Alexander's, Inc.

NEWS RELEASE

Alexander's, Inc. Reports Results

7/31/2006

PARAMUS, N.J.--(BUSINESS WIRE)--July 31, 2006--

ALEXANDER'S, INC. (NYSE: ALX) today reported:

Quarter Ended June 30, 2006 Results

Net income for the quarter ended June 30, 2006 was $36.9 million, or $7.25 per diluted share, compared to $17.5 million, or $3.44 per diluted share, for the quarter ended June 30, 2005. Funds from operations ("FFO") for the quarter ended June 30, 2006 was $42.3 million, or $8.31 per diluted share, compared to $22.4 million, or $4.41 per diluted share, for the quarter ended June 30, 2005.

Net income and FFO for the quarter ended June 30, 2006 include, $14.7 million for the reversal of a portion of the accrual of stock appreciation rights ("SARs") compensation expense and $8.2 million for an after-tax net gain from the sale of residential condominium units at 731 Lexington Avenue. These items, in the aggregate, increased net income and FFO by $22.9 million, or $4.50 per diluted share. Net income and FFO for the quarter ended June 30, 2005 include, $13.2 million for an after-tax net gain from the sale of residential condominium units at 731 Lexington Avenue, partially offset by, $6.2 million for an accrual of SARs compensation expense. These items, in the aggregate, increased net income and FFO by $7.0 million, or $1.38 per diluted share.

Six Months Ended June 30, 2006 Results

Net income for the six months ended June 30, 2006 was $18.0 million, or $3.54 per diluted share, compared to $48.7 million, or $9.59 per diluted share, for the six months ended June 30, 2005. FFO for the six months ended June 30, 2006 was $28.7 million, or $5.64 per diluted share, compared to $58.3 million, or $11.48 per diluted share,

for the six months ended June 30, 2005.

Net income and FFO for the six months ended June 30, 2006 include, $22.9 million for an accrual of SARs compensation expense, partially offset by, $13.3 million for an after-tax net gain from the sale of residential condominium units at 731 Lexington Avenue. These items, in the aggregate, decreased net income and FFO by $9.6 million, or $1.90 per diluted share. Net income and FFO for the six months ended June 30, 2005 include, $53.1 million for an after-tax net gain from the sale of residential condominium units at 731 Lexington Avenue, partially offset by, $28.7 million for an accrual of SARs compensation expense. These items, in the aggregate, increased net income and FFO by $24.4 million, or $4.82 per diluted share.

Alexander's, Inc. is a real estate investment trust which has six properties in the greater New York City metropolitan area.

Certain statements contained herein may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, risks associated with the timing of and costs associated with property improvements, financing commitments and general competitive factors.

ALEXANDER'S, INC.

OPERATING RESULTS FOR THE QUARTER AND SIX MONTHS ENDED
JUNE 30, 2006 AND 2005

Below is a table of selected operating results.

(Amounts in thousands, except share and per share amounts)	For the Quarter Ended June 30, 2006	June 30, 2005
Revenues	$ 49,371	$ 45,735
Income from continuing operations	$ 28,603	$ 4,294
Net gain on sale of condominiums, net of income taxes	8,248	13,170

Net income	$ 36,851	$ 17,464
FFO	$ 42,265	$ 22,416
Net income per common share - basic:		
Income from continuing operations	$ 5.69	$ 0.86
Net gain on sale of condominiums, net of income taxes	1.64	2.62
Net income per common share - basic	$ 7.33	$ 3.48
Net income per common share - diluted:		
Income from continuing operations	$ 5.63	$ 0.85
Net gain on sale of condominiums, net of income taxes	1.62	2.59
Net income per common share - diluted	$ 7.25	$ 3.44
FFO per common share - diluted	$ 8.31	$ 4.41
Weighted average share and share equivalents outstanding:		
Basic	5,025,000	5,021,899
Diluted	5,084,541	5,081,113

	For the Six Months Ended	
(Amounts in thousands, except share and per share amounts)	June 30, 2006	June 30, 2005
Revenues	$ 97,747	$ 89,411
Income (loss) from continuing operations	$ 4,738	$ (4,463)
Net gain on sale of condominiums, net of income taxes	13,256	53,145

Net income	$ 17,994	$ 48,682
FFO	$ 28,683	$ 58,265
Net income per common share - basic:		
Income (loss) from continuing operations	$ 0.94	$ (0.89)
Net gain on sale of condominiums, net of income taxes	2.64	10.59
Net income per common share - basic	$ 3.58	$ 9.70
Net income per common share - diluted:		
Income (loss) from continuing operations	$ 0.93	$ (0.88)
Net gain on sale of condominiums, net of income taxes	2.61	10.47
Net income per common share - diluted	$ 3.54	$ 9.59
FFO per common share - diluted	$ 5.64	$ 11.48
Weighted average share and share equivalents outstanding:		
Basic	5,024,983	5,018,880
Diluted	5,083,836	5,077,344

The following table reconciles net income to FFO:

(Amounts in thousands)	For the Quarter Ended	
	June 30, 2006	June 30, 2005
Net income	$36,851	$17,464
Depreciation and amortization of real property	5,414	4,952
FFO	$42,265	$22,416

(Amounts in thousands)	For the Six Months Ended	
	June 30, 2006	June 30, 2005
Net income	$17,994	$48,682
Depreciation and amortization of real property	10,689	9,583
FFO	$28,683	$58,265

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 net earnings determined in accordance with accounting principles generally accepted in the United States of America ("GAAP"), excluding extraordinary items as defined under GAAP and gains or losses from sales of previously depreciated operating real estate assets, plus specified non-cash items, such as real estate asset depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO and FFO per diluted share are used by management, investors and industry analysts as supplemental measures of operating performance of equity REITs. FFO and FFO per diluted share should be evaluated along with GAAP net earnings and earnings per diluted share (the most directly comparable GAAP measures), as well as cash flow from operating activities, investing activities and financing activities, in evaluating the operating performance of equity REITs. Management believes that FFO and FFO per diluted share are helpful to investors as supplemental performance measures because these measures exclude the effect of depreciation, amortization and gains or losses from sales of depreciable real estate, all of which are based on historical costs which implicitly assumes that the value of real estate diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, these non-GAAP measures can facilitate comparisons of operating performance between periods and among other equity REITs. FFO does not represent cash generated from operating activities in accordance with GAAP and is not necessarily indicative of cash available to fund cash needs as disclosed in the Company's consolidated statements of cash flows. FFO should not be considered as an alternative to net earnings as an indicator of the Company's operating performance or as an alternative to cash flows as a measure of liquidity.

Source: Alexander's, Inc.

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