

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q**

(Mark one)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: March 31, 2021

Or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from: _____ **to** _____

Commission File Number: 001-06064

ALEXANDERS INC

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

51-0100517

(I.R.S. Employer Identification Number)

210 Route 4 East, Paramus, New Jersey

(Address of principal executive offices)

07652

(Zip Code)

(201) 587-8541

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$1 par value per share	ALX	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

- | | |
|--|---|
| <input type="checkbox"/> Large Accelerated Filer | <input checked="" type="checkbox"/> Accelerated Filer |
| <input type="checkbox"/> Non-Accelerated Filer | <input type="checkbox"/> Smaller Reporting Company |
| | <input type="checkbox"/> Emerging Growth Company |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 30, 2021, there were 5,107,290 shares of common stock, par value \$1 per share, outstanding.

ALEXANDER'S, INC.
INDEX

	<u>Page Number</u>
PART I. <u>Financial Information</u>	
Item 1. Financial Statements:	
Consolidated Balance Sheets (Unaudited) as of March 31, 2021 and December 31, 2020	4
Consolidated Statements of Income (Unaudited) for the Three Months Ended March 31, 2021 and 2020	5
Consolidated Statements of Comprehensive Income (Unaudited) for the Three Months Ended March 31, 2021 and 2020	6
Consolidated Statements of Changes in Equity (Unaudited) for the Three Months Ended March 31, 2021 and 2020	7
Consolidated Statements of Cash Flows (Unaudited) for the Three Months Ended March 31, 2021 and 2020	8
Notes to Consolidated Financial Statements (Unaudited)	9
Report of Independent Registered Public Accounting Firm	15
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	16
Item 3. Quantitative and Qualitative Disclosures about Market Risk	22
Item 4. Controls and Procedures	22
PART II. <u>Other Information</u>	
Item 1. Legal Proceedings	23
Item 1A. Risk Factors	23
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	23
Item 3. Defaults Upon Senior Securities	23
Item 4. Mine Safety Disclosures	23
Item 5. Other Information	23
Item 6. Exhibits	23
Exhibit Index	24
Signatures	25

PART I. FINANCIAL INFORMATION**Item 1. Financial Statements****ALEXANDER'S, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)**

(Amounts in thousands, except share and per share amounts)

ASSETS	March 31, 2021	December 31, 2020
Real estate, at cost:		
Land	\$ 44,971	\$ 44,971
Buildings and leasehold improvements	1,009,761	1,014,311
Development and construction in progress	12,405	11,761
Total	1,067,137	1,071,043
Accumulated depreciation and amortization	(351,752)	(350,122)
Real estate, net	715,385	720,921
Cash and cash equivalents	459,384	428,710
Restricted cash	21,132	21,167
Marketable securities	6,606	6,024
Tenant and other receivables	6,830	8,116
Receivable arising from the straight-lining of rents	142,637	145,274
Deferred leasing costs, net, including unamortized leasing fees to Vornado of \$27,221 and \$27,851, respectively	35,617	36,524
Other assets	23,644	37,402
	<u>\$ 1,411,235</u>	<u>\$ 1,404,138</u>
LIABILITIES AND EQUITY		
Mortgages payable, net of deferred debt issuance costs	\$ 1,156,517	\$ 1,156,170
Amounts due to Vornado	1,412	1,516
Accounts payable and accrued expenses	42,996	35,342
Other liabilities	7,052	7,882
Total liabilities	<u>1,207,977</u>	<u>1,200,910</u>
Commitments and contingencies		
Preferred stock: \$1.00 par value per share; authorized, 3,000,000 shares; issued and outstanding, none	—	—
Common stock: \$1.00 par value per share; authorized, 10,000,000 shares; issued, 5,173,450 shares; outstanding, 5,107,290 shares	5,173	5,173
Additional capital	32,965	32,965
Retained earnings	160,997	166,165
Accumulated other comprehensive income (loss)	4,491	(707)
	203,626	203,596
Treasury stock: 66,160 shares, at cost	(368)	(368)
Total equity	<u>203,258</u>	<u>203,228</u>
	<u>\$ 1,411,235</u>	<u>\$ 1,404,138</u>

See notes to consolidated financial statements (unaudited).

ALEXANDER'S, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(Amounts in thousands, except share and per share amounts)

	Three Months Ended March	
	2021	2020
REVENUES		
Rental revenues	\$ 56,153	\$ 54,110
EXPENSES		
Operating, including fees to Vornado of \$1,560 and \$1,383, respectively	(23,800)	(21,753)
Depreciation and amortization	(8,542)	(7,909)
General and administrative, including management fees to Vornado of \$595 in each period	(1,543)	(1,451)
Total expenses	<u>(33,885)</u>	<u>(31,113)</u>
Interest and other income, net	172	1,543
Interest and debt expense	(5,140)	(8,573)
Change in fair value of marketable securities	582	(11,395)
Net income	<u>\$ 17,882</u>	<u>\$ 4,572</u>
Net income per common share - basic and diluted	<u>\$ 3.49</u>	<u>\$ 0.89</u>
Weighted average shares outstanding	<u>5,122,206</u>	<u>5,118,698</u>

See notes to consolidated financial statements (unaudited).

ALEXANDER'S, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)
(Amounts in thousands)

	Three Months Ended March 31,	
	2021	2020
Net income	\$ 17,882	\$ 4,572
Other comprehensive income:		
Change in fair value of interest rate derivatives	5,198	25
Comprehensive income	<u>\$ 23,080</u>	<u>\$ 4,597</u>

See notes to consolidated financial statements (unaudited).

ALEXANDER'S, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

(Amounts in thousands, except per share amounts)

	Common Stock		Additional Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Total Equity
	Shares	Amount					
Three Months Ended March 31, 2021							
Balance, December 31, 2020	5,173	\$ 5,173	\$ 32,965	\$ 166,165	\$ (707)	\$ (368)	\$ 203,228
Net income	—	—	—	17,882	—	—	17,882
Dividends paid (\$4.50 per common share)	—	—	—	(23,050)	—	—	(23,050)
Change in fair value of interest rate derivatives	—	—	—	—	5,198	—	5,198
Balance, March 31, 2021	<u>5,173</u>	<u>\$ 5,173</u>	<u>\$ 32,965</u>	<u>\$ 160,997</u>	<u>\$ 4,491</u>	<u>\$ (368)</u>	<u>\$ 203,258</u>
Three Months Ended March 31, 2020							
Balance, December 31, 2019	5,173	\$ 5,173	\$ 32,365	\$ 216,394	\$ (49)	\$ (368)	\$ 253,515
Net income	—	—	—	4,572	—	—	4,572
Dividends paid (\$4.50 per common share)	—	—	—	(23,034)	—	—	(23,034)
Change in fair value of interest rate derivatives	—	—	—	—	25	—	25
Balance, March 31, 2020	<u>5,173</u>	<u>\$ 5,173</u>	<u>\$ 32,365</u>	<u>\$ 197,932</u>	<u>\$ (24)</u>	<u>\$ (368)</u>	<u>\$ 235,078</u>

See notes to consolidated financial statements (unaudited).

ALEXANDER'S, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(Amounts in thousands)

	Three Months Ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 17,882	\$ 4,572
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including amortization of debt issuance costs	8,958	9,202
Straight-lining of rental income	2,637	1,935
Change in fair value of marketable securities	(582)	11,395
Changes in operating assets and liabilities:		
Tenant and other receivables	1,286	1,225
Other assets	14,278	(12,707)
Amounts due to Vornado	430	(597)
Accounts payable and accrued expenses	9,240	10,166
Other liabilities	(163)	(156)
Net cash provided by operating activities	<u>53,966</u>	<u>25,035</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction in progress and real estate additions	(3,842)	(6,961)
Return of short-term investment	3,600	—
Net cash used in investing activities	<u>(242)</u>	<u>(6,961)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(23,050)	(23,034)
Debt issuance costs	(35)	(79)
Proceeds from borrowing	—	145,708
Net cash (used in) provided by financing activities	<u>(23,085)</u>	<u>122,595</u>
Net increase in cash and cash equivalents and restricted cash	30,639	140,669
Cash and cash equivalents and restricted cash at beginning of period	449,877	313,977
Cash and cash equivalents and restricted cash at end of period	<u>\$ 480,516</u>	<u>\$ 454,646</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents at beginning of period	\$ 428,710	\$ 298,063
Restricted cash at beginning of period	21,167	15,914
Cash and cash equivalents and restricted cash at beginning of period	<u>\$ 449,877</u>	<u>\$ 313,977</u>
Cash and cash equivalents at end of period	\$ 459,384	\$ 438,342
Restricted cash at end of period	21,132	16,304
Cash and cash equivalents and restricted cash at end of period	<u>\$ 480,516</u>	<u>\$ 454,646</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 4,565</u>	<u>\$ 7,805</u>
NON-CASH TRANSACTIONS		
Liability for real estate additions, including \$33 and \$146 for development fees due to Vornado in 2021 and 2020, respectively	\$ 2,913	\$ 3,209
Write-off of fully depreciated assets	5,628	367

See notes to consolidated financial statements (unaudited).

ALEXANDER’S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Organization

Alexander’s, Inc. (NYSE: ALX) is a real estate investment trust (“REIT”), incorporated in Delaware, engaged in leasing, managing, developing and redeveloping its properties. All references to “we,” “us,” “our,” “Company” and “Alexander’s” refer to Alexander’s, Inc. and its consolidated subsidiaries. We are managed by, and our properties are leased and developed by, Vornado Realty Trust (“Vornado”) (NYSE: VNO). We have seven properties in the greater New York City metropolitan area.

2. COVID-19 Pandemic

Our business has been adversely affected by the ongoing COVID-19 pandemic. Although substantially all our retail tenants are currently open and operating, there are limitations on occupancy and other restrictions that affect their ability to resume full operations and impact their financial health.

In limited circumstances, we have agreed to and may continue to agree to rent deferrals and abatements for certain of our tenants. We have made the policy election available to us based on the Financial Accounting Standards Board’s (“FASB”) guidance for leases during the COVID-19 pandemic, which allows us to continue recognizing rental revenue for rent deferral agreements and to recognize rent abatements as a reduction to rental revenue in the period granted for qualifying deferrals and abatements.

Overall, we have collected approximately 95% of the rent due from our tenants for the quarter ended March 31, 2021, including 100% from our office tenant, approximately 87% from our retail tenants, and approximately 99% from our residential tenants.

3. Basis of Presentation

The accompanying consolidated financial statements are unaudited and include the accounts of Alexander’s and its consolidated subsidiaries. All intercompany amounts have been eliminated and all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and changes in cash flows have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been condensed or omitted. These consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q of the Securities and Exchange Commission (the “SEC”) and should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2020, as filed with the SEC.

We have made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The results of operations for the three months ended March 31, 2021 are not necessarily indicative of the operating results for the full year.

We operate in one reportable segment.

4. Recently Issued Accounting Literature

In March 2020, the FASB issued an update (“ASU 2020-04”) establishing Accounting Standards Codification (“ASC”) Topic 848, *Reference Rate Reform*. ASU 2020-04 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. We are currently evaluating the impact of the guidance and our options related to the practical expedients.

ALEXANDER'S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

5. Revenue Recognition

Our rental revenues include revenues from the leasing of space to tenants at our properties and revenues from parking and tenant services. We have the following revenue recognition policies:

- Lease revenues from the leasing of space to tenants at our properties. Revenues derived from base rent are recognized over the non-cancelable term of the related leases on a straight-line basis which includes the effects of rent steps and rent abatements. We commence rental revenue recognition when the underlying asset is available for use by the lessee. In addition, in circumstances where we provide a tenant improvement allowance for improvements that are owned by the tenant, we recognize the allowance as a reduction of rental revenue on a straight-line basis over the term of the lease. Revenues derived from the reimbursement of real estate taxes, insurance expenses and common area maintenance expenses are generally recognized in the same period as the related expenses are incurred. As lessor, we have elected to combine the lease components (base and variable rent), non-lease components (reimbursements of common area maintenance expenses) and reimbursement of real estate taxes and insurance expenses from our operating lease agreements and account for the components as a single lease component in accordance with ASC Topic 842, *Leases* (“ASC 842”).
- Parking revenue arising from the rental of parking spaces at our properties. This income is recognized as the services are transferred in accordance with ASC Topic 606, *Revenue from Contracts with Customers* (“ASC 606”).
- Tenant services is revenue arising from sub-metered electric, elevator and other services provided to tenants at their request. This revenue is recognized as the services are transferred in accordance with ASC 606.

Under ASC 842, we must assess on an individual lease basis whether it is probable that we will collect substantially all of the future lease payments. We consider the tenant’s payment history and current credit status when assessing collectability. When collectability is not deemed probable, we write-off the tenant’s receivables, including straight-line rent receivable, and limit lease income to cash received. We recognize changes in the collectability assessment of our operating leases as adjustments to rental revenues.

The following is a summary of revenue sources for the three months ended March 31, 2021 and 2020.

(Amounts in thousands)	Three Months Ended March 31,	
	2021	2020
Lease revenues	\$ 54,411	\$ 51,986
Parking revenue	796	1,304
Tenant services	946	820
Rental revenues	<u>\$ 56,153</u>	<u>\$ 54,110</u>

The components of lease revenues for the three months ended March 31, 2021 and 2020 are as follows:

(Amounts in thousands)	Three Months Ended March 31,	
	2021	2020
Fixed lease revenues	\$ 33,810	\$ 34,149
Variable lease revenues	20,601	17,837
Lease revenues	<u>\$ 54,411</u>	<u>\$ 51,986</u>

Bloomberg accounted for revenue of \$28,757,000 and \$27,115,000 for the three months ended March 31, 2021 and 2020, respectively, representing approximately 51% and 50% of our total revenues in each period, respectively. No other tenant accounted for more than 10% of our total revenues. If we were to lose Bloomberg as a tenant, or if Bloomberg were to be unable to fulfill its obligations under its lease, it would adversely affect our results of operations and financial condition. In order to assist us in our continuing assessment of Bloomberg’s creditworthiness, we receive certain confidential financial information and metrics from Bloomberg. In addition, we access and evaluate financial information regarding Bloomberg from other private sources, as well as publicly available data.

ALEXANDER'S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

6. Related Party Transactions

Vornado

As of March 31, 2021, Vornado owned 32.4% of our outstanding common stock. We are managed by, and our properties are leased and developed by, Vornado, pursuant to the agreements described below, which expire in March of each year and are automatically renewable.

Management and Development Agreements

We pay Vornado an annual management fee equal to the sum of (i) \$2,800,000, (ii) 2% of gross revenue from the Rego Park II shopping center, (iii) \$0.50 per square foot of the tenant-occupied office and retail space at 731 Lexington Avenue and (iv) \$334,000, escalating at 3% per annum, for managing the common area of 731 Lexington Avenue. Vornado is also entitled to a development fee equal to 6% of development costs, as defined.

Leasing and Other Agreements

Vornado also provides us with leasing services for a fee of 3% of rent for the first ten years of a lease term, 2% of rent for the eleventh through the twentieth year of a lease term, and 1% of rent for the twenty-first through thirtieth year of a lease term, subject to the payment of rents by tenants. In the event third-party real estate brokers are used, the fees to Vornado increase by 1% and Vornado is responsible for the fees to the third-party real estate brokers.

Vornado is also entitled to a commission upon the sale of any of our assets equal to 3% of gross proceeds, as defined, for asset sales less than \$50,000,000 and 1% of gross proceeds, as defined, for asset sales of \$50,000,000 or more.

We also have agreements with Building Maintenance Services LLC, a wholly owned subsidiary of Vornado, to supervise (i) cleaning, engineering and security services at our 731 Lexington Avenue property and (ii) security services at our Rego Park I and Rego Park II properties and The Alexander apartment tower.

The following is a summary of fees to Vornado under the various agreements discussed above.

(Amounts in thousands)	Three Months Ended March 31,	
	2021	2020
Company management fees	\$ 700	\$
Development fees	33	
Leasing fees	411	
Property management, cleaning, engineering and security fees	1,432	1,
	<u>\$ 2,576</u>	<u>\$ 2,</u>

As of March 31, 2021, the amounts due to Vornado were \$951,000 for management, property management, cleaning, engineering and security fees; \$428,000 for leasing fees; and \$33,000 for development fees. As of December 31, 2020, the amounts due to Vornado were \$845,000 for management, property management, cleaning, engineering and security fees; \$557,000 for development fee; and \$114,000 for leasing fees.

7. Marketable Securities

As of March 31, 2021 and December 31, 2020, we owned 564,612 common shares of The Macerich Company ("Macerich") (NYSE: MAC). As of March 31, 2021 and December 31, 2020, the fair value of these shares was \$6,606,000 and \$6,024,000, respectively, based on Macerich's closing share price of \$11.70 per share and \$10.67 per share, respectively. These shares are presented at fair value as "marketable securities" on our consolidated balance sheets and the gains and losses resulting from the mark-to-market of these securities are recognized in current period earnings.

ALEXANDER'S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

8. Mortgages Payable

The following is a summary of our outstanding mortgages payable as of March 31, 2021 and December 31, 2020. We may refinance our maturing debt as it comes due or choose to pay it down.

(Amounts in thousands)	<u>Maturity</u>	<u>Interest Rate at March 31, 2021</u>	<u>Balance at</u>	
			<u>March 31, 2021</u>	<u>December 31, 2020</u>
First mortgages secured by:				
Paramus	Oct. 04, 2021	4.72%	\$ 68,000	\$ 68,000
731 Lexington Avenue, office condominium ⁽¹⁾	Jun. 11, 2024	1.01%	500,000	500,000
731 Lexington Avenue, retail condominium ⁽²⁾	Aug. 05, 2025	1.50%	300,000	300,000
Rego Park II shopping center ⁽³⁾	Dec. 12, 2025	1.46%	202,544	202,544
The Alexander apartment tower	Nov. 01, 2027	2.63%	94,000	94,000
Total			1,164,544	1,164,544
Deferred debt issuance costs, net of accumulated amortization of \$13,416 and \$13,034, respectively			(8,027)	(8,374)
			<u>\$ 1,156,517</u>	<u>\$ 1,156,170</u>

(1) Interest at LIBOR plus 0.90%. Maturity represents the extended maturity based on our unilateral right to extend.

(2) Interest at LIBOR plus 1.40% which is subject to an interest rate swap with a fixed rate of 1.72%.

(3) Interest at LIBOR plus 1.35%. The loan balance of \$252,544 is presented net of our participation of \$50,000 as of March 31, 2021 and December 31, 2020. On April 7, 2021, we used our participation in this loan to reduce the loan balance to \$202,544.

9. Fair Value Measurements

ASC Topic 820, *Fair Value Measurement* ("ASC 820") defines fair value and establishes a framework for measuring fair value. ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels: Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities; Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and Level 3 – unobservable inputs that are used when little or no market data is available. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as consider counterparty credit risk in our assessment of fair value.

Financial Assets and Liabilities Measured at Fair Value

Financial assets measured at fair value on our consolidated balance sheet as of March 31, 2021 consist of marketable securities and an interest rate swap, which are presented in the table below based on their level in the fair value hierarchy, and an interest rate cap, which fair value was insignificant as of March 31, 2021. There were no financial liabilities measured at fair value as of March 31, 2021.

(Amounts in thousands)	<u>As of March 31, 2021</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Marketable securities	\$ 6,606	\$ 6,606	\$ —	\$ —
Interest rate swap (included in other assets)	4,516	—	4,516	—
	<u>\$ 11,122</u>	<u>\$ 6,606</u>	<u>\$ 4,516</u>	<u>\$ —</u>

ALEXANDER'S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

9. Fair Value Measurements - continued

Financial assets measured at fair value on our consolidated balance sheet as of December 31, 2020 consist of marketable securities, which are presented in the table below based on their level in the fair value hierarchy, and an interest rate cap, which fair value was insignificant as of December 31, 2020. Financial liabilities measured at fair value as of December 31, 2020 consist of an interest rate swap, which is presented in the table below based on its level in the fair value hierarchy.

(Amounts in thousands)	As of December 31, 2020			
	Total	Level 1	Level 2	Level 3
Assets:				
Marketable securities	\$ 6,024	\$ 6,024	\$ —	\$ —
Liabilities:				
Interest rate swap (included in other liabilities)	\$ 667	\$ —	\$ 667	\$ —

Financial Assets and Liabilities not Measured at Fair Value

Financial assets and liabilities that are not measured at fair value on our consolidated balance sheets include cash equivalents and mortgages payable. Cash equivalents are carried at cost, which approximates fair value due to their short-term maturities and are classified as Level 1. The fair value of our mortgages payable is calculated by discounting the future contractual cash flows of these instruments using current risk-adjusted rates available to borrowers with similar credit ratings, which are provided by a third-party specialist, and is classified as Level 2. The table below summarizes the carrying amounts and fair values of these financial instruments as of March 31, 2021 and December 31, 2020.

(Amounts in thousands)	As of March 31, 2021		As of December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Cash equivalents	\$ 423,078	\$ 423,078	\$ 393,070	\$ 393,070
Liabilities:				
Mortgages payable (excluding deferred debt issuance costs, net)	\$ 1,164,544	\$ 1,129,000	\$ 1,164,544	\$ 1,130,000

10. Commitments and Contingencies

Insurance

We maintain general liability insurance with limits of \$300,000,000 per occurrence and per property, of which the first \$1,000,000 includes communicable disease coverage, and all-risk property and rental value insurance coverage with limits of \$1.7 billion per occurrence, including coverage for acts of terrorism, with sub-limits for certain perils such as floods and earthquakes on each of our properties and excluding communicable disease coverage.

Fifty Ninth Street Insurance Company, LLC ("FNSIC"), our wholly owned consolidated subsidiary, acts as a direct insurer for coverage for acts of terrorism, including nuclear, biological, chemical and radiological ("NBCR") acts, as defined by the Terrorism Risk Insurance Act of 2002, as amended to date and which has been extended through December 2027. Coverage for acts of terrorism (including NBCR acts) is up to \$1.7 billion per occurrence and in the aggregate. Coverage for acts of terrorism (excluding NBCR acts) is fully reinsured by third party insurance companies and the Federal government with no exposure to FNSIC. For NBCR acts, FNSIC is responsible for a \$275,000 deductible and 20% of the balance of a covered loss, and the Federal government is responsible for the remaining 80% of a covered loss. We are ultimately responsible for any loss incurred by FNSIC.

We continue to monitor the state of the insurance market and the scope and costs of coverage for acts of terrorism or other events. However, we cannot anticipate what coverage will be available on commercially reasonable terms in the future. We are responsible for uninsured losses and for deductibles and losses in excess of our insurance coverage, which could be material.

ALEXANDER'S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

10. Commitments and Contingencies - continued

Our mortgage loans are non-recourse to us and contain customary covenants requiring us to maintain insurance. Although we believe that we have adequate insurance coverage for purposes of these agreements, we may not be able to obtain an equivalent amount of coverage at reasonable costs in the future. If lenders insist on greater coverage than we are able to obtain, it could adversely affect our ability to finance or refinance our properties.

Paramus

In 2001, we leased 30.3 acres of land located in Paramus, New Jersey to IKEA Property, Inc. The lease contains a purchase option in October 2021 for \$75,000,000. The property is encumbered by a \$68,000,000 interest-only mortgage loan with a fixed rate of 4.72%, which matures on October 4, 2021. The annual triple-net rent is the sum of \$700,000 plus the amount of interest on the mortgage loan. If the purchase option is exercised, we will receive net cash proceeds of approximately \$7,000,000 and recognize a gain on sale of land of approximately \$60,000,000. If the purchase option is not exercised, the triple-net rent for the last 20 years would include debt service sufficient to fully amortize \$68,000,000 over the remaining 20-year lease term.

Rego Park I Litigation

In June 2014, Sears Roebuck and Co. ("Sears") filed a lawsuit in the Supreme Court of the State of New York against Vornado and us (and certain of our subsidiaries) with regard to the 195,000 square foot store that Sears leased at our Rego Park I property alleging that the defendants are liable for harm that Sears has suffered as a result of (a) water intrusions into the premises, (b) two fires in February 2014 that caused damages to those premises, and (c) alleged violations of the Americans with Disabilities Act in the premises' parking garage. Sears asserted various causes of actions for damages and sought to compel compliance with landlord's obligations to repair the premises and to provide security, and to compel us to abate a nuisance that Sears claims was a cause of the water intrusions into its premises. In addition to injunctive relief, Sears sought, among other things, damages of not less than \$4,000,000 and future damages it estimated would not be less than \$25,000,000. In March 2016, Sears withdrew its claim for future damages leaving a remaining claim for property damages, which we estimate to be approximately \$650,000 based on information provided by Sears. We intend to defend the remaining claim vigorously. The amount or range of reasonably possible losses, if any, is not expected to be greater than \$650,000. On October 15, 2018, Sears filed for Chapter 11 bankruptcy relief resulting in an automatic stay of this case.

Letters of Credit

Approximately \$960,000 of standby letters of credit were issued and outstanding as of March 31, 2021.

Other

There are various other legal actions against us in the ordinary course of business. In our opinion, the outcome of such matters in the aggregate will not have a material effect on our financial position, results of operations or cash flows.

11. Earnings Per Share

The following table sets forth the computation of basic and diluted income per share. Basic income per share is determined using the weighted average shares of common stock outstanding during the period. Diluted income per share is determined using the weighted average shares of common stock outstanding during the period, and assumes all potentially dilutive securities were converted into common shares at the earliest date possible. There were no potentially dilutive securities outstanding during the three months ended March 31, 2021 and 2020.

(Amounts in thousands, except share and per share amounts)	Three Months Ended March 31,	
	2021	2020
Net income	\$ 17,882	\$ 4,572
Weighted average shares outstanding – basic and diluted	5,122,206	5,118,698
Net income per common share – basic and diluted	\$ 3.49	\$ 0.89

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Alexander's, Inc.

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated balance sheet of Alexander's, Inc. and subsidiaries (the "Company") as of March 31, 2021, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the three-month periods ended March 31, 2021 and 2020, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2020, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended (not presented herein); and in our report dated February 16, 2021, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2020, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ DELOITTE & TOUCHE LLP

New York, New York
May 3, 2021

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements contained in this Quarterly Report constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. Our future results, financial condition, results of operations and business may differ materially from those expressed in these forward-looking statements. You can find many of these statements by looking for words such as “approximates,” “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “would,” “may” or other similar expressions in this Quarterly Report on Form 10-Q. These forward-looking statements represent our intentions, plans, expectations and beliefs and are subject to numerous assumptions, risks and uncertainties. Many of the factors that will determine these items are beyond our ability to control or predict.

Currently, one of the most significant factors is the ongoing adverse effect of the COVID-19 pandemic on our business, financial condition, results of operations, cash flows, operating performance and the effect it has had and may continue to have on our tenants, the global, national, regional and local economies and financial markets and the real estate market in general. The extent of the impact of the COVID-19 pandemic will depend on future developments, including the duration of the pandemic, which continue to be highly uncertain, but that impact could be material. Moreover, you are cautioned that the COVID-19 pandemic will heighten many of the risks identified in “Item 1A. – Risk Factors” in Part I of our Annual Report on Form 10-K for the year ended December 31, 2020.

For a further discussion of factors that could materially affect the outcome of our forward-looking statements, see “Item 1A. – Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q or the date of any document incorporated by reference. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly, any revisions to our forward-looking statements to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q.

Management’s Discussion and Analysis of Financial Condition and Results of Operations include a discussion of our consolidated financial statements for the three months ended March 31, 2021 and 2020. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The results of operations for the three months ended March 31, 2021 are not necessarily indicative of the operating results for the full year.

Critical Accounting Policies

A summary of our critical accounting policies is included in our Annual Report on Form 10-K for the year ended December 31, 2020 in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Note 3 – Summary of Significant Accounting Policies” to the consolidated financial statements included therein. For the three months ended March 31, 2021, there were no material changes to these policies.

Overview

Alexander's, Inc. (NYSE: ALX) is a real estate investment trust ("REIT"), incorporated in Delaware, engaged in leasing, managing, developing and redeveloping its properties. All references to "we," "us," "our," "Company" and "Alexander's" refer to Alexander's, Inc. and its consolidated subsidiaries. We are managed by, and our properties are leased and developed by, Vornado Realty Trust ("Vornado") (NYSE: VNO). We have seven properties in the greater New York City metropolitan area.

We compete with a large number of property owners and developers. Our success depends upon, among other factors, trends of the world, national and local economies, the financial condition and operating results of current and prospective tenants and customers, the availability and cost of capital, construction and renovation costs, taxes, governmental regulations, legislation, population trends, zoning laws, and our ability to lease, sublease or sell our properties, at profitable levels. Our success is also subject to our ability to refinance existing debt on acceptable terms as it comes due.

COVID-19 Pandemic

Our business has been adversely affected by the ongoing COVID-19 pandemic. Although substantially all our retail tenants are currently open and operating, there are limitations on occupancy and other restrictions that affect their ability to resume full operations and impact their financial health.

In limited circumstances, we have agreed to and may continue to agree to rent deferrals and abatements for certain of our tenants. We have made the policy election available to us based on the Financial Accounting Standards Board's ("FASB") guidance for leases during the COVID-19 pandemic, which allows us to continue recognizing rental revenue for rent deferral agreements and to recognize rent abatements as a reduction to rental revenue in the period granted for qualifying deferrals and abatements.

Overall, we have collected approximately 95% of the rent due from our tenants for the quarter ended March 31, 2021, including 100% from our office tenant, approximately 87% from our retail tenants, and approximately 99% from our residential tenants.

Quarter Ended March 31, 2021 Financial Results Summary

Net income for the quarter ended March 31, 2021 was \$17,882,000, or \$3.49 per diluted share, compared to \$4,572,000, or \$0.89 per diluted share in the prior year's quarter.

Funds from operations ("FFO") (non-GAAP) for the quarter ended March 31, 2021 was \$25,781,000, or \$5.03 per diluted share, compared to \$23,744,000 or \$4.64 per diluted share in the prior year's quarter.

Square Footage, Occupancy and Leasing Activity

As of March 31, 2021, our portfolio was comprised of seven properties aggregating 2,455,000 square feet, of which 2,219,000 square feet was in service and 236,000 square feet (primarily the former Century 21 space at our Rego Park II property and a portion of the former Sears space at our Rego Park I property) was out of service for redevelopment. Excluding residential, the in service square feet was 95% occupied as of March 31, 2021. The in service residential square feet was 80% occupied as of March 31, 2021.

Significant Tenant

Bloomberg accounted for revenue of \$28,757,000 and \$27,115,000 for the three months ended March 31, 2021 and 2020, respectively, representing approximately 51% and 50% of our total revenues in each period, respectively. No other tenant accounted for more than 10% of our total revenues. If we were to lose Bloomberg as a tenant, or if Bloomberg were to be unable to fulfill its obligations under its lease, it would adversely affect our results of operations and financial condition. In order to assist us in our continuing assessment of Bloomberg's creditworthiness, we receive certain confidential financial information and metrics from Bloomberg. In addition, we access and evaluate financial information regarding Bloomberg from other private sources, as well as publicly available data.

Results of Operations – Three Months Ended March 31, 2021, compared to March 31, 2020

Rental Revenues

Rental revenues were \$56,153,000 in the quarter ended March 31, 2021, compared to \$54,110,000 in the prior year's quarter, an increase of \$2,043,000. This increase was primarily due to lease termination fee income received during the quarter ended March 31, 2021 from a retail tenant at our 731 Lexington Avenue property.

Operating Expenses

Operating expenses were \$23,800,000 in the quarter ended March 31, 2021, compared to \$21,753,000 in the prior year's quarter, an increase of \$2,047,000. This increase was primarily due to higher operating expenses subject to recovery, including real estate taxes and common area maintenance.

Depreciation and Amortization

Depreciation and amortization was \$8,542,000 in the quarter ended March 31, 2021, compared to \$7,909,000 in the prior year's quarter, an increase of \$633,000. This increase was primarily due to the acceleration of depreciation expense related to retail tenant lease expirations at our 731 Lexington Avenue property.

General and Administrative Expenses

General and administrative expenses were \$1,543,000 in the quarter ended March 31, 2021, compared to \$1,451,000 in the prior year's quarter, an increase of \$92,000.

Interest and Other Income, net

Interest and other income, net was \$172,000 in the quarter ended March 31, 2021, compared to \$1,543,000 in the prior year's quarter, a decrease of \$1,371,000. This decrease was primarily due to \$1,052,000 of lower interest income due to a decrease in average interest rates and \$316,000 of lower dividend income from The Macerich Company ("Macerich").

Interest and Debt Expense

Interest and debt expense was \$5,140,000 in the quarter ended March 31, 2021, compared to \$8,573,000 in the prior year's quarter, a decrease of \$3,433,000. This decrease was primarily due to \$3,558,000 of lower interest expense due to a decrease in LIBOR.

Change in Fair Value of Marketable Securities

Change in fair value of marketable securities was income of \$582,000 in the quarter ended March 31, 2021, resulting from an increase in Macerich's share price of \$1.03 on 564,612 shares owned. Change in fair value of marketable securities was an expense of \$11,395,000 in the prior year's quarter, resulting from a decrease in Macerich's share price of \$21.29 on 535,265 shares owned.

Liquidity and Capital Resources

Cash Flows

Rental revenue is our primary source of cash flow and is dependent on a number of factors, including the occupancy level and rental rates of our properties, as well as our tenants' ability to pay their rents. Our properties provide us with a relatively consistent stream of cash flow that enables us to pay our operating expenses, interest expense, recurring capital expenditures and cash dividends to stockholders. As a result of the COVID-19 pandemic, in limited circumstances, we have agreed to and may continue to agree to rent deferrals and abatements for certain of our tenants. Overall, we have collected approximately 95% of the rent due from our tenants for the quarter ended March 31, 2021, including 100% from our office tenant, approximately 87% from our retail tenants, and approximately 99% from our residential tenants. Other sources of liquidity to fund cash requirements include our existing cash, proceeds from financings, including mortgage or construction loans secured by our properties and proceeds from asset sales.

As of March 31, 2021, we had \$487,122,000 of liquidity comprised of \$480,516,000 of cash and cash equivalents and restricted cash and \$6,606,000 of marketable securities. We anticipate that cash flows from continuing operations over the next twelve months, together with existing cash balances, will be adequate to fund our business operations, cash dividends to stockholders, debt amortization and capital expenditures. We may refinance our maturing debt as it comes due or choose to pay it down. However, there can be no assurance that additional financing or capital will be available to refinance our debt, or that the terms will be acceptable or advantageous to us. The challenges posed by the COVID-19 pandemic and the impact on our business and cash flows continue to evolve and cannot be predicted at this time but that impact could be material. Consequently, we will continue to evaluate our liquidity and financial position on an ongoing basis.

Three Months Ended March 31, 2021

Cash and cash equivalents and restricted cash were \$480,516,000 as of March 31, 2021, compared to \$449,877,000 as of December 31, 2020, an increase of \$30,639,000. This increase resulted from (i) \$53,966,000 of net cash provided by operating activities, partially offset by (ii) \$23,085,000 of net cash used in financing activities and (iii) \$242,000 of net cash used in investing activities.

Net cash provided by operating activities of \$53,966,000 was comprised of (i) net income of \$17,882,000, (ii) adjustments for non-cash items of \$11,013,000 and (iii) the net change in operating assets and liabilities of \$25,071,000. The adjustments for non-cash items were comprised of (i) depreciation and amortization (including amortization of debt issuance costs) of \$8,958,000 and (ii) straight-lining of rental income of \$2,637,000, partially offset by (iii) the change in fair value of marketable securities of \$582,000.

Net cash used in financing activities of \$23,085,000 was primarily comprised of dividends paid of \$23,050,000.

Net cash used in investing activities was comprised of construction in progress and real estate additions of \$3,842,000, partially offset by the return of short-term investments of \$3,600,000.

Three Months Ended March 31, 2020

Cash and cash equivalents and restricted cash were \$454,646,000 as of March 31, 2020, compared to \$313,977,000 as of December 31, 2019, an increase of \$140,669,000. This increase resulted from (i) \$122,595,000 of net cash provided by financing activities and (ii) \$25,035,000 of net cash provided by operating activities, partially offset by (iii) \$6,961,000 of net cash used in investing activities.

Net cash provided by financing activities of \$122,595,000 was primarily comprised of proceeds from the reduction of our participation in our Rego Park II mortgage loan of \$145,708,000, partially offset by dividends paid of \$23,034,000.

Net cash provided by operating activities of \$25,035,000 was comprised of (i) net income of \$4,572,000 and (ii) adjustments for non-cash items of \$22,532,000, partially offset by (iii) the net change in operating assets and liabilities of \$2,069,000. The adjustments for non-cash items were comprised of (i) the change in fair value of marketable securities of \$11,395,000, (ii) depreciation and amortization (including amortization of debt issuance costs) of \$9,202,000 and (iii) straight-lining of rental income of \$1,935,000.

Net cash used in investing activities was comprised of construction in progress and real estate additions of \$6,961,000.

Liquidity and Capital Resources - continued

Commitments and Contingencies

Insurance

We maintain general liability insurance with limits of \$300,000,000 per occurrence and per property, of which the first \$1,000,000 includes communicable disease coverage, and all-risk property and rental value insurance coverage with limits of \$1.7 billion per occurrence, including coverage for acts of terrorism, with sub-limits for certain perils such as floods and earthquakes on each of our properties and excluding communicable disease coverage.

Fifty Ninth Street Insurance Company, LLC (“FNSIC”), our wholly owned consolidated subsidiary, acts as a direct insurer for coverage for acts of terrorism, including nuclear, biological, chemical and radiological (“NBCR”) acts, as defined by the Terrorism Risk Insurance Act of 2002, as amended to date and which has been extended through December 2027. Coverage for acts of terrorism (including NBCR acts) is up to \$1.7 billion per occurrence and in the aggregate. Coverage for acts of terrorism (excluding NBCR acts) is fully reinsured by third party insurance companies and the Federal government with no exposure to FNSIC. For NBCR acts, FNSIC is responsible for a \$275,000 deductible and 20% of the balance of a covered loss, and the Federal government is responsible for the remaining 80% of a covered loss. We are ultimately responsible for any loss incurred by FNSIC.

We continue to monitor the state of the insurance market and the scope and costs of coverage for acts of terrorism or other events. However, we cannot anticipate what coverage will be available on commercially reasonable terms in the future. We are responsible for uninsured losses and for deductibles and losses in excess of our insurance coverage, which could be material.

Our mortgage loans are non-recourse to us and contain customary covenants requiring us to maintain insurance. Although we believe that we have adequate insurance coverage for purposes of these agreements, we may not be able to obtain an equivalent amount of coverage at reasonable costs in the future. If lenders insist on greater coverage than we are able to obtain, it could adversely affect our ability to finance or refinance our properties.

Paramus

In 2001, we leased 30.3 acres of land located in Paramus, New Jersey to IKEA Property, Inc. The lease contains a purchase option in October 2021 for \$75,000,000. The property is encumbered by a \$68,000,000 interest-only mortgage loan with a fixed rate of 4.72%, which matures on October 4, 2021. The annual triple-net rent is the sum of \$700,000 plus the amount of interest on the mortgage loan. If the purchase option is exercised, we will receive net cash proceeds of approximately \$7,000,000 and recognize a gain on sale of land of approximately \$60,000,000. If the purchase option is not exercised, the triple-net rent for the last 20 years would include debt service sufficient to fully amortize \$68,000,000 over the remaining 20-year lease term.

Rego Park I Litigation

In June 2014, Sears Roebuck and Co. (“Sears”) filed a lawsuit in the Supreme Court of the State of New York against Vornado and us (and certain of our subsidiaries) with regard to the 195,000 square foot store that Sears leased at our Rego Park I property alleging that the defendants are liable for harm that Sears has suffered as a result of (a) water intrusions into the premises, (b) two fires in February 2014 that caused damages to those premises, and (c) alleged violations of the Americans with Disabilities Act in the premises’ parking garage. Sears asserted various causes of actions for damages and sought to compel compliance with landlord’s obligations to repair the premises and to provide security, and to compel us to abate a nuisance that Sears claims was a cause of the water intrusions into its premises. In addition to injunctive relief, Sears sought, among other things, damages of not less than \$4,000,000 and future damages it estimated would not be less than \$25,000,000. In March 2016, Sears withdrew its claim for future damages leaving a remaining claim for property damages, which we estimate to be approximately \$650,000 based on information provided by Sears. We intend to defend the remaining claim vigorously. The amount or range of reasonably possible losses, if any, is not expected to be greater than \$650,000. On October 15, 2018, Sears filed for Chapter 11 bankruptcy relief resulting in an automatic stay of this case.

Letters of Credit

Approximately \$960,000 of standby letters of credit were issued and outstanding as of March 31, 2021.

Other

There are various other legal actions against us in the ordinary course of business. In our opinion, the outcome of such matters in the aggregate will not have a material effect on our financial position, results of operations or cash flows.

Funds from Operations (“FFO”) (non-GAAP)

FFO is computed in accordance with the definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts (“NAREIT”). NAREIT defines FFO as GAAP net income or loss adjusted to exclude net gains from sales of depreciable real estate assets, real estate impairment losses, depreciation and amortization expense from real estate assets and other specified items, including the pro rata share of such adjustments of unconsolidated subsidiaries. FFO and FFO per diluted share are used by management, investors and analysts to facilitate meaningful comparisons of operating performance between periods and among our peers because it excludes the effect of real estate depreciation and amortization and net gains on sales, which are based on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions. FFO does not represent cash generated from operating activities and is not necessarily indicative of cash available to fund cash requirements and should not be considered as an alternative to net income as a performance measure or cash flow as a liquidity measure. FFO may not be comparable to similarly titled measures employed by other companies. A reconciliation of our net income to FFO is provided below.

FFO (non-GAAP) for the three months ended March 31, 2021 and 2020

FFO (non-GAAP) for the quarter ended March 31, 2021 was \$25,781,000, or \$5.03 per diluted share, compared to \$23,744,000, or \$4.64 per diluted share in the prior year’s quarter.

The following table reconciles our net income to FFO (non-GAAP):

(Amounts in thousands, except share and per share amounts)	Three Months Ended March 31,	
	2021	2020
Net income	\$ 17,882	\$ 4,572
Depreciation and amortization of real property	8,481	7,777
Change in fair value of marketable securities	(582)	11,395
FFO (non-GAAP)	<u>\$ 25,781</u>	<u>\$ 23,744</u>
FFO per diluted share (non-GAAP)	<u>\$ 5.03</u>	<u>\$ 4.64</u>
Weighted average shares used in computing FFO per diluted share	<u>5,122,206</u>	<u>5,118,698</u>

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have exposure to fluctuations in interest rates, which are sensitive to many factors that are beyond our control. Our exposure to a change in interest rates is summarized in the table below.

(Amounts in thousands, except per share amounts)	2021			2020	
	March 31, Balance	Weighted Average Interest Rate	Effect of 1% Change in Base Rates	December 31, Balance	Weighted Average Interest Rate
Variable Rate	\$ 1,002,544	1.25%	\$ 10,025	\$ 1,002,544	1.30%
Fixed Rate	162,000	3.51%	—	162,000	3.51%
	<u>\$ 1,164,544</u>	<u>1.56%</u>	<u>\$ 10,025</u>	<u>\$ 1,164,544</u>	<u>1.60%</u>
Total effect on diluted earnings per share			<u>\$ 1.96</u>		

We have an interest rate cap relating to the mortgage loan on the office condominium of our 731 Lexington Avenue property with a notional amount of \$500,000,000 that caps LIBOR at a rate of 6.0%.

We have an interest rate swap relating to the mortgage loan on the retail condominium of our 731 Lexington Avenue property with a notional amount of \$300,000,000 that swaps LIBOR plus 1.40% for a fixed rate of 1.72%.

Fair Value of Debt

The fair value of our mortgages payable is calculated by discounting the future contractual cash flows of these instruments using current risk-adjusted rates available to borrowers with similar credit ratings, which are provided by a third-party specialist. As of March 31, 2021 and December 31, 2020, the estimated fair value of our mortgages payable was \$1,129,000,000 and \$1,130,000,000, respectively. Our fair value estimates, which are made at the end of the reporting period, may be different from the amounts that may ultimately be realized upon the disposition of our financial instruments.

Item 4. Controls and Procedures

(a) Disclosure Controls and Procedures: Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective.

(b) Internal Control Over Financial Reporting: There have not been any changes in our internal control over financial reporting during the fiscal quarter to which this Quarterly Report on Form 10-Q relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are from time to time involved in legal actions arising in the ordinary course of business. In our opinion, the outcome of such matters in the aggregate will not have a material effect on our financial condition, results of operations or cash flows.

For a discussion of the litigation concerning our Rego Park I property, see “Part I – Financial Information, Item 1 – Financial Statements, Note 10 – Commitments and Contingencies.”

Item 1A. Risk Factors

There have been no material changes in our “Risk Factors” as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibits required by Item 601 of Regulation S-K are filed herewith and are listed in the attached Exhibit Index.

EXHIBIT INDEX

<u>Exhibit No.</u>	
15.1	- Letter regarding unaudited interim financial information
31.1	- Rule 13a-14 (a) Certification of the Chief Executive Officer
31.2	- Rule 13a-14 (a) Certification of the Chief Financial Officer
32.1	- Section 1350 Certification of the Chief Executive Officer
32.2	- Section 1350 Certification of the Chief Financial Officer
101	- The following financial information from the Alexander's, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 formatted in Inline Extensible Business Reporting Language (iXBRL) includes: (i) consolidated balance sheets, (ii) consolidated statements of income, (iii) consolidated statements of comprehensive income, (iv) consolidated statements of changes in equity, (v) consolidated statements of cash flows and (vi) the notes to the consolidated financial statements
104	- The cover page from the Alexander's, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 formatted as iXBRL and contained in Exhibit 101

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALEXANDER'S, INC.

(Registrant)

Date: May 3, 2021

By: /s/ Matthew Iocco

Matthew Iocco

Chief Financial Officer (duly authorized officer and principal financial and accounting officer)

May 3, 2021

The Board of Directors and Stockholders of Alexander's, Inc.
210 Route 4 East
Paramus, New Jersey 07652

We are aware that our report dated May 3, 2021, on our review of the interim financial information of Alexander's, Inc. appearing in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, is incorporated by reference in Registration Statement No. 333-212838 on Form S-8.

/s/ DELOITTE & TOUCHE LLP

New York, New York

CERTIFICATION

I, Steven Roth, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Alexander's, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure control and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 3, 2021

/s/ Steven Roth

Steven Roth

Chairman of the Board and Chief Executive Officer

CERTIFICATION

I, Matthew Iocco, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Alexander's, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure control and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 3, 2021

/s/ Matthew Iocco

Matthew Iocco
Chief Financial Officer

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350 of Chapter 63 of Title 18 of the United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350 of Chapter 63 of Title 18 of the United States Code), the undersigned officer of Alexander's, Inc. (the "Company"), hereby certifies, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 3, 2021

Name: /s/ Steven Roth
Steven Roth
Title: Chairman of the Board and Chief Executive Officer

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350 of Chapter 63 of Title 18 of the United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350 of Chapter 63 of Title 18 of the United States Code), the undersigned officer of Alexander's, Inc. (the "Company"), hereby certifies, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 3, 2021

/s/ Matthew Iocco
Name: Matthew Iocco
Title: Chief Financial Officer