

Risk Factors Comparison 2024-02-29 to 2023-03-01 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

The risks described below could materially and adversely affect our shareholders and our results of operations, financial condition, liquidity and cash flows. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may affect our business. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Form 10-K and the Company's filings with the U. S. Securities and Exchange Commission. Risk Factors Summary Our business is subject to numerous risks and uncertainties and an investment in our common stock may involve various risks. Such risks, including, but not limited to, the following summarized risks, should be carefully considered before making an investment in our common stock: Summary of risks related to REIT status • Because qualification as a REIT involves highly technical and complex provisions of the Code, there can be no assurance that we will remain qualified as a REIT for U. S. federal income tax purposes. • U. S. federal, state and local legislative, judicial or regulatory tax changes could have an adverse effect on our shareholders and us. • Complying with the REIT requirements may cause us to sell assets or forgo otherwise attractive investment opportunities. • We may be required to borrow funds, sell assets or raise equity to satisfy our REIT distribution requirements, which could adversely affect our ability to execute our business plan and grow. • Dividends payable by REITs generally do not qualify for the reduced tax rates available for some dividends. • The REIT ownership limitations and transfer restrictions contained in our articles of incorporation may restrict or prevent certain transfers of our common stock, could have unintended antitakeover effects and may not be successful in preserving our qualification for taxation as a REIT. • Our cash distributions are not guaranteed and may fluctuate. • Certain of our business activities may be subject to corporate- level income tax and other taxes, which would reduce our cash flows, and would cause potential deferred and contingent tax liabilities. • The tax imposed on REITs engaging in “ prohibited transactions ” may limit our ability to engage in transactions that would be treated as sales for federal income tax purposes. • The ability of our board of directors to revoke our REIT qualification, without shareholder approval, may cause adverse consequences to our shareholders. Summary of risks related to our business • Changes in economic conditions, particularly in Hawai ‘ i, may adversely affect our Commercial Real Estate and Land Operations segments. • We may face new or increased competition. • Although we intend to market and sell non- strategic assets, many of the assets are relatively illiquid, and it may not be possible to dispose of such assets in a timely manner or on favorable terms, which could delay our strategic agenda and / or adversely affect our financial condition, operating results, cash flows and may result in additional non- cash impairment charges. • ~~We may be unsuccessful in completing a sale of our assets classified as held for sale or, if we are successful, the assets may be sold for less than our carrying value, which may result in additional non- cash impairment charges.~~ • We may face potential difficulties in obtaining operating and development capital. • We may raise additional capital in the future on terms that are more stringent to us, which could provide holders of new issuances rights, preferences and privileges that are senior to those currently held by our common shareholders, or that could result in dilution of common stock ownership. • Failure to comply with certain restrictive financial covenants contained in our credit facilities could impose restrictions on our business segments, capital availability or the ability to pursue other activities. • Increasing interest rates would increase our overall interest expense. • ~~We may be adversely affected by changes in LIBOR reporting practices or the method in which LIBOR is determined.~~ • Significant inflation and continuing increases in the inflation rate, could adversely affect our business and financial results. • An increase in fuel prices **and energy costs** may adversely affect our operating environment and costs. • Changes to federal, state or local law or regulations, including environmental laws and regulations, may adversely affect our business. • Security breaches through cyber attacks or intrusions, or other significant disruptions of the Company's information technology (" IT") networks, communications, and related systems could impair our ability to operate, adversely affect our financial condition, and damage our reputation. • The Company's business and operations could suffer in the event of system failures or interruptions. • Weather, natural disasters and the impacts of climate change may adversely affect our business. • Political crises, public health crises and other events beyond our control may adversely impact our operations and profitability. • We are subject to, and may in the future be subject to, disputes, legal or other proceedings, or government inquiries or investigations, that could have an adverse effect on us. • Impairment in the carrying value of long- lived assets could negatively affect our operating results. Summary of risks related to our Commercial Real Estate segment • We are subject to a number of factors that could cause ~~leasing rental income~~ **CRE segment profitability** to decline. • The bankruptcy or loss of key tenants in our commercial real estate portfolio may adversely affect our cash flows and profitability. • A shift in retail shopping from brick and mortar stores to online shopping may have an adverse impact on our cash flow, financial condition and results of operations. • We may be unable to renew leases, lease vacant space, or re- lease space as leases expire, thereby increasing or prolonging vacancies, which would adversely affect our financial condition, results of operations and cash flows. • Increases in operating expenses would adversely affect our operating results. • Our retail centers may depend on anchor stores or major tenants to attract shoppers and could be adversely affected by the loss of, or a store closure by, one or more of these tenants. • Certain of our leases at our retail centers contain “ co- tenancy ” or “ go- dark ” provisions, which, if triggered, may allow tenants to pay reduced rent, cease operations, or terminate their leases, which could adversely affect our performance or the value of the applicable retail property. • The value of our ~~development- for- hold projects and~~ commercial properties is affected by a number of factors. • We may be unable to identify and complete acquisitions of properties that meet our criteria, which may impede our growth. • We face competition for the acquisition and development of real estate properties, which may impede our

ability to grow our operations or may increase the cost of these activities. • We are subject to risks associated with real estate construction and development. • Commercial real estate investments are relatively illiquid. Risks Related to REIT Status We have determined that we operated in compliance with the REIT requirements commencing with the taxable year ended December 31, 2017. However, qualification as a REIT involves the application of highly technical and complex provisions of the Code, for which there may be only limited judicial or administrative interpretations, and depends on our ability to meet, on a continuing basis, various requirements concerning, among other things, the sources of our income, the nature of our assets, the diversity of our share ownership and the amounts we distribute to our shareholders. Our ability to satisfy the asset tests depends upon our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. The determination of various factual matters and circumstances not entirely within our control can potentially affect our ability to continue to qualify as a REIT. In addition, no assurance can be given that future legislation, regulations, administrative interpretations or court decisions will not significantly change the requirements for qualification as a REIT or adversely affect the federal income tax consequences of such qualification. In addition, our ability to satisfy the requirements to qualify as a REIT depends, in part, on the actions of third parties, over which we have no control or only limited influence. Even a technical or inadvertent violation could jeopardize our REIT qualification. Although we intend to operate in a manner consistent with the REIT requirements, we cannot be certain that we will remain so qualified. Under current law, if we fail to qualify as a REIT in any taxable year, we would not be allowed a deduction for dividends paid to shareholders in computing our net taxable income. In addition, our taxable income would be subject to U. S. federal and state income tax at the regular corporate rates. Also, unless we are entitled to relief under certain Code provisions, we would also be disqualified from re- electing REIT status for the four taxable years following the year during which we failed to qualify as a REIT. Cash available for distribution to our shareholders would be significantly reduced for each year in which we do not qualify as a REIT. In that event, we would not be required to continue to make distributions. Although we currently intend to continue to qualify as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause us, without the consent of our shareholders, to revoke the REIT election or to otherwise take action that would result in disqualification. The present U. S. federal income tax treatment of REITs and their shareholders may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time, which could affect the U. S. federal income tax treatment of an investment in us. The U. S. federal income tax rules dealing with REITs are constantly under review by persons involved in the legislative process, the Internal Revenue Service (" IRS") and the U. S. Treasury Department, which results in statutory changes as well as frequent revisions to regulations and interpretations. We cannot predict how changes in the tax laws might affect our investors or us. Revisions in U. S. federal income tax laws and interpretations thereof could significantly and negatively affect our ability to qualify as a REIT and the tax considerations relevant to an investment in us, or could cause us to change our investments and commitments. At the state level, the Hawai ' i State legislature has repeatedly considered, and could consider in the future, legislation that would (i) eliminate (i. e., repeal) the REIT dividends paid deduction for Hawai ' i State income tax purposes related to income generated in Hawai ' i for a number of years or permanently, and / or (ii) mandate withholding of Hawai ' i State income tax on dividends paid to out- of- state shareholders. These provisions could result in double taxation of REIT income in Hawai ' i under the Hawai ' i tax code, reduce returns to shareholders and make our stock less attractive to investors, which could in turn lower the value of our stock. You are urged to consult with your tax advisor with respect to the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in our stock. To maintain our qualification as a REIT, we must continually satisfy various requirements concerning, among other things, the nature of our assets, the sources of our income and the amounts we distribute to our shareholders. For example, we must ensure that, at the end of each calendar quarter, at least 75 % of the value of our total assets consists of some combination of " real estate assets " (as defined in the Code), cash, cash items and U. S. government securities. The remainder of our investments (other than government securities, qualified real estate assets and securities issued by a **taxable REIT subsidiary (" TRS ")**) generally cannot include more than 10 % of the outstanding voting securities of any one issuer or more than 10 % of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5 % of the value of our total assets (other than government securities, qualified real estate assets and securities issued by a TRS) can consist of the securities of any one issuer, and no more than 20 % of the value of our total assets can be represented by securities of one or more TRS. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to sell assets or forgo otherwise attractive investment opportunities. These actions could have the effect of reducing our income, amounts available for distribution to our shareholders and amounts available for making payments on our indebtedness. We generally must distribute annually at least 90 % of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains, to maintain our qualification as a REIT. To the extent that we satisfy this distribution requirement and qualify as a REIT but distribute less than 100 % of our REIT taxable income, including any net capital gains, we will be subject to tax at ordinary corporate tax rates on the retained portion. In addition, we will be subject to a 4 % nondeductible excise tax if the actual amount that we distribute to our shareholders in a calendar year is less than a minimum amount specified under U. S. federal tax laws. We intend to make distributions to our shareholders to comply with the REIT requirements of the Code and avoid corporate income tax and the 4 % annual excise tax. From time to time, we may generate taxable income greater than our cash flow as a result of differences in timing between the recognition of taxable income and the actual receipt of cash or the effect of nondeductible capital expenditures, the creation of reserves or required debt or amortization payments. If we do not have other funds available in these situations, we could be required to borrow funds on unfavorable terms, sell assets at disadvantageous prices or distribute amounts that would otherwise be invested in future acquisitions, to make distributions sufficient to enable us to pay out enough of our taxable income to satisfy the REIT

distribution requirement and to avoid corporate income tax and the 4 % excise tax in a particular year. These alternatives could increase our costs or reduce our equity or adversely impact our ability to raise short- and long- term debt. Furthermore, the REIT distribution requirements may increase the financing we need to fund capital expenditures and further growth and expansion initiatives. Thus, compliance with the REIT requirements may hinder our ability to grow, which could adversely affect the value of our common stock. Whether we issue equity, at what price and the amount and other terms of any such issuances will depend on many factors, including alternative sources of capital, our then- existing leverage, our need for additional capital, market conditions and other factors beyond our control. If we raise additional funds through the issuance of equity securities or debt convertible into equity securities, the percentage of stock owned by our existing shareholders may be reduced. In addition, new equity securities or convertible debt securities could have rights, preferences and privileges senior to those of our current shareholders, which could substantially decrease the value of our securities owned by them. Depending on the share price we are able to obtain, we may have to sell a significant number of shares to raise the capital we deem necessary to execute our long- term strategy, and our shareholders may experience dilution in the value of their shares as a result. The maximum U. S. federal income tax rate applicable to income from “ qualified dividends ” payable to U. S. shareholders that are individuals, trusts and estates is currently 20 %, exclusive of the 3. 8 % investment tax surcharge. Dividends payable by REITs, however, generally are not eligible for the reduced rates applicable to qualified dividends. Although these rules do not adversely affect the taxation of REITs, the more favorable rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non- REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our common stock. However, for taxable years that begin before January 1, 2026, shareholders that are individuals, trusts or estates are generally entitled to a deduction equal to 20 % of the aggregate amount of ordinary income dividends received from a REIT, subject to certain limitations. For us to remain qualified for taxation as a REIT, among other requirements, not more than 50 % of the value of outstanding shares of our capital stock may be owned, beneficially or constructively, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of each taxable year beginning with our 2018 taxable year. Also, such shares must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year beginning with our 2018 taxable year. In addition, a person actually or constructively owning 10 % or more of the vote or value of the shares of our capital stock could lead to a level of affiliation between the Company and one or more of its tenants that could cause our revenues from such affiliated tenants to not qualify as rents from real property. Our articles of incorporation include certain restrictions regarding transfers of our shares of capital stock and ownership limits that are intended to assist us in satisfying these limitations, among other purposes. Subject to certain exceptions, our articles of incorporation prohibit any shareholder from owning, beneficially or constructively, more than (i) 9. 8 % in value of the outstanding shares of all classes or series of our capital stock or (ii) 9. 8 % in value or number, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock. Additionally, the constructive ownership rules for these limits are complex and groups of related individuals or entities may be deemed a single owner and consequently in violation of the share ownership limits. As a result, the acquisition of less than 9. 8 % of our outstanding common stock (or the outstanding shares of any class or series of our stock) by an individual or entity could cause that individual or entity, or another individual or entity, to own constructively in excess of the relevant ownership limits. Any attempt to own or transfer shares of our common stock, or of any of our other capital stock in violation of these restrictions, may result in the shares being automatically transferred to a charitable trust or may be void. As a result, if a violative transfer were made, the recipient of the shares would not acquire any economic or voting rights attributable to the transferred shares. The transfer restrictions and ownership limits may prevent certain transfers of our common stock. These restrictions and limits may not be adequate in all cases, however, to prevent our qualification for taxation as a REIT from being jeopardized, including under the affiliated tenant rule. Furthermore, there can be no assurance that we will be able to enforce the ownership limits. If the restrictions in our articles of incorporation are not effective and, as a result, we fail to satisfy the REIT tax rules described above, then absent an applicable relief provision, we will fail to remain qualified for taxation as a REIT. The ownership limits contained in our articles of incorporation may have the effect of delaying, deterring or preventing a change of control of us that might involve a premium price for our stock or otherwise be in the best interests of our shareholders. As a result, the overall effect of the ownership limitations and transfer restrictions may be to render more difficult or discourage any attempt to acquire us, even if such acquisition may be favorable to the interests of our shareholders. This potential inability to obtain a premium could reduce the price of our common stock. A REIT generally is required to distribute at least 90 % of its REIT taxable income to its shareholders (determined without regard to the dividends paid deduction and excluding any net capital gains). Generally, we expect to distribute all, or substantially all, of our REIT taxable income, including net capital gains, so as to not be subject to the income or excise tax on undistributed REIT taxable income. Our board of directors, in its sole discretion, will determine on a quarterly basis the amount of cash to be distributed to our shareholders based on a number of factors including, but not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing capacity and other factors, including debt covenant restrictions, that may impose limitations on cash payments and plans for future acquisitions and divestitures. Consequently, our distribution levels may fluctuate. Our TRS assets and operations will continue to be subject to U. S. federal income taxes at regular corporate rates. We also may be subject to a variety of other taxes, including payroll taxes and state, local, and foreign income, property, transfer and other taxes on assets and operations. In addition, we could, in certain circumstances, be required to pay an excise or penalty tax, which could be significant in amount, in order to utilize one or more relief provisions under the Code to maintain qualification for taxation as a REIT. We also could incur a 100 % excise tax on transactions with a TRS, if they are not conducted on an arm’ s length basis, or we also could be subject to tax in situations and on transactions not presently contemplated. Any of these taxes would decrease our earnings and our available cash. In addition, the IRS and any state or local tax authority may successfully assert liabilities against us for

corporate income taxes for taxable years prior to the time we qualified as a REIT, in which case we will owe these taxes plus applicable interest and penalties, if any. Moreover, any increase in taxable income for these pre- REIT periods will likely result in an increase in pre- REIT accumulated earnings and profits, which could cause us to pay an additional taxable distribution to our shareholders after the relevant determination. A REIT's net income from prohibited transactions is subject to a 100 % penalty tax. The term "prohibited transaction" generally includes a sale or other disposition of property (including mortgage loans, but other than foreclosure property, as discussed below) that is held primarily for sale to customers in the ordinary course of our trade or business. We might be subject to this tax if we were to dispose of or securitize loans in a manner that was treated as a prohibited transaction for U. S. federal income tax purposes. We intend to conduct our operations so that no asset that we own (or are treated as owning) will be treated as, or as having been, held for sale to customers, and that a sale of any such asset will not be treated as having been in the ordinary course of our business. As a result, we may choose not to engage in certain sales of loans at the REIT level, and may limit the structures we utilize for our securitization transactions, even though the sales or structures might otherwise be beneficial to us. In addition, whether property is held "primarily for sale to customers in the ordinary course of a trade or business" depends on the particular facts and circumstances. No assurance can be given that any property that we sell will not be treated as property held for sale to customers, or that we can comply with certain safe-harbor provisions of the Code that would prevent such treatment. The 100 % prohibited transaction tax does not apply to gains from the sale of property that is held through a TRS or other taxable corporation, although such income will be subject to tax in the hands of the corporation at regular corporate rates. We intend to structure our activities to prevent prohibited transaction characterization. Our articles of incorporation provide that the board of directors may revoke or otherwise terminate our REIT election, without the approval of our shareholders, if it determines that it is no longer in our best interests to continue to qualify as a REIT. If we cease to be a REIT, we will not be allowed a deduction for dividends paid to shareholders in computing our taxable income, and we will be subject to U. S. federal income tax at regular corporate rates, which may have adverse consequences on our total return to our shareholders. Risks Related to Our Business Our business, including our assets and operations, is concentrated in Hawai ' i, which exposes us to more concentrated risks than if our assets and operations were more geographically diverse. A weakening of economic drivers in Hawai ' i, which include tourism, military and consumer spending, public and private construction starts and spending, personal income growth, and employment, or the weakening of consumer confidence, market demand, or economic conditions on the Mainland and elsewhere, may adversely affect the level of real estate leasing activity in Hawai ' i, the demand for or sale of Hawai ' i real estate. In addition, an increase in interest rates or other factors could reduce the market value of our real estate holdings, as well as increase the cost of buyer financing that may reduce the demand for our real estate assets. There are numerous other developers, buyers, managers and owners of commercial and residential real estate and undeveloped land that compete or may compete with us for management and leasing revenues, land for development, properties for acquisition and disposition, and for tenants and purchasers of properties. Intense competition could lead to increased supply of space, which could then increase vacancies, the need for increased tenant incentives, decreased rents, sales prices or sales volume, or lack of development opportunities. Additionally, our tenants may face increased competition and / or shifts in market preferences and demand that adversely impact their performance, ability to pay rent or even their business viability. Our ability to dispose of non- strategic assets on advantageous terms, including pricing, depends on factors beyond our control, including but not limited to, competition from other sellers, insufficient infrastructure capacity or availability (e. g., water, sewer and roads) for real estate assets, the availability of attractive financing for potential buyers and market conditions. As a result, we may be unable to realize our strategy to simplify through dispositions, we may be unable to do so on advantageous terms, or we may not be able to execute the strategy in a timely manner, which could adversely affect our financial condition, operating results and / or cash flows and may result in additional non- cash impairment charges. In addition, many of the non- strategic assets are relatively illiquid. Illiquid assets typically experience greater price volatility, as a ready market does not exist, and can be more difficult to value. In addition, validating third party pricing for illiquid assets may be more subjective than more liquid assets. As a result, we may record additional non- cash impairment charges and / or realize significantly less than the value at which we have previously recorded such assets .

~~We can provide no assurances that we will successfully sell Grace Pacific and the Maui Quarries, that we will do so in accordance with our expected timeline or that we will recover the carrying value of the disposal group. The process of pursuing the plan to sell may be time consuming and disruptive to our business operations, and if we are unable to effectively manage the process, our businesses, financial condition, and results of operations could be adversely affected and may result in additional non- cash impairment charges. Any potential transactions, and the related valuations, would be dependent upon various external factors beyond the Company's control, including, among others, market conditions, industry trends, interest of third parties, and the availability of financing to potential buyer (s) on reasonable terms .~~ The successful execution of our strategy requires substantial amounts of operating and development capital. Sources of such capital could include banks, life insurance companies, public and private offerings of debt or equity, including rights offerings, sale of certain assets and joint venture partners. If our investment or credit profile deteriorates significantly, our access to the debt or equity capital markets may become restricted, our cost of capital may increase, or we may not be able to refinance debt at the same levels or on the same terms. Further, we rely on our ability to obtain and draw on a revolving credit facility to support our operations. Volatility in the credit and financial markets or deterioration in our credit profile may prevent us from accessing funds. There is no assurance that any capital will be available on terms acceptable to us, or at all, to satisfy our short or long- term cash needs. As noted above, the successful execution of our strategy requires substantial amounts of operating and development capital. If our capital needs are not able to be filled through our existing liquidity sources (e. g., our revolving credit facility), we may require additional capital. If we incur additional debt or raise equity, the terms of the debt or equity issued may give the holders rights, preferences and privileges senior to those of holders of our common stock, particularly in the event of liquidation. The terms of any new debt may also impose additional and more stringent restrictions on our operations than currently in place. If we issue additional common equity, either through

public or private offerings or rights offerings, existing common shareholders' percentage ownership in us would decline if they do not participate on a ratable basis. Our credit facilities and term debt contain certain restrictive financial covenants. If we breach any of the covenants and such breach is not cured in a timely manner or waived by the lenders, and such event results in default, our access to credit may be limited or terminated and the lenders could declare any outstanding amounts immediately due and payable. We further may be limited in our ability to make distributions to our shareholders in event of default.

Although a significant amount of our outstanding debt has fixed interest rates, we borrow funds at variable interest rates under our credit facility. Interest expense on our floating- rate debt ~~would increase~~ **increases** if ~~as~~ interest rates rise.

Additionally, the interest expense associated with fixed- rate debt could rise in future periods when the debt matures and is refinanced. Furthermore, the value of our commercial real estate portfolio and the market price of our stock could decline if market interest rates increase and investors seek alternative investments with higher distribution rates. ~~We have a number of financial instruments (refer to Note 8—Notes Payable and Other Debt of Notes to Consolidated Financial Statements, included in Part II, Item 8 of this report) which bear interest at a floating rate based on the London Interbank Offered Rate (“LIBOR”) plus an applicable margin (certain of these financial instruments are subject to interest rate swaps through maturity at fixed rates). The United Kingdom Financial Conduct Authority (the authority that regulates LIBOR) announced it intended to stop compelling banks to submit rates for the calculation of LIBOR after 2021. The ICE Benchmark Administration (the administrator of LIBOR) ceased the publication of all GBP, EUR, CHF and JPY LIBOR settings, as well as the one- week and two- month USD LIBOR tenors after December 31, 2021. Publication of the remaining USD LIBOR tenors will cease after June 30, 2023. In the United States, efforts to identify a set of alternative U. S. dollar reference interest rates include proposals by the Alternative Reference Rates Committee of the Federal Reserve Board and the Federal Reserve Bank of New York. The Alternative Reference Rate Committee has identified the Secured Overnight Financing Rate, or SOFR, as its preferred alternative rate for LIBOR. At this time, it is not possible to predict how markets will respond to SOFR or other alternative reference rates in connection with the LIBOR phase- out. We may need to amend certain agreements related to financial instruments and agree upon a benchmark replacement index with the bank and, as a result, the interest rate on our financial instruments may change. The new rate may not be as favorable as those in effect prior to any LIBOR phase- out. Furthermore, the transition process may result in delays in funding, higher interest expense, additional expenses and increased volatility in markets for instruments that currently rely on LIBOR. Although the full impact of such reforms and actions together with any transition away from LIBOR remains unclear, these changes may have a material adverse impact on the availability of financing, including LIBOR- based loans, and on our financing costs.~~ Recent substantial increases in the rate of inflation and potential future elevated rates of inflation, both real and anticipated, may impact our results of operations. In a highly inflationary environment, we may be unable to raise rental rates at or above the rate of inflation, which could reduce our profit margins. Increased inflation could also adversely affect us by increasing construction costs, including tenant improvements and capital projects, and operating costs. Many of the Company's leases require tenants to pay an allocable portion of operating expenses, including common area maintenance, real estate taxes and insurance, resulting in a mitigating impact on increased costs and operating expenses due to inflation. However, unreimbursed increased operating expenses may adversely affect the Company's operating results and cash flows. Fuel prices have a direct impact on the health of the Hawai'i economy. Increases in the price of fuel may result in higher transportation costs to Hawai'i and adversely affect visitor counts and the cost of goods shipped to Hawai'i, thereby affecting the strength of the Hawai'i economy and its consumers. Increases in energy costs for our leased real estate portfolio are typically recovered from lessees, although our share of energy costs increases as a result of lower occupancies, and higher operating cost reimbursements impact the ability to increase underlying rents. Rising fuel prices also may increase the cost of construction, including delivery costs to Hawai'i, and the cost of materials that are petroleum-based, thus affecting our real estate development projects and margins. We are subject to federal, state and local laws and regulations, including government rate, land use, environmental, climate- related and tax laws and regulations. Compliance or noncompliance with, or changes to, the laws and regulations governing our business could impose significant additional costs on us and adversely affect our financial condition and results of operations. For example, our real estate- related segments are subject to numerous federal, state and local laws and regulations, which, if changed or not complied with, may adversely affect our business. We frequently utilize § 1031 of the Code to defer taxes when selling qualifying real estate and reinvesting the proceeds in replacement properties. This often occurs when we sell bulk parcels of land in Hawai'i or commercial properties in Hawai'i, all of which typically have a very low tax basis. A repeal of, or adverse amendment to, § 1031 of the Code could impose significant additional costs on us. The Company's operations and properties are subject to various federal, state and local laws and regulations concerning the protection of the environment, including Occupational Safety and Health Administration regulations; Environmental Protection Agency regulations; and state and county permits related to our operations. Under some environmental laws, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances released at a property. The owner or operator may also be held liable to a governmental entity or to third parties for property damage or personal injuries and for investigation and clean- up costs incurred by those parties because of the contamination. These laws often impose liability without regard to whether the owner or operator knew of the release of the substances or caused the release. The presence of contamination or the failure to remediate contamination may impair the Company's ability to sell or lease real estate or to borrow using the real estate as collateral. Other laws and regulations govern indoor and outdoor air quality including those that can require the abatement or removal of asbestos- containing materials in the event of damage, demolition, renovation or remodeling and also govern emissions of and exposure to asbestos fibers in the air. The maintenance and removal of lead paint and certain electrical equipment containing polychlorinated biphenyls (“PCBs”) and underground storage tanks are also regulated by federal and state laws. The Company is also subject to risks associated with human exposure to chemical or biological contaminants such as molds, pollens, viruses and bacteria which, above certain levels, can be alleged to be connected to allergic or other health effects and symptoms in

susceptible individuals. The Company could incur fines for environmental compliance and be held liable for the costs of remedial action with respect to the foregoing regulated substances or tanks or related claims arising out of environmental contamination or human exposure to contamination at or from its properties. Identification of compliance concerns or undiscovered areas of contamination, changes in the extent or known scope of contamination, discovery of additional sites, human exposure to the contamination or changes in cleanup or compliance requirements could result in significant costs to the Company. Moreover, compliance with new laws or regulations such as those related to climate change, including compliance with “green” building codes, or more stringent laws or regulations or stricter interpretations of existing laws may require material expenditures by the Company. We rely extensively on information technology and communication systems to process transactions and to operate and manage our business and face risks associated with security breaches, whether through cyber attacks or cyber intrusions over the Internet, malware, computer viruses, attachments to e-mails, persons inside the Company or persons with access to systems inside the Company. The risk of a security breach or disruption, particularly through cyber attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. The Company’s IT networks and related systems are essential to the operation of its business and its ability to perform day-to-day operations. Furthermore, a significant subset of our employees partially operate in a remote work environment, which may exacerbate certain risks to our businesses, including an increased risk of cybersecurity attacks and increased risk of unauthorized dissemination of proprietary or confidential information. Despite our implementation of security measures, there can be no assurance that our efforts to maintain the security and integrity of our systems will be effective or that attempted security breaches or disruptions would not be successful or damaging. A security breach or other significant disruption involving our systems could result in improper uses of our systems and interruptions in our operations, which in turn could have a material adverse effect on our income, cash flow, results of operations, financial condition, liquidity, the ability to service debt obligations, the market price of our common stock and our ability to pay dividends and other distributions to ~~stockholders~~ **shareholders**. We may also incur significant costs to remedy damages caused by security breaches. These risks require continuous and likely increasing attention and other resources to identify and quantify these risks, upgrade, and expand the Company’s technologies, systems and processes to adequately address them and provide periodic training for the Company’s employees to assist them in detecting phishing, malware and other schemes. Such attention diverts time and other resources from other activities and there is no assurance that the Company’s efforts will be effective. Additionally, the Company relies on third-party service providers for certain aspects of the Company’s business. The Company can provide no assurance that the networks and systems that the Company’s third-party vendors have established or use will be effective. As the Company’s reliance on technology has increased, so have the risks posed to the Company’s information systems, both internal and those provided by the Company and third-party service providers. In the normal course of business, the Company and its service providers collect and retain certain personal information provided by employees, tenants and vendors, and relies extensively on IT systems to process transactions and manage its business. The Company can provide no assurance that the data security measures designed to protect confidential information on the Company’s systems established by the Company and the Company’s service providers will be able to prevent unauthorized access to this personal information or that attempted security breaches or disruptions would not be successful or damaging. The Company’s internal IT systems are vulnerable to damage from any number of sources, including computer viruses, unauthorized access, energy blackouts, natural disasters, terrorism, war, telecommunication failures, reliability issues, and integration and compatibility concerns. Further, we may experience failures caused by the intentional or inadvertent acts and errors by our employees or vendors. The Company has implemented policies and procedures around its IT systems, including security measures, employee training, system redundancies, and the existence of a disaster recovery plan. However, any system failure or accident that causes interruptions in the Company’s operations could result in a material disruption to its business. The Company may incur additional costs to remedy damages caused by such disruptions, as well as increased demand for information technology resources to support employees operating in a partially remote work environment. As a result of climate change, we may experience extreme weather and changes in precipitation and temperature, including natural disasters. Should the impact of climate change be significant or occur for lengthy periods of time, our financial condition or results of operations would be adversely affected. Our Commercial Real Estate and Land Operations segments are vulnerable to natural disasters, such as hurricanes, earthquakes, tsunamis, floods, sea level rise, ~~fires~~ **wildfires**, tornadoes and unusually heavy or prolonged rain, which could cause personal injury and loss of life. In addition, natural disasters could damage our real estate holdings, which could result in substantial repair or replacement costs to the extent not covered by insurance, a reduction in property values, or a loss of revenue, and could have an adverse effect on our ability to develop, lease and sell properties. The occurrence of natural disasters could also cause increases in property insurance rates and deductibles, which could reduce demand for, or increase the cost of, owning or developing our properties. Drought, greater than normal rainfall, hurricanes, earthquakes, tsunamis, floods, sea level rise, ~~fires~~ **wildfires**, other natural disasters, agricultural pestilence, or negligence or intentional malfeasance by individuals, may also adversely impact the conditions of the land and thereby harm the prospects for the Land Operations segment and our land infrastructure and facilities, including dams and reservoirs. We maintain casualty insurance under policies we believe to be adequate and appropriate. These policies are generally subject to large retentions and deductibles. Some types of losses, such as losses resulting from physical damage to dams, generally are not insured. In some cases, we retain the entire risk of loss because it is not economically prudent to purchase insurance coverage or because of the perceived remoteness of the risk. Other risks are uninsured because insurance coverage may not be commercially available. Finally, we retain all risk of loss that exceeds the limits of our insurance. Political crises (including but not limited to heightened security measures, war, actual or threatened terrorist attacks, efforts to combat terrorism or other acts of violence) and public health crises (including, but not limited to, pandemics) may cause consumer confidence and spending to decrease, or may affect the ability or willingness of tourists to travel to Hawai‘i, thereby adversely

affecting Hawai‘i’s economy and us. Further, as our business is concentrated in Hawai‘i, an attack on Hawai‘i as a result of war or terrorism may severely or irreparably harm the Company. Such events beyond our control could adversely affect trade and global and local economies and may lead to actions limiting trade and population movement and the movement of goods through the supply chain, as well as other impacts to business and consumer demand, which may adversely affect the Company’s business, operating results and financial condition. The nature of our business exposes us to the potential for disputes, legal or other proceedings, or government inquiries or investigations, relating to labor and employment matters, contractual disputes, personal injury and property damage, environmental matters, construction litigation, business practices, and other matters, as discussed in the other risk factors disclosed in this section. These disputes could harm our business by distracting our management from the operation of our business. If these disputes develop into proceedings, these proceedings could result in significant expenditures or losses by us. Further, as a real estate developer, we may face warranty and construction defect claims, as described below under “Risks Relating to Our Land Operations Segment.” We have a significant amount of long-lived assets on our consolidated balance sheet and have recorded non-cash impairment charges in the past. Under generally accepted accounting principles, long-lived assets are required to be reviewed for impairment whenever adverse events or changes in circumstances indicate a possible impairment. If business conditions or other factors cause profitability and cash flows to decline, we may be required to record additional non-cash impairment charges. Events and conditions that could result in further impairment in the value of our long-lived assets include changes in the industries in which we operate, particularly the impact of a downturn in the global or Hawai‘i economy, as well as competition and advances in technology, adverse changes in the regulatory environment, or other factors leading to reduction in expected long-term sales or profitability.

Risks Related to Our Commercial Real Estate Segment We own a portfolio of commercial real estate assets. Factors that may adversely affect the portfolio’s profitability include, but are not limited to: (i) a significant number of our tenants are unable to meet their obligations; (ii) increases in non-recoverable operating and ownership costs; (iii) we are unable to lease space at our properties when the space becomes available; (iv) the rental rates upon a renewal or a new lease are significantly lower than prior rents or do not increase sufficiently to cover increases in operating and ownership costs; (v) the providing of lease concessions, such as free or discounted rents and tenant improvement allowances; and (vi) the discovery of hazardous or toxic substances, or other environmental, culturally-sensitive, or related issues at the property. We may derive significant cash flows and earnings from certain key tenants. If one or more of these tenants declares bankruptcy or voluntarily vacates from the leased premise and we are unable to re-lease such space (or to re-lease it on comparable or more favorable terms), we may be adversely impacted. Additionally, we may be further adversely impacted by an impairment or “write-down” of intangible assets, such as lease-in-place value, favorable lease asset, or a deferred asset related to straight-line lease rent, associated with a tenant bankruptcy or vacancy. Although many of the retailers operating at our properties sell groceries and other necessity-based soft goods or provide services, the shift to online shopping may cause declines in brick-and-mortar sales generated by certain of our tenants and / or may cause certain of our tenants to reduce the size or number of their retail locations in the future. As a result, our cash flow, financial condition and results of operations could be adversely affected. We may not be able to renew leases, lease vacant space, or re-let space as leases expire. In addition, we may need to offer substantial rent abatements, tenant improvements, early termination rights, or below-market renewal options to retain existing tenants or attract new tenants. If the rental rates for our properties decrease, our existing tenants do not renew their leases, or we do not re-let our available space, our financial condition, results of operations, and cash flows would be adversely affected. Our operating expenses include, but are not limited to, property taxes, insurance, utilities, repairs, and the maintenance of the common areas of our commercial real estate. We may experience increases in our operating expenses, some or all of which may be out of our control. Most of our leases require that tenants pay for a share of property taxes, insurance, and common area maintenance costs. However, if any property is not fully occupied, or if recovery income from tenants is not sufficient to cover operating expenses, then we could be required to expend our own funds for operating expenses. In addition, we may be unable to renew leases or negotiate new leases with terms requiring our tenants to pay all the property tax, insurance, and common area maintenance costs that tenants currently pay, which would adversely affect our operating results. Some of our retail centers are anchored by large tenants. At any time, our tenants may experience a downturn in their business that may significantly weaken their financial condition. As a result, our tenants, including our anchor and other major tenants, may fail to comply with their contractual obligations to us, seek concessions in order to continue operations, or declare bankruptcy, any of which could result in the termination of such tenants’ leases and the loss of rental income attributable to the terminated leases. In addition, certain of our tenants may cease operations while continuing to pay rent, which could decrease customer traffic, thereby decreasing sales for our other tenants at the applicable retail property. In addition, mergers or consolidations among retail establishments could result in the closure of existing stores or the duplication or geographic overlapping of store locations, which could include stores at our retail centers. Loss of, or a store closure by, an anchor store or major tenant could significantly reduce our occupancy level or the rent that we receive from our retail centers. We may be unable to re-lease vacated space or to re-lease it on comparable or more favorable terms, or at all. In the event of default by an anchor store or major tenant, we may experience delays and costs in enforcing our rights as landlord to recover amounts due to us under the terms of our agreements with such parties. Certain of the leases at our retail centers contain “co-tenancy” provisions that establish conditions related to a tenant’s obligation to remain open, the amount of rent payable, or a tenant’s obligation to continue occupying space, including (i) the presence of an anchor tenant, (ii) the continued operation of an anchor tenant’s store, and (iii) minimum occupancy levels at the applicable property. If a co-tenancy provision is triggered by a failure of any of these conditions, a tenant could have the right to cease operations, to terminate its lease early, or to a reduction of its rent. In addition, certain of the leases at our retail centers contain “go-dark” provisions that allow the tenant to cease operations while continuing to pay rent. This could result in decreased customer traffic at the property, thereby decreasing sales for our other tenants at such property, which may result in our other tenants being unable to pay their minimum rents or expense recovery charges. Such provisions may also result in

lower rental revenue generated under the applicable leases. To the extent co-tenancy or go-dark provisions in our leases result in lower revenue or tenant sales, tenants' rights to terminate their leases early, or to a reduction of their rent, our performance and / or the value of the applicable retail center could be adversely affected. We have significant investments in various commercial real estate properties ~~and development-for-hold projects~~. Weakness in the real estate sector, especially in Hawai'i, difficulty in obtaining or renewing ~~project-level~~ financing, and changes in our investment and redevelopment ~~and development-for-hold~~ strategy, among other factors, may affect the fair value of these real estate assets. If the undiscounted cash flows of our commercial properties, or redevelopment ~~or development-for-hold~~ projects, were to decline below the carrying value of those assets, we would be required to recognize an impairment loss if the fair value of those assets were below their carrying value. Our business strategy involves the acquisition of retail ~~, office~~, industrial, and other properties. These activities require us to identify suitable acquisition candidates or investment opportunities that meet our criteria. We evaluate the market of available properties and may attempt to acquire properties when strategic opportunities exist. We may be unable to acquire properties that we have identified as potential acquisition opportunities due to various factors, including but not limited to, the inability to (i) negotiate terms agreeable to the parties involved, (ii) satisfy conditions to closing, or (iii) finance the acquisition on favorable terms, or at all. In addition, we may incur significant costs and divert management attention in connection with evaluating and negotiating potential acquisitions, including ones that we are subsequently not able to complete. If we are unable to acquire properties on favorable terms, or at all, our financial condition, results of operations, and cash flow could be adversely affected. We compete with many other entities for the acquisition of commercial real estate and land suitable for new developments, including other REITs, private institutional investors, and other owner-operators of commercial real estate. Larger REITs may enjoy competitive advantages that result from a lower cost of capital. These competitors may increase the market prices we would have to pay in order to acquire properties. If we are unable to acquire properties that meet our criteria at prices we deem reasonable, our ability to grow may be adversely affected. Our redevelopment and development- for- hold projects are subject to risks relating to our ability to complete our projects on time and on budget. Factors that may result in a development project exceeding budget or being prevented from completion include, but are not limited to: (i) our inability to secure sufficient financing or insurance on favorable terms, or at all; (ii) construction delays, defects, or cost overruns, which may increase project development costs; (iii) an increase in commodity or construction costs, including labor costs; (iv) the discovery of hazardous or toxic substances, or other environmental, culturally- sensitive, or related issues; (v) an inability to obtain, or a significant delay in obtaining, zoning, construction, occupancy and other required governmental permits and authorizations; (vi) difficulty in complying with local, city, county and state rules and regulations regarding permitting, zoning, subdivision, utilities, and water quality, as well as federal rules and regulations regarding air and water quality and protection of endangered species and their habitats; (vii) insufficient infrastructure capacity or availability (e. g., water, sewer and roads) to serve the needs of our projects; (viii) an inability to secure tenants necessary to support the project or maintain compliance with debt covenants; (ix) failure to achieve or sustain anticipated occupancy levels; (x) condemnation of all or parts of development or operating properties, which could adversely affect the value or viability of such projects; and (xi) instability in the financial industry could reduce the availability of financing. Significant instability in the financial industry may result in declining property values and increasing defaults on loans. This, in turn, could lead to increased regulations, tightened credit requirements, reduced liquidity and increased credit risk premiums for virtually all borrowers. Deterioration in the credit environment may also impact us in other ways, including the credit or solvency of vendors, tenants, or joint venture partners, the ability of partners to fund their financial obligations to joint ventures and our access to mortgage financing for our own properties. Our ability to promptly sell one or more properties in our portfolio in response to changing economic, financial and investment conditions is limited. The real estate market is affected by many factors, such as general economic conditions, supply and demand, availability of financing, interest rates and other factors that are beyond our control. We cannot be certain that we will be able to sell any property for the price and other terms we seek, or that any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot estimate with certainty the length of time needed to find a willing purchaser and to complete the sale of a property. Factors that impede our ability to dispose of properties could adversely affect our financial condition and operating results.

Risks Related to Our Land Operations Segment Our development- for- sale projects are subject to risks that are similar to those described in the "We are subject to risks associated with real estate construction and development" risk factor above, under the "Risks Relating to Our Commercial Real Estate Segment" section. Significant instability in the financial industry may result in declining property values and increasing defaults on loans. This, in turn, could lead to increased regulations, tightened credit requirements, reduced liquidity and increased credit risk premiums for virtually all borrowers. Fewer loan products and strict loan qualifications make it more difficult for borrowers to finance the purchase of units in our projects. Additionally, more stringent requirements to obtain financing for buyers of commercial properties make it significantly more difficult for us to sell commercial properties and may negatively impact the sales prices and other terms of such sales. Deterioration in the credit environment may also impact us in other ways, including the credit or solvency of customers, vendors, or joint venture partners, the ability of partners to fund their financial obligations to joint ventures and our access to mortgage financing for our own properties. Governmental entities have adopted or may adopt regulatory requirements that may restrict our development activity. We are subject to laws and regulations that affect the land development process, including zoning and permitted land uses. Government entities have adopted or may approve regulations or laws that could negatively impact the availability of land and development opportunities. It is possible that requirements will be imposed on developers that could adversely affect our ability to develop projects in the affected markets or could require that we satisfy additional administrative and regulatory requirements, which could delay development progress or increase the development costs to us. Real estate development projects are subject to warranty and construction defect claims, in the ordinary course of business, that can be significant. In our development- for- sale projects, we are subject to warranty and construction defect claims arising in the ordinary course of business. The amounts payable under these claims, both in legal fees and remedying any

construction defects, can be significant and could exceed the profits made from the project. As a consequence, we may maintain liability insurance, obtain indemnities and certificates of insurance from contractors generally covering claims related to workmanship and materials, and create warranty and other reserves for projects based on historical experience and qualitative risks associated with the type of project built. Because of the uncertainties inherent in these matters, we cannot provide any assurance that our insurance coverage, contractor arrangements and reserves will be adequate to address some or all of our warranty and construction defect claims in the future. For example, contractual indemnities may be difficult to enforce, we may be responsible for applicable self-insured retentions, and certain claims may not be covered by insurance or may exceed applicable coverage limits. Additionally, the coverage offered, and the availability of liability insurance for construction defects, could be limited or costly. Accordingly, we cannot provide any assurance that such coverage will be adequate, available at an acceptable cost, or available at all. The lack of water for agricultural irrigation could adversely affect the financial position and profitability of the Land Operations segment. It is crucial to have access to sufficient, reliable and affordable sources of water in order to conduct sustainable agricultural activity. Water availability is critical to the successful implementation of farming plans on those lands purchased from us by Mahi Pono Holdings LLC ("Mahi Pono") in conjunction with our sale of certain agricultural landholdings on Maui (~~the "Agricultural Land Sale"~~). As described in our public filings associated with that sale, as well as Note 11 – Revenue and Contract Balances of Notes to Consolidated Financial Statements, included in Part II, Item 8 of this report, if Mahi Pono is unable to secure sufficient water to support the agricultural plans for which it purchased the lands, this could trigger certain financial obligations. Governmental entities have adopted or may adopt regulatory requirements related to our dams, reservoirs, and other water infrastructure that may adversely affect our operations. We are subject to inspections and regulations that apply to certain of our dams, reservoirs, and other water infrastructure. Certain of these facilities have deficiencies noted by the State of Hawai‘i, which we are working with the regulators to resolve. It is possible that current or future requirements imposed on landowners and dam owners / operators may require that we satisfy additional administrative and regulatory requirements and thereby increase the holding costs to us and / or decrease the operational utility of the subject facilities. 19