000 acres) and Kauai (20,000 acres), with minimal current holdings on Oahu (70 acres), and the Big Island (10 acres). In addition, the company owns approximately 470 acres of commercial land, spanning eight states, in the continental US (see

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

Exhibit 3). These holdings house various industrial, commercial, and office properties to which the company has made a range of improvements and which it currently leases out.

Exhibit 3 New A&B: Landholdings by Location

Location	Acres	Location	Acres
Maui	67,240	Texas	150
Kauai	20,375	California	100
Oahu	70	Georgia	63
Big Island	10	Utah	55
Total Hawaii	**87,695**	Colorado	36
		Washington	27
		Nevada	21
		Arizona	19
		Total U.S. Mainland	**471**
		Total Landholdings	**88,166**

Source: Company reports.

New A&B will operate under three segments: Real Estate Sales (Sales), Real Estate Leasing (Leasing), and Agribusiness. Exhibit 4 shows a historical breakdown of segment revenue and operating profit contribution as well as capital requirements over the past ten years.

Exhibit 4 New A&B: Segment Revenue, Profit Contributions, Capital Requirements

(in millions)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	10-year average
Revenue											
Real Estate Sales	$ 93.0	$ 63.8	$ 82.3	$148.9	$ 97.3	$117.8	$350.2	$125.6	$136.1	$ 66.2	**$128.1**
Real Estate Leasing	73.1	80.3	83.8	89.7	100.6	108.5	107.8	103.2	94.4	100.1	**94.2**
Agribusiness	112.7	112.9	112.8	123.2	127.4	123.7	124.3	107.0	163.9	161.7	**127.0**
Total	**$278.8**	**$257.0**	**$278.9**	**$361.8**	**$325.3**	**$350.0**	**$582.3**	**$335.8**	**$394.4**	**$328.0**	**$349.2**
Operating Profit											
Real Estate Sales	$ 19.4	$ 23.9	$ 34.6	$ 44.1	$ 49.7	$ 74.4	$ 95.6	$ 39.1	$ 50.1	$ 15.5	**$ 44.6**
Real Estate Leasing	32.9	37.0	38.8	43.7	50.3	51.6	47.8	43.2	35.3	39.3	**42.0**
Agribusiness	13.8	4.5	4.8	11.2	6.9	0.2	(12.9)	(27.8)	6.1	22.2	**3.0**
Total	**$ 66.1**	**$ 66.0**	**$ 78.2**	**$ 99.0**	**$106.9**	**$126.2**	**$130.5**	**$ 54.5**	**$ 91.5**	**$ 77.0**	**$ 89.6**
Capital Expenditures											
Real Estate Sales	$ 16.8	$105.8	$ 69.7	$ 74.7	$107.2	$122.9	$ 79.6	$ 52.7	$122.5	$ 43.6	**$ 79.6**
Real Estate Leasing	15.5	8.8	7.2	33.3	42.8	33.4	54.5	14.3	16.3	8.6	**23.5**
Agribusiness	9.9	12.6	10.2	13.0	15.0	20.5	13.6	4.8	5.9	10.2	**11.6**
Total	**$ 42.2**	**$127.2**	**$ 87.1**	**$121.0**	**$165.0**	**$176.8**	**$147.7**	**$ 71.8**	**$144.7**	**$ 62.4**	**$114.6**

Source: Company reports.

While the capital requirements in the Sales and Leasing segments outpace operating profit, it should be noted that operating profit is net of non-cash charges including depreciation and amortization. Over the past three years depreciation and amortization has averaged $34.9 million annually and generally remains stable. Using EBITDA as a proxy for cash flow it can be seen that over the past ten years, on average generated $10 million in free cash flow (operating profit plus D&A minus capital expenditures).

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

Agribusiness represents A&B's historical roots and generated half of the company's 2011 revenue and 29% of operating profit. Its primary revenue source is from the production and sale of bulk raw sugar. The segment also generates revenue as a provider of hydroelectric power. The company is currently completing the installation of a 20-acre solar-energy generation facility, which should increase the proportion of non-sugar-related revenue.

The Sales and Leasing segments are somewhat intertwined. The Leasing segment generates revenue through the ownership, operation, and management of a portfolio of retail, office, and industrial properties, concentrated on the US mainland. Leasing generated 31% of 2011 revenue and 51% of operating profit. Properties are acquired at what management deems attractive value and repositioned as improvements are made to the properties to increase rental and occupancy rates. The Leasing segment provides significant and stable recurring cash flows, which the company uses to fund its new development projects.

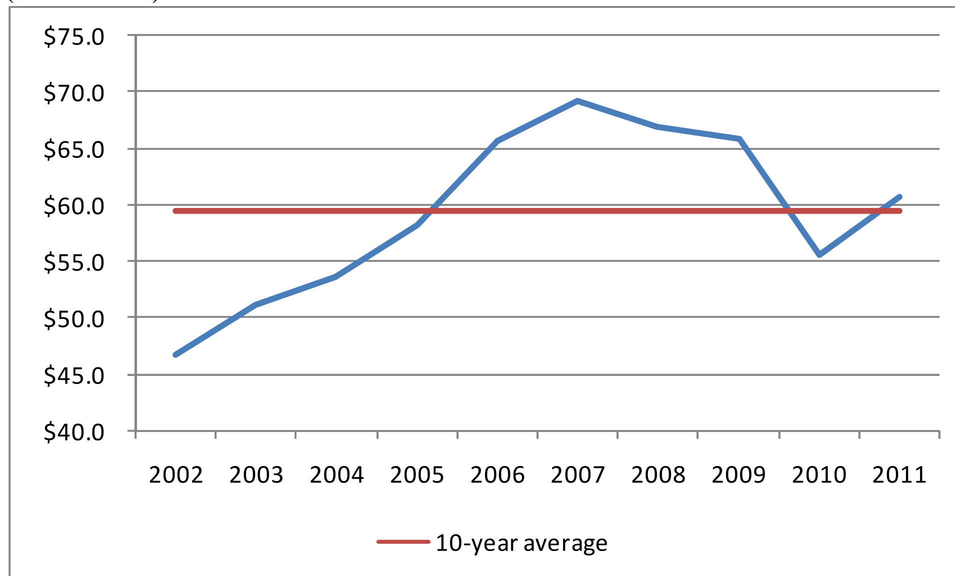
The Leasing segment has 7.9 million square feet of gross leasable area (GLA), with the current portfolio being 92% occupied. GLA is concentrated on the mainland (83%), while the Hawaiian properties contribute a disproportionate 44% of the net operating income.

The Sales segment generates revenue through a program of land stewardship, planning, entitlement, development, and eventual sale of land, and from commercial and residential properties. The Sales segment contributed 20% of revenue and 20% of operating profit in 2011. When properties from the Leasing portfolio are sold, the proceeds flow through the Sales segment. Exhibit 22 (in appendix) gives a detailed breakdown of current and planned future development projects

The Leasing segment has provided stable, yet growing, operating profits. Over the last decade, the segment has averaged $59.5 million of NOI generation (see Exhibit 5). NOI increases have been a result of improvements made to properties that have attracted new tenants. In 2011, ALEX increased its total occupancy rate for comparable properties by 550 basis points to 91.9%. This recurring cash flow is used to fund the company's development projects. The company uses either purchased property, or, less frequently, historic land holdings (agricultural), to develop a wide range of commercial, retail, or industrial properties for eventual sale.

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

Exhibit 5 New A&B: Leasing Segment Annual Cash NOI Generation, 10-Year Average
(in millions)



Source: Company reports.

When properties from the Leasing portfolio are sold, they are generally sold in a "1031 like-kind exchange" ("1031"), whereby the company uses proceeds from the property sale to fund the purchase of a similar property, in this case another income-producing property. The provisions in IRS Code Section 1031 allow for the deferral of capital gains taxes, offering the company a tax-advantageous way to redeploy sale proceeds without paying taxes on capital improvements that have been made. The Leasing portfolio is currently dominated by mainland assets. However, over time, as mainland assets are monetized, the company intends to reinvest sale proceeds in Hawaiian-based assets.

The Sales and Agribusiness segments exhibit volatility for several reasons. In Agribusiness, uncontrollable factors such as weather and commodity price fluctuations can have a significant impact. As shown in Exhibit 4 above, the Agribusiness segment generated an operating loss in 2008 and 2009, caused by a dramatic drought in 2008. As a result, the company has been attempting to diversify its revenue stream among less volatile sources. While improving its sugar cane crop yield, the company has also been increasing electric power generation, which it then sells to the local power company. The energy supply business, while not broken out as a percentage of revenue, should provide a degree of stability. However, with the majority of segment revenue and operating profit arising from sugar production, volatility in this segment can be expected to continue. Sales segment revenue will be lumpy as well: the timing of the sales of properties from the leasing portfolio is difficult to project, and a shift in strategy (discussed below) may delay sales until suitable Hawaiian income property becomes available.

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

Matson: Outlook

Matson could benefit from strengthening China-US containerized freight demand, a recovery in Hawaiian economic conditions, and progress in the relocation of US military operations from Okinawa, Japan, to Guam. Notably, pricing for Shanghai container transport has already showed signs of improvement. The Shanghai Shipping Exchange, an index tracking containerized shipping rates on leading routes from Shanghai, is up about 40% off late 2011 lows (see Exhibit 6).

Exhibit 6 Shanghai Containerized Freight Index

Source: Shanghai Shipping Exchange.

The China-West Coast transport of goods is the most volatile in terms of volume and pricing for Matson. In fact, from 2009 through 2011, Guam container volume was up 8% and Hawaii container volume rose nearly 3% (although Hawaii automobile volume was down 3%), but China container demand rose about 27%. Pricing has been a bigger problem, as overcapacity on those routes has more than offset recovering demand. But since late 2011, it appears the market has begun to find supply-demand equilibrium.

Industry forecasters, including State of Hawaii economists, are projecting economic improvement for the islands over the next several years. While tourism has remained healthy, other industries, including construction, were negatively affected by the recession. The State Bureau of Economic Development projects real GDP growth of 1.8% in 2012, followed by 2% expansion in 2013 and 2.2% improvement in each of the following two years. A recovery in demand could significantly lift ocean transportation operating profit over the next two years. After rising more than 15% in 2011, growth in visitor expenditures is expected to top 4% in each of the next four years. Construction recovery may lag the broader economy, according to state experts, but new construction could ultimately be the greatest contributor to improving transport volume for Matson.

At least temporarily, Matson is the sole ocean transport provider from US ports to Guam. The temporary monopoly was created when rival Horizon Lines Inc., currently struggling under a heavy debt burden and listed on the pink sheets, exited the market in early 2012. Matson acquired parts of Horizon's Guam assets. One might eventually expect new competition as the

© Horizon Kinetics LLC™ 2012

US military slowly moves forward with plans to relocate its Marine base from the island of Okinawa in Japan to Guam. The relocation, which was originally expected to be completed by 2014, is based on a 2006 agreement between the United States and Japan. Budget cuts on both sides of the Pacific, along with mounting hostile rhetoric from North Korea, have slowed progress, so the 2014 deadline has come into question in recent months. Moving nearly 8,000 Marines plus their families is expected to cost around $20 billion, which was to be shared by the US and Japan.

Currently about half of those troops are now thought to be involved in the relocation plans. The relocation of troops and supplies, as well as construction of new housing and facilities, would seem certain to benefit the sole ocean transport provider. While the deadline may be extended and new competition would seem certain to enter the market if relocation plans progress, the opportunity to increase revenue in this market seems substantial (although difficult to model). Even after the initial relocation phase, a larger Guam population promises long-term higher annual revenue from the market, which is Jones Act-protected.

New A&B: Outlook

Agribusiness

The majority of New A&B's current landholdings are zoned for agricultural use, and given the limited land availability in the state and a strong public desire to preserve the natural elements of the Hawaiian Islands, entitlement of these holdings for alternative usage is a long and difficult process. When and where applicable, management goes through an entitlement process by which former undevelopable land may be granted the right to be developed. Management estimates that, on average, the process to entitle agricultural land for development can take up to ten years, as applications must go through state, county, and city approval and zoning processes.

It is unclear from company disclosures how much of this agricultural land may actually be eligible for entitlement. It may be reasonable to assume that outside of what is currently in the entitlement process (approximately 1,700 acres), minimal if any land can actually be converted. Thus, given the limited uses for the land, it would appear that agricultural land holdings, totaling 57,775 acres, will continue to be used in the current manner (some farming, some electric generation, and others unused) until parcels are eventually sold to fund the more lucrative and focused real estate development business. The same should be assumed for New A&B's 29,170 acres of conservation land. Management has stated that it will continually evaluate the best use for its agricultural land, and while today's high sugar prices make current uses attractive, if there is a long-term shift in market dynamics such that it would make more economic sense to convert the use of land, New A&B will do so.

Leasing

Given the requirements of the 1031 like-kind exchanges, which the company favors for its tax deferrals, it could be expected that the Leasing segment will continue to generate fairly stable NOI, barring a major economic downturn in the mainland. The 1031 provision calls for a replacement property to be identified within 45 days and acquired within 180 days of a like-kind sale, which should result in stability for NOI, as lost contributions are replaced with new property contributions in short order.

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

Historically, a Leasing property would be purchased and improvements would be made to reposition the property, while leasing revenue was used to fund development projects in Hawaii. When the property was viewed as having maximized the potential value added, it would be sold. Proceeds would then be reinvested into another income-producing property. This strategy has resulted in a majority of the portfolio being located in the mainland, as Hawaiian income-producing properties become available on a far less frequent basis.

Management has shifted its strategy so that sales of its mainland portfolio will now be dictated by availability of income-producing properties in Hawaii. As properties become available for purchase, mainland properties whose value has been maximized will be sold, with the proceeds being used to fund the purchase of Hawaiian properties. This paradigm shift caused the 2011 revenue decline for the real estate sales segment and is likely to result in lower annual revenue than the historical ten-year average would suggest. Conversely, it could be viewed as likely to provide more stable NOI generation from the Leasing segment, as a lower turnover rate results in greater stability for a Leasing portfolio that is of higher quality overall.

It should be noted that the lease renewal schedule will see a significant percentage of GLA (29%) come up for renewal in 2013. Of that, about half is related to a property leased to Matson Logistics, a lease the company expects to renew. The renewal rate in the two-year period through 2011 was approximately 71%, with average gross rents declining less in 2011 than in 2012 (see Exhibit 22 in appendix). Renewal and lease rates much below those of previous years could pose downside risk to funding new development projects.

Development

Development of new properties in Hawaii will be the key driver of future growth. Since 2000, the company has invested $800 million in Hawaii development projects, of which $420 million has gone to projects that have been completed. Completed projects over the same time period have averaged returns of 22%. Clearly, these projects require significant capital investment, of which the cash flow from Leasing will provide a sizeable amount. Further financing, if needed, could be funded either through the company's balance sheet or through joint ventures. The balance sheet may be considered flexible, given the $233 million in net debt. The final option that management could consider would be to sell a Leasing property in a non-1031 transaction, which would result in potential taxable gains, to fund a development.

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

Valuation Analysis

The two business segments that will emerge from the Alexander & Baldwin separation fill unique niches and thus are not open to easy analysis through the use of comparables. The challenges in reaching fair value estimates for these new companies may, in fact, result in discounts in one or both stocks post transaction, offering attractive entry points.

Matson: Valuation

Matson is markedly different from other global containerized shipping providers because of Jones Act protection on its domestic routes from the US West Coast to Hawaii and Guam. As a result, it has higher margins (resulting from less competition), more stable revenue streams, and more consistent cash flow generation. On the other hand, it could be argued that it has lower growth prospects in the more competitive global arena, as its cost structure is built in the US domestic markets. However, clearly Matson could choose to price more aggressively if it were to once again seek to expand its US-Asia transport capabilities.

Other Jones Act-protected shipping companies are typically tied to commodity markets: suppliers to offshore oil and gas platforms in the Gulf of Mexico, or barges that move petroleum products up the Mississippi. Given their links to volatile commodity markets, they also are not suitable as comparables to Matson. In fact, the only true comparable is Horizon Lines Inc., which is currently trading in the over-the-counter market due to its heavy debt load, an antitrust settlement related to price setting on its Puerto Rican routes, costly charter arrangements, labor union-related high personnel costs, and the eventual cancellation of its China line. Horizon has been reducing debt and ending charters and is beginning to see recovery in volume along some routes. At the current time, as an OTC-listed stock, it would not serve as a useful comparable. However, Horizon's historical valuations prior to the recession and its delisting from a major exchange could prove helpful in arriving at a fair value for Matson.

One might also consider a fair value estimate of Matson based on fleet replacement value or normalized annual free cash flow generation, or based on the target dividend range. One may infer free cash flow generation for Matson over the past three years by stripping out cash flow from operations and capital expenditures reported by the spin-off entity in the Form 10. Lower free cash flow in 2010 was related to higher capital expenditures, while weakness in 2011 was tied to lower cash flow from operations due to lower rates on US-China routes.

Over the past decade, Matson has averaged $40 million per year in capital expenditures (excluding vessel purchases). Matson must invest in dry docking and maintenance of the fleet, as well as regular replacement of containers due to wear and tear. Over the past three years, Matson averaged $115 million in cash flow from operations (excluding costs related to the shutdown of the additional China routes). The company has estimated that its costs as a stand-alone entity will rise by $8-$10 million per year. Prior to the economic slowdown, the transportation segment averaged segment profit of about $132 million (in the three-year period through 2008), compared to only $90 million in the post-recessionary era. When considering higher corporate and interest expense and adding back non-cash charges, one could reach an estimated cash flow from operations approaching$160 million in the three-year period through 2008. One could thus reach

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

a 6-year average cash flow from operations of $138 million (averaging the $115 million in the three-year period through 2011 and the $160 million in the three-year period through 2008). Subtracting the long-term average capital expenditure of $40 million and the higher operating cost as a standalone of about $8 million, one could reach a normalized free cash flow of about $90 million (see Exhibit 7).

Exhibit 7 Matson: Estimated Long-Term Free Cash Flow

Normalized cash flow from operations	**$138**
Higher standalone and interest expenses	$8
Maintenance capital expenditures	$40
Adjusted free cash flow	**$90**

Source: Company reports, *The Spin-Off Report* estimates.

Adding back interest expense, one may consider a 10% yield on enterprise value (assuming $336 million in net debt, based on ALEX Form 10 filings) and about 42 million shares, resulting in an $18 per share fair value estimate (see Exhibit 8).

Exhibit 8 Matson: Fair Value Estimate Based on Normalized Cash Flow

($ in millions, except per share amounts; shares in millions)

Free cash flow to the firm	**$90**
Interest expense	$16
Free cash flow to the firm	$106
Yield	10%
Enterprise value	**$1,064**
Net debt	$336
Market capitalization	**$728**
Shares outstanding	41.6
Price per share	**$17.51**

Source: Company reports, *The Spin-Off Report* estimates.

Matson is targeting a $0.50-$0.70 per share dividend following the transaction. The dividend should be safe and potentially could grow based on recent free cash flow generation, even adding higher costs related to a stand-alone business (see Exhibit 9).

Exhibit 9 Matson: Dividend Coverage Ratio

($ in millions, except per share amounts; shares in millions)

3-year average cash flow from operations	**$107**
Maintenance capital expenditures	$40
Proposed dividend per share	$0.60
Share count	41.6
Funds for dividends	**$25**
Funds available for dividends	**$67**
Dividend coverage	**268.4%**

Source: Company reports, *The Spin-Off Report* estimates.

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

Notably, the lack of safety in shipping industry dividends has caused investors to demand healthy yields. The dividend yield on the Dow Jones Global Shipping Industry ETF was more than 5% as of late April 2012. If one applies a 5% yield to a $0.70 per share dividend for Matson, the result would be a $14 per share fair value estimate. However, given the margin of safety for Matson's proposed dividend and the stable cash flow generation based on the Jones Act-protected routes, it would seem extreme to demand such a yield post transaction. In addition, ALEX's current yield is only 2.5%, even with the risks associated with real estate assets and the confusion for shareholders resulting from two unrelated businesses housed within the same company. If one assumes a 3% yield (a slight premium to the S&P 500 yield of 2.5%) on $0.60, the mid-range of the targeted dividend, one reaches a $20 per share fair value estimate.

When attempting to value Matson's fleet, one may consider the fleet book value reported by the company as well as the sale price of new or used ships and barges. The United Nations Council on Trade and Development (UNCTAD) provides the annual average prices of new 500- and 6,500-TEU container ships as well as pricing for ten-year-old 2,500 TEU ships (see Exhibit 10). The pricing can be used to help assemble a value for fleet replacement.

Exhibit 10 New-Build and Used Container Ship Prices, 2004-2010

in millions, except per TEU	2004	2005	2006	2007	2008	2009	2010	Average	per TEU
New geared 500 TEUs	$18	$18	$16	$16	$21	$14	$10	$16.14	$32,286
New gearless 6,500 TEUs	$86	$101	$98	$97	$108	$87	$85	$94.57	$14,549
10-year old geared 2,500 TEUs	$29	$39	$41	$24	$36	$18	$23	$30.00	$12,000

Source: UNCTAD, *The Spin-Off Report* estimates.

The lower average price per TEU for the gearless ships is a reflection of their larger size (and resulting lower price per TEU) and the lack of cranes, derricks, and other tools that enable the unloading and loading of containers onto the vessel. From 2003 to 2006, Matson purchased four new diesel-powered vessels with TEUs between 1,900 and 2,400 for $100-$150 million per ship. On average, Matson paid more than $50,000 per TEU. Notably, these vessels have additional capabilities beyond those of traditional container ships, including reefer slots (for perishable cargo). The net present book value of the fleet (Matson uses straight-line depreciation and an average vessel life of 40 years) is $591 million. Using the new prices per TEU of geared container ships and applying them to Matson's fleet total of 27,686 TEUs, then adding $8 million for the four barges (based on recent prices quoted for similar barges and current book value for this part of the fleet), one reaches a replacement value for the fleet of about $894 million based on seven-year average pricing, or $554 million based on softer 2010 prices (see Exhibit 11).

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

Exhibit 11 Matson: Fleet Value
($ in millions, except per share; shares in millions)

	7-year Average	2010 Pricing
Owned ships	**13**	**13**
Owned TEUs	**27,686**	**27,686**
Per TEU	$32,286	$20,000
Enterprise value	**$893.87**	**$553.72**
Barges value	$8	$8
Net debt	$336	$336
Market capitalization	$565.87	$225.72
Share count	41.6	41.6
Price per share	**$13.60**	**$5.43**
Average	**$9.51**	

Source: UNCTAD, Company reports, *The Spin-Off Report* estimates.

Separately, one must accord value to Matson's logistics business. For this calculation, one may consider a group of comparable US-based logistics providers (see Exhibit 12).

Exhibit 12 Matson Logistics: Comparable Valuation Analysis
($ in millions, except per share; shares in millions)

	Hub Group Inc. (NASDAQ: HUBG)	Pacer International Inc. (NASDAQ: PACR)	CH Robinson Worldwide Inc. (NASDQ: CHRW)
Share Price (as of 5/8/12)	$35.00	$5.90	$60.86
FD Shares Out. (mn.)	38	35	163
Market Capitalization	1,321	206	9,941
Net Debt	(23)	(24)	(374)
Enterprise Value	1,298	182	9,567
Price/book	3.0x	1.8x	8.0x
2011 Sales	2,752	1,479	10,336
Shareholders' Equity	439	115	1,248
2011 EBITDA	$103	$30	$739
EBITDA Margin	3.7%	2.0%	7.1%
EV/2011 EBITDA	12.6x	6.2x	12.9x
Average	10.6x		
2012E EBITDA	$126	$31	$812
EV/2012E EBITDA	10.3x	6.0x	11.8x
Average	9.4x		

Source: Thomson ONE, company reports, *The Spin-Off Report* estimates.

Exhibit 12 clearly indicates the benefits of scale in the logistics business. CH Robinson Worldwide's (NASDAQ: CHRW) 2011 EBITDA margin of 7.1% clearly dwarfs the margins of the two smaller competitors. (Matson Logistics has averaged an EBITDA margin of about 2.7% over the last three years, falling to a low of 2.1% in 2011.) The exhibit also illustrates the

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

importance for Matson of ramping up its fleet of 53-foot containers to meet growing highway demand. Hub Group (NASDAQ: HUBG), which has built up its fleet, is projected to grow EBITDA more than 20% in 2012, much faster than its two competitors. Also noticeable in Exhibit 11 is the lack of debt held by the three companies. The low fixed-cost nature of the business results in strong cash flow generation that could be used to repurchase shares, pay a dividend, or acquire smaller competitors. As a result, these stocks tend to trade at high average EV/EBITDA multiples: 10.6x 2011 EBITDA and 9.4x 2012E EBITDA. The higher multiple goes to the largest company with the strongest margins. The lower-margin, slow-growth Pacer International (NASDAQ: PACR) trails the others.

Over the last three years, Matson's logistics business generated $6.5 million in segment profit and almost $10 million in EBITDA. One could apply a multiple of 8.5x (the average multiple of HUBG and PACR, excluding the larger, higher-margin CHRW) to generate a segment value of about $85 million. Notably, if US commercial transportation traffic continues to improve and Matson begins to regain market share (perhaps through investment in its container fleet), the value of the business could arguably double, based on pre-recession EBITDA levels.

Adding the $85 million value for the logistics business to the $566 million market capitalization for the fleet (shown in Exhibit 11) results in a fair value of $16 per share for Matson. However, this is simply utilizing a fleet replacement value. One might consider this reasonable if Matson were unprofitable, were not generating stable cash flow, or were facing credit issues. None of these problems exists, and as a result, it seems more reasonable to apply a premium to this valuation. But if the stock were priced at or near $16 per share post separation, it would signal a significant buying opportunity.

One may also consider the multiples to asset and book value of Horizon Lines prior to the recession and the company's eventual debt issues, which led to its delisting. Horizon formerly traded on the NYSE under the ticker "HRZ." Similar to Matson, it operated on Jones Act-protected routes from the US West Coast to Hawaii and Guam as well as additional international routes from the West Coast. At year-end 2006, HRZ owned 13 vessels totaling 25,332 TEUs. In 2006, the stock ranged from a market capitalization of about $550 million to more than $1 billion, while the company had net debt of about $416 million. Utilizing the high and low enterprise values for 2H 2006 results in an average EV of about $1.2 billion. Using this data, HRZ traded at about 46,900x on an EV/TEU basis. A similar calculation utilizing 2H 2008 data results in an EV/TEU for HRZ of 29,410x. These multiples can be applied to the current fleet TEUs for Matson to calculate a reasonable trading range (see Exhibit 13).

© Horizon Kinetics LLC™ 2012

Exhibit 13 Matson: Valuation Based on Horizon Lines EV/TEUs
($ in millions, except per share; shares in millions)

	Year end 2008	Year end 2006
HRZ EV/Owned TEU	29,410	46,900
Matson TEUs	27,686	27,686
EV	$814	$1,298
Barges value	$8	$8
Logistics value	$85	$85
Net debt	$336	$336
Market capitalization	$563	$1,055
Share count	41.6	41.6
Price per share	**$13.53**	**$25.36**
Average	**$19.45**	

Source: Company reports, *The Spin-Off Report* estimates.

Based on the year-end 2008 data for HRZ as the credit crisis loomed and volumes slowed, Matson would be valued at about $14 per share. Unsurprisingly, this figure is very similar to the one arrived at based on a fleet replacement value. But in an environment in which the economy was improving, volume and pricing were rising, and HRZ was in a potential position to expand the fleet, such as at year-end2006, the EV/TEU multiple for HRZ implied a value of more than $25 per share for Matson. This is arguably the high end of the potential trading range for Matson, barring fleet expansion or improvement in the logistics business. The average of these two estimates is about $19 per share. This mirrors the $18 and $20 per share estimates arrived at by using a normalized free cash flow yield (as shown in Exhibit 8) and targeted dividend yield (as shown in Exhibit 9). As a result, one might safely arrive at a post-separation fair value estimate for Matson of $19 per share with upside to about $25 per share. If the stock were to trade closer to $16 per share, investors should arguably take advantage of the mispricing, as the stock would be approaching simple replacement value.

Post-Spin Alexander & Baldwin (New A&B): Valuation

In approaching a fair value estimate for post-spin ALEX ("New A&B"), it appears logical to use a sum of the parts analysis based on the distinct business/land types in which the company is involved: leasing, development, and agricultural/conservation. The Leasing portfolio provides the clearest measure of an absolute value given the historical generation of NOI and widely available capitalization rates for property types. The selection of a cap rate could be subject to variation, since the geographic and end-use dispersion of the portfolio is so wide. However, ~~given~~ considering regional cap rates on similar properties, as reported by CBRE Group's most recent cap rate survey, versus the portfolio's composition, a capitalization rate of 7.0% appears reasonable.

Using the average NOI generation over the past ten years would provide a fair enterprise value estimate of $850 million, or $20 per share, for the Leasing business (see Exhibit 14). It appears reasonable to use the ten-year average NOI contribution, given the stability of the portfolio over the cycle and the lease renewal trends, which suggest that NOI levels may see slight declines

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

from recent years. The ten-year average is slightly below recent year values (see Exhibit 5 above).

Exhibit 14 New A&B: Enterprise Value Estimate of Leasing Portfolio

($ in millions, except per share; shares in millions)

Capitalization Rate	5.0%	6.0%	**7.0%**	8.0%	9.0%
10 year average cash NOI	$ 59.5	$ 59.5	**$ 59.5**	$ 59.5	$ 59.5
Property Value	$1,190.0	$ 991.7	**$ 850.0**	$ 743.8	$ 661.1
Fully Diluted Shares Out	41.6	41.6	**41.6**	41.6	41.6
Enterprise Value Per Share	$ 28.6	$ 23.8	**$ 20.4**	$ 17.9	$ 15.9

Source: Company reports, *The Spin-Off Report* estimates.

The company has almost 58,000 acres that it considers agricultural land that could be valued based on comparable sales multiples. This measure appears to be much more subjective than using the Leasing portfolio, as the disclosed data on the land holdings are far less detailed. Prices attained for sales of agricultural land by the company since 2007 have ranged from $11,300 to $175,000 per acre. Obviously the location and usability (agricultural or future entitlement ability) will determine the value of the land, if a suitable buyer can even be found, since the assumption must be that some land may be entirely unusable. Exhibit 15 shows recent market transaction data broken out by location and sales by ALEX over a similar time frame.

Exhibit 15 Recent Agricultural Land Sale Transaction Data

	# of transactions	Total Acres Sold	Average Acres Per Transaction	Average Price Per Acre	High	Low
North Shore/Upcountry Maui Ag Zoned Land Sales Comps (Haiku/Kuloa/Makawao/Olinda) 2006-2001						
5-20 Acres	40	350	9	$ 95,600	$ 295,000	$ 24,300
20-100 Acres	17	630	37	$ 51,700	$ 197,800	$ 8,300
100+ Acres	8	2,900	361	$ 18,300	$ 50,100	$ 11,300
Total > 5 Acres	65	3,900	60	$ 30,700	$ 295,000	$ 8,300
KAUAI Ag Zoned Land Sales Comps 2007 to 2010						
5-20 Acres	332	300	9	$ 111,000	$ 297,700	$ 25,000
20-100 Acres	3	70	23	$ 68,700	$ 86,400	$ 27,700
100+ Acres	5	1,730	346	$ 17,200	$ 35,100	$ 3,700
Total > 5 Acres	40	2,100	52	$ 32,100	$ 297,700	$ 3,700
A&B Ag Zoned Land Sales Transaction 2007-2011						
0-5 Acres		10		$ 107,300	$ 175,000	$ 11,500
5-20 Acres		67		$ 61,300	$ 167,800	$ 24,300
20-100 Acres		180		$ 31,300	$ 40,700	$ 16,700
100+ Acres		363		$ 17,900	$ 27,500	$ 11,300
Total > 5 Acres		620		$ 27,900	$ 175,000	$ 11,300

Source: Company reports.

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

Lacking detailed data regarding the usability of the land holdings and the likelihood that minimal acreage will be monetized in the near term, a valuation which skews toward the lower end of the transaction ranges may be the most appropriate. If an average price per acre of $11,300 were to be applied, an enterprise value for Agribusiness of $653 million, or $16 per share, could be derived (see Exhibit 16).

Exhibit 16 New A&B: Enterprise Value Estimate for Agricultural Zoned Land

Acreage		
Kauai		6,944
Maui		50,831
Total		**57,775**
$/acre	$	11,300
Ag land value (MM)	$	652.9
Shares outstanding		41.6
$/share (EV)	**$**	**15.69**

Source: Company reports, *The Spin-Off Report* estimates.

In an attempt to value the development projects, one might consider the projects that are either completed or near completion and compare the sale price of previous developments. Using average price per square foot, square footage, and average listing prices disclosed by the company, a value of $270 million ($6.50 per share) would be derived (see Exhibit 17). This value likely underestimates the total development portfolio, given that it does not factor in future development lands, but it does provide for optionality. Additionally, current development of joint ventures is not taken into account, as the eventual contribution to New A&B's profitability is nearly impossible to determine at this time.

Exhibit 17 New A&B: Enterprise Value Estimate of Development Projects
($ in millions, except per share; shares in millions)

Property	**Notes**		**Value Estimate**
Waihonua at Kewalo	341 units	$	238.0
	Sales price average $700/sqf		
	Average residence 1,000 sqf		
The Bluffs at Wailea	12 lots	$	18.0
	Average listing $1.5 million		
The Ridge at Wailea	9 lots	$	14.4
	Average list price $1.6 million		
Total		**$**	**270.4**
Shares outstanding			41.6
$/share (EV)		**$**	**6.50**

Source: Company reports, *The Spin-Off Report* estimates.

An alternate approach to valuing the development projects would be to assume New A&B's exit from current development projects and the full recovery of its investment. The company has invested $364 million to date in projects currently in development (including joint ventures) (see Exhibit 23 in appendix for full detail of current development). This measure may over- or

© Horizon Kinetics LLC™ 2012

understate the future resale value of completed projects, as future investment is still required. It does not account for any profit margin, and the selling of some projects is projected to continue for years before eventual full monetization of ALEX's investment is realized. Taking an average of the two above methods, a fair enterprise value estimate of $317 million can be assigned to the development portfolio.

The conservation land appears to have the least intrinsic value, given that the majority of it is used as watershed for surrounding areas and it will likely never gain entitlement for development. For this exercise, the resale value could be minimal to the point where management may never sell it, as some of the land provides water to irrigate its farmland, which may make it more valuable to the company than to an outsider. Given this, in a sum-of-the-parts valuation one might assign no value to this large land holding. However, the 29,170 acres do provide a degree of optionality if New A&B does ever monetize the asset. The timing of that is highly uncertain, and it may in fact be more of a factor in the company's long-term objectives for its agricultural business. One could attempt to estimate the degree of optionality by comparing a possible sale to recent conservation land sales, which have ranged in price up to $5,000 per acre. However, it is not suggested that this is reasonable, as the likely potential for monetization of these land holdings may be minimal at best.

Assuming $233 million in net debt, a sum-of-the-parts valuation of $38 for New A&B can be derived (see Exhibit 18).

Exhibit 18 New A&B: Sum-of-the-Parts Fair Value Estimate
($ in millions, except per share; shares in millions)

Leasing	$	850.0		
Ag business	$	652.9		
Development	$	317.0		
Conservation	$	-		
Enterprise Value			$	1,819.9
Net Debt			$	233.3
Market Capitalization			$	1,586.6
Shares outstanding				41.6
FVE $/share			**$**	**38.14**

Source: Company reports, *The Spin-Off Report* estimates.

A comparable analysis is challenged by a lack of direct peers, given the uniqueness of New A&B's portfolio. The closest pure comparable would be Maui Land and Pineapple (NYSE: MLP), given its Hawaiian real estate exposure; however, MLP has exited its farming operations. Given recent performance, negative book value, and far smaller scale, MLP does not provide any useful comparison. If the peer group were widened, it could include a larger array of real estate development companies and home builders, given the development component of New A&B and the inclusion of land holdings by this group. Included could be the likes of PulteGroup, Inc. (NYSE: PHM), Lennar Corp. (NYSE: LEN), KB Home (NYSE: KBH), DR Horton, Inc. (NYSE: DHI), and KB Home (NYSE: KBH). Comparison to these peers could be challenged by the residential focus of these companies and New A&B's significantly larger land holdings, but, given the development component of New A&B, it may be useful in determining how the

© Horizon Kinetics LLC™ 2012

market values real estate development companies through a full cycle if they are looked at on a ten-year historical basis.

In this peer group, shares on average currently trade at 1.8x book value. A ten-year history of the same peer group shows that, on average, shares have traded at 1.6x book value. If a 1.8x market multiple were applied to New A&B's book value per share, a fair value estimate of $38 would be derived (see Exhibit 198). It should be noted that the vast majority of New A&B's land holdings have been owned by the company for over 100 years and may be carried at below market values on the balance sheet, understating the true value of the properties if they were ever to be monetized.

Exhibit 19 New A&B: Fair Value Estimate Based on Book Value
($ in millions, except per share; shares in millions)

Book Value (pro forma @ 12/31/11)		884.7
Fully Diluted Shares Out		41.6
BVPS	$	21.27
Price to Book Multiple		1.8x
FVE	$	38.28

Source: Company reports, *The Spin-Off Report* estimates.

The $38 per share fair value estimate for New A&B shares is based on the average of the two methods (sum of the parts and book value per share) described above.

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

Conclusion

The separation of Matson and New Alexander & Baldwin should attract a more focused shareholder base than is possible with the current corporate structure. The uniqueness of ALEX's current business combinations has resulted in minimal institutional coverage and in all likelihood has kept investors away, given the difficulties in valuing the company. In addition, both segments may be out of favor in the minds of a large group of investors. However, each has significant positive attributes that may be overlooked until the businesses are separated.

Because it is protected by the Jones Act, Matson's revenue and operating profit have remained far healthier than those of its global competitors. If Matson's shares come under pressure post spin due to its position in the shipping industry, that may provide an attractive entry point for investors, particularly if the Hawaiian economy continues to strengthen and relocation of the US military base on Okinawa to Guam moves forward.

Investors may also be presented with an opportunity in ALEX post-transaction (New A&B). as it would appear unlikely to generate significant analyst coverage. Its status as a real estate business that will not be turned into a REIT and that will maintain sugar production may complicate the valuation process. On a sum-of-the-parts basis, one may value ALEX pre-spin at $57 per share, offering modest upside to investors. Both businesses appear to be well positioned to benefit from an economic recovery, and as a result the stock appears interesting pre-separation. But a better opportunity may emerge following the transaction. One may reach a fair value estimate of $19 per share for Matson and $38 per share for New A&B.

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

Exhibit 20 New A&B: Pro Forma Income Statement
($ in millions, except per share data)

	For the year ended December 31, 2011		
	Historical	**Adjustments**	**Pro Forma**
Operating Revenue:			
Real estate leasing	$ 97.7	$ -	$ 97.7
Real estate sales	14.3	-	14.3
Agribusiness	157.5	-	157.5
Total operating revenue	**269.5**	**-**	**269.5**
Operating Costs and Expenses			
Cost of real estate leasing	58.3	-	58.3
Cost of real estate sales	8.7	-	8.7
Cost of agribusiness revenues	135.0	-	135.0
Selling, general and administrative	32.7	-	32.7
Total operating costs and expenses	**234.7**	**-**	**234.7**
Operating Income	**34.8**	**-**	**34.8**
Other Income and (Expense)	(18.6)	(0.7)	(19.3)
Income From Continuing Operations Before Income Taxes	**16.2**	**(0.7)**	**15.5**
Income tax expense (benefit)	7.0	(0.3)	6.7
Income From Continuing Operations	9.2	(0.4)	8.8
Income from discontinued operations, net of taxes	14.3	-	14.3
NET INCOME	**$ 23.5**	**$ (0.4)**	**$ 23.1**
Basic Earnings Per Common Share			
Continuing			$ 0.21
Discontinued			$ 0.34
Net income			$ 0.55
Diluted Earnings Per Common Share			
Continuing			$ 0.21
Discontinued			$ 0.34
Net Income			$ 0.55
Number of Common Shares Outstanding			
Basic			41.7
Diluted			42.1

Source: Company reports.

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

Exhibit 21 New A&B: Pro Forma Balance Sheet
($ in millions, except per share data)

	For the year ended December 31, 2011		
	Historical	**Adjustments**	**Pro Forma**
ASSETS			
Current Assets			
Cash and cash equivalents	$ 11.7	$ 47.4	$ 59.1
Accounts, less allowances	6.7	-	6.7
Inventories	36.3	-	36.3
Real estate held for sale	2.8	-	2.8
Deferred income taxes	3.5	-	3.5
Prepaid expenses and other assets	7.8	(1.2)	6.6
Total current assets	**$ 68.8**	**$ 46.2**	**$ 115.0**
Investments in affiliates	290.8	-	290.8
Real estate developments	143.3	-	143.3
Property—net	830.6	-	830.6
Employee benefit plan assets	1.4	-	1.4
Other assets	51.7	0.7	52.4
Total Assets	**$ 1,386.6**	**$ 46.9**	**$ 1,433.5**
LIABILITIES AND EQUITY			
Current Liabilities			
Notes payable and current portion of long-term debt	$ 34.5	$ (6.0)	$ 28.5
Accounts payable	20.8	-	20.8
Income taxes payable	2.8	-	2.8
Payroll and vacation benefits	3.8	-	3.8
Uninsured claims	1.5	-	1.5
Accrued and other liabilities	26.6	-	26.6
Total current liabilities	**$ 90.0**	**$ (6.0)**	**$ 84.0**
Long-Term Liabilities			
Long-term debt	$ 327.2	$ (106.0)	$ 221.2
Deferred income taxes	164.1	-	164.1
Accrued pension and postretirement benefits	54.6	-	54.6
Other non-current liabilities	24.9	-	24.9
Total long-term liabilities	**$ 570.8**	**$ (106.0)**	**$ 464.8**
Commitments and Contingencies			
Equity			
Net Investment	$ 773.4	$ 158.9	$ 932.3
Accumulated other comprehensive loss	(47.6)	-	(47.6)
Total equity	**$ 725.8**	**$ 158.9**	**$ 884.7**
Total liabilities and equity	**$ 1,386.6**	**$ 46.9**	**$ 1,433.5**

Source: Company reports.

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012

Exhibit 22 New A&B: Current and Future Planned Development Projects

								(Dollars in millions)				Construction timing		Sales Timing	
Project	Location	Product Type	Acres at 12/31/11	Planned units, saleable acres or gross leasable square feet	Average unit or lot size	Units/acres closed through 12/31/11	Targeted sales price range per square foot or NOI	Estimated project cost	A&B investment through 2011	A&B capital estimated 2012	Outstanding debt	Estimated start	Estimated substaintial completion	Estimated start	Estimated end
ACTIVE DEVELOPMENTS/SALES															
Wholly owned															
Brydeswood	Kalaheo, Kauai	Agricultural lots	352.0	24 lots	12.3 acres	-	$2-$5	$ 17	$ 2	$ 1	$ -	2012	2014	2014	2015
Gateway at mililani Mauka	Mililani, Oahu	Retaiil	4.3	28,400 sqf	n/a	-	$1.0M stabilized N	$ 19	$ 8	$ 3	$ -	2012	2013	n/a	n/a
Maui Business Park II	Kahului, Maui	Light industrial lots	179.0	155 acres	n/a	4 acres	$40-$60	$ 102	$ 26	$ 34	$ -	2011	2019	2012	2028
Waihonua at Kewalo	Honolulu, Oahu	Primary residential highrise	1.7	341 units	1,000 sqf	-	$450-$970	$ 206	$ 21	$ 13	$ -	2012	2014	2014	2015
The Bluffs at Wailea (MF-11)	Wailea, Maui	Resort residential	7.4	12 lots	0.6 acres	-	$45-$100	$ 9	$ 9	$ -	$ -	2007	2008	2008	2015
The Ridge at Wailea (MF-19)	Wailea, Maui	Resort residential	6.7	9 lots	0.7 acres	-	$65-$140	$ 9	$ 9	$ -	$ -	2007	2009	2009	2015
Wailea B-1	Wailea, Maui	Commercial/retail	11.0	60,000 swf	n/a	-	tbd	tbd	$ 4	$ 1	$ -	2013	2014	n/a	n/a
Wailea MF-7	Wailea, Maui	Resort residential mutli-family	13.0	75 units	1,700 sqf	-	$450-$1,000	tbd	$ 9	$ -	$ -	2014	2015	2015	2017
Total			**575.1**												
Join ventures															
Ka Milo	Kona, Hawaii	Resort residential	24.0	137 units	2,000 sqf	28 units	$375-$920	$ 120	$ 12	$ 2	$ -	2005	2015	2007	2015
Kukui'ula	Koloa, Kauai	Resort residential	951.0	up to 1,00 units on 640 saleable acres	0.42 acres	81 lots	$40-$130	$ 830	$ 252	$ 20	$ -	2006	2030	2006	2030
Kai Malu at Wailea	Wailea, Maui	Resort residential	2.0	150 units	2,800 sqf	138 units	$540-$1,080	$ 124	$ 12	$ -	$ -	2004	2008	2006	2013
Future Development															
Whiollly owned															
Aina'O Kane	Kahului, Maui	Primary res./commercial	4.0	103 units											
Haliimaile	Haliimaile, Maui	Primary residential lofts	55.0	170 lots											
Kahului Town Center	Kahului, Maui	Primary res./commercial	19.0	440 units, 225,000 sqf											
Wailea SF-8	Kihei, Maui	Primary residential	13.0	90 units											
Wailea MF-6	Wailea, Maui	Resort residential lofts	23.0	60 lots											
Wailea MF-10	Wailea, Maui	Resort residential /commercial	13.7	9 lots, 36 units, 64,000 sqf											
Wailea MF-16	Wailea, Maui	Resort residential lofts	7.0	20 ;pts											
Wailea, other	Wailea, Maui	Various	72.0	400-600 units											
Total			**206.7**												
Joint ventures															
Bakersfield	Bakersfield, CA	Retail	57.0	575,000 sqf											
Palmdale Center	Palmdale, CA	Office/Industrial	18.0	315,000 sqf											
Santa Barbara Ranch	Santa Barbara, CA	Primary residential lofts	22.0	tbd											
ENTITLEMENT															
Eleele Community	Kauai	Primary residential	870	tbd											
Kihei Residential	Kihei, Maui	Primary residential	95	up to 600 units											
Waiale	Kahului, Maui	Primary residential	765	up to 2,550 units											
JOINT VENTURE DEVELOPMENTS HELD FOR LEASE															
Crossroads Plaza	Valencia, CA	Office/Retail	7	56,000 sqf	89% occup.										
The Shops at Kuku'ula	Poipu, Kauai	Retail	10	78,900 sqf	75% occup.										

Source: Company reports.

HORIZON KINETICS

© Horizon Kinetics LLC™ 2012

Exhibit 23 New A&B: Leasing Portfolio Renewal Schedule

Expiration year	Sq. Ft of expiring lease	Percentage of total leased GLA	Annual gross rent expiring ($ in millions)	Percentage of total annual gross rent	Percentage renewed or re-leased	Percentage change in annual gross rent on renewed leases
2010	835,815				72.0%	-11.7%
2011	791,686				70.0%	-3.0%
2012	577,581	8.0%	8.2	11.1%		
2013	2,119,098	29.3%	16.4	22.2%		
2014	525,533	7.3%	6.9	9.3%		
2015	1,140,483	15.8%	11.4	15.4%		
2016	1,075,492	14.9%	11.3	15.3%		
2017	570,821	7.9%	6.1	8.2%		
2018	114,829	1.6%	1.2	1.6%		
2019	59,326	0.8%	1.3	1.8%		
2020	187,923	2.6%	2.8	3.8%		
2021	143151	2.0%	1.1	1.5%		
2022	84,122	1.2%	1.5	2.0%		
Thereafter	637,089	8.8%	5.8	7.8%		
	7,235,447	100.0%	74	100.0%		

Source: Company reports.

HORIZON KINETICS
© Horizon Kinetics LLC™ 2012