

**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, 2020

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

51-0100517

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

210 Route 4 East, Paramus, New Jersey

07652

(Address of principal executive offices)

(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:

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
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.

Large Accelerated Filer

Non-Accelerated Filer

Accelerated Filer

Smaller Reporting Company

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, 2020, there were 5,107,290 shares of common stock, par value \$1 per share, outstanding.

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**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, 2020	December 31, 2019
Real estate, at cost:		
Land	\$ 44,971	\$ 44,971
Buildings and leasehold improvements	985,369	984,053
Development and construction in progress	17,626	12,318
Total	1,047,966	1,041,342
Accumulated depreciation and amortization	(330,955)	(324,499)
Real estate, net	717,011	716,843
Cash and cash equivalents	438,342	298,063
Restricted cash	16,304	15,914
Marketable securities	3,014	14,409
Tenant and other receivables	4,867	6,092
Receivable arising from the straight-lining of rents	164,441	166,376
Deferred leasing costs, net, including unamortized leasing fees to Vornado of \$31,581 and \$32,374, respectively	40,083	41,123
Other assets	19,373	6,691
	<u>\$ 1,403,435</u>	<u>\$ 1,265,511</u>
<b>LIABILITIES AND EQUITY</b>		
Mortgages payable, net of deferred debt issuance costs	\$ 1,117,879	\$ 970,961
Amounts due to Vornado	970	1,426
Accounts payable and accrued expenses	41,811	31,756
Other liabilities	7,697	7,853
Total liabilities	1,168,357	1,011,996
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	32,365	32,365
Retained earnings	197,932	216,394
Accumulated other comprehensive loss	(24)	(49)
	235,446	253,883
Treasury stock: 66,160 shares, at cost	(368)	(368)
Total equity	235,078	253,515
	<u>\$ 1,403,435</u>	<u>\$ 1,265,511</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)

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>REVENUES</b>		
Rental revenues	\$ 54,110	\$ 56,778
<b>EXPENSES</b>		
Operating, including fees to Vornado of \$1,383 and \$1,249, respectively	(21,753)	(21,849)
Depreciation and amortization	(7,909)	(7,828)
General and administrative, including management fees to Vornado of \$595 in each period	(1,451)	(1,245)
Total expenses	(31,113)	(30,922)
Interest and other income, net	1,543	2,130
Interest and debt expense	(8,573)	(10,159)
Change in fair value of marketable securities	(11,395)	38
Net income	\$ 4,572	\$ 17,865
Net income per common share - basic and diluted	\$ 0.89	\$ 3.49
Weighted average shares outstanding	5,118,698	5,117,347

See notes to consolidated financial statements (unaudited).

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

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Net income	\$ 4,572	\$ 17,865
Other comprehensive income:		
Change in fair value of interest rate cap	25	13
Comprehensive income	<u>\$ 4,597</u>	<u>\$ 17,878</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	Treasury Stock	Total Equity
	Shares	Amount					
<b>Three Months Ended March 31, 2020</b>							
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 cap	—	—	—	—	25	—	25
Balance, March 31, 2020	5,173	\$ 5,173	\$ 32,365	\$ 197,932	\$ (24)	\$ (368)	\$ 235,078
<b>Three Months Ended March 31, 2019</b>							
Balance, December 31, 2018	5,173	\$ 5,173	\$ 31,971	\$ 248,443	\$ (127)	\$ (368)	\$ 285,092
Net income	—	—	—	17,865	—	—	17,865
Dividends paid (\$4.50 per common share)	—	—	—	(23,028)	—	—	(23,028)
Change in fair value of interest rate cap	—	—	—	—	13	—	13
Balance, March 31, 2019	5,173	\$ 5,173	\$ 31,971	\$ 243,280	\$ (114)	\$ (368)	\$ 279,942

See notes to consolidated financial statements (unaudited).

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

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 4,572	\$ 17,865
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including amortization of debt issuance costs	9,202	9,118
Straight-lining of rental income	1,935	645
Change in fair value of marketable securities	11,395	(38)
Changes in operating assets and liabilities:		
Tenant and other receivables, net	1,225	(1,123)
Other assets	(12,707)	13,340
Amounts due to Vornado	(597)	710
Accounts payable and accrued expenses	10,166	7,717
Other liabilities	(156)	(151)
Net cash provided by operating activities	<u>25,035</u>	<u>48,083</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Construction in progress and real estate additions	(6,961)	(1,816)
Net cash used in investing activities	<u>(6,961)</u>	<u>(1,816)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(23,034)	(23,028)
Debt issuance costs	(79)	—
Proceeds from borrowing	145,708	—
Net cash provided by (used in) financing activities	<u>122,595</u>	<u>(23,028)</u>
Net increase in cash and cash equivalents and restricted cash	140,669	23,239
Cash and cash equivalents and restricted cash at beginning of period	313,977	289,495
Cash and cash equivalents and restricted cash at end of period	<u>\$ 454,646</u>	<u>\$ 312,734</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH</b>		
Cash and cash equivalents at beginning of period	\$ 298,063	\$ 283,056
Restricted cash at beginning of period	15,914	6,439
Cash and cash equivalents and restricted cash at beginning of period	<u>\$ 313,977</u>	<u>\$ 289,495</u>
Cash and cash equivalents at end of period	\$ 438,342	\$ 302,944
Restricted cash at end of period	16,304	9,790
Cash and cash equivalents and restricted cash at end of period	<u>\$ 454,646</u>	<u>\$ 312,734</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash payments for interest	<u>\$ 7,805</u>	<u>\$ 8,965</u>
<b>NON-CASH TRANSACTIONS</b>		
Liability for real estate additions, including \$146 and \$24 for development fees due to Vornado in 2020 and 2019, respectively	\$ 3,209	\$ 829
Write-off of fully amortized and/or depreciated assets	367	—
Lease liability arising from the recognition of right-of-use asset	—	5,428
Reclassification of prepaid real estate taxes to construction in progress for property in redevelopment	—	1,466

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**

In December 2019, a novel strain of coronavirus (“COVID-19”) was identified in Wuhan, China and by March 11, 2020, the World Health Organization had declared it a global pandemic. Many states in the U.S., including New York and New Jersey, have implemented stay-at-home orders for all “non-essential” business and activity in an aggressive effort to curb the spread of the virus. Consequently, the U.S. economy has suffered and there has been significant volatility in the financial markets. Many U.S. industries and businesses have been negatively affected and millions of people have filed for unemployment.

Our properties, which are all located in the greater New York City metropolitan area, have been adversely affected as a result of the COVID-19 pandemic and the preventive measures taken to help curb the spread.

- Based on their percentage of the Company’s monthly revenue, approximately 21% of our retail tenants have closed their stores and approximately 12% have not paid their April 2020 rent. While we believe our tenants are required to pay rent under their leases, we are considering temporary rent relief on a case-by-case basis.
- The office space at our 731 Lexington Avenue property remains open and our tenant, Bloomberg L.P. (“Bloomberg”) continues to pay rent.
- Rent collections at our residential property, The Alexander apartment tower, have not been significantly impacted to date.
- Because certain of our redevelopment projects are deemed “non-essential,” they have been temporarily paused due to New York State executive orders.

**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. In our opinion, 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 condensed 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, 2019, 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, 2020 are not necessarily indicative of the operating results for the full year.

We operate in one reportable segment.

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

**4. Recently Issued Accounting Literature**

In March 2020, the Financial Accounting Standards Board (“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.

In April 2020, the FASB issued a Staff Q&A on accounting for leases during the COVID-19 pandemic, focused on the application of lease guidance in ASC Topic 842, *Leases* (“ASC 842”). The Q&A states that it would be acceptable to make a policy election regarding rent concessions resulting from COVID-19, which would not require entities to account for these rent concessions as lease modifications under certain conditions. Entities making the election will continue to recognize rental revenue on a straight-line basis for qualifying concessions. Rent abatements would be recognized as reductions to revenue during the period in which they were granted. Rent deferrals would result in an increase to accounts receivable during the deferral period with no impact on rental revenue recognition. We are currently evaluating our options related to this policy election.

**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 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.

The following is a summary of revenue sources for the three months ended March 31, 2020 and 2019.

(Amounts in thousands)	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Lease revenues	\$ 51,986	\$ 54,496
Parking revenue	1,304	1,495
Tenant services	820	787
Rental revenues	<u>\$ 54,110</u>	<u>\$ 56,778</u>

The components of lease revenues for the three months ended March 31, 2020 and 2019 are as follows:

(Amounts in thousands)	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Fixed lease revenues	\$ 34,149	\$ 35,729
Variable lease revenues	17,837	18,767
Lease revenues	<u>\$ 51,986</u>	<u>\$ 54,496</u>

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

**5. Revenue Recognition - continued**

Bloomberg accounted for revenue of \$27,115,000 and \$27,004,000 for the three months ended March 31, 2020 and 2019, respectively, representing approximately 50% and 48% 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.

**6. Related Party Transactions**

Vornado

As of March 31, 2020, 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) \$324,000, 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, 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)	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Company management fees	\$ 700	\$ 657
Development fees	146	24
Leasing fees	50	737
Property management, cleaning, engineering and security fees	1,306	1,147
	<u>\$ 2,202</u>	<u>\$ 2,565</u>

As of March 31, 2020, the amounts due to Vornado were \$705,000 for management, property management, cleaning, engineering and security fees; \$215,000 for development fees; and \$50,000 for leasing fees. As of December 31, 2019, the amounts due to Vornado were \$795,000 for management, property management, cleaning, engineering and security fees; \$563,000 for leasing fees; and \$68,000 for development fees.

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

**7. Marketable Securities**

As of March 31, 2020 and December 31, 2019, we owned 535,265 common shares of The Macerich Company ("Macerich") (NYSE: MAC). These shares have an economic cost of \$56.05 per share, or \$30,000,000 in the aggregate. As of March 31, 2020 and December 31, 2019, the fair value of these shares was \$3,014,000 and \$14,409,000, respectively, based on Macerich's closing share price of \$5.63 per share and \$26.92 per share, respectively. These shares are included in "marketable securities" on our consolidated balance sheets and are classified as available-for-sale. Available-for-sale securities are presented at fair value on our consolidated balance sheets and gains and losses resulting from the mark-to-market of these securities are recognized in current period earnings.

**8. Mortgages Payable**

On December 12, 2018, we completed a refinancing of our Rego Park II shopping center in the amount of \$252,544,000. The loan is at LIBOR plus 1.35% (2.29% as of March 31, 2020) and matures in December 2025. As of December 31, 2019, we had a participation in the mortgage in the amount of \$195,708,000 which for GAAP purposes was netted against the mortgage balance. On February 14, 2020, we reduced our participation in the mortgage loan to \$50,000,000 and received cash proceeds of approximately \$145,000,000. Therefore, the balance sheet amount of the mortgage loan was \$202,544,000 and \$56,836,000 as of March 31, 2020 and December 31, 2019, respectively.

The following is a summary of our outstanding mortgages payable as of March 31, 2020 and December 31, 2019. We may refinance our maturing debt as it comes due or choose to pay it down.

(Amounts in thousands)	Maturity	Interest Rate at March 31, 2020	Balance at	
			March 31, 2020	December 31, 2019
First mortgages secured by:				
731 Lexington Avenue, retail condominium <sup>(1)</sup>	Aug. 2020	2.78%	\$ 350,000	\$ 350,000
Paramus	Oct. 2021	4.72%	68,000	68,000
731 Lexington Avenue, office condominium <sup>(2)</sup>	Jun. 2024	1.61%	500,000	500,000
Rego Park II shopping center <sup>(3)</sup>	Dec. 2025	2.29%	202,544	56,836
Total			1,120,544	974,836
Deferred debt issuance costs, net of accumulated amortization of \$15,651 and \$14,362, respectively			(2,665)	(3,875)
			<u>\$ 1,117,879</u>	<u>\$ 970,961</u>

(1) Interest at LIBOR plus 1.40%. Maturity is August 2020 plus two one-year renewal options subject to financial covenants which we will not satisfy.

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

(3) Interest at LIBOR plus 1.35%. The amount of this loan is net of our loan participation of \$50,000 and \$195,708 as of March 31, 2020 and December 31, 2019, respectively.

**9. Fair Value Measurements**

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.

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

**9. Fair Value Measurements - continued**

*Financial Assets and Liabilities Measured at Fair Value*

Financial assets measured at fair value on our consolidated balance sheets as of March 31, 2020 and December 31, 2019, 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 March 31, 2020 and December 31, 2019. There were no financial liabilities measured at fair value as of March 31, 2020 and December 31, 2019.

(Amounts in thousands)	As of March 31, 2020			
	Total	Level 1	Level 2	Level 3
Marketable securities	\$ 3,014	\$ 3,014	\$ —	\$ —

(Amounts in thousands)	As of December 31, 2019			
	Total	Level 1	Level 2	Level 3
Marketable securities	\$ 14,409	\$ 14,409	\$ —	\$ —

*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, 2020 and December 31, 2019.

(Amounts in thousands)	As of March 31, 2020		As of December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Cash equivalents	\$ 403,335	\$ 403,335	\$ 263,688	\$ 263,688
Liabilities:				
Mortgages payable (excluding deferred debt issuance costs, net)	\$ 1,120,544	\$ 1,107,000	\$ 974,836	\$ 974,000

**10. Commitments and Contingencies**

Insurance

We maintain general liability insurance with limits of \$300,000,000 per occurrence and per property, 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.

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 \$268,000 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 in October 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.

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

**10. Commitments and Contingencies - continued**

Kings Plaza Transfer Tax

In 2012, we sold the Kings Plaza Regional Shopping Center ("Kings Plaza") and paid real property transfer taxes to New York City in connection with the sale. In 2015, the New York City Department of Finance ("NYC DOF") issued a Notice of Determination to us assessing an additional New York City real property transfer tax amount, including interest.

In 2014, in a case with similar facts, the NYC DOF issued a Notice of Determination to a Vornado joint venture assessing an additional New York City real property transfer tax amount, including interest. In January 2017, a New York City administrative law judge made a determination upholding the Vornado joint venture's position that such additional real property transfer taxes were not due. On February 16, 2018, the New York City Tax Appeals Tribunal (the "Tribunal") overturned the January 2017 determination. The Vornado joint venture appealed the Tribunal's decision to the Appellate Division of the Supreme Court of the

State of New York and on April 25, 2019, the Tribunal's decision was unanimously upheld. The Vornado joint venture filed a motion to reargue the Appellate Division's decision or for leave to appeal to the New York State Court of Appeals. On December 12, 2019, that motion was denied and the case can no longer be appealed. Based on the precedent of the Tribunal's decision, we paid the potential additional real property transfer taxes of \$23,797,000 (\$15,874,000 of real property transfer tax and \$7,923,000 of interest) on April 5, 2018. We are currently evaluating our options relating to this matter.

Letters of Credit

Approximately \$1,030,000 of standby letters of credit were issued and outstanding as of March 31, 2020.

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, 2020 and 2019.

(Amounts in thousands, except share and per share amounts)	<b>Three Months Ended March</b>	
	<b>31,</b>	
	<b>2020</b>	<b>2019</b>
Net income	\$ 4,572	\$ 17,865
Weighted average shares outstanding – basic and diluted	5,118,698	5,117,347
Net income per common share – basic and diluted	\$ 0.89	\$ 3.49

## 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, 2020, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows, for the three-month periods ended March 31, 2020 and 2019, 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, 2019, 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 18, 2020, 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, 2019, 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 4, 2020



## 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 novel strain of coronavirus (“COVID-19”) pandemic on our business, financial condition, results of operations, cash flows, operating performance and the effect it will 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 are highly uncertain at this time, 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, 2019, as well as the risks set forth herein.

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, 2019 and “Item 1A. – Risk Factors” in this Quarterly Report on Form 10-Q. 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, 2020 and 2019. 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, 2020 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, 2019 in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Note 2 – Summary of Significant Accounting Policies” to the consolidated financial statements included therein. For the three months ended March 31, 2020, 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

In December 2019, COVID-19 was identified in Wuhan, China and by March 11, 2020, the World Health Organization had declared it a global pandemic. Many states in the U.S., including New York and New Jersey, have implemented stay-at-home orders for all "non-essential" business and activity in an aggressive effort to curb the spread of the virus. Consequently, the U.S. economy has suffered and there has been significant volatility in the financial markets. Many U.S. industries and businesses have been negatively affected and millions of people have filed for unemployment.

Our properties, which are all located in the greater New York City metropolitan area, have been adversely affected as a result of the COVID-19 pandemic and the preventive measures taken to help curb the spread.

- Based on their percentage of the Company's monthly revenue, approximately 21% of our retail tenants have closed their stores and approximately 12% have not paid their April 2020 rent. While we believe our tenants are required to pay rent under their leases, we are considering temporary rent relief on a case-by-case basis.
- The office space at our 731 Lexington Avenue property remains open and our tenant, Bloomberg L.P. ("Bloomberg") continues to pay rent.
- Rent collections at our residential property, The Alexander apartment tower, have not been significantly impacted to date.
- Because certain of our redevelopment projects are deemed "non-essential," they have been temporarily paused due to New York State executive orders.

In light of the evolving health, social, economic, and business environment, governmental regulation or mandates, and business disruptions that have occurred and may continue to occur, the impact of COVID-19 on our financial condition and operating results remains highly uncertain, but that impact could be material. The impact on us may include lower rental income and occupancy levels at our properties which may result in less cash flow available for operating costs, to pay our indebtedness and for distribution to our stockholders. In addition, the value of our real estate assets may decline, which may result in non-cash impairment charges in future periods and the impact could be material.

### Quarter Ended March 31, 2020 Financial Results Summary

Net income for the quarter ended March 31, 2020 was \$4,572,000, or \$0.89 per diluted share, compared to \$17,865,000, or \$3.49 per diluted share in the prior year's quarter. Net income for the quarter ended March 31, 2020 included an expense of \$11,395,000, or \$2.23 per diluted share, from the change in fair value of marketable securities. For the quarter ended March 31, 2019, the change in fair value of marketable securities was insignificant.

Funds from operations ("FFO") (non-GAAP) for the quarter ended March 31, 2020 was \$23,744,000, or \$4.64 per diluted share, compared to \$25,531,000 or \$4.99 per diluted share in the prior year's quarter.

## Overview - continued

### Square Footage, Occupancy and Leasing Activity

As of March 31, 2020, our portfolio was comprised of seven properties aggregating 2,449,000 square feet, of which 2,230,000 square feet was in service and 219,000 square feet (primarily the former Sears space at our Rego Park I property) was out of service due to redevelopment. The in service square feet was 96.5% occupied as of March 31, 2020.

### Significant Tenant

Bloomberg accounted for revenue of \$27,115,000 and \$27,004,000 for the three months ended March 31, 2020 and 2019, respectively, representing approximately 50% and 48% 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, 2020, compared to March 31, 2019

### Rental Revenues

Rental revenues were \$54,110,000 in the quarter ended March 31, 2020, compared to \$56,778,000 in the prior year's quarter, a decrease of \$2,668,000. This decrease was primarily due to a retail tenant vacancy at our 731 Lexington Avenue property.

### Operating Expenses

Operating expenses were \$21,753,000 in the quarter ended March 31, 2020, compared to \$21,849,000 in the prior year's quarter, a decrease of \$96,000.

### Depreciation and Amortization

Depreciation and amortization was \$7,909,000 in the quarter ended March 31, 2020, compared to \$7,828,000 in the prior year's quarter, an increase of \$81,000.

### General and Administrative Expenses

General and administrative expenses were \$1,451,000 in the quarter ended March 31, 2020, compared to \$1,245,000 in the prior year's quarter, an increase of \$206,000. This increase was primarily due to higher professional fees.

### Interest and Other Income, net

Interest and other income, net was \$1,543,000 in the quarter ended March 31, 2020, compared to \$2,130,000 in the prior year's quarter, a decrease of \$587,000. This decrease was primarily due to \$860,000 of lower interest income due to a decrease in average interest rates, partially offset by \$261,000 of higher interest income due to an increase in average investment balances.

### Interest and Debt Expense

Interest and debt expense was \$8,573,000 in the quarter ended March 31, 2020, compared to \$10,159,000 in the prior year's quarter, a decrease of \$1,586,000. This decrease was primarily due to \$2,045,000 of lower interest due to a decrease in LIBOR, partially offset by \$512,000 of higher interest expense due to an increase in average debt balances.

### Change in Fair Value of Marketable Securities

Change in fair value of marketable securities was an expense of \$11,395,000 in the quarter ended March 31, 2020, resulting from The Macerich Company's ("Macerich") closing share prices of \$5.63 and \$26.92 as of March 31, 2020 and December 31, 2019, respectively, on 535,265 shares owned. Change in fair value of marketable securities was income of \$38,000 in the prior year's quarter, resulting from Macerich's closing share prices of \$43.35 and \$43.28 as of March 31, 2019 and December 31, 2018, respectively, 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 of April 30, 2020, we have rent receivables due from retail tenants representing approximately 12% of total monthly revenue. While we believe our tenants are required to pay rent under their leases, we are considering temporary rent relief on a case-by-case basis. 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, 2020, we have \$457,660,000 of liquidity comprised of \$454,646,000 of cash and cash equivalents and restricted cash and \$3,014,000 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 are evolving rapidly 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, 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.

#### Three Months Ended March 31, 2019

Cash and cash equivalents and restricted cash were \$312,734,000 as of March 31, 2019, compared to \$289,495,000 as of December 31, 2018, an increase of \$23,239,000. This increase resulted from (i) \$48,083,000 of net cash provided by operating activities, partially offset by (ii) \$23,028,000 of net cash used in financing activities and (iii) \$1,816,000 of net cash used in investing activities.

Net cash provided by operating activities of \$48,083,000 was comprised of (i) net income of \$17,865,000, (ii) adjustments for non-cash items of \$9,725,000 and (iii) the net change in operating assets and liabilities of \$20,493,000. The adjustments for non-cash items were comprised of (i) depreciation and amortization (including amortization of debt issuance costs) of \$9,118,000 and (ii) straight-lining of rental income of \$645,000, partially offset by (iii) the change in fair value of marketable securities of \$38,000.

Net cash used in financing activities was comprised of dividends paid of \$23,028,000.

Net cash used in investing activities was comprised of construction in progress and real estate additions of \$1,816,000.

## 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, 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.

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 \$268,000 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 in October 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.

## Liquidity and Capital Resources - continued

### Kings Plaza Transfer Tax

In 2012, we sold the Kings Plaza Regional Shopping Center (“Kings Plaza”) and paid real property transfer taxes to New York City in connection with the sale. In 2015, the New York City Department of Finance (“NYC DOF”) issued a Notice of Determination to us assessing an additional New York City real property transfer tax amount, including interest.

In 2014, in a case with similar facts, the NYC DOF issued a Notice of Determination to a Vornado joint venture assessing an additional New York City real property transfer tax amount, including interest. In January 2017, a New York City administrative law judge made a determination upholding the Vornado joint venture’s position that such additional real property transfer taxes were not due. On February 16, 2018, the New York City Tax Appeals Tribunal (the “Tribunal”) overturned the January 2017 determination. The Vornado joint venture appealed the Tribunal’s decision to the Appellate Division of the Supreme Court of the State of New York and on April 25, 2019, the Tribunal’s decision was unanimously upheld. The Vornado joint venture filed a motion to reargue the Appellate Division’s decision or for leave to appeal to the New York State Court of Appeals. On December 12, 2019, that motion was denied and the case can no longer be appealed. Based on the precedent of the Tribunal’s decision, we paid the potential additional real property transfer taxes of \$23,797,000 (\$15,874,000 of real property transfer tax and \$7,923,000 of interest) on April 5, 2018. We are currently evaluating our options relating to this matter.

### Tenant Matter

On January 24, 2020, Kohl’s subleased its store at our Rego Park I shopping center to At Home and remains obligated under its 133,000 square foot lease which expires in January 2031.

### Letters of Credit

Approximately \$1,030,000 of standby letters of credit were issued and outstanding as of March 31, 2020.

### 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, 2020 and 2019

FFO (non-GAAP) for the quarter ended March 31, 2020 was \$23,744,000, or \$4.64 per diluted share, compared to \$25,531,000, or \$4.99 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,	
	2020	2019
Net income	\$ 4,572	\$ 17,865
Depreciation and amortization of real property	7,777	7,704
Change in fair value of marketable securities	11,395	(38)
FFO (non-GAAP)	<u>\$ 23,744</u>	<u>\$ 25,531</u>
FFO per diluted share (non-GAAP)	<u>\$ 4.64</u>	<u>\$ 4.99</u>
Weighted average shares used in computing FFO per diluted share	<u>5,118,698</u>	<u>5,117,347</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)	2020			2019	
	March 31, Balance	Weighted Average Interest Rate	Effect of 1% Change in Base Rates	December 31, Balance	Weighted Average Interest Rate
Variable Rate	\$ 1,052,544	2.13%	\$ 10,525	\$ 906,836	2.85%
Fixed Rate	68,000	4.72%	—	68,000	4.72%
	<u>\$ 1,120,544</u>	<u>2.29%</u>	<u>\$ 10,525</u>	<u>\$ 974,836</u>	<u>2.98%</u>
Total effect on diluted earnings per share			<u>\$ 2.06</u>		

As of March 31, 2020, we have an interest rate cap with a notional amount of \$500,000,000 that caps LIBOR at a rate of 6.0%.

**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, 2020 and December 31, 2019, the estimated fair value of our mortgages payable was \$1,107,000,000 and \$974,000,000, 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

Except as set forth below, there were no material changes to the “Risk Factors” disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019 (“2019 Form 10-K”).

***Our business, financial condition, results of operations and cash flows have been and are expected to continue to be adversely affected by the recent COVID-19 pandemic and the impact could be material to us.***

In December 2019, a novel strain of coronavirus (“COVID-19”) was identified in Wuhan, China and by March 11, 2020, the World Health Organization had declared it a global pandemic. Many states in the U.S., including New York and New Jersey, have implemented stay-at-home orders for all “non-essential” business and activity in an aggressive effort to curb the spread of the virus. Consequently, the U.S. economy has suffered and there has been significant volatility in the financial markets. Many U.S. industries and businesses have been negatively affected and millions of people have filed for unemployment.

Our properties, which are all located in the greater New York City metropolitan area, have been adversely affected as a result of the COVID-19 pandemic and the preventive measures taken to help curb the spread.

- Based on their percentage of the Company’s monthly revenue, approximately 21% of our retail tenants have closed their stores and approximately 12% have not paid their April 2020 rent. While we believe our tenants are required to pay rent under their leases, we are considering temporary rent relief on a case-by-case basis.
- The office space at our 731 Lexington Avenue property remains open and our tenant, Bloomberg L.P. (“Bloomberg”) continues to pay rent.
- Rent collections at our residential property, The Alexander apartment tower, have not been significantly impacted to date.
- Because certain of our redevelopment projects are deemed “non-essential,” they have been temporarily paused due to New York State executive orders.

Numerous Federal, state, local and industry-initiated efforts may also affect our ability to collect rent or enforce remedies for the failure to pay rent. Certain of our tenants may incur significant costs or losses as a result of the COVID-19 pandemic and/or incur other liabilities related to shelter-in-place orders, quarantines, infection or other related factors.

The COVID-19 pandemic has also caused, and is likely to continue to cause, severe economic, market or other disruptions worldwide. Conditions in the bank lending, capital and other financial markets may deteriorate as a result of the pandemic, our access to capital and other sources of funding may become constrained and the ratios of our debt to asset values may deteriorate, which could adversely affect the availability and terms of future borrowings, renewals or refinancings. In addition, the deterioration of global, national, regional and local economic conditions as a result of the pandemic may ultimately decrease occupancy and/or rent levels across our portfolio as tenants reduce or defer their spending, which may result in less cash flow available for operating costs, to pay our indebtedness and for distribution to our stockholders and the impact could be material. In addition, the value of our real estate assets may decline, which may result in non-cash impairment charges in future periods and the impact could be material. The extent of the COVID-19 pandemic’s effect on our operational and financial performance will depend on future developments, including the duration, spread and intensity of the outbreak, all of which are uncertain and difficult to predict. Due to the speed with which the situation is developing, we are not able at this time to estimate the effect of these factors on our business, but the adverse impact on our business, results of operations, financial condition and cash flows could be material. The potential effects of COVID-19 also could impact many of our risk factors included in our 2019 Form 10-K. However, the potential impact remains uncertain.

**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>	
10.1	- First Amendment to Amended and Restated Loan and Security Agreement, dated February 14, 2020, by and between Rego II Borrower LLC, as Borrower and Bank of China, New York Branch, as Lender
10.2	- Amendment and Reaffirmation of Guaranty and Environmental Indemnity Agreement, dated February 14, 2020, by and between Alexander's, Inc., as Guarantor, and Bank of China, New York Branch, as Lender
10.3	- Second Amended and Restated Participation and Servicing Agreement for Amended and Restated Loan and Security Agreement, dated February 14, 2020, between Bank of China, New York Branch, individually as Lender, Initial A-1 Holder and as the Agent for the Holders, and Alexander's of Rego Park II Participating Lender LLC, individually as Initial A-2 Holder
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, 2020 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, 2020 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.**

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(Registrant)

Date: May 4, 2020

By: /s/ Matthew Iocco

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Matthew Iocco

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

**FIRST AMENDMENT TO  
AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

This First Amendment to Amended and Restated Loan and Security Agreement (this “**Amendment**”) is made and entered into as of February 14, 2020, by and between REGO II BORROWER LLC, a Delaware limited liability company (“**Borrower**”), having an office at c/o Alexander’s, Inc., 210 Route 4 East, Paramus, New Jersey 07652, and BANK OF CHINA, NEW YORK BRANCH, having an address at 7 Bryant Park, 1045 Avenue of the Americas, 13<sup>th</sup> Floor, New York, New York 10018 (together with its successors and assigns, “**Lender**”).

**WITNESSETH:**

**WHEREAS**, prior hereto, Lender provided certain loans, extensions of credit and other financial accommodations to Borrower pursuant to that certain Amended and Restated Loan and Security Agreement dated as of December 12, 2018 (the “**Loan Agreement**”) with respect to a loan in the amount of Two Hundred Fifty-Two Million Five Hundred Forty-Three Thousand Six Hundred Six and 53/100 Dollars (\$252,543,606.53) (the “**Mortgage Loan**”).

**WHEREAS**, to evidence the Mortgage Loan, the Borrower executed in favor of Lender a Second Amended and Restated Promissory Note, dated as of December 12, 2018 in the original principal amount of Two Hundred Fifty-Two Million Five Hundred Forty-Three Thousand Six Hundred Six and 53/100 Dollars (\$252,543,606.53) (as same may be amended, supplemented, restated, increased, extended and consolidated, substituted or replaced from time to time, the “**Note**”) and the other documents, agreements and instruments referenced in the Loan Agreement or executed and delivered pursuant thereto. To secure the Note, the Borrower granted for the benefit of the Lender, inter alia, a Second Amended and Restated Mortgage, Assignment of Leases and Rents and Security Agreement encumbering the Mortgaged Property dated as of December 12, 2018 (the “**Mortgage**”).

**WHEREAS**, Borrower desires Lender to amend certain terms of the Loan Agreement pursuant to this Amendment.

**WHEREAS**, Lender is willing to enter into this Amendment, but solely on the terms and subject to the provisions set forth herein and in the other agreements, documents and instruments referenced herein or executed and delivered pursuant hereto.

**NOW, THEREFORE**, in consideration of the foregoing, the mutual promises and understandings of the parties hereto set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lender and Borrower hereby agree as set forth in this Amendment.

**I. Definitions:**

A. **Use of Defined Terms.** Except as expressly set forth in this Amendment, all terms which have an initial capital letter where not required by the rules of grammar are used herein as defined in the Loan Agreement.

B. **New Definitions.** Effective as of the date hereof, Section 1.1 of the Loan Agreement is hereby amended by adding the following new definition thereto in the appropriate alphabetical order:

“**Amendment Effective Date**” shall mean February 14, 2020.

“**Amortization Commencement Date**” shall mean the period commencing on the Payment Date in February 2025 (i.e. February 28, 2025).

“**I/O Period**” shall mean the period commencing on the Closing Date through and including the Payment Date in January 2025 (i.e. January 30, 2025).

“**Major Lease**” means the Leases for Kohl’s, Century 21 and TJ Maxx and each other New Lease where the premises demised thereunder are greater than 100,000 net rentable square feet of the Property.

“**Amortization Calculation**” shall mean, for each Payment Date, principal payments based upon an assumed interest rate of 4.0% per annum, the Principal Amount on the Amortization Commencement Date, and 25-year amortization period in the amount set forth opposite such Payment Date on Exhibit F attached hereto, which amounts shall be reduced on a proportionate basis to the extent any principal repayments are made in respect of the Principal Amount between the Amendment Effective Date and the Amortization Commencement Date.

II. **Amendment to Loan Agreement.** Effective as of the Amendment Effective Date, the Loan Agreement is hereby amended as follows:

A. Section 2.2.4 of the Loan Agreement is hereby amended and restated as follows:

“Payments before Maturity. Borrower shall pay to Lender (i) on each Payment Date during the I/O Period, an amount equal to interest only computed at the Applicable Interest Rate on the Principal Amount for the applicable Interest Accrual Period, and (ii) beginning on the Amortization Commencement Date and on each Payment Date thereafter, a payment of interest computed at the Applicable Interest Rate on the Principal Amount for the applicable Interest Accrual Period together with principal payments determined in accordance with the Amortization Calculation. Further, Borrower shall be required to pay to Lender all amounts required, if any, in respect of Reserve Accounts as set forth in Article XII hereof.”

B. Section 10.2.3 of the Loan Agreement is hereby amended and restated as follows:

“Leasing Reports. Not later than forty five (45) days after the end of each fiscal quarter, commencing with the third quarter of 2018, Borrower shall deliver to Lender a rent roll/occupancy summaries for the Property, including, without limitation, aging schedules, schedules of tenant receivables, tenant defaults and tenant sales, as applicable and available, dated as of the last month of such fiscal quarter. Such rent roll and schedule of aged receivables shall be accompanied by a Borrower’s Certificate certifying that such rent roll and schedule of aged receivables are true, correct and complete in all material respects as of their respective dates. Additionally, Borrower shall provide sales performance data for all Major Leases (and each subtenant of a Tenant under a Major Lease) to the extent the terms of the existing Leases for such Major Tenants (and subtenants) provide for delivery of such sales performance data to Borrower and permit Borrower to deliver same to Lender; provided, however, with respect to any new Major Lease signed following the

Amendment Effective Date, Borrower shall use commercially reasonable efforts to negotiate with such Tenant to provide such sales performance data under such Major Lease on a quarterly basis. Lender acknowledges that reporting of sales data from Century 21 shall be subject to Lender and Century 21 entering into a confidentiality agreement reasonably satisfactory to both Lender and Century 21. From and after and during the continuance of a Monetary Default, a material non-monetary Default or an Event of Default, Borrower shall, at Lender's request, provide such rent roll information on a monthly basis, within thirty (30) days following the end of each calendar month."

B. Section 10.2.4 of the Loan Agreement is hereby added as follows:

"10.2.4 Certificate of Occupancy. Any failure by Borrower to maintain a core and shell certificate of occupancy for the Property (which may be a temporary or permanent certificate of occupancy), except as a result of a casualty or condemnation (provided that Borrower otherwise complies (subject to applicable notice and cure periods) with the terms and conditions of the Loan Documents in respect of such casualty or condemnation) shall, at the election of Lender, constitute an Event of Default hereunder. As soon as available, but in any event prior to the expiration of the existing temporary certificate of occupancy, Borrower shall deliver to Lender evidence reasonably satisfactory to Lender that such certificate of occupancy has or will be renewed, together with a reasonably detailed explanation of the progress of open work items necessary to obtain a final certificate of occupancy. Failure to comply with such reporting requirement after five (5) Business Days' notice from Lender shall, at the election of Lender, constitute an Event of Default."

C. Section 14.1.2 of the Loan Agreement is hereby amended by deleting the word "or" after clause (i) thereof, and by adding the word "or" after clause (j) thereof and the following before the period:

"(k) Borrower's failure to obtain or maintain a core and shell certificate of occupancy for the Property (which may be a temporary or permanent certificate of occupancy), except as a result of a casualty or condemnation (provided that Borrower otherwise complies (subject to applicable notice and cure periods) with the terms and conditions of the Loan Documents in respect of such casualty or condemnation)."

D. Exhibit F, attached to this Amendment as Annex I is hereby added to the Loan Agreement in sequential order.

III. **February Interest Payment**. On the date hereof, Borrower is making a payment to Lender in the amount of \$631,359.02, which represents the amount of interest on the Outstanding Principal Amount that would be otherwise due and payable by Borrower to Lender on the monthly Payment Date immediately following the Amendment Effective Date. Accordingly, upon the making of such payment, no interest payment shall be due from Borrower to Lender on the monthly Payment Date immediately following the Amendment Effective Date.

IV. **Conflict**. If, and to the extent, the terms and provisions of this Amendment contradict or conflict with the terms and provisions of the Loan Agreement, the terms and provisions of this Amendment shall govern and control; provided, however, to the extent the terms and provisions of this Amendment do not contradict or conflict with the terms and provisions of the Loan Agreement, the Loan Agreement, as



amended by this Amendment, shall remain in and have its intended full force and effect, and Lender and Borrower hereby affirm, confirm and ratify the same.

V. **Severability.** Wherever possible, each provision of this Amendment shall be interpreted in such manner as to be valid and enforceable under applicable law, but if any provision of this Amendment is held to be invalid or unenforceable by a court of competent jurisdiction, such provision shall be severed herefrom and such invalidity or unenforceability shall not affect any other provision of this Amendment, the balance of which shall remain in and have its intended full force and effect; provided, however, if such provision may be modified so as to be valid and enforceable as a matter of law, such provision shall be deemed to be modified so as to be valid and enforceable to the maximum extent permitted by law.

VI. **Reaffirmation.** Borrower hereby reaffirms and remakes all of its representations, warranties, covenants, duties, obligations and liabilities contained in the Loan Documents (including, without limitation, the Environmental Indemnity Agreement), as amended hereby, excluding those representations and warranties that solely and expressly relate to a specific date prior to the date hereof and subject to the exceptions described on Schedule 1 attached hereto.

VII. **Fees, Costs and Expenses.** Borrower agrees to pay, upon demand, all reasonable, out-of-pocket costs and expenses of Lender, including, but not limited to, reasonable attorneys' fees, in connection with the preparation, execution, delivery and administration of this Amendment and the other agreements, documents and instruments executed and delivered in connection herewith or pursuant hereto.

VIII. **Choice of Law.** This Amendment shall be governed by and construed in accordance with the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflicts of law as to all matters, including matters of validity, construction, effect, performance and remedies.

IX. **Counterparts.** This Amendment may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. A facsimile or email transmitted executed counterpart to this Amendment and the other agreements, documents and instruments executed in connection herewith will be deemed an acceptable original for purposes of consummating this Amendment and such other agreements, documents and instruments; provided, however, Borrower shall be required to deliver to the Lender original executed signature pages in substitution for said facsimile or email transmitted signature pages upon the Lender's request therefor.

X. **Waiver of Jury Trial; Exclusive Jurisdiction.** **BORROWER AND LENDER EACH, AND ALL PERSONS CLAIMING BY, THROUGH OR UNDER IT, HEREBY EXPRESSLY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THIS AMENDMENT, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION HEREOF, OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AMENDMENT (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND BORROWER AND LENDER EACH HEREBY AGREES AND CONSENTS**

**THAT AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION MAY BE FILED WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT HERETO TO THE WAIVER OF ANY RIGHT TO TRIAL BY JURY. BORROWER AND LENDER EACH ACKNOWLEDGES THAT IT HAS CONSULTED WITH LEGAL COUNSEL REGARDING THE MEANING OF THIS WAIVER AND ACKNOWLEDGES THAT THIS WAIVER IS AN ESSENTIAL INDUCEMENT FOR THE ENTERING INTO THIS AMENDMENT. THIS WAIVER SHALL SURVIVE THE REPAYMENT OF THE LOAN.**

**ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER OR BORROWER ARISING OUT OF OR RELATING TO THIS AMENDMENT SHALL BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, COUNTY OF NEW YORK, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND BORROWER AND LENDER EACH WAIVES ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND BORROWER AND LENDER EACH HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING.**

*[signature page follows]*

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized representatives, all as of the day and year first above written.

BORROWER:

**REGO II BORROWER LLC,**  
a Delaware limited liability company

By: ALEXANDER'S OF REGO PARK II, INC.,  
a Delaware corporation, its sole member

By: /s/ Alan J. Rice  
Name: Alan J. Rice  
Title: Authorized Signatory

LENDER:

**BANK OF CHINA, NEW YORK BRANCH**

By: \_\_\_\_\_  
Name:

Title:

By: \_\_\_\_\_  
Name:

Title:

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized representatives, all as of the day and year first above written.

**BORROWER:**

**REGO II BORROWER LLC,**  
a Delaware limited liability company

By: ALEXANDER'S OF REGO PARK II, INC.,  
a Delaware corporation, its sole member

By:  
Name:  
Title:

**LENDER:**

**BANK OF CHINA, NEW YORK BRANCH**

By: /s/ Raymond Qiao  
Name: Raymond Qiao

Title: EVP

By: /s/ Chen Xu  
Name: Chen Xu

Title: CEO

## SCHEDULE 1

### Exceptions to Representations and Warranties

The Borrower delivered to Lender operating expense statements covering the year ended December 31, 2019 as of the Amendment Effective Date which replaces the “operating expense statements covering the year to date ended September 30, 2018” referenced in Section 4.1.12 of the Loan Agreement.

The Borrower delivered to Lender a rent roll as of the Amendment Effective Date which replaces the Rent Roll referenced in Section 4.1.27 of the Loan Agreement.

In addition to the sublease between Manager and Urban Edge referenced in Section 4.1.27 of the Loan Agreement, there is a sublease between Kohl’s Department Stores, Inc. and At Home Stores LLC.

ANNEX I

EXHIBIT F  
TO LOAN AGREEMENT  
Amortization Schedule

735988063

## Rego II: Loan Amortization Schedule post 5th Anniversary of the Loan Closing

Loan Amount	252,543,606.53
Bank of China, New York Branch	202,543,606.53
Alexander"s Inc	50,000,000.00
Loan Rate for Amortization Calculation	4%
Amortization Base Term	25 years
Monthly Payment for amortization calculation	\$1,333,018.19

		Beginning Balance	Monthly Payment	Interest	Principal	Ending Balance
1	Feb-25	252,543,606.53	1,333,018.19	841,812.02	491,206.17	252,052,400.36
2	Mar-25	252,052,400.36	1,333,018.19	840,174.67	492,843.53	251,559,556.83
3	Apr-25	251,559,556.83	1,333,018.19	838,531.86	494,486.34	251,065,070.49
4	May-25	251,065,070.49	1,333,018.19	836,883.57	496,134.62	250,568,935.87
5	Jun-25	250,568,935.87	1,333,018.19	835,229.79	497,788.41	250,071,147.46
6	Jul-25	250,071,147.46	1,333,018.19	833,570.49	499,447.70	249,571,699.76
7	Aug-25	249,571,699.76	1,333,018.19	831,905.67	501,112.53	249,070,587.23
8	Sep-25	249,070,587.23	1,333,018.19	830,235.29	502,782.90	248,567,804.33
9	Oct-25	248,567,804.33	1,333,018.19	828,559.35	504,458.85	248,063,345.48
10	Nov-25	248,063,345.48	1,333,018.19	826,877.82	506,140.37	247,557,205.11
11	Dec-25	Loan payoff at maturity				
	Total				4,986,401.42	

Note: The schedule above is the calculation of the principal component of the monthly payment of the whole loan for the amortizing period. The interest component of the monthly payment will be still based on the floating loan rate for the months.

**AMENDMENT AND REAFFIRMATION OF  
GUARANTY AND ENVIRONMENTAL INDEMNITY AGREEMENT**

This Amendment and Reaffirmation of Guaranty and Environmental Indemnity Agreement (this “**Reaffirmation**”) is made and entered into as of February 14, 2020 by and between **ALEXANDER’S, INC.**, a Delaware corporation, having an address at 210 Route 4 East, Paramus, New Jersey 07652 (“**Guarantor**”), and **BANK OF CHINA, NEW YORK BRANCH**, having an address at 7 Bryant Park, 1045 Avenue of the Americas, 13<sup>th</sup> Floor, New York, New York 10018 (together with its successors and assigns, “**Lender**”), in connection with that certain Amended and Restated Loan and Security Agreement dated as of December 12, 2018, as amended by that certain First Amendment to Amended and Restated Loan and Security Agreement dated as of even date herewith (the “**Amendment**”), by and between Lender and REGO II BORROWER LLC, a Delaware limited liability company (“**Borrower**”) (as may be further amended, renewed or restated from time to time, the “**Loan Agreement**”) and the other documents, agreements and instruments referenced in the Loan Agreement or executed and delivered pursuant thereto, including, without limitation, that certain Amended and Restated Guaranty of Recourse Carveouts dated as of December 12, 2018 executed and delivered by Guarantor to Lender (as amended by this Reaffirmation and as the same may be further amended, amended and restated renewed or otherwise modified from time to time, the “**Guaranty**”) and that certain Amended and Restated Environmental Indemnity Agreement dated as of December 12, 2018 executed and delivered by Guarantor and Borrower to Lender (as may be further amended, amended and restated, renewed or otherwise modified from time to time, the “**Indemnity**”).

1. **Use of Defined Terms.** Except as expressly set forth in this Reaffirmation, all terms which have an initial capital letter where not required by the rules of grammar are defined in the Guaranty or the Indemnity, as applicable, including by reference to defined terms in the Loan Agreement.

2. **Amendment to Guaranty.** Section 1.2 of the Guaranty is hereby amended by deleting the word “or” after clause (xii) thereof, and by adding the word “or” after clause (xiii) thereof and the following before the period:

“(xiv) Borrower’s failure to obtain or maintain a core and shell certificate of occupancy for the Property (which may be a temporary or permanent certificate of occupancy), except as a result of a casualty or condemnation (provided that Borrower otherwise complies (subject to applicable notice and cure periods) with the terms and conditions of the Loan Documents in respect of such casualty or condemnation).”

3. **Reaffirmation.** Guarantor hereby expressly:

A. consents to the execution by Borrower and Lender of the Amendment and the other agreements, documents and instruments executed and delivered in connection therewith (the “**Other Agreements**”);



B. reaffirms all of its Guaranteed Obligations and other liabilities to Lender under the Guaranty, as amended hereby, in all respects;

C. reaffirms all of its obligations and liabilities to Lender under the Indemnity, in all respects;

D. agrees that all such Guaranteed Obligations and obligations and liabilities to Lender under the Indemnity, shall continue in full force and effect and shall not be discharged, limited, impaired or affected in any matter whatsoever as a result of the execution and delivery of the Amendment, the Other Agreements or any of the transactions set forth therein; and

E. represents and warrants to Lender that each of the representations and warranties made by the undersigned to Lender in any of the documents executed in connection with the aforesaid loans to Borrower remain true and correct, excluding those representations and warranties that solely and expressly related to a specific period of time prior to the date hereof and subject to the exceptions described on Schedule 1 attached hereto.

Guarantor acknowledges and agrees that its execution and delivery of this Reaffirmation was a material inducement to, among other things, Lender entering into the Amendment, and without this Reaffirmation, Lender would not have entered into the Amendment. Although the undersigned has been informed of the terms of the Amendment, the undersigned understands and agrees that Lender has no duty to so notify any Guarantor or to seek this or any future acknowledgment, consent or reaffirmation, and nothing contained herein shall create or imply any such duty as to any transactions, past or future.

4. **Conflict.** If, and to the extent, the terms and provisions of this Reaffirmation contradict or conflict with the terms of the Guaranty, the terms and provisions of this Reaffirmation shall govern and control; provided, however, to the extent the terms and provisions of this Reaffirmation do not contradict or conflict with the terms and provisions of the Guaranty, the Guaranty as amended by this Reaffirmation, shall remain in and have their intended full force and effect.

5. **Choice of Law.** This Reaffirmation shall be governed by and construed in accordance with the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflicts of law as to all matters, including matters of validity, construction, effect, performance and remedies.

*[signature page follows]*

IN WITNESS WHEREOF, the undersigned have caused this Reaffirmation to be duly executed and delivered as of the day and year first above written.

GUARANTOR:

**ALEXANDER'S, INC.,**  
a Delaware corporation

By: /s/ Alan J. Rice

Name: Alan J. Rice

Title: Secretary

LENDER:

**BANK OF CHINA, NEW YORK BRANCH**

By:

Title:

Name:

IN WITNESS WHEREOF, the undersigned have caused this Reaffirmation to be duly executed and delivered as of the day and year first above written.

GUARANTOR:

**ALEXANDER'S, INC.,**

a Delaware corporation

By: \_\_\_\_\_

Name:

Title:

LENDER:

**BANK OF CHINA, NEW YORK BRANCH**

By: /s/ Raymond L. Qiao

Raymond L. Qiao

Title: Authorized Signatory

Name:

SCHEDULE 1

Exceptions to Representations and Warranties

None.

735993683

SECOND AMENDED AND RESTATED  
PARTICIPATION AND SERVICING AGREEMENT

for

AMENDED AND RESTATED  
LOAN AND SECURITY AGREEMENT  
Between

BANK OF CHINA, NEW YORK BRANCH  
individually as Lender, Initial A-1 Holder  
and as the Agent for the Holders

-and -

ALEXANDER'S OF REGO PARK II PARTICIPATING LENDER LLC  
individually as Initial A-2 Holder

Dated: February 14, 2020

**SECOND AMENDED AND RESTATED  
PARTICIPATION AND SERVICING AGREEMENT**

THIS SECOND AMENDED AND RESTATED PARTICIPATION AND SERVICING AGREEMENT (this "**Agreement**") is dated as of February 14, 2020, by and between BANK OF CHINA, NEW YORK BRANCH, having an address at 7 Bryant Park, 1045 Avenue of the Americas, 13<sup>th</sup> Floor, New York, New York 10018 (together with its successors and assigns, "**Lender**," "**Agent**," or "**Initial A-1 Holder**") and ALEXANDER'S OF REGO PARK II PARTICIPATING LENDER LLC, having an address at c/o Alexander's, Inc., 210 Route 4 East, Paramus, New Jersey 07652 ("**Initial A-2 Holder**;" the Initial A-2 Holder, together with any assignee of any portion of Participation A-2 (as defined below) that is an Affiliate of Initial A-2 Holder, each a "**Related A-2 Holder**," and together with its non-Affiliated successors and assigns, "**A-2 Holder**," and Lender and A-2 Holder collectively as holders of interests in the Loan, the "**Holders**"). All terms as used in this Agreement shall, unless otherwise defined in the main body of this Agreement, have the meanings given to such terms in the section herein titled "**Definitions**".

**RECITALS**

1. REGO II BORROWER LLC, a Delaware limited liability company (the "**Borrower**") is the owner of certain real property located at 61-35 Junction Boulevard, Queens, New York, (the "**Mortgaged Property**").

2. Borrower and Lender have heretofore entered into that certain Amended and Restated Loan and Security Agreement dated as of December 12, 2018 (the "**Existing Loan Agreement**"), with respect to a loan in the original principal amount of Two Hundred Fifty-Two Million Five Hundred Forty-Three Thousand Six Hundred Six and 53/100 Dollars (\$252,543,606.53) (the "**Mortgage Loan**").

3. To evidence the Mortgage Loan, the Borrower executed in favor of Lender a Second Amended and Restated Promissory Note, dated as of December 12, 2018 in the original principal amount of Two Hundred Fifty-Two Million Five Hundred Forty-Three Thousand Six Hundred Six and 53/100 Dollars (\$252,543,606.53) (as same may be amended, supplemented, restated, increased, extended and consolidated, substituted or replaced from time to time, the "**Note**"). To secure the Note, the Borrower granted for the benefit of the Lender, *inter alia*, a Second Amended and Restated Mortgage, Assignment of Leases and Rents and Security Agreement encumbering the Mortgaged Property dated as of December 12, 2018 (the "**Mortgage**").

4. To evidence the Mortgage Loan, the Borrower has additionally executed and delivered in favor of Lender the documents listed on Exhibit A attached hereto and made a part hereof, each dated as of December 12, 2018 (such documents, together with the Loan Agreement, the Note, and the Mortgage, collectively, the "**Loan Documents**").

5. Lender and Initial A-2 Holder have heretofore entered into that certain Amended and Restated Participation Agreement dated as of December 12, 2018 (the "**Existing Participation Agreement**"), whereby Lender and Initial A-2 Holder agreed to renew and recast (i) the Participation A-1 Interest in the Mortgage Loan to have an original principal amount

of \$56,835,869.68 (the “**Existing A-1 Participation Interest**”) and (ii) the Participation A-2 Interest in the Mortgage Loan to have an the original principal amount of \$195,707,736.85 (the “**Existing A-2 Participation Interest**”).

6. Pursuant to that certain First Amendment and Modification of Loan and Security Agreement and Other Loan Documents, dated as of the date hereof (the “**Modification Agreement**”; the Existing Loan Agreement, as amended by the Modification Agreement and as further as amended, amended and restated, supplemented or otherwise modified from time to time, the “**Loan Agreement**”), Borrower and Lender have agreed to, inter alia, amend the terms of the Existing Loan Agreement and extend the Stated Maturity Date of the Mortgage Loan.

7. As of the date hereof, the outstanding principal amount of the Mortgage Loan is Two Hundred Fifty-Two Million Five Hundred Forty-Three Thousand Six Hundred Six and 53/100 Dollars (\$252,543,606.53).

8. Lender and Initial A-2 Holder have agreed to renew and recast (i) the Existing A-1 Participation Interest to have an original principal amount of \$202,543,606.53 and (ii) the Existing A-2 Participation Interest to have an original principal amount of \$50,000,000.00.

9. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Loan Agreement.

10. It is the intention and desire of the Holders to amend and restate the terms and conditions contained in the Existing Participation Agreement as set forth herein and to enter into this Agreement in order to set forth the rights, benefits, priorities, and obligations of the Holders with respect to the Mortgage Loan and the other mutual understandings of the Holders.

**NOW, THEREFORE**, in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties hereto hereby agree, with respect to the Loan, as follows:

## SECTION 1

### **DEFINITIONS; PRINCIPLES OF CONSTRUCTION**

1.01 **Definitions.** References to a “Section” or the “recitals” are, unless otherwise specified, to a Section or the recitals of this Agreement. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement in effect as of the date hereof, as the same may be amended in accordance with the Loan Documents and this Agreement. Whenever used in this Agreement, the following terms shall have the respective meanings set forth below unless the context clearly requires otherwise.

“**A-1 Holder**” means the Holder of Participation A-1.

“**A-2 Holder**” means the Holder of Participation A-2.

“**A-1 Purchase Price**” means \$145,707,736.85.

“Accepted Servicing Practices” those practices and procedures that Agent utilizes for loans that Agent owns for its own account and with a view to the maximization of timely recovery of principal and interest on a net present value basis on the Mortgage Loan.

“Affiliate” shall mean with respect to any specified Person, (a) any other Person controlling or controlled by or under common control with such specified Person (each a “Common Control Party”). For the purposes of this definition, “Control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract, relation to individuals or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Agent” shall mean Bank of China, New York Branch, acting as Agent pursuant to this Agreement.

“Agreement” shall mean this Second Amended and Restated Participation and Servicing Agreement, the exhibits and schedules hereto and all amendments hereof and supplements hereto, as the same may by hereafter modified, amended or supplemented.

“Appraisal” shall mean an appraisal of the Mortgaged Property conducted in accordance with the standards of the Appraisal Institute by an appraiser that is a member in good standing of the Appraisal Institute and that is certified by such appraiser as having been prepared in accordance with the requirements of the Standards of Professional Practice of the Appraisal Institute with an “MAI” designation and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, as well as FIRREA.

“Borrower” shall have the meaning assigned to such term in the recitals.

“Business Day” shall mean any day that is not a Saturday or Sunday, and that is not a legal holiday in New York, New York, or any other city which serves as the principal place of business for Agent or any successor thereto nor a day which banking institutions or savings associations in any of the foregoing cities are closed for business.

“Common Control Party” shall have the meaning given to such term in the definition of “Affiliate.”

“Control” of any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ability to exercise voting power, by contract or otherwise.

“Costs and Expenses” shall mean each of the following costs and expenses, in each case, (a) if the Mortgage Loan is in existence (*i.e.*, has not been foreclosed or a deed-in-lieu accepted) to the extent such costs and expenses are required to be paid or reimbursed by Borrower under the Loan Documents and Borrower fails to timely make such payment or reimbursement pursuant to the Loan Documents and (b) if Lender has acquired the Mortgaged Property, to the extent the costs and expenses would have qualified under (a) if the Mortgage Loan were still in existence: all reasonable and out of pocket costs, fees, expenses, interest, payments, losses, liabilities, judgments and/or causes of action reasonably suffered or actually incurred or reasonably



paid by Agent or a Holder pursuant to or in connection with the Mortgage Loan, the Loan Documents (not including any Servicing Fees, Special Servicing Fees, workout fees, liquidation fees or additional servicing compensation unless (except in the case of “regular” periodic Servicing Fees) paid to a Person not an Affiliate of a Holder; but provided that all actual out-of-pocket expenses of Agent in connection with enforcement and workout of the Mortgage Loan shall be Costs and Expenses) the Mortgaged Property, this Agreement or otherwise in connection with the enforcement of the Mortgage Loan in accordance with this Agreement, including, without limitation, reasonable attorneys’ fees and disbursements, taxes, assessments, insurance premiums and other protective advances as more particularly provided in the Loan Documents; provided, however, that neither (i) the costs and expenses relating to the origination of the Mortgage Loan, nor (ii) the day to day customary and usual, ordinary costs of servicing and administration of the Mortgage Loan, other than responding to consent requests from Borrower, shall be “Costs and Expenses” hereunder.

“Existing A-1 Participation Interest” shall have the meaning assigned to it in the recitals.

“Existing A-2 Participation Interest” shall have the meaning assigned to it in the recitals.

“Existing Loan Agreement” shall have the meaning assigned to it in the recitals.

“Existing Participation Agreement” shall have the meaning assigned to it in the recitals.

“Holder” shall have the meaning assigned to it in the introductory paragraph of this Agreement.

“Loan Agreement” shall have the meaning assigned to it in the recitals.

“Loan Documents” shall mean the Mortgage, the Loan Agreement, the Note, and all other documents evidencing or securing the Mortgage Loan, including, without limitation, all guaranties and indemnities, as same may be amended, modified or restated in accordance with this Agreement.

“Material Adverse Effect” shall mean any event, development or circumstance that has or causes a material adverse effect on (a) the business operations, economic performance, assets, financial condition, equity, contingent liabilities, material agreements or results of operations of Borrower, Guarantor and/or the Mortgaged Property, (b) the enforceability or validity of any material Mortgage Loan Document, the perfection or priority of any Lien created under any Mortgage or affecting any material portion of the Mortgaged Property, or the rights and remedies of Agent and/or the Holders under any material Mortgage Loan Document, or (c) the value of, or cash flow from, the Mortgaged Property.

“Mortgage” shall have the meaning assigned to such term in the Recitals.

“Mortgage Loan” shall have the meaning assigned to such term in the recitals.

“Mortgage Loan Principal Balance” shall mean, at any date of determination, the outstanding principal balance of the Mortgage Loan.

“Mortgaged Property” shall have the meaning assigned to such term in the Recitals.

“Non-Exempt Person” shall mean any Person other than a Person who is either (i) a U.S. Person or (ii) has delivered to (or has on file with) Agent for the relevant year such duly-executed form(s) or statement(s) which may, from time to time, be prescribed by law and which, pursuant to applicable provisions of (A) any income tax treaty between the United States and the country of residence of such Person, (B) the Code or (C) any applicable rules or regulations in effect under clauses (A) or (B) above, permit Agent to make such payments free of any obligation or liability for withholding.

“Non-Recoverable Advance” shall mean any portion of a Servicing Advance previously made or proposed to be made which, in the case of a Servicing Advance previously made, has not been previously reimbursed to Agent and which, in the reasonable business judgment of Agent taking into account amounts that may be collected or realized on the Mortgaged Property prior to final liquidation and liquidation proceeds, will not, or, in the case of a proposed Servicing Advance, would not, be ultimately recoverable together with interest thereon at a per annum rate equal to the Prime Rate (compounded monthly on each Remittance Date) from amounts to be deposited with Agent under the terms of this Agreement. The judgment or determination by Agent as the case may be, that it has made a Non-Recoverable Advance or that any proposed Servicing Advance, if made, would constitute a Non-Recoverable Advance shall be evidenced by a certificate of an officer of such party delivered to the Holders, which in each case sets forth such judgment or determination and the procedures and considerations of Agent forming the basis of such determination (including, but not limited to, information selected by the person making such judgment or determination in its good faith discretion, such as related income and expense statements, rent rolls, occupancy status, property inspections, Agent inquiries, third party engineering and environmental reports, and an Appraisal or any updated Appraisal thereof conducted within the past 12 months) and copies of such documents are to be included with the certificate of an officer.

“Non-Related Holder” means each Holder other than a Related A-2 Holder.

“Note” shall have the meaning assigned to such term in the recitals.

“OFAC List” shall mean the list of specially designated nationals and blocked Persons subject to financial sanctions that is maintained by the U.S. Treasury Department, Office of Foreign Assets Control and accessible through the internet website [www.treas.gov/ofac/t11sdn.pdf](http://www.treas.gov/ofac/t11sdn.pdf), as amended or supplemented from time to time.

“Other Charges” shall mean all amounts referred to as “other charges” in the Loan Agreement.

“Participation” shall have the meaning assigned to such term in the recitals.

“Participation Principal Balance” shall mean, at any time, the then-outstanding principal balance of the applicable Participation, which shall equal the initial principal balance of

such Participation, less any payments of principal thereon received by the Holder thereof The aggregate Participation Principal Balances shall equal the Mortgage Loan Principal Balance.

“Participation A-1” means the “Participation A-1” issued under the Existing Participation Agreement and hereby recast and renewed under this Agreement.

“Participation A-2” means the Original A-2 Participation Interest issued under the Existing Participation Agreement and hereby recast and renewed under this Agreement.

“Participation Certificate” means the certificate in the form of Exhibit D, evidencing Participation A-1 or Participation A-2.

“Percentage Share” shall mean, with respect to any Holder as of any date, the ratio, expressed as a percentage, that (a) the Participation Principal Balance of the Participation held by such Holder bears to (b) the Mortgage Loan Principal Balance.

“Person” shall mean any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Prepayment” shall mean any payment of principal made by the Borrower with respect to the Mortgage Loan which is received in advance of its scheduled maturity date, whether made by reason of a casualty or condemnation, due to the acceleration of the maturity of the Mortgage Loan or otherwise.

“Prepayment Premium” shall mean any prepayment premium, yield maintenance or spread maintenance premium or similar fee required to be paid in connection with a Prepayment.

“Prime Rate” shall mean, for any day, the rate of interest for such day from time to time announced by Citibank, N.A., at its New York City Main Branch as its prime rate (being a base rate for calculating interest on certain loans), each change in any interest rate hereunder based on the Prime Rate to take effect at the time of such change in the prime rate. The Prime Rate is not necessarily the lowest rate for commercial or other types of loans.

“Pro Rata and Pari Passu Basis” shall mean (i) with respect to the Participations, the allocation of any particular payment, collection, cost, expense, liability or other amount among the Participations on a pro rata basis in accordance with the respective unpaid principal balances of the Participations, without any priority of any Participation over any other Participation; and (ii) with respect to the Holders, the allocation of any particular payment, collection, cost, expense, liability or other amount among the Holders on a pro rata basis in accordance with the respective unpaid principal balances of their Participations, without any priority of any Holder over any other Holder.

“Remittance Date” shall have the meaning assigned to it in Section 4.01.

“Servicing Advance” shall mean each of the following costs and expenses, in each case, (a) if the Mortgage Loan is in existence (*i.e.*, has not been foreclosed or a deed-in-lieu accepted) to the extent such costs and expenses are required to be paid or reimbursed by Borrower under the Loan Documents and Borrower fails to timely make such payment or reimbursement

and (b) if Lender has acquired the Mortgaged Property, to the extent the costs and expenses would have qualified under (a) if the Mortgage Loan were still in existence: any and all customary and reasonable “out of pocket” costs and expenses incurred by Agent in the performance of its servicing obligations, including, but not limited to, the cost and expenses incurred in connection with (i) the preservation, restoration and protection of the Mortgaged Property which, in the judgment and discretion of such party (exercised in accordance with Accepted Servicing Practices), is necessary to prevent an immediate or material loss to the Holders’ interest in the Mortgaged Property, including costs and expenses necessary to preserve the priority of the Mortgage, (ii) the payment of ground rent, real estate taxes, assessments and other taxes and governmental charges that may be levied or assessed against the Borrower or the Mortgaged Property or revenues therefrom or which become liens on the Mortgaged Property, insurance premiums, and any other amounts necessary to preserve the priority of the lien created by the Mortgage or the value of the Mortgaged Property (to the extent not paid by Borrower), and (iii) any enforcement or judicial proceedings (including, without limitation, foreclosures), and including, but not limited to, court costs, attorneys’ fees and expenses, costs for third party experts, including environmental and engineering consultants.

“Taxes” shall mean any income or other taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature, now or hereafter imposed by any jurisdiction or by any department, agency, state or other political subdivision thereof or therein.

“Transfer” shall have the meaning assigned to such term in Section 8.01.

“Unanimous Consent Decision” shall have the meaning assigned to such term in Section 5.01.

“U.S. Person” shall mean a citizen or resident of the United States, a corporation or partnership (except to the extent provided in applicable Treasury Regulations) created or organized in or under the laws of the United States, any State thereof or the District of Columbia, including any entity treated as a corporation or partnership for federal income tax purposes, or an estate whose income is subject to United States federal income tax regardless of its source, or a trust if a court within the United States is able to exercise primary supervision over the administration of such trust, and one or more United States fiduciaries have the authority to control all substantial decisions of such trust (or, to the extent provided in applicable Treasury Regulations, a trust in existence on August 20, 1996 which is eligible to elect to be treated as a U. S . Person).

1.02 Principles of Construction. All references to sections and schedules are to sections and schedules in or to this Agreement unless otherwise specified. Any reference in this Agreement or in any other Loan Document to any Loan Document shall be deemed to include references to such documents as the same may hereafter be amended, modified, supplemented, extended, replaced and/or restated from time to time (and, in the case of any note or other instrument, to any instrument issued in substitution therefor). Unless otherwise specified, the words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined.

## SECTION 2

### CREATION OF PARTICIPATIONS

2.01 Current Principal Balances. The parties hereto acknowledge and agree that, as of the date hereof and immediately prior to giving effect to this Agreement, Participation A-1 had a Participation Principal Balance of \$56,835,869.68 and Participation A-2 had a Participation Principal Balance of \$195,707,736.85.

#### 2.02 Purchase and Sale.

(a) On the date hereof, on the terms and conditions set forth in this Agreement, the Lender and Initial A-2 Holder hereby agree to recast and reallocate the Existing A-1 Participation Interest and the Existing A-2 Participation Interest. On the date hereof, Lender shall pay Initial A-2 Holder by wire transfer to Initial A-2 Holder of immediately available funds an amount equal to the A-1 Purchase Price (which purchase is effective) such that (i) Participation A-1 shall have an original Participation Principal Balance of \$202,543,606.53 and (ii) Participation A-2 shall have an original Participation Principal Balance of \$50,000,000.00. The Participation Certificates existing as of the date hereof and immediately prior to giving effect to this Agreement have been cancelled and new Participation Certificates in the Participation Principal Balances set forth in this Section 2.02 have been issued by the Lender to itself (in the case of the Participation Certificate for Participation A-1) and to Initial A-2 Holder (in the case of the Participation Certificate for Participation A-2).

(b) Each Holder is the owner of its respective Participation. No Holder shall transfer its Participation, or any portion thereof, other than in accordance with Section 8 hereof.

(c) On the date hereof, Borrower is making a payment of interest to the Lender in the amount of \$631,359.02 pursuant to the Modification Agreement in respect of the interest payment that would otherwise be due from Borrower to Lender on the monthly Payment Date (as defined in the Loan Agreement) immediately following the date hereof and Lender shall pay to Participation A-2 Holder an amount equal to \$307,134.62, which represents interest that has accrued on the Existing A-2 Participation Interest through the date hereof and, without duplication, the portion of Borrower's interest payment that is being paid in respect of the Participation A-2.

2.03 Ranking and Allocations. Each Participation and the right of the applicable Holder to receive payments with respect thereto shall at all times be Pro Rata and Pari Passu with each other in accordance with their respective Percentage Shares, (a) except as specifically provided otherwise in this Agreement and (b) except that the right of any Related A-2 Holder to receive payment shall be subordinate to such right of the other Holder to the extent provided herein. All interest, income, gain, profits and losses due to or incurred by the Holders with respect to the Mortgage Loan shall be apportioned among the Holders in proportion to their Percentage Shares in the Mortgage Loan, in each case to the extent accruing from and after the date hereof, (a) except as specifically provided otherwise in this Agreement and (b) except that the right of any Related A-2 Holder to receive payment shall be subordinate to such right of the other Holder, to the extent provided herein and (c) with respect to allocations, except to the extent a different allocation is required by applicable tax law.

2.04 Rate of Interest on, and Terms of, the Participations. Subject to the provisions of this Agreement, from and after the date hereof, each Participation shall entitle the Holder thereof to (a) interest at the Applicable Interest Rate (as defined in the Loan Agreement) on its Participation and (b) its Percentage Share of any payments of principal collected on the Mortgage Loan, in each case net of any unpaid Costs and Expenses or required Servicing Advances.

### SECTION 3

#### **APPOINTMENT OF AGENT; RESPONSIBILITIES OF AGENT**

3.01 Appointment of Agent. At all times from the date hereof throughout the term of the Mortgage Loan there shall be an Agent to administer and service (such servicing to include the duties of a “primary” servicer and those of a “special” servicer) the Mortgage Loan on the terms and conditions set forth herein and to take such actions in respect of the collateral for the Mortgage Loan as shall be specified herein and/or in the Loan Documents. The initial Holders hereby appoint Lender as, and Lender hereby accepts such appointment and agrees to act as initial Agent hereunder on the terms and conditions set forth herein. The Agent shall not be entitled to a fee for such services.

3.02 Authority of Agent. Agent shall have such responsibilities as shall be set forth herein and as shall be delegated to Agent from time to time by the Holders pursuant to the terms and conditions of this Agreement. By their execution of this Agreement, the Holders hereby authorize and direct Agent to act on their behalf in connection with the Mortgage Loan and the Loan Documents with respect to all rights and obligations of the originating lender pursuant to the terms of the Loan Agreement and other Loan Documents, subject to the limitations set forth in this Agreement. Each of the Holders shall be bound by any acts of Agent taken within the scope of the authority granted to Agent under this Agreement. From and after the date hereof, any security granted pursuant to the Mortgages or in any other Loan Document, any hedging arrangements entered into by the Borrower under the terms of the Loan Documents and any and all actions taken by Agent under this Agreement, the Loan Agreement or any other Loan Document shall be for the benefit of the Holders. The Holders hereby agree that Borrower shall be required to and shall deal only with Agent.

#### 3.03 Servicing of the Mortgage Loan.

(a) Agent agrees to serve as the initial Mortgage Loan servicer and to perform customary commercial mortgage loan servicing as provided in this Agreement and Accepted Servicing Practices.

(b) The Agent shall distribute (or cause to be distributed) to each Holder, in accordance with the wiring instructions set forth on Exhibit C, on the Remittance Date, **all** payments due to such Holder under its Participation in accordance with Sections 4.01 and 4.02 hereof.

3.04 Workout. Subject to the terms and conditions of this Agreement and the obligation to act in accordance with Accepted Servicing Practices, if Agent, in connection with a workout or proposed workout of the Mortgage Loan, proposes to modify the terms thereof such that (i) the

Mortgage Loan Principal Balance is decreased, (ii) the interest rate applicable to the Mortgage Loan is reduced, (iii) payments of interest or principal on the Mortgage Loan are waived, reduced or deferred (other than a deferral of principal resulting solely from the extension of the Maturity Date of the Mortgage Loan by the Agent pursuant to the terms of this Agreement) or (iv) any other adjustment is made to any of the payment terms of the Mortgage Loan (other than any extension of the Maturity Date), such events shall require the consent of each Holder other than Related A-2 Holders. The economic effect of all waivers, reductions or deferrals of amounts due on the Mortgage Loan attributable to such workout shall be allocated to each Participation on a Pro Rata and Pari Passu Basis, and shall be borne by the Holders of each such Participation on a Pro Rata and Pari Passu Basis; provided, however, that in such circumstance any Related A-2 Holder will instead be subordinated to, and will bear such economic effect prior to, any other Holders.

### 3.05 Servicing Advances; Costs and Expenses.

(a) If Agent determines that a Servicing Advance is reasonably necessary to protect the value or security of the Mortgage Loan or the Mortgaged Property, it shall notify all Holders promptly upon making such determination. Such notice shall identify the purpose of the Servicing Advance, the total amount thereof, and each Holder's Percentage Share of such Servicing Advance. The Related A-2 Holders shall have the option, but not the obligation, to make such Servicing Advance in its entirety, but if Related A-2 Holders elect not to do so, each Non-Related Holder shall, within two 2 Business Days of receipt of such notice, remit its share (based on each Non-Related Holder's Percentage Share relative to the other Non-Related Holders (such Holder's "**Non-Related Percentage Share**") of such Servicing Advance to Agent for application to the Servicing Advance. No Holder shall be required to make a Servicing Advance if Agent determines that such Servicing Advance would be a Non-Recoverable Advance.

(b) If Borrower fails to reimburse in a timely manner any Costs and Expenses incurred by Agent while acting within the scope of the authority granted to it under this Agreement in connection with the Mortgage Loan, the enforcement thereof or the realization of the security therefor, Agent may, at its option (i) withhold the amount thereof from amounts otherwise distributable to any Related A-2 Holder and/or (ii) request reimbursement from any Non-Related Holder of such Holder's Non-Related Percentage Share of such Costs and Expenses. Any portion of such Costs and Expenses paid by or withheld from a Non-Related Holder shall be reimbursable to it out of collections from or on behalf of Borrower allocated to such reimbursement or from amounts otherwise distributable to any Related A-2 Holder, based on each Non-Related Holder's Non-Related Percentage Share.

### 3.06 Exercise of Remedies by Agent.

(a) Each of the Holders acknowledges that subject to the terms of this Agreement Agent may exercise or refrain from exercising any rights that Agent may have hereunder.

(b) Each Holder agrees that Agent to the extent consistent with the terms of this Agreement, shall have the sole and exclusive authority with respect to the administration of, and exercise of rights and remedies with respect to, the Mortgage Loan, including, without limitation, the sole and exclusive authority (in each case, subject to Accepted Servicing Practices and the

terms and conditions set forth in this Agreement, including all consent rights of the Holders) to (i) modify or waive any of the terms of the Loan Documents, (ii) consent to any action or failure to act by the Borrower or any party to the Loan Documents, (iii) [intentionally omitted] (iv) take legal action to enforce or protect the Holders' interests with respect to the Mortgage Loan, (v) refrain from exercising any powers or rights under the Loan Documents, including the right at any time to call or waive any Events of Default, and/or (vi) accelerate or refrain from accelerating the Mortgage Loan or institute any foreclosure action. Except as otherwise expressly provided in this Agreement, no Holder shall have any voting, consent or other rights whatsoever with respect to Agent's administration of, or exercise of its rights and remedies with respect to, the Mortgage Loan and hereby presently and irrevocably assigns and conveys to Agent, such rights.

(c) Agent shall not have any duty to any Holder in connection with the administration of the Mortgage Loan except that in servicing the Mortgage Loan, Agent is required to act in accordance with Accepted Servicing Practices and this Agreement. Each Holder expressly and irrevocably waives for itself and any Person claiming through or under any such Holder any and all rights that it may have under Section 1315 of the New York Real Property Actions and Proceedings Law or the provisions of any similar law that purports to give a junior loan participant the right to initiate any loan enforcement or foreclosure proceedings. Notwithstanding the foregoing, Agent (whether in its capacity as such or as Lender or Holder) shall have no liability to a Related A-2 Holder except as provided in Section 6.01.

### 3.07 Additional Servicing Matters.

(a) Agent shall administer the Mortgage Loan in a manner consistent with this Agreement, and shall not be liable to any Holder with respect to anything Agent may do or omit to do in relation to the Mortgage Loan, other than as expressly set forth in this Agreement. Without limiting the generality of the foregoing, Agent (i) may consult with legal counsel, accountants and other experts reasonably selected by Agent and may rely on the advice of legal counsel, accountants and other experts (including those retained by the Borrower) and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts, (ii) may rely upon any notice, consent, certificate, instrument or other written communication or telephone conversation which Agent believes to be genuine and correct or to have been signed, sent or made by the proper Person and shall incur no liability under or in respect of this Agreement by acting upon any such notice, consent, certificate, instrument, writing or telephone conversation, and (iii) makes no warranty or representation to any Holder and shall not be responsible to any Holder for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement, except the representations and warranties expressly made herein.

(b) In the event that title to the Mortgaged Property is acquired for the benefit of the Lender, and indirectly, the Holders in foreclosure, by deed in lieu of foreclosure or upon abandonment or reclamation from bankruptcy, the deed or certificate of sale shall be taken in the name of Agent or its nominee on behalf of the Holders. The Agent shall manage, conserve, protect and operate each such Mortgaged Property for the benefit of the Holders solely for the purpose of its prompt disposition and sale in accordance with Accepted Servicing Practices.



(c) Agent shall be entitled to enter into any agreement with any independent contractor performing services for it related to its duties and obligations hereunder for indemnification of Agent by such independent contractor, and nothing in this Agreement shall be deemed to limit or modify such indemnification.

(d) Agent shall utilize reasonable efforts, consistent with Accepted Servicing Practices, to obtain an offer to purchase the Mortgaged Property that will maximize the proceeds of disposition to the Holders (as a collective whole) if and when Agent determines that such disposition would be in the best economic interest of the Holders (as a collective whole). No offer to purchase the Mortgaged Property shall, however, be accepted unless all Holders (other than Related A-2 Holders) consent in writing to such sale.

(e) If Agent requests the consent of the Holders (other than Related A-2 Holders) to a sale of all or a portion of the Mortgaged Property for which consent is required pursuant to Section 3.07(d) above, and one or more Holders (other than a Related A-2 Holder) does not consent to such sale (such circumstance, a “**Sale Deadlock**”), then either consenting Holder(s) or the non-consenting Holder(s) (but not a Related A-2 Holder) may initiate a Buy /Sell, as set forth below.

(i) Any of such Holders, excluding a Related A-2 Holder (the “**Offeror**”), may deliver notice (a “**Buy/Sell Notice**”) to the other Holders (other than a Related A-2 Holder)(the “**Offerees**”) making a buy/sell offer in respect of all, but not less than all, of the right, title and interest held by the Offerees in the applicable Participations or in property acquired as a result of the ownership of the Participations (including indirect interests in the Mortgaged Property or other collateral acquired as a result of ownership of the Participations, and record title to all of the foregoing, collectively “**Buy-Sell Interests**”) for a specified price (the “**Buy/Sell Purchase Price**”), which will be enumerated in such Buy/Sell Notice as a dollar price for each percentage point of Participation Interest in the Mortgage Loan, and shall include unpaid accrued interest to but not including the date of purchase.

(ii) Within ten (10) business days (the “**Decision Period**”) after delivery of the Buy/Sell Notice, each Offeree (shall deliver to the Offeror a written notice specifying its irrevocable election either (i) to purchase at the Buy/Sell Purchase Price all, but not less than all, of the Buy-Sell Interests of the Offeror (and to be the “**Purchasing Holder**”), or (ii) sell at the Buy/Sell Purchase Price all, but not less than all, of its Buy-Sell Interests to the Offeror (and to be the “**Selling Holder**”). If the Offeree fails to deliver such notice to the Offeror on or before the end of the Decision Period, the Offeree shall be deemed to have elected to be the Selling Holder.

(iii) Any Related A-2 Holder shall be neither an Offeror nor an Offeree, and shall retain its A-2 Participation.

(iv) The closing of the purchase and sale of a Holder’s Buy-Sell Interests pursuant to the Buy/Sell Notice shall take place at 10:00 a.m., New York time, on the date specified by the Purchasing Holder, which date shall be no later than the tenth (10<sup>th</sup>) business day, and no earlier than the second (2<sup>nd</sup>) business day, after the end of the Decision

Period (or on such other date as the Selling Holder and the Purchasing Holder mutually agree) (the “Closing Date”). At the closing, (i) the Selling Holder(s) shall transfer and assign to the Purchasing Holder, without recourse, all of its Buy-Sell Interests free and clear of all liens, claims, and encumbrances, and (ii) the Purchasing Holder shall pay the Buy/Sell Purchase Price by wire transfer of immediately available funds to the account designated by the Selling Holder. At such closing, the Selling Holder shall execute and deliver such documents and instruments as the Purchasing Holder shall reasonably require in order to effect such transfer; provided that the Selling Holder shall not be required to give any representation or warranty other than as to (i) its ownership of its Buy-Sell Interests, (ii) lack of liens, claims and encumbrances on its Buy-Sell Interests, and (iii) authority to transfer its Buy-Sell Interests. Any such representations and warranties may be assigned by Purchasing Holder in connection with a resale of the purchased Buy-Sell Interests or any interest therein. Each Holder shall pay its own expenses incurred in connection with a transfer pursuant to this Section 3.07(e).

(v) All interest and other charges accrued on the Selling Holder’s Buy-Sell Interests for the period up to the Closing Date and paid under the related Loan Documents or deemed to have been paid out of income from the Mortgaged Property shall be for the account of the Selling Holder, regardless of whether received by the Closing Date. All interest and other charges accruing after the Closing Date in respect of the Buy-Sell Interests of the Selling Holder shall be for the account of the Purchasing Holder.

3.08 Actions Upon Actual Knowledge of Certain Matters. Promptly after Agent acquires actual knowledge thereof, Agent will use reasonable efforts to give written notice to each Holder of any material Lien on the Mortgaged Property or any Event of Default under the Loan Agreement or any of the other Loan Documents, including, without, limitation, notice within two (2) Business Days of if a regular monthly debt service payment is not made when due. Agent agrees to consult with the Holders (other than Related A-2 Holders) in respect of any material remedial action to be taken in respect of any such Event of Default but shall not be required to follow any recommendations of the Holders except in the case of Unanimous Consent Decisions.

3.09 [Reserved].

3.10 Certain Actions. If Agent shall have reasonable cause to believe that any legal action or proceeding related to the Mortgaged Property could, if adversely determined, result in a Material Adverse Effect, then, subject to any limitations set forth in the Loan Documents, Agent shall have the right to commence, appear in and defend such legal action or proceeding, and in connection therewith Agent may advance all reasonably necessary Costs and Expenses, for which Agent will be reimbursed in accordance with Section 3.05(b). The parties hereto acknowledge and agree that Agent shall have the right, in its reasonable judgment, to determine whether a particular matter is “material” as such term is used in this Agreement and the Loan Documents.

3.11 Agent as Holder. With respect to Agent’s indirect ownership interest in the Mortgage Loan and the Loan Documents as A-1 Holder, Agent in its capacity as A-1 Holder shall have the rights and powers of a Holder under this Agreement and the Loan Documents as set forth herein and therein and may exercise the same as though it were not Agent hereunder. Agent and its Affiliates may generally engage in any kind of business with Borrower, any of its Affiliates

and/or subsidiaries and any Person who may do business with or own securities of Borrower, any of its Affiliates and/or subsidiaries, all as if the initial Holder were not Agent and without any duty to account therefor to the other Holders.

3.12 Change of Agent. Lender may not resign as Agent except (i) with the consent of all Holders (if any) that are not Related A-2 Holders (unless such resignation is required by law or Lender's institutional policy, in which case the successor Agent will be appointed by the Non-Related A-2 Holders) or (ii) by assignment of the rights and obligations of Agent in connection with the assignment of all or a portion of Participation A-1, in which case the successor Agent will be appointed by such assignee. Upon appointment of a successor Agent in accordance with (i) or (ii) above, such successor agent shall succeed to the rights, power and duties of the "Agent" and the term "Agent" shall mean such successor agent effective upon its appointment, and the former Agent's rights, power and duties as Agent shall be terminated, without any other or further act or deed on the part of such former Agent (except that the resigning or assigning Agent shall deliver any collateral for the Mortgage Loan then in its possession to the successor Agent). The indemnity given any retiring Agent pursuant to this Agreement shall survive any resignation or assignment hereunder. After any retiring Agent's resignation or assignment hereunder as Agent, the provisions of this Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent. No Related A-2 Holder shall act as Agent.

## SECTION 4

### **COLLECTIONS; COLLECTION ACCOUNTS; PAYMENTS**

#### 4.01 Distributions.

(a) Agent shall use reasonable efforts, consistent with Accepted Servicing Practices, to collect all payments called for under the terms and provisions of the Mortgage Loan. Consistent with the foregoing, Agent may, in its discretion, waive any late payment charge or Default Interest, or both, in connection with any delinquent monthly debt service payment or any other Event of Default.

(b) All amounts tendered by the Borrower or otherwise available for payment on the Mortgage Loan shall be applied and distributed by Agent as set forth in this Section 4.01 (and payments shall be made at such times as are set forth herein). Payment shall first be made to Agent up to the amount of any unreimbursed Costs and Expenses paid by Agent with respect to the Mortgage Loan or the Mortgaged Property pursuant to this Agreement. Any amounts paid by Borrower with respect to which Servicing Advances have been made, and any Default Interest, late payment charges, or other amounts paid by Borrower with as a result of its failure to comply with any term of the Loan Agreement, shall be applied to repay the Agent or the Holders, as applicable, for any unreimbursed Servicing Advances and Costs and Expenses; provided, however, that if the amount reimbursed by Borrower is insufficient to repay the Servicing Advances in full, then reimbursement to any Related A-2 Holder shall be subordinated to repayment of other Holders.

(c) Agent shall make commercially reasonable efforts to collect all amounts due on the Mortgage Loan and to remit to each Holder its respective Percentage Share of such

amounts (net of any expenses owed by the applicable Holder), each pursuant to the wire instructions provided by each Holder on Exhibit C hereto or in such other manner as is acceptable to each Holder; provided that any designated account is maintained at a commercial bank located in the United States of America. Each payment interest and/or principal received from or on behalf of Borrower shall be distributed to the Holders no later than the Business Day following receipt thereof by Agent (each, a “**Remittance Date**”).

4.02 Priority. Unless an Event of Default shall have occurred and be continuing on the Mortgage Loan, payments of interest, principal, and other amounts due under the Mortgage Loan shall be distributed among Holders on a Pro Rata and Pari Passu Basis, and no portion of any Participation shall have priority or preference over any portion of any other Participation or security therefor, except as provided in this Agreement. If an Event of Default shall have occurred and be continuing on the Mortgage Loan, amounts available for distribution thereafter, including the net proceeds of the collateral securing the Mortgage Loan, the net proceeds of casualty and title insurance policies and awards from condemnation shall be applied to the Participations, other than those held by Related A-2 Holders, on a Pro Rata and Pari Passu Basis and any remainder shall be distributed pro rata to the Related A-2 Holders. If Agent or any nominee thereof acquires title to the Mortgaged Property, then all amounts derived from the operation and disposition of the Mortgaged Property shall be allocable among the Holders as set forth in the immediately preceding sentence. Notwithstanding the foregoing, the rights of each Holder to distributions of any nature with respect to its Participation shall be subject to the rights of the Agent to payments and reimbursements pursuant to and in accordance with the terms of this Agreement. Amounts applied to any particular Participation or allocated to any particular Holder in accordance with this Section 4 will be applied to interest, principal and other amounts due in respect of the Mortgage Loan in accordance with the Loan Documents and this Agreement.

4.03 Return of Funds. If Agent holding or having distributed any amount received or collected in respect of the Mortgage Loan determines, or a court of competent jurisdiction orders, at any time that any amount received or collected in respect of the Mortgage Loan must, pursuant to any insolvency, bankruptcy, fraudulent conveyance, preference or similar law, be returned to the Borrower or paid to any Holder or any other Person, then, notwithstanding any other provision of this Agreement, Agent shall not be required to distribute any portion thereof to any Holder and any such Holder shall promptly on demand repay to Agent the portion thereof which shall have been theretofore distributed to the related Holder, together with interest thereon at such rate, if any, as Agent shall have been required to pay to the Borrower, the Holders or such other Person with respect thereto. Each Holder agrees that if at any time it shall receive from any sources whatsoever any payment on account of the Mortgage Loan in excess of its distributable share thereof, it will promptly remit such excess to the Agent. The Agent shall have the right to offset any amounts due hereunder from any Holder with respect to the Mortgage Loan against any future payments due to such Holder under the Mortgage Loan, provided, that the obligations of each Holder under this Section 4.03 are separate and distinct obligations from one another. The obligations of each Holder under this Section 4.03 constitute absolute, unconditional and continuing obligations.

## SECTION 5

### VOTING; UNANIMOUS CONSENT

5.01 Unanimous Consent. Agent shall obtain the written consent of each Holder (other than a Related A-2 Holder), prior to taking any of the following actions (each, a “**Unanimous Consent Decision**”):

(a) any modification or waiver of a monetary term of the Mortgage Loan (except that Agent may waive any or all default interest in its sole discretion and Agent may waive late charges to the extent provided in clause (c) below in its sole discretion);

(b) any modification or waiver of a material non-monetary term of the Mortgage Loan;

(c) any modification or waiver that would result in (i) the extension (other than (A) in accordance with the Loan Documents or (B) for a period of no more than thirty (30) days) or acceleration of the Maturity Date, (ii) a reduction in the interest rate or the monthly debt service payment or Prepayment Premium payable on the Mortgage Loan or a loss of the right to receive any such payment of principal or interest (including, without limitation, any accrued interest) or any fee (other than one month’s late charge), (iii) a deferral or forgiveness of interest on or principal of the Mortgage Loan, or (iv) a discounted pay-off of the Mortgage Loan, or (v) an increase or reduction in the principal amount of the Mortgage Loan (other than an increase as a result of Servicing Advances);

(d) any waiver of an Event of Default;

(e) except as provided in Section 5.03 below, to accelerate the Maturity Date, commence foreclosure proceedings, accept the conveyance of title to the Mortgaged Property in lieu of foreclosure or otherwise, commence any proceedings to collect any amounts owing or claimed to be owing under any guaranty, appoint or request the appointment of a receiver for the Mortgaged Property, collect rents from the Mortgaged Property, take possession of the Mortgaged Property or otherwise exercise any enforcement remedies;

(f) any release of the Borrower or any guarantor from liability with respect to the Mortgage Loan or any modification to, waiver of any provision of, or release of, any guaranty or indemnity agreement;

(g) any substitution or release of collateral for the Mortgage Loan, except as permitted by the Loan Documents without Lender’s consent;

(h) any modification to the number or percentage of Holders required to make any determinations or receive any rights hereunder;

(i) subordination of the Liens created by the Loan Documents to any other liens securing indebtedness of Borrower or otherwise; and

(j) consent to any senior or subordinate financing and any loan that may replace it;

(k) any waiver of or determination not to enforce a “due-on-sale” or “due-on-encumbrance” clause or any other restriction on the sale or transfer of the Mortgaged Property or

any portion thereof (but not any sale or transfer of any REO Property) or on any transfer of any direct or indirect ownership interest in the Mortgage Loan Borrower;

(l) the voting on any plan of reorganization, restructuring or similar plan in the bankruptcy of the Mortgage Loan Borrower; and

(m) any other matter for which the approval or consent of the A-2 Holder is required hereunder, including, without limitation, the matters described in Section 3.07(d) hereof.

#### 5.02 Action Notice.

(a) Prior to taking any action or making any decision with respect to a Unanimous Consent Decision, Agent shall notify each Holder entitled to consent to such decision in writing of the proposed action (such notice, an “**Action Notice**”). If the Holder fails to notify the Agent of its approval or disapproval of any such proposed action within ten (10) Business Days after delivery to the Holder by Agent of an Action Notice (which notice shall contain a legend, in conspicuous boldface type, substantially similar to the following: “**THIS IS A REQUEST FOR ACTION APPROVAL. IF THE HOLDER FAILS TO APPROVE OR DISAPPROVE THE ENCLOSED ACTION WITHIN TEN (10) BUSINESS DAYS, SUCH ACTION MAY BE DEEMED APPROVED.**”), then upon the expiration of such ten (10) Business Day period, Agent shall contact the Holder by telephone or email at the notice address and, if no response to such telephone call or email is received within one (1) Business Day after such contact, such action by the Agent shall be deemed to have been approved by the Holder.

(b) In addition, unless there is at such time no Holder entitled to consent to the proposed Unanimous Consent Decision (other than A-1 Holder, and assuming that no portion of Participation A-1 has been transferred), Agent shall prepare a summary of such proposed action and an analysis of whether or not such action is reasonably likely to produce a greater recovery on a present value basis than not taking such action, setting forth the basis on which Agent made such determination, and shall provide to each Holder copies of such summary and other material documents and items reasonably necessary to make such determination by hard copy or electronic means on a timely basis, but in any event concurrently with, or prior to, the delivery of the Action Notice pursuant to Section 5.02(a).

5.03 Enforcement. If an Event of Default shall occur and be continuing, and if at such time there are Holders of Participations other than Agent and Related A-2 Holders, Agent shall promptly prepare a summary of its proposed action in respect of such Event of Default and an analysis of whether or not such action is reasonably likely to produce a greater recovery on a present value basis than not taking such action, setting forth the basis on which Agent made such determination, and shall provide to each Holder (other than any Related A-2 Holder) copies of such summary by hard copy or electronic means on a timely basis. If any such proposed action is disapproved by any Holder (other than any Related A-2 Holder), Agent shall propose an alternate action (based on any counter-proposals received from the dissenting Holder or based on any alternate course of action that Agent may deem appropriate) until the approval of the other Holders (other than any Related A-2 Holder) is obtained; provided that if Agent and the Holders (other than any Related A-2 Holder) do not agree on a proposed course of action with respect to any Event of Default within the earlier of (i) thirty (30) days after the date on which Agent first

proposed a foreclosure or other action pursuant to this Section 5.03 and (ii) ninety (90) days after the occurrence of such Event of Default, then Agent shall commence, prosecute and consummate a foreclosure action under the Loan Documents; provided that Agent and the other Holders (other than any Related A-2 Holder) may at any time agree on a different course of action.

#### 5.04 Disputes.

(a) Notwithstanding anything herein to the contrary, no advice, direction or objection from or by the Holders or any Holder, as contemplated by Section 5.01, may (and Agent shall ignore and act without regard to any such advice, direction or objection that Agent has determined, in its reasonable, good faith judgment, will) require or cause Agent to take any action or refrain from taking any action if taking or not taking such action, respectively, would violate any law of any applicable jurisdiction or violate any provisions of this Agreement (in the latter case, unless all parties, other than any Related A-2 Holder, agree to waive such provision).

(b) Without limiting the obligations of Agent hereunder, no Holder shall owe any fiduciary duty to Agent or any other Holder. The Holders will not have any liability to any non-consenting Holder (or non-voting Holder) for any action taken, or for refraining from the taking of any action, pursuant to this Agreement or the giving of any consent or for errors in judgment. By its acceptance of a Participation, each Holder will be deemed to have confirmed its understanding that (i) any Holders entitled to vote may vote in favor of, or refrain from voting in favor of, actions that favor the interests of such Holders or its Affiliates over the other Holders, (ii) a Holder may have special relationships and interests that conflict with the interest of the other Holders and each Holder will be deemed to have agreed to assert no claim or otherwise take any similar action against another Holder or any of its officers, directors, employees, principals or agents as a result of such a special relationships or conflicts, (iii) no Holder shall be liable by reason of its having acted or refrained from acting solely in its interest or in the interest of its Affiliates and (iv) no Holder shall be liable by reason of its having acted or refrained from acting solely in the interests of the related Holder or its Affiliates.

## SECTION 6

### **LIMITATION OF LIABILITY; INDEMNIFICATION**

6.01 Limitation of Liability of Agent. Agent, whether in such capacity or as Lender or Holder of Participation A-1, shall not have any liability to any Holder except with respect to losses actually suffered due to its (i) gross negligence, (ii) willful misconduct, (iii) failure to distribute to such Holder amounts required to be distributed to it under this Agreement and (iv) breach of any of its representations and warranties set forth in Section 7.01 (“**Excepted Matters**”). Each Holder acknowledges that, subject to the terms of this Agreement, Agent has the rights set forth in this Agreement as rights of Agent, as Lender and A-1 Holder and may exercise, or omit to exercise, any rights that it may have under this Agreement in a manner that may be adverse to the interests of the other Holders, so long as such actions, if taken as Agent, are in accordance with Accepted Servicing Practices and the terms of this Agreement. Notwithstanding the foregoing, however, Agent shall have no liability to any Related A-2 Holder other than for Excepted Matters (iii) and (iv).

6.02 Indemnification of Agent by Holders. Each Holder severally agrees to indemnify Agent (to the extent not promptly reimbursed by Borrower) from and against such Holder's Percentage Share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against Agent in any way relating to or arising out of the Loan Documents or any action taken or omitted by Agent under the Loan Documents; provided that no Holder shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from any of the Excepted Matters, as established by a final, non-appealable judgment by a court of competent jurisdiction. Without prejudice to the survival of any other agreement of any Holder hereunder, the agreement and obligations of each Holder contained in this Section 6.02 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the other Loan Documents.

## SECTION 7

### REPRESENTATIONS AND WARRANTIES

7.01 Representations of Lender. Lender shall be liable to the A-2 Holder for its representations and warranties pursuant to this Section 7.01 notwithstanding any other limitations on its liability in this Agreement. Lender, as originating lender, Agent, and Initial A-1 Holder, represents and warrants to Initial A-2 Holder that the execution, delivery and performance of this Agreement is within its corporate powers, has been duly authorized by all necessary corporate action, and does not contravene Lender's charter or any law or contractual restriction binding upon Lender, and that this Agreement is the legal, valid and binding obligation of Lender enforceable against the Lender in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and except that the enforcement of rights with respect to indemnification and contribution obligations may be limited by applicable law. Lender further represents and warrants to each initial Holder, that:

(a) Lender is duly organized, validly existing and in good standing under the laws of all jurisdictions where so required to be.

(b) Immediately prior to the execution and delivery of this Agreement, Lender was the sole legal owner and holder of the Mortgage Loan, free and clear of any lien, pledge, hypothecation, encumbrance or other adverse interest in the Mortgage Loan.

(c) Lender has the right under its organizational documents and applicable law without the consent of any third party to enter into this Agreement and to sell the A-2 Participation to the Initial A-2 Holder.

(d) Lender has not dealt with any broker, investment banker, agent or other person, other than Initial A-2 Holder and its Affiliates, that may be entitled to any commission or compensation in connection with the consummation of any of the transactions contemplated hereby.



(e) Exhibit B attached hereto accurately sets forth, as of the date hereof, the outstanding balance of principal and accrued interest of the Mortgage Loan and each Participation, and Exhibit E sets forth, as of the date hereof, the holder and contact information for Lender / Initial A-1 Holder.

7.02 Representations of Initial A-2 Holder. The Initial A-2 Holder, as of the date hereof, hereby represents and warrants to, and covenants with Lender, as originating lender, Agent, and Initial A-1 Holder as to itself only, that:

(a) It is duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) The execution and delivery of this Agreement by Initial A-2 Holder, and performance of, and compliance with, the terms of this Agreement by Initial A-2 Holder, will not violate its organizational documents or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in the breach of, any material agreement or other instrument to which it is a party or that is applicable to it or any of its assets, in each case which materially and adversely affect its ability to carry out the transactions contemplated by this Agreement.

(c) A-2 Holder has the right under its organizational documents and applicable law without the consent of any third party to enter into this Agreement and to purchase the A-2 Participation.

(d) This Agreement is the legal, valid and binding obligation of A-2 Holder enforceable against A-2 Holder in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and except that the enforcement of rights with respect to indemnification and contribution obligations may be limited by applicable law.

(e) A-2 Holder is purchasing the A-2 Participation for its own account.

(f) A-2 Holder has not dealt with any broker, investment banker, agent or other person, other than Lender, Agent and their Affiliates, that may be entitled to any commission or compensation in connection with the consummation of any of the transactions contemplated hereby.

7.03 Independent Analyses of the Initial Holders. Subject to the provisions of Sections 7.01 and 7.02, each Holder acknowledges that it has, independently and without reliance upon Lender, the Agent or any of their Affiliates and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to purchase the related Participation. Except as expressly provided in this Agreement, each Holder hereby acknowledges that none of Lender, Agent or any Holder, subject to the representations and warranties set forth in this Agreement, shall have any responsibility for (i) the collectability of the Mortgage Loan, (ii) the validity, enforceability or legal effect of any of the Loan Documents or the title insurance policy or policies or any survey furnished to Lender in connection with the origination of the

Mortgage Loan, (iii) the validity, sufficiency or effectiveness of the lien created or to be created by the Loan Documents, or (iv) the financial condition of the Borrower.

## SECTION 8

### TRANSFERS

#### 8.01 Transfer of Participations.

(a) No Holder may sell, assign, transfer, pledge, syndicate, hypothecate, contribute, encumber, subparticipate or otherwise dispose of (each, a “**Transfer**”) any interest in its Participation except in accordance with the terms of this Agreement. Any assignee of an interest (an “**Assignee**”), as a condition to such Transfer, shall assume all of the obligations of the transferring Holder pursuant to this Agreement and the Loan Documents, and shall make the representations and warranties made by the initial Holder of such Participation pursuant to this Agreement, each with respect to the Percentage Share that it is purchasing.

(b) Lender shall only transfer its interest hereunder as permitted pursuant to Article XI of the Loan Agreement. A-2 Holder shall not transfer the Participation A-2 interest hereunder without the prior written consent of Agent, which consent shall be granted or withheld in Agent’s reasonable discretion.

(c) Notwithstanding the rights to Transfer contained herein, no Related A-2 Holder shall have any right to vote on or consent to any issue for which a voting, consent, or similar right is otherwise provided hereunder.

#### 8.02 Certain Rights and Restrictions.

(a) Notwithstanding Section 8.01, each of the Holders agrees that each Transfer to be made by such Holder is subject to the following restrictions: (i) all such Transfers shall be made upon prior written notice to Agent and the other Holders, and (ii) the transferor and transferee shall execute an assignment and assumption agreement whereby such transferee is assigned and assumes all or a ratable portion, as the case may be, of the obligations of the transferring Holder hereunder with respect to its Participation from and after the date of such assignment (or, in the case of a pledge, collateral assignment or other encumbrance of a Participation, solely as security for a loan to the related Holder, made by a third-party, whereby such Holder remains fully liable under this Agreement, such third party executes an agreement that such Holder shall be bound by the terms and provisions of this Agreement and the obligations of the related Holder hereunder on and after the date on which such Holder succeeds to the rights of the related Holder by foreclosure or otherwise).

(b) Upon the consummation of a Transfer by way of assignment of 100% of its Percentage Share of Participation, the transferee shall be a Holder with respect to the applicable Participation for all purposes under this Agreement with all of the rights, interests and obligations related thereto and the transferring Person shall be released from all liability arising under this Agreement with respect to the related Participation (or the portion thereof that was the subject of such Transfer), arising after the effective date of such Transfer.

(c) If a Holder Transfers by assignment less than 100% of its Percentage Share in a Participation, then the transferee shall be a Holder with respect to the applicable Participation for all purposes under this Agreement with all of the rights, interests and obligations related thereto except that no transferee that is a Related A-2 Holder shall have any right to vote on any decision, including any Unanimous Consent Decision or any other right or priority that, pursuant to this Agreement, is not granted to a Related A-2 Holder.

## SECTION 9

### MISCELLANEOUS

9.01 No Creation of a Partnership or Exclusive Purchase Right. Nothing contained in this Agreement, and no action taken pursuant hereto, shall be deemed to constitute the arrangement between Agent and the Holders of a partnership, association, joint venture or other entity. None of the Holders shall have any obligation whatsoever to offer to any other Holder the opportunity to purchase notes or participation interests relating to any future loans originated by such Holder or any of its Affiliates, and if such Holder chooses to offer to any other Holder the opportunity to purchase notes or any participation interests in any future mortgage loans originated by such Holder or its Affiliates, such offer shall be at such purchase price and interest rate as such Holder chooses, in its sole and absolute discretion. No Holder shall have any obligation whatsoever to purchase from any other Holder any notes or participation interests in any future loans originated by any other Holder or any of its Affiliates.

9.02 Not a Security. No Participation shall be deemed to be a security within the meaning of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

9.03 Other Business Activities of Agent and Holders. Agent and each Holder acknowledge that Agent and each other Holder, respectively, may make loans or otherwise extend credit to, and generally engage in any kind of business with, any Borrower Related Party, and receive payments on such other loans or extensions of credit to any Borrower Related Party and otherwise act with respect thereto freely and without accountability in the same manner as if this Agreement and the transactions contemplated hereby were not in effect.

9.04 No Pledge or Loan. This Agreement shall not be deemed to represent a pledge of any interest in the Mortgage Loan by Lender to any other Holder, or a loan from any Holder to Lender. If any such property or the proceeds thereof shall be applied in reduction of the Mortgage Loan Principal Balance, then each Holder shall be entitled to receive its share of such application in accordance with the terms of this Agreement.

9.05 Governing Law; Waiver of Jury Trial. THIS AGREEMENT AND THE RESPECTIVE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CHOICE OF LAW RULES THEREOF OTHER THAN THE PROVISIONS OF SECTION 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW SHALL APPLY TO THIS GUARANTEE. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY

ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

9.06 Modifications. This Agreement shall not be modified, cancelled or terminated except by an instrument in writing signed by the parties hereto. The party seeking modification of this Agreement shall be solely responsible for any and all reasonable and customary expenses that may arise in order to modify this Agreement.

9.07 Successors and Assigns; Third Party Beneficiaries. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns; provided, that no successors or assigns of Lender shall have any liability for a breach of representation or warranty set forth in this Agreement. None of the provisions of this Agreement shall be for the benefit of or enforceable by any Person not a party hereto.

9.08 Counterparts. This Agreement may be executed in any number of counterparts and all of such counterparts shall together constitute one and the same instrument.

9.09 Captions. The titles and headings of the paragraphs of this Agreement have been inserted for convenience of reference only and are not intended to summarize or otherwise describe the subject matter of the paragraphs and shall not be given any consideration in the construction of this Agreement.

9.10 Notices. All notices required hereunder shall be given by (i) telephone (confirmed in writing) or shall be in writing and personally delivered, (ii) sent by facsimile transmission or electronic mail if the sender on the same day sends a confirming copy of such notice by reputable overnight delivery service (charges prepaid), (iii) reputable overnight delivery service (charges prepaid) or (iv) certified United States mail, postage prepaid return receipt requested, and addressed to the respective parties at their addresses set forth on Exhibit E hereto, or at such other address as any party shall hereafter inform the other party by written notice given as aforesaid. All written notices so given shall be deemed effective upon receipt or, if mailed, upon the earlier to occur of receipt or the expiration of the fourth (4th) day following the date of mailing.

9.11 Reports to the Holders. Agent shall provide to each Holder, other than a Related A-2 Holder (a) a summary of the current status of principal and interest payments on the Mortgage Loan, (b) copies of the Borrower's current financial statements, to the extent in its possession, (c) copies of all reports, statements, certificates, budgets and other information delivered by the Borrower under the Loan Documents, (d) current information, if any, as to the value of the Mortgaged Property, to the extent in its possession, (e) agreements that govern the administration of the Mortgage Loan, (f) copies of any default or acceleration notices sent to the Borrower with respect to the Mortgage Loan and all material correspondence related thereto, (g) notices delivered to Agent by the Borrower, and (h) other information with respect to the Borrower or the Mortgage Loan, as may be reasonably requested by any such Holder, to the extent in the Agent's possession or reasonably obtainable, in each case at the sole cost and expense of the requesting Holder (with respect to all third party out-of-pocket and the reasonable administrative and photocopying costs).

9.12 Custody of Loan Documents. The originals of all of the Loan Documents will be held by Agent on behalf of all of the Holders.

9.13 Registration of Transfers. Agent shall maintain a register on which it will record the names and addresses of, and wire transfer instructions for, the Holders from time to time, to the extent such information is provided in writing to it by the Holders. Any transfer of a Participation hereunder shall be recorded on such register.

9.14 Termination. This Agreement and the respective obligations and responsibilities under this Agreement of the parties hereto shall terminate upon (a) mutual agreement by the parties hereto, evidenced in writing; (b) thirty (30) days after all Participations are paid in full; or (c) payment (or provision for payment) to the Holders of all amounts held by or on behalf of Agent, as applicable, to be so paid on the last Remittance Date following final payment or other liquidation (or any advance with respect thereto) of the Mortgage Loan or the Mortgaged Property; provided, however, that in no event shall the arrangement created hereby continue beyond the expiration of 21 years from the death of the last survivor of the descendants of Joseph P. Kennedy, the late Ambassador of the United States to the Court of St. James, living on the date hereof

9.15 Withholding Taxes.

(a) If Agent or the Borrower shall be required by law to deduct and withhold Taxes from interest, fees or other amounts payable to any Holder with respect to the Mortgage Loan as a result of such Holder constituting a Non-Exempt Person, Agent shall be entitled to do so with respect to such Holder's interest in such payment (all withheld amounts being deemed paid to such Holder), provided that Agent shall furnish any such Holder with a statement setting forth the amount of Taxes withheld, the applicable rate and other information which may reasonably be requested for purposes of assisting such Holder to seek any allowable credits or deductions for the Taxes so withheld in each jurisdiction in which such Holder is subject to tax.

(b) Each other Holder shall and hereby agrees to indemnify Agent against and hold Agent harmless from and against any Taxes, interest, penalties and attorneys' fees and disbursements arising or resulting from any failure of Agent to withhold Taxes from payment made to any Holder in reliance upon any representation, certificate, statement, document or instrument made or provided by such Holder to Agent in connection with the obligation of Agent to withhold Taxes from payments made to such Holder, it being expressly understood and agreed that (i) Agent shall be absolutely and unconditionally entitled to accept any such representation, certificate, statement, document or instrument as being true and correct in all respects and to fully rely thereon without any obligation or responsibility to investigate or to make any inquiries with respect to the accuracy, veracity, correctness or validity of the same and (ii) any other Holder shall, upon request of Agent and at its sole cost and expense, defend any claim or action relating to the foregoing indemnification using counsel reasonably satisfactory to Agent.

(c) Each Holder represents to Agent (for the benefit of the Borrower) that it is not a Non-Exempt Person and that neither Agent nor the Borrower is obligated under applicable law to withhold Taxes on sums paid to it with respect to the Mortgage Loan or otherwise pursuant to this Agreement. Contemporaneously with the execution of this Agreement and from time to time as necessary during the term of this Agreement, each other Holder shall deliver to Agent, evidence satisfactory to Agent substantiating that it is not a Non-Exempt Person and that Agent is not obligated under applicable law to withhold Taxes on sums paid to it with respect to the

Mortgage Loan or otherwise under this Agreement. Without limiting the effect of the foregoing, (a) if any other Holder is created or organized under the laws of the United States, any state thereof or the District of Columbia, it shall satisfy the requirements of the preceding sentence by furnishing to Agent an Internal Revenue Service Form W-9 and (b) if such Holder is not created or organized under the laws of the United States, any state thereof or the District of Columbia, and if the payment of interest or other amounts by the Borrower is treated for United States income tax purposes as derived in whole or part from sources within the United States, such other Holder shall satisfy the requirements of the preceding sentence by furnishing to Agent Internal Revenue Service Form W-8ECI or Form W-8BEN, or successor forms, as may be required from time to time, duly executed by such other Holder, as evidence of such other Holder's exemption from the withholding of United States tax with respect thereto. Agent shall not be obligated to make any payment hereunder to any Holder in respect of its Participation or otherwise until such other Holder shall have furnished to Agent the requested forms, certificates, statements or documents.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

**LENDER, AGENT AND  
A-1 HOLDER:**

**BANK OF CHINA, NEW YORK BRANCH**

By: /s/ Raymond L. Qiao  
Name: Raymond L. Qiao  
Title: Chief Lending Officer

*Signatures continue on following page*

S-1

**INITIAL A-2 HOLDER:**

**ALEXANDER'S OF REGO PARK II  
PARTICIPATING LENDER LLC**

By: /s/ Alan J. Rice

Name: Alan J. Rice

Title: Authorized Signatory





## **EXHIBIT A**

### **Loan Documents**

1. Amended and Restated Loan and Security Agreement
2. Second Amended and Restated Promissory Note
3. Second Amended and Restated Mortgage Assignment of Leases and Rents and Security Agreement
4. Section 255 Affidavit (Mortgage)
5. Amended and Restated Assignment of Leases and Rents
6. Section 255 Affidavit (ALR)
7. Amended and Restated Guaranty of Recourse Carveouts
8. Amended and Restated Environmental Indemnity Agreement
9. Amended and Restated Assignment, Consent and Subordination of Management Agreement
10. Amended and Restated Assignment of Contracts, Licenses and Permits
11. UCC-1 Financing Statements - Queens County, NY
12. UCC-1 Financing Statements - Delaware Secretary of State
13. Settlement Statement
14. Certificate of Mortgage Borrower
15. W-9 Form

Exhibit A

**EXHIBIT B**

**OUTSTANDING PRINCIPAL BALANCE AND ACCRUED INTEREST**

Amounts as of February 14, 2020, before application of payment due on such date (if any).

Outstanding Principal: \$252,543,606.53

Accrued Interest

1/30/20 through 2/14/20 \$315,679.51

Exhibit B

## EXHIBIT C

### Wiring Instructions

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ABA:

Bank of China, New York Branch

Account #:

Account Name: Bank of China, New York ranch

SWIFT:

CHIP ID:

Attention: Elaine Ho/OSD/Commercial Mortgage Loan Operations

Reference: REGO II Participation

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Alexander's of Rego Park II Participating Lender LLC  
Wells Fargo Bank  
Wire Instructions

Wells Fargo

Union, NJ

ABA#

Account Name: Alexander's of Rego Park H Participating Lender LLC

Account #:

Reference: (please make note of reason for wire payment)

**NOTE: WIRE MUST BE IDENTIFIED IN REFERENCE FIELD**

Please call Vornado Cash Management at (201) 587-1000 when wire is sent and/or if you have any questions regarding these instructions.

**EXHIBIT D**  
**FORM OF PARTICIPATION CERTIFICATE**  
**(see below)**

Exhibit D – Page 1

SECOND AMENDED AND RESTATED  
PARTICIPATION A-1 CERTIFICATE

CERTIFICATE NO. A-1(3)

Evidencing a participation interest created by the Second Amended and Restated Participation Agreement (as defined below) in the Mortgage Loan in the original principal amount specified below originally made by Bank of China, New York Branch, to Rego II Borrower LLC, a Delaware limited liability company on February 14, 2020.

Initial First Mortgage Loan Principal Balance:	\$275,000,000.00
Mortgage Loan Principal Balance as of February 14, 2020	\$252,543,606.53
Percentage Interest in Mortgage Loan Represented by Participation A- 1:	80.20%
Principal Balance of this Participation A-1 Certificate:	\$202,543,606.53
Participation A-1 Interest Rate	LIBOR plus 1.35%
Percentage Interest in Participation A-1 represented by this Certificate	100%

THIS CERTIFICATE HAS NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE. ANY RESALE, TRANSFER OR OTHER DISPOSITION OF THIS PARTICIPATION A-1 CERTIFICATE WITHOUT SUCH REGISTRATION OR QUALIFICATION MAY BE MADE ONLY IN A TRANSACTION WHICH DOES NOT REQUIRE SUCH REGISTRATION OR QUALIFICATION AND IN ACCORDANCE WITH THE PROVISIONS OF SECTION 8 OF THE PARTICIPATION AGREEMENT (AS DEFINED HEREIN).

WITHOUT LIMITING ANY OF THE OBLIGATIONS OF ANY OF THE PARTIES UNDER THE PARTICIPATION AGREEMENT, THIS PARTICIPATION A-1 CERTIFICATE DOES NOT REPRESENT AN OBLIGATION OF OR AN INTEREST IN BANK OF CHINA, NEW YORK BRANCH, OR ANY OF ITS AFFILIATES. NEITHER THIS PARTICIPATION A-1 CERTIFICATE NOR THE MORTGAGE LOAN IS GUARANTEED BY ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OR ANY OTHER PERSON. DISTRIBUTIONS IN REDUCTION OF THE PRINCIPAL BALANCE OF THIS PARTICIPATION A-1 CERTIFICATE MAY BE MADE AS SET FORTH IN THE PARTICIPATION AGREEMENT. ACCORDINGLY, THE OUTSTANDING PRINCIPAL

BALANCE OF THIS PARTICIPATION A-1 CERTIFICATE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ABOVE.

This certifies that BANK OF CHINA, NEW YORK BRANCH is the registered owner of 100% of Participation A-1 in the Mortgage Loan created pursuant to the Second Amended and Restated Participation Agreement dated as of February 14, 2020 (as amended, restated, supplemented, or otherwise modified from time to time, the "**Participation Agreement**"), among BANK OF CHINA, NEW YORK BRANCH, as Agent, Lender, and Initial A-1 Holder, and ALEXANDER'S OF REGO PARK II PARTICIPATING LENDER LLC as Initial A-2 Holder.

This Participation A-1 Certificate is subject to the terms, provisions and conditions of the Participation Agreement, as to which the Holder of this Participation A-1 Certificate, by virtue of the acceptance hereof, assents and by which such Holder is bound. To the extent not defined herein, capitalized terms used herein have the respective meanings assigned in the Participation Agreement.

The ownership of an interest in Participation A-1 shall be registered on a record of ownership maintained by Agent on behalf of Lender as holder of legal title to the Mortgage Loan. The right to the principal of, and stated interest on, this Participation A-1 Certificate may be transferred only if the transfer is registered on such record of ownership and the transferee is identified as the owner of an interest in the obligation. Agent shall be entitled to treat the registered holder of this Participation A-1 Certificate as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim or interest in this Participation A-1 Certificate on the part of any other person or entity.

On each Remittance Date, Agent shall distribute to the Person in whose name this Participation A-1 Certificate is registered at the close of business on the last Business Day of the month immediately preceding the month of such distribution (the "**Record Date**") amount required to be distributed to the Participation A-1 Holder on such date pursuant to Section 4 of the Participation Agreement. All distributions made under the Participation Agreement will be made by wire transfer in immediately available funds to the account of the Person entitled thereto at a bank or other entity having appropriate facilities therefor, if such Participation A-1 Holder shall have provided the Agent with wiring instructions no later than five (5) Business Days prior to the Remittance Date for such distribution (which wiring instructions may be in the form of a standing order applicable to all subsequent distributions as well), or otherwise by check mailed to the address of such Participation A-1 Holder appearing in the records of Agent. Notwithstanding the above, the final distribution on this Participation A-1 Certificate will be made after due notice by Agent of the pendency of such distribution and only upon presentation and surrender of this Participation A-1 Certificate at the offices of Agent or such other location as may be specified in such notice.

Unless this Participation A-1 Certificate has been executed by the holder of legal title to the Mortgage Loan, by manual signature, this Participation A-1 Certificate shall not be entitled to any benefit under the Participation Agreement or be valid for any purpose.

The registered Holder hereof, by its acceptance hereof, agrees that it will look solely to the Mortgage Loan (to the extent of its rights therein), for distributions hereunder. The foregoing



sentence is not intended to conflict with any rights granted to Holders under the Participation Agreement.

This Participation A-1 Certificate shall be construed in accordance with the internal laws of the State of New York applicable to agreements made and to be performed in said State, and the obligations, rights and remedies of the Holder hereof shall be determined in accordance with such laws

This Participation A-1 Certificate amends and restates in its entirety the Participation A-1 Certificate dated as of December 12, 2018 issued in connection with the Original Participation Agreement as CERTIFICATE NO. A-1(2).

*[Signature page follows]*

WHEREOF, the holder of legal title to the Mortgage Loan has caused this Participation A-1 Certificate to be duly executed.

BANK OF CHINA, NEW YORK BRANCH

By:\_\_\_

Name:\_\_\_

Title:\_\_\_

Date:\_\_\_

SECOND AMENDED AND RESTATED  
PARTICIPATION A-2 CERTIFICATE

CERTIFICATE NO. A-2(3)

Evidencing a participation interest created by the Second Amended and Restated Participation Agreement (as defined below) in the Mortgage Loan in the original principal amount specified below originally made by Bank of China, New York Branch, to Rego II Borrower LLC, a Delaware limited liability company on February 14, 2020.

Initial First Mortgage Loan Principal Balance:	\$275,000,000.00
Mortgage Loan Principal Balance as of February 14, 2020	\$252,543,606.53
Percentage Interest in Mortgage Loan Represented by Participation A- 2:	19.80%
Initial Principal Balance of this Participation A-2 Certificate:	\$50,000,000.00
Participation A-2 Interest Rate	LIBOR plus 1.35%
Percentage Interest in Participation A-2 represented by this Certificate	100%

THIS CERTIFICATE HAS NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE. ANY RESALE, TRANSFER OR OTHER DISPOSITION OF THIS PARTICIPATION A-2 CERTIFICATE WITHOUT SUCH REGISTRATION OR QUALIFICATION MAY BE MADE ONLY IN A TRANSACTION WHICH DOES NOT REQUIRE SUCH REGISTRATION OR QUALIFICATION AND IN ACCORDANCE WITH THE PROVISIONS OF SECTION 8 OF THE PARTICIPATION AGREEMENT (AS DEFINED HEREIN).

WITHOUT LIMITING ANY OF THE OBLIGATIONS OF ANY OF THE PARTIES UNDER THE PARTICIPATION AGREEMENT. THIS PARTICIPATION A-2 CERTIFICATE DOES NOT REPRESENT AN OBLIGATION OF OR AN INTEREST IN BANK OF CHINA, NEW YORK BRANCH, OR ANY OF ITS AFFILIATES. NEITHER THIS PARTICIPATION A-2 CERTIFICATE NOR THE MORTGAGE LOAN IS GUARANTEED BY ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OR ANY OTHER PERSON. DISTRIBUTIONS IN REDUCTION OF THE PRINCIPAL BALANCE OF THIS PARTICIPATION A-2 CERTIFICATE MAY BE MADE AS FORTH IN THE PARTICIPATION AGREEMENT. ACCORDINGLY, THE OUTSTANDING PRINCIPAL

BALANCE OF THIS PARTICIPATION A-2 CERTIFICATE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ABOVE.

This certifies that ALEXANDER'S OF REGO PARK II PARTICIPATING LENDER LLC is the registered owner of 100% of Participation A-2 in the Mortgage Loan created pursuant to the Second Amended and Restated Participation Agreement dated as of February 14, 2020 (as amended, restated, supplemented, or otherwise modified from time to time, the "**Participation Agreement**"), among BANK OF CHINA, NEW YORK BRANCH, as Agent, Lender, and Initial A-1 Holder, and ALEXANDER'S OF REGO PARK II PARTICIPATING LENDER LLC as Initial A-2 Holder.

This Participation A-2 Certificate is subject to the terms, provisions and conditions of the Participation Agreement, as to which the Holder of this Participation A-2 Certificate, by virtue of the acceptance hereof, assents and by which such Holder is bound. To the extent not defined herein, capitalized terms used herein have the respective meanings assigned in the Participation Agreement.

The ownership of an interest in Participation A-2 shall be registered on a record of ownership maintained by Agent on behalf of Lender as holder of legal title to the Mortgage Loan. The right to the principal of, and stated interest on, this Participation A-2 Certificate may be transferred only if the transfer is registered on such record of ownership and the transferee is identified as the owner of an interest in the obligation. Agent shall be entitled to treat the registered holder of this Participation A-2 Certificate as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim or interest in this Participation A-2 Certificate on the part of any other person or entity.

On each Remittance Date, Agent shall distribute to the Person in whose name this Participation A-2 Certificate is registered at the close of business on the last Business Day of the month immediately preceding the month of such distribution (the "**Record Date**") amount required to be distributed to the Participation A-2 Holder on such date pursuant to Section 4 of the Participation Agreement. All distributions made under the Participation Agreement will be made by wire transfer in immediately available funds to the account of the Person entitled thereto at a bank or other entity having appropriate facilities therefor, if such Participation A-2 Holder shall have provided the Agent with wiring instructions no later than five (5) Business Days prior to the Remittance Date for such distribution (which wiring instructions may be in the form of a standing order applicable to all subsequent distributions as well), or otherwise by check mailed to the address of such Participation A-2 Holder appearing in the records of Agent. Notwithstanding the above, the final distribution on this Participation A-2 Certificate will be made after due notice by Agent of the pendency of such distribution and only upon presentation and surrender of this Participation A-2 Certificate at the offices of Agent or such other location as may be specified in such notice.

Unless this Participation A-2 Certificate has been executed by the holder of legal title to the Mortgage Loan, by manual signature, this Participation A-2 Certificate shall not be entitled to any benefit under the Participation Agreement or be valid for any purpose.

The registered Holder hereof, by its acceptance hereof, agrees that it will look solely to the Mortgage Loan (to the extent of its rights therein), for distributions hereunder. The foregoing sentence is not intended to conflict with any rights granted to Holders under the Participation Agreement.

This Participation A-2 Certificate shall be construed in accordance with the internal laws of the State of New York applicable to agreements made and to be performed in said State, and the obligations, rights and remedies of the Holder hereof shall be determined in accordance with such laws.

This Participation A-2 Certificate amends and restates in its entirety the original Participation A-2 Certificate dated as of December 12, 2018 issued in connection with the Original Participation Agreement as CERTIFICATE NO. A-2(2).

*[Signature page follows]*

WHEREOF, the holder of legal title to the Mortgage Loan has caused this Participation

A-2 Certificate to be duly executed.

BANK OF CHINA, NEW YORK BRANCH

By: \_\_

Name: \_\_

Title: \_\_

Date: \_\_

**EXHIBIT E**

**Notice Address**

**LENDER:** BANK OF CHINA, NEW YORK BRANCH  
7 Bryant Park  
1045 Avenue of the Americas  
13<sup>th</sup> Floor  
New York, New York 10018  
Attention: Raymond L. Qiao  
  
Tel: +1 (646) 231 3149  
Email: [lquiao@bocusa.com](mailto:lquiao@bocusa.com)

Chief Lending Officer

**INITIAL A-2 HOLDER** ALEXANDER'S OF REGO PARK II PARTICIPATING  
LENDER LLC  
c/o Alexander's, Inc.  
210 Route 4 East  
Paramus, New Jersey 07652  
Attention: Chief Financial Officer  
Facsimile No.: (201) 843-2198

Exhibit E

May 4, 2020

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 4, 2020, 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, 2020, is incorporated by reference in Registration Statement No. 333-212838 on Form S-8 and Registration Statement No. 333-224054 on Form S-3.

/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 4, 2020

/s/ Steven Roth

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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 4, 2020

/s/ Matthew Iocco

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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, 2020 (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 4, 2020

/s/ Steven Roth  
\_\_\_\_\_  
Name: 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, 2020 (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 4, 2020

/s/ Matthew Iocco

Name: Matthew Iocco  
Title: Chief Financial Officer