

**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: June 30, 2016

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

ALEXANDER'S, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

51-0100517

(I.R.S. Employer Identification Number)

210 Route 4 East, Paramus, New Jersey

(Address of principal executive offices)

07652

(Zip Code)

(201) 587-8541

(Registrant's telephone number, including area code)

N/A

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

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 and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer (Do not check if smaller reporting company)

Smaller Reporting Company

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 July 31, 2016, there were 5,106,196 shares of common stock, par value \$1 per share, outstanding.

ALEXANDER'S, INC.

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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 | June 30, 2016 | December 31, 2015 |
|--|---------------------|----------------------|
| Real estate, at cost: | | |
| Land | \$ 44,971 | \$ 44,971 |
| Buildings and leasehold improvements | 982,230 | 975,015 |
| Development and construction in progress | 3,169 | 9,486 |
| Total | <u>1,030,370</u> | <u>1,029,472</u> |
| Accumulated depreciation and amortization | (239,047) | (225,533) |
| Real estate, net | 791,323 | 803,939 |
| Cash and cash equivalents | 235,753 | 259,349 |
| Restricted cash | 87,888 | 85,307 |
| Marketable securities | 45,706 | 43,191 |
| Tenant and other receivables, net of allowance for doubtful accounts of \$1,044 and \$918, respectively | 2,519 | 4,014 |
| Receivable arising from the straight-lining of rents | 180,447 | 181,357 |
| Deferred leasing costs, net, including unamortized leasing fees to Vornado of \$38,658 and \$33,482, respectively | 50,538 | 45,840 |
| Other assets | 51,661 | 24,811 |
| | <u>\$ 1,445,835</u> | <u>\$ 1,447,808</u> |
| LIABILITIES AND EQUITY | | |
| Mortgages payable, net of deferred debt issuance costs | \$ 1,052,840 | \$ 1,053,262 |
| Amounts due to Vornado | 1,223 | 8,551 |
| Accounts payable and accrued expenses | 30,061 | 30,158 |
| Other liabilities | 2,942 | 2,957 |
| Total liabilities | <u>1,087,066</u> | <u>1,094,928</u> |
| Commitments and contingencies | | |
| Preferred stock: \$1.00 par value per share; authorized, 3,000,000 shares; issued and outstanding, none | - | - |
| Common stock: \$1.00 par value per share; authorized, 10,000,000 shares; issued, 5,173,450 shares; outstanding, 5,106,196 shares | 5,173 | 5,173 |
| Additional capital | 31,189 | 30,739 |
| Retained earnings | 307,221 | 304,340 |
| Accumulated other comprehensive income | 15,560 | 13,002 |
| | <u>359,143</u> | <u>353,254</u> |
| Treasury stock: 67,254 shares, at cost | (374) | (374) |
| Total equity | <u>358,769</u> | <u>352,880</u> |
| | <u>\$ 1,445,835</u> | <u>\$ 1,447,808</u> |

See notes to consolidated financial statements (unaudited).

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

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

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|------------------|------------------|------------------|
| | June 30, | | June 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| REVENUES | | | | |
| Property rentals | \$ 38,878 | \$ 34,554 | \$ 75,531 | \$ 69,055 |
| Expense reimbursements | 18,127 | 16,092 | 37,032 | 33,627 |
| Total revenues | <u>57,005</u> | <u>50,646</u> | <u>112,563</u> | <u>102,682</u> |
| EXPENSES | | | | |
| Operating, including fees to Vornado of \$1,048, \$1,071, \$2,309 and \$2,217, respectively | 19,334 | 17,549 | 38,988 | 36,595 |
| Depreciation and amortization | 9,367 | 7,341 | 17,700 | 14,691 |
| General and administrative, including management fees to Vornado of \$595 and \$1,190 in each three and six month period, respectively | 1,825 | 1,900 | 3,060 | 3,170 |
| Total expenses | <u>30,526</u> | <u>26,790</u> | <u>59,748</u> | <u>54,456</u> |
| OPERATING INCOME | 26,479 | 23,856 | 52,815 | 48,226 |
| Interest and other income, net | 775 | 410 | 1,866 | 810 |
| Interest and debt expense | (5,455) | (6,924) | (10,861) | (13,869) |
| Income before income taxes | 21,799 | 17,342 | 43,820 | 35,167 |
| Income tax expense | (32) | (1) | (34) | (4) |
| Net income | <u>\$ 21,767</u> | <u>\$ 17,341</u> | <u>\$ 43,786</u> | <u>\$ 35,163</u> |
| Net income per common share – basic and diluted | <u>\$ 4.26</u> | <u>\$ 3.39</u> | <u>\$ 8.56</u> | <u>\$ 6.88</u> |
| Weighted average shares outstanding – basic and diluted | <u>5,113,844</u> | <u>5,112,026</u> | <u>5,113,461</u> | <u>5,111,616</u> |
| Dividends per common share | <u>\$ 4.00</u> | <u>\$ 3.50</u> | <u>\$ 8.00</u> | <u>\$ 7.00</u> |

See notes to consolidated financial statements (unaudited).

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

| | Three Months Ended | | Six Months Ended | |
|--|---------------------------|-------------|-------------------------|-------------|
| | June 30, | | June 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| Net income | \$ 21,767 | \$ 17,341 | \$ 43,786 | \$ 35,163 |
| Other comprehensive income: | | | | |
| Change in unrealized net gain on available-for-sale securities | 3,292 | (5,208) | 2,515 | (4,715) |
| Change in value of interest rate cap | 27 | (4) | 43 | (10) |
| Comprehensive income | \$ 25,086 | \$ 12,129 | \$ 46,344 | \$ 30,438 |

See notes to consolidated financial statements (unaudited).

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

| | Common Stock | | Additional Capital | Retained Earnings | Accumulated Other Comprehensive Income | | Treasury Stock | Total Equity |
|---|--------------|-----------------|-----------------------|----------------------|---|-----------------|-------------------|-----------------|
| | Shares | Amount | | | Income | | | |
| | | | | | | | | |
| Balance, December 31, 2014 | 5,173 | \$ 5,173 | \$ 30,139 | \$ 299,004 | \$ 14,457 | \$ (374) | \$ 348,399 | |
| Net income | - | - | - | 35,163 | - | - | 35,163 | |
| Dividends paid | - | - | - | (35,780) | - | - | (35,780) | |
| Change in unrealized net gain on available-for-sale securities | - | - | - | - | (4,715) | - | (4,715) | |
| Change in value of interest rate cap | - | - | - | - | (10) | - | (10) | |
| Deferred stock unit grants | - | - | 600 | - | - | - | 600 | |
| Balance, June 30, 2015 | <u>5,173</u> | <u>\$ 5,173</u> | <u>\$ 30,739</u> | <u>\$ 298,387</u> | <u>\$ 9,732</u> | <u>\$ (374)</u> | <u>\$ 343,657</u> | |
| Balance, December 31, 2015 | 5,173 | \$ 5,173 | \$ 30,739 | \$ 304,340 | \$ 13,002 | \$ (374) | \$ 352,880 | |
| Net income | - | - | - | 43,786 | - | - | 43,786 | |
| Dividends paid | - | - | - | (40,905) | - | - | (40,905) | |
| Change in unrealized net gain on available-for-sale securities | - | - | - | - | 2,515 | - | 2,515 | |
| Change in value of interest rate cap | - | - | - | - | 43 | - | 43 | |
| Deferred stock unit grants | - | - | 450 | - | - | - | 450 | |
| Balance, June 30, 2016 | <u>5,173</u> | <u>\$ 5,173</u> | <u>\$ 31,189</u> | <u>\$ 307,221</u> | <u>\$ 15,560</u> | <u>\$ (374)</u> | <u>\$ 358,769</u> | |

See notes to consolidated financial statements (unaudited).

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

| | Six Months Ended | |
|--|------------------|------------|
| | June 30, | |
| | 2016 | 2015 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$ 43,786 | \$ 35,163 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization, including amortization of debt issuance costs | 18,981 | 16,061 |
| Straight-lining of rental income | 910 | (943) |
| Stock-based compensation expense | 450 | 600 |
| Changes in operating assets and liabilities: | | |
| Tenant and other receivables, net | 1,495 | (997) |
| Other assets | (34,112) | (23,769) |
| Amounts due to Vornado | (1,607) | (84) |
| Accounts payable and accrued expenses | 2,851 | (1,002) |
| Other liabilities | (15) | (15) |
| Net cash provided by operating activities | 32,739 | 25,014 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Construction in progress and real estate additions | (11,146) | (29,356) |
| Change in restricted cash | (2,581) | 116 |
| Proceeds from maturing short-term investments | - | 24,998 |
| Net cash used in investing activities | (13,727) | (4,242) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Debt repayments | (1,687) | (1,567) |
| Dividends paid | (40,905) | (35,780) |
| Debt issuance costs | (16) | (10) |
| Net cash used in financing activities | (42,608) | (37,357) |
| Net decrease in cash and cash equivalents | (23,596) | (16,585) |
| Cash and cash equivalents at beginning of period | 259,349 | 227,815 |
| Cash and cash equivalents at end of period | \$ 235,753 | \$ 211,230 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash payments for interest, excluding capitalized interest of \$1,017 in 2015 | \$ 9,496 | \$ 12,518 |
| NON-CASH TRANSACTIONS | | |
| Liability for real estate additions, including \$74 and \$5,042 for development fees due to Vornado in 2016 and 2015, respectively | \$ 1,401 | \$ 15,662 |
| Write-off of fully amortized and/or depreciated assets | 1,591 | 83 |

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).

2. 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, 2015, 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 and six months ended June 30, 2016 are not necessarily indicative of the operating results for the full year.

We currently operate in one business segment.

3. The Alexander Apartment Tower

The Alexander apartment tower, located above our Rego Park II shopping center, contains 312 units aggregating 255,000 square feet. The building is in lease up and we expect to reach stabilized occupancy in 2017.

4. Recently Issued Accounting Literature

In May 2014, the Financial Accounting Standards Board ("FASB") issued an update ("ASU 2014-09") establishing Accounting Standards Codification ("ASC") Topic 606 *Revenue from Contracts with Customers* ("ASC 606"). ASU 2014-09 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. ASU 2014-09 requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and also requires certain additional disclosures. ASU 2014-09 is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2017. In August 2015, the FASB issued an update ("ASU 2015-14") to ASC 606, *Deferral of the Effective Date*, which defers the adoption of ASU 2014-09 to interim and annual reporting periods in fiscal years that begin after December 15, 2017. In March 2016, the FASB issued an update ("ASU 2016-08") to ASC 606, *Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which clarifies the implementation guidance on principal versus agent considerations in the new revenue recognition standard pursuant to ASU 2014-09. In April 2016, the FASB issued an update ("ASU 2016-10") to ASC 606, *Identifying Performance Obligations and Licensing*, which clarifies guidance related to identifying performance obligations and licensing implementation guidance contained in ASU 2014-09. In May 2016, the FASB issued an update ("ASU 2016-12") to ASC 606, *Narrow-Scope Improvements and Practical Expedients*, which amends certain aspects of the new revenue recognition standard pursuant to ASU 2014-09. We are currently evaluating the impact of the adoption of these ASUs on our consolidated financial statements.

In January 2016, the FASB issued an update ("ASU 2016-01") *Recognition and Measurement of Financial Assets and Financial Liabilities* to ASC Topic 825, *Financial Instruments*. ASU 2016-01 amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments, including the requirement to measure certain equity investments at fair value with changes in fair value recognized in net income. ASU 2016-01 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2017. We are currently evaluating the impact of the adoption of ASU 2016-01 on our consolidated financial statements.

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

(UNAUDITED)

4. Recently Issued Accounting Literature – continued

In February 2016, the FASB issued (“ASU 2016-02”) *Leases*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. ASU 2016-02 requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase. Lessees are required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. Lessees will recognize expense based on the effective interest method for finance leases or on a straight-line basis for operating leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance. ASU 2016-02 is effective for reporting periods beginning after December 15, 2018, with early adoption permitted. We are currently evaluating the impact of the adoption of ASU 2016-02 on our consolidated financial statements.

In March 2016, the FASB issued an update (“ASU 2016-09”) *Improvements to Employee Share-Based Payment Accounting* to ASC Topic 718, *Compensation—Stock Compensation* (“ASC 718”). ASU 2016-09 amends several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2017. We are currently evaluating the impact of the adoption of ASU 2016-09 on our consolidated financial statements.

5. Related Party Transactions

Vornado

As of June 30, 2016, 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) \$297,000, 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. Accordingly, in March 2016 we paid Vornado a development fee of \$5,784,000 related to The Alexander apartment tower.

Leasing 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.

Other Agreements

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.

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

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

5. Related Party Transactions - continued

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|-----------------|------------------|-----------------|
| | June 30, | | June 30, | |
| (Amounts in thousands) | 2016 | 2015 | 2016 | 2015 |
| Company management fees | \$ 700 | \$ 700 | \$ 1,400 | \$ 1,400 |
| Development fees | 75 | 895 | 119 | 1,659 |
| Leasing fees | 833 | 16 | 7,291 | 398 |
| Property management fees and payments for cleaning, engineering and security services | 915 | 853 | 2,030 | 1,783 |
| | <u>\$ 2,523</u> | <u>\$ 2,464</u> | <u>\$ 10,840</u> | <u>\$ 5,240</u> |

As of June 30, 2016, the amounts due to Vornado were \$74,000 for development fees; \$318,000 for management, property management, cleaning and security fees; and \$831,000 for leasing fees. As of December 31, 2015, the amounts due to Vornado were \$5,795,000 for development fees; \$283,000 for management, property management and cleaning fees; and \$2,473,000 for leasing fees.

Toys "R" Us ("Toys")

As of June 30, 2016, our affiliate, Vornado owned 32.5% of Toys. Toys leases approximately 47,000 square feet of retail space at our Rego Park II shopping center. Joseph Macnow, our Executive Vice President and Chief Financial Officer, and Vornado's Executive Vice President - Finance and Chief Administrative Officer and Wendy A. Silverstein, a member of our Board of Directors, represent Vornado as members of Toys' Board of Directors. During the six months ended June 30, 2016, we recognized \$1,309,000 of revenue related to the space leased by Toys.

6. Marketable Securities

As of June 30, 2016 and December 31, 2015, we owned 535,265 common shares of The Macerich Company ("Macerich") (NYSE: MAC), which were received in connection with the sale of the Kings Plaza Regional Shopping Center ("Kings Plaza") to Macerich in November 2012. These shares have an economic cost of \$56.05 per share, or \$30,000,000 in the aggregate. As of June 30, 2016 and December 31, 2015, the fair value of these shares was \$45,706,000 and \$43,191,000, respectively, based on Macerich's closing share price of \$85.39 per share and \$80.69 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 and unrealized gains and losses resulting from the mark-to-market of these securities are included in "other comprehensive income."

7. Significant Tenants

Bloomberg L.P. ("Bloomberg") accounted for revenue of \$52,217,000 and \$46,586,000, representing approximately 46% and 45% of our total revenues for the six months ended June 30, 2016 and 2015, 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.

In October 2014, Bloomberg exercised its option to extend leases that were scheduled to expire in December 2015 for a term of five years covering 192,000 square feet of office space at our 731 Lexington Avenue property. In January 2016, we entered into a lease amendment with Bloomberg which extends the lease term related to this space to be coterminous with the other 697,000 square feet of office space leased by Bloomberg through February 2029, with a ten-year extension option. In connection with the lease amendment, Bloomberg provided a \$200,000,000 letter of credit, which amount may be reduced in certain circumstances. We may draw on this letter of credit subject to certain terms of the lease amendment, including an event of default by Bloomberg. Upon execution of the lease amendment in January 2016, we paid an \$8,916,000 leasing commission of which \$7,200,000 was to a third party broker and \$1,716,000 was to Vornado.

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

8. Stock-Based Compensation

We account for stock-based compensation in accordance with ASC 718. Our 2016 Omnibus Stock Plan, which was adopted in May 2016 replacing the expiring 2006 Omnibus Stock Plan, provides for grants of incentive and non-qualified stock options, restricted stock, stock appreciation rights, deferred stock units ("DSUs") and performance shares, as defined, to the directors, officers and employees of the Company and Vornado.

In May 2016, we granted each of the members of our Board of Directors 203 DSUs with a grant date fair value of \$56,250 per grant, or \$450,000 in the aggregate. The DSUs entitle the holders to receive shares of the Company's common stock without the payment of any consideration. The DSUs vested immediately and accordingly, were expensed on the date of grant, but the shares of common stock underlying the DSUs are not deliverable to the grantee until the grantee is no longer serving on the Company's Board of Directors. As of June 30, 2016, there were 8,505 DSUs outstanding and 498,376 shares were available for future grant under the 2016 Omnibus Stock Plan.

9. Mortgages Payable

The following is a summary of our outstanding mortgages payable as of June 30, 2016 and December 31, 2015.

| (Amounts in thousands) | Maturity ⁽¹⁾ | Interest Rate at June 30, 2016 | Balance at | |
|---|-------------------------|-----------------------------------|------------------|----------------------|
| | | | June 30, 2016 | December 31, 2015 |
| First mortgages secured by: | | | | |
| Rego Park I shopping center (100% cash collateralized) ⁽²⁾ | Mar. 2018 | 0.35 % | \$ 78,246 | \$ 78,246 |
| Paramus | Oct. 2018 | 2.90 % | 68,000 | 68,000 |
| Rego Park II shopping center ⁽³⁾ | Nov. 2018 | 2.31 % | 261,654 | 263,341 |
| 731 Lexington Avenue, office space ⁽⁴⁾ | Mar. 2021 | 1.39 % | 300,000 | 300,000 |
| 731 Lexington Avenue, retail space ⁽⁵⁾ | Aug. 2022 | 1.86 % | 350,000 | 350,000 |
| Total | | | 1,057,900 | 1,059,587 |
| Deferred debt issuance costs, net of accumulated amortization of \$5,539 and \$4,267 respectively | | | (5,060) | (6,325) |
| | | | \$ 1,052,840 | \$ 1,053,262 |

(1) Represents the extended maturity where we have the unilateral right to extend.

(2) Extended in March 2016 for two years.

(3) Interest at LIBOR plus 1.85%.

(4) Interest at LIBOR plus 0.95%.

(5) Interest at LIBOR plus 1.40%.

10. Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures* 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)

10. 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 June 30, 2016 and December 31, 2015, 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 June 30, 2016 and December 31, 2015. There were no financial liabilities measured at fair value as of June 30, 2016 and December 31, 2015.

| (Amounts in thousands) | As of June 30, 2016 | | | |
|------------------------|---------------------|-----------|---------|---------|
| | Total | Level 1 | Level 2 | Level 3 |
| Marketable securities | \$ 45,706 | \$ 45,706 | \$ - | \$ - |
| Total assets | \$ 45,706 | \$ 45,706 | \$ - | \$ - |

| (Amounts in thousands) | As of December 31, 2015 | | | |
|------------------------|-------------------------|-----------|---------|---------|
| | Total | Level 1 | Level 2 | Level 3 |
| Marketable securities | \$ 43,191 | \$ 43,191 | \$ - | \$ - |
| Total assets | \$ 43,191 | \$ 43,191 | \$ - | \$ - |

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. 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. The fair value of cash equivalents is classified as Level 1 and the fair values of mortgages payable are classified as Level 2. The table below summarizes the carrying amounts and fair value of these financial instruments as of June 30, 2016 and December 31, 2015.

| (Amounts in thousands) | As of June 30, 2016 | | As of December 31, 2015 | |
|--|---------------------|---------------|-------------------------|---------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Assets: | | | | |
| Cash equivalents | \$ 204,157 | \$ 204,157 | \$ 226,476 | \$ 226,476 |
| Liabilities: | | | | |
| Mortgages payable (excluding deferred debt issuance costs) | \$ 1,057,900 | \$ 1,046,000 | \$ 1,059,587 | \$ 1,054,000 |

11. 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.

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

11. Commitments and Contingencies – continued

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 Program Reauthorization Act, which expires in December 2020. 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 with no exposure to FNSIC. For NBCR acts, FNSIC is responsible for a \$348,000 deductible and 16% of the balance of a covered loss, and the Federal government is responsible for the remaining 84% 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. However, we cannot anticipate what coverage will be available on commercially reasonable terms in the future. We are responsible 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 our properties.

Rego Park I Litigation

On June 24, 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 space that Sears leases 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 million and future damages it estimated would not be less than \$25 million. 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.

Paramus

In 2001, we leased 30.3 acres of land located in Paramus, New Jersey to IKEA Property, Inc. The lease has a purchase option in 2021 for \$75,000,000. The property is encumbered by a \$68,000,000 interest-only mortgage loan with a fixed rate of 2.90%, which matures in October 2018. The annual triple-net rent is the sum of \$700,000 plus the amount of debt service 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.

Letters of Credit

Approximately \$2,074,000 of standby letters of credit were outstanding as of June 30, 2016.

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

11. Commitments and Contingencies – continued

Other

On October 15, 2015, the New York City Department of Finance (“NYC DOF”) issued a Notice of Determination to us assessing an additional \$20,500,000 of transfer taxes (including interest and penalties) in connection with the sale of Kings Plaza in November 2012. We believe that the NYC DOF’s claim is without merit and intend to vigorously contest this assessment. We have determined that the likelihood of a loss related to this issue is not probable and, after consultation with legal counsel, that the outcome of this assessment is not expected to have a material adverse effect on our financial position, results of operations or cash flows.

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.

12. Earnings Per Share

The following table sets forth the computation of basic and diluted income per share, including a reconciliation of net income and the number of shares used in computing 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 and six months ended June 30, 2016 and 2015.

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|------------------|------------------|------------------|
| | June 30, | | June 30, | |
| (Amounts in thousands, except share and per share amounts) | 2016 | 2015 | 2016 | 2015 |
| Net income | \$ <u>21,767</u> | \$ <u>17,341</u> | \$ <u>43,786</u> | \$ <u>35,163</u> |
| Weighted average shares outstanding – basic and diluted | <u>5,113,844</u> | <u>5,112,026</u> | <u>5,113,461</u> | <u>5,111,616</u> |
| Net income per common share – basic and diluted | \$ <u>4.26</u> | \$ <u>3.39</u> | \$ <u>8.56</u> | \$ <u>6.88</u> |

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have reviewed the accompanying consolidated balance sheet of Alexander's, Inc. and subsidiaries (the "Company") as of June 30, 2016, and the related consolidated statements of income and comprehensive income for the three and six month periods ended June 30, 2016 and 2015, and changes in equity and cash flows for the six month periods ended June 30, 2016 and 2015. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 standards of the Public Company Accounting Oversight Board (United States), 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.

Based on our reviews, we are not aware of any material modifications that should be made to such consolidated interim financial statements for them 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), the consolidated balance sheet of Alexander's, Inc. and subsidiaries as of December 31, 2015, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended (not presented herein); and in our report dated February 16, 2016, 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, 2015 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
August 1, 2016

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. 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, 2015. 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 and six months ended June 30, 2016 and 2015. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and six months ended June 30, 2016 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, 2015 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. There have been no significant changes to these policies during 2016.

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.

Quarter Ended June 30, 2016 Financial Results Summary

Net income for the quarter ended June 30, 2016 was \$21,767,000, or \$4.26 per diluted share, compared to \$17,341,000, or \$3.39 per diluted share for the quarter ended June 30, 2015. Funds from operations ("FFO") for the quarter ended June 30, 2016 was \$30,999,000, or \$6.06 per diluted share, compared to \$24,642,000, or \$4.82 per diluted share for the quarter ended June 30, 2015. FFO for the quarter ended June 30, 2016 included income of \$2,257,000, or \$0.44 per diluted share, resulting from a tenant lease termination at our Rego Park II property.

Six Months Ended June 30, 2016 Financial Results Summary

Net income for the six months ended June 30, 2016 was \$43,786,000, or \$8.56 per diluted share, compared to \$35,163,000, or \$6.88 per diluted share for the six months ended June 30, 2015. FFO for the six months ended June 30, 2016 was \$61,249,000, or \$11.98 per diluted share, compared to \$49,778,000, or \$9.74 per diluted share for the six months ended June 30, 2015. FFO for the six months ended June 30, 2016 included income of \$2,257,000, or \$0.44 per diluted share, resulting from a tenant lease termination at our Rego Park II property.

Square Footage, Occupancy and Leasing Activity

As of June 30, 2016, our portfolio was comprised of seven properties aggregating 2,437,000 square feet. As of June 30, 2016, our office and retail properties had an occupancy rate of 99.7% and The Alexander apartment tower, which is in lease up, had an occupancy rate of 77.2%.

Financing

In March 2016, we completed a two-year extension of the 100% cash collateralized loan on Rego Park I. The interest-only loan has a fixed rate of 0.35%.

Significant Tenants

Bloomberg L.P. ("Bloomberg") accounted for revenue of \$52,217,000 and \$46,586,000, representing approximately 46% and 45% of our total revenues for the six months ended June 30, 2016 and 2015, 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.

In October 2014, Bloomberg exercised its option to extend leases that were scheduled to expire in December 2015 for a term of five years covering 192,000 square feet of office space at our 731 Lexington Avenue property. In January 2016, we entered into a lease amendment with Bloomberg which extends the lease term related to this space to be coterminous with the other 697,000 square feet of office space leased by Bloomberg through February 2029, with a ten-year extension option. In connection with the lease amendment, Bloomberg provided a \$200,000,000 letter of credit, which amount may be reduced in certain circumstances. We may draw on this letter of credit subject to certain terms of the lease amendment, including an event of default by Bloomberg. Upon execution of the lease amendment in January 2016, we paid an \$8,916,000 leasing commission of which \$7,200,000 was to a third party broker and \$1,716,000 was to Vornado.

Results of Operations – Three Months Ended June 30, 2016, compared to June 30, 2015

Property Rentals

Property rentals were \$38,878,000 in the quarter ended June 30, 2016, compared to \$34,554,000 in the prior year's quarter, an increase of \$4,324,000. This increase is primarily due to (i) income of \$2,257,000 resulting from a tenant lease termination at our Rego Park II property, (ii) rental income of \$1,470,000 from The Alexander apartment tower, which was placed in service in phases beginning July 2015 and (iii) higher rental income of \$842,000 from the January 2016 lease amendment with Bloomberg at 731 Lexington Avenue.

Expense Reimbursements

Tenant expense reimbursements were \$18,127,000 in the quarter ended June 30, 2016, compared to \$16,092,000 in the prior year's quarter, an increase of \$2,035,000. This increase is primarily due to (i) higher recoveries of real estate taxes and operating expenses from Bloomberg at 731 Lexington Avenue, as a result of the January 2016 lease amendment, which converted 192,000 square feet from a gross rent basis to a net rent basis and (ii) higher reimbursable real estate taxes.

Operating Expenses

Operating expenses were \$19,334,000 in the quarter ended June 30, 2016, compared to \$17,549,000 in the prior year's quarter, an increase of \$1,785,000. This increase was primarily due to (i) higher operating expenses of \$1,134,000 related to The Alexander apartment tower and (ii) higher reimbursable real estate taxes of \$776,000; partially offset by (iii) lower reimbursable operating expenses of \$231,000.

Depreciation and Amortization

Depreciation and amortization was \$9,367,000 in the quarter ended June 30, 2016, compared to \$7,341,000 in the prior year's quarter, an increase of \$2,026,000. This increase was primarily due to (i) depreciation of \$1,177,000 related to The Alexander apartment tower, which was placed in service in phases beginning July 2015 and (ii) additional depreciation and amortization of tenant improvements and deferred leasing costs of \$1,077,000 related to a tenant lease termination at our Rego Park II property in June 2016.

General and Administrative Expenses

General and administrative expenses were \$1,825,000 in the quarter ended June 30, 2016, compared to \$1,900,000 in the prior year's quarter.

Interest and Other Income, net

Interest and other income, net was \$775,000 in the quarter ended June 30, 2016, compared to \$410,000 in the prior year's quarter, an increase of \$365,000. This increase was primarily due to income in connection with a settlement agreement with a former bankrupt tenant at our Rego Park I property.

Interest and Debt Expense

Interest and debt expense was \$5,455,000 in the quarter ended June 30, 2016, compared to \$6,924,000 in the prior year's quarter, a decrease of \$1,469,000. This decrease was primarily due to (i) savings of \$2,358,000 resulting from the refinancing of the retail portion of 731 Lexington Avenue on August 5, 2015 at LIBOR plus 1.40% (1.86% as of June 30, 2016); as compared to the 4.93% fixed rate on the previous loan, partially offset by (ii) lower capitalized interest as a result of completing the development of The Alexander apartment tower.

Income Taxes

Income tax expense was \$32,000 in the quarter ended June 30, 2016, compared to \$1,000 in the prior year's quarter.

Results of Operations – Six Months Ended June 30, 2016, compared to June 30, 2015

Property Rentals

Property rentals were \$75,531,000 in the six months ended June 30, 2016, compared to \$69,055,000 in the prior year's six months, an increase of \$6,476,000. This increase is primarily due to (i) income of \$2,257,000 resulting from a tenant lease termination at our Rego Park II property, (ii) rental income of \$2,254,000 from The Alexander apartment tower, which was placed in service in phases beginning July 2015 and (iii) higher rental income of \$1,682,000 from the January 2016 lease amendment with Bloomberg at 731 Lexington Avenue.

Expense Reimbursements

Tenant expense reimbursements were \$37,032,000 in the six months ended June 30, 2016, compared to \$33,627,000 in the prior year's six months, an increase of \$3,405,000. This increase is primarily due to (i) higher recoveries of real estate taxes and operating expenses from Bloomberg at 731 Lexington Avenue, as a result of the January 2016 lease amendment, which converted 192,000 square feet from a gross rent basis to a net rent basis and (ii) higher reimbursable real estate taxes.

Operating Expenses

Operating expenses were \$38,988,000 in the six months ended June 30, 2016, compared to \$36,595,000 in the prior year's six months, an increase of \$2,393,000. This increase was primarily due to (i) higher operating expenses of \$2,001,000 related to The Alexander apartment tower and (ii) higher reimbursable real estate taxes of \$1,414,000; partially offset by (iii) lower reimbursable operating expenses of \$1,015,000.

Depreciation and Amortization

Depreciation and amortization was \$17,700,000 in the six months ended June 30, 2016, compared to \$14,691,000 in the prior year's six months, an increase of \$3,009,000. This increase was primarily due to (i) depreciation of \$2,331,000 related to The Alexander apartment tower, which was placed in service in phases beginning July 2015 and (ii) additional depreciation and amortization of tenant improvements and deferred leasing costs of \$1,077,000 related to a tenant lease termination at our Rego Park II property in June 2016.

General and Administrative Expenses

General and administrative expenses were \$3,060,000 in the six months ended June 30, 2016, compared to \$3,170,000 in the prior year's six months.

Interest and Other Income, net

Interest and other income, net was \$1,866,000 in the six months ended June 30, 2016, compared to \$810,000 in the prior year's six months, an increase of \$1,056,000. This increase was primarily due to income in connection with a settlement agreement with a former bankrupt tenant at our Rego Park I property and a cost reimbursement settlement with a retail tenant at our 731 Lexington Avenue property.

Interest and Debt Expense

Interest and debt expense was \$10,861,000 in the six months ended June 30, 2016, compared to \$13,869,000 in the prior year's six months, a decrease of \$3,008,000. This decrease was primarily due to (i) savings of \$4,688,000 resulting from the refinancing of the retail portion of 731 Lexington Avenue on August 5, 2015 at LIBOR plus 1.40% (1.86% as of June 30, 2016); as compared to the 4.93% fixed rate on the previous loan, partially offset by (ii) lower capitalized interest as a result of completing the development of The Alexander apartment tower.

Income Taxes

Income tax expense was \$34,000 in the six months ended June 30, 2016, compared to \$4,000 in the prior year's six months.

Liquidity and Capital Resources

Cash Flows

Property rental income 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. 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. 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.

Six Months Ended June 30, 2016

Cash and cash equivalents were \$235,753,000 as of June 30, 2016, compared to \$259,349,000 as of December 31, 2015, a decrease of \$23,596,000. This decrease resulted from (i) \$42,608,000 of net cash used in financing activities, (ii) \$13,727,000 of net cash used in investing activities, partially offset by (iii) \$32,739,000 of net cash provided by operating activities.

Net cash provided by operating activities of \$32,739,000 was comprised of net income of \$43,786,000, adjustments for non-cash items of \$20,341,000 and the net change in operating assets and liabilities of \$31,388,000 (primarily due to prepaid real estate taxes). The adjustments for non-cash items were comprised of (i) depreciation and amortization (including amortization of debt issuance costs) of \$18,981,000, (ii) straight-lining of rental income of \$910,000 and (iii) stock-based compensation expense of \$450,000.

Net cash used in investing activities of \$13,727,000 was primarily comprised of (i) construction in progress and real estate additions of \$11,146,000 primarily related to The Alexander apartment tower, including the payment of a development fee to Vornado of \$5,784,000 and (ii) an increase in restricted cash of \$2,581,000 primarily related to lease termination funds received that are temporarily restricted by the Rego Park II mortgage.

Net cash used in financing activities of \$42,608,000 was primarily comprised of dividends paid of \$40,905,000.

Liquidity and Capital Resources – continued

Six Months Ended June 30, 2015

Cash and cash equivalents were \$211,230,000 as of June 30, 2015, compared to \$227,815,000 as of December 31, 2014, a decrease of \$16,585,000. This decrease resulted from (i) \$37,357,000 of net cash used in financing activities and (ii) \$4,242,000 of net cash used in investing activities, partially offset by (iii) \$25,014,000 of net cash provided by operating activities.

Net cash provided by operating activities of \$25,014,000 was comprised of net income of \$35,163,000 and adjustments for non-cash items of \$15,718,000, partially offset by the net change in operating assets and liabilities of \$25,867,000 (primarily due to prepaid real estate taxes). The adjustments for non-cash items were comprised of (i) depreciation and amortization (including amortization of debt issuance costs) of \$16,061,000, (ii) stock-based compensation expense of \$600,000, partially offset by (iii) straight-lining of rental income of \$943,000.

Net cash used in investing activities of \$4,242,000 was primarily comprised of construction in progress and real estate additions of \$29,356,000 (primarily The Alexander apartment tower) partially offset by proceeds of \$24,998,000 from short-term investments that matured during the second quarter of 2015.

Net cash used in financing activities of \$37,357,000 was primarily comprised of dividends paid of \$35,780,000.

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 Program Reauthorization Act, which expires in December 2020. 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 with no exposure to FNSIC. For NBCR acts, FNSIC is responsible for a \$348,000 deductible and 16% of the balance of a covered loss, and the Federal government is responsible for the remaining 84% 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. However, we cannot anticipate what coverage will be available on commercially reasonable terms in the future. We are responsible 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 our properties.

Liquidity and Capital Resources – continued

Rego Park I Litigation

On June 24, 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 space that Sears leases 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 million and future damages it estimated would not be less than \$25 million. 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.

Paramus

In 2001, we leased 30.3 acres of land located in Paramus, New Jersey to IKEA Property, Inc. The lease has a purchase option in 2021 for \$75,000,000. The property is encumbered by a \$68,000,000 interest-only mortgage loan with a fixed rate of 2.90%, which matures in October 2018. The annual triple-net rent is the sum of \$700,000 plus the amount of debt service 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.

Letters of Credit

Approximately \$2,074,000 of standby letters of credit were outstanding as of June 30, 2016.

Other

On October 15, 2015, the New York City Department of Finance (“NYC DOF”) issued a Notice of Determination to us assessing an additional \$20,500,000 of transfer taxes (including interest and penalties) in connection with the sale of Kings Plaza in November 2012. We believe that the NYC DOF’s claim is without merit and intend to vigorously contest this assessment. We have determined that the likelihood of a loss related to this issue is not probable and, after consultation with legal counsel, that the outcome of this assessment is not expected to have a material adverse effect on our financial position, results of operations or cash flows.

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”)

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 depreciated real estate assets, real estate impairment losses, depreciation and amortization expense from real estate assets and other specified non-cash 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 for the Three and Six Months Ended June 30, 2016 and 2015

FFO for the quarter ended June 30, 2016 was \$30,999,000, or \$6.06 per diluted share, compared to \$24,642,000, or \$4.82 per diluted share for the prior year’s quarter.

FFO for the six months ended June 30, 2016 was \$61,249,000, or \$11.98 per diluted share, compared to \$49,778,000, or \$9.74 per diluted share for the prior year's six months.

The following table reconciles our net income to FFO:

| (Amounts in thousands, except share and per share amounts) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|------------------|------------------------------|------------------|
| | 2016 | 2015 | 2016 | 2015 |
| Net income | \$ 21,767 | \$ 17,341 | \$ 43,786 | \$ 35,163 |
| Depreciation and amortization of real property | 9,232 | 7,301 | 17,463 | 14,615 |
| FFO | <u>\$ 30,999</u> | <u>\$ 24,642</u> | <u>\$ 61,249</u> | <u>\$ 49,778</u> |
| FFO per diluted share | <u>\$ 6.06</u> | <u>\$ 4.82</u> | <u>\$ 11.98</u> | <u>\$ 9.74</u> |
| Weighted average shares used in computing FFO per diluted share | <u>5,113,844</u> | <u>5,112,026</u> | <u>5,113,461</u> | <u>5,111,616</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) | 2016 | | | 2015 | |
|--|---------------------|---------------------|---------------------------|---------------------|---------------------|
| | June 30, | Weighted Average | Effect of 1% Change in | December 31, | Weighted Average |
| | Balance | Interest Rate | Base Rates | Balance | Interest Rate |
| Variable Rate | \$ 911,654 | 1.83% | \$ 9,117 | \$ 913,341 | 1.71% |
| Fixed Rate | 146,246 | 1.54% | - | 146,246 | 1.56% |
| | <u>\$ 1,057,900</u> | | <u>\$ 9,117</u> | <u>\$ 1,059,587</u> | |
| Total effect on diluted earnings per share | | | <u>\$ 1.78</u> | | |

As of June 30, 2016 we have an interest rate cap with a notional amount of \$300,000,000 that caps LIBOR at a rate of 6.0%.

Fair Value of Debt

The fair value of our consolidated debt 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 June 30, 2016 and December 31, 2015, the estimated fair value of our consolidated debt was \$1,046,000,000 and \$1,054,000,000, 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 11 – Commitments and Contingencies.”

Item 1A. Risk Factors

There have been no material changes in our “Risk Factors” as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015.

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.

SIGNATURES

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

ALEXANDER'S, INC.

(Registrant)

Date: August 1, 2016

By: /s/ Joseph Macnow

Joseph Macnow, Executive Vice President and
Chief Financial Officer (duly authorized officer and
principal financial and accounting officer)

EXHIBIT INDEX

| <u>Exhibit No.</u> | - | | |
|------------------------|---|--|-----|
| 10.1 | - | Second Amendment of Lease, dated as of the 12 th of January 2016 by and between 731 Office One LLC and Bloomberg L.P. | * |
| 10.2 | - | Fourth Omnibus Loan Modification and Extension Agreement, dated and made effective as of March 8, 2016, by and between Alexander's Rego Shopping Center and U.S. Bank National Association | ** |
| 10.3 | - | Fourth Mortgage Modification Agreement, dated and made effective as of March 8, 2016, by and between Alexander's Rego Shopping Center and U.S. Bank National Association | ** |
| 10.4 | - | Form of Alexander's Inc. 2016 Omnibus Stock Plan Deferred Stock Unit Grant Agreement between the Company and certain employees | *** |
| 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.INS | - | XBRL Instance Document | |
| 101.SCH | - | XBRL Taxonomy Extension Schema | |
| 101.CAL | - | XBRL Taxonomy Extension Calculation Linkbase | |
| 101.DEF | - | XBRL Taxonomy Extension Definition Linkbase | |
| 101.LAB | - | XBRL Taxonomy Extension Label Linkbase | |
| 101.PRE | - | XBRL Taxonomy Extension Presentation Linkbase | |

* Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission under Rule 24b-2. The omitted confidential material has been filed separately. The location of the redacted confidential information is indicated in the exhibit as "[redacted]". Incorporated by reference from Form 10-Q filed on May 2, 2016.

** Incorporated by reference from Form 10-Q filed on May 2, 2016.

*** Compensatory agreement

**ALEXANDER'S, INC. 2016 OMNIBUS STOCK PLAN
DEFERRED STOCK UNIT GRANT AGREEMENT**

DEFERRED STOCK UNIT GRANT AGREEMENT (the "Grant Agreement") made as of date set forth on Schedule A hereto between ALEXANDER'S, INC., a Delaware corporation (the "Company"), and the director of the Company's Board named on Schedule A (the "Grantee").

RECITALS

A. In accordance with the Alexander's, Inc. 2016 Omnibus Stock Plan, as it may be amended or modified from time to time (the "Plan"), the Company desires in connection with the Grantee's service as a member of the Board of Directors of the Company, to provide the Grantee with an opportunity to acquire the Company's common shares, par value \$1.00 per share (the "Shares"), and thereby provide additional incentive for the Grantee to promote the progress and success of the business of the Company and its subsidiaries.

B. Schedule A hereto sets forth certain significant details of the deferred stock unit grant herein and is incorporated herein by reference. Capitalized terms used herein and not otherwise defined have the meanings provided by the Plan.

NOW, THEREFORE, the Company and the Grantee hereby agree as follows:

AGREEMENT

1. Grant of Restricted Stock. On the terms and conditions set forth herein, as well as the terms and conditions of the Plan, the Company hereby grants to the Grantee such number of deferred stock units as is set forth on Schedule A (the "DSUs"). Each DSU constitutes an unfunded and unsecured promise of the Company to deliver (or cause to be delivered) to Grantee, subject to the terms and conditions of this Grant Agreement, one Share on the Delivery Date as provided herein. Until such delivery, Grantee shall have only the rights of a general unsecured creditor and no rights as a shareholder of the Company. This grant is subject to all terms and provisions of the Plan and this Grant Agreement.

2. Delivery.

(a) In General. Except as provided below in this Paragraph 2 and subject to Paragraphs 5 and 12, the Delivery Date shall be on the third business day following the date on which Grantee ceases to be a member of the Board of Directors of the Company.

(b) Death. Notwithstanding any other Paragraph of this Grant Agreement (except Paragraph 12), if Grantee dies prior to the Delivery Date, the Shares corresponding to Grantee's outstanding DSUs shall be delivered to the representative

of Grantee's estate as soon as practicable after the date of death and after such documentation as may be requested by the Committee is provided to the Committee. The Committee may adopt procedures pursuant to which Grantee may be permitted to specifically bequeath some or all of his or her outstanding DSUs under Grantee's will to an organization described in Sections 501(c)(3) and 2055(a) of the Code (or such other similar charitable organization as may be approved by the Committee).

3. Dividend Equivalent Rights. Prior to the delivery of Shares pursuant to this Grant Agreement, at the time of distribution of any dividend paid by the Company in respect of the Common Stock, Grantee shall be entitled to receive an amount in cash equal to such regular cash dividend payment as would have been made in respect of the Shares not yet delivered, as if the Shares had been actually delivered.

4. Non-transferability. Except as may otherwise be provided in this Paragraph or as otherwise may be provided by the Committee, the limitations set forth in Section 14 of the Plan shall apply to this Grant. Any purported transfer or assignment in violation of the provisions of this Paragraph 4 or Section 14 of the Plan shall be void. The Committee may adopt procedures pursuant to which Grantee may transfer some or all of his or her DSUs through a gift for no consideration to any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, any person sharing the recipient's household (other than a tenant or employee), a trust in which these persons have more than 50% of the beneficial interest, and any other entity in which these persons (or the recipient) own more than 50% of the voting interests.

5. Valuation, Consents and Legends.

(a) For purposes of the Company's reporting obligations, the fair market value of a Share will equal the average of the high and low of the Company's Share price on the Delivery Date.

(b) Grantee's rights in respect of the DSUs are conditioned on the receipt to the full satisfaction of the Committee of any required consents that the Committee may determine to be necessary or advisable.

(c) The Company may affix to Certificates representing Shares issued pursuant to this Grant Agreement any legend that the Committee determines to be necessary or advisable. The Company may advise the transfer agent to place a stop order against any legended Shares.

6. Notice. Any notice to be given to the Company shall be addressed to the Secretary of the Company at 888 Seventh Avenue, New York, New York 10019 and to the Chief Financial Officer at 210 Route 4 East, Paramus, New Jersey 07652 and any notice to be given the Grantee shall be addressed to the Grantee at the Grantee's address as it appears on the records of the Company, or at such other address as the Company or the Grantee may hereafter designate in writing to the other.

7. Governing Law. This Grant Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York, without references to principles of conflict of laws.

8. Successors and Assigns. This Grant Agreement shall be binding upon and inure to the benefit of the parties hereto and any successors to the Company and any successors to the Grantee by will or the laws of descent and distribution, but this Grant Agreement shall not, except as provided in Paragraph 4, be assignable or otherwise subject to hypothecation by the Grantee.

9. Severability. If, for any reason, any provision of this Grant Agreement is held invalid, such invalidity shall not affect any other provision of this Grant Agreement not so held invalid, and each such other provision shall to the full extent consistent with law continue in full force and effect. If any provision of this Grant Agreement shall be held invalid in part, such invalidity shall in no way affect the rest of such provision not held so invalid, and the rest of such provision, together with all other provisions of this Grant Agreement, shall to the full extent consistent with law continue in full force and effect.

10. Amendments; Plan Governs. This Grant Agreement may not be amended except in writing signed by the Company and the Grantee. Notwithstanding the foregoing, this Grant Agreement may be amended in writing signed only by the Company to: (a) correct any errors or ambiguities in this Grant Agreement; and/or (b) to make such changes that do not materially adversely affect the Grantee's rights hereunder. This grant shall in no way affect the Grantee's participation or benefits under any other plan or benefit program maintained or provided by the Company. This Agreement and the Plan constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings relating to the subject matter of this Agreement. In the event of a conflict between this Grant Agreement and the Plan, the Plan shall govern.

11. No Right to Continued Employment or Service. Nothing herein shall imply that any right of the Grantee to remain in the service of the Company, whether as an employee, director or in any other capacity.

12. Compliance of Grant Agreement and Plan with Section 409A. The provisions of this Paragraph 12 apply to Grantee only if Grantee is a United States taxpayer.

(a) References in this Grant Agreement to "Section 409A" refer to Section 409A of the Code, including any amendments or successor provisions to that Section and any regulations and other administrative guidance thereunder, in each case as they, from time to time, may be amended or interpreted through further administrative guidance. This Grant Agreement and the Plan provisions that apply to this Grant are intended and shall be construed to comply with Section 409A (including the requirements applicable to, or the conditions for exemption from treatment as, a "deferral of compensation" or "deferred compensation" as those terms are defined in the regulations under Section 409A ("409A deferred compensation"), whether by reason of short-term deferral treatment or other exceptions or provisions). The

Committee shall have full authority to give effect to this intent. To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the provisions of the Plan and this Grant Agreement, the provisions of this Grant Agreement shall govern, and in the case of any conflict or potential inconsistency between this Paragraph 12 and the other provisions of this Grant Agreement, this Paragraph 12 shall govern.

(b) Delivery of Shares shall not be delayed beyond the date on which all applicable conditions or restrictions on delivery of Shares in respect of Grantee's DSUs required by this Grant Agreement (including, without limitation, those specified in Paragraphs 5(a) and (b)) are satisfied, and shall occur by December 31 of the calendar year in which the Delivery Date occurs unless, in order to permit such conditions or restrictions to be satisfied, the Committee elects, pursuant to Treasury Regulations section ("Reg.") 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted in accordance with Section 409A, to delay delivery of Shares to a later date as may be permitted under Section 409A, including, without limitation, Regs. 1.409A-2(b)(7) and 1.409A-3(d).

(c) Notwithstanding the provisions of Paragraph 2(a), to the extent necessary to comply with Section 409A, any Shares that the Company may deliver in respect of Grantee's DSUs shall not have the effect of deferring delivery or payment, income inclusion, or a substantial risk of forfeiture, beyond the date on which such delivery, payment or inclusion would occur or such risk of forfeiture would lapse, with respect to the Shares that would otherwise have been deliverable (unless the Committee elects a later date for this purpose pursuant to Reg. 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted under Section 409A, including, without limitation and to the extent applicable, the subsequent election provisions of Section 409A(a)(4)(C) of the Code and Reg. 1.409A-2(b)).

(d) Notwithstanding the timing provisions of Paragraph 3 (b), the delivery of Shares referred to therein shall be made after the date of death and during the calendar year that includes the date of death (or on such later date as may be permitted under Section 409A).

(e) Notwithstanding any provision of Paragraph 3 to the contrary, the dividend equivalent rights described in Paragraph 3 with respect to each of Grantee's outstanding DSUs shall be paid to Grantee within the calendar year that includes the date of distribution of any corresponding regular cash dividends paid by the Company in respect of a Share the record date for which occurs on or after the Grant Date. The payment shall be in an amount (less applicable withholding) equal to such regular dividend payment as would have been made in respect of the Shares underlying such outstanding DSUs.

(f) Delivery of Shares in respect of this grant may be made, if and to the extent elected by the Committee, later than the Delivery Date or other date or period specified hereinabove (but, in the case of any grant that constitutes 409A deferred

compensation, only to the extent that the later delivery is permitted under Section 409A).

13. Headings. The headings of paragraphs hereof are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Grant Agreement.

14. Counterparts. This Grant Agreement may be executed in multiple counterparts with the same effect as if each of the signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

[signature page follows]

IN WITNESS WHEREOF, this Deferred Stock Unit Grant Agreement has been executed by the parties hereto as of the date and year first above written.

ALEXANDER'S, INC.

By:

Name: Joseph Macnow
Title: Executive Vice President - Finance
Chief Financial Officer

**SCHEDULE A TO
DEFERRED STOCK UNIT GRANT AGREEMENT**

Date of Deferred Stock Unit Grant
Agreement:

Name of Grantee:

Number of Deferred Stock Units ("DSUs")
Subject to Grant:

Grant Date:

Initials of Company representative: _____

Initials of Grantee: _____

August 1, 2016

Alexander's, Inc.
210 Route 4 East
Paramus, New Jersey 07652

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited interim financial information of Alexander's, Inc. and subsidiaries for the periods ended June 30, 2016, and 2015, as indicated in our report dated August 1, 2016; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, is incorporated by reference in the following registration statements of Alexander's, Inc. and subsidiaries:

Registration Statement No. 333-151721 on Form S-8

Registration Statement No. 333-203287 on Form S-3

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ DELOITTE & TOUCHE LLP
Parsippany, New Jersey

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.

August 1, 2016

/s/ Steven Roth

Steven Roth

Chairman of the Board and Chief Executive Officer

CERTIFICATION

I, Joseph Macnow, 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.

August 1, 2016

/s/ Joseph Macnow

Joseph Macnow

Executive Vice President and Chief Financial Officer

CERTIFICATION

**PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(Subsection (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 June 30, 2016 (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.

August 1, 2016

/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
(Subsection (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 June 30, 2016 (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.

August 1, 2016

/s/ Joseph Macnow

Name: Joseph Macnow

Title: Executive Vice President and Chief Financial Officer