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, 2024**

Or

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

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

Commission File Number: **001-06064**

ALEXANDERS INC
(Exact name of registrant as specified in its charter)

Delaware	**51-0100517**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
210 Route 4 East, Paramus, New Jersey	**07652**
(Address of principal executive offices)	(Zip Code)

(201) 587-8541
(Registrant's telephone number, including area code)

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

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

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

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

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

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

☐ Large Accelerated Filer	☑ Accelerated Filer
☐ Non-Accelerated Filer	☐ Smaller Reporting Company
	☐ Emerging Growth Company

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

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

As of June 30, 2024, there were 5,107,290 shares of common stock, par value $1 per share, outstanding.

INDEX

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)

	As of	
ASSETS	**June 30, 2024**	**December 31, 2023**
Real estate, at cost:		
Land	$ 32,271	$ 32,271
Buildings and leasehold improvements	1,033,488	1,034,068
Development and construction in progress	4,279	281
Total	1,070,038	1,066,620
Accumulated depreciation and amortization	(429,426)	(415,903)
Real estate, net	640,612	650,717
Cash and cash equivalents	410,948	531,855
Restricted cash	113,429	21,122
Tenant and other receivables	4,603	6,076
Receivable arising from the straight-lining of rents	113,790	124,866
Deferred leasing costs, net, including unamortized leasing fees to Vornado of $22,877 and $19,540, respectively	166,439	24,888
Other assets	30,929	44,156
	$ 1,480,750	$ 1,403,680
LIABILITIES AND EQUITY		
Mortgages payable, net of deferred debt issuance costs	$ 1,082,012	$ 1,092,551
Amounts due to Vornado	623	715
Accounts payable and accrued expenses	50,778	51,750
Lease incentive liability	113,618	—
Other liabilities	21,199	21,007
Total liabilities	1,268,230	1,166,023
Commitments and contingencies		
Preferred stock: $1.00 par value per share; authorized, 3,000,000 shares; issued and outstanding, none	—	—
Common stock: $1.00 par value per share; authorized, 10,000,000 shares; issued, 5,173,450 shares; outstanding, 5,107,290 shares	5,173	5,173
Additional capital	34,765	34,315
Retained earnings	160,649	182,336
Accumulated other comprehensive income	12,301	16,201
	212,888	238,025
Treasury stock: 66,160 shares, at cost	(368)	(368)
Total equity	212,520	237,657
	$ 1,480,750	$ 1,403,680

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)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
REVENUES				
Rental revenues	$ 53,392	$ 53,673	$ 114,789	$ 106,614
EXPENSES				
Operating, including fees to Vornado of $1,345, $1,684, $3,104 and $3,223, respectively	(24,991)	(24,818)	(50,254)	(49,762)
Depreciation and amortization	(8,697)	(8,081)	(18,174)	(15,559)
General and administrative, including management fees to Vornado of $610, $610, $1,220 and $1,220, respectively	(2,159)	(1,906)	(3,635)	(3,265)
Total expenses	(35,847)	(34,805)	(72,063)	(68,586)
Interest and other income	7,054	4,523	14,216	8,842
Interest and debt expense	(16,219)	(13,196)	(32,453)	(25,449)
Net gain on sale of real estate	—	53,952	—	53,952
Net income	$ 8,380	$ 64,147	$ 24,489	$ 75,373
Net income per common share - basic and diluted	$ 1.63	$ 12.51	$ 4.77	$ 14.70
Weighted average shares outstanding - basic and diluted	5,131,902	5,128,823	5,131,290	5,127,959

See notes to consolidated financial statements (unaudited).

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Net income	$ 8,380	$ 64,147	$ 24,489	$ 75,373
Other comprehensive (loss) income:				
Change in fair value of interest rate derivatives and other	(3,360)	3,110	(3,900)	(534)
Comprehensive income	$ 5,020	$ 67,257	$ 20,589	$ 74,839

See notes to consolidated financial statements (unaudited).

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

	Common Stock		Additional Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Equity
	Shares	Amount					
For the Three Months Ended June 30, 2024							
Balance, March 31, 2024	5,173	$ 5,173	$ 34,315	$ 175,357	$ 15,661	$ (368)	$ 230,138
Net income	—	—	—	8,380	—	—	8,380
Dividends paid ($4.50 per common share)	—	—	—	(23,088)	—	—	(23,088)
Change in fair value of interest rate derivatives	—	—	—	—	(3,360)	—	(3,360)
Deferred stock unit grants	—	—	450	—	—	—	450
Balance, June 30, 2024	5,173	$ 5,173	$ 34,765	$ 160,649	$ 12,301	$ (368)	$ 212,520
For the Three Months Ended June 30, 2023							
Balance, March 31, 2023	5,173	$ 5,173	$ 33,865	$ 160,397	$ 21,942	$ (368)	$ 221,009
Net income	—	—	—	64,147	—	—	64,147
Dividends paid ($4.50 per common share)	—	—	—	(23,072)	—	—	(23,072)
Change in fair value of interest rate derivatives and other	—	—	—	—	3,110	—	3,110
Deferred stock unit grants	—	—	450	—	—	—	450
Balance, June 30, 2023	5,173	$ 5,173	$ 34,315	$ 201,472	$ 25,052	$ (368)	$ 265,644

	Common Stock		Additional Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Equity
	Shares	Amount					
For the Six Months Ended June 30, 2024							
Balance, December 31, 2023	5,173	$ 5,173	$ 34,315	$ 182,336	$ 16,201	$ (368)	$ 237,657
Net income	—	—	—	24,489	—	—	24,489
Dividends paid ($9.00 per common share)	—	—	—	(46,176)	—	—	(46,176)
Change in fair value of interest rate derivatives	—	—	—	—	(3,900)	—	(3,900)
Deferred stock unit grants	—	—	450	—	—	—	450
Balance, June 30, 2024	5,173	$ 5,173	$ 34,765	$ 160,649	$ 12,301	$ (368)	$ 212,520
For the Six Months Ended June 30, 2023							
Balance, December 31, 2022	5,173	$ 5,173	$ 33,865	$ 172,243	$ 25,586	$ (368)	$ 236,499
Net income	—	—	—	75,373	—	—	75,373
Dividends paid ($9.00 per common share)	—	—	—	(46,144)	—	—	(46,144)
Change in fair value of interest rate derivatives and other	—	—	—	—	(534)	—	(534)
Deferred stock unit grants	—	—	450	—	—	—	450
Balance, June 30, 2023	5,173	$ 5,173	$ 34,315	$ 201,472	$ 25,052	$ (368)	$ 265,644

See notes to consolidated financial statements (unaudited).

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

	For the Six Months Ended June 30,	
CASH FLOWS FROM OPERATING ACTIVITIES	**2024**	**2023**
Net income	$ 24,489	$ 75,373
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including amortization of debt issuance costs	19,118	16,399
Net gain on sale of real estate	—	(53,952)
Straight-lining of rents	11,076	4,169
Interest rate cap premium amortization	5,908	—
Stock-based compensation expense	450	450
Other non-cash adjustments	(3,804)	4,431
Change in operating assets and liabilities:		
Tenant and other receivables	674	(666)
Other assets	(142,782)	17,666
Amounts due to Vornado	(218)	151
Accounts payable and accrued expenses	(192)	1,900
Lease incentive liability	113,618	—
Other liabilities	(10)	(12)
Net cash provided by operating activities	28,327	65,909
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction in progress and real estate additions	(6,182)	(2,894)
Proceeds from maturities of U.S. Treasury bills	—	264,881
Proceeds from sale of real estate	—	67,821
Proceeds from interest rate cap	6,563	—
Purchase of interest rate cap	—	(11,258)
Net cash provided by investing activities	381	318,550
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(46,176)	(46,144)
Debt repayment	(10,000)	—
Debt issuance costs	(1,132)	(38)
Net cash used in financing activities	(57,308)	(46,182)
Net (decrease) increase in cash and cash equivalents and restricted cash	(28,600)	338,277
Cash and cash equivalents and restricted cash at beginning of period	552,977	214,478
Cash and cash equivalents and restricted cash at end of period	$ 524,377	$ 552,755
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents at beginning of period	$ 531,855	$ 194,933
Restricted cash at beginning of period	21,122	19,545
Cash and cash equivalents and restricted cash at beginning of period	$ 552,977	$ 214,478
Cash and cash equivalents at end of period	$ 410,948	$ 531,331
Restricted cash at end of period	113,429	21,424
Cash and cash equivalents and restricted cash at end of period	$ 524,377	$ 552,755
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	$ 32,108	$ 23,761
NON-CASH TRANSACTIONS		
Liability for real estate additions, including $126 for development fees due to Vornado in 2024	$ 964	$ 798
Write-off of fully depreciated assets	1,759	5,808

See notes to consolidated financial statements (unaudited).

1. Organization

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

2. Basis of Presentation

The accompanying consolidated financial statements are unaudited and include the accounts of Alexander's and its consolidated subsidiaries. All adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and changes in cash flows have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted. These consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q of the Securities and Exchange Commission (the "SEC") and should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023, 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, 2024 are not necessarily indicative of the operating results for the full year.

We operate in one reportable segment.

3. Recently Issued Accounting Literature

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). ASU 2023-07 aims to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 requires disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. The update also requires disclosure regarding the chief operating decision maker and expands the interim segment disclosure requirements. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of ASU 2023-07 on our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). ASU 2023-09 requires entities to disclose additional information with respect to the effective tax rate reconciliation and to disclose the disaggregation by jurisdiction of income tax expense and income taxes paid. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of ASU 2023-09 on our consolidated financial statements.

4. Revenue Recognition

The following is a summary of revenue sources for the three and six months ended June 30, 2024 and 2023.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Amounts in thousands)	2024	2023	2024	2023
Lease revenues	$ 51,288	$ 51,512	$ 110,634	$ 102,548
Parking revenue	1,185	1,114	2,315	2,210
Tenant services	919	1,047	1,840	1,856
Rental revenues	$ 53,392	$ 53,673	$ 114,789	$ 106,614

The components of lease revenues for the three and six months ended June 30, 2024 and 2023 are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Amounts in thousands)	2024	2023	2024	2023
Fixed lease revenues	$ 34,400	$ 34,839	$ 76,934	$ 69,563
Variable lease revenues	16,888	16,673	33,700	32,985
Lease revenues	$ 51,288	$ 51,512	$ 110,634	$ 102,548

Bloomberg L.P. ("Bloomberg") accounted for revenue of $60,946,000 and $59,177,000 for the six months ended June 30, 2024 and 2023, respectively, representing approximately 53% and 56% of our rental revenues in each period, respectively. No other tenant accounted for more than 10% of our rental 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.

On May 3, 2024, Alexander's and Bloomberg entered into an agreement to extend the leases covering approximately 947,000 square feet at our 731 Lexington Avenue property that were scheduled to expire in February 2029 for a term of eleven years to February 2040. Upon execution of this lease extension, we paid a $32,000,000 leasing commission, of which $26,500,000 was to a third-party broker and $5,500,000 was to Vornado.

In connection with the lease extension, Bloomberg is entitled to a $113,618,000 tenant fund which is accounted for as a lease incentive under GAAP. Accordingly, we recorded a deferred lease incentive asset of $113,618,000, which is amortized as a reduction to rental revenues over the remaining term of the lease, and a corresponding liability. These amounts are included in "Deferred leasing costs, net" and "Lease incentive liability," respectively, on our consolidated balance sheet as of June 30, 2024.

On December 3, 2022, IKEA closed its 112,000 square foot store at our Rego Park I property under a lease that was set to expire in December 2030. The lease included a right to terminate effective no earlier than March 16, 2026, subject to payment of rent through the termination date and an additional termination payment equal to the lesser of $10,000,000 or the amount of rent due under the remaining term. On September 27, 2023, we entered into a lease modification agreement with IKEA which accelerated its lease termination date to April 1, 2024. During the fourth quarter of 2023 and the first quarter of 2024, IKEA paid its remaining rent obligation through March 16, 2026 and the $10,000,000 termination payment.

5. Real Estate Sale

On May 19, 2023, we sold the Rego Park III land parcel in Queens, New York, for $71,060,000 inclusive of consideration for Brownfield tax benefits and reimbursement of costs for plans, specifications and improvements to date. Net proceeds from the sale were $67,821,000 after closing costs and the financial statement gain was $53,952,000.

6. Related Party Transactions

Vornado

As of June 30, 2024, 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) $376,000, escalating at 3% per annum, for managing the common area of 731 Lexington Avenue. Vornado is also entitled to a development fee equal to 6% of development costs, as defined.

Leasing and Other Agreements

Vornado also provides us with leasing services for a fee of 3% of rent for the first ten years of a lease term, 2% of rent for the eleventh through the twentieth year of a lease term, and 1% of rent for the twenty-first through thirtieth year of a lease term, subject to the payment of rents by tenants. Under the agreements in effect prior to May 1, 2024, in the event third-party real estate brokers were used, the fees to Vornado increased by 1% and Vornado was responsible for the fees to the third-party real estate brokers ("Third-Party Lease Commissions"). On May 1, 2024, our Board of Directors approved amendments to the leasing agreements, subject to applicable lender consents, pursuant to which the Company is responsible for any Third-Party Lease Commissions and, in such circumstances, Vornado's fee is 33% of the applicable Third-Party Lease Commission.

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

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

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Amounts in thousands)	2024	2023	2024	2023
Company management fees	$ 700	$ 700	$ 1,400	$ 1,400
Development fees	111	—	126	—
Leasing fees	5,517	129	5,555	170
Commission on sale of real estate	—	711	—	711
Property management, cleaning, engineering, parking and security fees	1,213	1,550	2,849	2,959
	$ 7,541	$ 3,090	$ 9,930	$ 5,240

As of June 30, 2024, the amounts due to Vornado were $480,000 for management, property management, cleaning, engineering and security fees, $126,000 for development fees and $17,000 for leasing fees. As of December 31, 2023, the amounts due to Vornado were $646,000 for management, property management, cleaning, engineering and security fees and $69,000 for leasing fees.

7. Mortgages Payable

On June 9, 2023, we exercised our remaining one-year extension option on the $500,000,000 interest-only mortgage loan on the office condominium of our 731 Lexington Avenue property. The interest rate on the loan remained at LIBOR plus 0.90% through July 15, 2023 and then at the Prime Rate through loan maturity on June 11, 2024. In addition, in June 2023, we purchased an interest rate cap for $11,258,000, which capped LIBOR at 6.00% through July 15, 2023 and then the Prime Rate at 6.00% through loan maturity. On June 11, 2024, we entered into a four-month extension of the loan and simultaneously paid down the principal balance by $10,000,000 to $490,000,000. The interest-only mortgage loan remains at the Prime rate (8.50% as of June 30, 2024) through the extended loan maturity of October 11, 2024. We also escrowed $66,808,000 with the lender in connection with the tenant fund in the Bloomberg lease extension which is included in "Restricted cash" on our consolidated balance sheet as of June 30, 2024.

The following is a summary of our outstanding mortgages payable as of June 30, 2024 and December 31, 2023. We may refinance our maturing debt as it comes due or choose to pay it down.

(Amounts in thousands)	Maturity	Interest Rate at June 30, 2024	Balance at June 30, 2024	Balance at December 31, 2023
First mortgages secured by:				
731 Lexington Avenue, office condominium (1)	Oct. 11, 2024	8.50%	$ 490,000	$ 500,000
731 Lexington Avenue, retail condominium (2)(3)	Aug. 05, 2025	1.76%	300,000	300,000
Rego Park II shopping center (2)(4)	Dec. 12, 2025	5.60%	202,544	202,544
The Alexander apartment tower	Nov. 01, 2027	2.63%	94,000	94,000
Total			1,086,544	1,096,544
Deferred debt issuance costs, net of accumulated amortization of $18,583 and $17,639, respectively			(4,532)	(3,993)
			$ 1,082,012	$ 1,092,551

(1) Interest at the Prime Rate.
(2) Interest rate listed represents the rate in effect as of June 30, 2024 based on SOFR as of contractual reset date plus contractual spread, adjusted for hedging instruments as applicable.
(3) Interest at SOFR plus 1.51% which was swapped to a fixed rate of 1.76% through May 2025.
(4) Interest at SOFR plus 1.45% (SOFR is capped at a rate of 4.15% through November 2024).

8. Stock-Based Compensation

We account for stock-based compensation in accordance with ASC Topic 718, *Compensation – Stock Compensation* ("ASC 718"). Our 2016 Omnibus Stock Plan (the "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 2024, we granted each of the members of our Board of Directors 357 DSUs with a market value of $75,000 per grant. The grant date fair value of these awards was $56,250 per grant, or $450,000 in the aggregate, in accordance with ASC 718. 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, 2024, there were 26,244 DSUs outstanding and 479,543 shares were available for future grant under the Plan.

9. Fair Value Measurements

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

Financial Assets and Liabilities Measured at Fair Value

Financial assets measured at fair value on our consolidated balance sheet as of June 30, 2024 consist of interest rate derivatives, which are presented in the table below based on their level in the fair value hierarchy. There were no financial liabilities measured at fair value as of June 30, 2024.

	As of June 30, 2024			
(Amounts in thousands)	Total	Level 1	Level 2	Level 3
Interest rate derivatives (included in other assets)	$ 12,800	$ —	$ 12,800	$ —

Financial assets measured at fair value on our consolidated balance sheet as of December 31, 2023 consist of interest rate derivatives, which are presented in the table below based on their level in the fair value hierarchy. There were no financial liabilities measured at fair value as of December 31, 2023.

	As of As of December 31, 2023			
(Amounts in thousands)	Total	Level 1	Level 2	Level 3
Interest rate derivatives (included in other assets)	$ 22,608	$ —	$ 22,608	$ —

Interest Rate Derivatives

We recognize the fair value of all interest rate derivatives in “other assets” or “other liabilities” on our consolidated balance sheets and since all of our interest rate derivatives have been designated as cash flow hedges, changes in the fair value are recognized in other comprehensive income. The table below summarizes our interest rate derivatives, all of which hedge the interest rate risk attributable to the variable rate debt noted as of June 30, 2024 and December 31, 2023, respectively.

	Fair Value as of		As of June 30, 2024		
(Amounts in thousands)	June 30, 2024	December 31, 2023	Notional Amount	Swapped Rate	Expiration Date
Interest rate swap related to:					
731 Lexington Avenue mortgage loan, retail condominium	$ 11,880	$ 16,315	$ 300,000	1.76%	05/25
Interest rate caps related to:					
Rego Park II shopping center mortgage loan	920	1,370	202,544	(1)	11/24
731 Lexington Avenue mortgage loan, office condominium	—	4,923	N/A	N/A	N/A
Included in other assets	$ 12,800	$ 22,608			

(1) SOFR cap strike rate of 4.15%.

9. Fair Value Measurements - continued

Financial Assets and Liabilities not Measured at Fair Value

Financial assets and liabilities that are not measured at fair value on our consolidated balance sheets include cash equivalents and mortgages payable. Cash equivalents are carried at cost, which approximates fair value due to their short-term maturities and are classified as Level 1. The fair value of our mortgages payable is calculated by discounting the future contractual cash flows of these instruments using current risk-adjusted rates available to borrowers with similar credit ratings, which are provided by a third-party specialist, and is classified as Level 2. The table below summarizes the carrying amount and fair value of these financial instruments as of June 30, 2024 and December 31, 2023, respectively.

	As of June 30, 2024		As of December 31, 2023	
(Amounts in thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Cash equivalents	$ 129,129	$ 129,129	$ 363,535	$ 363,535
Liabilities:				
Mortgages payable (excluding deferred debt issuance costs, net)	$ 1,086,544	$ 1,066,388	$ 1,096,544	$ 1,071,887

10. Commitments and Contingencies

Insurance

We maintain general liability insurance with limits of $300,000,000 per occurrence and per property, of which the first $30,000,000 includes communicable disease coverage, and all-risk property and rental value insurance coverage with limits of $1.7 billion per occurrence, including coverage for acts of terrorism, with sub-limits for certain perils such as floods and earthquakes on each of our properties and excluding communicable disease coverage.

Fifty Ninth Street Insurance Company, LLC ("FNSIC"), our wholly owned consolidated subsidiary, acts as a direct insurer for coverage for acts of terrorism, including nuclear, biological, chemical and radiological ("NBCR") acts, as defined by the Terrorism Risk Insurance Act of 2002, as amended to date and which has been extended through December 2027. Coverage for acts of terrorism (including NBCR acts) is up to $1.7 billion per occurrence and in the aggregate. Coverage for acts of terrorism (excluding NBCR acts) is fully reinsured by third party insurance companies and the Federal government with no exposure to FNSIC. For NBCR acts, FNSIC is responsible for a $316,000 deductible and 20% of the balance of a covered loss, and the Federal government is responsible for the remaining 80% of a covered loss. We are ultimately responsible for any loss incurred by FNSIC.

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

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

Letters of Credit

Approximately $900,000 of standby letters of credit were issued and outstanding as of June 30, 2024.

Other

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

11. Earnings Per Share

The following table sets forth the computation of basic and diluted income per share, 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 (including deferred stock units) outstanding during the period. Diluted income per share is determined using the weighted average shares of common stock (including deferred stock units) 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, 2024 and 2023.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Amounts in thousands, except share and per share amounts)	2024	2023	2024	2023
Net income	$ 8,380	$ 64,147	$ 24,489	$ 75,373
Weighted average shares outstanding – basic and diluted	5,131,902	5,128,823	5,131,290	5,127,959
Net income per common share – basic and diluted	$ 1.63	$ 12.51	$ 4.77	$ 14.70

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated balance sheet of Alexander’s, Inc. and subsidiaries (the “Company”) as of June 30, 2024, the related consolidated statements of income, comprehensive income, and changes in equity, for the three-month and six-month periods ended June 30, 2024 and 2023, and of cash flows for the six-month periods ended June 30, 2024 and 2023, and the related notes (collectively referred to as the “interim financial information”). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2023, 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 12, 2024, 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, 2023, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

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

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

/s/ DELOITTE & TOUCHE LLP

New York, New York
August 5, 2024

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 represent our intentions, plans, expectations and beliefs and are subject to numerous assumptions, risks and uncertainties. Our future results, financial condition 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. Many of the factors that will determine the outcome of these and our other forward-looking statements 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, 2023.

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 our 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, 2024 and 2023. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The results of operations for the three and six months ended June 30, 2024 are not necessarily indicative of the operating results for the full year.

Critical Accounting Estimates and Significant Accounting Policies

A summary of the critical accounting estimates used in the preparation of our consolidated financial statements is included in our Annual Report on Form 10-K for the year ended December 31, 2023 in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and a summary of our significant accounting policies is included in "Note 2 – Summary of Significant Accounting Policies" to the consolidated financial statements included therein. For the six months ended June 30, 2024, there were no material changes to these estimates or policies.

Overview

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

We compete with a large number of real estate investors, property owners and developers, some of whom may be willing to accept lower returns on their investments. Our success depends upon, among other factors, trends of the global, 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 and employment 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.

Additionally, our business has been, and may continue to be, affected by the increase in inflation and interest rates and other uncertainties including the potential for an economic downturn. These factors could have a material impact on our business, financial condition, results of operations and cash flows. See “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2023 for additional information regarding these and other factors that may materially affect our results.

Three Months Ended June 30, 2024 Financial Results Summary

Net income for the three months ended June 30, 2024 was $8,380,000, or $1.63 per diluted share, compared to $64,147,000 or $12.51 per diluted share in the prior year’s three months. Net income for the three months ended June 30, 2023 included $53,952,000, or $10.52 per diluted share, of income as a result of a net gain from the sale of the Rego Park III land parcel.

Funds from operations (“FFO”) (non-GAAP) for the three months ended June 30, 2024 was $17,009,000, or $3.31 per diluted share, compared to $18,208,000 or $3.55 per diluted share in the prior year’s three months.

Six Months Ended June 30, 2024 Financial Results Summary

Net income for the six months ended June 30, 2024 was $24,489,000, or $4.77 per diluted share, compared to $75,373,000 or $14.70 per diluted share in the prior year’s six months. Net income for the six months ended June 30, 2023 included $53,952,000, or $10.52 per diluted share, of income as a result of a net gain from the sale of the Rego Park III land parcel.

FFO (non-GAAP) for the six months ended June 30, 2024 was $42,541,000, or $8.29 per diluted share, compared to $36,841,000 or $7.18 per diluted share in the prior year’s six months.

Financing

On June 11, 2024, we entered into a four-month extension of the $500,000,000 interest-only mortgage loan on the office condominium of our 731 Lexington Avenue property and simultaneously paid down the principal balance by $10,000,000 to $490,000,000. The interest-only mortgage loan remains at the Prime rate (8.50% as of June 30, 2024) through the extended loan maturity of October 11, 2024.

Real Estate Sale

On May 19, 2023, we sold the Rego Park III land parcel in Queens, New York, for $71,060,000 inclusive of consideration for Brownfield tax benefits and reimbursement of costs for plans, specifications and improvements to date. Net proceeds from the sale were $67,821,000 after closing costs and the financial statement gain was $53,952,000.

Overview - continued

Square Footage, Occupancy and Leasing Activity

Our portfolio is comprised of five properties aggregating 2,456,000 square feet. As of June 30, 2024, the commercial occupancy rate was 92.1% and the residential occupancy rate was 98.7%.

On December 3, 2022, IKEA closed its 112,000 square foot store at our Rego Park I property under a lease that was set to expire in December 2030. The lease included a right to terminate effective no earlier than March 16, 2026, subject to payment of rent through the termination date and an additional termination payment equal to the lesser of $10,000,000 or the amount of rent due under the remaining term. On September 27, 2023, we entered into a lease modification agreement with IKEA which accelerated its lease termination date to April 1, 2024. During the fourth quarter of 2023 and the first quarter of 2024, IKEA paid its remaining rent obligation through March 16, 2026 and the $10,000,000 termination payment.

Significant Tenant

Bloomberg L.P. (“Bloomberg”) accounted for revenue of $60,946,000 and $59,177,000 for the six months ended June 30, 2024 and 2023, respectively, representing approximately 53% and 56% of our rental revenues in each period, respectively. No other tenant accounted for more than 10% of our rental 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.

On May 3, 2024, Alexander’s and Bloomberg entered into an agreement to extend the leases covering approximately 947,000 square feet at our 731 Lexington Avenue property that were scheduled to expire in February 2029 for a term of eleven years to February 2040.

Results of Operations – Three Months Ended June 30, 2024, compared to June 30, 2023

Rental Revenues

Rental revenues were $53,392,000 for the three months ended June 30, 2024, compared to $53,673,000 for the prior year's three months, a decrease of $281,000. This was primarily due to (i) $1,081,000 of lower rental revenue from IKEA's lease expiration at Rego Park I and (ii) $1,001,000 of lower lease termination fee income, partially offset by (iii) $1,163,000 of higher straight-line rental revenue from Bloomberg's lease extension at 731 Lexington Avenue and (iv) $857,000 of higher reimbursable operating expenses and capital expenditures.

Operating Expenses

Operating expenses were $24,991,000 for the three months ended June 30, 2024, compared to $24,818,000 for the prior year's three months, an increase of $173,000. This was primarily due to higher non-reimbursable operating expenses.

Depreciation and Amortization

Depreciation and amortization was $8,697,000 for the three months ended June 30, 2024, compared to $8,081,000 for the prior year's three months, an increase of $616,000. This was primarily due to $347,000 of higher amortization expense associated with leasing commissions paid in connection with Bloomberg's lease extension at 731 Lexington Avenue and $336,000 of higher depreciation expense on capital projects placed into service.

General and Administrative Expenses

General and administrative expenses were $2,159,000 for the three months ended June 30, 2024, compared to $1,906,000 for the prior year's three months, an increase of $253,000. This was primarily due to higher professional fees.

Interest and Other Income

Interest and other income was $7,054,000 for the three months ended June 30, 2024, compared to $4,523,000 for the prior year's three months, an increase of $2,531,000. This was primarily due to an increase in average interest rates.

Interest and Debt Expense

Interest and debt expense was $16,219,000 for the three months ended June 30, 2024, compared to $13,196,000 for the prior year's three months, an increase of $3,023,000. This was primarily due to $1,990,000 of higher interest rate cap premium amortization and $876,000 of higher interest expense resulting from increases in rates.

Net Gain on Sale of Real Estate

Net gain on sale of real estate was $53,952,000 for the prior year's three months, resulting from the sale of the Rego Park III land parcel in Queens, New York.

Results of Operations – Six Months Ended June 30, 2024, compared to June 30, 2023

Rental Revenues

Rental revenues were $114,789,000 for the six months ended June 30, 2024, compared to $106,614,000 for the prior year's six months, an increase of $8,175,000. This was primarily due to (i) $6,641,000 of higher rental revenue from IKEA's lease modification at Rego Park I, (ii) $1,163,000 of higher straight-line rental revenue from Bloomberg's lease extension at 731 Lexington Avenue and (iii) $1,620,000 of higher reimbursable operating expenses and capital expenditures, partially offset by (iv) $651,000 of lower lease termination fee income.

Operating Expenses

Operating expenses were $50,254,000 for the six months ended June 30, 2024, compared to $49,762,000 for the prior year's six months, an increase of $492,000. This was primarily due to higher non-reimbursable operating expenses.

Depreciation and Amortization

Depreciation and amortization was $18,174,000 for the six months ended June 30, 2024, compared to $15,559,000 for the prior year's six months, an increase of $2,615,000. This was due to (i) $1,304,000 of higher depreciation expense on capital projects placed into service, (ii) $964,000 of accelerated depreciation and amortization related to IKEA's lease modification at Rego Park I and (iii) $347,000 of higher amortization expense associated with leasing commissions paid in connection with Bloomberg's lease extension at 731 Lexington Avenue.

General and Administrative Expenses

General and administrative expenses were $3,635,000 for the six months ended June 30, 2024, compared to $3,265,000 for the prior year's six months, an increase of $370,000. This was primarily due to higher professional fees.

Interest and Other Income

Interest and other income was $14,216,000 for the six months ended June 30, 2024, compared to $8,842,000 for the prior year's six months, an increase of $5,374,000. This was primarily due to an increase in average interest rates.

Interest and Debt Expense

Interest and debt expense was $32,453,000 for the six months ended June 30, 2024, compared to $25,449,000 for the prior year's six months, an increase of $7,004,000. This was primarily due to $5,086,000 of higher interest rate cap premium amortization and $1,746,000 of higher interest expense resulting from increases in rates.

Net Gain on Sale of Real Estate

Net gain on sale of real estate was $53,952,000 for the prior year's six months, resulting from the sale of the Rego Park III land parcel in Queens, New York.

Liquidity and Capital Resources

Cash Flows

Our cash requirements include property operating expenses, capital improvements, tenant improvements, debt service, leasing commissions, dividends to stockholders as well as development costs. The sources of liquidity to fund these cash requirements include rental revenue, which is our primary source of cash flow and is dependent upon the occupancy and rental rates of our properties, as well as our existing cash, proceeds from financings, including mortgage or construction loans secured by our properties and proceeds from asset sales.

As of June 30, 2024, we had $524,377,000 of liquidity comprised of cash and cash equivalents and restricted cash. Recent increases in interest rates and inflation could adversely affect our cash flow from continuing operations but we anticipate that cash flow 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 service and capital expenditures. We may refinance our maturing debt as it comes due or choose to pay it down. However, there can be no assurance that additional financing or capital will be available to refinance our debt, or that the terms will be acceptable or advantageous to us.

For the Six Months Ended June 30, 2024

Cash and cash equivalents and restricted cash were $524,377,000 as of June 30, 2024, compared to $552,977,000 as of December 31, 2023, a decrease of $28,600,000. This decrease resulted from (i) $57,308,000 of net cash used in financing activities, partially offset by (ii) $28,327,000 of net cash provided by operating activities and (iii) $381,000 of net cash provided by investing activities.

Net cash used in financing activities of $57,308,000 was comprised of (i) $46,176,000 of dividends paid, (ii) $10,000,000 of debt repayments and (iii) $1,132,000 of debt issuance costs.

Net cash provided by operating activities of $28,327,000 was comprised of (i) net income of $24,489,000 and (ii) adjustments for non-cash items of $32,748,000, partially offset by (iii) the net change in operating assets and liabilities of $28,910,000. The adjustments for non-cash items were comprised of (i) depreciation and amortization (including amortization of debt issuance costs) of $19,118,000, (ii) straight-lining of rents of $11,076,000, (iii) interest rate cap premium amortization of $5,908,000 and (iv) stock-based compensation expense of $450,000, partially offset by (v) other non-cash adjustments of $3,804,000.

Net cash provided by investing activities of $381,000 was comprised of $6,563,000 of proceeds from an interest rate cap, partially offset by construction in progress and real estate additions of $6,182,000.

For the Six Months Ended June 30, 2023

Cash and cash equivalents and restricted cash were $552,755,000 as of June 30, 2023, compared to $214,478,000 as of December 31, 2022, an increase of $338,277,000. This increase resulted from (i) $318,550,000 of net cash provided by investing activities and (ii) $65,909,000 of net cash provided by operating activities, partially offset by (iii) $46,182,000 of net cash used in financing activities.

Net cash provided by investing activities of $318,550,000 was comprised of (i) $264,881,000 of proceeds from maturities of U.S. Treasury bills and (ii) $67,821,000 of proceeds from sale of real estate, partially offset by (iii) the purchase of an interest rate cap of $11,258,000 and (iv) construction in progress and real estate additions of $2,894,000.

Net cash provided by operating activities of $65,909,000 was comprised of (i) net income of $75,373,000, (ii) the net change in operating assets and liabilities of $19,039,000, partially offset by (iii) adjustments for non-cash items of $28,503,000. The adjustments for non-cash items were comprised of (i) net gain on sale of real estate of $53,952,000, partially offset by (ii) depreciation and amortization (including amortization of debt issuance costs) of $16,399,000, (iii) other non-cash adjustments of $4,431,000, (iv) straight-lining of rents of $4,169,000 and (v) stock-based compensation expense of $450,000.

Net cash used in financing activities of $46,182,000 was comprised of dividends paid of $46,144,000 and debt issuance costs of $38,000.

Liquidity and Capital Resources - continued

Commitments and Contingencies

Insurance

We maintain general liability insurance with limits of $300,000,000 per occurrence and per property, of which the first $30,000,000 includes communicable disease coverage, and all-risk property and rental value insurance coverage with limits of $1.7 billion per occurrence, including coverage for acts of terrorism, with sub-limits for certain perils such as floods and earthquakes on each of our properties and excluding communicable disease coverage.

Fifty Ninth Street Insurance Company, LLC (“FNSIC”), our wholly owned consolidated subsidiary, acts as a direct insurer for coverage for acts of terrorism, including nuclear, biological, chemical and radiological (“NBCR”) acts, as defined by the Terrorism Risk Insurance Act of 2002, as amended to date and which has been extended through December 2027. Coverage for acts of terrorism (including NBCR acts) is up to $1.7 billion per occurrence and in the aggregate. Coverage for acts of terrorism (excluding NBCR acts) is fully reinsured by third party insurance companies and the Federal government with no exposure to FNSIC. For NBCR acts, FNSIC is responsible for a $316,000 deductible and 20% of the balance of a covered loss, and the Federal government is responsible for the remaining 80% of a covered loss. We are ultimately responsible for any loss incurred by FNSIC.

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

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

Letters of Credit

Approximately $900,000 of standby letters of credit were issued and outstanding as of June 30, 2024.

Other

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

Funds from Operations ("FFO") (non-GAAP)

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

FFO (non-GAAP) for the three and six months ended June 30, 2024 and 2023

FFO (non-GAAP) for the three months ended June 30, 2024 was $17,009,000, or $3.31 per diluted share, compared to $18,208,000, or $3.55 per diluted share in the prior year's three months.

FFO (non-GAAP) for the six months ended June 30, 2024 was $42,541,000, or $8.29 per diluted share, compared to $36,841,000, or $7.18 per diluted share in the prior year's six months.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Amounts in thousands, except share and per share amounts)	2024	2023	2024	2023
Net income	$ 8,380	$ 64,147	$ 24,489	$ 75,373
Depreciation and amortization of real property	8,629	8,013	18,052	15,420
Net gain on sale of real estate	—	(53,952)	—	(53,952)
FFO (non-GAAP)	$ 17,009	$ 18,208	$ 42,541	$ 36,841
FFO per diluted share (non-GAAP)	$ 3.31	$ 3.55	$ 8.29	$ 7.18
Weighted average shares used in computing FFO per diluted share	5,131,902	5,128,823	5,131,290	5,127,959

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)	2024 June 30, Balance	2024 Weighted Average Interest Rate	2024 Effect of 1% Change in Base Rates	2023 December 31, Balance	2023 Weighted Average Interest Rate
Variable Rate	$ 692,544	7.65%	$ 6,925	$ 702,544	5.88%
Fixed Rate	394,000	1.97%	—	394,000	1.97%
	$ 1,086,544	5.59%	$ 6,925	$ 1,096,544	4.48%
Total effect on diluted earnings per share			$ 1.35		

We have an interest rate cap relating to the mortgage loan on Rego Park II shopping center with a notional amount of $202,544,000 that caps SOFR at a rate of 4.15% through November 2024.

We have an interest rate swap relating to the mortgage loan on the retail condominium of our 731 Lexington Avenue property with a notional amount of $300,000,000 that swaps SOFR plus 1.51% for a fixed rate of 1.76% through May 2025.

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, 2024 and December 31, 2023, the estimated fair value of our consolidated debt was $1,066,388,000 and $1,071,887,000, 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.

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, 2023.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

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

EXHIBIT INDEX

Exhibit No.				
10.1		-	Third Amendment of Lease, dated as of the 20th of April 2016 between 731 Office One LLC and Bloomberg L.P.	**
10.2		-	Fourth Amendment of Lease, dated as of the 28th of June 2019 between 731 Office One LLC and Bloomberg L.P.	**
10.3		-	Fifth Amendment of Lease, dated as of the 17th of December 2021 between 731 Office One LLC and Bloomberg L.P.	**
10.4		-	Sixth Amendment of Lease, dated as of the 29th of March 2022 between 731 Office One LLC and Bloomberg L.P.	**
10.5		-	Seventh Amendment of Lease, dated as of the 19th of July 2022 between 731 Office One LLC and Bloomberg L.P.	**
10.6		-	Eighth Amendment of Lease, dated as of the 21st of July 2023 between 731 Office One LLC and Bloomberg L.P.	**
10.7	+	-	Ninth Amendment of Lease, dated as of the 3rd of May 2024 between 731 Office One LLC and Bloomberg L.P.	**
10.8		-	Loan Extension and Modification Agreement, dated June 11, 2024, between 731 Office One LLC, as Borrower, and among Wilmington Trust, National Association, as Trustee, for the benefit of the Holders of DBCG 2017-BBG Mortgage Trust Commercial Mortgage Pass-Through Certificates (together with its successors and assigns), as Lender.	***
10.9		-	Second Amendment to Rego II Real Estate Sub-Retention Agreement, dated as of the 18th of June 2024 between Alexander's, Inc. and Vornado Realty L.P.	****

** Incorporated by reference from Form 10-Q filed on May 6, 2024.
*** Incorporated by reference from Form 8-K filed on June 12, 2024.
**** Filed herewith.
+ Portions of this exhibit have been redacted in compliance with Regulation S-K Item 601(b)(10).

15.1	-	Letter regarding unaudited interim financial information
31.1	-	Rule 13a-14 (a) Certification of the Chief Executive Officer
31.2	-	Rule 13a-14 (a) Certification of the Chief Financial Officer
32.1	-	Section 1350 Certification of the Chief Executive Officer
32.2	-	Section 1350 Certification of the Chief Financial Officer
101	-	The following financial information from the Alexander’s, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 formatted in Inline Extensible Business Reporting Language (iXBRL) includes: (i) consolidated balance sheets, (ii) consolidated statements of income, (iii) consolidated statements of comprehensive income, (iv) consolidated statements of changes in equity, (v) consolidated statements of cash flows and (vi) the notes to the consolidated financial statements
104	-	The cover page from the Alexander’s, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 formatted as iXBRL and contained in Exhibit 101

SIGNATURES

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

		ALEXANDER'S, INC.
		(Registrant)
Date: August 5, 2024	By:	/s/ Gary Hansen
		Gary Hansen Chief Financial Officer (duly authorized officer and principal financial and accounting officer)

Exhibit 10.9

EXECUTED VERSION

SECOND AMENDMENT TO REGO II REAL ESTATE SUB-RETENTION AGREEMENT

THIS SECOND AMENDMENT TO REGO II REAL ESTATE SUB-RETENTION AGREEMENT, dated as of the 18th day of June, 2024, effective as of the 1st day of May, 2024 (this "Amendment"), between **ALEXANDER'S, INC.**, a Delaware corporation having an address at 210 Route 4 East, Paramus, New Jersey 07652 ("Agent"), and **VORNADO REALTY L.P.**, a Delaware limited partnership having an office at c/o Vornado Realty Trust, 888 Seventh Avenue, New York, New York 10019 ("Sub-Agent").

RECITALS

WHEREAS, Rego II Borrower, LLC ("Owner") and Agent are parties to that certain Rego II Real Estate Retention Agreement, dated as of November 30, 2011, as amended by the First Amendment to Rego II Real Estate Retention Agreement, dated as of the date hereof (such agreement, as so amended, the "Retention Agreement"; all capitalized terms used, but not defined, herein shall have the meanings set forth in the Retention Agreement), pursuant to which Agent was appointed to act as special real estate consultant to Owner in connection with the premises now known as the "Lower Unit" in the Declaration establishing a Plan for Condominium ownership of the Rego II Condominium, located at 61-01 Junction Boulevard, Rego Park, New York, dated as of March 8, 2013 and recorded in the Office of the City Register as CRFN 2013000458265;

WHEREAS, Agent and Sub-Agent are parties to that certain Real Estate Rego II Sub-Retention Agreement, dated as of November 30, 2011, as amended by the First Amendment to Rego II Real Estate Sub-Retention Agreement, dated as of December 22, 2014 (such agreement, as so amended, the "Original Sub-Retention Agreement"), between Agent and Sub-Agent, pursuant to which Agent appointed Sub-Agent to perform the acts and duties of Agent under the Retention Agreement; and

WHEREAS, Agent and Sub-Agent now wish to amend the Original Sub-Retention Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of TEN DOLLARS ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Agent and Sub-Agent hereby agree to amend the Original Sub-Retention Agreement as follows:

1. Paragraph II.C.1(g) is hereby amended and restated in its entirety as follows:

- (g) In the event that a party other than Sub-Agent is a procuring broker who is entitled to a fee, in the event of a lease or sublease, the three percent/two percent/one percent (3%-2%-1%) schedule set forth in paragraphs II.C.1(a)(i), (ii) and (iii) above shall not be applicable and instead Sub-Agent shall be entitled to 33.33% of the fee payable to such procuring broker, and Agent (rather than Sub-Agent) shall pay the fee payable to such procuring broker. With respect to any sale, assignment or In Lieu Asset Transaction, the fees payable by Agent shall not be increased, and Sub-Agent shall pay any third party procuring broker's fee out of Sub-Agent's fee payable pursuant to this Agreement. For any given transaction described in the immediately preceding sentence, Agent shall be responsible for the payment of only one fee in the amounts set forth herein.

2. This Amendment may be executed in several counterparts, each of which shall be deemed to be an original and all of such counterparts shall constitute one and the same instrument.

3. All terms capitalized but not defined herein shall have the same meaning ascribed to such terms in the Original Sub-Retention Agreement or the Retention Agreement, as the case may be. This Amendment is incorporated into and made a part of the Sub-Retention Agreement, and the Sub-Retention Agreement and terms, conditions and provisions of the Sub-Retention Agreement are ratified and confirmed in all respects and is and shall continue to be in full force and effect and effect as modified and amended hereby.

4. This Amendment constitutes the entire understanding and agreement of the parties in connection with the subject matter hereof and may not be amended except in a writing executed by the parties hereto.

5. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

6. This Amendment shall be binding upon and inure to the benefit of the parties hereto, and their successors and permitted assigns.

[*Remainder of page intentionally left blank; signature page follows.]*

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

AGENT:

ALEXANDER'S, INC., a Delaware corporation

By: /s/ Steven J. Borenstein
Name: Steven J. Borenstein
Title: Secretary

SUB-AGENT:

VORNADO REALTY L.P., a Delaware limited partnership

By: Vornado Realty Trust, a Maryland real estate investment trust

By: /s/ Thomas J. Sanelli
Name: Thomas J. Sanelli
Title: EVP-Finance

EXHIBIT 15.1

August 5, 2024

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

We are aware that our report dated August 5, 2024, on our review of the interim financial information of Alexander’s, Inc. appearing in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, is incorporated by reference in Registration Statement No. 333-212838 on Form S-8.

/s/ DELOITTE & TOUCHE LLP

New York, New York

EXHIBIT 31.1

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 5, 2024

/s/ Steven Roth

Steven Roth
Chairman of the Board and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Gary Hansen, 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 5, 2024

/s/ Gary Hansen
Gary Hansen
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION

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

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

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 (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 5, 2024		/s/ Steven Roth
	Name:	Steven Roth
	Title:	Chairman of the Board and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION

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

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

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 (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 5, 2024		/s/ Gary Hansen
	Name:	Gary Hansen
	Title:	Chief Financial Officer