

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the Fiscal Year Ended: December 31, 2012

OR

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

For the transition period from
Commission File Number:

to
001-6064

ALEXANDER'S, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

51-0100517
(IRS Employer Identification No.)

210 Route 4 East, Paramus, New Jersey
(Address of principal executive offices)

07652
(Zip Code)

Registrant's telephone number, including area code

(201) 587-8541

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

Title of each class
Common Stock, \$1 par value per share

Name of each exchange on which registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Exchange Act.
YES x NO o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act.
YES o NO x

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 x NO o

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).
x Yes o No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, 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

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

Accelerated Filer

Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES o NO x

The aggregate market value of the voting and non-voting shares of common stock held by non-affiliates of the registrant, (i.e., by persons other than officers and directors of Alexander's, Inc.) was \$907,163,000 at June 30, 2012.

As of January 31, 2013 there were 5,105,936 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III: Portions of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 23, 2013.

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⁽¹⁾ These items are omitted in part or in whole because the registrant will file a definitive Proxy Statement pursuant to Regulation 14A under the Securities Exchange Act of 1934 with the Securities and Exchange Commission no later than 120 days after December 31, 2012, portions of which are incorporated by reference herein.

FORWARD-LOOKING STATEMENTS

Certain statements contained herein 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 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 Annual Report on Form 10-K. We also note the following forward-looking statements: in the case of our development projects, the estimated completion date, estimated project costs and costs to complete; and estimates of dividends on shares of our common stock. 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 this Annual Report on Form 10-K.

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 Annual Report on Form 10-K 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 occurring after the date of this Annual Report on Form 10-K.

PART I

ITEM 1. BUSINESS

GENERAL

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 six properties in the greater New York City metropolitan area consisting of:

Operating properties

- 731 Lexington Avenue, a 1,307,000 square foot multi-use building, comprising the entire square block bounded by Lexington Avenue, East 59th Street, Third Avenue and East 58th Street in Manhattan. The building contains 885,000 and 174,000 of net rentable square feet of office and retail space, respectively, which we own, and 248,000 square feet of residential space consisting of 105 condominium units, which we sold. Bloomberg L.P. ("Bloomberg") occupies all of the office space. The Home Depot (83,000 square feet), The Container Store (34,000 square feet) and Hennes & Mauritz (27,000 square feet) are the principal retail tenants;
- Rego Park I, a 343,000 square foot shopping center, located on Queens Boulevard and 63rd Road in Queens. The center is anchored by a 195,000 square foot Sears department store, a 50,000 square foot Burlington Coat Factory, a 46,000 square foot Bed Bath & Beyond and a 36,000 square foot Marshalls;
- Rego Park II, a 610,000 square foot shopping center, located adjacent to the Rego Park I shopping center in Queens. The center is anchored by a 145,000 square foot Costco, a 135,000 square foot Century 21 and a 133,000 square foot Kohl's. In addition, 47,000 square feet is leased to Toys "R" Us/Babies "R" Us, a one-third owned affiliate of Vornado;
- Paramus, located at the intersection of Routes 4 and 17 in Paramus, New Jersey, consists of 30.3 acres of land that is leased to IKEA Property, Inc.; and
- Flushing, a 167,000 square foot building, located at Roosevelt Avenue and Main Street in Queens, that is sub-leased to New World Mall LLC for the remainder of our ground lease term.

Properties to be developed

- Rego Park II Apartment Tower; we are considering a proposed development containing approximately 300 units aggregating 250,000 square feet, to be constructed above our Rego Park II shopping center. The funding required for the proposed development will be approximately \$100,000,000 to \$120,000,000. There can be no assurance that the project will commence, or if commenced, be completed on schedule or within budget.
- Rego Park III, a 3.4 acre land parcel adjacent to the Rego Park II shopping center in Queens at the intersection of Junction Boulevard and the Horace Harding Service Road.

Kings Plaza Regional Shopping Center

On November 28, 2012, we completed the sale of the Kings Plaza Regional Shopping Center ("Kings Plaza") located in Brooklyn, New York, to The Macerich Company (NYSE: MAC) ("Macerich"), for \$751,000,000. Net proceeds from the sale, after repaying the existing loan and closing costs, were \$479,000,000, of which \$30,000,000 was in Macerich common shares. The financial statement gain was \$601,976,000, of which \$599,628,000 was recognized in the fourth quarter and the remaining \$2,348,000 was deferred and will be recognized upon the disposition of the Macerich common shares. Prior to the sale, in November 2012, we acquired the remaining 75% interest in our consolidated subsidiary, the Kings Plaza energy plant joint venture (which was sold with Kings Plaza), for \$7,800,000 in cash. On November 30, 2012, our Board of Directors declared a special long-term capital gain dividend of \$122.00 per share, or \$623,178,000 in the aggregate, to distribute the tax gain resulting from the sale of Kings Plaza.

Relationship with Vornado

We are managed by, and our properties are leased and developed by, Vornado, pursuant to agreements which expire in March of each year and are automatically renewable. Vornado is a fully-integrated REIT with significant experience in managing, leasing, developing, and operating retail and office properties.

At December 31, 2012, Vornado owned 32.4% of our outstanding common stock. Steven Roth is the Chairman of our Board of Directors and Chief Executive Officer, the Managing General Partner of Interstate Properties ("Interstate"), a New Jersey general partnership, and the Chairman of the Board of Trustees of Vornado. At December 31, 2012, Mr. Roth, Interstate and its other two general partners, David Mandelbaum and Russell B. Wight, Jr. (who are also directors of the Company and trustees of Vornado) owned, in the aggregate, 26.3% of our outstanding common stock, in addition to the 2.1% they indirectly own through Vornado. Michael D. Fascitelli, our President and a member of our Board of Directors, is the President, Chief Executive Officer and a member of the Board of Trustees of Vornado. Joseph Macnow, our Executive Vice President and Chief Financial Officer, holds the same position with Vornado.

Significant Tenants

Bloomberg accounted for \$86,468,000, \$84,526,000 and \$83,137,000, or 45%, 46% and 48% of our total revenues in the years ended December 31, 2012, 2011 and 2010, respectively. No other tenant accounted for more than 10% of our total revenues in any of the last three years. If we were to lose Bloomberg as a tenant, or if Bloomberg were to fail or become unable to perform its obligations under its lease, it would adversely affect our results of operations and financial condition. We receive and evaluate certain confidential financial information and metrics from Bloomberg on a semi-annual basis. In addition, we access and evaluate financial information regarding Bloomberg from private sources, as well as publicly available data.

Competition

We operate in a highly competitive environment. All of our properties are located in the greater New York City metropolitan area. We compete with a large number of property owners and developers. Principal factors of competition are the amount of rent charged, attractiveness of location and quality and breadth of services provided. Our success depends upon, among other factors, trends affecting national and local economies, the financial condition and operating results of current and prospective tenants, the availability and cost of capital, interest rates, construction and renovation costs, taxes, governmental regulations and 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.

Employees

We currently have 72 employees.

Executive Office

Our executive office is located at 210 Route 4 East, Paramus, New Jersey, 07652 and our telephone number is (201) 587-8541.

Available Information

Copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports, as well as Reports on Forms 3, 4 and 5 regarding officers, directors, and 10% beneficial owners filed or furnished pursuant to Section 13(a), 15(d) or 16(a) of the Securities Exchange Act of 1934, are available free of charge on our website (www.alx-inc.com) as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"). Also available on our website are copies of our Audit Committee Charter, Compensation Committee Charter, Code of Business Conduct and Ethics and Corporate Governance Guidelines. In the event of any changes to these items, revised copies will be made available on our website. Copies of these documents are also available directly from us, free of charge.

On April 11, 2000, Vornado and Interstate filed with the SEC, the 26th amendment to a Form 13D indicating that they, as a group, own in excess of 51% of our common stock. This ownership level makes us a "controlled" company for the purposes of the New York Stock Exchange, Inc.'s Corporate Governance Standards (the "NYSE Rules"). This means that we are not required to, among other things, have a majority of the members of our Board of Directors be independent under the NYSE Rules, have all of the members of our Compensation Committee be independent under the NYSE Rules or to have a Nominating Committee. While we have voluntarily complied with a majority of the independence requirements of the NYSE Rules, we are under no obligation to do so and this situation may change at anytime.

ITEM 1A. RISK FACTORS

Material factors that may adversely affect our business and operations are summarized below. The risks and uncertainties described herein may not be the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business. See "Forward-Looking Statements" contained herein on page 3.

REAL ESTATE INVESTMENTS' VALUE AND INCOME FLUCTUATE DUE TO VARIOUS FACTORS.

The value of real estate fluctuates depending on conditions in the general economy and the real estate business. These conditions may also adversely impact our revenues and cash flows.

The factors that affect the value of our real estate include, among other things:

- national, regional and local economic conditions;
- competition from other available space;
- local conditions such as an oversupply of space or a reduction in demand for real estate in the area;
- how well we manage our properties;
- changes in market rental rates;
- the timing and costs associated with property improvements and rentals;
- whether we are able to pass all or portions of any increases in operating costs through to tenants;
- changes in real estate taxes and other expenses;
- whether tenants and users such as customers and shoppers consider a property attractive;
- the financial condition of our tenants, including the extent of tenant bankruptcies or defaults;
- availability of financing on acceptable terms or at all;
- fluctuations in interest rates;
- our ability to obtain adequate insurance;
- changes in zoning laws and taxation;
- government regulation;
- consequences of any armed conflict involving, or terrorist attack against, the United States;
- potential liability under environmental or other laws or regulations;
- natural disasters;
- general competitive factors; and
- climate changes.

The rents we receive and the occupancy levels at our properties may decline as a result of adverse changes in any of these factors. If our rental revenues and/or occupancy levels decline, we generally would expect to have less cash available to pay our indebtedness and for distribution to our stockholders. In addition, some of our major expenses, including mortgage payments, real estate taxes and maintenance costs generally do not decline when the related rents decline.

Capital markets and economic conditions can materially affect our financial condition and results of operations and the value of our debt and equity securities.

There are many factors that can affect the value of our equity securities and any debt securities we may issue in the future, including the state of the capital markets and economy, which over the past few years have negatively affected substantially all businesses, including ours. Demand for office and retail space may continue to decline nationwide as it did in 2008 and 2009, due to bankruptcies, downsizing, layoffs and cost cutting. Government action or inaction may adversely affect the state of the capital markets. The cost and availability of credit may be adversely affected by illiquid credit markets and wider credit spreads may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our tenants. Our inability or the inability of our tenants to timely refinance maturing liabilities and access the capital markets to meet liquidity needs may materially affect our financial condition and results of operations and the value of our equity securities and any debt securities we may issue in the future.

Real estate is a competitive business.

We operate in a highly competitive environment. All of our properties are located in the greater New York City metropolitan area. We compete with a large number of property owners and developers, some of which may be willing to accept lower returns on their investments than we are. Principal factors of competition include rents charged, attractiveness of location, the quality of the property and breadth and quality of services provided. Our success depends upon, among other factors, trends affecting national and local economies, the financial condition and operating results of current and prospective tenants and customers, availability and cost of capital, construction and renovation costs, taxes, governmental regulations, legislation and population trends.

We depend on leasing space to tenants on economically favorable terms and collecting rent from tenants who may not be able to pay.

Our financial results depend significantly on leasing space in our properties to tenants on economically favorable terms. In addition, because a majority of our income is derived from renting real property, our income, funds available to pay indebtedness and funds available for distribution to stockholders will decrease if certain of our tenants cannot pay their rent or if we are not able to maintain our occupancy levels on favorable terms. If a tenant does not pay its rent, we might not be able to enforce our rights as landlord without delays and might incur substantial legal and other costs. During periods of economic adversity, there may be an increase in the number of tenants that cannot pay their rent and an increase in vacancy rates.

Bankruptcy or insolvency of tenants may decrease our revenues, net income and available cash.

From time to time, some of our tenants have declared bankruptcy, and other tenants may declare bankruptcy or become insolvent in the future. In the case of our shopping centers, the bankruptcy or insolvency of a major tenant could cause us to have difficulty leasing the remainder of the affected property. Our leases generally do not contain restrictions designed to ensure the creditworthiness of our tenants. As a result, the bankruptcy or insolvency of a major tenant could result in a lower level of net income and funds available for the payment of our indebtedness or distribution to stockholders.

731 Lexington Avenue accounts for a substantial portion of our revenues. Loss of or damage to the building could adversely affect our financial condition and results of operations.

731 Lexington accounted for \$126,034,000, \$123,195,000 and \$120,587,000, or 66%, 67% and 69% of our total revenues in the years ended December 31, 2012, 2011 and 2010, respectively. Loss of or damage to the building in excess of our insurance coverage, including as a result of a terrorist attack, could adversely affect our results of operations and financial condition.

Bloomberg represents a significant portion of our revenues. Loss of Bloomberg as a tenant or deterioration in Bloomberg's credit quality could adversely affect our financial condition and results of operations.

Bloomberg accounted for \$86,468,000, \$84,526,000 and \$83,137,000, or 45%, 46% and 48% of our total revenues in the years ended December 31, 2012, 2011 and 2010, respectively. No other tenant accounted for more than 10% of our total revenues in any of the last three years. If we were to lose Bloomberg as a tenant, or if Bloomberg were to fail or become unable to perform its obligations under its lease, it would adversely affect our financial condition and results of operations.

We face risks associated with our tenants being designated "Prohibited Persons" by the Office of Foreign Assets Control.

Pursuant to Executive Order 13224 and other laws, the Office of Foreign Assets Control of the United States Department of the Treasury ("OFAC") maintains a list of persons designated as terrorists or who are otherwise blocked or banned ("Prohibited Persons") from conducting business or engaging in transactions in the United States. Our leases, loans and other agreements may require us to comply with OFAC requirements. If a tenant or other party with whom we conduct business is placed on the OFAC list we may be required to terminate the lease or other agreement. Any such termination could result in a loss of revenue or otherwise negatively affect our financial results and cash flows.

Inflation or deflation may adversely affect our financial condition and results of operations.

Although neither inflation nor deflation has materially impacted our operations in the recent past, increased inflation could have a pronounced negative impact on our mortgages and interest rates and general and administrative expenses, as these costs could increase at a rate higher than our rents. Inflation could also have an adverse effect on consumer spending which could impact our tenants' sales and, in turn, our percentage rents, where applicable. Conversely, deflation could lead to downward pressure on rents and other sources of income.

Our business and operations would suffer in the event of system failures.

Despite system redundancy, the implementation of security measures and the existence of a disaster recovery plan for our internal information technology systems, our systems are vulnerable to damages from any number of sources, including computer viruses, unauthorized access, energy blackouts, natural disasters, terrorism, war and telecommunication failures. Any system failure or accident that causes interruptions in our operations could result in a material disruption to our business. We may also incur additional costs to remedy damages caused by such disruptions.

The occurrence of cyber incidents, or a deficiency in our cybersecurity, could negatively impact our business by causing a disruption to our operations, a compromise or corruption of our confidential information, and/or damage to our business relationships, all of which could negatively impact our financial results.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity, or availability of our information resources. More specifically, a cyber incident is an intentional attack or an unintentional event that can include gaining unauthorized access to systems to disrupt operations, corrupt data, or steal confidential information. As our reliance on technology has increased, so have the risks posed to our systems, both internal and those we have outsourced. Our three primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to our relationship with our tenants, and private data exposure. We have implemented processes, procedures and controls to help mitigate these risks, but these measures, as well as our increased awareness of a risk of a cyber incident, do not guarantee that our financial results will not be negatively impacted by such an incident.

We may incur costs to comply with environmental laws.

Our operations and properties are subject to various federal, state and local laws and regulations concerning the protection of the environment including air and water quality, hazardous or toxic substances and health and safety. Under some environmental laws, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances released at a property. The owner or operator may also be held liable to a governmental entity or to third parties for property damage or personal injuries and for investigation and clean-up costs incurred by those parties because of the contamination. These laws often impose liability without regard to whether the owner or operator knew of the release of the substances or caused such release. The presence of contamination or the failure to remediate contamination may impair our ability to sell or lease real estate or to borrow using the real estate as collateral. Other laws and regulations govern indoor and outdoor air quality including those that can require the abatement or removal of asbestos-containing materials in the event of damage, demolition, renovation or remodeling and also govern emissions of and exposure to asbestos fibers in the air. The maintenance and removal of lead paint and certain electrical equipment containing polychlorinated biphenyls (PCBs) and underground storage tanks are also regulated by federal and state laws. We are also subject to risks associated with human exposure to chemical or biological contaminants such as molds, pollens, viruses and bacteria which, above certain levels, can be alleged to be connected to allergic or other health effects and symptoms in susceptible individuals. We could incur fines for environmental compliance and be held liable for the costs of remedial action with respect to the foregoing regulated substances or tanks or related claims arising out of environmental contamination or human exposure at or from our properties.

Each of our properties has been subjected to varying degrees of environmental assessment at various times. Except as referenced above, the environmental assessments did not, as of the date of this Annual Report on Form 10-K, reveal any environmental condition material to our business. However, identification of new compliance concerns or undiscovered areas of contamination, changes in the extent or known scope of contamination, discovery of additional sites, human exposure to the contamination or changes in cleanup or compliance requirements could result in significant costs to us.

Some of our potential losses may not be covered by insurance.

We maintain general liability insurance with limits of \$300,000,000 per occurrence and all-risk property and rental value insurance coverage with limits of \$1.7 billion per occurrence, including coverage for terrorist acts, 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 of 2007 (“TRIPRA”). Coverage for acts of terrorism (including NBCR acts) is up to \$1.7 billion per occurrence. 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 \$275,000 deductible and 15% of the balance of a covered loss and the Federal government is responsible for the remaining 85% of a covered loss. We are ultimately responsible for any loss borne by FNSIC.

There can be no assurance that we will be able to maintain similar levels of insurance coverage in the future in amounts and on terms that are commercially reasonable. 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, except for \$75,000,000 of the \$320,000,000 mortgage on our 731 Lexington Avenue property, in the event of a substantial casualty, as defined. Our mortgage loans contain customary covenants requiring us to maintain insurance. If lenders insist on greater coverage than we are able to obtain, it could adversely affect our ability to finance our properties.

Compliance or failure to comply with the Americans with Disabilities Act or other safety regulations and requirements could result in substantial costs.

The Americans with Disabilities Act (“ADA”) generally requires that public buildings, including our properties, meet certain federal requirements related to access and use by disabled persons. Noncompliance could result in the imposition of fines by the federal government or the award of damages to private litigants and/or legal fees to their counsel. If, under the ADA, we are required to make substantial alterations and capital expenditures in one or more of our properties, including the removal of access barriers, it could adversely affect our financial condition and results of operations, as well as the amount of cash available for distribution to stockholders.

Our properties are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these requirements, we could incur fines or private damage awards. We do not know whether existing requirements will change or whether compliance with future requirements will require significant unanticipated expenditures that will affect our cash flow and results of operations.

A decision to dispose of real estate assets would change the holding period assumption in our valuation analyses, which could result in material impairment losses and adversely affect our financial results.

We evaluate real estate assets for impairment based on the projected cash flow of the asset over our anticipated holding period. If we change our intended holding period, due to our intention to sell or otherwise dispose of an asset, then under accounting principles generally accepted in the United States of America, we must reevaluate whether that asset is impaired. Depending on the carrying value of the property at the time we change our intention and the amount that we estimate we would receive on disposal, we may record an impairment loss that would adversely affect our financial results. This loss could be material to our results of operations in the period that it is recognized.

OUR INVESTMENTS ARE CONCENTRATED IN THE GREATER NEW YORK CITY METROPOLITAN AREA. CIRCUMSTANCES AFFECTING THIS AREA GENERALLY COULD ADVERSELY AFFECT OUR BUSINESS.

All of our properties are in the greater New York City metropolitan area and are affected by the economic cycles and risks inherent in that area.

All of our revenues come from properties located in the greater New York City metropolitan area. Real estate markets are subject to economic downturns and we cannot predict how economic conditions will impact this market in either the short or long term. Declines in the economy or declines in the real estate market in this area could hurt our financial performance and the value of our properties. In addition to the factors affecting the national economic condition generally, the factors affecting economic conditions in this area include:

- financial performance and productivity of the publishing, advertising, financial, technology, retail, insurance and real estate industries;
- unemployment levels;
- business layoffs or downsizing;
- industry slowdowns;
- relocations of businesses;
- changing demographics;
- increased telecommuting and use of alternative work places;
- infrastructure quality; and
- any oversupply of, or reduced demand for, real estate.

It is impossible for us to assess the future effects of trends in the economic and investment climates of the greater New York City metropolitan region, and more generally of the United States, on the real estate market in this area. Local, national or global economic downturns, would negatively affect our business and profitability.

Terrorist attacks, such as those of September 11, 2001 in New York City, may adversely affect the value of our properties and our ability to generate cash flow.

All of our properties are located in the greater New York City metropolitan area, and our most significant property, 731 Lexington Avenue, is located on Lexington Avenue and 59th Street in Manhattan. In the aftermath of a terrorist attack, tenants in this area may choose to relocate their businesses to less populated, lower-profile areas of the United States that are not as likely to be targets of future terrorist activity and fewer customers may choose to patronize businesses in this area. This would trigger a decrease in the demand for space in these markets, which could increase vacancies in our properties and force us to lease our properties on less favorable terms. As a result, the value of our properties and the level of our revenues could decline materially.

Natural Disasters could have a concentrated impact on the area which we operate and could adversely impact our results.

We have a significant investment in the New York metropolitan area. As our investment is concentrated along the Eastern Seaboard, natural disasters, such as those resulting from superstorm Sandy, could impact our properties. Potentially adverse consequences of "global warming" could similarly have an impact on our properties. As a result, we could become subject to significant losses and/or repair costs which may or may not be fully covered by insurance and to the risk of business interruption. The incurrence of these losses, costs or business interruptions may adversely affect our operating and financial results.

We are subject to risks that affect the general retail environment.

A portion of our properties are in the retail shopping center real estate market. This means that we are subject to factors that affect the retail environment generally, including the level of consumer spending and consumer confidence, unemployment rates, the threat of terrorism and increasing competition from discount retailers, outlet malls, retail websites and catalog companies. These factors could adversely affect the financial condition of our retail tenants and the willingness of retailers to lease space in our shopping centers.

WE MAY ACQUIRE OR SELL ASSETS OR DEVELOP PROPERTIES. OUR FAILURE OR INABILITY TO CONSUMMATE THESE TRANSACTIONS OR MANAGE THESE TRANSACTIONS COULD ADVERSELY AFFECT OUR OPERATIONS AND FINANCIAL RESULTS.

We may acquire or develop properties and this may create risks.

Although our stated business strategy is not to engage in acquisitions, we may acquire or develop properties when we believe that an acquisition or development project is otherwise consistent with our business strategy. We may not, however, succeed in consummating desired acquisitions or in completing developments on time or within budget. In addition, we may face competition in pursuing acquisition or development opportunities that could increase our costs. When we do pursue a project or acquisition, we may not succeed in leasing newly-developed or acquired properties at rents sufficient to cover costs of acquisition or development and operations. Difficulties in integrating acquisitions may prove costly or time-consuming and could divert management's attention. Acquisitions or developments in new markets or types of properties where we do not have the same level of market knowledge may result in weaker than anticipated performance. We may abandon acquisition or development opportunities that we have begun pursuing and consequently fail to recover expenses already incurred and have devoted management time to a matter not consummated.

It may be difficult to buy and sell real estate quickly, which may limit our flexibility.

Real estate investments are relatively difficult to buy and sell quickly. Consequently, we may have limited ability to vary our portfolio promptly in response to changes in economic or other conditions. Moreover, our ability to buy, sell, or finance real estate assets may be adversely affected during periods of uncertainty or unfavorable conditions in the credit markets as we, or potential buyers of our assets, may experience difficulty in obtaining financing.

We have an investment in marketable equity securities. The value of this investment may decline.

We have an investment in Macerich, a retail shopping center company. As of December 31, 2012, this investment had a carrying amount of \$31,206,000. A significant decline in the value of this investment due to, among other reasons, Macerich's operating performance or economic or market conditions, may result in the recognition of an impairment loss, which could be material.

OUR ORGANIZATIONAL AND FINANCIAL STRUCTURE GIVES RISE TO OPERATIONAL AND FINANCIAL RISKS.

We depend on dividends and distributions from our direct and indirect subsidiaries. The creditors of these subsidiaries are entitled to amounts payable to them by the subsidiaries before the subsidiaries may pay any dividends or distributions to us.

Substantially all of our properties and assets are held through our subsidiaries. We depend on cash distributions and dividends from our subsidiaries for substantially all of our cash flow. The creditors of each of our direct and indirect subsidiaries are entitled to payment of that subsidiary's obligations to them when due and payable before that subsidiary may make distributions or dividends to us. Thus, our ability to pay dividends, if any, to our security holders depends on our subsidiaries' ability to first satisfy their obligations to their creditors and our ability to satisfy our obligations, if any, to our creditors.

In addition, our participation in any distribution of the assets of any of our direct or indirect subsidiaries upon the liquidation, reorganization or insolvency of the subsidiary, is only after the claims of the creditors, including trade creditors, and preferred security holders, if any, of the applicable direct or indirect subsidiaries are satisfied.

Our existing financing documents contain covenants and restrictions that may restrict our operational and financial flexibility.

At December 31, 2012, substantially all of the individual properties we own were encumbered by mortgages. These mortgages contain covenants that limit our ability to incur additional indebtedness on these properties, provide for lender approval of tenants' leases in certain circumstances, and provide for yield maintenance or defeasance premiums to prepay them. These mortgages may significantly restrict our operational and financial flexibility. In addition, if we were to fail to perform our obligations under existing indebtedness or become insolvent or were liquidated, secured creditors would be entitled to payment in full from the proceeds of the sale of the pledged assets prior to any proceeds being paid to other creditors or to any holders of our securities. In such an event, it is possible that we would have insufficient assets remaining to make payments to other creditors or to any holders of our securities.

We have outstanding debt, and the amount of debt and its cost may increase and refinancing may not be available on acceptable terms.

As of December 31, 2012, total debt outstanding was \$1,065,916,000. Our ratio of total debt to total enterprise value was 44.4% at December 31, 2012. "Enterprise value" means the market equity value of our common stock, plus debt, less cash and cash equivalents at such date. In addition, we have significant debt service obligations. For the year ended December 31, 2012, our scheduled cash payments for principal and interest from continuing operations were \$58,317,000. In the future, we may incur additional debt, and thus increase the ratio of total debt to total enterprise value. If our level of indebtedness increases, there may be an increased risk of default which could adversely affect our financial condition and results of operations. In addition, in a rising interest rate environment, the cost of refinancing our existing debt and any new debt or market rate security or instrument may increase. Continued uncertainty in the equity and credit markets may negatively impact our ability to obtain financing on reasonable terms or at all, which may negatively affect our ability to refinance our debt.

We might fail to qualify or remain qualified as a REIT, and may be required to pay income taxes at corporate rates.

Although we believe that we will remain organized and will continue to operate so as to qualify as a REIT for federal income tax purposes, we might fail to remain qualified. Our qualification as a REIT for federal income tax purposes is governed by highly technical and complex provisions of the Internal Revenue Code (the "Code") for which there are only limited judicial or administrative interpretations. Our qualification as a REIT also depends on various facts and circumstances that are not entirely within our control. In addition, legislation, new regulations, administrative interpretations or court decisions might significantly change the tax laws with respect to the requirements for qualification as a REIT or the federal income tax consequences of qualifying as a REIT.

If, with respect to any taxable year, we fail to maintain our qualification as a REIT and do not qualify under statutory relief provisions, we could not deduct distributions to stockholders in computing our taxable income and would have to pay federal income tax on our taxable income at regular corporate rates. The federal income tax payable would include any applicable alternative minimum tax. If we had to pay federal income tax, the amount of money available to distribute to stockholders and pay our indebtedness would be reduced for the year or years involved, and we would no longer be required to make distributions to stockholders. In addition, we would also be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost, unless we were entitled to relief under the relevant statutory provisions. Although we currently intend to operate in a manner designed to allow us to qualify as a REIT, future economic, market, legal, tax or other considerations may cause us to revoke the REIT election or fail to qualify as a REIT.

We face possible adverse changes in tax laws, which may result in an increase in our tax liability.

From time to time changes in state and local tax laws or regulations are enacted, which may result in an increase in our tax liability. The shortfall in tax revenues for states and municipalities in recent years may lead to an increase in the frequency and size of such changes. If such changes occur, we may be required to pay additional taxes on our assets or income. These increased tax costs could adversely affect our financial condition and results of operations and the amount of cash available for payment of dividends.

Loss of our key personnel could harm our operations and adversely affect the value of our common stock.

We are dependent on the efforts of Steven Roth, our Chief Executive Officer, and Michael D. Fascitelli, our President. Although we believe that we could find replacements for these key personnel, the loss of their services could harm our operations and adversely affect the value of our common stock.

ALEXANDER'S CHARTER DOCUMENTS AND APPLICABLE LAW MAY HINDER ANY ATTEMPT TO ACQUIRE US.

Provisions in Alexander's certificate of incorporation and by laws, as well as provisions of the Code and Delaware corporate law, may delay or prevent a change in control of the Company or a tender offer, even if such action might be beneficial to stockholders, and limit the stockholders' opportunity to receive a potential premium for their shares of common stock over then prevailing market prices.

Primarily to facilitate maintenance of its qualification as a REIT, Alexander's certificate of incorporation generally prohibits ownership, directly, indirectly or beneficially, by any single stockholder of more than 9.9% of the outstanding shares of preferred stock of any class or 4.9% of outstanding common stock of any class. The Board of Directors may waive or modify these ownership limits with respect to one or more persons if it is satisfied that ownership in excess of these limits will not jeopardize Alexander's status as a REIT for federal income tax purposes. In addition, the Board of Directors has, subject to certain conditions and limitations, exempted Vornado and certain of its affiliates from these ownership limitations. Stock owned in violation of these ownership limits will be subject to the loss of rights and other restrictions. These ownership limits may have the effect of inhibiting or impeding a change in control.

Alexander's Board of Directors is divided into three classes of directors. Directors of each class are chosen for three-year staggered terms. Staggered terms of directors may have the effect of delaying or preventing changes in control or management, even though changes in management or a change in control might be in the best interest of our stockholders.

In addition, Alexander's charter documents authorize the Board of Directors to:

- cause Alexander's to issue additional authorized but unissued common stock or preferred stock;
- classify or reclassify, in one or more series, any unissued preferred stock;
- set the preferences, rights and other terms of any classified or reclassified stock that Alexander's issues; and
- increase, without stockholder approval, the number of shares of beneficial interest that Alexander's may issue.

The Board of Directors could establish a series of preferred stock with terms that could delay, deter or prevent a change in control of Alexander's or other transaction that might involve a premium price or otherwise be in the best interest of our stockholders, although the Board of Directors does not, at present, intend to establish a series of preferred stock of this kind. Alexander's charter documents contain other provisions that may delay, deter or prevent a change in control of the Company or other transaction that might involve a premium price or otherwise be in the best interest of our stockholders.

In addition, Vornado, Interstate and its three general partners (each of whom are both trustees of Vornado and Directors of Alexander's) together beneficially own approximately 58.7% of our outstanding shares of common stock. This degree of ownership is likely to reduce the possibility of a tender offer or an attempt to change control of the Company by a third party.

We may change our policies without obtaining the approval of our stockholders.

Our operating and financial policies, including our policies with respect to acquisitions of real estate or other assets, growth, operations, indebtedness, capitalization and dividends, are exclusively determined by our Board of Directors. Accordingly, our stockholders do not control these policies.

OUR OWNERSHIP STRUCTURE AND RELATED-PARTY TRANSACTIONS MAY GIVE RISE TO CONFLICTS OF INTEREST.

Steven Roth, Vornado and Interstate may exercise substantial influence over us. They and some of our other directors and officers have interests or positions in other entities that may compete with us.

At December 31, 2012, Interstate and its partners owned approximately 6.5% of the common shares of beneficial interest of Vornado and approximately 26.3% of our outstanding common stock. Steven Roth, David Mandelbaum and Russell B. Wight, Jr. are the partners of Interstate. Mr. Roth is the Chairman of our Board of Directors and Chief Executive Officer, the Chairman of the Board of Trustees of Vornado and the Managing General Partner of Interstate. Mr. Wight and Mr. Mandelbaum are both trustees of Vornado and members of our Board of Directors. In addition, Vornado manages and leases the real estate assets of Interstate.

At December 31, 2012, Vornado owned 32.4% of our outstanding common stock, in addition to the 26.3% owned by Interstate and its partners. In addition to the relationships described in the immediately preceding paragraph, Michael D. Fascitelli, President and Chief Executive Officer of Vornado, is our President and a member of our Board of Directors. Dr. Richard West is a trustee of Vornado and a member of our Board of Directors. Joseph Macnow, our Executive Vice President and Chief Financial Officer, holds the same position with Vornado.

Because of their overlapping interests, Vornado, Mr. Roth, Interstate and the other individuals noted in the preceding paragraphs may have substantial influence over Alexander's, and on the outcome of any matters submitted to Alexander's stockholders for approval. In addition, certain decisions concerning our operations or financial structure may present conflicts of interest among Vornado, Messrs. Roth, Mandelbaum and Wight and Interstate and other security holders. Vornado, Mr. Roth and Interstate may, in the future, engage in a wide variety of activities in the real estate business which may result in conflicts of interest with respect to matters affecting us, such as, which of these entities or persons, if any, may take advantage of potential business opportunities, the business focus of these entities, the types of properties and geographic locations in which these entities make investments, potential competition between business activities conducted, or sought to be conducted, by us, competition for properties and tenants, possible corporate transactions such as acquisitions, and other strategic decisions affecting the future of these entities.

There may be conflicts of interest between Vornado, its affiliates and us.

Vornado manages, develops and leases our properties under agreements that have one-year terms expiring in March of each year, which are automatically renewable. Because we share common senior management with Vornado and because five of the trustees of Vornado also constitute the majority of our directors, the terms of the foregoing agreements and any future agreements may not be comparable to those we could have negotiated with an unaffiliated third party.

For a description of Interstate's ownership of Vornado and Alexander's, see "Steven Roth, Vornado and Interstate may exercise substantial influence over us. They and some of our other directors and officers have interests or positions in other entities that may compete with us." above.

THE NUMBER OF SHARES OF ALEXANDER'S COMMON STOCK AND THE MARKET FOR THOSE SHARES GIVE RISE TO VARIOUS RISKS.

The price of our common shares has been volatile and may fluctuate.

The trading price of our common shares has been volatile and may continue to fluctuate widely as a result of a number of factors, many of which are outside of our control. In addition, the stock market is subject to fluctuations in the share prices and trading volumes that affect the market prices of the shares of many companies. These broad market fluctuations have in the past and may in the future adversely affect the market price of our common shares. Among the factors that could affect the price of our common shares are:

- our financial condition and performance;
- the financial condition of our tenants, including the extent of tenant bankruptcies or defaults;
- actual or anticipated quarterly fluctuations in our operating results and financial condition;
- our dividend policy;
- the reputation of REITs and real estate investments generally and the attractiveness of REIT equity securities in comparison to other equity securities, including securities issued by other real estate companies, and fixed income securities;
- uncertainty and volatility in the equity and credit markets;
- changes in revenue or earnings estimates or publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to our securities or those of other REITs;
- failure to meet analysts' revenue or earnings estimates;
- speculation in the press or investment community;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- the extent of institutional investor interest in us;
- the extent of short-selling of our common shares and the shares of our competitors;
- fluctuations in the stock price and operating results of our competitors;
- general financial and economic market conditions and, in particular, developments related to market conditions for REITs and other real estate related companies;
- domestic and international economic factors unrelated to our performance; and
- all other risk factors addressed elsewhere in this annual report on form 10-K.

A significant decline in our stock price could result in substantial losses for stockholders.

Alexander's has additional shares of its common stock available for future issuance, which could decrease the market price of the common stock currently outstanding.

The interest of our current stockholders could be diluted if we issue additional equity securities. As of December 31, 2012, we had authorized but unissued 4,826,550 shares of common stock, par value of \$1.00 per share and 3,000,000 shares of preferred stock, par value \$1.00 per share; of which, 2,080 shares of common stock are reserved for issuance upon redemption of the deferred stock units previously granted to our Board of Directors. In addition, 892,920 shares are available for future grant under the terms of our 2006 Omnibus Stock Plan. These awards may be granted in the form of options, restricted stock, stock appreciation rights, deferred stock units, or other equity-based interests, and if granted, would reduce that number of shares available for future grants, provided however that an award that may be settled only in cash, would not reduce the number of shares available under the plan. We cannot predict the impact that future issuances of common or preferred stock or any exercise of outstanding options or grants of additional equity-based interests would have on the market price of our common stock.

Increased interest rates may hurt the value of our common shares.

We believe that investors consider the dividend rate on REIT shares, expressed as a percentage of the price of the shares, relative to interest rates as an important factor in deciding whether to buy or sell the shares. If interest rates go up, prospective purchasers of REIT shares may expect a higher dividend rate. Higher interest rates would likely increase our borrowing costs and might decrease funds available for distribution. Thus, higher interest rates could cause the price of our common shares to decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved comments from the staff of the Securities and Exchange Commission as of the date of this Annual Report on Form 10-K.

ITEM 2. PROPERTIES

The following table shows the location, ownership, approximate size (excluding parking garages) and occupancy of each of our properties as of December 31, 2012.

Property	Land Acreage	Building Square Feet	Occupancy Rate	Average Annualized Rent Per Square Foot ⁽¹⁾	Tenants	Lease Expiration/ Option Expiration(s)
Operating Properties:						
731 Lexington Avenue						
New York, New York						
Office		697,000			Bloomberg L.P.	2029/2039
		<u>188,000</u>			Bloomberg L.P.	2015/2020
		<u>885,000</u>	100%	\$ 93.02		
Retail		83,000			The Home Depot	2025/2035
		34,000			The Container Store	2021
		27,000			Hennes & Mauritz	2019
		<u>30,000</u>			Various	Various
		<u>174,000</u>	100%	164.35		
	1.9	<u>1,059,000</u>				
Rego Park I						
Queens, New York						
		195,000			Sears	2021
		50,000			Burlington Coat Factory	2022/2027
		46,000			Bed Bath & Beyond	2021
		36,000			Marshalls	2021
		<u>16,000</u>			Old Navy	2021
	4.8	<u>343,000</u>	100%	36.36		
Rego Park II						
Queens, New York						
		145,000			Costco	2034/2059
		135,000			Century 21	2030/2050
		133,000			Kohl's	2030/2050
		47,000			Toys "R"Us/Babies "R" Us	2021/2036
		<u>150,000</u>			Various	Various
	6.6	<u>610,000</u>	97%	40.05		
Paramus						
Paramus, New Jersey						
	30.3	-	100%	-	IKEA (ground lessee)	2041
Flushing						
Queens, New York (ground leased through January 2037)						
	1	167,000	100%	15.74	New World Mall LLC	2027/2037
Properties to be Developed:						
Rego Park II Apartment Tower						
Queens, New York						
	-	-	-	-	-	-
Rego Park III, adjacent to Rego Park II						
Queens, New York						
	3.4	-	-	-	-	-
		<u>2,179,000</u>				

(1) Represents the cash basis weighted average rent per square foot, which includes periodic step-ups in rent. For a discussion of our leasing activity, see Item 7 - Overview - Leasing Activity, Square Footage and Occupancy.

ITEM 2. PROPERTIES – continued

Operating Properties

731 Lexington Avenue

731 Lexington Avenue, a 1,307,000 square foot multi-use building, comprises the entire square block bounded by Lexington Avenue, East 59th Street, Third Avenue and East 58th Street in Manhattan, New York, and is situated in the heart of one of Manhattan's busiest business and shopping districts, with convenient access to several subway and bus lines. The property is located across the street from Bloomingdale's flagship store and only a few blocks away from Fifth Avenue and 57th Street. The building contains 885,000 and 174,000 of net rentable square feet of office and retail space, respectively, which we own, and 248,000 square feet of residential space consisting of 105 condominium units, which we sold. Bloomberg L.P. occupies all of the office space. The Home Depot (83,000 square feet), The Container Store (34,000 square feet) and Hennes & Mauritz (27,000 square feet) are the principal retail tenants.

The office and retail spaces are encumbered by first mortgage loans with balances of \$327,425,000 and \$320,000,000, respectively, as of December 31, 2012. These loans bear interest at 5.33% and 4.93% and mature in February 2014 and July 2015, respectively.

Rego Park I

Rego Park I, a 343,000 square foot shopping center, located on Queens Boulevard and 63rd Road in Queens, New York, is anchored by a 195,000 square foot Sears department store, a 50,000 square foot Burlington Coat Factory, a 46,000 square foot Bed Bath & Beyond and a 36,000 square foot Marshalls. The center contains a parking deck (1,265 spaces) that provides for paid parking.

The center is encumbered by a 100% cash collateralized loan with a balance of \$78,246,000 as of December 31, 2012. The loan bears interest at 0.50%, is prepayable at any time without penalty and matures in March 2013.

Rego Park II

Rego Park II, a 610,000 square foot shopping center, adjacent to the Rego Park I shopping center in Queens, New York, is anchored by a 145,000 square foot Costco, a 135,000 square foot Century 21 and a 133,000 square foot Kohl's. In addition, 47,000 square feet is leased to Toys "R" Us/Babies "R" Us, a one-third owned affiliate of Vornado. The center contains a parking deck (1,315 spaces) that provides for paid parking.

This center is encumbered by a first mortgage loan with a balance of \$272,245,000 as of December 31, 2012. The loan bears interest at LIBOR plus 1.85% (2.06% at December 31, 2012) and matures in November 2018.

ITEM 2. PROPERTIES – continued

Paramus

We own 30.3 acres of land located at the intersection of Routes 4 and 17 in Paramus, New Jersey. The property is located directly across from the Garden State Plaza regional shopping mall and is within two miles of three other regional shopping malls and ten miles of New York City. This land is leased to IKEA Property, Inc. The lease has a 40-year term expiring in 2041, with 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 net gain on the sale of the land of approximately \$60,000,000. If the purchase option is not exercised, the triple-net rent for the last 20 years must include debt service sufficient to fully amortize \$68,000,000 over the remaining 20-year lease term.

Flushing

Flushing is located on Roosevelt Avenue and Main Street in the downtown, commercial section of Flushing, Queens, New York. Roosevelt Avenue and Main Street are active shopping districts and there are many national retailers located in the area. A subway entrance is located directly in front of the property with bus service across the street. The property comprises a four-floor building containing 167,000 square feet and a parking garage, which is sub-leased to New World Mall LLC for the remainder of our ground lease term, which expires in 2027 and has one 10-year extension option.

In 2002 Flushing Expo, Inc. (“Expo”) agreed to purchase the stock of the entity which owns the Flushing property from us (“Purchase of the Property”) and gave us a non-refundable deposit of \$1,875,000. Pursuant to a stipulation of settlement, we settled the action Expo brought against us regarding the Purchase of the Property and in June 2011, deposited the settlement amount with the Court, in exchange for which we received a stipulation of discontinuance, with prejudice, as well as general releases. In November 2011, Expo filed another action, this time against our tenant at the Flushing property asserting, among other things, that such tenant interfered with Expo’s Purchase of the Property from us and sought \$50,000,000 in damages from our tenant, who sought indemnification from us for such amount. In August 2012, the Court entered judgment denying Expo’s claim for damages. Expo filed a motion to re-argue the decision, which the Court denied on December 7, 2012. Expo has appealed the Court’s original decision. We believe, after consultation with counsel, that the amount or range of reasonably possible losses, if any, cannot be estimated.

Properties to be Developed

Rego Park II Apartment Tower

We are currently evaluating plans to construct an apartment tower containing approximately 300 units aggregating 250,000 square feet, above our Rego Park II shopping center. The funding required for the proposed development will be approximately \$100,000,000 to \$120,000,000. There can be no assurance that the project will commence, or if commenced, be completed on schedule or within budget.

Rego Park III

We own approximately 3.4 acres of land adjacent to the Rego Park II shopping center in Queens, New York, which comprises a one-quarter square block and is located at the intersection of Junction Boulevard and the Horace Harding Service Road. The land is currently being used for public paid parking and while the current plans for the development of this parcel are preliminary, it may include up to 80,000 square feet of retail space. Final plans and budgeted costs for this project have not been finalized. There can be no assurance that this project will commence.

ITEM 2. PROPERTIES – continued

Insurance

We maintain general liability insurance with limits of \$300,000,000 per occurrence and all-risk property and rental value insurance coverage with limits of \$1.7 billion per occurrence, including coverage for terrorist acts, 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 of 2007 (“TRIPRA”). Coverage for acts of terrorism (including NBCR acts) is up to \$1.7 billion per occurrence. 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 \$275,000 deductible and 15% of the balance of a covered loss and the Federal government is responsible for the remaining 85% of a covered loss. We are ultimately responsible for any loss borne by FNSIC.

There can be no assurance that we will be able to maintain similar levels of insurance coverage in the future in amounts and on terms that are commercially reasonable. 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, except for \$75,000,000 of the \$320,000,000 mortgage on our 731 Lexington Avenue property, in the event of a substantial casualty, as defined. Our mortgage loans contain customary covenants requiring us to maintain insurance. If lenders insist on greater coverage than we are able to obtain, it could adversely affect our ability to finance our properties.

ITEM 3. LEGAL PROCEEDINGS

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

For a discussion of the litigation concerning our Flushing, New York property, see “Item 2. Properties – Operating Properties – Flushing.”

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed on the New York Stock Exchange under the symbol "ALX." Set forth below are the high and low closing prices for the shares of our common stock for each full quarterly period within the two most recent years and any dividends paid per share during such periods.

Quarter	Year Ended December 31,					
	2012			2011		
	High	Low	Dividends	High	Low	Dividends
First	\$ 411.97	\$ 350.60	\$ 3.75	\$ 419.93	\$ 363.96	\$ 3.00
Second	431.11	361.00	3.75	454.00	373.48	3.00
Third	458.07	422.86	3.75	445.80	350.25	3.00
Fourth	461.26	329.90	125.75 (1)	456.73	333.00	3.00

(1) Comprised of a regular quarterly dividend of \$3.75 per share and a special long-term capital gain dividend of \$122.00 per share.

On January 16, 2013, we adjusted our regular quarterly dividend to \$2.75 per share (a new indicated annual rate of \$11.00 per share). The regular quarterly dividend was adjusted to reflect the sale of the Kings Plaza Regional Shopping Center in November 2012, which resulted in a special long-term capital gain dividend of \$122.00 per share. As of January 31, 2013, there were approximately 328 holders of record of our common stock.

Recent Sales of Unregistered Securities

During 2012, we did not sell any unregistered securities.

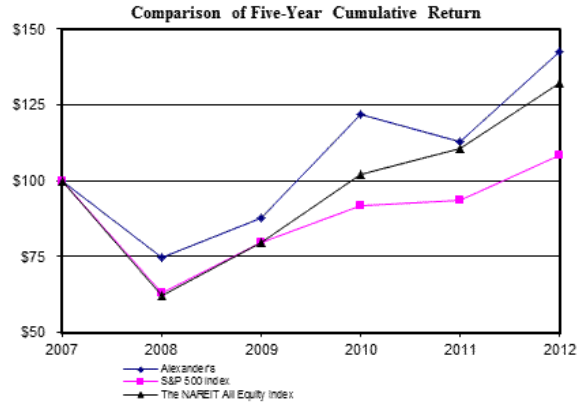
Information relating to compensation plans under which our equity securities are authorized for issuance is set forth under Part III, Item 12 of this Annual Report on Form 10-K and such information is incorporated by reference herein.

Recent Purchases of Equity Securities

During 2012, we did not repurchase any of our equity securities.

Performance Graph

The following graph is a comparison of the five-year cumulative return of our common stock, the Standard & Poor's 500 Index (the "S&P 500 Index") and the National Association of Real Estate Investment Trusts' ("NAREIT") All Equity Index, a peer group index. The graph assumes that \$100 was invested on December 31, 2007 in our common stock, the S&P 500 Index and the NAREIT All Equity Index and that all dividends were reinvested without the payment of any commissions. There can be no assurance that the performance of our stock will continue in line with the same or similar trends depicted in the graph below.



	2007	2008	2009	2010	2011	2012
Alexander's	\$ 100	\$ 75	\$ 88	\$ 122	\$ 113	\$ 143
S&P 500 Index	100	63	80	92	94	109
The NAREIT All Equity Index	100	62	80	102	110	132

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected financial and operating data. As a result of the sale of the Kings Plaza Regional Shopping Center, certain prior year balances have been reclassified in order to conform to current year presentation. This data should be read in conjunction with the consolidated financial statements and notes thereto and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K. This data may not be comparable to, or indicative of, future operating results.

	Year Ended December 31,				
	2012	2011	2010	2009	2008
(Amounts in thousands, except per share amounts)					
Total revenues	\$ 191,312	\$ 185,246	\$ 174,206	\$ 159,694	\$ 147,004
Income from continuing operations ⁽¹⁾	\$ 50,041	\$ 54,831	\$ 49,159	\$ 118,697	\$ 64,464
Income from discontinued operations ⁽²⁾	624,952	26,215	18,286	14,244	11,831
Net income	674,993	81,046	67,445	132,941	76,295
Net income attributable to the noncontrolling interest	(606)	(1,623)	(1,016)	(751)	(7)
Net income attributable to Alexander's	\$ 674,387	\$ 79,423	\$ 66,429	\$ 132,190	\$ 76,288
Income per common share:					
Income from continuing operations – basic	\$ 9.80	\$ 10.74	\$ 9.63	\$ 23.26	\$ 12.72
Income from continuing operations – diluted	9.80	10.74	9.63	23.25	12.64
Net income per common share – basic	132.04	15.55	13.01	25.90	15.05
Net income per common share – diluted	132.04	15.55	13.01	25.89	14.96
Dividends per common share⁽³⁾	\$ 137.00	\$ 12.00	\$ 7.50	\$ -	\$ 7.00
Balance sheet data:					
Total assets	\$ 1,481,810	\$ 1,771,307	\$ 1,679,300	\$ 1,703,769	\$ 1,603,568
Real estate, at cost	911,792	906,907	897,312	879,833	823,716
Accumulated depreciation and amortization	160,826	136,460	112,765	91,247	76,139
Mortgages payable	1,065,916	1,080,932	1,095,197	1,095,646	1,021,718
Total equity	332,153	363,245	343,776	314,626	180,751

(1) Includes reversals of stock appreciation rights ("SARs") compensation expense of \$34,275 and \$20,254 in 2009 and 2008, respectively, and reversals of a portion of the liability for income taxes of \$2,561, \$5,113, and \$42,472 in 2011, 2010 and 2009, respectively.

(2) 2012 includes a \$599,628 gain on sale of real estate.

(3) 2012 includes a special long-term capital gain dividend of \$122.00 per share. We began paying a regular quarterly dividend in the second quarter of 2010. We also paid a special dividend of \$7.00 per share in 2008.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Alexander's, Inc. (NYSE: ALX) is a real estate investment trust ("REIT"), incorporated in Delaware, engaged in leasing, managing, developing and redeveloping 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 six 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 affecting national and local economies, the financial condition and operating results of current and prospective tenants, the availability and cost of capital, interest rates, construction and renovation costs, taxes, governmental regulations and 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.

Kings Plaza Regional Shopping Center

On November 28, 2012, we completed the sale of the Kings Plaza Regional Shopping Center ("Kings Plaza") located in Brooklyn, New York, to The Macerich Company (NYSE: MAC) ("Macerich"), for \$751,000,000. Net proceeds from the sale, after repaying the existing loan and closing costs, were \$479,000,000, of which \$30,000,000 was in Macerich common shares. The financial statement gain was \$601,976,000, of which \$599,628,000 was recognized in the fourth quarter and the remaining \$2,348,000 was deferred and will be recognized upon the disposition of the Macerich common shares. Prior to the sale, in November 2012, we acquired the remaining 75% interest in our consolidated subsidiary, the Kings Plaza energy plant joint venture (which was sold with Kings Plaza), for \$7,800,000 in cash.

Special Dividend

On November 30, 2012, our Board of Directors declared a special long-term capital gain dividend of \$122.00 per share, or \$623,178,000 in the aggregate, to distribute the tax gain resulting from the sale of Kings Plaza.

Year Ended December 31, 2012 Financial Results Summary

Net income attributable to common stockholders for the year ended December 31, 2012 was \$674,387,000, or \$132.04 per diluted share, compared to \$79,423,000, or \$15.55 per diluted share for the year ended December 31, 2011. The year ended December 31, 2012 includes \$599,628,000, or \$117.40 per diluted share for the net gain on sale of Kings Plaza. Net income from continuing operations was \$50,041,000, or \$9.80 per diluted share for the year ended December 31, 2012, compared to \$54,831,000, or \$10.74 per diluted share for the year ended December 31, 2011.

Funds from operations attributable to common stockholders ("FFO") for the year ended December 31, 2012 was \$107,616,000, or \$21.07 per diluted share, compared to \$112,894,000, or \$22.11 per diluted share for the prior year. FFO from continuing operations was \$78,680,000, or \$15.40 per diluted share for the year ended December 31, 2012, compared to \$82,747,000, or \$16.21 per diluted share for the prior year.

Quarter Ended December 31, 2012 Financial Results Summary

Net income attributable to common stockholders for the quarter ended December 31, 2012 was \$617,157,000, or \$120.82 per diluted share, compared to \$20,634,000, or \$4.04 per diluted share for the quarter ended December 31, 2011. The quarter ended December 31, 2012 includes \$599,628,000, or \$117.39 per diluted share for the net gain on sale of Kings Plaza. Net income from continuing operations was \$12,033,000, or \$2.36 per diluted share for the quarter ended December 31, 2012, compared to \$13,318,000, or \$2.61 per diluted share for the quarter ended December 31, 2011.

FFO for the quarter ended December 31, 2012 was \$24,723,000, or \$4.84 per diluted share, compared to \$29,145,000, or \$5.71 per diluted share for the prior year's quarter. FFO from continuing operations was \$19,227,000, or \$3.76 per diluted share for the quarter ended December 31, 2012, compared to \$20,429,000, or \$4.00 per diluted share for the prior year's quarter.

Overview – continued

Leasing Activity, Square Footage and Occupancy

As of December 31, 2012 and 2011, our portfolio was comprised of six properties aggregating 2,179,000 square feet that had occupancy rates of 99.1% and 98.7%, respectively.

In the year ended December 31, 2012, we leased 9,799 square feet that was placed into service at our Rego Park II shopping center, at an initial rent of \$70.00 per square foot for a 21-year lease term.

Significant Tenants

Bloomberg L.P. (“Bloomberg”) accounted for \$86,468,000, \$84,526,000 and \$83,137,000, or 45%, 46% and 48% of our total revenues in the years ended December 31, 2012, 2011 and 2010, respectively. No other tenant accounted for more than 10% of our total revenues in any of the last three years. If we were to lose Bloomberg as a tenant, or if Bloomberg were to fail or become unable to perform its obligations under its lease, it would adversely affect our financial condition and results of operations. We receive and evaluate certain confidential financial information and metrics from Bloomberg on a semi-annual basis. In addition, we access and evaluate financial information regarding Bloomberg from private sources, as well as publicly available data.

Recently Issued Accounting Literature

In May 2011, the Financial Accounting Standards Board (“FASB”) issued Update No. 2011-04, *Fair Value Measurements (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS* (“ASU No. 2011-04”). ASU No. 2011-04 provides a uniform framework for fair value measurements and related disclosures between GAAP and International Financial Reporting Standards (“IFRS”) and requires additional disclosures, including: (i) quantitative information about unobservable inputs used, a description of the valuation processes used, and a qualitative discussion about the sensitivity of the measurements to changes in the unobservable inputs, for Level 3 fair value measurements; (ii) fair value of financial instruments not measured at fair value but for which disclosure of fair value is required, based on their levels in the fair value hierarchy; and (iii) transfers between Level 1 and Level 2 of the fair value hierarchy. The adoption of this update on January 1, 2012, did not have a material impact on our consolidated financial statements, but resulted in additional fair value measurement disclosures.

In June 2011, the FASB issued Update No. 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income* (“ASU No. 2011-05”). ASU No. 2011-05 requires the presentation of net income and other comprehensive income in one continuous statement or in two separate but consecutive statements. The adoption of this update on January 1, 2012, resulted in the presentation of comprehensive income as a separate financial statement.

Critical Accounting Policies and Estimates

Our financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), which 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. Set forth below is a summary of our accounting policies that we believe are critical to the preparation of our consolidated financial statements. This summary should be read in conjunction with a more complete discussion of our accounting policies included in Note 2 to the consolidated financial statements in this Annual Report on Form 10-K.

Real Estate

Real estate is carried at cost, net of accumulated depreciation and amortization. As of December 31, 2012 and 2011, the carrying amount of our real estate, net of accumulated depreciation and amortization, was \$750,966,000 and \$770,447,000, respectively. Maintenance and repairs are expensed as incurred. Depreciation requires an estimate by management of the useful life of each property and improvement as well as an allocation of the costs associated with a property to its various components. If we do not allocate these costs appropriately or incorrectly estimate the useful lives of our real estate, depreciation expense may be misstated. As real estate is undergoing development activities, all property operating expenses directly associated with and attributable to, the development and construction of a project, including interest expense, are capitalized to the cost of the real property to the extent that we believe such costs are recoverable through the value of the property. The capitalization period begins when development activities are underway and ends when the project is substantially complete. General and administrative costs are expensed as incurred.

Our properties and related intangible assets, including properties to be developed in the future, are individually reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment exists when the carrying amount of an asset exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Estimates of future cash flows are based on our current plans, intended holding periods and available market information at the time the analyses are prepared. For our development properties, estimates of future cash flows also include all future expenditures necessary to develop the asset, including interest payments that will be capitalized as part of the cost of the asset. An impairment loss is recognized only if the carrying amount of the asset is not recoverable and is measured based on the excess of the property's carrying amount over its estimated fair value. If our estimates of future cash flows, anticipated holding periods, or fair values change, based on market conditions or otherwise, our evaluation of impairment charges may be different and such differences could be material to our consolidated financial statements. Estimates of future cash flows are subjective and are based, in part, on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results. Plans to hold properties over longer periods decrease the likelihood of recording impairment losses.

Allowance for Doubtful Accounts

We periodically evaluate the collectibility of amounts due from tenants, including the receivable arising from the straight-lining of rents, and maintain an allowance for doubtful accounts (\$2,219,000 and \$1,039,000 as of December 31, 2012 and 2011, respectively) for estimated losses resulting from the inability of tenants to make required payments under the lease agreements. We exercise judgment in establishing these allowances and consider payment history and current credit status in developing these estimates. These estimates may differ from actual results, which could be material to our consolidated financial statements.

Critical Accounting Policies and Estimates – continued

Revenue Recognition

We have the following revenue sources and revenue recognition policies:

- Base Rent – revenue arising from tenant leases. These rents are recognized over the non-cancelable term of the related leases on a straight-line basis, which includes the effects of rent steps and free rent abatements under the leases. We commence rental revenue recognition when the tenant takes possession of the leased space and the leased space is substantially ready for its intended use. In addition, in circumstances where we provide a tenant improvement allowance for improvements that are owned by the tenant, we recognize the allowance as a reduction of rental revenue on a straight-line basis over the term of the lease.
- Percentage Rent – revenue arising from retail tenant leases that is contingent upon the sales of tenants exceeding defined thresholds. These rents are recognized only after the contingency has been removed (i.e., when tenant sales thresholds have been achieved).
- Expense Reimbursements – revenue arising from tenant leases which provide for the recovery of all or a portion of the operating expenses and real estate taxes of the respective properties. This revenue is accrued in the same periods as the expenses are incurred.
- Parking income – revenue arising from the rental of parking space at our properties. This income is recognized as cash is received.

Before we recognize revenue, we assess, among other things, its collectibility. If our assessment of the collectibility of revenue changes, the impact on our consolidated financial statements could be material.

Income Taxes

We operate in a manner intended to enable us to continue to qualify as a Real Estate Investment Trust (“REIT”) under Sections 856 – 860 of the Internal Revenue Code of 1986, as amended (the “Code”). In order to maintain our qualification as a REIT under the Code, we must distribute at least 90% of our taxable income to stockholders each year. We distribute to our stockholders 100% of our taxable income and therefore, no provision for Federal income taxes is required. If we fail to distribute the required amount of income to our stockholders, or fail to meet other REIT requirements, we may fail to qualify as a REIT, which may result in substantial adverse tax consequences.

Results of Operations – Year Ended December 31, 2012 compared to December 31, 2011

Property Rentals

Property rentals were \$134,847,000 in the year ended December 31, 2012, compared to \$133,682,000 in the prior year, an increase of \$1,165,000.

Expense Reimbursements

Tenant expense reimbursements were \$56,465,000 in the year ended December 31, 2012, compared to \$51,564,000 in the prior year, an increase of \$4,901,000. This increase was primarily due to higher real estate taxes and reimbursable operating expenses.

Operating Expenses

Operating expenses were \$61,755,000 in the year ended December 31, 2012, compared to \$55,481,000 in the prior year, an increase of \$6,274,000. This increase was primarily comprised of higher (i) real estate taxes of \$4,395,000, (ii) reimbursable operating expenses of \$622,000 and (iii) bad debt expense of \$1,041,000.

Depreciation and Amortization

Depreciation and amortization was \$28,815,000 in the year ended December 31, 2012, compared to \$28,083,000 in the prior year, an increase of \$732,000.

General and Administrative Expenses

General and administrative expenses were \$5,162,000 in the year ended December 31, 2012, compared to \$3,996,000 in the prior year, an increase of \$1,166,000. This increase was primarily due to an \$807,000 reversal of a portion of the litigation loss accrual at our Flushing property in the prior year.

Interest and Other Income, net

Interest and other income, net was \$177,000 in the year ended December 31, 2012, compared to \$1,001,000 in the prior year, a decrease of \$824,000. This decrease was primarily due to \$740,000 of income in the prior year resulting from the collection of prior period real estate tax billings.

Interest and Debt Expense

Interest and debt expense was \$45,652,000 in the year ended December 31, 2012, compared to \$43,898,000 in the prior year, an increase of \$1,754,000. This increase was primarily due to a \$2,561,000 reversal of previously recognized interest expense related to our income tax liability in the prior year, due to the expiration of the applicable statute of limitations, partially offset by savings of \$621,000 from lower average debt balances.

Results of Operations – Year Ended December 31, 2012 compared to December 31 2011 - continued

Income Tax (Expense) Benefit

In the year ended December 31, 2012, we had income tax expense of \$64,000, compared to a \$42,000 income tax benefit in the prior year, an increase in expense of \$106,000. This increase resulted from a true-up of our estimated income tax liability in the prior year.

Income from Discontinued Operations

Income from discontinued operations was \$624,952,000 in the year ended December 31, 2012, compared to \$26,215,000 in the prior year, an increase of \$598,737,000. The increase resulted primarily from a \$599,628,000 net gain on sale of the Kings Plaza Regional Shopping Center on November 28, 2012.

Net Income Attributable to the Noncontrolling Interest

Net income attributable to the noncontrolling interest was \$606,000 in the year ended December 31, 2012, compared to \$1,623,000 in the prior year, a decrease of \$1,017,000. This decrease was primarily due to our Kings Plaza energy plant venture partner's 75% pro-rata share of a true-up in straight-line rental income in the prior year. The Kings Plaza energy plant was sold together with the Kings Plaza Regional Shopping Center in November 2012.

Results of Operations – Year Ended December 31, 2011 Compared to December 31, 2010

Property Rentals

Property rentals were \$133,682,000 in the year ended December 31, 2011, compared to \$127,240,000 in the year ended December 31, 2010, an increase of \$6,442,000. This increase was primarily attributable to the lease-up of space at our Rego Park I and Rego Park II properties.

Expense Reimbursements

Tenant expense reimbursements were \$51,564,000 in the year ended December 31, 2011, compared to \$46,966,000 in the year ended December 31, 2010, an increase of \$4,598,000. This increase was primarily due to higher real estate taxes and reimbursable operating expenses, and attributable to tenants at our Rego Park II property whose space was placed into service during 2010.

Operating Expenses

Operating expenses were \$55,481,000 in the year ended December 31, 2011, compared to \$50,153,000 in the year ended December 31, 2010, an increase of \$5,328,000. This increase was comprised of higher real estate taxes and reimbursable operating expenses of \$3,719,000 and an increase in bad debt expense and other non-reimbursable expenses of \$1,609,000.

Depreciation and Amortization

Depreciation and amortization was \$28,083,000 in the year ended December 31, 2011, compared to \$25,688,000 in the year ended December 31, 2010, an increase of \$2,395,000. This increase resulted primarily from depreciation on the portion of Rego Park II placed into service during 2010.

General and Administrative Expenses

General and administrative expenses were \$3,996,000 in the year ended December 31, 2011, compared to \$7,374,000 in the year ended December 31, 2010, a decrease of \$3,378,000. This decrease was primarily due to a \$3,135,000 litigation loss accrual in 2010 related to our Flushing property, of which \$807,000 was reversed in 2011 in connection with the litigation's settlement, partially offset by \$405,000 of higher compensation to our Board of Directors in 2011, of which \$300,000 represents the fair value of a deferred stock unit grant.

Interest and Other Income, net

Interest and other income, net was \$1,001,000 in the year ended December 31, 2011, compared to \$799,000 in the year ended December 31, 2010, an increase of \$202,000. This increase was primarily due to \$740,000 of income from the collection of prior period real estate tax billings, partially offset by \$479,000 from lower average yields on investments.

Interest and Debt Expense

Interest and debt expense was \$43,898,000 in the year ended December 31, 2011, compared to \$45,455,000 in the year ended December 31, 2010, a decrease of \$1,557,000. This decrease was primarily due to \$850,000 of interest related to our income tax liability, resulting primarily from a higher reversal of previously recognized interest expense in 2011 as compared to 2010 and \$647,000 of lower amortization of debt issuance costs resulting from the refinancing of our Rego Park II property.

Results of Operations – Year Ended December 31, 2011 Compared to December 31, 2010 - continued

Income Tax Benefit

In the year ended December 31, 2011, we had a \$42,000 income tax benefit, compared to a \$2,824,000 income tax benefit in the year ended December 31, 2010. The income tax benefit in 2011 resulted from a true-up of the income tax liability accrued during 2010. The income tax benefit in 2010 resulted primarily from the reversal of a portion of the income tax liability due to the expiration of the applicable statute of limitations.

Net Income Attributable to the Noncontrolling Interest

Net income attributable to the noncontrolling interest was \$1,623,000 in the year ended December 31, 2011, compared to \$1,016,000 in the year ended December 31, 2010, an increase of \$607,000. This increase was primarily due to our Kings Plaza energy plant venture partner's 75% pro-rata share of a true-up in straight-line rental income during 2011.

Related Party Transactions

Vornado

Steven Roth is the Chairman of our Board of Directors and Chief Executive Officer, the Managing General Partner of Interstate Properties ("Interstate"), a New Jersey general partnership, and the Chairman of the Board of Trustees of Vornado. At December 31, 2012, Mr. Roth, Interstate and its other two general partners, David Mandelbaum and Russell B. Wight, Jr. (who are also directors of the Company and trustees of Vornado) owned, in the aggregate, 26.3% of our outstanding common stock, in addition to the 2.1% they indirectly own through Vornado. Michael D. Fascitelli, our President and a member of our Board of Directors, is the President, Chief Executive Officer and a member of the Board of Trustees of Vornado. Joseph Macnow, our Executive Vice President and Chief Financial Officer, holds the same position with Vornado.

At December 31, 2012, Vornado owned 32.4% of our outstanding common stock. We are managed by, and our properties are leased and developed by, Vornado, pursuant to various agreements, which expire in March of each year and are automatically renewable. These agreements are described in Note 3 – *Related Party Transactions*, to our consolidated financial statements in this Annual Report on Form 10-K.

Liquidity and Capital Resources

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 maturities, and recurring capital expenditures.

Dividends

On January 16, 2013, we adjusted our regular quarterly dividend to \$2.75 per share (a new indicated annual rate of \$11.00 per share). The regular quarterly dividend was adjusted to reflect the sale of the Kings Plaza Regional Shopping Center in November 2012, which resulted in a special long-term capital gain dividend of \$122.00 per share. The new dividend, if continued for all of 2013, would require us to pay out approximately \$56,190,000.

Rego Park II Apartment Tower

We are currently evaluating plans to construct an apartment tower containing approximately 300 units aggregating 250,000 square feet, above our Rego Park II shopping center. The funding required for the proposed development will be approximately \$100,000,000 to \$120,000,000. There can be no assurance that the project will commence, or if commenced, be completed on schedule or within budget.

Financing Activities and Contractual Obligations

Below is a summary of our outstanding debt and maturities as of December 31, 2012.

(Amounts in thousands)	Balance	Interest	Maturity
		Rate	
Rego Park I ⁽¹⁾	\$ 78,246	0.50%	Mar. 2013
Lexington Office	327,425	5.33%	Feb. 2014
Lexington Retail ⁽²⁾	320,000	4.93%	Jul. 2015
Paramus	68,000	2.90%	Oct. 2018
Rego Park II ⁽³⁾	272,245	2.06%	Nov. 2018
	<u>\$ 1,065,916</u>		

(1) This loan is 100% cash collateralized.

(2) In the event of a substantial casualty, as defined, up to \$75,000 of this loan may become recourse to us.

(3) This loan bears interest at LIBOR plus 1.85%.

Below is a summary of our contractual obligations and commitments as of December 31, 2012.

(Amounts in thousands)	Total	Less than One Year	One to Three Years	Three to Five Years	More than Five Years
Contractual obligations (principal and interest ⁽¹⁾):					
Long-term debt obligations	\$ 1,170,784	\$ 135,075	\$ 682,320	\$ 22,366	\$ 331,023
Operating lease obligations	10,858	700	1,400	1,492	7,266
Purchase obligations (primarily construction commitments)	1,161	1,161	-	-	-
Other obligations (primarily due to Vornado)	52,665	4,000	8,000	8,000	32,665
	<u>\$ 1,235,468</u>	<u>\$ 140,936</u>	<u>\$ 691,720</u>	<u>\$ 31,858</u>	<u>\$ 370,954</u>
Commitments:					
Standby letters of credit	\$ 4,058	\$ 4,058	\$ -	\$ -	\$ -

(1) Interest on variable rate debt is computed using rates in effect at December 31, 2012.

Liquidity and Capital Resources – continued

Commitments and Contingencies

Insurance

We maintain general liability insurance with limits of \$300,000,000 per occurrence and all-risk property and rental value insurance coverage with limits of \$1.7 billion per occurrence, including coverage for terrorist acts, 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 of 2007 (“TRIPRA”). Coverage for acts of terrorism (including NBCR acts) is up to \$1.7 billion per occurrence. 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 \$275,000 deductible and 15% of the balance of a covered loss and the Federal government is responsible for the remaining 85% of a covered loss. We are ultimately responsible for any loss borne by FNSIC.

There can be no assurance that we will be able to maintain similar levels of insurance coverage in the future in amounts and on terms that are commercially reasonable. 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, except for \$75,000,000 of the \$320,000,000 mortgage on our 731 Lexington Avenue property, in the event of a substantial casualty, as defined. Our mortgage loans contain customary covenants requiring us to maintain insurance. If lenders insist on greater coverage than we are able to obtain, it could adversely affect our ability to finance our properties.

Flushing Property

In 2002 Flushing Expo, Inc. (“Expo”) agreed to purchase the stock of the entity which owns the Flushing property from us (“Purchase of the Property”) and gave us a non-refundable deposit of \$1,875,000. Pursuant to a stipulation of settlement, we settled the action Expo brought against us regarding the Purchase of the Property and in June 2011, deposited the settlement amount with the Court, in exchange for which we received a stipulation of discontinuance, with prejudice, as well as general releases. In November 2011, Expo filed another action, this time against our tenant at the Flushing property asserting, among other things, that such tenant interfered with Expo’s Purchase of the Property from us and sought \$50,000,000 in damages from our tenant, who sought indemnification from us for such amount. In August 2012, the Court entered judgment denying Expo’s claim for damages. Expo filed a motion to re-argue the decision, which the Court denied on December 7, 2012. Expo and has appealed the Court’s original decision. We believe, after consultation with counsel, that the amount or range of reasonably possible losses, if any, cannot be estimated.

Paramus

In 2001, we leased 30.3 acres of land located in Paramus, New Jersey to IKEA Property, Inc. The lease has a 40-year term with 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.

Other

There are various 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 condition, results of operations or cash flows.

Liquidity and Capital Resources – continued

Cash Flows

Cash and cash equivalents were \$353,396,000 at December 31, 2012, compared to \$506,619,000 at December 31, 2011, a decrease of \$153,223,000. This decrease resulted from \$973,007,000 of net cash used in financing activities, partially offset by \$710,077,000 of net cash provided by investing activities and \$109,707,000 of net cash provided by operating activities. Our consolidated outstanding debt was \$1,065,916,000 at December 31, 2012, a \$15,016,000 decrease from the balance at December 31, 2011.

Year Ended December 31, 2012

Net cash provided by operating activities was \$109,707,000, of which \$34,896,000 was related to discontinued operations. Net cash provided by operating activities was comprised of net income of \$674,993,000 and \$2,154,000 for the net change in operating assets and liabilities, partially offset by \$567,440,000 of adjustments for non-cash items. The adjustments for non-cash items were primarily comprised of a net gain on the sale of real estate of \$599,628,000 and straight-lining of rental income of \$4,475,000, partially offset by depreciation and amortization of \$36,363,000.

Net cash provided by investing activities of \$710,077,000 was comprised of (i) net proceeds from the sale of real estate of \$714,054,000 (excluding \$30,000,000 of stock consideration) and (ii) proceeds from maturing short-term investments of \$5,000,000, partially offset by (iii) \$7,351,000 of real estate additions, primarily related to our Rego Park II property, and (iv) an increase in restricted cash of \$1,626,000.

Net cash used in financing activities of \$973,007,000 was primarily comprised of (i) dividends paid on common stock of \$699,791,000, which included a special dividend of \$623,178,000 to distribute the tax gain on the sale of Kings Plaza, (ii) repayment of the Kings Plaza debt of \$250,000,000 upon the sale of the property, (iii) repayments of borrowings of \$15,016,000 and (iv) a payment of \$7,800,000 to acquire the noncontrolling interest in the Kings Plaza energy plant joint venture, which was sold with the mall.

Year Ended December 31, 2011

Cash and cash equivalents were \$506,619,000 at December 31, 2011, compared to \$397,220,000 at December 31, 2010, an increase of \$109,399,000. This increase resulted from \$92,514,000 of net cash provided by operating activities, \$383,000 of net cash provided by investing activities and \$16,502,000 of net cash provided by financing activities.

Net cash provided by operating activities of \$92,514,000 was comprised of net income of \$81,046,000, and \$22,216,000 of adjustments for non-cash items, partially offset by \$10,748,000 for the net change in operating assets and liabilities. The adjustments for non-cash items were primarily comprised of (i) depreciation and amortization of \$37,086,000, partially offset by (ii) straight-lining of rental income of \$12,609,000 and (iii) a \$2,561,000 reversal of a portion of the liability for income taxes.

Net cash provided by investing activities of \$383,000 was comprised of (i) proceeds from maturing short-term investments of \$23,000,000, partially offset by (ii) \$14,415,000 of real estate additions, primarily related to the development of our Rego Park II property, (iii) purchases of short-term investments of \$5,000,000, and (iv) an increase in restricted cash of \$3,202,000.

Net cash provided by financing activities of \$16,502,000 was primarily comprised of (i) \$593,000,000 of proceeds from the refinancing of our Rego Park II, Kings Plaza and Paramus properties, partially offset by (ii) repayments of borrowings of \$508,479,000 (primarily Rego Park II, Kings Plaza and Paramus) and (iii) dividends paid on common stock of \$61,277,000.

Liquidity and Capital Resources – continued

Year Ended December 31, 2010

Cash and cash equivalents were \$397,220,000 at December 31, 2010, compared to \$412,734,000 at December 31, 2009, a decrease of \$15,514,000. This decrease resulted from \$72,143,000 of net cash used in financing activities and \$19,393,000 of net cash used in investing activities, partially offset by \$76,022,000 of net cash provided by operating activities.

Net cash provided by operating activities of \$76,022,000 was comprised of net income of \$67,445,000, and \$15,792,000 of adjustments for non-cash items, partially offset by \$7,215,000 for the net change in operating assets and liabilities. The adjustments for non-cash items were primarily comprised of (i) depreciation and amortization of \$34,849,000, partially offset by (ii) straight-lining of rental income of \$15,182,000 and (iii) a \$5,113,000 reversal of a portion of the liability for income taxes.

Net cash used in investing activities of \$19,393,000 was primarily comprised of \$42,310,000 of real estate additions, primarily related to the development of our Rego Park II property, and purchases of short-term investments of \$23,000,000, partially offset by \$40,000,000 of proceeds from maturing short-term investments.

Net cash used in financing activities of \$72,143,000 was primarily comprised of (i) dividends paid on common stock of \$38,295,000, (ii) \$27,500,000 for the purchase of a portion of our Kings Plaza debt, (iii) \$24,039,000 for the repayment of a portion of Rego Park II construction loan upon exercise of the one-year extension option and (iv) \$17,080,000 for the repayment of borrowings, partially offset by (v) \$34,828,000 of borrowings under our Rego Park II construction loan.

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, extraordinary items 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 attributable to common stockholders for the year ended December 31, 2012 was \$107,616,000, or \$21.07 per diluted share, compared to \$112,894,000, or \$22.11 per diluted share for the year ended December 31, 2011. FFO from continuing operations was \$78,680,000, or \$15.40 per diluted share for the year ended December 31, 2012, compared to \$82,747,000, or \$16.21 per diluted share for the prior year.

FFO attributable to common stockholders for the quarter ended December 31, 2012 was \$24,723,000, or \$4.84 per diluted share, compared to \$29,145,000, or \$5.71 per diluted share for the quarter ended December 31, 2011. FFO from continuing operations was \$19,227,000, or \$3.76 per diluted share for the quarter ended December 31, 2012, compared to \$20,429,000, or \$4.00 per diluted share for the prior year’s quarter.

The following table reconciles our net income to FFO:

(Amounts in thousands, except share and per share amounts)	For the Year Ended December 31,		For the Quarter Ended December 31,	
	2012	2011	2012	2011
Net income attributable to Alexander’s	\$ 674,387	\$ 79,423	\$ 617,157	\$ 20,634
Net gain on sale of real estate	(599,628)	-	(599,628)	-
Depreciation and amortization of real property	32,857	33,471	7,194	8,511
FFO attributable to common stockholders	<u>\$ 107,616</u>	<u>\$ 112,894</u>	<u>\$ 24,723</u>	<u>\$ 29,145</u>
FFO attributable to common stockholders per diluted share	<u>\$ 21.07</u>	<u>\$ 22.11</u>	<u>\$ 4.84</u>	<u>\$ 5.71</u>
Weighted average shares used in computing diluted FFO per share	<u>5,107,610</u>	<u>5,106,568</u>	<u>5,108,016</u>	<u>5,106,984</u>

ITEM 7A. 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.

	2012			2011	
	December 31, Balance	Weighted Average Interest Rate	Effect of 1% Change in Base Rates	December 31, Balance	Weighted Average Interest Rate
(Amounts in thousands, except per share amounts)					
Variable (including \$45,803 and \$40,728, respectively, due to Vornado)	\$ 318,048	2.07%	\$ 3,180	\$ 315,524	2.10%
Fixed Rate	793,671	4.48%	-	806,136	4.52%
	<u>\$ 1,111,719</u>		<u>\$ 3,180</u>	<u>\$ 1,121,660</u>	
Total effect on diluted earnings per share			<u>\$ 0.62</u>		

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 December 31, 2012 and 2011, the estimated fair value of our consolidated debt was \$1,143,000,000. 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 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Alexander's, Inc. and subsidiaries (the "Company") as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2012. Our audits also included the financial statement schedules listed in the Index at Item 15. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Alexander's, Inc. and subsidiaries at December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 4 to the consolidated financial statements, the Company completed the sale of Kings Plaza Regional Shopping Center on November 28, 2012. The gain on sale and results prior to the sale are included in income from discontinued operations in the accompanying financial statements. The accompanying 2011 and 2010 financial statements have been retrospectively adjusted for discontinued operations.

As discussed in Note 2 to the consolidated financial statements, the Company adopted FASB Accounting Standards Update No. 2011-05, *Presentation of Comprehensive Income* in 2012. The Company has presented net income and other comprehensive income in two separate but consecutive statements for all periods presented.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2012, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2013 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
February 26, 2013

ALEXANDER'S, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share amounts)

ASSETS	December 31,	
	2012	2011
Real estate, at cost:		
Land	\$ 44,971	\$ 44,971
Buildings and leasehold improvements	864,609	860,833
Development and construction in progress	2,212	1,103
Total	911,792	906,907
Accumulated depreciation and amortization	(160,826)	(136,460)
Real estate, net	750,966	770,447
Cash and cash equivalents	353,396	506,619
Restricted cash	90,395	88,769
Short-term investments	-	5,000
Marketable securities	31,206	-
Tenant and other receivables, net of allowance for doubtful accounts of \$2,219 and \$1,039, respectively	1,953	2,552
Receivable arising from the straight-lining of rents	173,694	169,536
Deferred lease and other property costs, net, including unamortized leasing fees to Vornado of \$39,910 and \$42,678, respectively	54,461	58,244
Deferred debt issuance costs, net of accumulated amortization of \$16,834 and \$14,638, respectively	5,522	7,470
Assets related to discontinued operations	-	137,418
Other assets	20,217	25,252
	<u>\$ 1,481,810</u>	<u>\$ 1,771,307</u>
LIABILITIES AND EQUITY		
Mortgages payable	\$ 1,065,916	\$ 1,080,932
Amounts due to Vornado	46,445	41,340
Accounts payable and accrued expenses	33,621	34,577
Liabilities related to discontinued operations	-	250,000
Other liabilities, including \$2,348 of deferred income from the sale of Kings Plaza in 2012	3,675	1,213
Total liabilities	<u>1,149,657</u>	<u>1,408,062</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, 5,105,936 shares	5,173	5,173
Additional capital	29,352	31,801
Retained earnings	296,797	322,201
Accumulated other comprehensive income	1,206	-
	332,528	359,175
Treasury stock: 67,514 shares, at cost	(375)	(375)
Total Alexander's equity	332,153	358,800
Noncontrolling interest in consolidated subsidiary	-	4,445
Total equity	<u>332,153</u>	<u>363,245</u>
	<u>\$ 1,481,810</u>	<u>\$ 1,771,307</u>

See notes to consolidated financial statements.

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

	Year Ended December 31,		
	2012	2011	2010
REVENUES			
Property rentals	\$ 134,847	\$ 133,682	\$ 127,240
Expense reimbursements	56,465	51,564	46,966
Total revenues	191,312	185,246	174,206
EXPENSES			
Operating, including fees to Vornado of \$4,318, \$3,687, and \$3,665, respectively	61,755	55,481	50,153
Depreciation and amortization	28,815	28,083	25,688
General and administrative, including management fees to Vornado of \$2,160 in each year	5,162	3,996	7,374
Total expenses	95,732	87,560	83,215
OPERATING INCOME	95,580	97,686	90,991
Interest and other income, net	177	1,001	799
Interest and debt expense	(45,652)	(43,898)	(45,455)
Income before income taxes	50,105	54,789	46,335
Income tax (expense) benefit	(64)	42	2,824
Income from continuing operations	50,041	54,831	49,159
Income from discontinued operations, including a \$599,628 net gain on sale of real estate in 2012	624,952	26,215	18,286
Net income	674,993	81,046	67,445
Net income attributable to the noncontrolling interest	(606)	(1,623)	(1,016)
Net income attributable to Alexander's	\$ 674,387	\$ 79,423	\$ 66,429
Income per common share - basic and diluted:			
Income from continuing operations	\$ 9.80	\$ 10.74	\$ 9.63
Income from discontinued operations, net	122.24	4.81	3.38
Net income per common share	\$ 132.04	\$ 15.55	\$ 13.01
Weighted average shares outstanding	5,107,610	5,106,568	5,105,936

See notes to consolidated financial statements.

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

	Year Ended December 31,		
	2012	2011	2010
Net income	\$ 674,993	\$ 81,046	\$ 67,445
Other comprehensive income:			
Change in unrealized net gain on securities available-for-sale	1,206	-	-
Comprehensive income	676,199	81,046	67,445
Less:			
Comprehensive income attributable to the noncontrolling interest	(606)	(1,623)	(1,016)
Comprehensive income attributable to Alexander's	<u>\$ 675,593</u>	<u>\$ 79,423</u>	<u>\$ 66,429</u>

See notes to consolidated financial statements.

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

	Common Stock		Additional Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Alexander's Equity	Non- controlling Interest	Total Equity
	Shares	Amount							
Balance, December 31, 2009	5,173	\$ 5,173	\$ 31,501	\$ 275,921	\$ -	\$ (375)	\$ 312,220	\$ 2,406	\$ 314,626
Net income	-	-	-	66,429	-	-	66,429	1,016	67,445
Dividends paid	-	-	-	(38,295)	-	-	(38,295)	-	(38,295)
Balance, December 31, 2010	5,173	5,173	31,501	304,055	-	(375)	340,354	3,422	343,776
Net income	-	-	-	79,423	-	-	79,423	1,623	81,046
Dividends paid	-	-	-	(61,277)	-	-	(61,277)	-	(61,277)
Distributions	-	-	-	-	-	-	-	(600)	(600)
Deferred stock unit grant	-	-	300	-	-	-	300	-	300
Balance, December 31, 2011	5,173	5,173	31,801	322,201	-	(375)	358,800	4,445	363,245
Net income	-	-	-	674,387	-	-	674,387	606	674,993
Dividends paid, including a special dividend of \$623,178	-	-	-	(699,791)	-	-	(699,791)	-	(699,791)
Acquisition of the noncontrolling interest	-	-	(2,749)	-	-	-	(2,749)	(5,051)	(7,800)
Change in unrealized net gain on securities available-for-sale	-	-	-	-	1,206	-	1,206	-	1,206
Deferred stock unit grant	-	-	300	-	-	-	300	-	300
Balance, December 31, 2012	<u>5,173</u>	<u>\$ 5,173</u>	<u>\$ 29,352</u>	<u>\$ 296,797</u>	<u>\$ 1,206</u>	<u>\$ (375)</u>	<u>\$ 332,153</u>	<u>\$ -</u>	<u>\$ 332,153</u>

See notes to consolidated financial statements.

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

	Year Ended December 31,		
	2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 674,993	\$ 81,046	\$ 67,445
Adjustments to reconcile net income to net cash provided by operating activities:			
Net gain on sale of real estate	(599,628)	-	-
Depreciation and amortization, including amortization of debt issuance costs	36,363	37,086	34,849
Straight-lining of rental income	(4,475)	(12,609)	(15,182)
Stock-based compensation expense	300	300	-
Reversal of income tax liability	-	(2,561)	(5,113)
Other non-cash adjustments	-	-	1,238
Change in operating assets and liabilities:			
Tenant and other receivables, net	234	1,672	(2,065)
Other assets	4,318	(5,484)	(6,068)
Amounts due to Vornado	(2,405)	(2,445)	(12,881)
Accounts payable and accrued expenses	(107)	(4,547)	13,273
Income tax liability of taxable REIT subsidiary	29	87	704
Other liabilities	85	(31)	(178)
Net cash provided by operating activities	<u>109,707</u>	<u>92,514</u>	<u>76,022</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of real estate	714,054	-	-
Construction in progress and real estate additions	(7,351)	(14,415)	(42,310)
Proceeds from maturing short-term investments	5,000	23,000	40,000
Restricted cash	(1,626)	(3,202)	5,917
Purchases of short-term investments	-	(5,000)	(23,000)
Net cash provided by (used in) investing activities	<u>710,077</u>	<u>383</u>	<u>(19,393)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid, including a special dividend of \$623,178, or \$122.00 per share in 2012	(699,791)	(61,277)	(38,295)
Debt repayments	(265,016)	(508,479)	(68,619)
Acquisition of the noncontrolling interest	(7,800)	-	-
Debt issuance costs	(400)	(6,142)	(57)
Proceeds from borrowing	-	593,000	34,828
Distributions to the noncontrolling interest	-	(600)	-
Net cash (used in) provided by financing activities	<u>(973,007)</u>	<u>16,502</u>	<u>(72,143)</u>
Net (decrease) increase in cash and cash equivalents	(153,223)	109,399	(15,514)
Cash and cash equivalents at beginning of year	506,619	397,220	412,734
Cash and cash equivalents at end of year	<u>\$ 353,396</u>	<u>\$ 506,619</u>	<u>\$ 397,220</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash payments for interest, of which \$1,269 was capitalized in 2010	\$ 47,932	\$ 53,343	\$ 52,889
NON-CASH TRANSACTIONS			
Marketable securities received in connection with the sale of real estate	\$ 30,000	\$ -	\$ -
Commission payable to Vornado incurred in connection with the sale of real estate	7,510	-	-
Change in unrealized net gain on securities available-for-sale	1,206	-	-
Write-off of fully amortized and/or depreciated assets	648	6,799	-
Non-cash additions to real estate included in accounts payable and accrued expenses	221	3,052	-

See notes to consolidated financial statements.

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

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 six properties in the greater New York City metropolitan area consisting of:

Operating properties

- 731 Lexington Avenue, a 1,307,000 square foot multi-use building, comprising the entire square block bounded by Lexington Avenue, East 59th Street, Third Avenue and East 58th Street in Manhattan. The building contains 885,000 and 174,000 of net rentable square feet of office and retail space, respectively, which we own, and 248,000 square feet of residential space consisting of 105 condominium units, which we sold. Bloomberg L.P. ("Bloomberg") occupies all of the office space. The Home Depot (83,000 square feet), The Container Store (34,000 square feet) and Hennes & Mauritz (27,000 square feet) are the principal retail tenants;
- Rego Park I, a 343,000 square foot shopping center, located on Queens Boulevard and 63rd Road in Queens. The center is anchored by a 195,000 square foot Sears department store, a 50,000 square foot Burlington Coat Factory, a 46,000 square foot Bed Bath & Beyond and a 36,000 square foot Marshalls;
- Rego Park II, a 610,000 square foot shopping center, adjacent to the Rego Park I shopping center in Queens. The center is anchored by a 145,000 square foot Costco, a 135,000 square foot Century 21 and a 133,000 square foot Kohl's. In addition, 47,000 square feet is leased to Toys "R" Us/Babies "R" Us, a one-third owned affiliate of Vornado;
- Paramus, located at the intersection of Routes 4 and 17 in Paramus, New Jersey, consists of 30.3 acres of land that is leased to IKEA Property, Inc.; and
- Flushing, a 167,000 square foot building, located at Roosevelt Avenue and Main Street in Queens, that is sub-leased to New World Mall LLC for the remainder of our ground lease term.

Properties to be developed

- Rego Park II Apartment Tower; we are considering a proposed development containing approximately 300 units aggregating 250,000 square feet, to be constructed above our Rego Park II shopping center. The funding required for the proposed development will be approximately \$100,000,000 to \$120,000,000. There can be no assurance that the project will commence, or if commenced, be completed on schedule or within budget.
- Rego Park III, a 3.4 acre land parcel adjacent to the Rego Park II shopping center in Queens, at the intersection of Junction Boulevard and the Horace Harding Service Road.

We have determined that our properties have similar economic characteristics and meet the criteria which permit the properties to be aggregated into one reportable segment (the leasing, management, development and redeveloping of properties in the greater New York City metropolitan area). Our chief operating decision-maker assesses and measures segment operating results based on a performance measure referred to as net operating income at the individual operating segment. Net operating income for each property represents net rental revenues less operating expenses.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accompanying consolidated financial statements include our accounts and those of our consolidated subsidiaries. All intercompany amounts have been eliminated. Our financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), which 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. Certain prior year balances have been reclassified in order to conform to current year presentation.

Recently Issued Accounting Literature – In May 2011, the Financial Accounting Standards Board (“FASB”) issued Update No. 2011-04, *Fair Value Measurements (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (“ASU No. 2011-04”). ASU No. 2011-04 provides a uniform framework for fair value measurements and related disclosures between GAAP and International Financial Reporting Standards (“IFRS”) and requires additional disclosures, including: (i) quantitative information about unobservable inputs used, a description of the valuation processes used, and a qualitative discussion about the sensitivity of the measurements to changes in the unobservable inputs, for Level 3 fair value measurements; (ii) fair value of financial instruments not measured at fair value but for which disclosure of fair value is required, based on their levels in the fair value hierarchy; and (iii) transfers between Level 1 and Level 2 of the fair value hierarchy. The adoption of this update on January 1, 2012, did not have a material impact on our consolidated financial statements, but resulted in additional fair value measurement disclosures (see Note 8 - *Fair Value Measurements*).

In June 2011, the FASB issued Update No. 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income* (“ASU No. 2011-05”). ASU No. 2011-05 requires the presentation of net income and other comprehensive income in one continuous statement or in two separate but consecutive statements. The adoption of this update on January 1, 2012, resulted in the presentation of comprehensive income as a separate financial statement.

Real Estate – Real estate is carried at cost, net of accumulated depreciation and amortization. Maintenance and repairs are expensed as incurred. Depreciation requires an estimate by management of the useful life of each property and improvement as well as an allocation of the costs associated with a property to its various components. If we do not allocate these costs appropriately or incorrectly estimate the useful lives of our real estate, depreciation expense may be misstated. As real estate is undergoing development activities, all property operating expenses directly associated with and attributable to, the development and construction of a project, including interest expense, are capitalized to the cost of the real property to the extent that we believe such costs are recoverable through the value of the property. The capitalization period begins when development activities are underway and ends when the project is substantially complete. General and administrative costs are expensed as incurred. Depreciation is provided on a straight-line basis over estimated useful lives, which range from 5 to 40 years. Tenant allowances are amortized on a straight-line basis over the lives of the related leases, which approximate the useful lives of the assets.

Our properties and related intangible assets, including properties to be developed in the future, are individually reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment exists when the carrying amount of an asset exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Estimates of future cash flows are based on our current plans, intended holding periods and available market information at the time the analyses are prepared. For our development properties, estimates of future cash flows also include all future expenditures necessary to develop the asset, including interest payments that will be capitalized as part of the cost of the asset. An impairment loss is recognized only if the carrying amount of the asset is not recoverable and is measured based on the excess of the property's carrying amount over its estimated fair value. If our estimates of future cash flows, anticipated holding periods, or fair values change, based on market conditions or otherwise, our evaluation of impairment charges may be different and such differences could be material to our consolidated financial statements. Estimates of future cash flows are subjective and are based, in part, on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results. Plans to hold properties over longer periods decrease the likelihood of recording impairment losses.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Cash and Cash Equivalents – Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates fair value, due to their short-term maturities. The majority of our cash and cash equivalents consist of (i) deposits at major commercial banks, which may at times exceed the Federal Deposit Insurance Corporation limit, (ii) money market funds, which invest in obligations of the United States government and (iii) certificates of deposit placed through an account registry service (“CDARS”). To date we have not experienced any losses on our invested cash.

Short-term Investments – Short-term investments consist of CDARS with original maturities greater than three but less than six months. These investments are FDIC insured and classified as available-for-sale.

Restricted Cash – Restricted cash primarily consists of cash held in a non-interest bearing escrow account in connection with our Rego Park I 100% cash collateralized mortgage, as well as security deposits and other cash escrowed under loan agreements for debt service, real estate taxes, property insurance and capital improvements.

Marketable Securities – Our marketable securities consist of common shares of The Macerich Company (NYSE: MAC) (“Macerich”), which are classified as available-for-sale. Available-for-sale securities are presented at fair value on our consolidated balance sheet. Unrealized gains and losses resulting from the mark-to-market of these securities are included in “other comprehensive income” and are recognized in earnings only upon the sale of the securities. We evaluate our marketable securities for impairment at the end of each reporting period. If investments have unrealized losses, we evaluate the underlying cause of the decline in value and the estimated recovery period, as well as the severity and duration of the decline. In our evaluation, we consider our ability and intent to hold our investment for a reasonable period of time sufficient for us to recover our cost basis, as well as the near-term prospects for the investment in relation to the severity and duration of the decline.

Allowance for Doubtful Accounts – We periodically evaluate the collectibility of amounts due from tenants, including the receivable arising from the straight-lining of rents, and maintain an allowance for doubtful accounts (\$2,219,000 and \$1,039,000 as of December 31, 2012 and 2011, respectively) for the estimated losses resulting from the inability of tenants to make required payments under the lease agreements. We exercise judgment in establishing these allowances and consider payment history and current credit status in developing these estimates.

Deferred Charges – Direct financing costs are deferred and amortized over the terms of the related agreements as a component of interest and debt expense. Direct costs related to leasing activities are capitalized and amortized on a straight-line basis over the lives of the related leases. All other deferred charges are amortized on a straight-line basis, which approximates the effective interest rate method, in accordance with the terms of the agreements to which they relate.

Revenue Recognition – We have the following revenue sources and revenue recognition policies:

Base Rent – revenue arising from tenant leases. These rents are recognized over the non-cancelable term of the related leases on a straight-line basis, which includes the effects of rent steps and free rent abatements under the leases. We commence rental revenue recognition when the tenant takes possession of the leased space and the leased space is substantially ready for its intended use. In addition, in circumstances where we provide a tenant improvement allowance for improvements that are owned by the tenant, we recognize the allowance as a reduction of rental revenue on a straight-line basis over the term of the lease.

Percentage Rent – revenue arising from retail tenant leases that is contingent upon the sales of tenants exceeding defined thresholds. These rents are recognized only after the contingency has been removed (i.e., when tenant sales thresholds have been achieved).

Expense Reimbursements – revenue arising from tenant leases which provide for the recovery of all or a portion of the operating expenses and real estate taxes of the respective properties. This revenue is accrued in the same periods as the expenses are incurred.

Parking Income – revenue arising from the rental of parking space at our properties. This income is recognized as cash is received.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Income Taxes – We operate in a manner intended to enable us to continue to qualify as a Real Estate Investment Trust (“REIT”) under Sections 856 – 860 of the Internal Revenue Code of 1986, as amended (the “Code”). In order to maintain our qualification as a REIT under the Code, we must distribute at least 90% of our taxable income to stockholders each year. We distribute to our stockholders 100% of our taxable income and therefore, no provision for Federal income taxes is required. If we fail to distribute the required amount of income to our stockholders, or fail to meet other REIT requirements, we may fail to qualify as a REIT, which may result in substantial adverse tax consequences.

The following table reconciles our net income to estimated taxable income for the years ended December 31, 2012, 2011 and 2010.

(Unaudited and in thousands)	Years Ended December 31,		
	2012	2011	2010
Net income attributable to Alexander's	\$ 674,387	\$ 79,423	\$ 66,429
Additional tax gain on sale of the Kings Plaza Regional Shopping Center	23,928	-	-
Straight-line rent adjustments	(4,475)	(12,609)	(15,182)
Depreciation and amortization timing differences	910	1,263	602
Interest expense	29	(2,425)	-
Reversal of liability for income taxes	-	-	(3,162)
Other	4,396	(3,429)	6,245
Taxable income before net operating loss ("NOL")	699,175	62,223	54,932
NOL carried forward	-	-	(16,939)
Estimated taxable income	\$ 699,175	\$ 62,223	\$ 37,993

At December 31, 2012, the net basis of our assets and liabilities for tax purposes are approximately \$184,806,000 lower than the amount reported for financial statement purposes.

Income Per Share – Basic income per share is computed based on weighted average shares of common stock (including deferred stock units) outstanding during the period. Diluted income per share is computed based on 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 stock at the earliest date possible. There were no potentially dilutive securities outstanding during the years ended December 31, 2012, 2011 and 2010.

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

3. RELATED PARTY TRANSACTIONS

Vornado

At December 31, 2012, 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.

Steven Roth is the Chairman of our Board of Directors and Chief Executive Officer, the Managing General Partner of Interstate Properties ("Interstate"), a New Jersey general partnership, and the Chairman of the Board of Trustees of Vornado. At December 31, 2012, Mr. Roth, Interstate and its other two general partners, David Mandelbaum and Russell B. Wight, Jr. (who are also directors of the Company and trustees of Vornado) owned, in the aggregate, 26.3% of our outstanding common stock, in addition to the 2.1% they indirectly own through Vornado. Michael D. Fascitelli, our President and a member of our Board of Directors, is the President, Chief Executive Officer and a member of the Board of Trustees of Vornado. Joseph Macnow, our Executive Vice President and Chief Financial Officer, holds the same position with Vornado.

Management and Development Agreements

Effective December 1, 2012, as a result of the sale of the Kings Plaza Regional Shopping Center ("Kings Plaza") (see Note 4 – *Discontinued Operations*), the management and development agreement with Vornado was amended. Pursuant to the amended agreement, 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) \$264,000, escalating at 3% per annum, for managing the common area of 731 Lexington Avenue.

In addition, Vornado is entitled to a development fee of 6% of development costs, as defined.

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. The total of these amounts is payable in annual installments in an amount not to exceed \$4,000,000, with interest on the unpaid balance at LIBOR plus 1% (2.13% at December 31, 2012). As a result of the sale of Kings Plaza (see Note 4 – *Discontinued Operations*), we accrued a \$7,510,000 sales commission payable to Vornado, which is responsible for the fee to a third-party broker.

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 Lexington Avenue property and (ii) security services at our Rego Park I and Rego Park II properties, for an annual fee of the cost for such services plus 6%.

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

3. RELATED PARTY TRANSACTIONS – continued

The following is a summary of fees to Vornado under the agreements discussed above, which includes property management and leasing fees related to Kings Plaza of \$2,261,000, \$3,385,000 and \$1,758,000 in the years ended December 31, 2012, 2011 and 2010, respectively.

(Amounts in thousands)	Year Ended December 31,		
	2012	2011	2010
Company management fees	\$ 2,983	\$ 3,000	\$ 3,000
Development fees	438	750	727
Leasing fees	2,217	4,472	4,267
Commission on sale of real estate	7,510	-	-
Property management fees and payments for cleaning, engineering and security services	5,103	4,648	4,342
	<u>\$ 18,251</u>	<u>\$ 12,870</u>	<u>\$ 12,336</u>

At December 31, 2012, we owed Vornado \$45,803,000 for leasing fees (including the \$7,510,000 Kings Plaza sales commission) and \$642,000 for management, property management and cleaning fees.

4. DISCONTINUED OPERATIONS

On November 28, 2012, we completed the sale of Kings Plaza located in Brooklyn, New York, to Macerich, for \$751,000,000. Net proceeds from the sale, after repaying the existing loan and closing costs, were \$479,000,000, of which \$30,000,000 was in Macerich common shares. The financial statement gain was \$601,976,000, of which \$599,628,000 was recognized in the fourth quarter and the remaining \$2,348,000 was deferred and will be recognized upon the disposition of the Macerich common shares. Prior to the sale, in November 2012, we acquired the remaining 75% interest in our consolidated subsidiary, the Kings Plaza energy plant joint venture (which was sold with Kings Plaza), for \$7,800,000 in cash. Pursuant to Accounting Standards Codification ("ASC") Topic 810, *Consolidation*, we have recorded the difference between the acquisition price and the carrying amount of the noncontrolling interest as a reduction of "additional capital" on our consolidated balance sheet.

On November 30, 2012, our Board of Directors declared a special long-term capital gain dividend of \$122.00 per share, or \$623,178,000 in the aggregate, to distribute the tax gain resulting from the sale of Kings Plaza.

In accordance with the provisions of ASC 360, *Property, Plant and Equipment*, we have reclassified the revenues and expenses of Kings Plaza to "income from discontinued operations" and the related assets and liabilities to "assets related to discontinued operations" and "liabilities related to discontinued operations", respectively, for all of the periods presented in the accompanying financial statements. The tables below set forth the assets and liabilities related to discontinued operations at December 31, 2012 and 2011 and their combined results of operations for the years ended December 31, 2012, 2011 and 2010.

(Amounts in thousands)	Assets Related to		Liabilities Related to	
	Discontinued Operations as of		Discontinued Operations as of	
	December 31,		December 31,	
	2012	2011	2012	2011
Kings Plaza	<u>\$ -</u>	<u>\$ 137,418</u>	<u>\$ -</u>	<u>\$ 250,000</u>

(Amounts in thousands)	For the Year Ended December 31,		
	2012	2011	2010
Total revenues	\$ 61,836	\$ 69,006	\$ 67,144
Total expenses ⁽¹⁾	36,512	42,791	48,858
	25,324	26,215	18,286
Net gain on sale	599,628	-	-
Income from discontinued operations	<u>\$ 624,952</u>	<u>\$ 26,215</u>	<u>\$ 18,286</u>

(1) Includes fees to Vornado of \$1,608, \$1,801 and \$1,517 for the years ended December 31, 2012, 2011 and 2010, respectively.

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

5. MARKETABLE SECURITIES

As of December 31, 2012, we own 535,265 Macerich common shares, or approximately 0.39% of its outstanding common shares. These shares were received as part of the consideration for the sale of Kings Plaza and have an economic basis of \$56.05 per share, or \$30,000,000 in the aggregate. As of December 31, 2012, these shares have an aggregate fair value of \$31,206,000, based on Macerich's closing share price of \$58.30 per share at December 31, 2012. These shares are included in "marketable securities" on our consolidated balance sheet and are classified as available-for-sale. Available-for-sale securities are presented at fair value. Unrealized gains and losses resulting from the mark-to-market of these securities are included in "other comprehensive income" and are recognized in earnings only upon the sale of the securities. Other comprehensive income includes a \$1,206,000 unrealized gain for the year ended December 31, 2012.

6. MORTGAGES PAYABLE

The following is a summary of outstanding mortgages payable.

(Amounts in thousands)	<u>Maturity</u>	<u>Interest Rate at December 31, 2012</u>	<u>Balance at December 31,</u>	
			<u>2012</u>	<u>2011</u>
First mortgages secured by:				
Rego Park I shopping center (100% cash collateralized)	Mar. 2013	0.50 %	\$ 78,246	\$ 78,246
731 Lexington Avenue, office space	Feb. 2014	5.33 %	327,425	339,890
731 Lexington Avenue, retail space ⁽¹⁾	Jul. 2015	4.93 %	320,000	320,000
Paramus	Oct. 2018	2.90 %	68,000	68,000
Rego Park II shopping center ⁽²⁾	Nov. 2018	2.06 %	272,245	274,796
			<u>\$ 1,065,916</u>	<u>\$ 1,080,932</u>

(1) In the event of a substantial casualty, as defined, up to \$75,000 of this loan may become recourse to us.

(2) This loan bears interest at LIBOR plus 1.85%.

All of our debt is secured by mortgages and/or pledges of the stock of the subsidiaries holding the properties. The net carrying value of real estate collateralizing the debt amounted to \$746,867,000 at December 31, 2012. Our existing financing documents contain covenants that limit our ability to incur additional indebtedness on these properties, provide for lender approval of tenants' leases in certain circumstances, and provide for yield maintenance to prepay them. As of December 31, 2012, the principal repayments for the next five years and thereafter are as follows:

(Amounts in thousands)	<u>Amount</u>
Year Ending December 31,	
2013	\$ 94,203
2014	317,179
2015	323,193
2016	3,440
2017	3,707
Thereafter	324,194

We may refinance our maturing debt as it comes due or choose to repay it at maturity.

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

7. STOCK-BASED COMPENSATION

Our 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, and any other person or entity as designated by the Omnibus Stock Plan Committee of our Board of Directors. As of December 31, 2012, there were 2,080 DSUs outstanding and 892,920 shares were available for future grant. We account for all stock-based compensation in accordance with ASC 718, *Compensation – Stock Compensation*.

DSUs

In May 2012, the Company granted each of the members of its Board of Directors, 129 DSUs with a grant date fair value of \$37,500 per grant, or \$300,000 in the aggregate. The DSUs entitle the holder 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.

8. FAIR VALUE MEASUREMENTS

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

Financial Assets and Liabilities Measured at Fair Value

Financial assets measured at fair value on our consolidated balance sheet at December 31, 2012 consists of marketable securities and is presented in the table below, based on its level in the fair value hierarchy. There were no financial assets measured at fair value at December 31, 2011 and no financial liabilities measured at fair value at December 31, 2012 and 2011.

(Amounts in thousands)	As of December 31, 2012			
	Total	Level 1	Level 2	Level 3
Marketable securities	\$ 31,206	\$ 31,206	\$ -	\$ -

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

8. 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, short-term investments, mortgages payable and leasing commissions due to Vornado. Cash equivalents and short-term investments 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 leasing commissions due to Vornado are carried at cost plus interest at variable rates, which approximate fair value. The fair value of cash equivalents (primarily money market funds) is classified as Level 1 and the fair value of short-term investments, mortgages payable and leasing commissions due to Vornado is classified as Level 2. The table below summarizes the carrying amounts and fair value of these financial instruments as of December 31, 2012 and 2011.

(Amounts in thousands)	As of December 31, 2012		As of December 31, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Cash equivalents	\$ 289,054	\$ 289,054	\$ 35,000	\$ 35,000
Short-term investments	-	-	5,000	5,000
	\$ 289,054	\$ 289,054	\$ 40,000	\$ 40,000
Liabilities:				
Mortgages payable	\$ 1,065,916	\$ 1,097,000	\$ 1,080,932	\$ 1,102,000
Leasing commissions (included in Amounts due to Vornado)	45,803	46,000	40,728	41,000
	\$ 1,111,719	\$ 1,143,000	\$ 1,121,660	\$ 1,143,000

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

9. LEASES

As Lessor

We lease space to tenants in an office building and in retail centers. The rental terms range from approximately 5 to 25 years. The leases provide for the payment of fixed base rents payable monthly in advance as well as reimbursements of real estate taxes, insurance and maintenance costs. Retail leases may also provide for the payment by the lessee of additional rents based on a percentage of their sales.

Future base rental revenue under these non-cancelable operating leases is as follows:

(Amounts in thousands)

Year Ending December 31,	Amount
2013	\$ 125,249
2014	125,536
2015	125,642
2016	117,257
2017	118,500
Thereafter	1,124,840

These future minimum amounts do not include additional rents based on a percentage of tenants' sales. For the years ended December 31, 2012, 2011, and 2010, these rents were \$416,000, \$427,000, and \$418,000, respectively.

Bloomberg accounted for \$86,468,000, \$84,526,000 and \$83,137,000, or 45%, 46% and 48% of our total revenues in the years ended December 31, 2012, 2011 and 2010, respectively. No other tenant accounted for more than 10% of our total revenues in any of the last three years. If we were to lose Bloomberg as a tenant, or if Bloomberg were to fail or become unable to perform its obligations under its lease, it would adversely affect our financial condition and results of operations. We receive and evaluate certain confidential financial information and metrics from Bloomberg on a semi-annual basis. In addition, we access and evaluate financial information regarding Bloomberg from private sources, as well as publicly available data.

As Lessee

We are a tenant under a long-term ground lease at our Flushing property, which expires in 2027 and has one 10-year extension option. Future lease payments under this operating lease, excluding the extension option, are as follows:

(Amounts in thousands)

Year Ending December 31,	Amount
2013	\$ 700
2014	700
2015	700
2016	700
2017	792
Thereafter	7,266

Rent expense was \$746,000 in each of the years ended December 31, 2012, 2011 and 2010.

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

10. COMMITMENTS AND CONTINGENCIES

Insurance

We maintain general liability insurance with limits of \$300,000,000 per occurrence and all-risk property and rental value insurance coverage with limits of \$1.7 billion per occurrence, including coverage for terrorist acts, 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 of 2007 ("TRIPRA"). Coverage for acts of terrorism (including NBCR acts) is up to \$1.7 billion per occurrence. 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 \$275,000 deductible and 15% of the balance of a covered loss and the Federal government is responsible for the remaining 85% of a covered loss. We are ultimately responsible for any loss borne by FNSIC.

There can be no assurance that we will be able to maintain similar levels of insurance coverage in the future in amounts and on terms that are commercially reasonable. 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, except for \$75,000,000 of the \$320,000,000 mortgage on our 731 Lexington Avenue property, in the event of a substantial casualty, as defined. Our mortgage loans contain customary covenants requiring us to maintain insurance. If lenders insist on greater coverage than we are able to obtain, it could adversely affect our ability to finance our properties.

Flushing Property

In 2002 Flushing Expo, Inc. ("Expo") agreed to purchase the stock of the entity which owns the Flushing property from us ("Purchase of the Property") and gave us a non-refundable deposit of \$1,875,000. Pursuant to a stipulation of settlement, we settled the action Expo brought against us regarding the Purchase of the Property and in June 2011, deposited the settlement amount with the Court, in exchange for which we received a stipulation of discontinuance, with prejudice, as well as general releases. In November 2011, Expo filed another action, this time against our tenant at the Flushing property asserting, among other things, that such tenant interfered with Expo's Purchase of the Property from us and sought \$50,000,000 in damages from our tenant, who sought indemnification from us for such amount. In August 2012, the Court entered judgment denying Expo's claim for damages. Expo filed a motion to re-argue the decision, which the Court denied on December 7, 2012. Expo has appealed the Court's original decision. We believe, after consultation with counsel, that the amount or range of reasonably possible losses, if any, cannot be estimated.

Paramus

In 2001, we leased 30.3 acres of land located in Paramus, New Jersey to IKEA Property, Inc. The lease has a 40-year term with 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 \$4,058,000 of standby letters of credit were issued and outstanding as of December 31, 2012.

Other

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

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

11. MULTIEMPLOYER BENEFIT PLANS

Our subsidiaries make contributions to certain multiemployer defined benefit plans ("Multiemployer Pension Plans") and health plans ("Multiemployer Health Plans") for our union represented employees, pursuant to the respective collective bargaining agreements.

Multiemployer Pension Plans

Multiemployer Pension Plans differ from single-employer pension plans in that (i) contributions to multiemployer plans may be used to provide benefits to employees of other participating employers and (ii) if other participating employers fail to make their contributions, each of our subsidiaries may be required to bear their pro-rata share of unfunded obligations. If a participating subsidiary withdraws from a plan in which it participates, it may be subject to a withdrawal liability. As of December 31, 2012, our subsidiaries' participation in these plans were not significant to our consolidated financial statements.

In the years ended December 31, 2012, 2011 and 2010 our subsidiaries contributed \$196,000, \$215,000 and \$229,000, respectively, towards Multiemployer Pension Plans. Of these amounts, \$135,000, \$140,000 and \$149,000, in the years ended December 31, 2012, 2011 and 2010, respectively, represent contributions associated with continuing operations, which are included as a component of "operating" expenses on our consolidated statements of income. Our subsidiaries' contributions did not represent more than 5% of total employer contributions in any of these plans for the years ended December 31, 2012, 2011 and 2010.

Multiemployer Health Plans

Multiemployer Health Plans in which our subsidiaries participate provide health benefits to eligible active and retired employees. In the years ended December 31, 2012, 2011 and 2010 our subsidiaries contributed \$734,000, \$731,000 and \$735,000, respectively, towards these plans. Of these amounts, \$484,000, \$480,000 and \$510,000 in the years ended December 31, 2012, 2011 and 2010, respectively, represent contributions associated with continuing operations, which are included as a component of "operating" expenses on our consolidated statements of income.

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 (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 years ended December 31, 2012, 2011 and 2010.

	For the Years Ended December 31,		
	2012	2011	2010
(Amounts in thousands, except share and per share amounts)			
Income from continuing operations	\$ 50,041	\$ 54,831	\$ 49,159
Income from discontinued operations, net of income attributable to the noncontrolling interest	624,346	24,592	17,270
Net income attributable to common stockholders – basic and diluted	<u>\$ 674,387</u>	<u>\$ 79,423</u>	<u>\$ 66,429</u>
Weighted average shares outstanding – basic and diluted	<u>5,107,610</u>	<u>5,106,568</u>	<u>5,105,936</u>
Income from continuing operations	\$ 9.80	\$ 10.74	\$ 9.63
Income from discontinued operations, net	122.24	4.81	3.38
Net income per common share – basic and diluted	<u>\$ 132.04</u>	<u>\$ 15.55</u>	<u>\$ 13.01</u>

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

13. SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

(Amounts in thousands, except per share amounts)	<u>Revenues</u>	<u>Net Income Attributable to Common Stockholders</u>	<u>Net Income Per Common Share⁽¹⁾</u>	
			<u>Basic</u>	<u>Diluted</u>
2012				
December 31	\$ 48,491	\$ 617,157 ⁽²⁾	\$ 120.82	\$ 120.82
September 30	48,642	18,856	3.69	3.69
June 30	46,878	18,892	3.70	3.70
March 31	47,301	19,482	3.81	3.81
2011				
December 31	\$ 46,558	\$ 20,634	\$ 4.04	\$ 4.04
September 30	46,949	20,425	4.00	4.00
June 30	45,377	20,157	3.95	3.95
March 31	46,362	18,207	3.57	3.57

(1) The total for the year may differ from the sum of the quarters as a result of weighting.

(2) Includes a \$599,628 net gain on sale of real estate.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures – Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, have 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 Annual Report on Form 10-K. 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.

Internal Control Over Financial Reporting – There have not been any changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities and Exchange Act of 1934, as amended) during the fourth quarter of the fiscal year to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING**

The management of Alexander's, Inc., together with its consolidated subsidiaries (the "Company"), is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of the Company's principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America.

As of December 31, 2012, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that the Company's internal control over financial reporting as of December 31, 2012 is effective.

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's financial statements.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2012 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing on page 61 of this Annual Report on Form 10-K, which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2012.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the internal control over financial reporting of Alexander's, Inc. and subsidiaries (the "Company") as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedules as of and for the year ended December 31, 2012 of the Company and our report dated February 26, 2013 expressed an unqualified opinion on those financial statements and financial statement schedules and included explanatory paragraphs relating to the Company's sale of the Kings Plaza Regional Shopping Center and presentation of comprehensive income.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
February 26, 2013

ITEM 9B. OTHER INFORMATION

None.

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Information relating to our directors, including our audit committee and audit committee financial expert, will be contained in a definitive Proxy Statement involving the election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended. We will file the Proxy Statement with the Securities and Exchange Commission no later than 120 days after December 31, 2012. Such information is incorporated by reference herein. Also incorporated herein by reference is the information under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" of the Proxy Statement.

The following is a list of the names, ages, principal occupations and positions with us of our executive officers and the positions held by such officers during the past five years.

<u>Name</u>	<u>Age</u>	<u>PRINCIPAL OCCUPATION, POSITION AND OFFICE (Current and during past five years with the Company unless otherwise stated)</u>
Steven Roth	71	Chairman of the Board of Directors since May 2004 and Chief Executive Officer since March 1995; Chairman of the Board of Vornado Realty Trust since May 1989; Chief Executive Officer of Vornado Realty Trust from May 1989 through May 2009; a Trustee of Vornado Realty Trust since 1979; and Managing General Partner of Interstate Properties.
Michael D. Fascitelli	56	President since August 2000; Director of the Company since December 1996; Chief Executive Officer of Vornado Realty Trust since May 2009 and President and Trustee since December 1996; Partner at Goldman Sachs & Co., in charge of its real estate practice, from December 1992 to December 1996; and, prior thereto, Vice President at Goldman Sachs & Co.
Joseph Macnow	67	Executive Vice President and Chief Financial Officer since June 2002; Executive Vice President – Finance and Administration from March 2001 to June 2002; Vice President and Chief Financial Officer from August 1995 to March 2001; Executive Vice President – Finance and Administration of Vornado Realty Trust since January 1998 and Chief Financial Officer of Vornado Realty Trust since March 2001; and Vice President and Chief Financial Officer of Vornado Realty Trust from 1985 to January 1998.

We have a code of business conduct and ethics that applies to, among others, our Chief Executive Officer and Executive Vice President and Chief Financial Officer. The code is posted on our website at www.alx-inc.com. We intend to satisfy our disclosure obligation regarding amendments and waivers of this code applicable to our Chief Executive Officer and Executive Vice President and Chief Financial Officer by posting such information on our website.

ITEM 11. EXECUTIVE COMPENSATION

Information relating to executive compensation will be contained in the Proxy Statement referred to in “Item 10. Directors, Executive Officers and Corporate Governance” of this Annual Report on Form 10-K. Such information is incorporated by reference herein.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information relating to security ownership of certain beneficial owners and management and related stockholder matters, except as set forth below, will be contained in the Proxy Statement referred to in “Item 10. Directors, Executive Officers and Corporate Governance” of this Annual Report on Form 10-K. Such information is incorporated by reference herein.

Equity Compensation Plan Information

The following table provides information as of December 31, 2012, regarding our equity compensation.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	2,080	\$ -	892,920
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	2,080	\$ -	892,920

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information relating to certain relationships and related transactions and director independence will be contained in the Proxy Statement referred to in “Item 10. Directors, Executive Officers and Corporate Governance” of this Annual Report on Form 10-K. Such information is incorporated by reference herein.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information relating to principal accounting fees and services will be contained in the Proxy Statement referred to in “Item 10. Directors, Executive Officers and Corporate Governance” of this Annual Report on Form 10-K. Such information is incorporated by reference herein.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Annual Report on Form 10-K.

1. The consolidated financial statements are set forth in Item 8 of this Annual Report on Form 10-K.
2. The following financial statement schedules should be read in conjunction with the financial statements included in Item 8 of this Annual Report on Form 10-K.

	Pages in this Annual Report on Form 10-K
Schedule II – Valuation and Qualifying Accounts – years ended December 31, 2012, 2011 and 2010	66
Schedule III – Real Estate and Accumulated Depreciation as of December 31, 2012, 2011 and 2010	67

All other financial statement schedules are omitted because they are not applicable, not required, or the information is included elsewhere in the consolidated financial statements or the notes thereto.

3. The following exhibits listed on the Exhibit Index, which is incorporated herein by reference, are filed with this Annual Report on Form 10-K.

Exhibit No.	
10.53	Contribution Agreement and Joint Escrow Instructions, dated as of October 21, 2012, by and between Alexander’s Kings Plaza LLC, Alexander’s of Kings LLC and Kings Parking LLC, and Brooklyn Kings Plaza LLC
10.54	Fifth Amendment to Amended and Restated Management and Development Agreement, dated as of December 1, 2012, by and between Alexander’s, Inc., the subsidiaries party thereto and Vornado Management Corp
12	Computation of Ratios
21	Subsidiaries of Registrant
23	Consent of Independent Registered Public Accounting Firm
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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: February 26, 2013

By: /s/ Joseph Macnow

Joseph Macnow, Executive Vice President
and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
By: <u>/s/Steven Roth</u> (Steven Roth)	Chairman of the Board of Directors (Principal Executive Officer)	February 26, 2013
By: <u>/s/Michael D. Fascitelli</u> (Michael D. Fascitelli)	President and Director	February 26, 2013
By: <u>/s/Joseph Macnow</u> (Joseph Macnow)	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 26, 2013
By: <u>/s/Thomas R. DiBenedetto</u> (Thomas R. DiBenedetto)	Director	February 26, 2013
By: <u>/s/David Mandelbaum</u> (David Mandelbaum)	Director	February 26, 2013
By: <u>/s/Arthur Sonnenblick</u> (Arthur Sonnenblick)	Director	February 26, 2013
By: <u>/s/Neil Underberg</u> (Neil Underberg)	Director	February 26, 2013
By: <u>/s/Richard R. West</u> (Richard R. West)	Director	February 26, 2013
By: <u>/s/Russell B. Wight Jr.</u> (Russell B. Wight Jr)	Director	February 26, 2013

ALEXANDER'S, INC. AND SUBSIDIARIES

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS

(Amounts in thousands)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Year	Additions: Charged Against Operations	Deductions: Uncollectible Accounts Written Off	Balance at End of Year
<i>Allowance for doubtful accounts:</i>				
Year Ended December 31, 2012	\$ 1,039	\$ 1,304	\$ (124)	\$ 2,219
Year Ended December 31, 2011	\$ 1,047	\$ 427	\$ (435)	\$ 1,039
Year Ended December 31, 2010	\$ 1,736	\$ (22)	\$ (667)	\$ 1,047

ALEXANDER'S, INC. AND SUBSIDIARIES
SCHEDULE III-REAL ESTATE AND ACCUMULATED DEPRECIATION

DECEMBER 31, 2012
(Amounts in thousands)

COLUMN A Description	COLUMN B Encumbrances	COLUMN C Initial Cost to Company ⁽¹⁾		COLUMN D Costs Capitalized Subsequent to Acquisition	COLUMN E Gross Amount at Which Carried at Close of Period				COLUMN F Accumulated Depreciation and Amortization	COLUMN G Date of Construction	COLUMN H Date Acquired ⁽¹⁾	COLUMN I Depreciation in Latest Income Statement is Computed
		Land	Building, Leaseholds and Leasehold Improvements		Land	Building, Leaseholds and Leasehold Improvements	Construction In Progress	Total ⁽²⁾				
Commercial Property:												
New York, NY												
Rego Park I	\$ 78,246	\$ 1,647	\$ 8,953	\$ 47,568	\$ 1,647	\$ 56,400	\$ 121	\$ 58,168	\$ 24,534	1959	1992	3-39 years
Rego Park II	272,245	3,127	1,467	380,854	3,127	382,041	280	385,448	31,612	2009	1992	3-40 years
Rego Park III	-	779	-	2,314	779	503	1,811	3,093	42	N/A	1992	5-15 years
Flushing	-	-	1,660	(107)	-	1,553	-	1,553	672	1975 ⁽³⁾	1992	N/A
Lexington Avenue	647,425	14,432	12,355	424,822	27,497	424,112	-	451,609	103,966	2003	1992	9-39 years
Paramus, NJ												
	68,000	1,441	-	10,313	11,754	-	-	11,754	-	N/A	1992	N/A
Other Properties												
	-	167	1,804	(1,804)	167	-	-	167	-	N/A	1992	N/A
TOTAL	<u>\$ 1,065,916</u>	<u>\$ 21,593</u>	<u>\$ 26,239</u>	<u>\$ 863,960</u>	<u>\$ 44,971</u>	<u>\$ 864,609</u>	<u>\$ 2,212</u>	<u>\$ 911,792</u>	<u>\$ 160,826</u>			

(1) Initial cost is as of May 15, 1992 (the date on which the Company commenced its real estate operations).

(2) The net basis of the Company's assets and liabilities for tax purposes is approximately \$184,806 lower than the amount reported for financial statement purposes.

(3) Represents the date the lease was acquired.

ALEXANDER'S, INC. AND SUBSIDIARIES
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION
(Amounts in thousands)

	December 31,		
	2012	2011	2010
REAL ESTATE:			
Balance at beginning of period	\$ 906,907	\$ 897,312	\$ 879,833
Additions (deletions) during the period:			
Land	-	-	-
Buildings and leasehold improvements	3,776	49,027	94,188
Development and construction in progress	1,109	(39,432)	(76,646)
	911,792	906,907	897,375
Less: Fully depreciated assets	-	-	(63)
Balance at end of period	<u>\$ 911,792</u>	<u>\$ 906,907</u>	<u>\$ 897,312</u>
ACCUMULATED DEPRECIATION:			
Balance at beginning of period	\$ 136,460	\$ 112,765	\$ 91,247
Additions charged to operating expenses	24,366	23,695	21,581
	160,826	136,460	112,828
Less: Fully depreciated assets	-	-	(63)
Balance at end of period	<u>\$ 160,826</u>	<u>\$ 136,460</u>	<u>\$ 112,765</u>

EXHIBIT INDEX

Exhibit No.		
3.1	-	Amended and Restated Certificate of Incorporation. Incorporated herein by reference from Exhibit 3.1 to the registrant's Registration Statement on Form S-3 filed on September 20, 1995
3.2	-	By-laws, as amended. Incorporated herein by reference from Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000
10.1	-	Real Estate Retention Agreement dated as of July 20, 1992, between Vornado Realty Trust and Keen Realty Consultants, Inc., each as special real estate consultants, and the Company. Incorporated herein by reference from Exhibit 10(i)(O) to the registrant's Annual Report on Form 10-K for the fiscal year ended July 25, 1992
10.2	-	Extension Agreement to the Real Estate Retention Agreement, dated as of February 6, 1995, between the Company and Vornado Realty Trust. Incorporated herein by reference from Exhibit 10(i)(G)(2) to the registrant's Annual Report Form 10-K for the year ended December 31, 1994
10.3	-	Agreement of Lease dated as of April 30, 2001 between Seven Thirty One Limited Partnership, landlord, and Bloomberg L.P., tenant. Incorporated herein by reference from Exhibit 10(v) B to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001, filed on August 2, 2001
10.4	-	Lease dated as of October 2, 2001 by and between ALX of Paramus LLC, as Landlord, and IKEA Property, Inc. as Tenant. Incorporated herein by reference from Exhibit 10(v)(C)(4) to the registrant's Annual Report on Form 10-K for the year ended December 31, 2001, filed on March 13, 2002
10.5	-	First Amendment to Real Estate Retention Agreement, dated as of July 3, 2002, by and between Alexander's, Inc. and Vornado Realty, L.P. Incorporated herein by reference from Exhibit 10(i)(E)(3) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, filed on August 7, 2002
10.6	-	59th Street Real Estate Retention Agreement, dated as of July 3, 2002, by and between Vornado Realty, L.P., 731 Residential LLC and 731 Commercial LLC. Incorporated herein by reference from Exhibit 10(i)(E)(4) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, filed on August 7, 2002
10.7	-	Amended and Restated Management and Development Agreement, dated as of July 3, 2002, by and between Alexander's, Inc., the subsidiaries party thereto and Vornado Management Corp. Incorporated herein by reference from Exhibit 10(i)(F)(1) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, filed on August 7, 2002
10.8	-	Limited Liability Company Operating Agreement of 731 Residential LLC, dated as of July 3, 2002, among 731 Residential Holding LLC, as the sole member, Domenic A. Borriello, as an Independent Manager and Kim Lutthang, as an Independent Manager. Incorporated herein by reference from Exhibit 10(i)(A)(1) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, filed on August 7, 2002
10.9	-	Limited Liability Company Operating Agreement of 731 Commercial LLC, dated as of July 3, 2002, among 731 Commercial Holding LLC, as the sole member, Domenic A. Borriello, as an Independent Manager and Kim Lutthang, as an Independent Manager. Incorporated herein by reference from Exhibit 10(i)(A)(2) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, filed on August 7, 2002
*		Incorporated by reference.

- 10.10 - Reimbursement Agreement, dated as of July 3, 2002, by and between Alexander's, Inc., 731 Commercial LLC, 731 Residential LLC and Vornado Realty, L.P. Incorporated herein by reference from Exhibit 10(i)(C)(8) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, filed on August 7, 2002 *
- 10.11 - First Amendment of Lease, dated as of April 19, 2002, between Seven Thirty One Limited Partnership, landlord and Bloomberg L.P., tenant. Incorporated herein by reference from Exhibit 10(v)(B)(2) to the registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2002, filed on August 7, 2002 *
- 10.12 - Loan and Security Agreement, dated as of February 13, 2004, between 731 Office One LLC, as Borrower and German American Capital Corporation, as Lender. Incorporated herein by reference from Exhibit 10.20 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004 *
- 10.13 - Amended, Restated and Consolidated Mortgage, Security Agreement, Financing Statement and Assignment of Leases, Rent and Security Deposits by and between 731 Office One LLC as Borrower and German American Capital Corporation as Lender, dated as of February 13, 2004. Incorporated herein by reference from Exhibit 10.21 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004 *
- 10.14 - Amended, Restated and Consolidated Note, dated as of February 13, 2004, by 731 Office One LLC in favor of German American Capital Corporation. Incorporated herein by reference from Exhibit 10.22 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004 *
- 10.15 - Assignment of Leases, Rents and Security Deposits from 731 Office One LLC to German American Capital Corporation, dated as of February 13, 2004. Incorporated herein by reference from Exhibit 10.23 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004 *
- 10.16 - Account and Control Agreement, dated as of February 13, 2004, by and among German American Capital Corporation as Lender, and 731 Office One LLC as Borrower, and JP Morgan Chase as Cash Management Bank. Incorporated herein by reference from Exhibit 10.24 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004 *
- 10.17 - Manager's Consent and Subordination of Management Agreement dated February 13, 2004 by 731 Office One LLC and Alexander's Management LLC and German American Capital Corporation. Incorporated herein by reference from Exhibit 10.25 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004 *
- 10.18 - Note Exchange Agreement dated as of February 13, 2004 by and between 731 Office One LLC and German American Capital Corporation. Incorporated herein by reference from Exhibit 10.26 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004 *

* Incorporated by reference.

- | | | | |
|-------|----|--|---|
| 10.19 | - | Promissory Note A-1 dated as of February 13, 2004 by 731 Office One LLC in favor of German American Capital Corporation. Incorporated herein by reference from Exhibit 10.27 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004 | * |
| 10.20 | - | Promissory Note A-2 dated as of February 13, 2004 by 731 Office One LLC in favor of German American Capital Corporation. Incorporated herein by reference from Exhibit 10.28 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004 | * |
| 10.21 | - | Promissory Note A-3 dated as of February 13, 2004 by 731 Office One LLC in favor of German American Capital Corporation. Incorporated herein by reference from Exhibit 10.29 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004 | * |
| 10.22 | - | Promissory Note A-4 dated as of February 13, 2004, by 731 Office One LLC in favor of German American Capital Corporation. Incorporated herein by reference from Exhibit 10.30 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004 | * |
| 10.23 | - | Promissory Note A-X dated as of February 13, 2004, by 731 Office One LLC in favor of German American Capital Corporation. Incorporated herein by reference from Exhibit 10.31 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004 | * |
| 10.24 | - | Promissory Note B dated as of February 13, 2004, by 731 Office One LLC in favor of German American Capital Corporation. Incorporated herein by reference from Exhibit 10.32 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004 | * |
| 10.25 | - | Guaranty of Recourse Obligations dated as of February 13, 2004, by Alexander's, Inc. to and for the benefit of German American Capital Corporation. Incorporated herein by reference from Exhibit 10.33 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004 | * |
| 10.26 | - | Environmental Indemnity dated as of February 13, 2004, by Alexander's, Inc. and 731 Office One LLC for the benefit of German American Capital Corporation. Incorporated herein by reference from Exhibit 10.34 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004 | * |
| 10.27 | - | Loan Agreement dated as of July 6, 2005, between 731 Retail One LLC, as Borrower and Archon Financial, as Lender. Incorporated herein by reference from Exhibit 10.1 to the registrant's Current Report on Form 8-K, filed on July 12, 2005 | * |
| 10.28 | ** | Form of Stock Option Agreement between the Company and certain employees. Incorporated herein by reference from Exhibit 10.61 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, filed on October 27, 2005 | * |

*

Incorporated by reference.

**

Management contract or compensatory agreement.

- 10.29 ** - Form of Restricted Stock Option Agreement between the Company and certain employees. Incorporated herein by reference from Exhibit 10.62 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, filed on October 27, 2005 *
- 10.30 ** - Registrant's 2006 Omnibus Stock Plan dated April 4, 2006. Incorporated herein by reference from Annex B to Schedule 14A, filed by the registrant on April 28, 2006 *
- 10.31 - - Second Amendment to Real Estate Retention Agreement, dated as of January 1, 2007, by and between Alexander's, Inc. and Vornado Realty L.P. Incorporated herein by reference from Exhibit 10.64 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2006, filed on February 26, 2007 *
- 10.32 - - Amendment to 59th Street Real Estate Retention agreement, dated as of January 1, 2007, by and among Vornado Realty L.P., 731 Retail One LLC, 731 Restaurant LLC, 731 Office One LLC and 731 Office Two LLC. Incorporated herein by reference from Exhibit 10.65 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2006, filed on February 26, 2007 *
- 10.33 - - First Amendment to Amended and Restated Management and Development Agreement, dated as of July 6, 2005, by and between Alexander's, Inc., the subsidiaries party thereto and Vornado Management Corp. Incorporated herein by reference from Exhibit 10.52 to the registrant's Annual Report on Form 10-K, for the year ended December 31, 2007, filed on February 25, 2008 *
- 10.34 - - Second Amendment to Amended and Restated Management and Development Agreement, dated as of December 20, 2007, by and between Alexander's, Inc., the subsidiaries party thereto and Vornado Management Corp. Incorporated herein by reference from Exhibit 10.53 to the registrant's Annual Report on Form 10-K, for the year ended December 31, 2007, filed on February 25, 2008 *
- 10.35 - - Third Amendment to Real Estate Retention Agreement, dated as of December 20, 2007, by and between Alexander's, Inc., and Vornado Realty L.P. Incorporated herein by reference from Exhibit 10.55 to the registrant's Annual Report on Form 10-K, for the year ended December 31, 2007, filed on February 25, 2008 *
- 10.36 - - Loan Agreement dated as of March 10, 2009 between Alexander's Rego Park Shopping Center Inc., as Borrower and U.S. Bank National Association, as Lender. Incorporated herein by reference from Exhibit 10.55 to the registrant's Quarterly Report on for 10-Q for the quarter ended March 31, 2009, filed on May 4, 2009 *
- 10.37 - - Amended and Restated Mortgage, Security Agreement, Fixture Filing and Assignment of Leases and Rentals by and between Alexander's Rego Shopping Center, Inc. as Borrower and U.S. Bank National Association as Lender, dated as of March 10, 2009. Incorporated herein by reference from Exhibit 10.56 to the registrant's Quarterly Report on for 10-Q for the quarter ended March 31, 2009, filed on May 4, 2009 *
- 10.38 - - Amended and Restated Promissory Note dated as of March 10, 2009, by Alexander's Rego Shopping Center Inc., in favor of U.S. Bank National Association. Incorporated herein by reference from Exhibit 10.57 to the registrant's Quarterly Report on for 10-Q for the quarter ended March 31, 2009, filed on May 4, 2009 *
- 10.39 - - Cash Pledge Agreement dated as of March 10, 2009, executed by Alexander's Rego Shopping Center Inc. to and for the benefit of U.S. Bank National Association. Incorporated herein by reference from Exhibit 10.58 to the registrant's Quarterly Report on for 10-Q for the quarter ended March 31, 2009, filed on May 4, 2009 *

* Incorporated by reference.

** Management contract or compensatory agreement.

- 10.40 - Lease dated as of February 7, 2005, by and between 731 Office One LLC, as Landlord, and Citibank, N.A., as Tenant. Incorporated herein by reference from Exhibit 10.59 to the registrant's Quarterly Report on for 10-Q for the quarter ended March 31, 2009, filed on May 4, 2009 *
- 10.41 - Assignment and Assumption and Consent Agreement, dated as of March 25, 2009, by and between 731 Office One LLC, as Landlord, Citicorp North America, Inc., as Assignor, and Bloomberg L.P., as Assignee. Incorporated herein by reference from Exhibit 10.60 to the registrant's Quarterly Report on form 10-Q for the quarter ended March 31, 2009, filed on May 4, 2009 *
- 10.42 ** - Alexander's, Inc. 2006 Omnibus Stock Plan Deferred Stock Unit Agreement. Incorporated herein by reference to Exhibit 99.1 to the registrant's Current Report on Form 8-K, filed on June 2, 2011 *
- 10.43 - Third Amendment to Amended and Restated Management and Development Agreement, dated as of November 30, 2011, by and between Alexander's, Inc., the subsidiaries party thereto and Vornado Management Corp. Incorporated herein by reference from Exhibit 10.49 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2011, filed on February 27, 2012 *
- 10.44 - Loan and Security Agreement, dated November 30, 2011, by and between Rego II Borrower LLC, as Borrower, and the Lender. Incorporated herein by reference from Exhibit 10.50 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2011, filed on February 27, 2012 *
- 10.45 - Consolidated, Amended and Restated Promissory Note, dated November 30, 2011, by and between Rego II Borrower LLC, as Maker, and the Lender. Incorporated herein by reference from Exhibit 10.51 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2011, filed on February 27, 2012 *
- 10.46 - Consolidated, Amended and Restated Mortgage, Assignment of Leases and Rents and Security Agreement, dated November 30, 2011, by and between Rego II Borrower LLC, as Mortgagor, and the Mortgagee. Incorporated herein by reference from Exhibit 10.52 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2011, filed on February 27, 2012 *
- 10.47 - Guarantee of Recourse Carveouts, dated November 30, 2011, by Alexander's, Inc., as Guarantor, to and for the benefit of the Lender. Incorporated herein by reference from Exhibit 10.53 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2011, filed on February 27, 2012 *
- 10.48 - Environmental Indemnity Agreement, dated November 30, 2011, among Rego II Borrower LLC and Alexander's, Inc., individually or collectively as Indemnitor, in favor of the Lender. Incorporated herein by reference from Exhibit 10.54 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2011, filed on February 27, 2012 *
- 10.49 - First Omnibus Loan Modification and Extension Agreement dated March 12, 2012 by and between Alexander's Rego Shopping Center, Inc., as Borrower and U.S. Bank National Association, as Lender. Incorporated herein by reference from Exhibit 10.55 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, filed on May 7, 2012 *
- 10.50 - Mortgage Modification Agreement dated March 12, 2012 by and between Alexander's Rego Shopping Center, Inc., as Mortgagor and U.S. Bank National Association, as Mortgagee. Incorporated herein by reference from Exhibit 10.56 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, filed on May 7, 2012. *

* Incorporated by reference.

** Management contract or compensatory agreement.

**CONTRIBUTION AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

for

Kings Plaza Shopping Center

by

and

between

ALEXANDER'S KINGS PLAZA, LLC,

ALEXANDER'S OF KINGS, LLC,

KINGS PARKING, LLC,

each a Delaware limited liability company

and

BROOKLYN KINGS PLAZA LLC,

a Delaware limited liability company

Dated as of
October 21, 2012

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CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT (this "Agreement") is made as of this 21st day of October, 2012 (the "Effective Date") between **ALEXANDER'S KINGS PLAZA, LLC**, a Delaware limited liability company, **ALEXANDER'S OF KINGS, LLC**, a Delaware limited liability company and **KINGS PARKING, LLC**, a Delaware limited liability company, each having an address of c/o Vornado Realty Trust, 888 Seventh Avenue, New York, New York 10019 (collectively, "Contributor"), and **BROOKLYN KINGS PLAZA LLC**, a Delaware limited liability company, having an address c/o Manatt, Phelps & Phillips, LLP, 7 Times Square, New York, New York 10036, Attn: K. Moore ("BKP").

In consideration of the mutual promises, covenants, and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Contributor and BKP agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Definitions. For purposes of this Agreement, the following capitalized terms have the meanings set forth in this Section 1.1:

"Affiliate" means, with respect to any entity, any other entity that, directly or indirectly, controls, is controlled by or is under common control with such entity.

"Anchor Tenant" means Best Buy, Lowe's and Sears.

"AOB" has the meaning ascribed to such term in Section 10.9(b).

"AOB II" has the meaning ascribed to such term in Section 10.9(a).

"Assignment" has the meaning ascribed to such term in Section 10.3(d).

"Assignment of Ground Lease" has the meaning ascribed to such term in Section 10.3(n).

"Assignment of Ground Lessee Membership Interests" has the meaning ascribed to such term in Section 10.10.

"Assignment of Leases" has the meaning ascribed to such term in Section 10.3(g).

"Assignment of Operating Agreement" has the meaning ascribed to such term in Section 10.3(e).

"Assumed Contracts" means those Contracts which are assumable by BKP and which BKP elects to assume as provided in this Agreement. Not later than 40 days prior to the Scheduled Closing Date, BKP shall notify Contributor in writing of any Contracts which BKP does not agree to assume at Closing as an Assumed Contract. If BKP fails to timely deliver such notice to Contributor, all Contracts shall be deemed Assumed Contracts. Notwithstanding the

foregoing, (i) except for Contracts related to the ownership, operation or maintenance of the Power Plant, no Contract between Contributor and an Affiliate of Contributor shall be an Assumed Contract, and (ii) the Contracts with Store Financial Services, LLC and Office Solutions, Inc. that are listed on Exhibit 8.1(l) must be Assumed Contracts.

“Authorities” means the various federal, state and local governmental and quasi-governmental bodies or agencies having jurisdiction over the Real Property and Improvements, or any portion thereof, including any utility company or other private party entitled to exercise the power of eminent domain.

“Bill of Sale” has the meaning ascribed to such term in Section 10.3(b).

“BKP’s Affiliates” means any entity that, directly or indirectly, controls, is controlled by or is under common control with BKP.

“BKP’s Costs” has the meaning ascribed to such term in Section 3.3.

“Broker” has the meaning ascribed to such term in Section 16.1.

“Business Day” means any day other than a Saturday, Sunday or a day on which the Federal Reserve Bank in New York, New York is closed for business.

“Capital Improvement” has the meaning ascribed to such term in Section 7.1.

“Cash Consideration” has the meaning ascribed to such term in Section 3.1.

“Certificate as to Non-Foreign Status” has the meaning ascribed to such term in Section 10.3(f).

“Cleanup” means the completion of the cleanup of the “OU-1” operable unit at the Property pursuant to the Voluntary Cleanup Agreement, dated as of February 26, 2001, with the DEC, including the delivery to BKP of a customary “no further action” letter or similar customary regulatory approval from DEC with respect to such cleanup.

“Closing” means the consummation of the contribution of the Property contemplated by this Agreement, as provided for in Article X.

“Closing Date” means the date on which the Closing of the transaction contemplated hereby actually occurs.

“Closing Statement” has the meaning ascribed to such term in Section 10.3(j).

“Closing Surviving Obligations” means the rights, liabilities and obligations set forth in Sections 3.4, 5.3, 5.4, 7.5, 8.1, 8.2, 8.3, 8.4, 9.1, 10.4, 10.5, 10.7, 10.8(a), 10.9, 10.10, 16.1, 18.1, 19.3, 19.10, 19.13 and Article XIV, and any other provisions which pursuant to their terms survive the Closing hereunder.

“Code” has the meaning ascribed to such term in Section 19.17.

“Collection Costs” has the meaning ascribed to such term in Section 11.1.

“Collective Bargaining Agreements” means, collectively, (i) the 2008 Commercial Building Agreement, dated as of January 1, 2008, by and between the Realty Advisory Board on Labor Relations, Inc. and the Service Employees International Union, Local 32BJ, as amended by the Stipulation of Agreement, dated as of December 31, 2011, and the Rider, dated as of May 25, 2012, by and between Alexander’s Inc. and the Service Employees International Union, Local 32BJ, (ii) the 2008 Contractors Agreement, dated as of January 1, 2008 by and between the Realty Advisory Board on Labor Relations, Inc. and Service Employees International Union, Local 32BJ, as amended by the Stipulation of Agreement dated as of December 31, 2011, and (iii) the Agreement – Kings Plaza Mall, dated as of September 5, 2011, by and between Alexander’s Kings Plaza Center Inc. and the Service Employees International Union, Local 32BJ.

“Consideration” has the meaning ascribed to such term in Section 3.1.

“Contracts” means all contracts and agreements between Contributor or any of its Affiliates and any third party for the provision of any services, repairs, materials, equipment, maintenance, management, utilities or supplies to the Real Property, Improvements or Personal Property binding upon Contributor or the Property.

“Contributor Parties” has the meaning ascribed to such term in Section 5.3(c).

“Contributor’s Affidavit” has the meaning ascribed to such term in Section 9.1(d).

“Contributor’s Affiliates” means any entity that, directly or indirectly, controls, is controlled by or is under common control with Contributor.

“Corporation” means the sole general partner of the Partnership.

“DEC” means the New York State Department of Environmental Conservation.

“Deductible” has the meaning ascribed to such term in Section 11.1.

“Deed” has the meaning ascribed to such term in Section 10.3(a).

“Deposit Deadline” has the meaning ascribed to such term in Section 4.1.

“Documents” has the meaning ascribed to such term in Section 5.2(a).

“Earnest Money Deposit” has the meaning ascribed to such term in Section 4.1.

“Effective Date” has the meaning ascribed to such term in the Preamble to this Agreement.

“Environmental Policy” means that certain Commerce and Industry Insurance Company Pollution Legal Liability Select Policy #PLS18808207, effective for the period May 30, 2011 to July 15, 2016, together with any extensions or renewals thereof, if applicable.

“Environmental Laws” means each and every federal, state, county and municipal statute, ordinance, rule, regulation, code, order, requirement, directive, binding written interpretation and binding written policy pertaining to Hazardous Substances issued by any Authorities and in effect as of the date of this Agreement applicable to the Real Property or the Improvements, or any portion thereof, the use, ownership, occupancy or operation of the Real Property or the Improvements, or any portion thereof, or Contributor, and as same have been amended, modified or supplemented from time to time prior to the Effective Date, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 et seq.), the Hazardous Substances Transportation Act (49 U.S.C. § 1802 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), as amended by the Hazardous and Solid Wastes Amendments of 1984, the Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Safe Drinking Water Act (42 U.S.C. § 300f et seq.), the Clean Water Act (33 U.S.C. § 1321 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Radon Gas and Indoor Air Quality Research Act of 1986 (42 U.S.C. § 7401 et seq.), the National Environmental Policy Act (42 U.S.C. § 4321 et seq.), the Superfund Amendment Reauthorization Act of 1986 (42 U.S.C. § 9601 et seq.) and any and all rules and regulations which have become effective prior to the date of this Agreement under such statutes.

“ERISA” has the meaning ascribed to such term in Section 18.1(d).

“Escrow Agent” means Commonwealth Land Title Insurance Company.

“Exchange” has the meaning ascribed to such term in Section 19.17.

“Excluded Information” has the meaning ascribed to such term in Section 8.1(y).

“Existing Financing” means the existing financing which encumbers the Property, which is currently held by Wells Fargo Bank, N.A. as administrative agent for the other lenders.

“Existing Title Policy” means Contributor’s existing owner’s policy of title insurance for the Real Property.

“Former Environmental Policy” means that certain Commerce and Industry Insurance Company Pollution Legal Liability Select Clean-up Cost Cap Insurance, Policy #PCCC8086756, effective for the period May 30, 2001 to May 30, 2011.

“GAAP” means U.S. generally accepted accounting principles.

“Governmental Regulations” means all statutes, ordinances, rules and regulations of the Authorities applicable to Contributor or the use or operation of the Property or any portion thereof.

“Ground Lease Estoppel Certificate” has the meaning ascribed to such term in Section 9.1(e).

“Ground Lease” means that certain Indenture between the City of New York, a municipal corporation existing under the laws of the State of New York, and U & F Realty Corp., dated as

of November 29, 1967, as amended by an Amendment of Indenture dated September 19, 1969, and assigned by U & F Realty Corp. to Kings Plaza Shopping Center of Flatbush Avenue, Inc. and Kings Plaza Shopping Center of Avenue U, Inc. pursuant to an Assignment and Assumption Agreement dated January 27, 1970, as further amended by letter agreement dated May 15, 1972 and by Agreement dated May 25, 1976, and as further assigned by Kings Plaza Shopping Center of Avenue U, Inc. (as successor by merger to Kings Plaza Shopping Center of Flatbush Avenue, Inc.) to Alexander's Department Stores of Brooklyn, Inc., pursuant to an Assignment and Assumption of City Lease, dated as of June 18, 1998, and as further assigned by Alexander's Department Stores of Brooklyn, Inc. to Alexander's of Kings, LLC, pursuant to an Assignment and Assumption of Lease, dated as of May 31, 2001, as further amended by Amendment to Lease dated May 12, 2005.

"Guarantor" means Alexander's, Inc., a Delaware corporation.

"Guarantor Consent" has the meaning ascribed to such term in Section 9.1(d).

"Hazardous Substances" means the following (in the case of (a), (b) and (c), to the extent defined, determined or identified as hazardous or toxic under any Environmental Law): (a) asbestos, radon gas and urea formaldehyde foam insulation), (b) any solid, liquid, gaseous or thermal contaminant, including smoke vapor, soot, fumes, acids, alkalis, chemicals, petroleum products or byproducts, polychlorinated biphenyls, phosphates, lead or other heavy metals and chlorine, (c) any solid or liquid waste (including, without limitation, hazardous waste), hazardous air pollutant, hazardous substance, hazardous chemical substance and mixture, toxic substance, pollutant, pollution, regulated substance and contaminant, and (d) any other chemical, material or substance, the use or presence of which, or exposure to the use or presence of which, is prohibited, limited or regulated by any Environmental Laws.

"Improvements" means all buildings, structures, fixtures, parking areas and other improvements located on the Real Property, including without limitation, the Power Plant.

"Intangible Property" means all of Contributor's right, title and interest, to the extent assignable, in and to all (a) logos, designs, service marks, copyrights, trade names, trademarks used solely in connection with the Property, excluding, however, the names "Alexander's" and "Vornado" and the logos, marks and other intellectual property associated therewith and with variations thereof, but including Contributor's rights in and to the name "Kings Plaza" and the logos, marks and other intellectual property associated therewith and with variations thereof to the extent used solely in connection with the Property; (b) internet websites, internet domain names, social networking website accounts or similar internet addresses, identifiers or other internet presence relating solely to the Property; (c) telephone exchange numbers identified with the Property, and (d) other intangible property related solely to the Property and Contributor's ownership and operation of the Improvements.

"L/C" has the meaning ascribed to such term in Section 10.4(k).

"L/C Transfer" has the meaning ascribed to such term in Section 10.4(k).

"Leasing Expenditures" has the meaning ascribed to such term in Section 7.3.

“Leases” means all of the leases, subleases, concessions and other similar occupancy agreements entered into by Contributor (or a predecessor-in-interest) as landlord, together with all amendments, renewals, modifications, written waivers and guaranties thereof, if any, including any New Leases entered into as provided in this Agreement.

“Licensee Parties” has the meaning ascribed to such term in Section 5.1.

“Licenses and Permits” means, collectively, to the extent assignable, all licenses, permits, certificates of occupancy, approvals, dedications, subdivision maps and entitlements now or hereafter issued, approved or granted by the Authorities exclusively in connection with the Real Property and the Improvements, together with all renewals and modifications thereof.

“Make-Whole Amount” means (x) the Scheduled Make-Whole Amount minus (y) twenty-five percent (25%) of the Net Working Capital of the Power Plant JV as of the Closing Date.

“Multiemployer Pension Plan” has the meaning ascribed to such term in Section 18.1(d).

“Net Working Capital” means (w) cash plus (x) accounts receivable and other current assets (including any prepaid insurance) minus (y) accounts payable minus (z) accrued expenses.

“New Leases” has the meaning ascribed to such term in Section 7.3.

“Operating Agreement Estoppel Certificate” has the meaning ascribed to such term in Section 9.1(f).

“Operating Agreement” means the Amended and Restated Construction, Operation and Reciprocal Easement Agreement, dated as of June 18, 1998, by and among Macy’s Kings Plaza Real Estate, Inc., Alexander’s Kings Plaza Center, Inc. and Alexander’s Department Stores of Brooklyn, Inc., as amended, modified or supplemented as more particularly described on **Exhibit 1.1(A)**.

“Other Liens” means liens (other than Voluntary Liens and any mechanic’s and materialman’s liens filed with respect to any work performed by or for any Tenants other than by Contributor or its agents and for which Tenant is not required to reimburse Contributor or in connection with Capital Improvements made in accordance with Section 7.1 that will be paid in full at Closing) encumbering the Property (including judgments and federal, state and municipal tax liens) which (i) are in liquidated amounts and which may be satisfied solely by the payment of money (including the preparation or filing of appropriate satisfaction instruments in connection therewith), excluding, however, any liens relating to obligations that are subject to adjustment between Contributor and BKP pursuant to the terms of this Agreement, and (ii) do not exceed in the aggregate Five Million Dollars (\$5,000,000.00).

“Partnership” means the limited partnership that is the sole member of BKP.

“Permitted Exceptions” means and include all of the following: (a) the lien of taxes and assessments not yet due and payable (it being agreed by BKP and Contributor that if any tax or assessment is levied or assessed with respect to the Property after the Effective Date and the

owner of the Property has the election to pay such tax or assessment either immediately or under a payment plan with interest, Contributor may elect to pay under a payment plan, which election shall be binding on BKP provided that Contributor shall pay at or prior to closing any installment due prior to the Closing Date); (b) any exclusions from coverage set forth in the jacket in the form of owner's policy of title insurance used by the Title Company, it being agreed that Contributor shall deliver a title affidavit in the form attached hereto as **Exhibit 10.3(o)** to permit the Title Company to omit or modify certain of such exclusions; (c) any exceptions caused by BKP, its agents, representatives or employees; (d) any matters deemed to constitute Permitted Exceptions under ARTICLE VI hereof; (e) matters disclosed or described on the Survey; (f) title defects and encumbrances to title that are listed on **Exhibit 1.1(B)**; (g) such other exceptions as the Title Company shall commit to insure over with BKP's consent, not to be unreasonably withheld, delayed or conditioned, without any additional cost to BKP, whether such insurance is made available in consideration of payment, bonding, indemnity of Contributor or otherwise; (h) any recorded notices of commencement related to on-going construction build-out of any Tenant spaces pursuant to the terms of the Leases (provided the same are shown on the Title Commitment or any update thereof), and any mechanic's liens filed with respect to work at the Property performed by or for (other than by Contributor or any its agents or representatives) any of the Tenants and which the Tenant in question remains obligated to pay and discharge in full at its sole cost and expense; provided, however, that Contributor shall use its commercially reasonable efforts to enforce the terms of the applicable Leases and require any such Tenants to post bonds over such liens, and Contributor shall cause such bonds to be filed in the Kings County clerk's office or such appropriate place of filing, on or prior to the Closing; (i) the Leases and the Assumed Contracts; (j) any state of facts a physical inspection of the Property would disclose as of the Effective Date; and (k) local, state and federal laws, ordinances or governmental regulations, including but not limited to, building and zoning laws, ordinances and regulations, now or hereafter in effect relating to the Property. Permitted Exceptions shall not include matters required to be removed as of closing pursuant to this Agreement.

"Permitted Outside Parties" has the meaning ascribed to such term in Section 5.2(b).

"Per-Share Value" has the meaning ascribed to such term in Section 3.4(a).

"Personal Property" means (i) all fixtures, furniture, furnishings, tools, artwork, signage, vehicles, machinery, inventory, supplies and equipment as of the Effective Date located at and used or usable in connection with the ownership and operation of the Improvements which are owned by Contributor or its property manager, and (ii) all files, books and records relating solely to the ownership and operating of the Property, in whatever form they exist and wherever located which are owned by Contributor or its property manager. The Personal Property to be conveyed is subject to depletions, replacements and additions in the ordinary course of Contributor's business. Personal Property shall not include (a) materials that are subject to the attorney-client privilege, unless they relate to obligations BKP is assuming pursuant to this Agreement, in which case such materials shall constitute Personal Property and the parties shall cooperate to protect such privilege; (b) property owned by Tenants or others, (c) personal property leased by Contributor unless BKP assumes such lease, or (d) the Improvements.

"Power Plant" has the meaning ascribed to such term in Section 10.9(a).

“Power Plant Allonge” has the meaning ascribed to such term in Section 10.9(b).

“Power Plant Assignment of ESA and License Agreement” has the meaning ascribed to such term in Section 10.9(c).

“Power Plant Assignment of GSA” has the meaning ascribed to such term in Section 10.9(b).

“Power Plant Assignment of Loan Documents” has the meaning ascribed to such term in Section 10.9(b).

“Power Plant Assignment of Membership Interests” has the meaning ascribed to such term in Section 10.9(c).

“Power Plant Bill of Sale” has the meaning ascribed to such term in Section 10.9(b).

“Power Plant Closing” has the meaning ascribed to such term in Section 10.9(b).

“Power Plant JV” has the meaning ascribed to such term in Section 10.9(a).

“Power Plant Lender” has the meaning ascribed to such term in Section 10.9(a).

“Power Plant Loan” has the meaning ascribed to such term in Section 10.9(a).

“Power Plant PSA” has the meaning ascribed to such term in Section 10.9(a).

“Power Plant Purchaser” has the meaning ascribed to such term in Section 10.9(a).

“Power Plant Purchaser Guaranty” has the meaning ascribed to such term in Section 10.9(b).

“Power Plant Seller” has the meaning ascribed to such term in Section 10.9(a).

“Property” has the meaning ascribed to such term in Section 2.1.

“Proration Items” has the meaning ascribed to such term in Section 10.4.

“Proration Time” has the meaning ascribed to such term in Section 10.4.

“Real Property” means that certain parcel or parcels of real property more particularly described on the legal description attached hereto and made a part hereof as **Exhibit 1.1(C)** attached hereto, including Contributor’s rights thereto and estates therein pursuant to the Ground Lease, together with all of Contributor’s right, title and interest, if any, in and to the appurtenances pertaining thereto, including but not limited to Contributor’s right, title and interest in and to the adjacent streets, alleys and right-of-ways, and any easement rights, air rights, subsurface development rights and water rights.

“Registration Rights Agreement” has the meaning ascribed to such term in Section 10.2(c).

“Required Tenants” means (i) all Anchor Tenants; (ii) all Tenants at the Property under existing Leases demising 20,000 square feet or more; and (iii) of the remaining Tenants of the Improvements under existing Leases as of the Effective Date, those whose aggregate leased square footage equals or exceeds eighty percent (80%) of the aggregate occupied square footage of the Property under such Leases (exclusive of the square footage occupied by Anchor Tenants and Tenants under existing Leases demising 20,000 square feet or more) (it being agreed that, at current occupancy levels, eighty percent (80%) of the aggregate occupied square footage of the Property, exclusive of the square footage occupied by Anchor Tenants and Tenants under existing Leases demising 20,000 square feet or more, would equal 217,611 square feet).

“Scheduled Closing Date” means Thursday, November 28, 2012, subject to Contributor’s right to extend the Scheduled Closing Date as provided in Section 9.1(d), or BKP’s right to extend the Scheduled Closing Date as provided in Section 10.1, or such earlier or later date to which BKP and Contributor may hereafter agree in writing or as may be specifically provided for in this Agreement.

“Scheduled Make-Whole Amount” means (i) if the Closing occurs on or before November 15, 2012, Five Million Eight Hundred Sixty-Three Thousand Seven Hundred Seventy-Seven Dollars (\$5,863,777); (ii) if the Closing occurs between November 16, 2012 and November 30, 2012, Five Million Eight Hundred Forty Thousand Seven Hundred Seventy-Seven Dollars (\$5,840,777); (iii) if the Closing occurs between December 1, 2012 and December 15, 2012, Five Million Eight Hundred Twenty Thousand Six Hundred Fifty-Two Dollars (\$5,820,652); and (iv) if the Closing occurs between December 16, 2012 and December 31, 2012, Five Million Eight Hundred One Thousand Five Hundred Twenty-Seven Dollars (\$5,801,527); provided, that if the Closing occurs on or after January 1, 2013, the parties shall calculate an appropriate Scheduled Make-Whole Amount using the same formula by which the other amounts in this definition were calculated.

“Shares” has the meaning ascribed to such term in Section 3.4(a).

“Specified Employees” has the meaning ascribed to such term in Section 18.1(a).

“Surety Period” has the meaning ascribed to such term in Section 18.1(d).

“Survey” means that certain survey made by Bartlett, Ludlam & Dill, Associates and last updated as of July 20, 2012 (job no. 88442-P).

“Survival Period” has the meaning ascribed to such term in Section 8.4.

“Tangible Net Worth” means the excess of the total assets of a person (exclusive of all assets that may be classified as intangible assets) determined in accordance with GAAP, over the total liabilities of such person determined in accordance with GAAP.

“Tenant Estoppel Certificates” has the meaning ascribed to such term in Section 9.1(d).

“Tenants” means the tenants, licensees or other occupants of space at the Property under the Leases.

“Termination Payments” has the meaning ascribed to such term in Section 18.1(b).

“Termination Surviving Obligations” means the rights, liabilities and obligations set forth in Sections 5.2, 5.3, 5.4 and 12.1, and Articles XIII, XIV, XVI and XIX (other than Section 19.16), and any other provisions which pursuant to their terms survive any termination of this Agreement.

“TI Expenditures” has the meaning ascribed to such term in Section 7.3

“Title Agent” means Commonwealth Land Title Insurance Company.

“Title Commitment” has the meaning ascribed to such term in Section 6.1(c).

“Title Company” means Commonwealth Land Title Insurance Company, provided that it shall enter into a facultative reinsurance agreement with Stewart Title Guaranty Company, as to a ten percent (10%) portion of the Title Policy.

“Title Defects” means any title matters relating to the Real Property or Improvements that are not approved or deemed approved by BKP in accordance with this Agreement. “Title Defects” shall not include (i) liens and security interests securing any financings to Contributor and any mechanic’s liens resulting from work at the Real Property that is required hereunder to be paid or discharged by Contributor prior to or at the Closing or pro-rated pursuant to Section 10.4, (ii) any Permitted Exceptions, and (iii) local, state and federal laws, ordinances or governmental regulations, including but not limited to, building and zoning laws, ordinances and regulations, now or hereafter in effect relating to the Property.

“Title Objection Date” has the meaning ascribed to such term in Section 6.2.

“Title Objections” has the meaning ascribed to such term in Section 6.2.

“Title Policy” means the owner’s title insurance policy issued pursuant to the Title Commitment.

“Treasury Regulations” has the meaning ascribed to such term in Section 19.17.

“Voluntary Liens” means (i) liens and other encumbrances (other than Permitted Exceptions) which Contributor has knowingly and intentionally suffered or affirmatively placed on the Property (which includes any mortgage, lien or instrument placed, created or consented to by Contributor in violation of Article VII below) and (ii) any mechanic’s lien with respect to work contracted for by Contributor at the Property (but excluding any mechanic’s liens filed with respect to any work performed by or for any Tenants, other than by Contributor or its agents or in connection with Capital Improvements made in accordance with Section 7.1 that will be paid in full at Closing).

“WARN” has the meaning ascribed to such term in Section 18.1(a).

“Warranties” means assignable warranties and guaranties, if any, held by Contributor in connection with the Improvements or Personal Property.

Section 1.2 References: Exhibits and Schedules. Except as otherwise specifically indicated, all references in this Agreement to Articles or Sections refer to Articles or Sections of this Agreement, and all references to Exhibits or Schedules refer to Exhibits or Schedules attached hereto, all of which Exhibits and Schedules are incorporated into, and made a part of, this Agreement by reference. The words “herein,” “hereof,” “hereinafter” and words and phrases of similar import refer to this Agreement as a whole and not to any particular Section or Article.

Section 1.3 Commercial Reasonableness. Wherever in this Agreement a party is required to use “commercially reasonable” efforts, the fulfillment of such requirement shall not obligate such party to initiate litigation or declare an event of default with respect to a Tenant under a Lease.

ARTICLE II CONTRIBUTION AGREEMENT

Section 2.1 Agreement. Contributor hereby agrees to contribute and convey to BKP, and BKP hereby agrees to accept from Contributor, on the Closing Date and subject to the terms and conditions of this Agreement (including, without limitation, Section 10.9), all of Contributor’s right, title and interest in and to the following (collectively, the “Property”):

- (a) the Real Property;
- (b) the Improvements;
- (c) the Personal Property, if any;
- (d) except as provided in Section 10.9, the Power Plant;
- (e) the Leases, and any security deposits then held by Contributor under the Leases, subject to the terms of the applicable Leases;
- (f) the Assumed Contracts;
- (g) the Operating Agreement;
- (h) the Licenses and Permits;
- (i) the Intangible Property;
- (j) the Ground Lease; and
- (k) the Warranties, if any.

ARTICLE III CONSIDERATION

Section 3.1 Consideration. The consideration for the contribution of the Property (the “Consideration”) shall consist of (i) the Shares, deliverable at Closing as provided in Section 3.4, plus (ii) cash consideration in an amount equal to the difference between (x) Seven Hundred

Fifty-One Million Dollars (\$751,000,000) and (y) the value of the Shares at the Per-Share Value (the "Cash Consideration"), in lawful currency of the United States of America, payable as provided in Section 3.3 and as the same may be adjusted pursuant to Section 3.4(b) and/or Section 10.9(c).

Section 3.2 Assumption of Obligations. As additional consideration for the contribution of the Property, at the Closing, BKP will assume all of the covenants and obligations of Contributor pursuant to the Operating Agreement, Assumed Contracts and Licenses and Permits which are to be performed on or subsequent to the Closing Date.

Section 3.3 Method of Payment of Cash Consideration. No later than 12:00 noon (New York time) on the Scheduled Closing Date, subject to the satisfaction of the conditions set forth in Section 9.1 or elsewhere in this Agreement to be satisfied prior to Closing, BKP shall deliver to the Title Agent for payment to Contributor in accordance with the terms of this Agreement, the Cash Consideration (less the Earnest Money Deposit), together with all other costs and amounts to be paid by BKP at the Closing pursuant to the terms of this Agreement (collectively, "BKP's Costs"), by Federal Reserve wire transfer of immediately available funds to the account of the Title Agent. The Title Agent, following authorization and instruction by the parties at the Closing, shall (a) pay to Contributor by Federal Reserve wire transfer of immediately available funds to an account designated by Contributor, the Cash Consideration, less any costs or other amounts to be paid by Contributor at the Closing and prorations pursuant to the terms of this Agreement, (b) pay to the appropriate payees out of the proceeds of closing payable to Contributor all costs and amounts to be paid by Contributor at the Closing pursuant to the terms of this Agreement, and (c) pay BKP's Costs to the appropriate payees at the Closing pursuant to the terms of this Agreement.

Section 3.4 Shares.

(a) As payment of a portion of the Consideration, Contributor shall receive restricted shares of common stock ("Shares") in the Corporation, which shall be issued to Contributor pursuant to a private placement, with a value equal to Twenty-Five Million, Two Hundred Nineteen Thousand, Five Hundred Dollars (\$25,219,500), based on a per-Share value equal to the average of the closing trading price of Shares on the New York Stock Exchange on each of the ten (10) trading days immediately prior to the Closing Date (the "Per-Share Value"). No later than 12:00 p.m. (New York time) on the Closing Date, subject to the satisfaction of the conditions set forth in Section 9.1 to be satisfied prior to Closing, BKP shall deliver the Shares to the Title Agent for delivery to Contributor in accordance with the terms of this Agreement; provided, that BKP may deliver facsimile or .pdf copies of the certificate(s) evidencing the Shares on the Closing Date with originals to follow as promptly as practicable after the Closing Date. BKP shall cause the Corporation to take such corporate actions as are necessary to cause the Shares to be duly authorized and validly issued to Contributor.

(b) No later than 6 p.m. (New York time) on the trading day immediately prior to the Closing Date, Contributor may elect, by written notice to BKP, to increase the number of Shares deliverable to Contributor to a number that, when valued at the closing trading price of shares of common stock in the Corporation on the New York Stock Exchange on the trading day immediately prior to the Closing Date, causes the total value of the Shares to equal

up to Thirty Million Dollars (\$30,000,000.00). Notwithstanding the preceding sentence, the Cash Consideration will be calculated using the Per-Share Value, as set forth in Section 3.1.

(c) Contributor may not sell, assign or otherwise transfer any of the Shares received pursuant to this Section 3.4 to any Person until the one (1) year anniversary of the Closing Date. Following the one (1) year anniversary of the Closing Date and subject to applicable federal and state securities laws, Contributor may sell all or any of the Shares, on one or more occasions, pursuant to the procedures set forth in this Section 3.4(c). No less than one (1) Business Day prior to any proposed sale, Contributor shall notify BKP in writing of its intention to sell Shares, indicating the number of Shares to be sold and the proposed sale date (which must be a New York Stock Exchange trading day). No later than the opening of trading on the New York Stock Exchange on the proposed sale date, BKP shall notify Contributor whether it elects to purchase all of the Shares proposed to be sold, at a price equal to the mean between the bid and the ask for such Shares on the New York Stock Exchange as of 12:00 noon (New York time) on the proposed sale date, in which case, BKP will be bound to purchase, and Contributor will be bound to sell, the Shares at such price. If BKP declines to purchase all of the Shares or fails to timely respond to Contributor's notice, then Contributor may sell all or any portion of the Shares proposed to be sold at any time on the proposed sale date. If BKP elects to purchase all of the Shares but fails to complete such purchase at the required price, then (without limiting Contributor's remedies with respect to such breach) Contributor's obligations to comply with the procedures set forth in this Section 3.4(c) shall cease to be of any further force and effect

(d) Notwithstanding the foregoing, Contributor may elect, prior to the Closing, to take zero (0) Shares and receive the entire Consideration in the form of cash.

(e) Contributor hereby represents and warrants to BKP, as of the Effective Date and as of the Closing Date, as follows:

(i) Exemption From Registration. Contributor understands that the offering and sale of the Shares are intended to be exempt from registration under the Securities Act and applicable U.S. state securities laws in reliance on the private placement exemption from registration provided in Section 4(2) of the Securities Act and Regulation D promulgated thereunder and exemptions under applicable U.S. state securities laws.

(ii) No Advice. Contributor acknowledges that none of BKP, the Corporation nor any Affiliate thereof has rendered any investment advice or securities valuation advice to Contributor, and that Contributor is neither subscribing for nor acquiring any interest in the Corporation in reliance upon, or with the expectation of, any such advice.

(iii) No Other Representations; No Reliance. No representations or warranties have been made to Contributor with respect to the investment in the Shares or the Corporation other than the representations set forth herein, and Contributor has not relied upon any representation or warranty not provided herein.

(iv) Securities Resale Representations. Contributor understands and acknowledges that the Shares are not registered under the Securities Act or any state securities laws. Contributor understands that the Shares cannot be sold unless they are registered under the Securities Act and applicable state securities laws or an exemption from such registration is available.

(v) Nature of Contributor. Contributor is an “accredited investor” as defined in Rule 501(a) of the Securities Act. In the normal course of Contributor’s business, it invests in and sells securities and is familiar with the terms of securities with characteristics similar to the Shares. Contributor is a sophisticated purchaser with respect to the Shares and has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of such sale, is aware of and has considered the financial risks and financial hazards of purchasing the Shares on the terms set forth in this Agreement.

(f) The provisions of this Section 3.4 shall survive Closing.

Section 3.5 No Financing Contingency. Notwithstanding anything to the contrary contained in this Agreement, BKP acknowledges and agrees that this transaction, and BKP’s obligations under this Agreement, are not conditioned on or subject to BKP obtaining financing for any portion of the Consideration or BKP’s Costs, provided that the foregoing shall not be construed to prohibit BKP from obtaining acquisition financing for the transactions herein contemplated.

Section 3.6 Cooperation in Assignment of Existing Financing. Contributor shall use commercially reasonable efforts, upon the request of BKP, to cooperate in causing an assignment to BKP or its designee of the mortgage securing the Existing Financing at Closing, provided, however, that (a) Contributor shall not be obligated to incur any out-of-pocket cost or expense in connection with such assignment, and (b) nothing in this Section 3.6 shall be construed as a representation that the lender under the Existing Financing will, or is obligated to cooperate in any such assignment. BKP and its lender shall be entitled to the full benefit of the resulting mortgage recording tax savings.

ARTICLE IV ESCROW DEPOSIT AND ESCROW INSTRUCTIONS

Section 4.1 The Earnest Money Deposit. BKP has deposited with the Escrow Agent, by Federal Reserve wire transfer of immediately available funds, the sum of Forty-Five Million Dollars (\$45,000,000) as the deposit (the “Earnest Money Deposit,” which term shall include all interest earned thereon). Except to the extent otherwise expressly set forth in this Agreement, the Earnest Money Deposit shall be non-refundable to BKP. If for any reason whatsoever BKP fails to deliver the Deposit to the Escrow Agent, on or before the Deposit Deadline, then this Agreement shall automatically be deemed terminated and neither party shall have any further obligations to the other under this Agreement except for the Termination Surviving Obligations.

Section 4.2 Escrow Instructions. The Earnest Money Deposit shall be held in escrow by the Escrow Agent in an interest-bearing account, in accordance with the provisions of Article XVII. Interest on the Earnest Money Deposit shall be earned and credited for the benefit of BKP.

Section 4.3 Designation of Certifying Person. In order to assure compliance with the requirements of Section 6045 of the Internal Revenue Code of 1986, as amended (the "Code"), and any related reporting requirements of the Code, the Title Agent agrees to assume all responsibilities for information reporting required under Section 6045(e) of the Code, and Contributor and BKP hereby designate the Title Agent as the person to be responsible for all information reporting under Section 6045(e) of the Code.

ARTICLE V INSPECTION OF PROPERTY

Section 5.1 BKP's Inspection of the Property. BKP and its authorized agents and representatives (for purposes of this Article V, the "Licensee Parties") shall continue to have the right, subject to the rights of the Tenants, to enter upon the Real Property at all reasonable times during normal business hours to perform such tests and inspections of the Property as BKP may deem appropriate. BKP will provide to Contributor not less than twenty-four (24) hours' advance written (which may be by electronic mail) or telephonic notice of the intention of BKP or the other Licensee Parties (x) to enter the Real Property prior to such intended entry, including the intended purpose of its inspections and examinations contemplated to be made, and (y) to communicate with Contributor's or manager's employees or Tenants' or Contributor's vendors or the Authorities. Except as required by law or regulations or in connection with carrying out its obligations hereunder, or as permitted in Section 5.2 or Article XII, BKP shall not make any notifications or disclosures to any Authorities or any other third party (other than BKP's consultants, attorneys, investors, lenders and other professionals) regarding any matter revealed in its inspections of the Property without Contributor's written permission, which may be withheld in Contributor's sole discretion. To the extent BKP makes such permitted notifications or disclosures, BKP shall provide Contributor with copies of same. At Contributor's option, Contributor or a representative of Contributor may be present for any entry, inspection or examination of the Property or communication with Contributor's or manager's employees or Tenants' or Contributor's vendors or the Authorities. Notwithstanding anything to the contrary contained herein, no destructive testing or sampling of surface or subsurface soils, surface water, groundwater, or any materials in, on or under the Property, shall be conducted during any entry by BKP or any Licensee Party upon the Real Property without Contributor's specific prior written consent, which shall not be unreasonably withheld or delayed.

Section 5.2 Document Review and Approval.

(a) Contributor has delivered, or made available to BKP at the Property, at Contributor's offices in Paramus, New Jersey, or in electronic format the information and documentation concerning the Property set forth on **Exhibit 5.2(a)** (collectively, the "Documents").

(b) BKP acknowledges that Contributor has notified BKP that the Documents are proprietary and confidential in nature and have been provided to BKP solely to assist BKP in determining the desirability of acquiring the Property. Subject only to the provisions of Article XII, BKP agrees not to disclose the contents of the Documents or any of the provisions, terms or conditions contained therein to any party outside of BKP's organization other than current or prospective lenders, partners or investors, and BKP's and such other Persons' respective attorneys, accountants, engineers, consultants (including the Licensee Parties), and the Title Company (collectively, the "Permitted Outside Parties"). BKP shall use commercially reasonable efforts to inform each of the Permitted Outside Parties that receives any of such information of the restrictions set forth in this Section 5.2(b), and to instruct each such Permitted Outside Party to comply with such restrictions. BKP agrees not to divulge the contents of the Documents except in strict accordance with the terms set forth in this Section 5.2 and Article XII. In permitting BKP and the Permitted Outside Parties to review the Documents to assist BKP in determining the desirability of acquiring the Property, Contributor has not waived any privilege or claim of confidentiality with respect thereto, and no third party benefits or relationships of any kind, either express or implied, have been offered, intended or created by Contributor, and any such claims are expressly rejected by Contributor and waived by BKP and the Permitted Outside Parties, for whom, by its execution of this Agreement, BKP is acting as an agent solely with regard to such waiver.

(c) BKP acknowledges that some of the Documents may have been prepared by third parties, and may have been prepared prior to Contributor's ownership of the Property. BKP hereby acknowledges that Contributor has not made and does not make any representation or warranty regarding the truth, accuracy or completeness of the Documents or the sources thereof, except as otherwise specifically set forth in this Agreement. Contributor has not undertaken any independent investigation as to the truth, accuracy or completeness of the documents, including without limitations any reports or other investigations commissioned by Contributor or any of Contributor's Affiliates and, except as otherwise specifically set forth in this Agreement, is providing the Documents solely as an accommodation to BKP.

Section 5.3 Entry and Inspection Obligations.

(a) BKP agrees that in entering upon and inspecting the Property, BKP and the other Licensee Parties will (i) comply with any reasonable requirements or guidelines imposed or established by Contributor consistent with the other terms hereof, and (ii) shall not unreasonably disturb the Tenants or unreasonably interfere with the use of the Property pursuant to the Leases; shall not unreasonably interfere with the operation and maintenance of the Real Property or Improvements, it being understood and agreed that site visits, inspections and "walk-throughs" do not constitute unreasonable interference or disturbance per se; damage any part of the Property or any personal property owned or held by the Tenants or any other person or entity; not injure or otherwise cause bodily harm to Contributor, the Tenants or to any of their respective agents, invitees, contractors and employees; not permit any liens to attach to the Property by reason of the exercise of BKP's rights under this Article V; or not reveal or disclose any information obtained from Contributor or the Broker (or as a result of inspections) concerning the Property and the Documents to anyone outside BKP's organization, except in accordance with the terms set forth in Section 5.2(b) and Article XII. BKP will, and shall cause its Licensee Parties to, maintain comprehensive general liability (occurrence) insurance on terms

and in amounts reasonably satisfactory to Contributor and workers' compensation insurance in statutory limits to the extent BKP or any Licensee Party performs any physical inspection or sampling at the Real Property in accordance with Section 5.1. In each case (other than with respect to worker's compensation insurance), such policies shall insure Contributor, BKP, Contributor's property manager, and such other parties as Contributor shall reasonably request, and BKP shall deliver to Contributor evidence of insurance verifying such coverage prior to entry upon the Real Property. BKP shall also (i) promptly pay when due the costs of all inspections and examinations done with regard to the Property; (ii) cause all inspections to be conducted in accordance with standards customarily employed in the industry and in compliance with all Governmental Regulations; (iii) upon termination of this Agreement other than by reason of Contributor's default, at Contributor's written request, promptly furnish to Contributor copies of any third party studies, reports or test results received by BKP regarding the Property in connection with any such inspections; and (iv) repair any damage to the Real Property and Improvements resulting from any such entry upon the Real Property and inspection or examination by BKP.

(b) **BKP HEREBY INDEMNIFIES, DEFENDS AND HOLDS CONTRIBUTOR, CONTRIBUTOR'S AFFILIATES, CONTRIBUTOR'S PROPERTY MANAGER, AND THE AGENTS, DIRECTORS, PARTNERS, MEMBERS, OFFICERS, EMPLOYEES, SUCCESSORS AND ASSIGNS OF EACH OF THEM (COLLECTIVELY, THE "CONTRIBUTOR PARTIES") HARMLESS FROM AND AGAINST ANY AND ALL LIENS, CLAIMS, CAUSES OF ACTION, DAMAGES, LIABILITIES, DEMANDS, SUITS, AND OBLIGATIONS TO THIRD PARTIES, TOGETHER WITH ALL LOSSES, PENALTIES, COSTS AND EXPENSES RELATING TO ANY OF THE FOREGOING (INCLUDING BUT NOT LIMITED TO COURT COSTS AND REASONABLE ATTORNEYS' FEES), ARISING OUT OF ANY INSPECTIONS, INVESTIGATIONS, EXAMINATIONS, SAMPLINGS OR TESTS CONDUCTED BY BKP OR ANY OF THE LICENSEE PARTIES, WHETHER PRIOR TO OR AFTER THE DATE HEREOF, WITH RESPECT TO THE PROPERTY. NOTWITHSTANDING THE FOREGOING, BKP SHALL NOT BE LIABLE TO CONTRIBUTOR PARTIES FOR ANY LIABILITIES OR LOSSES ARISING OUT OF ANY EXISTING PHYSICAL OR ENVIRONMENTAL CONDITIONS AT THE PROPERTY.**

Section 5.4 **Contribution "AS IS".**

(a) In addition to BKP's inspection and review rights as set forth above, BKP may investigate any and all other aspects of the Property as it may desire, including zoning, land use, environmental, economic and may conduct such other examinations, inspections and investigations of the Property or the use or operation thereof which BKP, in BKP's sole discretion, determines to make, consistent with the terms of this Agreement.

(b) **THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT HAS BEEN NEGOTIATED BETWEEN CONTRIBUTOR AND BKP. THIS AGREEMENT REFLECTS THE MUTUAL AGREEMENT OF CONTRIBUTOR AND BKP, AND BKP HAS THE RIGHT TO CONDUCT ITS OWN INDEPENDENT EXAMINATION OF THE PROPERTY. OTHER THAN THE MATTERS REPRESENTED IN THIS AGREEMENT AND IN THE CLOSING DOCUMENTATION**

DELIVERED BY CONTRIBUTOR IN CONNECTION WITH THE CLOSING, BKP HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY REPRESENTATION OR WARRANTY OF CONTRIBUTOR OR ANY OF CONTRIBUTOR'S AGENTS OR REPRESENTATIVES, AND BKP HEREBY ACKNOWLEDGES THAT NO SUCH OTHER REPRESENTATIONS OR WARRANTIES HAVE BEEN MADE.

EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND IN THE CLOSING DOCUMENTATION DELIVERED BY CONTRIBUTOR IN CONNECTION WITH THE CLOSING, CONTRIBUTOR SPECIFICALLY DISCLAIMS, AND NEITHER CONTRIBUTOR NOR ANY OF CONTRIBUTOR'S AFFILIATES NOR ANY OTHER PERSON IS MAKING, ANY REPRESENTATION, WARRANTY OR ASSURANCE WHATSOEVER TO BKP, AND NO OTHER WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EITHER EXPRESS OR IMPLIED, ARE MADE BY CONTRIBUTOR OR RELIED UPON BY BKP WITH RESPECT TO THE STATUS OF TITLE TO OR THE MAINTENANCE, REPAIR, CONDITION, DESIGN OR MARKETABILITY OF THE PROPERTY, OR ANY PORTION THEREOF, INCLUDING BUT NOT LIMITED TO (a) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (b) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (c) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, (d) ANY RIGHTS OF BKP UNDER APPROPRIATE STATUTES TO CLAIM DIMINUTION OF CONSIDERATION, (e) ANY CLAIM BY BKP FOR DAMAGES BECAUSE OF DEFECTS, WHETHER KNOWN OR UNKNOWN, WITH RESPECT TO THE IMPROVEMENTS, (f) THE FINANCIAL CONDITION OR PROSPECTS OF THE PROPERTY AND (g) ANY OPEN BUILDING PERMITS OR OUTSTANDING BUILDING CODE VIOLATIONS RELATED TO THE PROPERTY, WHICH EXCEPT AS OTHERWISE SET FORTH HEREIN BKP AGREES CONTRIBUTOR SHALL HAVE NO OBLIGATION TO CURE, AND (h) THE COMPLIANCE OR LACK THEREOF OF THE REAL PROPERTY OR THE IMPROVEMENTS WITH GOVERNMENTAL REGULATIONS, INCLUDING WITHOUT LIMITATION ENVIRONMENTAL LAWS, NOW EXISTING OR HEREAFTER ENACTED OR PROMULGATED, IT BEING THE EXPRESS INTENTION OF CONTRIBUTOR AND BKP THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND IN THE CLOSING DOCUMENTATION DELIVERED BY CONTRIBUTOR IN CONNECTION WITH THE CLOSING, THE PROPERTY WILL BE CONVEYED AND TRANSFERRED TO BKP IN ITS CONDITION AND STATE OF REPAIR AS OF CLOSING, "AS IS, WHERE IS, WITH ALL FAULTS". BKP REPRESENTS THAT IT IS A KNOWLEDGEABLE, EXPERIENCED AND SOPHISTICATED PURCHASER OF REAL ESTATE, AND THAT EXCEPT AS OTHERWISE PROVIDED HEREIN IT IS RELYING SOLELY ON ITS OWN EXPERTISE AND THAT OF BKP'S CONSULTANTS IN PROCEEDING WITH THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT. PURSUANT TO THE TERMS HEREOF, BKP WILL HAVE BEEN GIVEN A SUFFICIENT OPPORTUNITY TO CONDUCT AND HAS CONDUCTED SUCH INSPECTIONS, INVESTIGATIONS AND OTHER INDEPENDENT EXAMINATIONS OF THE PROPERTY AND RELATED MATTERS AS BKP DEEMS NECESSARY, INCLUDING

BUT NOT LIMITED TO THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AND WILL RELY UPON SAME AND NOT UPON ANY STATEMENTS OF CONTRIBUTOR (EXCLUDING THE LIMITED MATTERS REPRESENTED BY CONTRIBUTOR HEREIN AND IN THE CLOSING DOCUMENTATION DELIVERED BY CONTRIBUTOR IN CONNECTION WITH THE CLOSING) NOR OF ANY OFFICER, DIRECTOR, EMPLOYEE, AGENT OR ATTORNEY OF CONTRIBUTOR. BKP ACKNOWLEDGES THAT ALL INFORMATION OBTAINED BY BKP WAS OBTAINED FROM A VARIETY OF SOURCES, AND, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND IN THE CLOSING DOCUMENTATION DELIVERED BY CONTRIBUTOR IN CONNECTION WITH THE CLOSING, CONTRIBUTOR WILL NOT BE DEEMED TO HAVE REPRESENTED OR WARRANTED THE COMPLETENESS, TRUTH OR ACCURACY OF ANY OF THE DOCUMENTS OR OTHER SUCH INFORMATION HERETOFORE OR HEREINAFTER FURNISHED TO BKP. UPON THE CLOSING, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND IN THE CLOSING DOCUMENTATION DELIVERED BY CONTRIBUTOR IN CONNECTION WITH THE CLOSING, BKP WILL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING, BUT NOT LIMITED TO, ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY BKP'S INSPECTIONS AND INVESTIGATIONS. BKP ACKNOWLEDGES AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND IN THE CLOSING DOCUMENTATION DELIVERED BY CONTRIBUTOR IN CONNECTION WITH THE CLOSING, UPON THE CLOSING, CONTRIBUTOR WILL CONTRIBUTE AND CONVEY TO BKP, AND BKP WILL ACCEPT THE PROPERTY, "AS IS, WHERE IS, WITH ALL FAULTS". BKP FURTHER ACKNOWLEDGES AND AGREES THAT THERE ARE NO ORAL AGREEMENTS, WARRANTIES OR REPRESENTATIONS COLLATERAL TO OR AFFECTING THE PROPERTY BY CONTRIBUTOR, ANY AGENT OF CONTRIBUTOR OR ANY THIRD PARTY. CONTRIBUTOR IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY ORAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY FURNISHED BY ANY REAL ESTATE BROKER, AGENT, EMPLOYEE OR OTHER PERSON, UNLESS THE SAME ARE SPECIFICALLY SET FORTH HEREIN. BKP ACKNOWLEDGES THAT THE CONSIDERATION REFLECTS THE "AS IS, WHERE IS" NATURE OF THIS CONTRIBUTION AND ANY FAULTS, LIABILITIES, DEFECTS OR OTHER ADVERSE MATTERS THAT MAY BE ASSOCIATED WITH THE PROPERTY (SUBJECT TO THE MATTERS EXPRESSLY SET FORTH IN THIS AGREEMENT AND IN THE CLOSING DOCUMENTATION DELIVERED BY CONTRIBUTOR IN CONNECTION WITH THE CLOSING). BKP, WITH BKP'S COUNSEL, HAS FULLY REVIEWED THE DISCLAIMERS AND WAIVERS SET FORTH IN THIS AGREEMENT AND UNDERSTANDS THE SIGNIFICANCE OF EACH AND AGREES THAT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH HEREIN ARE AN INTEGRAL PART OF THIS AGREEMENT, AND THAT CONTRIBUTOR WOULD NOT HAVE AGREED TO CONTRIBUTE THE PROPERTY TO BKP FOR THE CONSIDERATION WITHOUT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH IN THIS AGREEMENT.

BKP FURTHER RELEASES CONTRIBUTOR AND THE CONTRIBUTOR PARTIES OF AND FROM AND WAIVES ANY CLAIM OR CAUSE OF ACTION, INCLUDING WITHOUT LIMITATION ANY STRICT LIABILITY CLAIM OR CAUSE OF ACTION, THAT BKP MAY HAVE AGAINST CONTRIBUTOR OR THE CONTRIBUTOR PARTIES UNDER ANY ENVIRONMENTAL LAW, WHETHER NOW EXISTING OR HEREAFTER ENACTED OR PROMULGATED, RELATING TO ENVIRONMENTAL MATTERS OR ENVIRONMENTAL CONDITIONS IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT, OR BY VIRTUE OF ANY COMMON LAW RIGHT, NOW EXISTING OR HEREAFTER CREATED, RELATED TO ENVIRONMENTAL CONDITIONS OR ENVIRONMENTAL MATTERS IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO THE PROPERTY. THE TERMS AND CONDITIONS OF THIS SECTION 5.4 WILL EXPRESSLY SURVIVE THE TERMINATION OF THIS AGREEMENT OR THE CLOSING, AS THE CASE MAY BE, AND WILL NOT MERGE WITH THE PROVISIONS OF ANY CLOSING DOCUMENTS AND ARE HEREBY DEEMED INCORPORATED INTO THE DEED AS FULLY AS IF SET FORTH AT LENGTH THEREIN.

**ARTICLE VI
TITLE AND SURVEY MATTERS**

Section 6.1 Survey and Title Commitment.

(a) BKP has ordered from the Title Company a commitment to insure BKP's title to the Real Property, in the amount of the Cash Consideration (the "Title Commitment"), together with the best available copies of all documents relating to the title exceptions referred to therein. BKP acknowledges that Contributor has delivered the Survey to BKP. BKP may, at its cost, cause the Survey to be updated or obtain a new survey by the surveyor of its choice (each, an "Updated Survey"), and Contributor shall cooperate in such efforts consistent with its obligations set forth in Section 5.1 above.

Section 6.2 Title Update; Title Objections. Not more than ten (10) nor less than five (5) Business Days prior to Closing, either BKP or Contributor may cause the Title Commitment to be updated (and if Contributor requests BKP to cause the Title Company to update the Title Commitment, BKP shall cause the Title Company to so update the Title Commitment) and shall cause the other party to be sent a copy of the same. If the Title Commitment or any such update to the Title Commitment should reveal any Title Defects (which, as used in this Section 6.2, shall exclude a Title Defect that would have an immaterial effect on the marketability of title to the Property), which matter (i) was not caused by BKP, and (ii) to which BKP objects, BKP shall notify Contributor of same within two (2) Business Days after BKP obtains the Title Commitment or such update to the Title Commitment, but in any event, not less than two (2) Business Days prior to Closing. Nothing contained herein shall preclude the Title Agent from running any subsequent additional title updates prior to Closing, and if any such subsequent update reveals any Title Defects, BKP, upon receipt of such report, shall notify Contributor of such Title Defects not later than 9:30 a.m. on the date of the Closing (or, if BKP receives such update only on the day of the Closing, within a reasonably prompt time after such receipt). In

such event, the Scheduled Closing Date may be extended at the election of BKP for up to two (2) Business Days, at the expiration of which BKP must either accept the Property subject to such Title Defect or object to such Title Defect, in which event the provisions of Section 6.3 shall apply; provided, that in no event shall the Scheduled Closing Date be extended by reason of this Section 6.2 beyond December 20, 2012 unless either the Scheduled Closing Date shall have been extended beyond such date other than by reason of this Section 6.2 or Contributor otherwise consents.

Section 6.3 Contributor Cure Rights. For purposes of clarity, the foregoing shall in no event require Contributor to (i) remove of record any Permitted Exceptions (provided, however, Contributor acknowledges that Contributor shall obtain, at or prior to Closing, a release of the recorded loan documentation securing the Existing Financing), or (ii) take or bring any action or proceeding or take any other steps to remove any Title Defects or to expend any moneys therefor (and BKP shall have no right of action against Contributor therefor, at law or in equity), except that Contributor shall, on or prior to the Closing, pay, discharge or remove of record or cause to be paid, discharged or removed of record at Contributor's sole cost and expense all of the following items (and the failure of Contributor to do so constitutes a default under this Agreement by Contributor): (a) Voluntary Liens, regardless of the amount secured or claimed due; and (b) Other Liens. At Contributor's cost and expense, Contributor may bond any such matters to the Title Company's reasonable satisfaction provided that such bond is in an amount sufficient to satisfy the charge against the Property under the related obligation in full, and such objection shall be deemed cured provided such matter shall not be reflected as an exception in the Title Policy. Contributor shall have the right to apply the proceeds of this transaction to the satisfaction of any lien or encumbrance, but unless expressly required to do so in this Agreement, Contributor shall not be under any obligation so to do. In the event that (i) Contributor elects not to attempt to cure one or more of the Title Defects it is not obligated to cure to which BKP is entitled to object pursuant to Section 6.2 and does so object, or (ii) Contributor is unable to cure one or more of the Title Defects to which BKP is entitled to object pursuant to Section 6.2 and does so object for any period elected by Contributor, or (iii) the aggregate amount of Other Liens exceeds Five Million Dollars (\$5,000,000) and Contributor elects not to remove the Other Liens it is not obligated to remove hereunder, then Contributor shall so advise BKP and BKP shall have the right to terminate this Agreement and receive a refund of the Earnest Money Deposit or to waive the Title Defects and proceed to the Closing with an adjustment in the Consideration equal to the amount required to cure the Other Liens, up to \$5,000,000. If Contributor is obligated, or elects, to cure such matters, the Closing shall be extended for such reasonable period of time as Contributor may elect, not to exceed sixty (60) days, to allow Contributor to effectuate such cure, with the Closing to occur on a Business Day specified by Contributor and not later than five (5) Business Days from the date of Contributor's delivery to BKP of evidence reasonably acceptable to BKP that such matters have been cured.

ARTICLE VII INTERIM OPERATING COVENANTS

Section 7.1 Operations. Until Closing, Contributor shall cause the Property to be operated and maintained in a businesslike manner and substantially in accordance with Contributor's past practices with respect to the Property, provided that any casualty loss or taking by eminent domain shall be governed by Section 11 hereof. Notwithstanding the

foregoing provision of this Section to the contrary, Contributor shall not be required to make or complete any structural or extraordinary repairs, replacements or capital improvements with respect to the Property ("Capital Improvement") other than those described on **Exhibit 7.1**, which Contributor shall complete at its cost. Contributor shall not make any other Capital Improvements to the Property unless either (i) such Capital Improvement is necessary to maintain and protect the Property, to comply with the obligations of Contributor as lessor under the Leases, or to comply with applicable law, or (ii) BKP has given its prior approval thereto, and in all such cases described in clauses (i) or (ii), BKP shall reimburse Contributor for the expenditures for such Capital Improvement at the Closing, upon reasonable evidence by Contributor that Contributor has completed and paid for such Capital Improvement, in a good and workmanlike manner free and clear of liens.

Section 7.2 New Contracts; Modification of Contracts. Contributor will not enter into any new Contracts with respect to the Property without BKP's prior consent in any such instance, unless (i) such new Contract is terminable at the option of Contributor or BKP without penalty upon not more than thirty (30) days written notice, or (ii) any such new Contract will be terminated before the Closing Date. Contributor will not amend any Assumed Contract without BKP's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 7.3 New Leases.

(a) Commencing as of the Effective Date and continuing to and including the Closing Date, as long as this Agreement has not been terminated, Contributor will not execute new leases, or amend, modify or accept the surrender of any existing tenancies which are not in material default beyond applicable notice and cure periods or approve any subleases without the prior consent of BKP, which consent may be withheld or conditioned in BKP's sole discretion; provided, that BKP's prior consent shall not be required with respect to the execution, amendment, modification or surrender of leases with a term of one (1) month or less or that are terminable or non-renewable at either party's option on one (1) month's notice.

(b) With respect to any new leases or extensions or amendments to any existing Leases or any Lease which is extended pursuant to any exercise by the Tenant of an option in such Lease, where such lease, extension or amendment is executed or, with respect to an extension option, such option is exercised after the Effective Date and before the Closing Date in compliance with the Section 7.3(a) (including, for the avoidance of doubt, leases with a term of one (1) month or less or that are terminable or non-renewable at either party's option on one (1) month's notice) (each of the foregoing being referred to as a "New Lease"), and, in each case, provided that BKP has given its prior approval of such New Lease (except for exercises of extension options by Tenants, which shall not require BKP's prior approval), then at Closing BKP shall reimburse Contributor, in cash, against delivery of appropriate and customary lien waivers, invoices and other proofs of payment, for:

(i) all out-of-pocket, verifiable tenant improvement costs and expenses incurred by Contributor for repairs, improvements, equipment, painting, decorating, partitioning, carpeting, and other work performed in the Tenant's space, to the extent required under such New Lease including,

without limitation, any reimbursements paid to the Tenant in connection with any such work performed by the Tenant (but excluding costs incurred to satisfy any existing obligation owed to any Tenant under its prior leasing agreements) (collectively, the "TI Expenditures"), to the extent that such TI Expenditures have been paid by Contributor as of the date of Closing, and

(ii) all leasing or brokerage commissions payable to any third party not affiliated with Contributor in connection with a New Lease, or if payable to any Affiliate of Contributor, only to the extent the same are on market terms (collectively, the "Leasing Expenditures"), to the extent such Leasing Expenditures have been paid by Contributor as of the date of Closing.

BKP shall assume liability for unpaid Leasing Expenditures and TI Expenditures with respect to New Leases which BKP has approved (to the extent BKP's approval is required by this Section 7.3), and shall indemnify the Contributor Parties from and against any claims made in connection such Leasing Expenditures and TI Expenditures with respect to such New Leases. Notwithstanding the foregoing, Contributor agrees that BKP will be entitled to (i) a credit against the Purchase Price in the amount of unpaid tenant allowance/improvements for the Pandora lease; and (ii) a credit at Closing against the Leasing Expenditures and TI Expenditures due from BKP to Contributor in an amount equal to the applicable Leasing Expenditure or TI Expenditure, multiplied by a fraction, the numerator of which is the number of months (which number may be a fraction, in the event of any partial months) under the applicable lease for the period from the date of the rent commencement of such lease (if a new lease) or the date of the rent commencement under the extension or amendment of such lease (if an existing Lease) until the date of Closing, and the denominator of which is the total number of months (which number may be a fraction, in the event of any partial months) in the term of such new lease or extension or amendment after the commencement of rent thereunder.

(c) Notwithstanding anything to the contrary contained in this Agreement, Contributor reserves the right, but is not obligated, to (i) institute summary proceedings against Tenants after giving BKP prior written notice of same but without the need to obtain BKP's consent thereto (provided that BKP's prior written consent, not to be unreasonably withheld, delayed or conditioned, shall be required with respect to the settlement or other disposition of any such proceedings), or (ii) terminate the Leases as a result of a default by Tenants therein after the expiration of applicable notice and grace periods prior to the date of Closing after giving BKP prior written notice of same, provided that Contributor shall have obtained BKP's consent thereto, which consent may be withheld, conditioned or delayed in BKP's sole discretion. Contributor makes no representations and assumes no responsibility with respect to the continued occupancy of the Property or any part thereof by any Tenants. The removal of the defaulting Tenants whether by summary proceedings or otherwise prior to the date of Closing shall not give rise to any claim on the part of BKP (provided Contributor shall have obtained BKP's consent as provided above). BKP agrees that it shall not be grounds for BKP's refusal to close this transaction that a Tenant (including an Anchor Tenant) may be a holdover Tenant or in default under its Lease on the date of Closing and BKP shall accept title subject to such holding over or default without credit against, or reduction of, the Consideration, except as provided in Section 10.4 and Section 10.5.

(d) With respect to any consent requested of BKP under this Section, if BKP fails to consent or expressly withhold its consent (stating with specificity the basis of its objection) within five (5) Business Days after its receipt of written request for such consent, Contributor shall send a second notice to BKP requesting BKP's consent, which second notice shall contain the following legend in capitalized bold letters on the top thereof: **"THIS IS A SECOND REQUEST FOR CONSENT TO [_____]. YOUR RESPONSE IS REQUESTED WITHIN FIVE (5) BUSINESS DAYS. YOUR FAILURE TO RESPOND WITHIN SUCH TIME PERIOD SHALL RESULT IN YOUR CONSENT BEING DEEMED TO HAVE BEEN GRANTED."** In the event that BKP fails to respond to such second notice within five (5) Business Days after delivery to BKP of such second request by either consenting or expressly withholding its consent (stating with specificity the basis of its objection), then BKP's consent shall be deemed to have been granted.

(e) The provisions of this Section shall survive Closing.

Section 7.4 Delivery of Tenant Estoppel Certificates. Within two (2) days after the Effective Date, Contributor shall commence its commercially reasonable efforts to obtain Tenant Estoppel Certificates as provided in Section 9.1(d) hereof, a Ground Lease Estoppel Certificate as provided in Section 9.1(e), and an Operating Agreement Estoppel Certificate as provided in Section 9.1(f), and shall deliver to BKP after receipt, and subject to the timing requirements contained in such Sections, each Tenant Estoppel Certificate, Ground Lease Estoppel Certificate or Operating Agreement Estoppel Certificate Contributor receives that is in final form (or, if the applicable party does not deliver an executed Tenant Estoppel Certificate, Ground Lease Estoppel Certificate or Operating Agreement Estoppel Certificate but has submitted draft estoppels to Contributor, the last draft estoppel submitted by such party, along with any correspondence accompanying such draft estoppel).

Section 7.5 Environmental Insurance; Cleanup.

(a) Prior to the Closing, Contributor shall use commercially reasonable efforts to (i) cause BKP to be added as a first named insured on the Environmental Policy, to (ii) cause all valid claims under the Former Environmental Policy to be assigned to BKP (it being understood that Contributor shall remain covered by such policies as an insured), and (iii) cause the Former Environmental Policy to be assigned to BKP; provided, that in each case, BKP shall reasonably cooperate with such efforts by Contributor.

(b) Solely if and to the extent that Contributor fails to cause all valid claims under the Former Environmental Policy to be assigned to BKP pursuant to Section 7.5(a)(ii) (but regardless of whether the Former Environmental Policy is assigned to BKP pursuant to Section 7.5(a)(iii)), then from and after the Effective Date, Contributor covenants to diligently prosecute the Cleanup (i) in a commercially reasonable manner that is acceptable to the insurer of the Former Environmental Policy and applicable Authorities, (ii) at its insurers' sole cost and expense, and (iii) in a manner calculated to minimize any unreasonable interference with BKP's use and operation of the Property. Contributor shall maintain, or shall require that its contractors maintain, commercial general liability insurance in amounts customary with respect to its activities on the Property. For the avoidance of doubt and notwithstanding the foregoing, in no event shall Contributor have any liability to BKP or its Affiliates under this Section 7.5(b) to

prosecute the Cleanup or pay any costs related to the Cleanup to the extent that the costs of the Cleanup are not paid by the insurer pursuant to the Former Environmental Policy, and any costs of the Cleanup which are not paid by the insurer pursuant to the Former Environmental Policy, or any costs of any other Environmental Laws or Hazardous Substances or other environmental condition at the Property, shall be the responsibility of BKP.

(c) For so long as Contributor has any obligations pursuant to Section 7.5(b), from and after the Closing, BKP and its Affiliates shall provide reasonable access to Contributor and its Affiliates and, in each case, their environmental and other consultants and contractors and applicable Authorities, to the Property upon reasonable prior notice and at reasonable times, for the purpose of conducting the Cleanup (including, without limitation, environmental investigation, remediation, monitoring and related environmental activities), and shall reasonably cooperate with the conduct of such Cleanup, provided BKP shall not be required to incur any material expense or devotion of staff time. Contributor shall repair all damage to the Property resulting from its activities related to the Cleanup on and about the Property, and shall indemnify BKP against all losses, costs, claims, damages and expenses (including reasonable attorneys' and experts' fees and expenses) for injury to third parties arising from such activities. BKP shall be given reasonable advance notice of, and it or its representative may be present to observe, any testing or other environmental activities performed at the Property. Provided that Contributor is not in default of its obligations under Section 7.5(b), BKP shall not contact any Authority regarding any environmental activities undertaken on the Property by Contributor pursuant to the Cleanup without Contributor's prior written consent thereto, unless disclosure is required by law, in which case BKP shall notify Contributor of the obligation to contact the Authority and will refrain from doing so itself so long as Contributor promptly demonstrates to BKP's satisfaction that it has itself made all such required communications.

(d) Except as expressly provided in this Section 7.5, upon the Closing, Contributor and its Affiliates shall have no liability to BKP or its Affiliates for any liability, claims, actions, damages, judgments, penalties, costs, and expenses arising from or relating to any Environmental Law or any Hazardous Substances or other environmental condition at the Property, whether arising before or after the Closing.

(e) In the event that, after the Closing, DEC notifies Contributor of a default by Contributor to comply with its obligations in respect of the "OU-1", "OU-2" or "OU-3" operable units or the "MW-39" area of concern at the Property, Contributor shall promptly forward a copy of such notice to BKP. BKP shall, within five (5) Business Days of receipt of such notice from Contributor, notify Contributor in writing that BKP will undertake to cure such default and will promptly commence the cure of such default. If BKP fails to timely notify Contributor of its undertaking to cure such default, or if BKP fails to promptly commence such cure or fails to diligently prosecute such cure to completion, Contributor may enter onto the Property at reasonable times and in a manner calculated to minimize any unreasonable interference with BKP's (or its tenants') use and operation of the Property, to undertake and complete such cure. BKP shall reimburse Contributor on demand for Contributor's reasonable costs in undertaking and completing such cure.

(f) The provisions of this Section shall survive Closing.

Section 7.6 Light Fixtures. Prior to the Closing, Contributor will purchase for delivery to the Property, for installation by BKP at BKP's expense, Two Thousand One Hundred Twenty-Nine (2,129) induction light fixtures, model GL MX02 W80 41k-277, manufactured by Green Energy; provided, that delivery will occur on the manufacturer's schedule and shall not be required to take place prior to the Closing.

Section 7.7 Temporary Certificates of Occupancy. Prior to the Closing Date, Contributor will use commercially reasonable efforts to cause any Tenant that is in violation of its obligation to obtain or renew a temporary certificate of occupancy for any part of the Property to remedy the same.

ARTICLE VIII REPRESENTATIONS AND WARRANTIES

Section 8.1 Contributor's Representations and Warranties. The following representations and warranties shall be true as of the Effective Date and, unless otherwise provided by the terms of such representation and warranty and subject to the terms of Section 8.3, as of the Closing Date. Subject to the limitations set forth in Section 8.4 of this Agreement, Contributor represents and warrants to BKP the following:

(a) Status. Each entity comprising Contributor is a Delaware limited liability company, duly organized and validly existing under the laws of the State of Delaware, and is authorized to transact business in the State of New York.

(b) Authority. The execution and delivery of this Agreement and the performance of Contributor's obligations hereunder have been duly authorized by all necessary action on the part of Contributor, and this Agreement constitutes the legal, valid and binding obligation of Contributor enforceable in accordance with its terms, subject to the effect of laws pertaining to bankruptcy, moratorium, fraudulent conveyance, creditors' rights generally and equity principles and an implied covenant of good faith and fair dealing. No consents or approvals for the transactions herein contemplated are required to be obtained by Contributor from any third parties or any Authority (except that the consent of the ground lessor under the Ground Lease is required unless the transfer is effected by means of a transfer of ownership interests in the ground lessee as provided in Section 10.10).

(c) Non-Contravention. The execution and delivery of this Agreement by Contributor do not, and the performance of Contributor's obligations hereunder, including the consummation by Contributor of the transactions contemplated hereby at Closing, will not, (i) violate any judgment, order, injunction, decree, regulation or ruling of any court or Authority binding upon Contributor or the Property, or (ii) result in a breach of, or constitute a default under the organizational documents of Contributor, any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other agreement or instrument by which Contributor or the Property is bound, which default would reasonably be expected to have a material adverse effect on the Property or its operations taken as a whole or the ability of Contributor to consummate the transaction contemplated hereby.

(d) Non-Foreign Entity. Contributor is not a “foreign person” or “foreign corporation” as those terms are defined in the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(e) Suits and Proceedings. Except as previously disclosed to BKP by Contributor or as indicated on Exhibit 8.1(v), as of the Effective Date, there are no actions, suits, arbitrations, governmental investigations or other proceedings pending and served or, to Contributor’s knowledge, threatened or pending but not yet served against Contributor or the Property before any court or Authority, except for mechanic’s liens disclosed on Exhibit 1.1(B) or that are being contested by Contributor (provided, Contributor will be obligated to remove mechanic’s liens to the extent required in Article VI).

(f) Condemnation. As of the Effective Date, Contributor has not received any written condemnation notice from any Authority with respect to all or part of the Real Property and has no actual knowledge that any condemnation or eminent domain proceeding has commenced or is pending or threatened.

(g) Employees. Contributor does not have any employees or hired persons in connection with the management, operation or maintenance of the Property. There are no pending or outstanding negotiations, grievances, claims, pending or threatened strikes or job actions under any of the Collective Bargaining Agreements. To Contributor’s knowledge, Contributor’s Affiliates have made all contributions required to be made by them to any multiemployer pension plan in respect of the Specified Employees (provided, that no representation or warranty is made with respect to the funding status of any such pension plan as a whole).

(h) Leases. The only Tenants of the Real Property are set forth on the Rent Roll, subject to the right of Contributor to execute New Leases as provided in this Agreement. The copies of the Leases heretofore delivered by Contributor to BKP are true, correct and complete copies thereof in all material respects. To Contributor’s knowledge, as of the Effective Date, except as previously disclosed to BKP by Contributor, no tenant under any Lease has filed (or has had filed against it) any bankruptcy, insolvency or similar proceeding, and no Tenant is in monetary default under its Lease beyond any applicable notice and cure periods. The schedule of the amount and form of all Security Deposits held by Contributor under the Leases previously delivered to BKP by Contributor (the “Security Deposit Schedule”) is true, accurate and complete. As of the Effective Date, the rent roll previously delivered to BKP by Contributor (the “Rent Roll”) is true, accurate and complete with respect to (i) the identity of the Tenants listed on such Rent Roll, and (ii) the amounts of the annual base rent referenced on such Rent Roll. Notwithstanding the foregoing, no representation in this Section 8.1(h) is made with respect to any possible assignments of any of the Leases not consented to by Contributor or any subleases, licenses or underlettings under any Lease (except that the Rent Roll contains information about subleases and assignments that were consented to by Contributor).

(i) Ground Lease. The Ground Lease is the only ground lease by which Contributor leases all or any portion of the Property. The copies of the Ground Lease heretofore delivered by Contributor to BKP are true, correct and complete copies thereof in all material respects, and the Ground Lease has not otherwise been terminated or modified or amended in

any respect. To Contributor's knowledge, Contributor is not in default under the Ground Lease, and Contributor has not received any notice that it is in default under the Ground Lease. To Contributor's knowledge, as of the Effective Date, the landlord under the Ground Lease has not filed (and has not had filed against it) any bankruptcy, insolvency or similar proceeding, and the landlord is not in default under the Ground Lease. Set forth on **Exhibit 8.1(i)** is a schedule of the amount and form of all Security Deposits held by the lessor under the Ground Lease.

(j) **Operating Agreement.** The Operating Agreement is the only reciprocal easement agreement relevant to the ownership or operation of the Property. The copies of the Operating Agreement heretofore delivered by Contributor to BKP are true, correct and complete copies thereof in all material respects, and the Operating Agreement has not otherwise been terminated or modified or amended in any respect other than pursuant to amendments or modifications previously delivered by Contributor to BKP. As of the Effective Date, Contributor has not received any written notice that it is in default under the Operating Agreement, and has no knowledge that it is in default under the Operating Agreement. To Contributor's knowledge, as of the Effective Date, except as set forth on **Exhibit 8.1(j)**, the counterparty to the Operating Agreement has not filed (or has had filed against it) any bankruptcy, insolvency or similar proceeding, and such party is not in default under the Operating Agreement.

(k) **OFAC.** To Contributor's knowledge, Contributor is currently in compliance in all material respects with and shall at all times during the term of this Agreement (including any extension thereof) remain in compliance in all material respects with the regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action relating thereto.

(l) **Contracts.** As of the Effective Date, there are no Contracts except as set forth on **Exhibit 8.1(l)** attached hereto. With respect to each of the Assumed Contracts, to the knowledge of Contributor, as of the Effective Date, (i) each is in full force and effect, and (ii) each has not been amended or assigned, except as indicated on **Exhibit 8.1(l)**. The copies of the Contracts that Contributor has previously delivered to BKP are true, complete and correct in all material respects. Contributor does not represent or warrant that any particular Contract will be in force or effect as of the Closing or that the parties to such Contracts will not be in default under their respective Contracts, and neither the existence of any default of any party under any such Contracts nor the fact that any Contract is not in effect as of Closing shall affect the obligations of BKP hereunder. In addition, in the event that any Contracts existing as of the Effective Date are not listed on **Exhibit 8.1(l)**, and such Contracts can be terminated without any premium, penalty or other payment (unless an affiliate of Contributor reasonably acceptable to BKP agrees to pay the same) upon not more than thirty (30) days' advance notice and such Contracts are either (x) actually terminated prior to the Closing (or terminated after the Closing and an affiliate of Contributor reasonably acceptable to BKP agrees to pay the costs under any such Contract which accrues after the Closing), or (y) approved in writing by BKP prior to the Closing, then the failure to include any such Contracts on **Exhibit 8.1(l)** shall not be considered a breach of this representation by Contributor.

(m) Brokerage Agreements. Except as previously disclosed to BKP by Contributor, (i) there are no brokerage agreements with respect to the Property with any party that will be binding upon BKP following the Closing, and (ii) there is no remaining obligation, present or contingent, on the part of Contributor or any Affiliate of Contributor to pay to any broker or other party any commission, finder's fee or similar compensation with respect to the current term or renewal of the term or expansion of the space covered by any Lease, and there is no such amount which may become payable in the future (excluding, however, in respect of any future lease renewals or the future leasing of additional space to any Tenant) with respect to any Lease.

(n) Tenant Improvements. Except as previously disclosed to BKP by Contributor, there is no tenant improvement work required to be performed or tenant improvement allowances payable by the landlord under the Leases which work has not been completed and fully paid for, or allowance fully paid to the applicable Tenant, and there is no tenant improvement work which is required to be completed after the date hereof by the landlord under the Leases, and there is no other amount owed to any Tenant in respect of reimbursements of all or any portion of Rents previously paid.

(o) Rezoning. Except as set forth on **Exhibit 8.1(o)**, as of the Effective Date, Contributor has not received written notice of, and does not otherwise have knowledge of, any pending or proposed change in the zoning or any special use permit of the Property.

(p) Rights of First Refusal. No party has any options, rights of first offer, or rights of first refusal to purchase all nor any portion of the Property. No party has any options, rights of first offer, or rights of first refusal to lease or otherwise occupy all nor any portion of the Property, except as set forth in the Leases delivered to BKP pursuant to Section 5.2 above.

(q) Bankruptcy. Contributor is not a party as a debtor to and does not contemplate being the subject of a voluntary or involuntary proceeding as a debtor under Chapter 11 of Title 11 of the U.S. Code or under any state laws relating to debtors, or subject to any general assignment for the benefit of creditors, and Contributor is solvent and able to pay its debts as they become due. Neither Contributor nor the Property is in the hands of a receiver nor is an application pending for a receiver for Contributor or the Property.

(r) Violations. Except as set forth on **Exhibit 8.1(r)** or **Exhibit 8.1(y)** hereto, as of the Effective Date, in the twelve (12) months prior to the Effective Date, Contributor has received no written notice from any Authority alleging that the Property or any portion thereof is in violation of or in default with respect to any law, administrative rule, regulation, judgment, decision, order, writ, injunction, decree or demand of any court or any Authority, except for such notices that have been withdrawn or cured. All fines and penalties that are liquidated in amount and that are associated with such violations and defaults, together with any interest thereon, shall be paid in full and discharged by Contributor prior to Closing.

(s) Assessments. Except as set forth on **Exhibit 8.1(s)** hereto or in the Due Diligence Materials, within the one year period immediately preceding the date of this Agreement Contributor has received no written notice from any governmental authority of any special or other assessments for public improvements or otherwise now affecting the Property

nor does Contributor have knowledge of any pending special or other assessments affecting the Property or any tax abatements or exemptions affecting the Property.

(t) Tax Proceedings. Except as set forth on Exhibit 8.1(t) hereto, as of the Effective Date, Contributor is not prosecuting any real estate tax protests or proceedings affecting the Property.

(u) Management and Brokerage Agreements. As of the Closing, except as set forth on Exhibit 8.1(u) hereto, there will be no management, leasing or brokerage agreements affecting Contributor's interest in the Property.

(v) Environmental Conditions. Except as disclosed on Exhibit 8.1(v), (a) to Contributor's knowledge, the Property is free from Hazardous Substances, except for Hazardous Substances that may be present in the ordinary course of the shopping center business conducted by Contributor or Tenants or used in the ordinary course of the maintenance of the Property in accordance with Environmental Laws, (b) to Contributor's knowledge, no underground storage tanks are located on or under the Property, and (c) as of the Effective Date, Contributor has received no uncured written notice from any Authority of and has no knowledge of any violation of Environmental Laws with respect to the Property.

(w) Documents. The Documents provided or made available to BKP are true, correct and complete originals or copies thereof as contained in Contributor's files.

(x) Investment Representations. Contributor recognizes that the purchase of the Shares involves a high degree of risk. Contributor is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"). Contributor is acquiring the Shares for investment and not with a view toward, or for sale in connection with, any distribution thereof, or with any present intention of distributing or selling the Shares. BKP has disclosed to Contributor that (i) the Shares have not been registered under the Securities Act; (ii) this sale has not been registered with, or reviewed by, the Securities and Exchange Commission because it is intended to be exempted from such registration, which exemption depends, in part, upon Contributor's investment intentions; and (iii) the Shares may not be sold or transferred by Contributor unless such sale or transfer is registered under applicable federal and state securities laws and regulations or is exempt from such registration. Contributor acknowledges and agrees that (i) BKP and the Corporation possess and may hereafter come into possession of certain non-public information concerning the Shares which is not known to Contributor and which may be material to a decision to acquire the Shares (the "Excluded Information"), (ii) Contributor has requested not to receive the Excluded Information and has determined to acquire the Shares notwithstanding its lack of knowledge of the Excluded Information and (iii) BKP and the Corporation shall have no liability to Contributor (and Contributor hereby waives and releases any claims which it may have against BKP, the Corporation or any other Person, whether pursuant to applicable securities laws or otherwise) with respect to the non-disclosure of the Excluded Information.

(y) Power Plant.

(i) To Contributor's knowledge, except as previously disclosed to BKP by Contributor, as of the Effective Date, there are no actions, suits, arbitrations, governmental investigations or other proceedings pending and served or, to Contributor's knowledge, threatened or pending but not yet served against the Power Plant before any court or Authority, except for (i) matters fully covered by insurance or (ii) mechanic's liens being contested by Contributor.

(ii) As of the Effective Date, Contributor has not received any written condemnation notice from any Authority with respect to all or part of the Power Plant.

(iii) To Contributor's knowledge, as of the Effective Date, there are no contracts relevant to the ownership and operation of the Power Plant except as set forth on **Exhibit 8.1(y)** attached hereto. To Contributor's knowledge, each of the contracts set forth on **Exhibit 8.1(y)** attached hereto is in full force and effect and has not been amended or assigned, except as set forth on **Exhibit 8.1(y)** attached hereto. Contributor does not represent or warrant that any particular contract set forth on **Exhibit 8.1(y)** attached hereto will be in force or effect as of the Closing or that the parties to such contracts will not be in default under their respective contracts, and neither the existence of any default of any party under any such contracts nor the fact that any contract is not in effect as of Closing shall affect the obligations of BKP hereunder.

(iv) No party other than Power Plant Purchaser has any options, rights of first offer, or rights of first refusal to purchase all nor any portion of the Power Plant.

(v) None of Kings Plaza Lender, AOB or AOB II is a party as a debtor to or contemplates being the subject of a voluntary or involuntary proceeding as a debtor under Chapter 11 of Title 11 of the U.S. Code or under any state laws relating to debtors, or subject to any general assignment for the benefit of creditors, and each of Kings Plaza Lender, AOB and AOB II is solvent and able to pay its debts as they become due. None of Kings Plaza Lender, AOB, AOB II or the Power Plant is in the hands of a receiver nor is an application pending for a receiver for Kings Plaza Lender, AOB, AOB II or the Power Plant.

(vi) Each of Kings Plaza Lender and AOB II is a Delaware limited liability company, duly organized and validly existing under the laws of the State of Delaware, and is authorized to transact business in the State of New York. AOB is a Delaware corporation, duly organized and validly existing under the laws of the State of Delaware, and is authorized to transact business in the State of New York.

(vii) Contributor has delivered to BKP true, correct and complete copies of the limited liability company operating agreements of Power Plant

JV, AOB II and Power Plant Lender, and the articles of incorporation, bylaws and minutes of all board meetings since 2009 of AOB. AOB II, AOB and Power Plant Lender are Contributor's Affiliates.

(viii) The execution and delivery of the addendum to this Agreement and the performance of their respective obligations hereunder have been duly authorized by all necessary action on the part of Kings Plaza Lender, AOB and AOB II, and this Agreement constitutes the legal, valid and binding obligation of such entities enforceable in accordance with its terms, subject to the effect of laws pertaining to bankruptcy, moratorium, fraudulent conveyance, creditors' rights generally and equity principles and an implied covenant of good faith and fair dealing.

(ix) The execution and delivery of this Agreement by Kings Plaza Lender, AOB or AOB II do not, and the performance of their obligations hereunder, including the consummation of the transactions contemplated hereby at Closing, will not, (i) violate any judgment, order, injunction, decree, regulation or ruling of any court or Authority binding upon them or the Power Plant, or (ii) result in a breach of, or constitute a default under their organizational documents, any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other agreement or instrument by which they or the Power Plant is bound, which default would reasonably be expected to have a material adverse effect on the Power Plant or its operations taken as a whole or the ability of such entities to consummate the transaction contemplated hereby.

(x) To the knowledge of Kings Plaza Lender, AOB or AOB II, each such entity is currently in compliance in all material respects with and shall at all times during the term of this Agreement (including any extension thereof) remain in compliance in all material respects with the regulations of OFAC (including those named on OFAC's Specially Designated and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action relating thereto.

(z) Ground Lessee.

(i) Alexander's, Inc. owns (both legally and beneficially) one hundred percent (100%) of, and has good and valid title to, the issued and outstanding membership interests of Alexander's of Kings, LLC (the "Ground Lessee Membership Interests"). Subject only to the repayment of the Existing Financing, Alexander's, Inc. has full power and authority to transfer and otherwise dispose of the Ground Lessee Membership Interests free and clear of all liens, security interests, escrows, claims, encumbrances, pledges, options, warrants, rights of first refusal, calls, commitments, charges and judgments whatsoever. Alexander's, Inc. has not pledged, hypothecated or

otherwise encumbered the Ground Lessee Membership Interests. There are no outstanding agreements or commitments, oral or written, options, warrants, calls or other rights of any kind to purchase or acquire the Ground Lessee Membership Interests. Alexander's, Inc. and the Ground Lessee Membership Interests are not subject to any agreements, option rights, right of first refusals, right of first offers, or any other similar right or agreement with respect to the Ground Lessee Membership Interests.

(ii) There are no actions, proceedings, litigation, suits, investigations or condemnation actions either pending or threatened against Alexander's, Inc., affecting title to the Ground Lessee Membership Interests. There are no actions, proceedings, litigation, suits, investigations or actions either pending or threatened against Alexander's, Inc. which would restrict Alexander's, Inc. from performing its obligations under Section 10.10.

(iii) Other than its interest in the Ground Lease, the improvements constructed thereon and any property incidental thereto, Alexander's of Kings, LLC does not own (and has not owned) any equity interest in any entity or property (real or otherwise).

(iv) Alexander's of Kings, LLC does not (i) conduct any business, (ii) have any liabilities and is not a party to any contract or (iii) own any assets other than its interests in the Ground Lease, the improvements constructed thereon and property incidental thereto.

(v) Alexander's of Kings, LLC has not made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by any of its creditors, suffered the appointment of a receiver to take possession of any of its assets, suffered the attachment or other judicial seizure of any of its assets, admitted in writing its inability to pay its debts as they come due or made an offer of settlement, extension or composition to its creditors generally.

(vi) The foregoing representations in this Section 8.1(z) shall be deemed deleted if the membership interests in Alexander's of Kings, LLC are not assigned pursuant to Section 10.10.

References in this Agreement to the "knowledge" of Contributor shall refer only to the actual knowledge of Michael J. DeMarco, Robert Minutoli and Stanley L. Morrow, without any duty of inquiry or to make any investigation or any obligation to undertake any review or investigate any documents, and all references in this Section 8.1 regarding notices or other information "received by Contributor" means written notices in the actual possession of the named individuals or of which such individuals have actual knowledge.

Section 8.2 BKP's Representations and Warranties. BKP represents and warrants to Contributor the following which representations and warranties shall be true as of the Effective Date and as of the Closing Date:

(a) Status. BKP is a limited liability company duly organized and validly existing under the laws of the State of Delaware, and as of the Closing will be authorized to transact business in the State of New York. One hundred percent (100%) of the membership interests in BKP are owned by the Partnership.

(b) Status of the Partnership. The Partnership is a limited partnership duly organized and validly existing as a limited partnership in good standing under the laws of the State of Delaware and has the partnership power and authority to own, lease and operate its properties and to conduct its business as it is currently being conducted and is duly qualified as a foreign organization to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business. The Corporation is the sole general partner of, and owned as of October 1, 2012, a substantial majority common limited partner interest in, the Partnership. Contributor has delivered to BKP true, correct and complete copies of the Partnership's certificate of limited partnership and agreement of limited partnership, each as amended and supplemented through the date hereof.

(c) Status of the Corporation. The Corporation is a corporation duly formed and existing under the laws of Maryland in good standing with the State Department of Assessments and Taxation of Maryland, with the power to own, lease and operate its properties and to conduct its business as it is currently being conducted. The Corporation is duly qualified as a foreign organization to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business. The Corporation is organized in conformity with the requirements for qualification as a real estate investment trust under the Code and currently intends to operate in a manner which allows the Corporation to continue to meet the requirements for taxation as a real estate investment trust under the Code.

(d) Shares. The Shares to be issued to Contributor hereunder will be duly authorized and validly issued in accordance with the terms of the Corporation's articles of incorporation and bylaws as the same are in effect as of the Closing.

(e) Authority. The execution and delivery of this Agreement and the performance of BKP's obligations hereunder have been duly authorized by all necessary action on the part of BKP and this Agreement constitutes the legal, valid and binding obligation of BKP, enforceable in accordance with its terms, subject to creditors' rights generally and equity principles.

(f) Non-Contravention. The execution and delivery of this Agreement by BKP and the consummation by BKP of the transactions contemplated hereby will not violate any judgment, order, injunction, decree, regulation or ruling of any court or Authority or conflict with, result in a breach of or constitute a default under the organizational documents of BKP, any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement or instrument to which BKP is a party or by which it is bound.

(g) Consents. No consent, waiver, approval or authorization is required from any person or entity (that has not already been obtained) in connection with the execution and

delivery of this Agreement by BKP or the performance by BKP of the transactions contemplated hereby.

(h) OFAC. To BKP's knowledge, BKP is currently in compliance in all material respects with and shall at all times during the term of this Agreement (including any extension thereof) remain in compliance in all material respects with the regulations of OFAC (including those named on OFAC's Specially Designated and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action relating thereto.

Section 8.3 Modifications of Representations and Warranties. As and to the extent that, as of the Effective Date, (i) BKP has actual knowledge of any breach of a representation, warranty or certification of Contributor, or (ii) any Document made available for BKP's review, due diligence test, any investigation or inspection of the Property or its operation by BKP or any Licensee Party, or any written disclosure by Contributor or Contributor's agents or employees, discloses one or more facts that conflict or are inconsistent with any such representation, warranty or certification, then such representation, warranty or certification shall be deemed to be modified by such knowledge, Document, investigation or inspection, or disclosure provided that any such conflict or inconsistency is not a result of a breach of any covenant of Contributor under this Agreement.

Section 8.4 Survival of Representations and Warranties. The representations and warranties of Contributor set forth in this Agreement (as modified or deemed modified by Section 8.3) will survive the Closing for a period of nine (9) months (the "Survival Period"), after which time they will merge into the Deed (except that the survival of the representations and warranties set forth in Section 8.1(a) through (d) and Section 8.1(k) shall not be so limited), provided, however, that if BKP delivers notice of a breach of the representations and warranties of Contributor, setting forth in reasonable detail the claim, prior to the expiration of the survival period, then BKP shall have an additional two (2) months to commence a legal action with respect thereto, and the Survival Period shall be extended until final resolution of such claim and payment of any judgment or settlement with respect thereto. BKP will not have any right to bring any action against Contributor as a result of any untruth or inaccuracy of such representations or warranties, or any breach of such representations or warranties, unless and until the aggregate amount of all liability and losses arising out of any such untruth or inaccuracy, or any such breach, exceeds \$1,000,000, at which point Contributor shall be liable for all liability and losses in excess of \$1,000,000. In addition, in no event will Contributor's liability for all such breaches exceed, in the aggregate, the sum of \$20,000,000.

Section 8.5 Post-Closing Liability for Representations and Warranties. After the Closing occurs, Contributor shall have no liability with respect to any representation, warranty or certification of Contributor to the extent that, prior to the Closing, (i) BKP has actual knowledge of the breach of such representation, warranty or certification, or (ii) any Document made available for BKP's review, any due diligence test, investigation or inspection of the Property or its operation by BKP or any Licensee Party, or any written disclosure by Contributor or Contributor's agents or employees made to BKP at least two (2) days before the Closing, discloses one or more facts that conflict or are inconsistent with any such representation,

warranty or certification, and in any such case BKP nevertheless consummates the Closing hereunder; provided, however, that if any representation, warranty or certification of Contributor contained in Section 8.1 becomes untrue after the Effective Date as a result of a breach by Contributor after the Effective Date of the terms of this Agreement, then, if BKP accepts the contribution of the Property notwithstanding such untrue representation, warranty or certification, BKP shall be entitled to its remedies after the Closing as provided in this ARTICLE VIII with respect to any such untrue representation, warranty or certification. The Closing Surviving Obligations and the Termination Surviving Obligations will survive the Closing or termination of this Agreement, as applicable, without limitation unless another period is otherwise specified in this Agreement. It is hereby acknowledged and agreed by BKP that the remedies set forth in this ARTICLE VIII shall be the sole and exclusive remedies (and BKP hereby waives all other remedies available to BKP at law or in equity) with respect to a breach by Contributor of its representations, warranties and certifications made or undertaken by Contributor under this Agreement.

ARTICLE IX
CONDITIONS PRECEDENT TO CLOSING

Section 9.1 Conditions Precedent to Obligation of BKP. The obligation of BKP to consummate the transaction hereunder shall be subject to the fulfillment on or before the Scheduled Closing Date (or as otherwise provided) of all of the following conditions, any or all of which may be waived by BKP in its sole discretion (and shall be deemed satisfied or waived upon Closing):

(a) Contributor shall have delivered to the Title Agent all of the items required to be delivered to BKP pursuant to the terms of this Agreement, including but not limited to, those provided for in Section 10.3 and Contributor shall have provided written authority to the Title Agent to release such documentation to BKP, and the Title Company (or another nationally recognized title company) shall be prepared to issue an owner's title policy to the Property as provided in the Title Commitment, subject only to Permitted Exceptions.

(b) All of the representations and warranties of Contributor contained in this Agreement shall be true and correct in all material respects as of the Closing Date, except as otherwise provided in Section 8.3. If Contributor breaches any representation or warranty of Contributor contained in this Agreement, and if BKP has knowledge of such breach, BKP shall give prompt notice and evidence of such breach to Contributor. At its option, Contributor shall then have a maximum of ten (10) Business Days to cure the condition causing the underlying representation or warranty to be untrue or incorrect, and if Contributor elects to cure the same, the Scheduled Closing Date shall be extended by a maximum of ten (10) Business Days to permit Contributor to cure the breach within such period. Upon Contributor's timely cure of any such breach, this condition shall be deemed to have been satisfied and closing shall occur on a Business Day specified by Contributor and not later than five (5) Business Days following delivery by Contributor to BKP of evidence reasonably satisfactory to BKP that such breach has been cured, but not sooner than the Scheduled Closing Date.

(c) Contributor shall have performed and observed, in all material respects, all covenants and agreements of this Agreement to be performed and observed by Contributor prior to or as of the Closing Date.

(d) Further to Contributor's obligations under Section 7.4, Contributor will use commercially reasonable efforts to deliver to BKP no less than five (5) Business Days before the Scheduled Closing Date a completed and executed tenant estoppel certificate in substantially the form attached hereto as **Exhibit 9.1(d)** (or in such other form as may otherwise be set forth or prescribed in the applicable Lease or, if the Tenant in question is a national tenant that utilizes a standard form, then on such form) from each of the Tenants under the Leases (collectively, the "**Tenant Estoppel Certificates**"), but a failure of Contributor to obtain from any one or more Tenants any of such Tenant Estoppel Certificates shall not be grounds for any delay or cancellation of the Closing hereunder, except that BKP's obligation to close the transaction contemplated by this Agreement is conditioned upon the delivery to BKP on or before the Scheduled Closing Date of Tenant Estoppel Certificates (subject to Contributor's right to deliver a Contributor's Affidavit with respect thereto) from Required Tenants (1) containing no information that differs in any material respect from the copies of such Lease provided to BKP by Contributor prior to the Effective Date or from the information in respect of such Lease contained in the Rent Roll and the security deposit amount contained on the Security Deposit Schedule, and, for clarity, no assertion of any options or rights in favor of the relevant Tenant (such as renewal or expansion rights) not otherwise contained in the Lease provided to BKP by Contributor prior to the Effective Date, (2) not alleging a material default or unpaid or unperformed material obligation on the part of Contributor, or a material dispute with Contributor (provided, that if a Tenant Estoppel Certificate discloses an immaterial default or unperformed immaterial obligation by Contributor, Contributor shall use commercially reasonable efforts to cure the same but the failure of such cure shall not affect the validity of the Tenant Estoppel Certificate), and (3) in substantially the form attached hereto as **Exhibit 9.1(d)** (or in such other form as may otherwise be set forth or prescribed in the applicable Lease or, if the Tenant in question is a national tenant that utilizes a standard form, then on such form). In determining whether the foregoing requirement has been satisfied, BKP agrees not to object to any non-material qualifications or modifications which a Tenant may make to the form of Tenant Estoppel Certificate. Contributor shall forward to BKP all executed Tenant Estoppel Certificates promptly upon receipt by Contributor. If BKP does not expressly object in writing to any matter contained within any delivered Tenant Estoppel Certificate or any proposed draft thereof before the date five (5) Business Days after receipt thereof, Contributor shall send a second copy of such Tenant Estoppel Certificate or draft to BKP, along with a notice which shall contain the following legend in capitalized bold letters on the top thereof: **"THIS IS A SECOND REQUEST FOR COMMENT TO [_____]. YOUR RESPONSE IS REQUESTED WITHIN FIVE (5) BUSINESS DAYS. YOUR FAILURE TO RESPOND WITHIN SUCH TIME PERIOD SHALL RESULT IN YOUR RIGHT TO OBJECT TO ANY MATTER SET FORTH IN [_____] BEING WAIVED."** In the event that BKP fails to respond to such second notice within five (5) Business Days after delivery to BKP of such second notice with any express objections in writing to any matter contained within such delivered Tenant Estoppel Certificate or such proposed draft thereof, then BKP shall be deemed to have approved such Tenant Estoppel Certificate or the matters set forth in such proposed draft. Unless Contributor shall have elected to provide BKP with a Contributor's Affidavit, the Scheduled Closing Date shall be postponed by a period not to exceed two (2) Business Days to

allow BKP to review the Tenant Estoppel Certificates unless such period is waived by BKP (except that if Tenant Estoppel Certificates have been received from all tenants in clauses (i) and (ii) of the definition of Required Tenants and from remaining Tenants of the Improvements under existing Leases as of the Effective Date whose aggregate leased square footage equals or exceeds seventy-five percent (75%) of the aggregate occupied square footage of the Property under such Leases (exclusive of the square footage occupied by Anchor Tenants and Tenants under existing Leases demising 20,000 square feet or more), then the Closing Date may not be so postponed). Contributor agrees to request that any guarantor(s) of the Leases execute a joinder or consent with respect to the applicable Tenant's Tenant Estoppel Certificate confirming the guarantor's agreement with such Tenant Estoppel Certificate (a "Guarantor Consent"), but if the applicable lease does not require the guarantor thereunder to provide a Guarantor Consent then Contributor shall not be required to obtain a Guarantor Consent with respect to such Lease and the delivery of a Guarantor Consent with respect to such Lease shall not be a condition precedent to BKP's obligation to close this transaction in accordance with the terms of this Agreement.

If Contributor does not timely deliver Tenant Estoppel Certificates from the Required Tenants, the Ground Lease Estoppel Certificate from the lessor under the Ground Lease, or the Operating Agreement Estoppel Certificate from the other party to the Operating Agreement, Contributor may, at Contributor's option, but shall not be required to postpone the Closing for a period not to exceed forty-five (45) days to obtain the same. In the event Contributor does not so elect to postpone the Closing, solely with respect to the Tenant Estoppel Certificates, Contributor shall deliver at Closing in lieu thereof, which BKP shall accept, a representation and warranty from Contributor (the "Contributor's Affidavit") containing the same information required to be contained in the Tenant Estoppel Certificates with respect to those Required Tenants for which Tenant Estoppel Certificates are not delivered by Contributor. If Contributor has postponed the Closing pursuant to the immediately preceding sentence and, at the end of forty-five (45) days, has not received executed Tenant Estoppel Certificates from the Required Tenants, then Contributor shall be required to deliver at Closing, and BKP shall be required to accept, the Contributor's Affidavit in lieu of any such missing estoppel certificates. For the avoidance of doubt, Contributor's Affidavits, if any, (i) shall be subject to the first sentence of Section 8.4, except that the Survival Period applicable to such Contributor's Affidavits shall be twelve (12) months instead of nine (9) months, and (ii) shall not be limited by the last two sentences of Section 8.4 hereof. If Contributor subsequently delivers a Tenant Estoppel Certificate complying with the requirements of this Section 9.1(d) signed by the Tenant leasing the portion of the Improvements covered by any Contributor's Affidavit signed by Contributor, Contributor's liability under the corresponding provisions of such Contributor's Affidavit shall thereupon terminate. To the extent Contributor delivers to BKP Tenant Estoppel Certificates or the Contributor's Affidavit(s), if applicable, for the Required Tenants, the failure of Contributor to deliver the applicable Tenant Estoppel Certificate from any other tenant shall not be grounds for any delay or cancellation of the Closing hereunder. Notwithstanding the foregoing, BKP shall be required to accept the Tenant Estoppel Certificates in the form submitted by any of the Tenants, provided such Tenant Estoppel Certificate is in accordance with the specific Lease provisions of such Tenant's Lease, or the form of estoppel certificate attached to such Tenant's Lease. Guarantor agrees that it shall, jointly and severally, guarantee and be personally liable and responsible for the obligations and liabilities of Contributor with respect to any misrepresentation made in a Contributor's Affidavit.

BKP agrees that if, after the Closing, any Tenant claims that the amount of the rent or the amount of the applicable security deposit listed in the Tenant Estoppel Certificate delivered by the Tenant was incorrect, BKP shall only have recourse against the Tenant (and not Contributor) if the applicable Tenant Estoppel Certificate confirmed the amount of the rent set forth in the Rent Roll and/or the amount of the applicable security deposit listed on the Security Deposit Schedule, as the case may be.

The provisions of this Section shall survive Closing.

(e) Further to Contributor's obligations under Section 7.4, Contributor will use commercially reasonable efforts to deliver to BKP (and BKP will promptly furnish any information in BKP's possession regarding the proposed assignee of the Ground Lease and any proposed leasehold mortgagee that is reasonably requested by the ground lessor and will make reasonable requests of third parties for such information) not less than five (5) Business Days before the Scheduled Closing Date a completed and executed Ground Lease consent and estoppel certificate in substantially the form attached hereto as **Exhibit 9.1(e)** (or in such other form as may otherwise be set forth or prescribed in the Ground Lease or such other form as is currently in use by the New York City Law Department) from the lessor under the Ground Lease (the "**Ground Lease Estoppel Certificate**"). BKP's obligation to close the transaction contemplated by this Agreement is conditioned on fulfillment of either of the two following conditions:

(i) The delivery to BKP on or before the Scheduled Closing Date of a Ground Lease Estoppel Certificate from the lessor under the Ground Lease (which may be included in the same document by which the lessor consents to the assignment of the Ground Lease), addressed to the ground lessee, (1) containing no information that differs in any material respect from the Ground Lease, (2) not alleging a material default or unpaid or unperformed material obligation on the part of Contributor, or a material dispute with Contributor (provided, that if the Ground Lease Estoppel Certificate discloses an immaterial default or unperformed immaterial obligation by Contributor, Contributor shall use commercially reasonable efforts to cure the same but the failure of such cure shall not affect the validity of the Ground Lease Estoppel Certificate), and (3) in substantially the form attached hereto as **Exhibit 9.1(e)** (or in such other form as may otherwise be set forth or prescribed in the Ground Lease or such other form as is currently in use by the New York City Law Department); provided, that BKP's obligation to close the transaction contemplated by this Agreement shall not be affected by the failure of the Ground Lease Estoppel Certificate to include the matters described in items 4 and 5 of **Exhibit 9.1(e)**; or

(ii) (A) The delivery to BKP on or before the Scheduled Closing Date of a Ground Lease Estoppel Certificate from the lessor under the Ground Lease, addressed to BKP's proposed leasehold mortgagee(s) and satisfying the requirements set forth in clauses (1), (2) and (3) of the preceding paragraph (i); plus (B) the delivery to BKP on the Closing Date of an indemnity from Guarantor and Contributor to BKP in the form attached hereto as **Exhibit**

9.1(e)(ii); provided, that BKP shall provide Contributor with the name of its proposed leasehold mortgagee(s) no later than November 1, 2012 (it being understood that BKP shall only be obligated to provide the names of proposed leasehold mortgagee(s) and the failure of one of such proposed leasehold mortgagees to be the actual leasehold mortgagee at the closing of the transaction herein shall not, on behalf of BKP, be violative of its obligations hereunder and at any time after November 1, 2012 BKP may add or substitute any such proposed leasehold mortgages with the name(s) of other proposed leasehold mortgages, provided that Contributor will use commercially reasonable efforts to, but will not be required to, procure a Ground Lease Estoppel Certificate addressed to any such added or substituted mortgagees); provided, further, that if BKP fails to do so by November 1, 2012, clause (A) of this paragraph (ii) shall be of no further force and effect, and Contributor may satisfy the condition set forth in this paragraph (ii) by complying only with clause (B) of this paragraph (ii).

In the event neither of the conditions described in the preceding paragraphs (i) and (ii) should timely occur, then BKP shall be entitled on the Scheduled Closing Date, at BKP's option and as BKP's sole remedy with respect to Contributor's failure to satisfy such condition, to (a) elect to terminate this Agreement and receive the return of its Earnest Money Deposit, whereupon, the parties shall be relieved of all obligations hereunder, except the Termination Surviving Obligations, or (b) waive the unsatisfied condition precedent and accept the contribution of the Property and close this transaction without any abatement in the Consideration. In determining whether the foregoing requirements have been satisfied, BKP agrees not to object to any non-material qualifications or modifications which the ground lessor may make to the form of Ground Lease Estoppel Certificate. Contributor shall forward to BKP all executed Ground Lease Estoppel Certificates promptly upon receipt by Contributor, and in any event at least two (2) Business Days prior to the Scheduled Closing Date, and if BKP receives such executed Ground Lease Estoppel Certificates less than two (2) Business Days prior to the Scheduled Closing Date, the Scheduled Closing Date shall be adjourned by such time as is required to provide for such two (2) Business Day period.

(f) Further to Contributor's obligations under Section 7.4, Contributor will use commercially reasonable efforts to deliver to BKP not less than five (5) Business Days before the Scheduled Closing Date a completed and executed Operating Agreement estoppel certificate in substantially the form attached hereto as **Exhibit 9.1(f)** (or in such other form as may otherwise be set forth or prescribed in the Operating Agreement) from the other party to the Operating Agreement (the "**Operating Agreement Estoppel Certificate**"). BKP's obligation to close the transaction contemplated by this Agreement is conditioned upon the delivery to BKP on or before the Scheduled Closing Date of an Operating Agreement Estoppel Certificate from the other party to the Operating Agreement (1) containing no information that differs in any material respect from the copies of the Operating Agreement provided to BKP by Contributor prior to the Effective Date, (2) not alleging a material default or unpaid or unperformed material obligation on the part of Contributor, or a material dispute with Contributor (provided, that if the Operating Agreement Estoppel Certificate discloses an immaterial default or unperformed immaterial obligation by Contributor, Contributor shall use commercially reasonable efforts to cure the same but the failure of such cure shall not affect the validity of the Operating Agreement

Estoppel Certificate), and (3) in substantially the form attached hereto as **Exhibit 9.1(f)** (or in such other form as may otherwise be set forth or prescribed in the Operating Agreement). In the event the condition described in the preceding sentence should not timely occur, then BKP shall be entitled on the Scheduled Closing Date, at BKP's option and as BKP's sole remedy with respect to Contributor's failure to satisfy such condition, to (a) elect to terminate this Agreement and receive the return of its Earnest Money Deposit, whereupon, the parties shall be relieved of all obligations hereunder, except the Termination Surviving Obligations, or (b) waive the unsatisfied condition precedent and accept the contribution of the Property and close this transaction without any abatement in the Consideration. In determining whether the foregoing requirement has been satisfied, BKP agrees not to object to any non-material qualifications or modifications which the counterparty may make to the form of Operating Agreement Estoppel Certificate. Contributor shall forward to BKP all executed Operating Agreement Estoppel Certificates promptly upon receipt by Contributor, and in any event at least two (2) Business Days prior to the Scheduled Closing Date, and the Scheduled Closing Date shall be adjourned to provide for such two (2) Business Day period, if necessary.

(g) If, as of the Scheduled Closing Date, there is a failure of a condition precedent to BKP's obligation to close that is not waived by BKP, in respect of which Contributor does not have an express right to extend the Closing Date (or has such a right and does not exercise such right), then this Agreement shall be deemed terminated, and BKP shall be entitled to the return of the Earnest Money Deposit.

Section 9.2 **Conditions Precedent to Obligation to Contributor.** The obligation of Contributor to consummate the transaction hereunder shall be subject to the fulfillment on or before the Scheduled Closing Date (or as otherwise provided) of all of the following conditions, any or all of which may be waived by Contributor in its sole discretion:

(a) The Escrow Agent shall have received the Cash Consideration as adjusted pursuant to, and payable in the manner provided for, in this Agreement, and BKP shall have provided written authority to the Escrow Agent to release such amount to Contributor.

(b) BKP shall have delivered to Escrow Agent all of the items required to be delivered to Contributor pursuant to the terms of this Agreement, including but not limited to, those provided for in Section 10.2 and BKP shall have provided written authority to the Escrow Agent to release such items.

(c) All of the representations and warranties of BKP contained in this Agreement shall be true and correct in all material respects as of the Closing Date (with appropriate modifications permitted under this Agreement if not materially adverse to Contributor).

(d) BKP shall have performed and observed, in all material respects, all covenants and agreements of this Agreement to be performed and observed by BKP as of the Closing Date.

ARTICLE X CLOSING

Section 10.1 Closing. The consummation of the transaction contemplated by this Agreement by delivery of documents and payments of money shall take place at 2:00 p.m. Eastern Time on the Scheduled Closing Date (as the same may be extended in accordance with the terms hereof). The Closing will occur in escrow with Escrow Agent, with wire transfer of funds as provided in Section 3.3. At the Closing, the events set forth in this Article X will occur, it being understood that the performance or tender of performance of all matters set forth in this Article X are mutually concurrent conditions which may be waived by the party for whose benefit they are intended. The acceptance of the Deed by BKP and the acceptance of the Consideration by Contributor shall be deemed to be full performance and discharge of each and every agreement and obligation on the part of Contributor and BKP, respectively, to be performed hereunder except as otherwise provided herein.

Section 10.2 BKP's Closing Obligations. On the Scheduled Closing Date, BKP will deliver the following items to Contributor by timely depositing the same with Escrow Agent:

- (a) The Cash Consideration, less the Earnest Money Deposit, after all adjustments and proration are made as herein provided, by Federal Reserve wire transfer of immediately available funds, in accordance with the timing and other requirements of Section 3.3;
- (b) A counterpart original of the Assignment, duly executed by BKP;
- (c) A counterpart original of a registration rights agreement in the form attached hereto as **Exhibit 10.2(c)** (the "Registration Rights Agreement");
- (d) A counterpart original of the Assignment of Operating Agreement (as defined below);
- (e) A counterpart original of the Closing Statement (as defined below), duly executed by BKP;
- (f) A counterpart original of the Assignment of Leases (as defined below), duly executed by BKP;
- (g) Except as otherwise provided by Section 10.10, a counterpart original of the Assignment of Ground Lease (as defined below), duly executed by BKP;
- (h) A certificate executed by BKP at Closing, dated as of the Scheduled Closing Date, stating that the representations and warranties contained in Section 8.2 are true and correct in all material respects as to BKP as of the Closing Date (with appropriate modifications to reflect any changes therein);
- (i) If the Power Plant Closing precedes the Closing, a Power Plant Purchaser Guaranty executed by BKP or a BKP Affiliate, evidence satisfactory to Contributor that BKP or such BKP's Affiliate possesses Tangible Net Worth in excess of Twenty-Five Million Dollars, and counterpart originals of the Power Plant Bill of Sale and the Power Plant Assignment of GSA, each duly executed by BKP or its Affiliate acquiring the Power Plant;

- (j) If the Power Plant Closing does not precede the Closing, counterpart originals of the Power Plant Assignment of Loan Documents, the Power Plant Assignment of Membership Interests and the Power Plant Assignment of ESA and License Agreement, each duly executed by BKP or its Affiliate acquiring the Power Plant;
- (k) If required by Section 10.10, a counterpart original of the Assignment of Ground Lessee Membership Interests, duly executed by BKP; and
- (l) Such other documents as may be reasonably necessary or appropriate to effect the consummation of the transaction which is the subject of this Agreement.

Section 10.3 Contributor's Closing Obligations. On or before the Scheduled Closing Date, Contributor will deliver the following items to Escrow Agent, except as provided below:

- (a) A bargain and sale deed in the form attached hereto as **Exhibit 10.3(a)** (the "Deed"), duly executed and acknowledged by Alexander's Kings Plaza, LLC and Kings Parking, LLC, conveying to BKP the Real Property and Improvements subject only to the Permitted Exceptions, together with all ACRIS forms required for the recording of the Deed and the payment of all transfer taxes to the extent Contributor is required to pay them hereunder;
- (b) A blanket assignment and bill of sale in the form attached hereto as **Exhibit 10.3(b)** (the "Bill of Sale"), duly executed by Contributor;
- (c) A counterpart original of the Registration Rights Agreement;
- (d) A counterpart original of an assignment and assumption of Contributor's interest in the Intangible Property and Licenses and Permits, in the form attached hereto as **Exhibit 10.3(d)** (the "Assignment"), duly executed by or on behalf of Contributor, and such other documentation as BKP may reasonably require to transfer registered intellectual property and internet sites included in the Intangible Property;
- (e) A counterpart original of an assignment and assumption of the Operating Agreement, in recordable form, duly executed and acknowledged by Contributor (the "Assignment of Operating Agreement");
- (f) A certificate in the form attached hereto as **Exhibit 10.3(f)** ("Certificate as to Non-Foreign Status") certifying that Contributor is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986, as amended;
- (g) An assignment of the Leases, security deposits, and prepaid rents by way of an assignment and assumption agreement, in the form attached hereto as **Exhibit 10.3(g)** (the "Assignment of Leases"), duly executed by Contributor;
- (h) The appropriate documentation to effect any L/C Transfer;
- (i) Appropriate notice of the transaction to the counterparty to the Operating Agreement and, unless Contributor is contributing the membership interests in the ground lessee pursuant to section 10.10, the ground lessor under the Ground Lease;

(j) If the Power Plant Closing has not occurred as of the Scheduled Closing Date, a Power Plant Indemnity in form to be agreed by the parties, duly executed by Guarantor;

(k) To the extent in Contributor's possession, all original Leases, Licenses and Permits and Assumed Contracts affecting the Real Property and Improvements (or copies where originals are not available), all of which shall be delivered by turnover to BKP's agents at the Property at the time of the Closing and need not be delivered to Escrow Agent;

(l) A current rent roll for the Property in the form of the Rent Roll certified by Contributor as being true and correct in all material respects;

(m) A notice to each of the Tenants under the Leases regarding the transfer of the Property in the form attached hereto as **Exhibit 10.3(m)**;

(n) Except as otherwise provided by Section 10.10, an assignment of the Ground Lease and any security deposits and prepaid rents thereunder by way of an assignment and assumption agreement, in the form attached hereto as **Exhibit 10.3(n)** (the "Assignment of Ground Lease"), duly executed by Contributor, together with the duly executed and acknowledged consent of the ground lessor, to the extent required under the terms of the Ground Lease;

(o) A Contributor's title affidavit in the form attached hereto as **Exhibit 10.3(o)**, subject to such changes as may reasonably be requested by BKP to satisfy the requirements of Title Company and as do not increase Contributor's obligations or liabilities from its obligations and liabilities under this Agreement;

(p) A closing statement reflecting all credits, proration, apportionments and adjustments contemplated hereunder (the "Closing Statement"), it being agreed that Contributor shall use commercially reasonable efforts to send a draft of the same to BKP for its review not less than ten (10) days prior to the Scheduled Closing Date, and Contributor shall be obligated to send such draft to BKP not less than five (5) Business Days prior to the Scheduled Closing Date (and if Contributor delivers such draft later than such time the Scheduled Closing Date shall be extended by a corresponding period not to exceed five (5) Business Days);

(q) Books and records at the Property held by or for the account of Contributor and the leasing and management files held by Contributor or its managing agent, including without limitation, plans and specifications, as available, all of which shall be delivered by turnover to BKP's agents at the Property at the time of the Closing and need not be delivered to the location of the Closing;

(r) Copies of good standing certificates, certified resolutions, incumbency certificates and/or consents for Contributor authorizing the transactions and the signatories to the closing documents, on behalf of Contributor;

(s) To the extent not previously delivered, the Tenant Estoppel Certificates, Operating Agreement Estoppel Certificate, the documents required by either Section 9.1(e)(i) or Section 9.1(e)(ii) and/or, if applicable, the Contributor's Affidavit;

(t) All keys and/or pass-cards to all entrance doors and security and access codes to the Improvements, all passwords and passcodes to computer hardware and software, and keys to all vehicles, all of which shall be delivered by turnover to BKP's agents at the Property at the time of the Closing and need not be delivered to the location of the Closing;

(u) If the Power Plant Closing precedes the Closing, satisfactory evidence of termination of the Power Plant Loan Documents, and counterpart originals of the Power Plant Bill of Sale and the Power Plant Assignment of GSA executed by Power Plant JV;

(v) If required by Section 10.10, a counterpart original of the Assignment of Ground Lessee Membership Interests, duly executed by Alexander's, Inc.; and

(w) If the Power Plant Closing does not precede the Closing, counterpart originals of the Power Plant Allonge and the Power Plant Assignment of Loan Documents executed by Power Plant Lender, a counterpart original of the Power Plant Assignment of Membership Interests executed by AOB II, and a counterpart original of the Power Plant Assignment of ESA and License Agreement executed by AOB.

Section 10.4 Prorations and Credits. Except as expressly provided herein, the purpose and intent as to the provisions of prorations and apportionments set forth in this Section and elsewhere in this Agreement is that Contributor shall bear all expenses of ownership and operation of the Property and shall receive all income therefrom through midnight at the end of the day preceding the Closing (the "Proration Time") and BKP shall bear all such expenses and receive all such income thereafter. All prorations and payments to be made at Closing under this Section shall be made on the basis of a written statement or statements delivered to BKP by Contributor and approved by BKP. Contributor and BKP agree to adjust, without limitation, the following items (collectively, the "Proration Items"):

(a) Base or minimum rent and additional rent (which term, as used in this Agreement, includes, without limitation, operating expenses and common area maintenance charges, insurance, utilities, real estate tax and other assessment reimbursements, and parking fees) in connection with the Leases and normally prorated operating expenses as of the date of Closing shall be prorated as provided in this Agreement as of the Proration Time and be adjusted against the Cash Consideration due at the Closing.

(b) Percentage rent (*i.e.*, that portion of the rent payable by any Tenants under the Leases which is a percentage of the amount of sales or of the dollar amount of sales) paid under any Leases shall be prorated with respect to the calendar year (or the applicable lease year, if used in the Lease instead of a calendar year) in which the Closing occurs on a per diem basis based upon the percentage rent paid by any Tenants for such period. Any reduction in the amount of percentage rent paid by any Tenants for such period as a result of any deductions or offsets claimed by such Tenants shall be allocated against Contributor's or BKP's distribution of percentage rent, as applicable, based on whether the claim giving rise to the deduction(s) or offset(s) claimed by any such Tenant accrued prior to the Closing Date (in which case the allocation is against Contributor's share of the distribution) or accrued on or after the Closing Date (in which case the allocation is against BKP's share of the distribution). After Closing, upon any Tenant's payment to BKP of the percentage rent due for such period, BKP agrees to

immediately pay to Contributor Contributor's proportionate share of the percentage rent, and upon any Tenant's payment to Contributor of the percentage rent due for such period, Contributor agrees to immediately pay to BKP BKP's proportionate share of the percentage rent.

(c) Real estate taxes and personal property taxes on the Property shall be prorated based upon the payment period (i.e., calendar or other tax fiscal year) to which same are attributable, with maximum then-permitted discount taken, regardless of whether or not any such taxes are then due and payable or are a lien. Contributor shall pay at or prior to Closing (or BKP shall receive credit for) any unpaid taxes attributable to periods prior to the date of Closing (whether or not then due and payable or a lien as aforesaid). Contributor shall receive credit for any previously paid or prepaid taxes attributable to periods from and after the date of Closing. In the event that as of the date Closing occurs the actual tax bills for the tax year or years in question are not available and the amount of taxes to be prorated as aforesaid cannot be ascertained, then rates, millages and assessed valuation of the previous year, with known changes and taking into account all applicable discounts for early payment, shall be used for purposes of the proration at Closing. If the proration at Closing is based on the taxes for the previous year as described above, the parties agree to re-prorate the applicable real estate taxes and personal property taxes for the year of Closing based on the actual real estate taxes and personal property taxes (with maximum discount) once the bills are available.

(d) Certified liens levied by any Authority against the Property as of the Closing Date shall be paid by Contributor. Pending liens as of the Closing Date shall be assumed by BKP; provided, however, that if the improvement for which any such pending lien was levied was substantially completed as of the Closing Date, such pending lien shall be treated as a certified lien and paid by Contributor. Notwithstanding the foregoing, if any assessment or lien is payable under the real estate tax bill(s) for the Property on an installment payment basis, the parties agree that Contributor shall be responsible for payment of those installments which accrue prior to the year of Closing, BKP shall be responsible for payment of those installments which accrue subsequent to the year of Closing, and the parties shall prorate the installment which is due for the year of the Closing. As used herein, a "certified" lien is a lien which has been certified, confirmed or ratified pursuant to the statute, special act, ordinance, or resolution creating same and for which the exact amount of same has been determined, and a "pending" lien is a lien which has been created or authorized by an enabling resolution adopted by the appropriate governmental entity, causing said lien to attach to and become an encumbrance upon the subject Real Property but for which there has been no determination of the final amount of same.

(e) Contributor shall be responsible for the payment of all sales taxes collected by Contributor under the Leases or with respect to the Property, or required to have been so collected, for the time period until the Proration Time.

(f) If any of the foregoing prorations cannot be definitely calculated accurately on the date of Closing, then they shall be estimated at the Closing and definitely calculated as soon after the date of Closing as feasible. As soon as the necessary information is available, but in any event within sixty (60) days after the date of Closing, the parties shall conduct a post-Closing review to determine the accuracy of all prorations made to the Cash Consideration (the "Post Closing Review"). Either party owing the other party a sum of money

based on such subsequent proration(s) or the Post-Closing Review shall promptly pay such sum to the other party. Each party agrees to cooperate with the other to determine such post-Closing adjustments and shall make its appropriate personnel available to assist in making such adjustments; provided that the period during which the parties shall make adjustments as set forth in this Agreement shall terminate one (1) calendar year after the Closing Date.

(g) Amounts payable under the Assumed Contracts shall be prorated as of the Proration Time. All amounts due under the Assumed Contracts for the period of time prior to the Closing Date shall be paid by Contributor. All amounts due under the Contracts (other than the Assumed Contracts, which shall be governed by the above terms of this subsection (g)) shall be paid by Contributor, regardless whether the same relate to the period prior to the Closing Date or thereafter.

(h) Fees paid for the Licenses and Permits shall be prorated as of the Proration Time.

(i) At Closing, BKP shall pay to Contributor, in cash, the amount of any TI Expenditures and Leasing Expenditures, if any, to the extent payable by BKP pursuant to Section 7.3, and Contributor shall pay to BKP or to the applicable vendors, upon reasonable evidence thereof, all unpaid TI Expenditures and Leasing Expenditures not payable by BKP.

(j) Contributor shall be responsible for all utility bills for the period ending on the last day prior to the Closing. BKP shall be responsible for all utility bills commencing on the Closing Date. BKP and Contributor shall prorate all bills for the period in which the Closing occurs, outside of the Closing Statement. In connection with such proration, it shall be presumed that utility charges were uniformly incurred during the billing period.

(k) BKP will receive at Closing a credit against the Cash Consideration equal to all security deposits held or required to be held by Contributor under the Leases to the extent not previously applied by Contributor as provided in the applicable Lease. To the extent that any Security Deposit consists of a letter of credit (an "L/C") then, at Closing, Contributor will assign its rights under any such L/C to BKP, and at the Closing, Contributor shall request that the applicable Tenant, at the Tenant's sole cost, have such L/C bear the name of BKP as the beneficiary thereunder subsequent to the Closing (either pursuant to a transfer of such L/C which satisfies the issuing bank's transfer requirement, or by obtaining an amendment to the L/C naming BKP as the beneficiary thereunder and, in the case of the foregoing, in form and substance reasonably satisfactory to BKP) (each, an "L/C Transfer"). If any of such L/Cs are not assigned or assignable as of the Closing Date, then Contributor, at Contributor's sole expense, promptly after the Closing, shall with due diligence (without resorting to litigation) attempt to cause the issuers of such L/Cs to reissue such L/Cs in favor of BKP. If at any time prior to the date when any such L/C is reissued, but after the Closing Date, BKP has the right in accordance with the applicable Lease to collect the proceeds of any such L/C and desires to do so, then Contributor, promptly after receipt of BKP's written request, shall present such L/C for payment and promptly deliver the proceeds thereof to BKP. If Contributor presents such L/C for payment, as aforesaid, then BKP shall indemnify Contributor, and hold Contributor harmless, from and against any and all losses, damages, costs, liabilities or expenses (including reasonable attorneys' fees and disbursements) which Contributor incurs as a result of presenting such L/C for payment.

At Closing, Contributor shall deliver to BKP the originals of all L/Cs (and any amendments or modifications thereof) whether or not an L/C Transfer has been consummated with respect to such L/C, actually held by Contributor.

(l) Contributor will use commercially reasonable efforts to assign to BKP at Closing or cause to be reissued for BKP's benefit, all bonds of Tenants related to mechanic's liens, except to the extent the same are automatically transferred to an acquirer of the Property in accordance with their terms.

(m) Accrued and unpaid salaries, wages, bonuses, unused sick time, unused vacation time, employee benefit fund contributions, and other benefits for the Specified Employees BKP is required to employ pursuant to Article XVIII hereof shall be prorated as of the Closing Date.

(n) Contributor shall indemnify BKP against and hold BKP harmless from all claims, losses, costs, liabilities and expenses, including attorneys' and experts' fees and expenses to the extent arising from or attributable to the matters for which Contributor is liable pursuant to this Section 10.4. BKP shall indemnify Contributor against and hold Contributor harmless from all claims, losses, costs, liabilities and expenses, including attorneys' and experts' fees and expenses to the extent arising from or attributable to the matters for which BKP is liable pursuant to this Section 10.4. The terms and provisions of this Section 10.4 shall survive the Closing.

Section 10.5 Method of Rent Adjustment. Base or minimum rent and additional rent (which term, as used in this Agreement, includes, without limitation, operating expenses and common area maintenance charges, insurance, utilities, real estate tax and other assessment reimbursements, and parking fees) in connection with the Leases, which is due and paid to Contributor for the month in which the Closing occurs, shall be prorated as of Closing; provided, however, that base or minimum rent and additional rent which is due and payable to Contributor by any Tenant but uncollected ("Rent Arrears") as of Closing, shall not be adjusted, but shall be treated as provided for in this Section. Notwithstanding anything to the contrary contained in this Section, BKP shall neither be required to collect any Rent Arrears on behalf of Contributor nor obligated to bring suit to collect Rent Arrears; provided, however, that if either party actually receives any Rent Arrears payable to the other party pursuant to this Section, the receiving party shall promptly remit the same to the other, and each party agrees to keep the other fully informed with respect to the status of any such Rent Arrears collected by such party. With regard to any Tenant which owes Rent Arrears as of the Closing, rents subsequently received from such Tenant shall be applied in the following priority regardless whether received by Contributor or BKP and regardless of any designation by any Tenant of the rental period applicable to any such payment: (a) first, to any rent due and payable in respect of the calendar month of the Closing, (b) second, in reduction of any Rent Arrears arising from any months subsequent to the calendar month in which the Closing occurs, (c) third, in reduction of any Rent Arrears arising from any months prior to the calendar month in which the Closing occurs, and (f) thereafter, any balance to BKP. Contributor shall not have the right to sue or otherwise attempt to collect the same from any such Tenant after the Closing unless the Tenant is no longer a lessee at the Property; provided, however, that Contributor shall have the right to seek collection, without filing a lawsuit, of any Rent Arrears owing to Contributor from any Tenant after Closing. The parties' obligations under this Section shall survive the Closing and shall bind their successors in interest.

If a party to this Agreement receives any rent or additional rent which pursuant to the terms of this Agreement belongs to the other party to this Agreement, the party receiving such rent or additional rent shall promptly remit the amount due from such rent or additional rent to the other party (subject to clearance of any checks).

Notwithstanding the terms above, common area maintenance expenses and charges for the year of Closing shall be prorated as set forth below in this Section (except that, for the avoidance of doubt, fixed common area maintenance expenses and charges shall be prorated pursuant to Section 10.4(a) and the first paragraph of this Section 10.5 rather than pursuant to this second paragraph of this Section 10.5). Contributor shall be responsible for all common area maintenance expenses and charges incurred prior to Closing, and BKP shall be responsible for the same subsequent to Closing. All common area maintenance expense payments made by each Tenant and such charges paid under its Lease for the entire lease year during which the Closing occurs, including end-of-year adjustments, if any, shall be prorated between Contributor and BKP in the following manner: Not later than sixty (60) days after Closing, Contributor shall deliver to BKP, with regard to each Tenant required to pay common area maintenance expenses and charges ("CAM Charges") under its Lease, a detailed computation showing all CAM Charge expenses incurred by Contributor for the period from January of the year of Closing through the Closing Date, any CAM escrow held by Contributor relating to such Tenant, and, as applicable, either (i) a bill for the Tenant's prorata share of CAM Charges (i.e., for CAM charges through the Closing Date net of any such CAM escrow held by Contributor), together with all invoices and other evidence documenting such CAM Charges in detail required by such Tenant's Lease, or (ii) a statement setting forth any amounts owed to the Tenant for such period with a payment equal to such amount to be provided by Contributor to BKP not later than thirty (30) days thereafter (the "Overpayment Amount"). BKP shall, on or before March 31 of the year immediately following the Closing, incorporate any bills delivered by Contributor into a single post-closing (as and when appropriate for annual reconciliation or other billing of CAM charges for any Tenant) bill for CAM Charges to such Tenant, in which event such single bill, if, as and when paid, shall be apportioned between Contributor and BKP based on the ratio of pre- and post-Closing CAM expenses (taking into account any CAM escrows retained by Contributor at Closing). Upon BKP's receipt of any Overpayment Amount from Contributor, BKP shall promptly turn over the same to the Tenant(s) entitled to such Overpayment Amount. If such March 31 reconciliation determines that Contributor has received or been credited for more CAM Charges than it is entitled to pursuant to this Agreement, Contributor shall promptly refund the overage to BKP. Guarantor agrees that it shall, jointly and severally, guarantee and be personally liable and responsible for the obligations and liabilities of Contributor with respect to liability incurred pursuant to this Section 10.5.

After the Closing, Contributor shall indemnify BKP against and hold BKP harmless from all claims arising under the Leases during the twelve (12) months prior to the date of the Closing, and BKP shall indemnify Contributor against and hold Contributor harmless from all claims arising under the Leases on and after the date of the Closing.

The provisions of this Section 10.5 shall survive the Closing.

Section 10.6 Insurance. Contributor shall terminate its policies of insurance on the date of Closing and BKP shall be responsible for obtaining its own insurance thereafter.

Consequently, there shall be no proration with respect to insurance. Prior to Closing, Contributor shall maintain in full force and effect all insurance policies with at least the amounts and coverages listed in Exhibit 10.6.

Section 10.7 Utility Service Deposits. Contributor shall be entitled to the return of all deposit(s) posted by it with any utility company, and shall notify each utility company serving the Property to terminate Contributor's account, effective at noon on the date of Closing. BKP shall obtain and maintain service from and after Closing from the applicable utility providers through a new account or accounts in the name of BKP.

Section 10.8 Costs of Title Company and Closing Costs. Costs of the Title Company and other closing costs incurred in connection with the Closing will be allocated as follows:

(a) Contributor shall pay (i) Contributor's attorney's fees; (ii) any brokerage fees due the Broker in accordance with the terms of this Agreement; (iii) the cost to record any releases, discharges, corrective or curative instruments as provided in this Agreement; (iv) all state and local transfer taxes associated with the transfer of the Real Property in excess of the amount required to be paid by BKP pursuant to Section 10.8(b) below; and (v) any sales or use taxes related to the transfer of the Personal Property. Without limiting the generality of the foregoing, Contributor and Guarantor shall jointly and severally indemnify, defend and hold harmless BKP from and against any claims, penalties, losses or expenses for state and local real property transfer taxes which may be due as a result of the transactions contemplated by this Agreement, which obligation shall survive the Closing.

(b) BKP shall pay (i) all title insurance changes and premiums, including, without limitation, the costs to prepare the Title Commitment and the premiums for the Title Policy (including all costs of any additional coverage under the Title Policy or endorsements to the Title Policy that are desired by BKP); (ii) all premiums and other costs for any mortgagee policy of title insurance for its financing, if any (including but not limited to any endorsements or deletions); (iii) BKP's attorney's fees; (iv) all escrow fees, if any; (v) the cost of recording the Deed to the Property; (vi) state and local transfer taxes associated with the transfer of the Real Property, but not in any event to exceed \$5,000,000; (vii) the cost of the Survey; and (viii) any other expense(s) incurred by BKP or its representative(s) in inspecting or evaluating the Property, including, without limitation, BKP's inspecting architect and engineer.

(c) Any other costs and expenses of the Closing not provided for in this Section 10.8 shall be allocated between BKP and Contributor in accordance with the custom in New York, New York.

Section 10.9 Power Plant.

(a) BKP and Contributor acknowledge and agree that (i) Kings Plaza JV, LLC, a Delaware limited liability company ("Power Plant JV"), owns and operates certain energy-generating facilities located at the Property, as more fully described on Exhibit 10.9(a) attached hereto (collectively, the "Power Plant"); (ii) DG Kings Plaza II, LLC ("Power Plant Seller") owns a seventy-five percent (75%) membership interest in Power Plant JV and Alexander's of Brooklyn II, LLC ("AOB II"), an affiliate of Contributor, owns a twenty-five

percent (25%) membership interest in Power Plant JV, (iii) pursuant to that certain Purchase and Sale Agreement (the "Power Plant PSA"), dated as of August 30, 2012, by and between Power Plant Seller and Kings Plaza TEP LLC ("Power Plant Purchaser"), an affiliate of Contributor, Power Plant Purchaser has agreed to buy from Power Plant Seller, and Power Plant Seller has agreed to sell to Power Plant Purchaser, Power Plant Seller's seventy-five percent (75%) membership interest in Power Plant JV, and (iv) pursuant to that certain Loan Agreement, dated as of April 15, 2005, Kings Plaza Lender, LLC ("Power Plant Lender"), an affiliate of Contributor, has made a loan to Power Plant JV in the original maximum principal amount of \$15,000,000, of which \$11,618,646 is outstanding as of October 1, 2012 (the "Power Plant Loan").

(b) In the event that the closing of the purchase and sale transaction pursuant to the Power Plant PSA (the "Power Plant Closing") precedes the Closing, then at the Closing, (i) Contributor shall cause AOB II and Power Plant Purchaser to, and AOB II and Power Plant Purchaser shall, cause Power Plant JV to execute a bill of sale in the form attached hereto as Exhibit 10.9(b)(i) (the "Power Plant Bill of Sale") transferring the Power Plant to BKP or its designated Affiliate, (ii) Contributor shall cause Alexander's of Brooklyn, Inc. ("AOB") and Power Plant JV to, and AOB and Power Plant JV shall, terminate the Energy Services Agreement, dated as of April 15, 2005, by and between AOB and Power Plant JV, and the Agreement for Building Operations Services, not dated, (iii) Contributor shall cause AOB II and Power Plant Purchaser to, and AOB II and Power Plant Purchaser shall, execute an assignment of its interest in that certain General Services Agreement by and between Power Plant Seller and Power Plant JV in the form attached hereto as Exhibit 10.9(b)(iii) (the "Power Plant Assignment of GSA"), (iv) BKP or a BKP's Affiliate shall execute a Guaranty Agreement in the form attached hereto as Exhibit 10.9(b)(iv) (the "Power Plant Purchaser Guaranty") and shall deliver to Contributor evidence that BKP or such BKP's Affiliate possesses Tangible Net Worth in excess of Twenty-Five Million Dollars (\$25,000,000), and (v) Contributor shall cause AOB to, and Contributor and AOB shall, terminate the Amended and Restated License Agreement, dated as of April 15, 2005, by and between Alexander's Kings Plaza, LLC and AOB.

(c) In the event that the Power Plant Closing has not occurred at the time of the Closing, at the Closing, (i) Contributor shall cause Power Plant Lender to, and Power Plant Lender shall, execute an endorsement in the form of the allonge attached hereto as Exhibit 10.9(c)(i)(A) (the "Power Plant Allonge") and an assignment and assumption of loan documents in the form attached hereto as Exhibit 10.9(c)(i)(B) (the "Power Plant Assignment of Loan Documents"), transferring the Power Plant Loan to BKP or its designated Affiliate, (ii) Contributor shall cause AOB II to, and AOB II shall, execute an assignment of membership interests in the form attached hereto as Exhibit 10.9(c)(ii) (the "Power Plant Assignment of Membership Interests"), assigning its membership interests in Power Plant JV to BKP or its designated Affiliate, (iii) Contributor shall cause AOB to, and AOB shall, execute an assignment of its interest in that certain Energy Services Agreement and that certain Power Plant License Agreement to BKP or its designee in the form attached hereto as Exhibit 10.9(c)(iii) (the "Power Plant Assignment of ESA and License Agreement"), and (iv) the Cash Consideration payable by BKP at the Closing shall be reduced by the Make-Whole Amount.

(d) If the Power Plant Closing has not occurred as of the then Scheduled Closing Date, Contributor shall have the right, by written notice to BKP delivered not less than

three (3) Business Days prior to the then Scheduled Closing Date, to postpone the Closing on one or more occasions by a period not to exceed forty-five (45) days in the aggregate.

(e) The parties acknowledge that Generator #5 in the Power Plant requires repair or replacement, and that such repair or replacement may not be completed before the Closing. Contributor shall, at its election, (i) repair such Generator #5 at its cost, including obtaining and operating equipment as necessary to ensure backup power capacity while such repair is underway, (ii) replace Generator #5 at its cost, including obtaining and operating equipment as necessary to ensure backup power capacity while such replacement is underway, or (iii) pay BKP Five Hundred Thousand Dollars (\$500,000), which payment shall release Contributor from any further obligation to repair or replace Generator #5. This obligation shall survive the Closing.

Section 10.10 Ground Lease. If Contributor cannot obtain the consent of the ground lessor under the Ground Lease to assign the Ground Lease to BKP prior to the Scheduled Closing Date, Contributor shall cause Alexander's, Inc. to assign one hundred percent (100%) of the membership interests in Alexander's of Kings, LLC to BKP. In the event that Contributor so elects, (i) neither Contributor nor BKP shall be required to deliver a counterpart original of the Assignment of Ground Lease at Closing, (ii) each of Alexander's, Inc. and BKP shall deliver at closing a counterpart original of an assignment and assumption agreement with respect to such membership interests in the form attached hereto as **Exhibit 10.10** (the "Assignment of Ground Lessee Membership Interests") and (iii) Contributor shall indemnify, defend and hold harmless BKP from and against any claims, liabilities, losses or expenses arising from liabilities incurred by Alexander's of Kings, LLC at any time prior to the Closing, which obligation shall survive the Closing.

ARTICLE XI CONDEMNATION AND CASUALTY

Section 11.1 Casualty. If, prior to the Closing Date, all or any portion of the Real Property and Improvements is destroyed or damaged by fire or other casualty, Contributor will not be obligated to repair any damage or destruction to the Real Property and Improvements, but (x) Contributor will assign at Closing and turn over to BKP the insurance proceeds net of the following (collectively, the "Collection Costs") (i) the costs (including reasonable attorneys' fees) incurred by Contributor in connection with the settlement of any insurance claim with respect to such casualty, (ii) the proceeds of any rental loss, business interruption or similar insurance that are allocable to the period prior to the Closing Date, and (iii) the reasonable out-of-pocket costs incurred by Contributor in stabilizing and/or restoring the Property following such casualty (or if such have not been awarded, all of its right, title and interest therein) payable with respect to such fire or other casualty and (y) the parties will proceed to the Closing pursuant to the terms hereof without abatement of the Consideration, except that BKP will receive a credit for any proceeds received by Contributor and a credit for any uninsured amount or insurance deductible that is actually deducted from the proceeds made available to BKP (collectively, the "Deductible"). Notwithstanding the foregoing, in the event that the casualty causes damage, the cost of which to repair shall equal or exceed \$20,000,000 or the casualty is of such a nature as to entitle an Anchor Tenant or any other Tenants occupying more than twenty-five percent (25%) of the rentable square feet in the aggregate to terminate its Lease pursuant to the terms thereof,

BKP, at its election may (i) terminate this Agreement and receive the return of its Earnest Money Deposit, whereupon, the parties shall be relieved of all obligations hereunder, except with respect to the Termination Surviving Obligations; or (ii) proceed with the Closing, and Contributor will assign at Closing and turn over to BKP the insurance proceeds net of the Collection Costs (or if such have not been awarded, all of its right, title and interest therein) payable with respect to such fire or other casualty, and BKP shall receive a credit for any proceeds received by Contributor and any Deductible that is actually deducted from the proceeds made available to BKP.

Section 11.2 Condemnation of Property. If, prior to the Closing Date, (a) all of the Property is condemned or sold in lieu of condemnation, or if such a condemnation is commenced (it being agreed for all provisions of this Section 11.2, that Contributor shall not agree to a sale in lieu of condemnation except with the prior consent of BKP, which consent shall not be unreasonably withheld or delayed) or (b) a portion of the Property having a value in excess of \$20,000,000 is condemned or sold in lieu of condemnation or in the event any condemnation below such threshold (i) prevents or materially limits access to the Property, or (ii) is of such a nature or extent as to entitle an Anchor Tenant or any other Tenants occupying more than twenty-five percent (25%) of the rentable square feet in the aggregate to terminate its or their Leases pursuant to the terms thereof, or (iii) causes material non-compliance with any Governmental Regulation of any Authority having jurisdiction over the Property or Improvements or any portion thereof, or (iv) otherwise has comparably adverse effect on the Property, BKP will have the option, to be exercised within thirty (30) days after receipt of notice of such condemnation or sale, to terminate BKP's obligations under this Agreement or to elect to have this Agreement remain in full force and effect. In the event that either (x) there shall occur a condemnation or sale in lieu thereof in respect of a portion the Property that is not described in the first sentence of this Section 11.2 or (y) there shall occur a condemnation or sale or lien thereof in respect of the Property that is described in the first sentence of this Section 11.2 or such a condemnation shall be commenced but BKP does not terminate this Agreement as provided in this Section 11.2, Contributor will assign to BKP any and all claims for the proceeds of such condemnation or sale to the extent the same are applicable to the Property, and BKP will take title to the Property with the assignment of such proceeds and subject to such condemnation and without reduction of the Consideration except for a credit for any award received by Contributor. Should BKP elect to terminate BKP's obligations under this Agreement under the provisions of this Section 11.2, the Earnest Money Deposit will be returned to BKP and neither Contributor nor BKP will have any further obligation under this Agreement, except for the Termination Surviving Obligations.

ARTICLE XII CONFIDENTIALITY/PRESS RELEASES

Section 12.1 Confidentiality. Except as expressly provided in this Agreement and except with respect to matters in the public domain or which are otherwise lawfully available to sophisticated real estate investors, (i) BKP further acknowledges and agrees that, unless and until the Closing occurs, all information obtained by BKP from Contributor in connection with the Property will not be disclosed by BKP to any third persons (except Permitted Outside Parties as provided in Section 5.2(b)) without the prior written consent of Contributor, not to be unreasonably withheld, conditioned or delayed, and (ii) Contributor further acknowledges and

agrees that from and after the Closing such confidential information related to the Property will not be disclosed by Contributor to any third persons without the prior written consent of BKP, not to be unreasonably withheld, conditioned or delayed. Nothing contained in this Article XII will preclude or limit either party to this Agreement from making disclosures with respect to any information otherwise deemed confidential under this Article XII (a) pursuant to litigation or in response to lawful process or subpoena or other valid or enforceable order of a court of competent jurisdiction, (b) if required by rule or regulation of the Securities and Exchange Commission or the New York Stock Exchange, including without limitation in any filings required by any Authorities (it being acknowledged and agreed that Contributor or its Affiliate shall have the right to publicly file this Agreement with the Securities and Exchange Commission if required in the judgment of Contributor's outside counsel), (c) if such information was obtained from sources other than the other party or its agents and not, to such party's actual knowledge after reasonable inquiry, in violation of a confidentiality agreement, (d) in connection with the enforcement of this Agreement, (e) in connection with such party's regular and customary financial reporting, or (f) pursuant to a press release related to the purchase and sale of the Property, provided that the issuing party shall obtain the approval (not to be unreasonably withheld, conditioned or delayed) of the other party prior to the issuance of any press release. In determining whether a disclosure contemplated in the preceding sentence is required by law or by rule or regulation of the Securities and Exchange Commission or the New York Stock Exchange, the disclosing party is entitled to rely upon the written advice of counsel given in good faith. The provisions of this Article XII will survive the termination of this Agreement and are in addition to any separate confidentiality agreement executed by the parties or their Affiliates.

ARTICLE XIII REMEDIES

Section 13.1 Default by Contributor. In the event the Closing and the transactions contemplated hereby do not occur as herein provided by reason of any default of Contributor, and Contributor's failure to close was not caused by BKP's default under this Agreement, BKP may, as BKP's sole and exclusive remedy, elect either of the following: (a) by notice to Contributor at any time but in no event later than thirty (30) days following the Scheduled Closing Date to terminate this Agreement, in which event BKP will receive from the Escrow Agent the Earnest Money Deposit, and Contributor shall reimburse BKP for its legal and due diligence costs and expenses incurred in connection with the Property and this Agreement, not to exceed \$700,000, whereupon Contributor and BKP will have no further rights or obligations under this Agreement, except with respect to the Termination Surviving Obligations, or (b) at any time but in no event later than sixty (60) days following the Scheduled Closing Date, to file suit to seek to enforce specific performance of Contributor's obligation under this Agreement. Except for claims arising under Closing Surviving Obligations and as otherwise set forth herein, BKP expressly waives its rights to seek damages in the event of Contributor's default hereunder. BKP shall be deemed to have elected to terminate this Agreement and receive back the Earnest Money Deposit if BKP fails to file suit for specific performance against Contributor in a court having jurisdiction in the county and state in which the Property is located on or before sixty (60) days following the Scheduled Closing Date. Notwithstanding the foregoing, nothing contained in this Section 13.1 or in any other provision of this Agreement (excluding Section 8.4) will limit BKP's remedies at law, in equity or as herein provided in pursuing remedies of (i) a willful or

intentional breach by Contributor of its obligations hereunder in the event the remedy of specific performance is not available to BKP by reason of such Contributor's breach by conveying the Property to a third party in breach of the terms of this Agreement, or by Contributor executing a new mortgage encumbering the Property which is not released at or before the Closing, or by Contributor creating some other impediment that would preclude Contributor from being able to convey the Property in accordance with the terms of this Agreement, (ii) fraud by Contributor, or (iii) any breach by Contributor of any of the Termination Surviving Obligations or Closing Surviving Obligations.

Section 13.2 Default by BKP. In the event the Closing and the consummation of the transactions contemplated herein do not occur as provided herein by reason of any default of BKP, and BKP's failure to close was not caused by Contributor's default under this Agreement or the failure of BKP's conditions precedent set forth in Section 9.1, BKP and Contributor agree it would be impractical and extremely difficult to fix the damages which Contributor may suffer. BKP and Contributor hereby agree that (a) an amount equal to the Earnest Money Deposit, is a reasonable estimate of the total net detriment Contributor would suffer in the event BKP defaults and fails to close the transaction contemplated by this Agreement, and (b) such amount will be the full, agreed and liquidated damages for BKP's default and failure to close the transaction contemplated by this Agreement, and will be Contributor's sole and exclusive remedy (whether at law or in equity) for any default of BKP resulting in the failure of consummation of the Closing, whereupon this Agreement will terminate and Contributor expressly waives its rights to seek damages in the event of BKP's default except as otherwise provided hereunder. BKP and Contributor will have no further rights or obligations hereunder, except with respect to the Termination Surviving Obligations. The payment of such amount as liquidated damages is not intended as a forfeiture or penalty but is intended to constitute liquidated damages to Contributor. Notwithstanding the foregoing, nothing contained herein will limit Contributor's remedies at law, in equity or as herein provided in the event of a breach by BKP of any of the Termination Surviving Obligations.

Section 13.3 No Consequential Damages. Notwithstanding anything to the contrary herein, in no event shall either BKP or Contributor be liable for consequential, incidental, special or punitive damages whether in contract, tort or under any other legal or equitable principle.

ARTICLE XIV NOTICES

Section 14.1 Notices.

(a) All notices or other communications required or permitted hereunder shall be in writing, and shall be given by any nationally recognized overnight delivery service with proof of delivery, or by facsimile or emailed .pdf transmission (provided that such transmission is confirmed by the sender and a confirming copy is simultaneously sent by a nationally recognized overnight delivery service), sent to the intended addressee at the address set forth below, or to such other address or to the attention of such other person as the addressee will have designated by written notice sent in accordance herewith. Unless changed in accordance with the preceding sentence, the addresses for notices given pursuant to this Agreement will be as follows:

If to Contributor: Alexander's Kings Plaza, LLC
Alexander's of Kings, LLC
Kings Parking, LLC
c/o Vornado Realty Trust
888 Seventh Avenue
New York, New York 10019
Attn.: Executive Vice President – Acquisitions and Capital Markets
Phone: 212-894-7009
Fax: 212-894-7474
Email: mdemarco@vno.com

with a copy to: Vornado Realty Trust
240 Route 4 East
Paramus, New Jersey 07652
Attn.: Chief Financial Officer
Phone: 201-587-7402
Fax: 201-843-2198
Email: jmacnow@vno.com

Vornado Realty Trust
888 Seventh Avenue
New York, New York 10019
Attn.: Corporation Counsel
Phone: 212-894-7050
Fax: 212-894-7996
Email: arice@vno.com

Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004
Attn.: Arthur S. Adler
Phone: 212-558-3960
Fax: 212-291-9001
Email: adlera@sullcrom.com

If to BKP: Brooklyn Kings Plaza LLC
c/o Manatt, Phelps & Phillips, LLP
7 Times Square
New York, New York 10036
Attn: Kimberly Moore
New York, New York 10036
Attn: Kimberly Moore
Phone: (212) 790-4616
Fax: (212) 790-6316
Email: kmoore@manatt.com

If to the Title Agent or
Title Company:

Commonwealth Land Title Insurance Company
888 South Figueroa Street, Suite 2100
Los Angeles, California 90017
Attention: Elaine Edgeman
Telephone: (213) 330-3044
Telecopy: (213) 330-3085
Email: eedgeman@ltic.com

If to the Escrow Agent:

Commonwealth Land Title Insurance Company
888 South Figueroa Street, Suite 2100
Los Angeles, California 90017
Attention: Mai-Ly Marsh
Telephone: (213) 330-3071
Telecopy: (213) 330-3103
Email: mmarsh@ltic.com

Notices given by (i) overnight delivery service as aforesaid shall be deemed received and effective on the first Business Day following such dispatch (if dispatched on a Business Day sufficiently timely for next day delivery) and (ii) facsimile or emailed .pdf transmission as aforesaid shall be deemed given at the time and on the date of machine transmittal provided same is sent and confirmation of receipt is received by the sender prior to 5:00 p.m. Eastern Time on a Business Day (if sent later, then notice shall be deemed given on the next Business Day). Notices may be given by counsel for the parties described above, and such notices shall be deemed given by said party, for all purposes hereunder.

ARTICLE XV ASSIGNMENT AND BINDING EFFECT

Section 15.1 Assignment; Binding Effect. BKP may not assign its rights under this Agreement, except with the prior written consent of Contributor, which consent may be withheld in the sole and absolute discretion of Contributor, and any purported assignment in contravention of the foregoing provisions shall be null and void and of no force and effect. Notwithstanding the foregoing, BKP, without the prior consent of Contributor, may assign this Agreement to any of BKP's Affiliates, provided that BKP furnishes Contributor with notice of such assignment at least one (1) Business Day prior to Closing. Neither BKP, nor any permitted assignee, shall be released from its obligations or liabilities under this Agreement by virtue of any such assignment.

ARTICLE XVI BROKERAGE

Section 16.1 Brokers. Contributor shall be solely responsible for payment of all brokerage commissions, if any, to Eastdil Secured ("Broker"). BKP and Contributor represent, each to the other, that it has not dealt with brokers, finders or salesmen in connection with this transaction other than the Broker and agrees to indemnify, defend and hold the other party harmless from and against any and all loss, cost, damage, liability or expense, including

reasonable attorneys' fees, which such other party may sustain, incur or be exposed to by reason of any breach of the foregoing warranty and representations. The provisions of this Article XVI will survive the Closing or termination of this Agreement.

ARTICLE XVII ESCROW AGENT

Section 17.1 Escrow.

(a) The Escrow Agent will hold the Earnest Money Deposit in escrow in a segregated, interest-bearing account entitled "Commonwealth Land Title Insurance Company, as Escrow Agent for Alexander's Kings Plaza, LLC, Alexander's of Kings, LLC, Kings Parking, LLC and Brooklyn Kings Plaza LLC," until the earlier of (i) the Closing, or (ii) the termination of this Agreement in accordance with any right hereunder. The Escrow Agent shall promptly notify Contributor and BKP of the account number for the account described in the preceding sentence. Except as otherwise set forth in this Agreement, the Earnest Money Deposit shall be non-refundable to BKP, but shall be credited against the Cash Consideration at the Closing. All interest earned on the Earnest Money Deposit shall be paid to the party entitled to the Earnest Money Deposit. In the event this Agreement is terminated pursuant to BKP's express right of termination established in this Agreement, the Earnest Money Deposit will be immediately returned by the Escrow Agent, to BKP. In the event the Closing occurs, the Earnest Money Deposit shall be released to Contributor, and BKP shall receive a credit against the Cash Consideration in the amount of the Earnest Money Deposit. In all other instances, if either party makes a written or oral demand upon Escrow Agent for payment of the Earnest Money Deposit, Escrow Agent shall give written notice to the other party of such demand. If Escrow Agent does not receive a written objection from the non-demanding party to the proposed payment within seven (7) calendar days after the giving of such notice, Escrow Agent is authorized, instructed and directed to make such payment. If Escrow Agent does receive such written objection within such seven (7) calendar day period, Escrow Agent shall continue to hold such amount until otherwise directed by written instructions from Contributor and BKP or a final judgment of a court of competent jurisdiction.

(b) The Escrow Agent shall not be liable to any party for any act or omission, except for the Escrow Agent's negligence or breach of the terms of this Agreement, and the parties agree to indemnify the Escrow Agent and hold the Escrow Agent harmless from any and all claims, damages, losses or expenses arising in connection herewith. The parties acknowledge that the Escrow Agent is acting solely as stakeholder for their mutual convenience. In the event the Escrow Agent receives written notice of a dispute between the parties with respect to the Earnest Money Deposit, the Escrow Agent shall not be bound to release and deliver the Earnest Money Deposit to either party but may either (i) continue to hold the Earnest Money Deposit otherwise directed in a writing signed by all parties hereto or (ii) deposit the Earnest Money Deposit with the clerk of any court of competent jurisdiction. Upon such deposit, the Escrow Agent will be released from all duties and responsibilities hereunder. The Escrow Agent shall have the right to consult with separate counsel of its own choosing (if it deems such consultation advisable) and shall not be liable for any action taken, suffered or omitted by it in accordance with the advice of such counsel.

(c) The Escrow Agent shall not be required to defend any legal proceeding which may be instituted against it with respect to the Earnest Money Deposit, the Property or the subject matter of this Agreement unless requested to do so by BKP or Contributor and is indemnified to its satisfaction against the cost and expense of such defense. The Escrow Agent shall not be required to institute legal proceedings of any kind and shall have no responsibility for the genuineness or validity of any document or other item deposited with it or the collectability of any check delivered in connection with this Agreement. The Escrow Agent shall be fully protected in acting in accordance with any written instructions given to it hereunder and believed by it to have been signed by the proper parties.

**ARTICLE XVIII
EMPLOYEE MATTERS**

Section 18.1 Employee Matters.

(a) At Closing, BKP may, but shall not be obligated to, assume and adopt the Collective Bargaining Agreements. BKP may, but shall not be obligated to, offer employment to all of the employees of Contributor or its Affiliate at the Property covered by the Collective Bargaining Agreements and previously identified by Contributor to BKP (the "Specified Employees"). BKP shall, no less than twenty (20) days before the Closing, notify Contributor in writing as to (a) whether it will assume the Collective Bargaining Agreements and offer employment to all of the Specified Employees, or (b) not assume the Collective Bargaining Agreements and/or offer employment to all of the Specified Employees. In the event BKP has not notified Contributor in writing of its intent to assume the Collective Bargaining Agreements and offer employment to all of the Specified Employees, Contributor shall, no less than fifteen (15) days before the Closing, provide to BKP a full and accurate list of the Specified Employees at the Property as of that date with name, address, date of hire and employment classification. Contributor shall also (x) post at the Property, and (y) provide (or have its Affiliate and/or contractor provide) a copy to any union representing the building service employees at the Property, a notice as required by the Displaced Building Service Workers Act, Section 22-505 of the Administrative Code of the City of New York, with the aforementioned list of Specified Employees. BKP shall be solely responsible for providing any notice required under the federal Worker Adjustment and Retraining Notification Act, 29 U.S.C. §2101 et seq., and/or New York State WARN Act (collectively, "WARN"), with regard to the termination of any employees at the Property upon Closing, and shall indemnify, defend and hold Contributor and its Affiliates harmless from any claim or liability (including costs and reasonable attorney's fees incurred) that WARN notice was not properly given by Contributor or its Affiliates prior to Closing.

(b) In the event BKP does not assume the Collective Bargaining Agreements and offer employment to all of the Specified Employees, and Contributor or its Affiliates must pay any termination, severance, accrued vacation and/or other wage or benefit payments due to or on behalf of any Specified Employees to whom BKP (or any third party it engages) fails to offer employment, or arising out of a claim that BKP did not assume the Collective Bargaining Agreements, or Contributor or its Affiliates must pay any withdrawal liability to any multiemployer pension plan arising out of this transaction (collectively, the "Termination Payments"), BKP shall indemnify and hold Contributor and its Affiliates harmless from any liability, claims, actions, damages, judgments, penalties, costs, and expenses, including

reasonable attorneys' fees, related to: (i) the Termination Payments, or (ii) the fact that BKP has not assumed the Collective Bargaining Agreements and/or offered employment to all of the Specified Employees.

(c) BKP shall indemnify and hold Contributor and its Affiliates harmless from any liability, claims, actions, damages, judgments, penalties, costs, and expenses, including reasonable attorneys' fees, related to any claim with respect to or in connection with any employee employed at the Property accruing and arising from and after the Closing except as otherwise provided in this Agreement. Contributor shall indemnify and hold BKP harmless from any liability, claims, actions, damages, judgments, penalties, costs, and expenses, including reasonable attorneys' fees related to any claim with respect to or in connection with any employee employed at the Property arising or accruing prior to the Closing except as otherwise provided in this Agreement.

(d) In the event BKP assumes the Collective Bargaining Agreements and offers employment to all of the Specified Employees, BKP shall execute the Assumptions of Collective Bargaining Agreement in the form attached hereto as **Exhibit 18.1(d)**. In such event, the parties intend to comply with section 4204(a) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and to take any other action required or desirable, so that no withdrawal liability is imposed upon Contributor or its Affiliates as a result of this transaction or any subsequent action or omission of BKP or any affiliate of BKP. To that end, BKP agrees and covenants: (i) to contribute for the plan year of the sale and the Surety Period (as hereinafter defined), to the Building Service 32B-J Pension Fund (the "**Multiemployer Pension Plan**") for substantially the same number of contribution base units, as defined in Section 4001(a)(11) of ERISA, for which Contributor was obligated to contribute prior to the Closing Date with respect to the Specified Employees, and (ii) unless a waiver is in effect pursuant to Section 4204(c) of ERISA, to provide to and for the benefit of the Multiemployer Pension Plan, for the five (5) plan years commencing with the first plan year to begin after the Closing Date (the "**Surety Period**"), either a bond issued by a corporate surety company that is an acceptable surety for purposes of Section 412 of ERISA, a letter of credit or an amount held in escrow by a bank or similar financial institution, in either case in an amount equal to the great of (A) the average annual contribution that Contributor was required to make with respect to the covered operations for the three plan years preceding the plan year in which the Closing Date occurs with respect to the Specified Employees, (B) the annual contribution that Contributor was required to make with respect to the covered operation for the plan year preceding the plan year in which the Closing Date occurs with respect to the Specified Employees, which bond, letter of credit or such amount held in escrow shall be paid to the Multiemployer Pension Plan, if at any time during the Surety Period, BKP, or any successor in interest thereto, withdraws from the Multiemployer Pension Plans or fails to make any contribution to the Multiemployer Pension Plan when due. If a waiver is not in effect pursuant to Section 4204(c) of ERISA, BKP shall deliver to the Multiemployer Pension Plan by the first day of the plan year following the Closing Date, with copies to Contributor, either the bond or evidence of the establishment of an escrow described in the preceding sentence. If BKP or any successor in interest thereto shall withdraw from the Multiemployer Pension Plan in either a complete or partial withdrawal, as such terms are used in Sections 4203 and 4205 of ERISA, and withdrawal liability is imposed under Section 4201 of ERISA, Contributor agrees that Contributor and its Affiliates shall be secondarily liable to the Multiemployer Pension Plan for any withdrawal liability that it would have had to the

Multiemployer Pension Plan in the absence of Section 4204 of ERISA; provided, however, that the preceding clause of this sentence will be void and of no effect, if the parties obtain a variance from the requirements of Section 4204(a)(1)(C) of ERISA. The parties will reasonably cooperate in obtaining a variance from the requirements of Sections 4204(a)(1)(B) and 4204(a)(1)(C) of ERISA. To the extent that any obligation is imposed on BKP herein, BKP agrees to require each of its successors in interest and assigns to specifically assume and accept the obligations assumed by it under this Section 18.1 if and to the extent Contributor would otherwise be liable for such obligations. BKP agrees to indemnify and hold Contributor harmless from and against any and all losses, costs, liens, claims, liabilities or damages (including, but not limited to, reasonable attorneys' fees and disbursements) arising from or relating to a breach of its obligations under this Section 18.1 or any complete or partial withdrawal liability arising as a result of this transaction.

(e) The obligations and undertaking of BKP under this Section 18.1 is a special inducement to Contributor to enter into this Agreement without which Contributor would not enter into this Agreement. Any obligations of BKP pursuant to this Section 18.1 shall supersede and take precedence over any other debts or obligations of BKP and/or the Property, and BKP shall take no actions (or fail to take any actions) inconsistent herewith.

(f) The provisions of this Section 18.1 shall survive the Closing.

ARTICLE XIX MISCELLANEOUS

Section 19.1 Waivers. No waiver of any breach of any covenant or provisions contained herein will be deemed a waiver of any preceding or succeeding breach thereof or of any other covenant or provision contained herein. No extension of time for performance of any obligation or act will be deemed an extension of the time for performance of any other obligation or act.

Section 19.2 **TIME OF THE ESSENCE. TIME IS OF THE ESSENCE WITH RESPECT TO ALL TIME PERIODS AND DATES FOR PERFORMANCE SET FORTH IN THIS AGREEMENT.**

Section 19.3 Recovery of Certain Fees. In the event a party hereto files any action or suit against another party hereto by reason of any breach of any of the covenants, agreements or provisions contained in this Agreement, then in that event the prevailing party will be entitled to have and recover from the other party all reasonable attorneys' fees and costs resulting therefrom. For purposes of this Agreement, the term "attorneys' fees" or "attorneys' fees and costs" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photocopying, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and other persons not admitted to the bar but performing services under the supervision of an attorney, and the costs and fees incurred in connection with the enforcement or collection of any judgment obtained in any such proceeding. The provisions of this Section 19.3 shall survive the entry of any judgment, and shall not merge, or be deemed to have merged, into any judgment.

Section 19.4 Construction. Headings at the beginning of each Article and Section are solely for the convenience of the parties and are not a part of this Agreement. Whenever required by the context of this Agreement, the singular will include the plural and the masculine will include the feminine and vice versa. This Agreement will not be construed as if it had been prepared by one of the parties, but rather as if both parties had prepared the same. All exhibits and schedules referred to in this Agreement are attached and incorporated by this reference, and any capitalized term used in any exhibit or schedule which is not defined in such exhibit or schedule will have the meaning attributable to such term in the body of this Agreement. In the event the date on which BKP or Contributor is required to take any action under the terms of this Agreement is not a Business Day, the action will be taken on the next succeeding Business Day.

Section 19.5 Counterparts. This Agreement may be executed in multiple counterparts, each of which, when assembled to include an original signature for each party contemplated to sign this Agreement, will constitute a complete and fully executed original. All such fully executed original counterparts will collectively constitute a single agreement. This Agreement may be executed by facsimile or “.pdf” signatures and a facsimile or “.pdf” of a signature shall have the same legal effect as an originally drawn signature.

Section 19.6 Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of law or public policy, all of the other conditions and provisions of this Agreement will nevertheless remain in full force and effect, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner to either party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto will negotiate in good faith to modify this Agreement so as to reflect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

Section 19.7 Entire Agreement. This Agreement represents the final expression of, and contains the entire agreement between, the parties with respect to the subject matter hereof and supersedes all prior understandings between the parties hereto. This Agreement may not be modified, changed, supplemented or terminated, nor may any obligations hereunder be waived, except by written instrument, signed by the party to be charged or by its agent duly authorized in writing, or as otherwise expressly permitted herein.

Section 19.8 **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO A CONTRACT EXECUTED AND PERFORMED IN THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PRINCIPLES THEREOF. ANY ACTION ARISING OUT OF THIS AGREEMENT MUST BE COMMENCED BY BKP OR CONTRIBUTOR IN THE STATE COURTS OF THE STATE OF NEW YORK AND EACH PARTY HEREBY CONSENTS TO THE JURISDICTION OF SUCH COURTS IN ANY SUCH ACTION AND TO THE LAYING OF VENUE THEREIN. VENUE SHALL BE IN THE CITY, COUNTY AND STATE OF NEW YORK.**

Section 19.9 No Recording. The parties hereto agree that neither this Agreement nor any affidavit or memorandum concerning it will be recorded and any recording of this Agreement or any such affidavit or memorandum by BKP will be deemed a default by BKP hereunder.

Section 19.10 Further Actions. The parties agree to execute such instructions to the Title Company and such other instruments and to do such further acts as may be reasonably necessary to carry out the provisions of this Agreement. This provision shall survive the Closing.

Section 19.11 No Partnership. Notwithstanding anything to the contrary contained herein, this Agreement shall not be deemed or construed to make the parties hereto partners or joint venturers, it being the intention of the parties to merely create the relationship of Contributor and BKP with respect to the Property to be conveyed as contemplated hereby.

Section 19.12 Limitations on Benefits. It is the explicit intention of BKP and Contributor that no person or entity other than BKP, and Contributor and their permitted successors and assigns is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants, undertakings and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, BKP and Contributor or their respective successors and assigns as permitted hereunder. Except as set forth in this Section 19.12, nothing contained in this Agreement shall under any circumstances whatsoever be deemed or construed, or be interpreted, as making any third party (including, without limitation, Broker) a beneficiary of any term or provision of this Agreement or any instrument or document delivered pursuant hereto, and BKP and Contributor expressly reject any such intent, construction or interpretation of this Agreement.

Section 19.13 Tax Protest. If as a result of a protest of the real property taxes relating to the Property for any year prior to the year of the Closing any refund or reduction of any real property or other tax or assessment relating to the Property is obtained, such refund or reduction shall belong to Contributor after first providing for payment of costs of collection (including, without limitation, attorneys' fees and disbursements) and adjustments owed Tenants under the Leases. If as a result of a protest of the real property taxes relating to the Property for the year of the Closing any refund or reduction of any real property or other tax or assessment relating to the Property for the year of the Closing is obtained, such refund or reduction shall be prorated between Contributor and BKP based upon their respective periods of ownership of the Property during the year of the Closing, after first providing for payment of costs of collection (including, without limitation, attorneys' fees and disbursements which shall be prorated between Contributor and BKP if the tax protest involves more than one calendar year) and adjustments owed Tenants under the Leases. The parties agree that Contributor shall have the right to file, maintain, control and settle the protest of the real property taxes relating to the Property for the full calendar years prior to the Closing, and BKP shall cooperate in connection therewith. This provision shall survive the Closing.

Section 19.14 Waiver of Jury Trial. Contributor and BKP each hereby knowingly and unconditionally waive any and all right to demand a jury trial in any action for the interpretation or enforcement of this Agreement. This provision shall survive the Closing.

Section 19.15 Independent Counsel. BKP and Contributor each acknowledge that: (i) they have been represented by independent counsel in connection with this Agreement; (ii) they have executed this Agreement with the advice of such counsel; and (iii) this Agreement is the result of negotiations between the parties hereto and the advice and assistance of their respective counsel. The fact that this Agreement was prepared by Contributor's counsel as a matter of convenience shall have no import or significance. Any uncertainty or ambiguity in this Agreement shall not be construed against Contributor because Contributor's counsel prepared this Agreement in its final form.

[Signatures appear on follow page]

IN WITNESS WHEREOF, Contributor and BKP have respectively executed this Agreement as of the Effective Date.

BKP

BROOKLYN KINGS PLAZA LLC, a Delaware limited liability company

By: /s/ Thomas J. Leanse
Name: Thomas J. Leanse
Title: Senior Executive Vice President,
Chief Legal Officer and Secretary

[Signatures continued on next page]

CONTRIBUTOR

ALEXANDER'S OF KINGS, LLC, a Delaware limited liability company

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

KINGS PARKING, LLC, a Delaware limited liability company

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

ALEXANDER'S KINGS PLAZA, LLC, a Delaware limited liability company

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

JOINDER BY ESCROW AGENT
TO
CONTRIBUTION AGREEMENT

The undersigned hereby acknowledges receipt of the Earnest Money Deposit of \$45,000,000, and agrees to hold and dispose of the Earnest Money Deposit, and interest thereon, in accordance with the provisions of Articles IV and XVII of the foregoing Agreement.

ESCROW AGENT

COMMONWEALTH LAND TITLE INSURANCE COMPANY

By: /s/ Mei-Ly Marsh
Name: Mei-Ly Marsh
Title: Sr. Commercial Escrow Officer

Date: October 19, 2012

List of Omitted Exhibits

Pursuant to Item 601(b)(2) of Regulation S-K, the following exhibits to the Contribution Agreement and Joint Escrow Instructions have been omitted from this Exhibit 10.53. Alexander's, Inc. agrees to furnish to the Securities and Exchange Commission, upon its request, a copy of any omitted exhibit to the Contribution Agreement and Joint Escrow Instructions.

Exhibit 1.1(A)	Operating Agreement
Exhibit 1.1(B)	Title Defects and Encumbrances to Title
Exhibit 1.1(C)	Legal Description of Real Property
Exhibit 5.2(a)	Documents
Exhibit 7.1	Capital Improvements
Exhibit 8.1(g)	Funding of Pension Benefits
Exhibit 8.1(i)	Security Deposits Held by Ground Lessor
Exhibit 8.1(j)	Bankruptcies/Insolvencies of Operating Agreement Counterparties
Exhibit 8.1(l)	Contracts
Exhibit 8.1(o)	Zoning Changes; Special Use Permits
Exhibit 8.1(r)	Violations
Exhibit 8.1(s)	Assessments
Exhibit 8.1(t)	Tax Proceedings
Exhibit 8.1(u)	Management and Brokerage Agreements
Exhibit 8.1(v)	Environmental Conditions
Exhibit 8.1(y)	Power Plant Agreements
Exhibit 9.1(d)	Form of Tenant Estoppel Certificate
Exhibit 9.1(e)	Form of Ground Lease Estoppel Certificate
Exhibit 9.1(e)(ii)	Form of Ground Lease Indemnity
Exhibit 9.1(f)	Form of Operating Agreement Estoppel Certificate
Exhibit 10.2(c)	Form of Registration Rights Agreement
Exhibit 10.3(a)	Form of Deed
Exhibit 10.3(b)	Form of Bill of Sale
Exhibit 10.3(d)	Form of Assignment
Exhibit 10.3(f)	Form of Certificate as to Non-Foreign Status
Exhibit 10.3(g)	Form of Assignment of Leases
Exhibit 10.3(m)	Form of Notice to Tenants
Exhibit 10.3(n)	Form of Assignment of Ground Lease
Exhibit 10.3(o)	Form of Contributor's Title Affidavit
Exhibit 10.6	Insurance
Exhibit 10.9(a)	Description of Power Plant
Exhibit 10.9(b)(i)	Form of Power Plant Bill of Sale
Exhibit 10.9(b)(iii)	Form of Power Plant Assignment of GSA
Exhibit 10.9(b)(iv)	Form of Power Plant Purchaser Guaranty
Exhibit 10.9(c)(i)(A)	Form of Power Plant Allonge
Exhibit 10.9(c)(i)(B)	Form of Power Plant Assignment of Loan Documents
Exhibit 10.9(c)(ii)	Form of Power Plant Assignment of Membership Interests
Exhibit 10.9(c)(iii)	Form of Power Plant Assignment of ESA and License Agreement
Exhibit 10.10	Form of Assignment of Ground Leasee Membership Interests
Exhibit 18.1(d)	Form of Assumptions of Collective Bargaining Agreement

**FIFTH AMENDMENT TO AMENDED AND RESTATED MANAGEMENT AND
DEVELOPMENT AGREEMENT**

THIS FIFTH AMENDMENT TO AMENDED AND RESTATED MANAGEMENT AND DEVELOPMENT AGREEMENT (this "Amendment") is made as of the 1st day of December, 2012, by and among ALEXANDER'S INC., a Delaware corporation, on behalf of itself and each of the subsidiaries listed in Exhibit B attached hereto ("Alexander's"), having an address at 210 Route 4 East, Paramus, New Jersey 07652, (sometimes hereinafter referred to as "Owner"), and VORNADO MANAGEMENT CORP., a New Jersey corporation, having an office at 210 Route 4 East, Paramus, New Jersey 07652 ("Manager").

RECITALS

A. **WHEREAS**, Alexander's and Manager have heretofore entered into that certain Amended and Restated Management and Development Agreement, dated July 3, 2002, as amended by First Amendment to Amended and Restated Management and Development Agreement dated as of July 6, 2005, Second Amendment to Amended and Restated Management and Development Agreement dated as of December 20, 2007, Third Amendment to Amended and Restated Management and Development Agreement dated as of November 30, 2011 and Fourth Amendment to Amended and Restated Management and Development Agreement dated as of August 1, 2012 (as so amended, the "Development Agreement").

B. **WHEREAS**, Owner and Manager desire to amend the Development Agreement.

NOW THEREFORE, in consideration of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, Owner and Manager hereby agree as follows to the following amendments to be effective from and after the date hereof (the "Effective Date"):

1 Management Fee. The first sentence of Article III, Section A is hereby amended to read as follows: "Owner shall pay Manager, as Manager's entire compensation for the services rendered hereunder in connection with the management of the Properties and the management of Owner (excluding the Rego Park I, Rego Park II and 731 Lexington Avenue properties, which are managed under separate agreements), a management fee (the "Management Fee") equal to Two Million Five Hundred Thousand Dollars (\$2,500,000) per annum, payable in equal monthly installments, in arrears, in the amount of \$208,333.33 on the tenth day of each calendar month beginning with the first calendar month after the Effective Date".

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

3 Defined Terms. All terms capitalized but not defined herein shall have the same meaning ascribed to such terms in the Development Agreement. The marginal headings and titles to the paragraphs of this Amendment are not a part of this Amendment and shall have no effect upon the construction or interpretation of any part hereof.

4 Amendment. This Amendment is incorporated into and made a part of the Development Agreement, and the Development Agreement and all terms, conditions and provisions of the Development Agreement are ratified and confirmed in all respects and is and shall continue to be in full force and effect as modified and amended hereby.

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

6 No Modification. This Amendment constitutes the entire understanding of the parties with respect to the subject hereof and may not be amended except in a writing executed by the parties hereto.

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

[signature page follows]

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

OWNER:

ALEXANDER'S INC., a Delaware corporation

By: /s/ Brian Kurtz
Name: Brian Kurtz
Title: Assistant Secretary

MANAGER:

VORNADO MANAGEMENT CORP.

By: /s/ Joseph Macnow
Name: Joseph Macnow
Title: Executive Vice President – Finance and
Administration

EXHIBIT B

List of Subsidiaries

Alexander's of Rego Park III, Inc.
Alexander's of Flushing, Inc.
ALX of Paramus LLC

**COMPUTATION OF RATIOS
(UNAUDITED)**

Our consolidated ratios of earnings to fixed charges for each of the fiscal years ended December 31, 2012, 2011, 2010, 2009 and 2008 are as follows:

	Year Ended December 31,				
	2012	2011	2010	2009	2008
Earnings:					
Pretax income from continuing operations	\$ 50,105	\$ 54,789	\$ 46,335	\$ 81,702	\$ 65,099
Fixed charges	45,901	44,147	46,973	45,811	57,437
Capitalized interest	-	-	(1,269)	(3,452)	(10,584)
Total earnings - Numerator	\$ 96,006	\$ 98,936	\$ 92,039	\$ 124,061	\$ 111,952
Fixed charges:					
Interest and debt expense	\$ 45,652	\$ 43,898	\$ 45,455	\$ 42,110	\$ 46,604
1/3 of rent expense - interest factor	249	249	249	249	249
Capitalized interest	-	-	1,269	3,452	10,584
Total fixed charges - Denominator	\$ 45,901	\$ 44,147	\$ 46,973	\$ 45,811	\$ 57,437
Ratio of earnings to fixed charges	<u>2.09</u>	<u>2.24</u>	<u>1.96</u>	<u>2.71</u>	<u>1.95</u>

Earnings equals (i) income from continuing operations before income taxes, plus (ii) fixed charges, minus (iii) capitalized interest. Fixed charges equals (i) interest and debt expense, plus (ii) the portion of operating lease rental expense that is representative of the interest factor, which is one-third of operating lease rentals and (iii) capitalized interest.

ALEXANDER'S, INC.

SUBSIDIARIES OF REGISTRANT

731 Commercial Holding LLC
731 Commercial LLC
731 Office One Holding LLC
731 Office One LLC
731 Office Two Holding LLC
731 Office Two LLC
731 Restaurant, LLC
731 Retail One, LLC
Alexander's Construction LLC
Alexander's Department Stores of Brooklyn, Inc.
Alexander's Department Stores of New Jersey, Inc.
Alexander's Kings Plaza, LLC
Alexander's Management LLC
Alexander's of Brooklyn, Inc.
Alexander's of Flushing, Inc.
Alexander's of Rego Park II, Inc.
Alexander's of Rego Park III, Inc.
Alexander's Personnel Providers, Inc.
Alexander's Rego Shopping Center Inc.
ALX of Paramus LLC
Fifty Ninth Street Insurance Company LLC
Kings Parking, LLC
Kings Plaza Lender, LLC
Kings Plaza TEP LLC
Ownreal Inc.
Rego II Borrower LLC
Rego Park Commercial LLC
Rego Park Residential LLC
Sakraf Wine & Liquor Store, Inc.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements of our reports dated February 26, 2013, relating to the consolidated financial statements and financial statement schedules of Alexander's, Inc. and subsidiaries (which report expresses an unqualified opinion and includes explanatory paragraphs relating to the sale of Kings Plaza Regional Shopping Center and presentation of comprehensive income), and the effectiveness of Alexander's, Inc.'s internal control over financial reporting, appearing in the Annual Report on Form 10-K of Alexander's, Inc. for the year ended December 31, 2012:

- Registration Statement No. 333-151721 on Form S-8
- Registration Statement No. 333-180630 on Form S-3

/s/ Deloitte & Touche LLP

Parsippany, New Jersey
February 26, 2013

CERTIFICATION

I, Steven Roth, certify that:

1. I have reviewed this Annual Report on Form 10-K 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.

February 26, 2013

/s/ Steven Roth

Steven Roth

Chief Executive Officer

CERTIFICATION

I, Joseph Macnow, certify that:

1. I have reviewed this Annual Report on Form 10-K 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.

February 26, 2013

/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 Annual Report on Form 10-K for year ended December 31, 2012 (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.

February 26, 2013

Name: /s/ Steven Roth
Steven Roth
Title: 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 Annual Report on Form 10-K for year ended December 31, 2012 (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.

February 26, 2013

Name: /s/ Joseph Macnow
Joseph Macnow
Title: Executive Vice President and
Chief Financial Officer