Alexander's, Inc.

NEWS RELEASE

Alexander's Reports Third Quarter Results

10/27/2005

PARAMUS, N.J.--(BUSINESS WIRE)--Oct. 27, 2005--ALEXANDER'S, INC. (New York Stock Exchange: ALX) today reported that net loss for the quarter ended September 30, 2005 was $6,754,000, or $1.34 per diluted share, compared to a net loss of $11,693,000, or $2.33 per diluted share, for the quarter ended September 30, 2004. Funds from operations ("FFO") for the quarter ended September 30, 2005 was a negative $1,779,000, or $0.35 per diluted share, compared to a negative $7,908,000, or $1.58 per diluted share, for the quarter ended September 30, 2004.

Net income for the nine months ended September 30, 2005 was $41,928,000, or $8.25 per diluted share, compared to a net loss of $32,162,000, or $6.42 per diluted share, for the nine months ended September 30, 2004. FFO for the nine months ended September 30, 2005 was $56,486,000, or $11.12 per diluted share, compared to a negative $20,969,000, or $4.19 per diluted share, for the nine months ended September 30, 2004.

Net loss and negative FFO for the quarter ended September 30, 2005 include (i) an accrual for stock appreciation rights ("SARs") compensation expense of $18,062,000, or $3.60 per diluted share, (ii) an after-tax gain of $1,372,000, or $0.27 per diluted share, from the sale of residential condominium units at its 731 Lexington Avenue property, and (iii) a $736,000, or $0.15 per diluted share, write-off of unamortized deferred debt expense in connection with the repayment of the remaining principal amount of the construction loan. Net loss and negative FFO for the quarter ended September 30, 2004 include (i) an accrual for SARs compensation expense of $26,656,000, or $5.32 per diluted share and (ii) a net gain on sale of other non-depreciable real estate of $3,862,000, or $0.77 per diluted share.

Net income and FFO for the nine months ended September 30, 2005 include (i) an after-tax gain of $54,517,000, or $10.73 per diluted share, from the sale of residential condominium units at the 731 Lexington Avenue property, (ii) an accrual for SARs compensation expense of $46,750,000, or $9.20 per diluted share, and (iii) a $736,000, or $0.15 per diluted share, write-off of unamortized deferred debt expense in connection with the repayment of the

remaining principal amount of the construction loan. Net loss and negative FFO for the nine months ended September 30, 2004 include (i) an accrual for SARs compensation expense of $63,274,000, or $12.64 per diluted share, (ii) a $3,050,000, or $0.61 per diluted share, write off for the proportionate share of unamortized deferred debt expense in connection with the reduction of the principal amount of the construction loan for the Company's 731 Lexington Avenue project and (iii) a net gain on sale of other non-depreciable real estate of $3,862,000, or $0.77 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.

Below is a table of selected operating results.

	FOR THE THREE MONTHS ENDED	
(Amounts in thousands, except share and per share amounts)	September 30, 2005	September 30, 2004
Revenues	$47,388	$ 38,835
Loss from continuing operations	$(8,126)	$(15,555)
Gain on sale of condominiums in 2005 and other real estate in 2004, net of taxes	1,372	3,862
Net loss	$(6,754)	$(11,693)
Negative FFO	$(1,779)	$ (7,908)
Net loss per common share - basic:		
Loss from continuing operations	$ (1.61)	$ (3.10)

Gain on sale of condominiums in 2005 and other real estate in 2004, net of taxes	0.27	0.77
Net loss per common share - basic	$ (1.34)	$ (2.33)
Net loss per common share - diluted:		
Loss from continuing operations	$ (1.61)	$ (3.10)
Gain on sale of condominiums in 2005 and other real estate in 2004, net of taxes	0.27	0.77
Net loss per common share - diluted	$ (1.34)	$ (2.33)
Negative FFO per common share - diluted	$ (0.35)	$ (1.58)
Weighted average share and share equivalents outstanding:		
Basic	5,023,477	5,010,627
Diluted	5,023,477	5,010,627

(Amounts in thousands, except share and per share amounts)	FOR THE NINE MONTHS ENDED September 30, 2005	September 30, 2004
Revenues	$136,799	$107,399
Loss from continuing operations	$(12,589)	$(36,024)
Gain on sale of condominiums in 2005 and other real estate in 2004, net of taxes	54,517	3,862
Net income (loss)	$ 41,928	$(32,162)
FFO (Negative FFO)	$ 56,486	$(20,969)

Net income (loss) per common share - basic:		
Loss from continuing operations	$ (2.51)	$ (7.19)
Gain on sale of condominiums in 2005 and other real estate in 2004, net of taxes	10.86	0.77
Net income (loss) per common share - basic	$ 8.35	$ (6.42)
Net income (loss) per common share - diluted:		
Loss from continuing operations	$ (2.48)	$ (7.19)
Gain on sale of condominiums in 2005 and other real estate in 2004, net of taxes	10.73	0.77
Net income (loss) per common share - diluted	$ 8.25	$ (6.42)
FFO (Negative FFO) per common share - diluted	$ 11.12	$ (4.19)
Weighted average share and share equivalents outstanding:		
Basic	5,020,457	5,006,660
Diluted	5,079,262	5,006,660

The following table reconciles net (loss) income to FFO:

(Amounts in thousands)	FOR THE THREE MONTHS ENDED	
	September 30, 2005	September 30, 2004
Net loss	$(6,754) (1)	$(11,693) (2)
Depreciation and amortization of real property	4,975	3,785

Negative FFO	$(1,779) (1) $ (7,908) (2)

(Amounts in thousands)	FOR THE NINE MONTHS ENDED	
	September 30, 2005	September 30, 2004
Net income (loss)	$41,928 (3)	$(32,162) (4)
Depreciation and amortization of real property	14,558	11,193
FFO (Negative FFO)	$56,486 (3)	$(20,969) (4)

(1) Net loss and negative FFO for the quarter ended September 30, 2005 include (i) an accrual for SARs compensation expense of $18,062,000, or $3.60 per diluted share, (ii) an after-tax gain of $1,372,000, or $0.27 per diluted share, from the sale of residential condominium units at the 731 Lexington Avenue property, and (iii) a $736,000, or $0.15 per diluted share, write-off of unamortized deferred debt expense in connection with the repayment of the remaining principal amount of the construction loan.

(2) Net loss and negative FFO for the quarter ended September 30, 2004 include (i) an accrual for SARs compensation expense of $26,656,000, or $5.32 per diluted share, and (ii) a $3,862,000, or $0.77 per diluted share, net gain on sale of other non-depreciable real estate.

(3) Net income and FFO for the nine months ended September 30, 2005 include (i) an after-tax gain of $54,517,000, or $10.73 per diluted share, from the sale of residential condominium units at the 731 Lexington Avenue property, (ii) an accrual for SARs compensation expense $46,750,000, or $9.20 per diluted share and (iii) a $736,000, or $0.15 per diluted share, write-off of unamortized deferred debt expense in connection with the repayment of the remaining principal amount of the construction loan.

(4) Net loss and negative FFO for the nine months ended September 30, 2004 include (i) an accrual for SARs compensation expense of $63,274,000, or $12.64 per diluted share, (ii) a $3,050,000, or $0.61 per diluted share, write off for the proportionate share of unamortized deferred debt expense in connection with the reduction of the principal amount of the construction loan for the Company's

731 Lexington Avenue project, and (iii) a $3,862,000, or $0.77 per diluted share, net gain on sale of other non-depreciable real estate.

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 income or loss determined in accordance with generally accepted accounting principles 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.

Management, investors and industry analysts use FFO as a supplemental measure of operating performance of equity REITs. FFO should be evaluated along with GAAP net earnings and net 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 is helpful to investors as a supplemental performance measure because this measure excludes the effect of depreciation, amortization and gains or losses from sales of 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 have instead 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 Statements of Cash Flows. FFO should not be considered as an alternative to net income (loss) as an indicator of the Company's operating performance or as an alternative to cash flows as a measure of liquidity.

CONTACT: Alexander's, Inc.
Joseph Macnow, 201-587-8541

SOURCE: Alexander's, Inc.