Real Industry, Inc.
Form 8-K
March 02, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d)

of the Securities Exchange Act of 1934

Date of Report: March 1, 2018

Real Industry, Inc.

Delaware	001-08007	46-3783818
(State or other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

3700 Park East Drive, Suite 300

Beachwood, OH 44122
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (805) 435-1255

(Former name or former address if changed since last report.)
Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

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

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Item 1.03 Bankruptcy or Receivership.

As previously disclosed, on November 17, 2017, Real Industry, Inc. (the “Company”), Real Alloy Intermediate Holding, LLC (“RAIH”), Real Alloy Holding, Inc. (“Real Alloy”) and certain of Real Alloy’s wholly-owned U.S. subsidiaries (collectively with RAIH and Real Alloy, the “Real Alloy Debtors,” and the Real Alloy Debtors with the Company, the “Debtors”) filed voluntary petitions in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) seeking relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”). The Chapter 11 cases are being jointly administered under the caption “In re Real Industry, Inc., et al.”, Case No. 17-12464, in the Bankruptcy Court (the “Chapter 11 Proceedings”). The Debtors continue to operate their business and manage their properties as “debtors-in-possession” under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions and orders of the Bankruptcy Code.

Item 7.01 Regulation FD Disclosure.
On March 2, 2018, the Company filed with the Bankruptcy Court a proposed Plan of Reorganization (as may be amended, modified or supplemented from time to time, the “Proposed Plan”) for the resolution of the outstanding claims against and interests in the Company pursuant to section 1121(a) of the Bankruptcy Code and a related proposed disclosure statement (as may be amended, modified or supplemented from time to time, the “Proposed Disclosure Statement”, and together with the Proposed Plan, the “Proposed Plan Documents”).

Copies of the filed Proposed Plan and related Proposed Disclosure Statement are attached hereto as Exhibit 99.1 and Exhibit 99.2, respectively, and are also available on the website administered by the Company’s claims agent, Prime Clerk, at https://cases.primeclerk.com/realindustry, under docket numbers 527 and 528, and on a separate page titled “Plan and Disclosure Statement.” Information contained in the Proposed Plan Documents is subject to change, whether as a result of amendments to the Proposed Plan Documents, third-party actions, or otherwise. The Proposed Plan is subject to acceptance by certain of the Company’s preferred or common shareholders as set forth in the Proposed Plan (as required under the Bankruptcy Code) and confirmation by the Bankruptcy Court. There can be no assurances that the requisite acceptances to the Proposed Plan can be obtained, that the Bankruptcy Court will approve the Proposed Disclosure Statement or that the Bankruptcy Court will confirm the Proposed Plan.

Under the Bankruptcy Code, the Company may not solicit acceptances of the Proposed Plan until the Bankruptcy Court approves the Proposed Disclosure Statement as providing adequate information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the Company and the condition of the Company’s books and records, that would enable a hypothetical investor typical of the holders of interests in the Company to make an informed judgment about the Proposed Plan. The Bankruptcy Court has not yet approved the Proposed Disclosure Statement. Accordingly, this Current Report on Form 8-K is not intended to be, nor should it be construed as, a solicitation for a vote on the Proposed Plan.

Under the terms of the Proposed Plan, all shares of the Company’s common stock and Series B Non-Participating Preferred Stock (“Series B Stock”) would be cancelled upon effectiveness of the Proposed Plan, and (i) the holders of more than 100 shares of the Company’s common stock (Class 5 under the Proposed Plan) would receive their pro rata share of an aggregate 16% of the common shares of the reorganized Company (the “New Common Stock”), or their pro rata share of an aggregate of 20% of the New Common Stock if the holders of common stock so treated approve the Proposed Plan, (ii) the holders of 100 shares or less of the Company’s common stock (Class 6 under the Proposed

Plan) would receive $0.24 per common share and no New Common Stock, and (iii) the holders of Series B Stock (Class 4 under the Proposed Plan) would receive their pro rata share of $2,000,000 cash plus their pro rata share of an aggregate 35% of the New Common Stock (or 31% of the New Common Stock if Class 5 approves the Proposed Plan). Holders of secured, priority, and unsecured claims would receive cash in full satisfaction of their allowed claims (Classes 1 – 3 of the Proposed Plan). As the warrants and options (Class 7 of the Proposed Plan) to buy shares of the Company's common stock have exercise prices significantly in excess of the price of the Company's common stock, such securities will be cancelled and such holders will not receive or retain any distribution or other property on account of their securities.

Additionally, holders in Class 4 and Class 5 will share in the recovery, if any, in respect of the Company's equity interest of the Real Alloy business, after any such recovery is used to pay any unpaid allowed claims and the $2,000,000 cash payment to Class 4. As previously reported, the Real Alloy business is being sold pursuant to section 363 of the Bankruptcy Code, and has selected a "stalking horse" bid (which remains subject to higher and better offers) from existing debtholders, who will credit bid a portion of their debt for such Real Alloy assets and certain subsidiaries.

Also as previously disclosed, on January 24, 2018, the Company, as borrower, entered into that certain Debtor-in-Possession Credit Agreement (the "Credit Agreement") with 210/Rely Capital, L.P., an affiliate of 210 Capital, LLC ("DIP Agent"), and certain managed accounts of Private Credit Group of Goldman Sachs Asset Management, L.P. (with DIP Agent, the "DIP Lenders"). As provided in the Credit Agreement, under the Proposed Plan, affiliates of the DIP Lenders will purchase 49% of the New Common Stock for $17,500,000, inclusive of the previously provided $5,500,000 in debtor-in-possession loans to the Company by the DIP Lenders.

The foregoing descriptions of the Proposed Plan and Proposed Disclosure Statement do not purport to be complete and are qualified in their entirety by reference to the Proposed Plan and Proposed Disclosure Statement filed as Exhibit 99.1 and Exhibit 99.2, respectively, hereto and incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information contained in this Item 7.01 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, is not subject to the liabilities of that section, and shall not be deemed incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

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Cautionary Note Regarding the Company's Common Stock

The Company cautions that trading in its securities during the pendency of the Chapter 11 Proceedings is highly speculative and poses substantial risks. Trading prices for the Company's securities may bear little or no relationship to the actual recovery, if any, by holders of such securities in the Chapter 11 Proceedings.

Additional Information on the Chapter 11 Proceedings

Court filings and other information related to the court-supervised proceedings are available at a website administered by the Company's claims agent, Prime Clerk, at https://cases.primeclerk.com/realindustry. Additional information on Real Industry can be found at its website www.realindustryinc.com.

Cautionary Note Regarding Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements, which are based on our current expectations, estimates, and projections about the businesses and prospects of the Company, Real Alloy and their subsidiaries ("we" or "us"), as well as management's beliefs, and certain assumptions made by management. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "may," "should," "will" and variations of these words are inten identify forward-looking statements. Such statements speak only as of the date hereof and are subject to change. The Company undertakes no obligation to revise or update publicly any forward-looking statements for any reason. These statements are not guarantees of future performance and are subject to certain risks, uncertainties, and assumptions that are difficult to predict. Forward-looking statements discuss, among other matters: our financial and operational results, as well as our expectations for future financial trends and performance of our business in future periods; our strategy; risks and uncertainties associated with Chapter 11 proceedings; the negative impacts on our businesses as a result of filing for and operating under Chapter 11 protection; the time, terms and ability to confirm a Chapter 11 plan of reorganization for our businesses; the adequacy of the capital resources of our businesses and the difficulty in forecasting the liquidity requirements of the operations of our businesses; the unpredictability of our financial results while in Chapter 11 proceedings; our ability to discharge claims in Chapter 11 proceedings; negotiations with the "stalking horse" bidder on a definitive agreement for the terms of purchase; receipts of other acquisition bids and negotiations with associated bidders; negotiations with the holders of Real Alloy's senior secured notes, its asset-based facility lender, and its trade and other unsecured creditors; risks and uncertainties with performing under the terms of the Debtors' debtor-in-possession ("DIP") financing arrangements and any other arrangement with lenders or creditors while in Chapter 11 proceedings; the Debtors' ability to operate our businesses within the terms of our respective DIP financing arrangements; the forecasted uses of funds in the Debtors' DIP budgets; negotiations with DIP lenders; the impact of Real Alloy's Chief Restructuring Officer on its restructuring efforts and negotiations with creditors and other stakeholders in the Chapter 11 proceedings; our ability to retain employees, suppliers and customers as a result of Chapter 11 proceedings; the ability to pay any amounts under key employee incentive or retention plans adopted in connection with the Chapter 11 proceedings; Real Alloy's ability to conduct business as usual in the United States and worldwide; Real Alloy's ability to continue to serve customers, suppliers and other business partners at the high level of service and performance they have come to expect from Real Alloy; our ability to continue to pay suppliers and vendors; our ability to fund ongoing business operations through the applicable DIP financing arrangements; the use of the funds anticipated to be received in the DIP financing arrangements; the ability to control costs during Chapter 11 proceedings; the risk that our Chapter 11 proceedings may be converted to cases under Chapter 7 of the Bankruptcy Code; the ability of the Company to preserve and utilize the NOLs following Chapter 11 proceedings; the Company's ability to secure operating capital; the Company's ability to take advantage of opportunities to acquire assets with upside potential; the Company's ability to execute on its strategic plan to evaluate and close potential M&A opportunities; our long-term outlook; our preparation for future market conditions; and any statements or assumptions underlying any of the foregoing. Such statements are not guarantees of future performance and are subject to certain risks, uncertainties, and assumptions that are difficult to predict. Accordingly, actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors.

Important factors that may cause such differences include, but are not limited to, the decisions of the bankruptcy court; negotiations with Real Alloy's debtholders, our creditors and any committee approved by the bankruptcy court; negotiations with lenders on the definitive DIP financing, equity investment and post-emergence credit facility documents; the Company's ability to meet the closing conditions of its DIP financing, equity investment or post-emergence credit facilities; the Debtors' ability to meet the requirements, and compliance with the terms, including restrictive covenants, of their respective DIP financing arrangements and any other financial arrangement while in Chapter 11 proceedings; changes in our operational or cash needs from the assumptions underlying our DIP budgets and forecasts; changes in our cash needs as compared to our historical operations or our planned reductions in operating expense; adverse litigation; changes in domestic and international demand for recycled aluminum the cyclical nature and general health of the aluminum industry and related industries commodity and scrap price fluctuations and our ability to enter into effective commodity derivatives or arrangements to effectively manage our exposure to such commodity price fluctuations inventory risks, commodity price risks, and energy risks associated with Real Alloy's buy/sell business model; the impact of tariffs and trade regulations on our operations; the impact of the recently approved U.S. tax legislation and any other changes in U.S. or non-U.S. tax laws on our operations or the value of our NOLs; our ability to successfully identify, acquire and integrate additional companies and businesses that perform and meet expectations after completion of such acquisitions our ability to achieve future profitability our ability to control operating costs and other expenses that general economic conditions may be worse than expected that competition may increase significantly changes in laws or government regulations or policies affecting our current business operations and/or our legacy businesses, as well as those risks and uncertainties disclosed under the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Real Industry, Inc.'s Forms 10-Q filed with the Securities and Exchange Commission ("SEC") on May 10, 2017, August 8, 2017 and November 9, 2017 and Form 10-K filed with the SEC on March 13, 2017, and similar disclosures in subsequent reports filed with the SEC.

Item 9.01 Financial Statements and Exhibits
(d) EXHIBITS. The following exhibits are filed herewith:

Exhibit 99.1Real Industry, Inc. Proposed Plan of Reorganization, filed March 1, 2018.

Exhibit 99.2Real Industry, Inc. Proposed Disclosure Statement, filed March 1, 2018.

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
99.1	Real Industry, Inc. Proposed Plan of Reorganization, filed March 1, 2018.
99.2	Real Industry, Inc. Proposed Disclosure Statement, filed March 1, 2018.

SIGNATURES

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

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	REAL INDUSTRY, INC.	
Date: March 2, 2018	By:	/s/ Kelly G. Howard
	Name:	Kelly G. Howard
	Title:	Executive Vice President and General Counsel

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Lease expirations as of December 31, 2013, assuming none of the tenants exercise renewal options:

Percentage of

Weighted Average Annual

Number of

Square Feet of

New York

Rent of Expiring Leases

Year

Expiring Leases

Expiring Leases

Square Feet

Total

Per Square Foot

Office:

Month to month

16

36,000

0.2

%

$

1,620,000

$

45.00

2014

142

798,000

(1)

5.2

%

52,488,000

65.77

(1)

2015

138

1,579,000

10.3

%

87,965,000

55.71

2016

148

1,204,000

7.8

%

72,933,000

60.58

2017

105

1,184,000

7.7

%

70,550,000

59.59

2018

94

1,006,000

(2)

6.5

%

72,236,000

71.81

2019

80

953,000

6.2

%

59,502,000

62.44

2020

94

1,270,000

8.2

%

74,114,000

58.36

2021

61

1,118,000

7.3

%

69,518,000

62.18

2022

60

1,197,000

7.8

%

74,878,000

62.55

2023

45

1,582,000

10.3

%

107,319,000

67.84

Retail:

Month to month

12

41,000

3.3

%

$

7,191,000

$

175.39

2014

24

67,000

(3)

5.3

%

9,591,000

143.15

(3)

2015

40

142,000

11.3

%

30,637,000

215.75

2016

20

222,000

17.7

%

21,173,000

95.37

2017

9

166,000

13.2

%

9,094,000

54.78

2018

38
220,000
17.5
%
41,672,000
189.42
2019
23
106,000
8.4
%
23,907,000
225.54
2020
20
93,000
7.4
%
10,683,000
114.87
2021
11
38,000
3.0
%
7,184,000

189.05

2022

8

23,000

1.8

%

3,569,000

155.17

2023

14

137,000

10.9

%

31,395,000

229.16

(1)

Based on current market conditions, we expect to release this space at weighted average rents ranging from $65 to $75 per square foot.

(2)

Excludes 492,000 square feet at 909 Third Avenue leased to the U.S. Post Office through 2038 (including four 5-year renewal options) for which the annual escalated rent is $9.81 per square foot.

(3)

Based on current market conditions, we expect to release this space at weighted average rents ranging from $150 to $200 per square foot.

Alexander's

As of December 31, 2013, we own 32.4% of the outstanding common stock of Alexander's, which owns six properties in the greater New York metropolitan area aggregating 2.2 million square feet, including 731 Lexington Avenue, the

1.3 million square foot Bloomberg L.P. headquarters building. Alexander's had $1.05 billion of outstanding debt at December 31, 2013, of which our pro rata share was $340 million, none of which is recourse to us.

Hotel Pennsylvania

We own the Hotel Pennsylvania which is located in New York City on Seventh Avenue opposite Madison Square Garden and consists of a hotel portion containing 1,000,000 square feet of hotel space with 1,700 rooms and a commercial portion containing 400,000 square feet of retail and office space.

	Year Ended December 31,				
	2013	**2012**	**2011**	**2010**	**2009**
Hotel:					
Average occupancy rate	93.4 %	89.1 %	89.1 %	83.2 %	71.5 %
Average daily rate	$ 158.01	$ 152.79	$ 152.53	$ 144.21	$ 133.87
Revenue per available room	$ 147.63	$ 136.21	$ 135.87	$ 120.00	$ 95.67
Commercial:					
Office space:					
Average occupancy rate	33.4 %	33.4 %	33.4 %	33.4 %	30.4 %
Weighted average annual rent per square foot	$ 17.81	$ 17.32	$ 13.49	$ 7.52	$ 20.54
Retail space:					
Average occupancy rate	62.5 %	64.3 %	63.0 %	62.3 %	70.7 %
Weighted average annual rent per square foot	$ 30.59	$ 27.19	$ 29.01	$ 31.42	$ 35.05

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Washington, DC

As of December 31, 2013, our Washington, DC segment consisted of 71 properties aggregating 19.2 million square feet. The 19.2 million square feet is comprised of 16.2 million square feet of office space in 59 properties, seven residential properties containing 2,405 units, a hotel property, and 20.8 acres of undeveloped land. The Washington, DC segment also includes 56 garages totaling approximately 8.9 million square feet (29,611 spaces) which are managed by, or leased to, third parties.

Washington, DC office lease terms generally range from five to seven years for smaller tenants to as long as 15 years for major tenants, and may provide for extension options at either pre-negotiated or market rates. Leases typically provide for periodic step-ups in rent over the term of the lease and pass through to tenants, the tenants' share of increases in real estate taxes and certain property operating expenses over a base year. Periodic step-ups in rent are usually based upon either fixed percentage increases or the consumer price index. Leases also typically provide for free rent and tenant improvement allowances for all or a portion of the tenant's initial construction costs of its premises.

As of December 31, 2013, the occupancy rate for our Washington DC segment, in which we own 16.6 million square feet (of a total of 19.2 million square feet), was 83.4%, and 29.0% of the occupied space was leased to various agencies of the U.S. Government. The statistics provided in the following sections include information for our share of the office and residential space.

Occupancy and weighted average annual rent per square foot:

Office:

As of December 31,	Rentable Square Feet	Occupancy Rate	Weighted Average Annual Rent Per Square Foot
2013	13,803,000	80.7 %	$ 42.44
2012	13,637,000	81.2 %	41.57
2011	14,162,000	89.3 %	40.80
2010	14,035,000	94.8 %	39.65
2009	14,035,000	94.9 %	38.46

Residential:

As of December 31,	Number of Units	Occupancy Rate	Average Monthly Rent Per Unit
2013	2,405	96.3 %	$ 2,083
2012	2,414	97.9 %	2,104

2011	2,414	96.6 %	2,056
2010	2,414	95.5 %	1,925
2009	2,414	84.0 %	1,622

Tenants accounting for 2% or more of revenues:

Tenant	**Square Feet Leased**	**2013 Revenues**	**Percentage of Washington, DC Revenues**	**Percentage of Total Revenues**
U.S. Government	3,667,000	$ 143,870,000	26.6 %	5.2 %
Family Health International	618,000	19,188,000	3.6 %	0.7 %
Boeing	377,000	16,317,000	3.0 %	0.6 %
Lockheed Martin	325,000	14,114,000	2.6 %	0.5 %

WASHINGTON, DC – CONTINUED

2013 rental revenue by tenants' industry:

Industry	Percentage
U.S. Government	29%
Government Contractors	17%
Membership Organizations	10%
Legal Services	5%
Manufacturing	3%
Business Services	3%
Management Consulting Services	3%
State and Local Government	2%
Real Estate	2%
Food	2%
Health Services	2%
Computer and Data Processing	2%
Communication	2%
Education	1%
Television Broadcasting	1%
Other	16%
	100%

Lease expirations as of December 31, 2013, assuming none of the tenants exercise renewal options:

Year	Number of Expiring Leases	Square Feet of Expiring Leases	Percentage of Washington, DC Square Feet	Weighted Average Annual Rent of Expiring Leases Total	Weighted Average Annual Rent of Expiring Leases Per Square Foot
Month to month	33	115,000	1.1 %	$ 4,564,000	$ 39.82
2014	171	1,340,000 (1)	12.9 %	52,762,000	39.38 (1)
2015	173	1,690,000	16.2 %	69,763,000	41.29
2016	118	1,160,000	11.1 %	50,018,000	43.12
2017	75	647,000	6.2 %	26,009,000	40.19
2018	92	1,040,000	10.0 %	44,659,000	42.94
2019	60	1,289,000	12.4 %	54,658,000	42.39
2020	44	636,000	6.1 %	32,330,000	50.82
2021	14	549,000	5.3 %	24,632,000	44.84
2022	24	866,000	8.3 %	38,161,000	44.08
2023	12	172,000	1.6 %	7,612,000	44.32

(1) Based on current market conditions, we expect to release this space at weighted average rents ranging from $35 to $40 per square foot.

Base Realignment and Closure ("BRAC")

Our Washington, DC segment was impacted by the BRAC statute, which required the Department of Defense ("DOD") to relocate from 2,395,000 square feet in our buildings in the Northern Virginia area to government owned military bases. See page 46 for the status of BRAC related move-outs and the sluggish leasing environment in the Washington, DC / Northern Virginia area, and its impact on 2013 EBITDA and the estimated impact on 2014 EBITDA.

RETAIL PROPERTIES

As of December 31, 2013, our Retail Properties segment consisted of 112 retail properties aggregating 20.2 million square feet. Of the 112 retail properties, 106 are strip shopping centers and single tenant retail assets located primarily in the Northeast and California, and six are regional malls located in New York, New Jersey, Virginia and San Juan, Puerto Rico. Our strip shopping centers and malls are generally located on major highways in mature, densely populated areas, and therefore attract consumers from a regional, rather than a neighborhood market place. Our strip shopping centers are substantially (approximately 78%) leased to large stores (over 20,000 square feet).

Retail Properties' lease terms generally range from five years or less in some instances for smaller tenants to as long as 25 years for major tenants. Leases generally provide for reimbursements of real estate taxes, insurance and common area maintenance charges (including roof and structure in strip shopping centers, unless it is the tenant's direct responsibility), and percentage rents based on tenant sales volume. Percentage rents accounted for less than 1% of the Retail Properties total revenues during 2013.

As of December 31, 2013, the occupancy rate for the Retail Properties segment, in which we own 18.2 million square feet (of a total of 20.2 million square feet), was 94.3%. The statistics provided in the following sections includes information for our share of the Strip Shopping Centers and Regional Malls.

Occupancy and weighted average annual rent per square foot:

Strip Shopping Centers:

As of December 31,	Rentable Square Feet	Occupancy Rate	Weighted Average Annual Net Rent Per Square Foot
2013	14,572,000	94.3 %	$ 16.97
2012	14,350,000	94.0 %	16.59
2011	14,370,000	93.9 %	16.28
2010	14,492,000	93.0 %	15.44
2009	14,019,000	93.3 %	15.16

Regional Malls:

Weighted Average Annual Net Rent Per Square Foot

As of December 31,	Rentable Square Feet	Occupancy Rate	Mall Tenants	Mall and Anchor Tenants
2013	3,643,000	94.3 %	$ 40.21	$ 22.37
2012	3,608,000	92.7 %	41.86	22.46
2011	3,800,000	92.7 %	37.68	21.98
2010	3,653,000	92.8 %	38.08	22.77
2009	3,607,000	92.9 %	38.11	21.72

Tenants accounting for 2% or more of revenues:

Tenant	Square Feet Leased	2013 Revenues	Percentage of Retail Properties Revenues	Percentage of Total Revenues
The Home Depot	994,000	$ 19,146,000	4.5 %	0.7 %
Wal-Mart	1,439,000	15,811,000	3.7 %	0.6 %
Best Buy	530,000	12,739,000	3.0 %	0.5 %
Lowe's	976,000	12,728,000	3.0 %	0.5 %
The TJX Companies, Inc.	552,000	10,815,000	2.5 %	0.4 %
Stop & Shop / Koninklijke Ahold NV	633,000	10,307,000 (1)	2.4 % (1)	0.4 % (1)
Kohl's	716,000	9,186,000	2.2 %	0.3 %
Shop Rite	471,000	9,098,000	2.1 %	0.3 %

(1) Excludes $59,599,000 of income pursuant to a settlement agreement with Stop & Shop.

RETAIL PROPERTIES – CONTINUED

2013 rental revenue by type of retailer:

Industry	Percentage
Discount Stores	20 %
Home Improvement	10 %
Supermarkets	10 %
Family Apparel	9 %
Home Entertainment and Electronics	7 %
Restaurants	7 %
Banking and Other Business Services	4 %
Home Furnishings	4 %
Personal Services	4 %
Sporting Goods, Toys and Hobbies	3 %
Women's Apparel	3 %
Membership Warehouse Clubs	2 %
Other	17 %
	100 %

Lease expirations as of December 31, 2013, assuming none of the tenants exercise renewal options:

Year	Number of Expiring Leases	Square Feet of Expiring Leases	Percentage of Retail Properties Square Feet	Weighted Average Annual Net Rent of Expiring Leases Total	Per Square Foot
Strip Shopping Centers:					
Month to month	8	53,000	0.3 %	$ 1,088,000	$ 20.55
2014	56	631,000 (1)	3.8 %	10,325,000	16.37 (1)
2015	61	581,000	3.5 %	11,504,000	19.81
2016	65	785,000	4.8 %	11,928,000	15.19
2017	60	528,000	3.2 %	8,222,000	15.58
2018	68	1,601,000	9.7 %	22,455,000	14.02
2019	67	1,384,000	8.4 %	20,211,000	14.60
2020	29	899,000	5.4 %	11,573,000	12.87
2021	36	660,000	4.0 %	11,096,000	16.80
2022	46	996,000	6.0 %	12,387,000	12.43
2023	46	1,195,000	7.2 %	19,785,000	16.56
Regional Malls:					
Month to month	9	39,000	0.2 %	$ 710,000	$ 18.00
2014	48	134,000 (2)	0.8 %	4,518,000	33.82 (2)
2015	42	140,000	0.8 %	5,192,000	37.17
2016	45	131,000	0.8 %	5,053,000	38.65

2017	27	350,000	2.1 %	3,178,000	9.07
2018	33	88,000	0.5 %	4,353,000	49.74
2019	27	149,000	0.9 %	5,793,000	38.84
2020	22	168,000	1.0 %	5,600,000	33.27
2021	18	414,000	2.5 %	5,514,000	13.32
2022	9	43,000	0.3 %	1,672,000	38.91
2023	14	55,000	0.3 %	1,991,000	36.04

(1) Based on current market conditions, we expect to release this space at weighted average rents ranging from $17 to $19 per square foot.

(2) Based on current market conditions, we expect to release this space at weighted average rents ranging from $34 to $38 per square foot.

TOYS "R" US, INC. ("TOYS")

As of December 31, 2013 we own a 32.6% interest in Toys, a worldwide specialty retailer of toys and baby products, which has a significant real estate component. Toys had $5.7 billion of outstanding debt at November 2, 2013, of which our pro rata share was $1.9 billion, none of which is recourse to us.

The following table sets forth the total number of stores operated by Toys as of December 31, 2013:

	Total	Owned	Building Owned on Leased Ground	Leased
Domestic	879	287	222	370
International	700	78	26	596
Total Owned and Leased	1,579	365	248	966
Franchised Stores	177			
Total	1,756			

OTHER INVESTMENTS

Merchandise Mart

As of December 31, 2013, we own the 3.6 million square foot Merchandise Mart in Chicago, whose largest tenant is Motorola Mobility, owned by Google, which leases 608,000 square feet. The Merchandise Mart is encumbered by a $550,000,000 mortgage loan that bears interest at a fixed rate of 5.57% and matures in December 2016. As of December 31, 2013 the Merchandise Mart had an occupancy rate of 96.4% and a weighted average annual rent per square foot of $33.18.

555 California Street

As of December 31, 2013, we own a 70% controlling interest in a three-building office complex containing 1.8 million square feet, known as the Bank of America Center, located at California and Montgomery Streets in San Francisco's financial district ("555 California Street"). 555 California Street is encumbered by a $600,000,000 mortgage loan that bears interest at a fixed rate of 5.10% and matures in September 2021. As of December 31, 2013 555 California Street had an occupancy rate of 94.5% and a weighted average annual rent per square foot of $58.22.

Vornado Capital Partners Real Estate Fund (the "Fund")

As of December 31, 2013, we own a 25.0% interest in the Fund. We are the general partner and investment manager of the Fund. At December 31, 2013, the Fund had nine investments with an aggregate fair value of $667,710,000, or $153,413,000 in excess of cost, and had remaining unfunded commitments of $149,186,000, of which our share was $37,297,000.

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 legal counsel, the outcome of such matters is not expected to have a material adverse effect on our financial position, results of operations or cash flows.

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

Vornado's common shares are traded on the New York Stock Exchange under the symbol "VNO."

Quarterly high and low sales prices of the common shares and dividends paid per common share for the years ended December 31, 2013 and 2012 were as follows:

	Year Ended December 31, 2013			Year Ended December 31, 2012		
Quarter	**High**	**Low**	**Dividends**	**High**	**Low**	**Dividends**
1st	$ 85.94	$ 79.43	$ 0.73	$ 86.21	$ 75.17	$ 0.69
2nd	88.73	76.19	0.73	88.50	78.56	0.69
3rd	89.35	79.56	0.73	86.56	79.50	0.69
4th	91.91	82.73	0.73	82.50	72.64	1.69 (1)

(1) Comprised of a regular quarterly dividend of $0.69 per share and a special long-term capital gain dividend of $1.00 per share.

As of February 1, 2014, there were 1,029 holders of record of our common shares.

Recent Sales of Unregistered Securities

During the fourth quarter of 2013, we issued 11,249 common shares upon the redemption of Class A units of the Operating Partnership held by persons who received units, in private placements in earlier periods, in exchange for their interests in limited partnerships that owned real estate. The common shares were issued without registration under the Securities Act of 1933 in reliance on Section 4 (2) of that Act.

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

None

Performance Graph

The following graph is a comparison of the five-year cumulative return of our common shares, 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, 2008 in our common shares, 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 shares will continue in line with the same or similar trends depicted in the graph below.

	2008	**2009**	**2010**	**2011**	**2012**	**2013**
Vornado Realty Trust	$ 100	$ 123	$ 152	$ 145	$ 158	$ 182
S&P 500 Index	100	126	146	149	172	228
The NAREIT All Equity Index	100	128	164	177	212	218

ITEM 6. SELECTED FINANCIAL DATA

	Year Ended December 31,				
(Amounts in thousands, except per share amounts)	**2013**	**2012**	**2011**	**2010**	**2009**
Operating Data:					
Revenues:					
Property rentals	$ 2,155,963	$ 2,062,061	$ 2,091,488	$ 2,081,028	$ 1,998,425
Tenant expense reimbursements	317,345	294,584	307,609	312,550	309,509
Cleveland Medical Mart development project	36,369	235,234	154,080	-	-
Fee and other income	251,232	144,353	149,631	146,812	154,462
Total revenues	2,760,909	2,736,232	2,702,808	2,540,390	2,462,396
Expenses:					
Operating	1,054,897	1,017,331	984,707	980,974	955,038
Depreciation and amortization	531,212	510,383	516,222	491,129	489,259
General and administrative	211,100	202,444	208,530	212,233	228,650
Cleveland Medical Mart development project	32,210	226,619	145,824	-	-
Impairment losses, acquisition related costs and tenant buy-outs	57,300	114,886	35,299	101,458	71,863
Total expenses	1,886,719	2,071,663	1,890,582	1,785,794	1,744,810
Operating income	874,190	664,569	812,226	754,596	717,586
(Loss) income applicable to Toys "R" Us	(362,377)	14,859	48,540	71,624	92,300
Income (loss) from partially owned entities	23,592	408,267	70,072	20,869	(21,471)
Income (loss) from Real Estate Fund	102,898	63,936	22,886	(303)	-
Interest and other investment (loss) income, net	(24,699)	(260,945)	148,783	235,266	(116,436)
Interest and debt expense	(483,190)	(493,713)	(519,157)	(536,363)	(595,800)
Net gain (loss) on extinguishment of debt	-	-	-	94,789	(25,915)
Net gain on disposition of wholly owned and partially owned assets	3,407	13,347	15,134	81,432	5,641
Income before income taxes	133,821	410,320	598,484	721,910	55,905
Income tax benefit (expense)	6,406	(8,132)	(23,925)	(22,137)	(20,134)
	140,227	402,188	574,559	699,773	35,771

Income from continuing operations					
Income from discontinued operations	424,513	292,353	165,441	8,258	92,679
Net income	564,740	694,541	740,000	708,031	128,450
Less net (income) loss attributable to noncontrolling interests in:					
Consolidated subsidiaries	(63,952)	(32,018)	(21,786)	(4,920)	2,839
Operating Partnership	(23,659)	(35,327)	(41,059)	(44,033)	(5,834)
Preferred unit distributions of the Operating Partnership	(1,158)	(9,936)	(14,853)	(11,195)	(19,286)
Net income attributable to Vornado	475,971	617,260	662,302	647,883	106,169
Preferred share dividends	(82,807)	(76,937)	(65,531)	(55,534)	(57,076)
Preferred unit and share redemptions	(1,130)	8,948	5,000	4,382	-
Net income attributable to common shareholders	$ 392,034	$ 549,271	$ 601,771	$ 596,731	$ 49,093
Per Share Data:					
(Loss) income from continuing operations, net - basic	$ (0.03)	$ 1.46	$ 2.42	$ 3.23	$ (0.20)
(Loss) income from continuing operations, net - diluted	(0.03)	1.46	2.40	3.20	(0.20)
Net income per common share - basic	2.10	2.95	3.26	3.27	0.28
Net income per common share - diluted	2.09	2.94	3.23	3.24	0.28
Dividends per common share	2.92	3.76 (1)	2.76	2.60	3.20
Balance Sheet Data:					
Total assets	$20,097,224	$22,065,049	$20,446,487	$20,517,471	$20,185,472
Real estate, at cost	18,354,626	18,238,218	16,421,701	16,139,344	16,203,842
Accumulated depreciation	(3,410,933)	(3,072,269)	(2,874,529)	(2,513,658)	(2,214,796)
Debt	9,978,718	11,127,230	9,899,277	10,161,754	10,035,691
Total equity	7,594,744	7,904,144	7,508,447	6,830,405	6,649,406

(1) Includes a special long-term capital gain dividend of $1.00 per share.

	Year Ended December 31,				
(Amounts in thousands)	**2013**	**2012**	**2011**	**2010**	**2009**
Other Data:					
Funds From Operations ("FFO")[(1)]:					
Net income attributable to Vornado	$ 475,971	$ 617,260	$ 662,302	$ 647,883	$ 106,169
Depreciation and amortization of real property	501,753	504,407	530,113	505,806	508,572
Net gains on sale of real estate	(411,593)	(245,799)	(51,623)	(57,248)	(45,282)
Real estate impairment losses	37,170	129,964	28,799	97,500	23,203
Proportionate share of adjustments to equity in net income of Toys, to arrive at FFO:					
Depreciation and amortization of real property	69,741	68,483	70,883	70,174	65,358
Net gains on sale of real estate	-	-	(491)	-	(164)
Real estate impairment losses	6,552	9,824	-	-	-
Income tax effect of above adjustments	(26,703)	(27,493)	(24,634)	(24,561)	(22,819)
Proportionate share of adjustments to equity in net income of partially owned entities, excluding Toys, to arrive at FFO:					
Depreciation and amortization of real property	87,529	86,197	99,992	78,151	75,200
Net gains on sale of real estate	(465)	(241,602)	(9,276)	(5,784)	(1,188)
Real estate impairment losses	-	1,849	-	11,481	-
Noncontrolling interests' share of above adjustments	(15,089)	(16,649)	(40,957)	(46,794)	(47,022)
FFO	724,866	886,441	1,265,108	1,276,608	662,027
Preferred share dividends	(82,807)	(76,937)	(65,531)	(55,534)	(57,076)
Preferred unit and share redemptions	(1,130)	8,948	5,000	4,382	-
FFO attributable to common shareholders	640,929	818,452	1,204,577	1,225,456	604,951
Convertible preferred share dividends	108	113	124	160	170
Interest on 3.88% exchangeable senior debentures	-	-	26,272	25,917	-
FFO attributable to common shareholders plus assumed conversions[(1)]	$ 641,037	$ 818,565	$ 1,230,973	$ 1,251,533	$ 605,121

(1) 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 gain 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 flows as a liquidity measure. FFO may not be comparable to similarly titled measures employed by other companies.

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

Overview

Vornado Realty Trust ("Vornado") is a fully integrated real estate investment trust ("REIT") and conducts its business through, and substantially all of its interests in properties are held by, Vornado Realty L.P., a Delaware limited partnership (the "Operating Partnership"). Accordingly, Vornado's cash flow and ability to pay dividends to its shareholders is dependent upon the cash flow of the Operating Partnership and the ability of its direct and indirect subsidiaries to first satisfy their obligations to creditors. Vornado is the sole general partner of, and owned approximately 94.0% of the common limited partnership interest in the Operating Partnership at December 31, 2013. All references to "we," "us," "our," the "Company" and "Vornado" refer to Vornado Realty Trust and its consolidated subsidiaries, including the Operating Partnership.

We own and operate office and retail properties (our "core" operations) with large concentrations in the New York City metropolitan area and in the Washington, DC / Northern Virginia area. In addition, we have a 32.4% interest in Alexander's, Inc. (NYSE: ALX) ("Alexander's"), which owns six properties in the greater New York metropolitan area, a 32.6% interest in Toys "R" Us, Inc. ("Toys") as well as interests in other real estate and related investments.

Our business objective is to maximize shareholder value, which we measure by the total return provided to our shareholders. Below is a table comparing our performance to the FTSE NAREIT Office Index ("Office REIT") and the Morgan Stanley REIT Index ("RMS") for the following periods ended December 31, 2013:

		Total Return[(1)]	
	Vornado	**Office REIT**	**RMS**
Three-months	6.5%	0.6%	(0.1%)
One-year	14.7%	5.6%	2.5%
Three-year	19.4%	19.6%	31.2%
Five-year	82.4%	92.0%	116.7%
Ten-year	148.3%	85.7%	124.1%

(1) Past performance is not necessarily indicative of future performance.

We intend to achieve our business objective by continuing to pursue our investment philosophy and execute our operating strategies through:

- Maintaining a superior team of operating and investment professionals and an entrepreneurial spirit;
- Investing in properties in select markets, such as New York City and Washington, DC, where we believe there is a high likelihood of capital appreciation;

- Acquiring quality properties at a discount to replacement cost and where there is a significant potential for higher rents;
- Investing in retail properties in select under-stored locations such as the New York City metropolitan area;
- Developing and redeveloping existing properties to increase returns and maximize value; and
- Investing in operating companies that have a significant real estate component.

We expect to finance our growth, acquisitions and investments using internally generated funds, proceeds from possible asset sales and by accessing the public and private capital markets. We may also offer Vornado common or preferred shares or Operating Partnership units in exchange for property and may repurchase or otherwise reacquire these securities in the future.

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, sales prices, attractiveness of location, the quality of the property and the breadth and the quality of services provided. See “Risk Factors” in Item 1A for additional information regarding these factors.

Overview - continued

<u>Year Ended December 31, 2013 Financial Results Summary</u>

Net income attributable to common shareholders for the year ended December 31, 2013 was $392,034,000, or $2.09 per diluted share, compared to $549,271,000, or $2.94 per diluted share for the year ended December 31, 2012. Net income for the years ended December 31, 2013 and 2012 includes $412,058,000 and $487,401,000, respectively, of net gains on sale of real estate, and $43,722,000 and $141,637,000, respectively, of real estate impairment losses. In addition, the years ended December 31, 2013 and 2012 include certain items that affect comparability which are listed in the table below. The aggregate of net gains on sale of real estate, real estate impairment losses and the items in the table below, net of amounts attributable to noncontrolling interests, decreased net income attributable to common shareholders for the year ended December 31, 2013 by $3,302,000, or $0.02 per diluted share and increased net income attributable to common shareholders for the year ended December 31, 2012 by $287,099,000, or $1.54 per diluted share.

Funds from operations attributable to common shareholders plus assumed conversions ("FFO") for the year ended December 31, 2013 was $641,037,000, or $3.41 per diluted share, compared to $818,565,000, or $4.39 per diluted share for the prior year. FFO for the years ended December 31, 2013 and 2012 includes certain items that affect comparability which are listed in the table below. The aggregate of these items, net of amounts attributable to noncontrolling interests, decreased FFO by $300,434,000, or $1.60 per diluted share for the year ended December 31, 2013, and increased FFO by $40,090,000, or $0.21 per diluted share for the year ended December 31, 2012.

	For the Year Ended December 31,	
(Amounts in thousands)	2013	2012
Items that affect comparability income (expense):		
Toys "R" Us (Negative FFO) FFO (including impairment losses of $240,757 and $40,000, respectively)	$ (312,788)	$ 65,673
Loss on sale of J.C. Penney common shares	(54,914)	-
Non-cash impairment loss on J.C. Penney common shares	(39,487)	(224,937)
Loss from the mark-to-market of J.C. Penney derivative position	(33,487)	(75,815)
Acquisition related costs	(24,857)	(11,248)
Preferred unit and share redemptions	(1,130)	8,948
Stop & Shop litigation settlement income	59,599	-
Net gain on sale of marketable securities, land parcels and residential condominiums	58,245	13,347
FFO attributable to discontinued operations, including LNR, and discontinued operations of Alexander's in 2012	33,928	153,179
Accelerated amortization of discount on investment in	-	60,396

subordinated debt of Independence Plaza		
After-tax net gain on sale of Canadian Trade Shows	-	19,657
Net gain resulting from Lexington Realty Trust's stock issuance	-	14,116
1290 Avenue of the Americas and 555 California Street priority return	-	13,222
Other, net	(3,890)	6,196
	(318,781)	42,734
Noncontrolling interests' share of above adjustments	18,347	(2,644)
Items that affect comparability, net	$ (300,434)	$ 40,090

The percentage increase (decrease) in GAAP basis and Cash basis same store Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") of our operating segments for the year ended December 31, 2013 over the year ended December 31, 2012 is summarized below.

Same Store EBITDA:	**New York**	**Washington, DC**	**Retail Properties**
December 31, 2013 vs. December 31, 2012			
GAAP basis	5.5%	(2.8%)	2.8%
Cash basis	7.7%	(3.8%)	3.7%

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Overview - continued

Quarter Ended December 31, 2013 Financial Results Summary

Net loss attributable to common shareholders for the quarter ended December 31, 2013 was $68,887,000, or $0.37 per diluted share, compared to net income of $62,633,000, or $0.33 per diluted share for the quarter ended December 31, 2012. Net loss for the quarter ended December 31, 2013 and net income for the quarter ended December 31, 2012 include $127,512,000 and $281,549,000, respectively, of net gains on sale of real estate, and $32,899,000 and $117,883,000, respectively, of real estate impairment losses. In addition, the quarters ended December 31, 2013 and 2012 include certain other items that affect comparability which are listed in the table below. The aggregate of net gains on sale of real estate, real estate impairment losses and the items in the table below, net of amounts attributable to noncontrolling interests, increased net loss attributable to common shareholders for the quarter ended December 31, 2013 by $176,464,000, or $0.94 per diluted share and decreased net income attributable to common shareholders for the quarter ended December 31, 2012 by $14,761,000, or $0.08 per diluted share.

FFO for the quarter ended December 31, 2013 was a negative $6,784,000, or $0.04 per diluted share, compared to a positive $55,890,000, or $0.30 per diluted share for the prior year's quarter. FFO for the quarters ended December 31, 2013 and 2012 include certain items that affect comparability which are listed in the table below. The aggregate of these items, net of amounts attributable to noncontrolling interests, decreased FFO for the quarter ended December 31, 2013 by $255,479,000, or $1.37 per diluted share and $151,361,000, or $0.81 per diluted share for the quarter ended December 31, 2012.

	For the Three Months Ended December 31,	
(Amounts in thousands)	2013	2012
Items that affect comparability income (expense):		
Toys "R" Us Negative FFO (including impairment losses of $162,215 and $40,000, respectively)	$ (282,041)	$ (61,358)
Acquisition related costs	(18,088)	(6,934)
Non-cash impairment loss on J.C. Penney common shares	-	(224,937)
Loss from the mark-to-market of J.C. Penney derivative position	-	(22,472)
Net gain on sale of land parcels and residential condominiums	23,988	-
FFO attributable to discontinued operations, including LNR and discontinued operations of Alexander's in 2012	1,671	46,365
Accelerated amortization of discount on investment in subordinated debt of Independence Plaza	-	60,396
1290 Avenue of the Americas and 555 California Street priority return and income tax benefit	-	25,260
Net gain resulting from Lexington Realty Trust's stock issuance	-	14,116
Other, net	3,436	8,425

	(271,034)	(161,139)
Noncontrolling interests' share of above adjustments	15,555	9,778
Items that affect comparability, net	$ (255,479)	$ (151,361)

The percentage increase (decrease) in GAAP basis and cash basis same store EBITDA of our operating segments for the quarter ended December 31, 2013 over the quarter ended December 31, 2012 and the trailing quarter ended September 30, 2013 are summarized below.

Same Store EBITDA:	**New York**	**Washington, DC**	**Retail Properties**
December 31, 2013 vs. December 31, 2012			
GAAP basis	6.7%	4.1%	3.1%
Cash basis	4.4%	2.8%	5.1%
December 31, 2013 vs. September 30, 2013			
GAAP basis	3.9%	(3.1%)	3.2%
Cash basis	1.9%	(3.6%)	3.7%

Calculations of same store EBITDA, reconciliations of our net income to EBITDA and FFO and the reasons we consider these non-GAAP financial measures useful are provided in the following pages of Management's Discussion and Analysis of the Financial Condition and Results of Operations.

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Overview – continued

2013 Acquisitions

On September 30, 2013, a joint venture, in which we have a 20.1% interest, acquired 650 Madison Avenue, a 27-story, 594,000 square foot Class A office and retail tower located on Madison Avenue between 59th and 60th Street, for $1.295 billion. The property contains 523,000 square feet of office space and 71,000 square feet of retail space. The purchase price was funded with cash and a new $800,000,000 seven-year 4.39% interest-only loan.

On October 4, 2013, we acquired a 92.5% interest in 655 Fifth Avenue, a 57,500 square foot retail and office property located at the northeast corner of Fifth Avenue and 52nd Street in Manhattan, for $277,500,000 in cash.

On October 15, 2013, we acquired, for $194,000,000 in cash, land and air rights for 137,000 zoning square feet thereby completing the assemblage for our 220 Central Park South development site in Manhattan.

In addition to the above, during 2013, we acquired three Manhattan street retail properties, in separate transactions, for an aggregate of $65,300,000.

2013 Dispositions

During 2013, we sold an aggregate of $1.430 billion in assets resulting in net proceeds of approximately $940,000,000 and net gains aggregating $435,000,000. Below are the details of these sales.

Retail Properties

On January 24, 2013, we sold the Green Acres Mall located in Valley Stream, New York, for $500,000,000. The sale resulted in net proceeds of $185,000,000, after repaying the existing loan and closing costs, and a net gain of $202,275,000.

On April 15, 2013, we sold The Plant, a power strip shopping center in San Jose, California, for $203,000,000. The sale resulted in net proceeds of $98,000,000, after repaying the existing loan and closing costs, and a net gain of $32,169,000.

On April 15, 2013, we sold a retail property in Philadelphia, which is a part of the Gallery at Market Street, for $60,000,000. The sale resulted in net proceeds of $58,000,000, and a net gain of $33,058,000.

On September 23, 2013, we sold a retail property in Tampa, Florida for $45,000,000, of which our 75% share was $33,750,000. Our share of the net proceeds after repaying the existing loan and closing costs were $20,810,000, and our share of the net gain was $8,728,000.

In addition to the above, during 2013, we sold 12 other properties, in separate transactions, for an aggregate of $82,300,000, in cash, which resulted in a net gain aggregating $7,851,000.

New York

On December 17, 2013, we sold 866 United Nations Plaza, a 360,000 square foot office building in Manhattan for $200,000,000. The sale resulted in net proceeds of $146,439,000 after repaying the existing loan and closing costs, and a net gain of $127,512,000.

Other

On January 23, 2013, we and the other equity holders of LNR entered into a definitive agreement to sell LNR for $1.053 billion, of which our 26.2% share was $275,900,000. The definitive agreement provided that LNR would not (i) make any cash distributions to the equity holders, including us, through the completion of the sale, which occurred on April 19, 2013, and (ii) take any of the following actions (among others) without the purchaser's approval, the lending or advancing of any money, the acquisition of assets in excess of specified amounts, or the issuance of equity interests. The sale was the result of a competitive bidding process that we believe resulted in a sale price that represented the fair value of our investment in LNR. The sale was consummated on April 19, 2013, and we received net proceeds after transaction and closing costs of $240,474,000. Notwithstanding the terms of the definitive agreement, in accordance with GAAP, we recorded our pro rata share of LNR's earnings on a one-quarter lag basis through the date of sale, which increased our investment in LNR above our share of the net sales proceeds and resulted in us recognizing an other than temporary impairment loss on our investment of $27,231,000 in the three months ended March 31, 2013. LNR's net loss for the period from January 1, 2013 through April 19, 2013 was $80,654,000, including a $66,241,000 non-cash impairment loss. Our share of the net loss was $21,131,000, including

$17,355,000 for our share of the non-cash impairment loss. In the three months ended June 30, 2013, we recorded our share of the net loss but did not record our share of the non-cash impairment loss, as it was effectively considered in our assessment of “other-than-temporary” impairment loss when we recorded the $27,231,000 impairment loss in the three months ended March 31, 2013. As a result of recording our share of the net loss of $3,776,000 for the three months ended June 30, 2013, the carrying amount of our investment decreased below our share of the net sales proceeds; accordingly, we recorded an offsetting gain on the sale of our investment.

Overview – continued

2013 Dispositions – continued

Other - continued

On April 24, 2013, a site located in the Downtown Crossing district of Boston was sold by a joint venture, of which we owned a 50% interest. Our share of the net proceeds were approximately $45,000,000, which resulted in a $2,335,000 impairment loss that was recognized in the first quarter.

On October 1, 2013, we sold a parcel of land known as Harlem Park located at 1800 Park Avenue (at 125th Street) in New York City, for $66,000,000. The sale resulted in net proceeds of $63,000,000 and a net gain of $23,507,000.

2013 Financings

Secured Debt

On February 20, 2013, we completed a $390,000,000 financing of the retail condominium located at 666 Fifth Avenue at 53rd Street, which we had acquired December 2012. The 10-year fixed-rate interest only loan bears interest at 3.61%. This property was previously unencumbered. The net proceeds from this financing were approximately $387,000,000.

On March 25, 2013, we completed a $300,000,000 financing of the Outlets at Bergen Town Center, a 948,000 square foot shopping center located in Paramus, New Jersey. The 10-year fixed-rate interest only loan bears interest at 3.56%. The property was previously encumbered by a $282,312,000 floating-rate loan.

On June 7, 2013, we completed a $550,000,000 refinancing of Independence Plaza, a three-building 1,328 unit residential complex in the Tribeca submarket of Manhattan. The five-year fixed-rate interest only mortgage loan bears interest at 3.48%. The property was previously encumbered by a $323,000,000 floating-rate loan. The net proceeds of $219,000,000, after repaying the existing loan and closing costs, were distributed to the partners, of which our share was $137,000,000.

On October 30, 2013, we completed the restructuring of the $678,000,000 (face amount) 5.74% Skyline properties mortgage loan. The loan was separated into two tranches; a senior $350,000,000 position and a junior $328,000,000 position. The maturity date has been extended from February 2017 to February 2022, with a one-year extension option. The effective interest rate is 2.965%. Amounts expended to re-lease the property are senior to the $328,000,000 junior position.

On November 27, 2013, we completed a $450,000,000 refinancing of Eleven Penn Plaza, a 1.1 million square foot Manhattan office building. The seven-year fixed-rate interest only loan bears interest at 3.95%. The net proceeds from this refinancing were approximately $107,000,000 after repaying the existing loan and closing costs.

Unsecured Revolving Credit Facility

On March 28, 2013, we extended one of our two $1.25 billion revolving credit facilities from June 2015 to June 2017, with two six-month extension options. The interest on the extended facility was reduced from LIBOR plus 135 basis points to LIBOR plus 115 basis points. In addition, the facility fee was reduced from 30 basis points to 20 basis points.

Preferred Securities

On January 25, 2013, we sold 12,000,000 5.40% Series L Cumulative Redeemable Preferred Shares at a price of $25.00 per share in an underwritten public offering pursuant to an effective registration statement. We retained aggregate net proceeds of $290,306,000, after underwriters' discounts and issuance costs, and contributed the net proceeds to the Operating Partnership in exchange for 12,000,000 Series L Preferred Units (with economic terms that mirror those of the Series L Preferred Shares).

On February 19, 2013, we redeemed all of the outstanding 6.75% Series F Cumulative Redeemable Preferred Shares and 6.75% Series H Cumulative Redeemable Preferred Shares at par, for an aggregate of $262,500,000 in cash, plus accrued and unpaid dividends through the date of redemption.

On May 9, 2013, we redeemed all of the outstanding 6.875% Series D-15 Cumulative Redeemable Preferred Units with an aggregate face amount of $45,000,000 for $36,900,000 in cash, plus accrued and unpaid distributions through the date of redemption.

Overview - continued

Leasing Activity

The leasing activity presented below is based on leases signed during the period and is not intended to coincide with the commencement of rental revenue in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Tenant improvements and leasing commissions presented below are based on square feet leased during the period. Second generation relet space represents square footage that has not been vacant for more than nine months. The leasing activity for the New York segment excludes Alexander's, the Hotel Pennsylvania and residential.

	New York		Washington, DC	Retail Properties	
(Square feet in thousands)	**Office**	**Retail**	**Office**	**Strips**	**Malls**
Quarter Ended December 31, 2013:					
Total square feet leased	559	63	312	200	137
Our share of square feet leased	425	52	276	200	135
Initial rent [1]	$ 59.45	$ 276.62	$ 40.03	$ 23.27	$ 25.19
Weighted average lease term (years)	9.4	9.5	5.3	8.4	4.6
Second generation relet space:					
Square feet	298	50	179	129	88
Cash basis:					
Initial rent [1]	$ 59.92	$ 283.31	$ 38.95	$ 18.78	$ 21.30
Prior escalated rent	$ 54.39	$ 135.08	$ 39.96	$ 16.96	$ 20.94
Percentage increase (decrease)	10.2%	109.7%	(2.5%)	10.7%	1.7%
GAAP basis:					
Straight-line rent [2]	$ 58.79	$ 312.27	$ 38.53	$ 19.19	$ 21.57
Prior straight-line rent	$ 51.87	$ 217.85	$ 37.26	$ 16.34	$ 19.79
Percentage increase	13.3%	43.3%	3.4%	17.4%	9.0%

Tenant improvements and leasing commissions:					
Per square foot	$ 67.95	$ 81.80	$ 26.84	$ 7.20	$ 4.77
Per square foot per annum:	$ 7.23	$ 8.61	$ 5.06	$ 0.86	$ 1.04
Percentage of initial rent	12.2%	3.1%	12.6%	3.7%	4.1%
Year Ended December 31, 2013:					
Total square feet leased	2,410	138	1,836	1,388	674
Our share of square feet leased	2,024	121	1,392	1,388	600
Initial rent (1)	$ 60.78	$ 268.52	$ 39.91	$ 17.27	$ 26.39
Weighted average lease term (years)	11.0	8.6	7.0	6.2	8.1
Second generation relet space:					
Square feet	1,716	103	910	959	205
Cash basis:					
Initial rent (1)	$ 60.04	$ 262.67	$ 40.91	$ 16.57	$ 23.59
Prior escalated rent	$ 56.84	$ 117.45	$ 41.16	$ 15.18	$ 22.76
Percentage increase (decrease)	5.6%	123.7%	(0.6%)	9.2%	3.6%
GAAP basis:					
Straight-line rent (2)	$ 59.98	$ 293.45	$ 40.87	$ 16.91	$ 24.04
Prior straight-line rent	$ 52.61	$ 152.34	$ 39.36	$ 14.76	$ 21.87
Percentage increase	14.0%	92.6%	3.8%	14.6%	9.9%
Tenant improvements and leasing commissions:					
Per square foot	$ 61.78	$ 100.93	$ 33.24	$ 3.96	$ 20.69
Per square foot per annum:	$ 5.61	$ 11.64	$ 4.75	$ 0.64	$ 2.55
Percentage of initial rent	9.2%	4.3%	11.9%	3.7%	9.7%

See notes on the following page.

Overview - continued
Leasing Activity - continued

(Square feet in thousands)	New York Office		New York Retail		Washington, DC Office		Retail Properties Strips		Retail Properties Malls
Year Ended December 31, 2012:									
Total square feet leased		1,950		192		2,111		1,276		146
Our share of square feet leased:		1,754		185		1,901		1,276		101
Initial rent [1]	$	57.15	$	110.71	$	40.55	$	18.65	$	38.45
Weighted average lease term (years)		9.3		11.9		7.3		8.2		5.3
Second generation relet space:										
Square feet		1,405		154		1,613		941		17
Cash basis:										
Initial rent [1]	$	57.88	$	110.21	$	39.27	$	15.98	$	64.85
Prior escalated rent	$	55.31	$	88.47	$	39.13	$	14.58	$	60.78
Percentage increase		4.6%		24.6%		0.4%		9.6%		6.7%
GAAP basis:										
Straight-line rent[2]	$	57.34	$	115.97	$	38.96	$	16.49	$	66.24
Prior straight-line rent	$	54.64	$	89.52	$	37.67	$	13.69	$	58.61
Percentage increase		4.9%		29.5%		3.4%		20.5%		13.0%
Tenant improvements and leasing commissions:										
Per square foot	$	54.45	$	32.52	$	35.49	$	7.48	$	18.66
Per square foot per annum:	$	5.85	$	2.73	$	4.86	$	0.91	$	3.52
Percentage of initial rent		10.2%		2.5%		12.0%		4.9%		9.2%

(1)
Represents the cash basis weighted average starting rent per square foot, which is generally indicative of market rents. Most leases include free rent and periodic step-ups in rent which are not included in the initial cash basis rent per square foot but are included in the GAAP basis straight-line rent per square foot.

(2)
Represents the GAAP basis weighted average rent per square foot that is recognized over the term of the respective leases, and includes the effect of free rent and periodic step-ups in rent.

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Overview - continued

Square footage (in service) and Occupancy as of December 31, 2013:

		Square Feet (in service)		
(Square feet in thousands)	**Number of properties**	**Total Portfolio**	**Our Share**	**Occupancy %**
New York:				
Office	31	19,799	16,358	96.6%
Retail	55	2,389	2,166	97.4%
Alexander's	6	2,178	706	99.4%
Hotel Pennsylvania	1	1,400	1,400	
Residential - 1,653 units	4	1,523	762	94.8%
		27,289	21,392	96.8%
Washington, DC:				
Office, excluding the Skyline Properties	51	13,581	11,151	85.4%
Skyline Properties	8	2,652	2,652	60.8%
Total Office	59	16,233	13,803	80.7%
Residential - 2,405 units	7	2,588	2,446	96.3%
Other	5	379	379	100.0%
		19,200	16,628	83.4%
Retail Properties:				
Strip Shopping Centers	106	14,951	14,572	94.3%
Regional Malls	6	5,273	3,643	94.3%
		20,224	18,215	94.3%
Other:				
Merchandise Mart	2	3,703	3,694	96.3%
555 California Street	3	1,795	1,257	94.5%
Primarily Warehouses	5	971	971	45.6%
		6,469	5,922	
Total square feet at December 31, 2013		73,182	62,157	

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Overview - continued

Square footage (in service) and Occupancy as of December 31, 2012:

(Square feet in thousands)	Number of properties	Square Feet (in service) Total Portfolio	Our Share	Occupancy %
New York:				
Office	30	19,375	16,397	95.8%
Retail	49	2,211	2,051	96.8%
Alexander's	6	2,179	706	99.1%
Hotel Pennsylvania	1	1,400	1,400	
Residential - 1,651 units	4	1,528	873	96.5%
		26,693	21,427	96.1%
Washington, DC:				
Office, excluding the Skyline Properties	51	13,463	10,994	86.3%
Skyline Properties	8	2,643	2,643	60.0%
Total Office	59	16,106	13,637	81.2%
Residential - 2,414 units	7	2,599	2,457	97.9%
Other	7	435	435	100.0%
		19,140	16,529	84.1%
Retail Properties:				
Strip Shopping Centers	107	14,729	14,350	94.0%
Regional Malls	6	5,244	3,608	92.7%
		19,973	17,958	93.7%
Other:				
Merchandise Mart	2	3,905	3,896	94.6%
555 California Street	3	1,795	1,257	93.1%
Primarily Warehouses	5	971	971	55.9%
		6,671	6,124	
Total square feet at December 31, 2012		72,477	62,038	

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Overview - continued

Washington, DC Segment

Of the 2,395,000 square feet subject to the effects of the Base Realignment and Closure ("BRAC") statute, 348,000 square feet has been taken out of service for redevelopment and 763,000 square feet has been leased or is pending. The table below summarizes the status of the BRAC space as of December 31, 2013.

	Rent Per Square Foot	Square Feet Total	Crystal City	Skyline	Rosslyn
Resolved:					
Relet as of December 31, 2013	$ 37.76	724,000	392,000	268,000	64,000
Leases pending	45.16	39,000	39,000	-	-
Taken out of service for redevelopment		348,000	348,000	-	-
		1,111,000	779,000	268,000	64,000
To Be Resolved:					
Vacated as of December 31, 2013	37.58	922,000	504,000	336,000	82,000
Expiring in:					
2014	32.29	292,000	91,000	201,000	-
2015	43.54	70,000	65,000	5,000	-
		1,284,000	660,000	542,000	82,000
Total square feet subject to BRAC		2,395,000	1,439,000	810,000	146,000

Due to the effects of BRAC related move-outs and the sluggish leasing environment in the Washington, DC / Northern Virginia area, EBITDA from continuing operations for the year ended December 31, 2012 was lower than 2011 by $54,857,000 and EBITDA from continuing operations for the year ended December 31, 2013 was lower than 2012 by $14,254,000. We estimate that 2014 EBITDA will be between $10,000,000 and $15,000,000 lower than 2013 EBITDA.

Critical Accounting Policies

In preparing the consolidated financial statements we have made estimates and assumptions that affect the reported amounts of 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 the accounting policies that we believe are critical to the preparation of our consolidated financial statements. The summary should be read in conjunction with the 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. 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 real property to the extent 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.

Upon the acquisition of real estate, we assess the fair value of acquired assets (including land, buildings and improvements, identified intangibles, such as acquired above and below-market leases and acquired in-place leases and tenant relationships) and acquired liabilities and we allocate purchase price based on these assessments. We assess fair value based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors, including historical operating results, known trends and market/economic conditions. Identified intangibles are recorded at their estimated fair value, separate and apart from goodwill. Identified intangibles that are determined to have finite lives are amortized over the period in which they are expected to contribute directly or indirectly to the future cash flows of the property or business acquired.

As of December 31, 2013 and 2012, the carrying amounts of real estate, net of accumulated depreciation, were $14.9 billion and $15.2 billion, respectively. As of December 31, 2013 and 2012, the carrying amounts of identified intangible assets (including acquired above-market leases, tenant relationships and acquired in-place leases) were $323,322,000 and $415,330,000, respectively, and the carrying amounts of identified intangible liabilities, a component of “deferred revenue” on our consolidated balance sheets, were $510,485,000 and $560,989,000, respectively.

Our properties, including any related intangible assets, are individually reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment exists when the carrying amount of an asset exceeds the aggregate projected future cash flows over the anticipated holding period on an undiscounted basis. An impairment loss is measured based on the excess of the property's carrying amount over its estimated fair value. Impairment analyses are based on our current plans, intended holding periods and available market information at the time the analyses are prepared. If our estimates of the projected future cash flows, anticipated holding periods, or market conditions change, our evaluation of impairment losses may be different and such differences could be material to our consolidated financial statements. The evaluation of anticipated cash flows is subjective and is 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.

Critical Accounting Policies – continued

Partially Owned Entities

We consolidate entities in which we have a controlling financial interest. In determining whether we have a controlling financial interest in a partially owned entity and the requirement to consolidate the accounts of that entity, we consider factors such as ownership interest, board representation, management representation, authority to make decisions, and contractual and substantive participating rights of the partners/members as well as whether the entity is a variable interest entity ("VIE") and we are the primary beneficiary. We are deemed to be the primary beneficiary of a VIE when we have (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses or receive benefits that could potentially be significant to the VIE. When the requirements for consolidation are not met, we account for investments under the equity method of accounting if we have the ability to exercise significant influence over the entity. Equity method investments are initially recorded at cost and subsequently adjusted for our share of net income or loss and cash contributions and distributions each period. Investments that do not qualify for consolidation or the equity method are accounted for on the cost method.

Investments in partially owned entities are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is measured based on the excess of the carrying amount of an investment over its estimated fair value. Impairment analyses are based on current plans, intended holding periods and available information at the time the analyses are prepared. The ultimate realization of our investments in partially owned entities is dependent on a number of factors, including the performance of each investment and market conditions. If our estimates of the projected future cash flows, the nature of development activities for properties for which such activities are planned and the estimated fair value of the investment change based on market conditions or otherwise, our evaluation of impairment losses may be different and such differences could be material to our consolidated financial statements. The evaluation of anticipated cash flows is subjective and is based, in part, on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results.

As of December 31, 2013 and 2012, the carrying amounts of investments in partially owned entities, including Toys "R" Us, was $1.2 billion and $1.7 billion, respectively.

Mortgage and Mezzanine Loans Receivable

We invest in mortgage and mezzanine loans of entities that have significant real estate assets. These investments are either secured by the real property or by pledges of the equity interests of the entities owning the underlying real estate. We record these investments at the stated principal amount net of any unamortized discount or premium. We accrete or amortize any discount or premium over the life of the related receivable utilizing the effective interest method or straight-line method, if the result is not materially different. We evaluate the collectability of both interest and principal of each of our loans whenever events or changes in circumstances indicate such amounts may not be recoverable. A loan is impaired when it is probable that we will be unable to collect all amounts due according to the existing contractual terms. When a loan is impaired, the amount of the loss accrual is calculated by comparing the carrying amount of the investment to the present value of expected future cash flows discounted at the loan's effective interest rate, or as a practical expedient, to the value of the collateral if the loan is collateral dependent. If our estimates of the collectability of both interest and principal or the fair value of our loans change based on market conditions or otherwise, our evaluation of impairment losses may be different and such differences could be material to our consolidated financial statements.

As of December 31, 2013 and 2012, the carrying amounts of mortgage and mezzanine loans receivable, net of a $5,845,000 allowance in 2013, were $170,972,000 and $225,359,000, respectively.

Critical Accounting Policies – continued

Allowance For Doubtful Accounts

We periodically evaluate the collectability of amounts due from tenants and maintain an allowance for doubtful accounts ($21,869,000 and $37,674,000 as of December 31, 2013 and 2012) for estimated losses resulting from the inability of tenants to make required payments under the lease agreements. We also maintain an allowance for receivables arising from the straight-lining of rents ($4,355,000 and $3,165,000 as of December 31, 2013 and 2012, respectively). This receivable arises from earnings recognized in excess of amounts currently due under the lease agreements. Management exercises judgment in establishing these allowances and considers 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.

Revenue Recognition

We have the following revenue sources and revenue recognition policies:

- Base Rent — income 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 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 — income arising from retail tenant leases that is contingent upon tenant sales exceeding defined thresholds. These rents are recognized only after the contingency has been removed (i.e., when tenant sales thresholds have been achieved).

- Hotel Revenue — income arising from the operation of the Hotel Pennsylvania which consists of rooms revenue, food and beverage revenue, and banquet revenue. Income is recognized when rooms are occupied. Food and beverage and banquet revenue are recognized when the services have been rendered.

- Trade Shows Revenue — income arising from the operation of trade shows, including rentals of booths. This revenue is recognized when the trade shows have occurred.

- 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 property. This revenue is accrued in the same periods as the expenses are incurred.

- Management, Leasing and Other Fees — income arising from contractual agreements with third parties or with partially owned entities. This revenue is recognized as the related services are performed under the respective agreements.

- Cleveland Medical Mart — revenue arising from the development of the Cleveland Medical Mart. This revenue was recognized as the related services were performed under the respective agreements using the criteria set forth in ASC 605-25, *Multiple Element Arrangements.*

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. Under those sections, a REIT which distributes at least 90% of its REIT taxable income as a dividend to its shareholders each year and which meets certain other conditions will not be taxed on that portion of its taxable income which is distributed to its shareholders. We distribute to our shareholders 100% of our taxable income. Therefore, no provision for Federal income taxes is required. If we fail to distribute the required amount of income to our shareholders, or fail to meet other REIT requirements, we may fail to qualify as a REIT which may result in substantial adverse tax consequences.

Net Income and EBITDA by Segment for the Years Ended December 31, 2013, 2012 and 2011

As a result of certain organizational changes and asset sales in 2012, the Merchandise Mart segment no longer met the criteria to be a separate reportable segment; accordingly, effective January 1, 2013, the remaining assets were reclassified to "Other." We have also reclassified the prior period segment financial results to conform to the current year presentation. Below is a summary of net income and a reconciliation of net income to EBITDA[(1)] by segment for the years ended December 31, 2013, 2012 and 2011.

(Amounts in thousands)	For the Year Ended December 31, 2013					
	Total	New York	Washington, DC	Retail Properties	Toys	Other
Total revenues	$ 2,760,909	$ 1,509,266	$ 541,161	$ 425,716	$ -	$ 284,766
Total expenses	1,886,719	926,963	347,686	251,516	-	360,554
Operating income (loss)	874,190	582,303	193,475	174,200	-	(75,788)
(Loss) income from partially owned entities, including Toys	(338,785)	15,527	(6,968)	2,097	(362,377)	12,936
Income from Real Estate Fund	102,898	-	-	-	-	102,898
Interest and other investment (loss) income, net	(24,699)	5,532	129	13	-	(30,373)
Interest and debt expense	(483,190)	(181,966)	(102,277)	(44,203)	-	(154,744)
Net gain on disposition of wholly owned and partially owned assets	3,407	-	-	1,377	-	2,030
	133,821	421,396	84,359	133,484	(362,377)	(143,041)

Income (loss) before income taxes						
Income tax benefit (expense)	6,406	(2,794)	14,031	(2,311)	-	(2,520)
Income (loss) from continuing operations	140,227	418,602	98,390	131,173	(362,377)	(145,561)
Income (loss) from discontinued operations	424,513	138,245	-	287,536	-	(1,268)
Net income (loss)	564,740	556,847	98,390	418,709	(362,377)	(146,829)
Less net (income) attributable to noncontrolling interests	(88,769)	(10,786)	-	(3,065)	-	(74,918)
Net income (loss) attributable to Vornado	475,971	546,061	98,390	415,644	(362,377)	(221,747)
Interest and debt expense(2)	758,781	236,645	116,131	50,901	181,586	173,518
Depreciation and amortization(2)	732,757	293,974	142,409	72,161	135,178	89,035
Income tax expense (benefit)(2)	26,371	3,002	(15,707)	2,311	33,532	3,233
EBITDA(1)	$ 1,993,880	$ 1,079,682 (3)	$ 341,223 (4)	$ 541,017 (5)	$ (12,081)	$ 44,039 (6)

See notes on page 52.

Net Income and EBITDA by Segment for the Years Ended December 31, 2013, 2012 and 2011 - continued

(Amounts in thousands)	For the Year Ended December 31, 2012					
	Total	New York	Washington, DC	Retail Properties	Toys	Other
Total revenues	$ 2,736,232	$ 1,354,874	$ 554,028	$ 370,177	$ -	$ 457,153
Total expenses	2,071,663	851,512	360,056	324,096	-	535,999
Operating income (loss)	664,569	503,362	193,972	46,081	-	(78,846)
Income (loss) from partially owned entities, including Toys	423,126	207,773	(5,612)	1,458	14,859	204,648
Income from Real Estate Fund	63,936	-	-	-	-	63,936
Interest and other investment (loss) income, net	(260,945)	4,230	126	27	-	(265,328)
Interest and debt expense	(493,713)	(146,350)	(115,574)	(57,057)	-	(174,732)
Net gain on disposition of wholly owned and partially owned assets	13,347	-	-	8,491	-	4,856
Income (loss) before income taxes	410,320	569,015	72,912	(1,000)	14,859	(245,466)
Income tax expense	(8,132)	(3,491)	(1,650)	-	-	(2,991)
Income (loss) from continuing operations	402,188	565,524	71,262	(1,000)	14,859	(248,457)
Income from discontinued operations	292,353	10,610	167,766	39,357	-	74,620
Net income (loss)	694,541	576,134	239,028	38,357	14,859	(173,837)
Less net (income) loss						

attributable to noncontrolling interests	(77,281)	(2,138)	-	1,812	-	(76,955)
Net income (loss) attributable to Vornado	617,260	573,996	239,028	40,169	14,859	(250,792)
Interest and debt expense[(2)]	760,523	187,855	133,625	73,828	147,880	217,335
Depreciation and amortization[(2)]	735,293	252,257	157,816	86,529	135,179	103,512
Income tax expense (benefit)[(2)]	7,026	3,751	1,943	-	(16,629)	17,961
EBITDA[(1)]	$ 2,120,102	$ 1,017,859 (3)	$ 532,412 (4)	$ 200,526 (5)	$ 281,289	$ 88,016 (6)

See notes on the following page.

(Amounts in thousands)

	For the Year Ended December 31, 2011					
				Retail		
	Total	New York	Washington, DC	Properties	Toys	Other
Total revenues	$ 2,702,808	$ 1,333,280	$ 603,317	$ 374,482	$ -	$ 391,729
Total expenses	1,890,582	841,863	369,255	215,075	-	464,389
Operating income (loss)	812,226	491,417	234,062	159,407	-	(72,660)
Income (loss) from partially owned entities, including Toys	118,612	12,062	(6,381)	2,700	48,540	61,691
Income from Real Estate Fund	22,886	-	-	-	-	22,886
Interest and other investment income (loss), net	148,783	4,245	199	(33)	-	144,372
Interest and debt expense	(519,157)	(151,728)	(115,456)	(64,592)	-	(187,381)
Net gain on disposition of wholly owned and partially owned assets	15,134	-	-	4,278	-	10,856
	598,484	355,996	112,424	101,760	48,540	(20,236)

Income (loss) before income taxes						
Income tax expense	(23,925)	(2,084)	(2,690)	(34)	-	(19,117)
Income (loss) from continuing operations	574,559	353,912	109,734	101,726	48,540	(39,353)
Income from discontinued operations	165,441	11,155	52,390	27,557	-	74,339
Net income	740,000	365,067	162,124	129,283	48,540	34,986
Less net (income) loss attributable to noncontrolling interests	(77,698)	(10,042)	-	237	-	(67,893)
Net income (loss) attributable to Vornado	662,302	355,025	162,124	129,520	48,540	(32,907)
Interest and debt expense(2)	797,920	181,740	134,270	82,608	157,135	242,167
Depreciation and amortization(2)	777,421	247,630	181,560	91,040	134,967	122,224
Income tax expense (benefit)(2)	4,812	2,170	3,123	34	(1,132)	617
EBITDA(1)	$ 2,242,455	$ 786,565 (3)	$ 481,077 (4)	$ 303,202 (5)	$ 339,510	$ 332,101 (6)

See notes on the following page.

Net Income and EBITDA by Segment for the Years Ended December 31, 2013, 2012 and 2011 - continued

Notes to preceding tabular information:

(1) EBITDA represents "Earnings Before Interest, Taxes, Depreciation and Amortization." We consider EBITDA a supplemental measure for making decisions and assessing the unlevered performance of our segments as it relates to the total return on assets as opposed to the levered return on equity. As properties are bought and sold based on a multiple of EBITDA, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. EBITDA should not be considered a substitute for net income. EBITDA may not be comparable to similarly titled measures employed by other companies.

(2) Interest and debt expense, depreciation and amortization and income tax expense (benefit) in the reconciliation of net income (loss) to EBITDA includes our share of these items from partially owned entities.

(3) The elements of "New York" EBITDA are summarized below.

	For the Year Ended December 31,		
(Amounts in thousands)	**2013**	**2012**	**2011**
Office[(a)]	$ 759,941	$ 568,518	$ 539,734
Retail	246,808	189,484	163,033
Alexander's [(b)]	42,210	231,402	53,663
Hotel Pennsylvania	30,723	28,455	30,135
Total New York	$ 1,079,682	$ 1,017,859	$ 786,565

(a) 2013, 2012 and 2011 includes EBITDA from discontinued operations, net gains on sale of real estate and other items that affect comparability, aggregating $136,427, $16,245 and $9,635, respectively. Excluding these items, EBITDA was $623,514, $552,273 and $530,099, respectively.

(b) 2012 and 2011 includes EBITDA from discontinued operations, net gains on sale of real estate and other items that affect comparability, aggregating $191,040 and $14,204, respectively. Excluding these items, EBITDA was $40,362 and $39,459, respectively.

(4) The elements of "Washington, DC" EBITDA are summarized below.

	For the Year Ended December 31,		
(Amounts in thousands)	**2013**	**2012**	**2011**
Office, excluding the Skyline Properties [(a)]	$ 268,373	$ 449,448	$ 385,285
Skyline properties	29,499	40,037	56,148
Total Office	297,872	489,485	441,433
Residential	43,351	42,927	39,644
Total Washington, DC	$ 341,223	$ 532,412	$ 481,077

(a) 2012 and 2011 includes EBITDA from discontinued operations, net gains on sale of real estate and other items that affect comparability, aggregating $176,935 and $70,743, respectively. Excluding these items, EBITDA was $272,513 and $314,542, respectively.

(5) The elements of "Retail Properties" EBITDA are summarized below.

	For the Year Ended December 31,		
(Amounts in thousands)	**2013**	**2012**	**2011**
Strip shopping centers[(a)]	$ 285,612	$ 172,708	$ 210,022
Regional malls[(b)]	255,405	27,818	93,180
Total Retail properties	$ 541,017	$ 200,526	$ 303,202

(a) 2013, 2012 and 2011 includes EBITDA from discontinued operations, net gains on sale of real estate and other items that affect comparability, aggregating $128,343, $20,480 and $59,922, respectively. Excluding these items, EBITDA was $157,269, $152,228 and $150,100, respectively.

(b)

2013, 2012 and 2011 includes EBITDA from discontinued operations, net gains on sale of real estate and other items that affect comparability, aggregating $189,708, ($36,390) and $28,285, respectively. Excluding these items, EBITDA was $65,697, $64,208 and $64,895, respectively.

Net Income and EBITDA by Segment for the Years Ended December 31, 2013, 2012 and 2011 - continued

Notes to preceding tabular information:

(6) The elements of "other" EBITDA are summarized below.

(Amounts in thousands)	For the Year Ended December 31, 2013	2012	2011
Our share of Real Estate Fund:			
Income before net realized/unrealized gains	$ 1,676	$ 4,926	$ 4,205
Net unrealized gains	21,443	13,840	2,999
Net realized gains	2,046	-	1,348
Carried interest	24,306	5,838	736
Total	49,471	24,604	9,288
Merchandise Mart Building, 7 West 34th Street and trade shows	74,270	62,470	50,406
555 California Street	42,667	46,167	44,724
India real estate ventures	5,841	3,654	7,037
LNR [(a)]	20,443	75,202	47,614
Lexington [(b)]	6,931	32,595	34,779
Other investments	18,981	25,612	26,092
	218,604	270,304	219,940
Corporate general and administrative expenses[(c)]	(94,904)	(89,082)	(85,922)
Investment income and other, net[(c)]	46,525	45,563	55,202
Net gain on sale of marketable securities, land parcels and residential condominiums	56,868	4,856	10,904
Loss on sale of J.C. Penney common shares	(54,914)	-	-
Non-cash impairment loss on J.C. Penney common shares	(39,487)	(224,937)	-
(Loss) income from the mark-to-market of J.C. Penney derivative position	(33,487)	(75,815)	12,984
Acquisition related costs and impairment losses	(24,857)	(17,386)	(5,925)
Severance costs (primarily reduction in force at the Merchandise Mart)	(5,492)	(3,005)	(4,226)
Purchase price fair value adjustment and accelerated amortization of discount on investment in subordinated debt of Independence Plaza	-	105,366	-
Merchandise Mart discontinued operations (including net gains on sale of assets)	-	93,588	97,272
Net gain resulting from Lexington's stock issuance and asset acquisition	-	28,763	9,760
Verde Realty impairment loss	-	(4,936)	-
Mezzanine loans loss reversal and net gain on disposition	-	-	82,744
Non-cash impairment loss on India land parcel	-	-	(13,794)
Net gain from Suffolk Downs' sale of a partial interest	-	-	12,525
Real Estate Fund placement fees	-	-	(3,451)

Net income attributable to noncontrolling interests in the Operating Partnership	(23,659)	(35,327)	(41,059)
Preferred unit distributions of the Operating Partnership	(1,158)	(9,936)	(14,853)
	$ 44,039	$ 88,016	$ 332,101

(a) On April 19, 2013, LNR was sold.

(b) In the first quarter of 2013, we began accounting for our investment in Lexington as a marketable equity security - available for sale. This investment was previously accounted for under the equity method.

(c) The amounts in these captions (for this table only) exclude income (expense) from the mark-to-market of our deferred compensation plan.

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Net Income and EBITDA by Segment for the Years Ended December 31, 2013, 2012 and 2011 - continued

EBITDA by Region

Below is a summary of the percentages of EBITDA by geographic region (excluding discontinued operations and other gains and losses that affect comparability), from our New York, Washington, DC and Retail Properties segments.

		For the Year Ended December 31,		
		2013	**2012**	**2011**
Region:				
	New York City metropolitan area	73%	70%	66%
	Washington, DC / Northern Virginia metropolitan area	23%	26%	29%
	Puerto Rico	2%	2%	2%
	California	1%	1%	1%
	Other geographies	1%	1%	2%
		100%	100%	100%

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Results of Operations – Year Ended December 31, 2013 Compared to December 31, 2012

Revenues

Our revenues, which consist of property rentals (including hotel and trade show revenues), tenant expense reimbursements, and fee and other income, were $2,760,909,000 in the year ended December 31, 2013, compared to $2,736,232,000 in the prior year, an increase of $24,677,000. Below are the details of the increase (decrease) by segment:

(Amounts in thousands)

Increase (decrease) due to:	Total	New York	Washington, DC	Retail Properties	Other
Property rentals:					
Acquisitions and other	$ 63,291	$ 75,004	$ 462	$ (11,602)	$ (573)
Properties placed into / taken out of service for redevelopment	(5,164)	(1,138)	(2,333)	(1,647)	(46)
Hotel Pennsylvania	8,201	8,201	-	-	-
Trade Shows	(6,210)	-	-	-	(6,210)
Same store operations	33,784	27,115	(15,267)	7,322	14,614
	93,902	109,182	(17,138)	(5,927)	7,785
Tenant expense reimbursements:					
Acquisitions and other	1,155	2,715	(604)	(1,860)	904
Properties placed into / taken out of service for redevelopment	(1,334)	(402)	193	(1,027)	(98)
Same store operations	22,940	8,624	2,443	5,902	5,971
	22,761	10,937	2,032	3,015	6,777
Cleveland Medical Mart development project	(198,865)(1)	-	-	-	(198,865)(1)
Fee and other income:					
BMS cleaning fees	(1,079)	(9,208)	-	-	8,129 (2)
Signage revenue	11,974	11,974	-	-	-
Management and leasing fees	2,788	4,177	1,691	(1,567)	(1,513)
Lease termination fees	90,136	25,333 (3)	983	59,793 (4)	4,027 (5)
Other income	3,060	1,997	(435)	225	1,273
	106,879	34,273	2,239	58,451	11,916
	$ 24,677	$ 154,392	$ (12,867)	$ 55,539	$ (172,387)

Total increase (decrease) in revenues

(1) Primarily due to the completion of the project. This decrease in revenue is offset by a decrease in development costs expensed in the period. See note (3) on page 56.

(2) Represents the elimination of intercompany fees from operating segments upon consolidation. See note (2) on page 56.

(3) Primarily due to a $19,500 termination fee from a tenant at 1290 Avenue of the Americas. Our share of this income, net of the write off of the straight lining of rents and amounts attributable to the noncontrolling interest was $12,121.

(4) Results primarily from income recognized in the first quarter of 2013 in connection with the settlement of the Stop & Shop litigation.

(5) Primarily due to $3,000 from the termination of our subsidiaries' agreements with Cuyahoga County to operate the Cleveland Medical Mart Convention Center.

Results of Operations – Year Ended December 31, 2013 Compared to December 31, 2012 - continued

Expenses

Our expenses, which consist primarily of operating (including hotel and trade show expenses), depreciation and amortization and general and administrative expenses, were $1,886,719,000 in the year ended December 31, 2013, compared to $2,071,663,000 in the prior year, a decrease of $184,944,000. Below are the details of the increase (decrease) by segment:

(Amounts in thousands)

Increase (decrease) due to:	Total	New York	Washington, DC	Retail Properties	Other
Operating:					
Acquisitions and other	$ 23,591	$ 26,583	$ -	$ (1,409)	$ (1,583)
Properties placed into / taken out of service for redevelopment	(9,370)	(1,933)	(992)	(5,307)	(1,138)
Non-reimbursable expenses, including bad-debt reserves	928	(3,366)	-	1,470	2,824
Hotel Pennsylvania	6,012	6,012	-	-	-
Trade Shows	(4,872)	-	-	-	(4,872)
BMS expenses	(5,056)	(8,500)	-	-	3,444 (2)
Same store operations	26,333	15,132	2,037	6,581	2,583
	37,566	33,928	1,045	1,335	1,258
Depreciation and amortization:					
Acquisitions and other	38,791	41,047	-	(1,882)	(374)
Properties placed into / taken out of service for redevelopment	(20,644)	(552)	(16,177)	(3,915)	-
Same store operations	2,682	(3,020)	2,369	1,601	1,732
	20,829	37,475	(13,808)	(4,196)	1,358
General and administrative:					
Mark-to-market of deferred compensation plan liability (1)	3,827	-	-	-	3,827
Non-same store	7,287	-	-	-	7,287
Same store operations	(2,458)	4,048	393	(4,662)	(2,237)
	8,656	4,048	393	(4,662)	8,877

Cleveland Medical Mart development project	(194,409)(3)	-	-	-	(194,409)(3)
Impairment losses, acquisition related costs and tenant buy-outs	(57,586)	-	-	(65,057)	7,471
Total (decrease) increase in expenses	$ (184,944)	$ 75,451	$ (12,370)	$ (72,580)	$ (175,445)

(1) This increase in expense is entirely offset by a corresponding increase in income from the mark-to-market of the deferred compensation plan assets, a component of “interest and other investment (loss) income, net” on our consolidated statements of income.

(2) Represents the elimination of intercompany fees from operating segments upon consolidation. See note (2) on page 55.

(3) Primarily due to the completion of the project. This decrease in expense is offset by the decrease in development revenue in the period. See note (1) on page 55.

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Results of Operations – Year Ended December 31, 2013 Compared to December 31, 2012 - continued

(Loss) Income Applicable to Toys

In the year ended December 31, 2013, we recognized a net loss of $362,377,000 from our investment in Toys, comprised of $128,919,000 for our 32.6% share of Toys' net loss and $240,757,000 of non-cash impairment losses (see below), partially offset by $7,299,000 of management fee income. In the year ended December 31, 2012, we recognized net income of $14,859,000 from our investment in Toys, comprised of $45,267,000 for our 32.6% share of Toys' net income and $9,592,000 of management fee income, partially offset by a $40,000,000 non-cash impairment loss (see below).

We account for Toys on the equity method, which means our investment is increased for our pro rata share of Toys undistributed net income. At December 31, 2012, we estimated that the fair value of our investment was $40,000,000 less than the carrying amount of $518,041,000 and concluded that the decline in the value of our investment was "other-than-temporary" based on, among other factors, compression of earnings multiples of comparable retailers and our inability to forecast a recovery in the near term. Accordingly, we recognized a non-cash impairment loss of $40,000,000 in the fourth quarter of 2012.

In the first quarter of 2013, we recognized our share of Toys' fourth quarter net income of $78,542,000 and a corresponding non-cash impairment loss of the same amount to continue to carry our investment at fair value.

At December 31, 2013, we estimated that the fair value of our investment in Toys was approximately $80,062,000 ($83,224,000 including $3,162,000 for our share of Toys' accumulated other comprehensive income), or $162,215,000 less than the carrying amount after recognizing our share of Toys third quarter net loss in our fourth quarter. In determining the fair value of our investment, we considered, among other inputs, a December 31, 2013 third-party valuation of Toys. We have concluded that the decline in the value of our investment is "other-than-temporary" based on, among other factors, Toys' 2013 holiday sales results, compression of earnings multiples of comparable retailers and our inability to forecast a recovery in the near term. Accordingly, we recognized an additional non-cash impairment loss of $162,215,000 in the fourth quarter of 2013.

We will continue to assess the recoverability of our investment each quarter. To the extent the fair value of our investment does not change, we will recognize a non-cash impairment loss equal to our share of Toys' fourth quarter net income, if any, in our first quarter of 2014.

Income from Partially Owned Entities

Summarized below are the components of income (loss) from partially owned entities for the years ended December 31, 2013 and 2012.

(Amounts in thousands)	Percentage Ownership at December 31, 2013	For the Year Ended December 31, 2013	2012
Equity in Net Income (Loss):			
Alexander's (1)	32.4%	$ 24,402	$ 218,391
Lexington (2)	n/a	(979)	28,740
LNR (3)	n/a	18,731	66,270
India real estate ventures	4.1%-36.5%	(3,533)	(5,008)
Partially owned office buildings (4)	Various	(4,212)	(3,770)
Other investments(5) (6)	Various	(10,817)	103,644
		$ 23,592	$ 408,267

(1) 2012 includes $186,357 of income comprised of (i) a $179,934 net gain and (ii) $6,423 of commissions in connection with the sale of real estate.

(2) 2012 includes a $28,763 net gain resulting primarily from Lexington's stock issuances. In the first quarter of 2013, we began accounting for our investment in Lexington as a marketable equity security - available for sale.

(3) On April 19, 2013, LNR was sold for $1.053 billion. See page 40 for details.

(4) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 666 Fifth Avenue (Office), 330 Madison Avenue and others.

(5) Includes interests in Independence Plaza, Monmouth Mall, 85 10th Avenue, Fashion Center Mall, 50-70 West 93rd Street and others.

(6) 2012 includes $105,366 of income from Independence Plaza comprised of (i) $60,396 from the accelerated amortization of discount on investment in the subordinated debt of the property and (ii) a $44,970 purchase price fair value adjustment from the exercise of a warrant to acquire 25% of the equity interest in the property.

Results of Operations – Year Ended December 31, 2013 Compared to December 31, 2012 - continued

Income from Real Estate Fund

Below are the components of the income from our Real Estate Fund for the year ended December 31, 2013 and 2012.

(Amounts in thousands)	For the Year Ended December 31,	
	2013	**2012**
Net investment income	$ 8,943	$ 8,575
Net realized gains	8,184	-
Net unrealized gains	85,771	55,361
Income from Real Estate Fund	102,898	63,936
Less (income) attributable to noncontrolling interests	(53,427)	(39,332)
Income from Real Estate Fund attributable to Vornado [(1)]	$ 49,471	$ 24,604

(1) Excludes management, leasing and development fees of $2,992 and $3,278 for the years ended December 31, 2013 and 2012, respectively, which are included as a component of "fee and other income" on our consolidated statements of income.

Interest and Other Investment (Loss) Income, net

Interest and other investment (loss) income, net was a loss of $24,699,000 in the year ended December 31, 2013, compared to a loss of $260,945,000 in the prior year, a decrease in loss of $236,246,000. This decrease resulted from:

(Amounts in thousands)	
Non-cash impairment on J.C. Penney common shares ($39,487 in 2013, compared to $224,937 in 2012)	$ 185,450
J.C. Penney derivative position ($33,487 mark-to-market loss in 2013, compared to a $75,815 mark-to-market loss in 2012)	42,328
Higher interest on mezzanine loans receivable	5,634

Increase in the value of investments in our deferred compensation plan (offset by a corresponding increase in the liability for plan assets in general and administrative expenses)	3,827
Lower dividends and interest on marketable securities	(533)
Other, net	(460)
	$ 236,246

Interest and Debt Expense

Interest and debt expense was $483,190,000 in the year ended December 31, 2013, compared to $493,713,000 in the prior year, a decrease of $10,523,000. This decrease was primarily due to (i) $25,502,000 of higher capitalized interest and (ii) $4,738,000 of interest savings from the restructuring of the Skyline properties mortgage loan in the fourth quarter of 2013, partially offset by (iii) interest expense of $12,319,000 from the financing of the retail condominium at 666 Fifth Avenue in the first quarter of 2013, and (iv) an $8,436,000 prepayment penalty in connection with the refinancing of Eleven Penn Plaza.

Net Gain on Disposition of Wholly Owned and Partially Owned Assets

Net gain on disposition of wholly owned and partially owned assets was $3,407,000 in the year ended December 31, 2013 (comprised primarily of net gains from the sale of marketable securities, land parcels (including Harlem Park), and residential condominiums aggregating $58,245,000, partially offset by a $54,914,000 net loss on sale of J.C. Penney common shares), compared to $13,347,000 in the year ended December 31, 2012 (comprised of net gains from the sale of marketable securities, land parcels and residential condominiums).

Income Tax Benefit (Expense)

In the year ended December 31, 2013, we had an income tax benefit of $6,406,000, compared to an expense of $8,132,000 in the prior year, a decrease in expense of $14,538,000. This decrease resulted primarily from a reversal of previously accrued deferred tax liabilities in the current year due to a change in the effective tax rate resulting from an amendment of the Washington, DC Unincorporated Business Tax Statute.

Results of Operations – Year Ended December 31, 2013 Compared to December 31, 2012 - continued

Income from Discontinued Operations

We have reclassified the revenues and expenses of the properties that were sold to "income from discontinued operations" and the related assets and liabilities to "assets related to discontinued operations" and "liabilities related to discontinued operations" for all the periods presented in the accompanying financial statements. The table below sets forth the combined results of assets related to discontinued operations for the years ended December 31, 2013 and 2012.

	For the Year Ended December 31,	
(Amounts in thousands)	**2013**	**2012**
Total revenues	$ 38,043	$ 177,629
Total expenses	23,305	120,393
	14,738	57,236
Net gains on sale of real estate	414,502	245,799
Gain on sale of Canadian Trade Shows, net of $11,448 of income taxes	-	19,657
Impairment losses	(4,727)	(30,339)
Income from discontinued operations	$ 424,513	$ 292,353

Net Income Attributable to Noncontrolling Interests in Consolidated Subsidiaries

Net income attributable to noncontrolling interests in consolidated subsidiaries was $63,952,000 in the year ended December 31, 2013, compared to $32,018,000 in the prior year, an increase of $31,934,000. This increase resulted primarily from (i) $14,095,000 of higher net income allocated to the noncontrolling interests of our Real Estate Fund, (ii) $13,222,000 of lower income in the prior year resulting from a priority return on our investment in 1290 Avenue of the Americas and 555 California Street, and (iii) $2,909,000 of income allocated to the noncontrolling interest for its share of the net gain on sale of a retail property in Tampa, Florida.

Net Income Attributable to Noncontrolling Interests in the Operating Partnership

Net income attributable to noncontrolling interests in the Operating Partnership was $23,659,000 in the year ended December 31, 2013, compared to $35,327,000 in the prior year, a decrease of $11,668,000. This decrease resulted primarily from lower net income subject to allocation to unitholders.

Preferred Unit Distributions of the Operating Partnership

Preferred unit distributions of the Operating Partnership were $1,158,000 in the year ended December 31, 2013, compared to $9,936,000 in the prior year, a decrease of $8,778,000. This decrease resulted primarily from the redemption of the 6.875% Series D-15 cumulative redeemable preferred units in May 2013, and the 7.0% Series D-10 and 6.75% Series D-14 cumulative redeemable preferred units in July 2012.

Preferred Share Dividends

Preferred share dividends were $82,807,000 in the year ended December 31, 2013, compared to $76,937,000 in the prior year, an increase of $5,870,000. This increase resulted from the issuance of $300,000,000 of 5.70% Series K cumulative redeemable preferred shares in July 2012 and $300,000,000 of 5.40% Series L cumulative redeemable preferred shares in January 2013, partially offset by the redemption of $262,500,000 of 6.75% Series F and Series H cumulative redeemable preferred shares in February 2013 and $75,000,000 of 7.0% Series E cumulative redeemable preferred shares in August 2012.

Preferred Unit and Share Redemptions

In year ended December 31, 2013, we recognized $1,130,000 of expense in connection with preferred unit and share redemptions, comprised of $9,230,000 of expense from the redemption of the 6.75% Series F and Series H cumulative redeemable preferred shares in February 2013, partially offset by an $8,100,000 discount from the redemption of all of the 6.875% Series D-15 cumulative redeemable preferred units in May 2013. In the year ended December 31, 2012, we recognized an $8,948,000 discount primarily from the redemption of all of the 7.0% Series D-10 and 6.75% Series D-14 cumulative redeemable preferred units.

Results of Operations – Year Ended December 31, 2013 Compared to December 31, 2012 - continued

Same Store EBITDA

Same store EBITDA represents EBITDA from property level operations which are owned by us in both the current and prior year reporting periods. Same store EBITDA excludes segment-level overhead expenses, which are expenses that we do not consider to be property-level expenses, as well as other non-operating items. We present same store EBITDA on both a GAAP basis and a cash basis (which excludes income from the straight-lining of rents, amortization of below-market leases, net of above-market leases and other non-cash adjustments). We present these non-GAAP measures to (i) facilitate meaningful comparisons of the operational performance of our properties and segments, (ii) make decisions on whether to buy, sell or refinance properties, and (iii) compare the performance of our properties and segments to those of our peers. Same store EBITDA should not be considered as an alternative to net income or cash flow from operations and may not be comparable to similarly titled measures employed by other companies.

Below is the reconciliation of EBITDA to same store EBITDA on a GAAP basis for each of our segments for the year ended December 31, 2013, compared to year ended December 31, 2012.

(Amounts in thousands)	**New York**	**Washington, DC**	**Retail Properties**
EBITDA for the year ended December 31, 2013	$ 1,079,682	$ 341,223	$ 541,017
Add-back:			
Non-property level overhead expenses included above	34,087	27,630	18,992
Less EBITDA from:			
Acquisitions	(67,613)	-	-
Dispositions, including net gains on sale	(136,854)	(150)	(290,727)
Properties taken out-of-service for redevelopment	(20,050)	(4,457)	(4,723)
Other non-operating (income) expense	(29,856)	(1,129)	(27,335)
GAAP basis same store EBITDA for the year ended December 31, 2013	$ 859,396	$ 363,117	$ 237,224
EBITDA for the year ended December 31, 2012	$ 1,017,859	$ 532,412	$ 200,526
Add-back:			
Non-property level overhead expenses included above	30,039	27,237	23,654
Less EBITDA from:			
Acquisitions	(4,131)	-	-
Dispositions, including net gains on sale	(200,050)	(176,052)	(77,048)
Properties taken out-of-service for redevelopment	(20,056)	(9,319)	(970)

Other non-operating (income) expense	(9,024)	(838)	84,581
GAAP basis same store EBITDA for the year ended December 31, 2012	$ 814,637	$ 373,440	$ 230,743
Increase (decrease) in GAAP basis same store EBITDA - Year ended December 31, 2013 vs. December 31, 2012[(1)]	$ 44,759	$ (10,323)	$ 6,481
% increase (decrease) in GAAP basis same store EBITDA	5.5%	(2.8%)	2.8%

(1) See notes on following page

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Results of Operations – Year Ended December 31, 2013 Compared to December 31, 2012 - continued

Notes to preceding tabular information:

New York:

The $44,759,000 increase in New York GAAP basis same store EBITDA resulted primarily from increases in Office and Retail of $32,415,000 and $9,595,000, respectively. The Office increase resulted primarily from higher (i) rental revenue of $16,405,000 (primarily due to a $1.85 increase in average annual rents per square foot) and (ii) signage revenue and management and leasing fees of $16,151,000. The Retail increase resulted primarily from higher rental revenue of $10,710,000, (primarily due to a $9.35 increase in average annual rents per square foot).

Washington, DC:

The $10,323,000 decrease in Washington, DC GAAP basis same store EBITDA resulted primarily from lower rental revenue of $15,267,000, primarily due to a 330 basis point decrease in office average same store occupancy to 82.8% from 86.1%, a significant portion of which resulted from the effects of BRAC related move-outs and the sluggish environment in the Washington, DC / Northern Virginia area (see page 46).

Retail Properties:

The $6,481,000 increase in Retail Properties GAAP basis same store EBITDA resulted primarily from higher rental revenue of $7,322,000, due to a 130 basis point increase in average same store occupancy to 93.5% from 92.2%, and a $0.19 increase in average annual rents per square foot.

Below is the reconciliation of GAAP basis same store EBITDA to same store EBITDA on a Cash basis for each of our segments for the year ended December 31, 2013, compared to year ended December 31, 2012.

(Amounts in thousands)	New York	Washington, DC	Retail Properties
GAAP basis same store EBITDA for the year ended December 31, 2013	$ 859,396	$ 363,117	$ 237,224
Less: Adjustments for straight line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	(107,060)	(10,181)	(11,762)
Cash basis same store EBITDA for the year ended December 31, 2013	$ 752,336	$ 352,936	$ 225,462
GAAP basis same store EBITDA for the year ended December 31, 2012	$ 814,637	$ 373,440	$ 230,743
Less: Adjustments for straight line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	(115,828)	(6,484)	(13,279)
Cash basis same store EBITDA for the year ended December 31, 2012	$ 698,809	$ 366,956	$ 217,464
Increase (decrease) in Cash basis same store EBITDA - Year ended December 31, 2013 vs. December 31, 2012	$ 53,527	$ (14,020)	$ 7,998
% increase (decrease) in Cash basis same store EBITDA	7.7%	(3.8%)	3.7%

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

Revenues

Our revenues, which consist primarily of property rentals (including hotel and trade show revenues), tenant expense reimbursements, and fee and other income, were $2,736,232,000 in the year ended December 31, 2012, compared to $2,702,808,000 in the year ended December 31, 2011, an increase of $33,424,000. Below are the details of the increase (decrease) by segment:

(Amounts in thousands)

Increase (decrease) due to:	Total	New York	Washington, DC	Retail Properties	Other
Property rentals:					
Acquisitions and other	$ 15,139	$ 9,528	$ 5,611	$ -	$ -
Properties placed into / taken out of service for redevelopment	(29,707)	(5,339)	(22,312)	(2,056)	-
Hotel Pennsylvania	1,113	1,113	-	-	-
Trade Shows	(4,281)	-	-	-	(4,281)
Same store operations	(11,691)	27,521	(38,658)	7,004	(7,558)
	(29,427)	32,823	(55,359)	4,948	(11,839)
Tenant expense reimbursements:					
Acquisitions and other	(7,146)	(4,790)	2,724	(2,393)	(2,687)
Properties placed into / taken out of service for redevelopment	(4,930)	(845)	(1,643)	(2,442)	-
Same store operations	(949)	549	3,362	(3,004)	(1,856)
	(13,025)	(5,086)	4,443	(7,839)	(4,543)
Cleveland Medical Mart development project	81,154 (1)	-	-	-	81,154 (1)
Fee and other income:					
BMS cleaning fees	5,830	4,932	-	-	898
Signage revenue	1,069	1,069	-	-	-
Management and leasing fees	66	544	414	(859)	(33)
Lease termination fees	(13,973)	(10,703)	(3,151)	(393)	274
Other income	1,730	(1,985)	4,364	(162)	(487)
	(5,278)	(6,143)	1,627	(1,414)	652
	$ 33,424	$ 21,594	$ (49,289)	$ (4,305)	$ 65,424

Total increase (decrease) in revenues

(1) This increase in income is offset by an increase in development costs expensed in the period. See note (5) on page 63.

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

Expenses

Our expenses, which consist primarily of operating (including hotel and trade show expenses), depreciation and amortization and general and administrative expenses, were $2,071,663,000 in the year ended December 31, 2012, compared to $1,890,582,000 in the year ended December 31, 2011, an increase of $181,081,000. Below are the details of the increase (decrease) by segment:

(Amounts in thousands)

Increase (decrease) due to:	Total	New York	Washington, DC	Retail Properties	Other
Operating:					
Acquisitions and other	$ 7,422	$ 6,617	$ 3,492	$ -	$ (2,687)
Properties placed into / taken out of service for redevelopment	(9,037)	(1,074)	(4,829)	(3,134)	-
Non-reimbursable expenses, including bad-debt reserves	14,446	(3,347)	2,662	21,761 (2)	(6,630)
Hotel Pennsylvania	2,594	2,594	-	-	-
Trade Shows	(4,438)	-	-	-	(4,438)
BMS expenses	5,139	4,241	-	-	898
Same store operations	16,498	15,820	4,454	(4,897)	1,121
	32,624	24,851	5,779	13,730	(11,736)
Depreciation and amortization:					
Acquisitions and other	7,960	3,298	4,662	-	-
Properties placed into / taken out of service for redevelopment	(16,777)	(975)	(15,188)(3)	(614)	-
Same store operations	2,978	2,959	(5,320)	609	4,730
	(5,839)	5,282	(15,846)	(5)	4,730
General and administrative:					
Mark-to-market of deferred compensation plan liability (1)	5,151	-	-	-	5,151
Non-same store	(3,451)	-	-	-	(3,451)
Same store operations	(7,786)	3,293	868	(1,835)	(10,112)(4)

		(6,086)		3,293		868		(1,835)		(8,412)
Cleveland Medical Mart development project		80,795 (5)		-		-		-		80,795 (5)
Impairment losses, acquisition related costs and tenant buy-outs		79,587		(23,777)(6)		-		97,131 (7)		6,233
Total increase (decrease) in expenses	$	181,081	$	9,649	$	(9,199)	$	109,021	$	71,610

(1) This increase in expense is entirely offset by a corresponding increase in income from the mark-to-market of the deferred compensation plan assets, a component of "interest and other investment (loss) income, net" on our consolidated statements of income.

(2) Primarily from a $23,521 reversal of the Stop & Shop accounts receivable reserve in 2011.

(3) Primarily from depreciation expense on 1851 South Bell Street in 2011, which was taken out of service for redevelopment.

(4) Primarily from lower payroll costs due to a reduction in workforce at the Merchandise Mart.

(5) This increase in expense is offset by the increase in development revenue in the period. See note (1) on page 62.

(6) Represents the buy-out of below-market leases in 2011.

(7) Primarily from a non-cash impairment loss of $70,100 on the Broadway Mall.

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

Income Applicable to Toys

In the year ended December 31, 2012, we recognized net income of $14,859,000 from our investment in Toys, comprised of $45,267,000 for our 32.6% share of Toys' net income and $9,592,000 of management fee income, partially offset by a $40,000,000 non-cash impairment loss.

In the year ended December 31, 2011, we recognized net income of $48,540,000 from our investment in Toys, comprised of $39,592,000 for our 32.7% share of Toys' net income and $8,948,000 of management fee income.

Income from Partially Owned Entities

Summarized below are the components of income (loss) from partially owned entities for the years ended December 31, 2012 and 2011.

	Percentage Ownership at December 31,	For the Year Ended December 31,	
(Amounts in thousands)	2012	2012	2011
Equity in Net Income (Loss):			
Alexander's [1]	32.4%	$ 218,391	$ 32,430
Lexington [2]	10.5%	28,740	8,351
LNR	26.2%	66,270	58,786
India real estate ventures	4.0%-36.5%	(5,008)	(14,881)
Partially owned office buildings [3]	Various	(3,770)	(22,270)
Other investments[4] [5]	Various	103,644	7,656
		$ 408,267	$ 70,072

(1) 2012 includes $186,357 of income comprised of (i) a $179,934 net gain and (ii) $6,423 of commissions in connection with the sale of real estate.

(2) 2012 includes a $28,763 net gain resulting primarily from Lexington's stock issuances.

(3) Includes interests in 280 Park Avenue, One Park Avenue, 666 Fifth Avenue (Office), 330 Madison Avenue and others.

(4) Includes interests in Independence Plaza, Monmouth Mall, 85 10th Avenue, Fashion Center Mall, 50-70 West 93rd Street and others.

(5) 2012 includes $105,366 of income from Independence Plaza comprised of (i) $60,396 from the accelerated amortization of discount on investment in the subordinated debt of the property and (ii) a $44,970 purchase price fair value adjustment from the exercise of a warrant to acquire 25% of the equity interest in the property.

Income from Real Estate Fund

Below are the components of the income from our Real Estate Fund for the year ended December 31, 2012 and 2011.

(Amounts in thousands)	**For the Year Ended December 31,**	
	2012	**2011**
Net investment income	$ 8,575	$ 5,500
Net realized gains	-	5,391
Net unrealized gains	55,361	11,995
Income from Real Estate Fund	63,936	22,886
Less (income) attributable to noncontrolling interests	(39,332)	(13,598)
Income from Real Estate Fund attributable to Vornado [1]	$ 24,604	$ 9,288

(1) Excludes management, leasing and development fees of $3,278 and $2,695 for the years ended December 31, 2012 and 2011, respectively, which are included as a component of "fee and other income" on our consolidated statements of income.

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

Interest and Other Investment (Loss) Income, net

Interest and other investment (loss) income, net was a loss of $260,945,000 in the year ended December 31, 2012, compared to income of $148,783,000 in the year ended December 31, 2011, a decrease in income of $409,728,000. This decrease resulted from:

(Amounts in thousands)	
Non-cash impairment loss on J.C. Penney common shares in 2012	$ (224,937)
J.C. Penney derivative position ($75,815 mark-to-market loss in 2012, compared to a $12,984 mark-to-market gain in 2011)	(88,799)
Mezzanine loan loss reversal and net gain on disposition in 2011	(82,744)
Lower dividends and interest on marketable securities	(17,608)
Increase in the value of investments in our deferred compensation plan (offset by a corresponding increase in the liability for plan assets in general and administrative expenses)	5,151
Other, net	(791)
	$ (409,728)

Interest and Debt Expense

Interest and debt expense was $493,713,000 in the year ended December 31, 2012, compared to $519,157,000 in the year ended December 31, 2011, a decrease of $25,444,000. This decrease was primarily due to (i) $27,077,000 from the redemption of our exchangeable and convertible senior debentures in April 2012 and November 2011, respectively, (ii) $15,604,000 of higher capitalized interest and (iii) $12,082,000 from the refinancing of 350 Park Avenue in January 2012, partially offset by (iv) $18,833,000 from the issuance of $400,000,000 of senior unsecured notes in November 2011, (v) $6,093,000 from the refinancing of 100 West 33rd Street in March 2012 and (vi) $4,715,000 from borrowings under our revolving credit facilities.

Net Gain on Disposition of Wholly Owned and Partially Owned Assets

Net gain on disposition of wholly owned and partially owned assets was $13,347,000 in year ended December 31, 2012, compared to $15,134,000, in the year ended December 31, 2011 and resulted primarily from the sale of marketable securities, land parcels and residential condominiums.

Income Tax Benefit (Expense)

Income tax benefit (expense) was an expense of $8,132,000 in the year ended December 31, 2012, compared to an expense of $23,925,000 in the year ended December 31, 2011 a decrease of $15,793,000. This decrease resulted primarily from the reversal of a $12,038,000 tax liability in the fourth quarter of 2012 upon liquidation of a taxable REIT subsidiary that was formed in connection with the acquisition of our 555 California Street property.

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

Income from Discontinued Operations

The table below sets forth the combined results of operations of assets related to discontinued operations for the years ended December 31, 2012 and 2011.

	For the Year Ended December 31,	
(Amounts in thousands)	2012	2011
Total revenues	$ 177,629	$ 260,343
Total expenses	120,393	201,633
	57,236	58,710
Net gains on sale of real estate	245,799	51,623
Impairment losses	(30,339)	(28,799)
Gain on sale of Canadian Trade Shows, net of $11,448 of income taxes	19,657	-
Net gain on extinguishment of High Point debt	-	83,907
Income from discontinued operations	$ 292,353	$ 165,441

Net Income Attributable to Noncontrolling Interests in Consolidated Subsidiaries

Net income attributable to noncontrolling interests in consolidated subsidiaries was $32,018,000 in the year ended December 31, 2012, compared to $21,786,000 in the year ended December 31, 2011, an increase of $10,232,000. This increase resulted primarily from a $25,734,000 increase in income allocated to the noncontrolling interests of our Real Estate Fund, partially offset by a $13,222,000 priority return on our investment in 1290 Avenue of the Americas and 555 California Street.

Net Income Attributable to Noncontrolling Interests in the Operating Partnership

Net income attributable to noncontrolling interests in the Operating Partnership was $35,327,000 in the year ended December 31, 2012, compared to $41,059,000 in the year ended December 31, 2011, a decrease of $5,732,000. This decrease resulted primarily from lower net income subject to allocation to unitholders.

Preferred Unit Distributions of the Operating Partnership

Preferred unit distributions of the Operating Partnership were $9,936,000 in the year ended December 31, 2012, compared to $14,853,000 in the year ended December 31, 2011, a decrease of $4,917,000. This decrease resulted primarily from the redemption of the 7.0% Series D-10 and 6.75% Series D-14 cumulative redeemable preferred units in July 2012.

Preferred Share Dividends

Preferred share dividends were $76,937,000 in the year ended December 31, 2012, compared to $65,531,000 in the year ended December 31, 2011, an increase of $11,406,000. This increase resulted from the issuance of $246,000,000 of 6.875% Series J cumulative redeemable preferred shares in April 2011 and $300,000,000 of 5.70% Series K cumulative redeemable preferred shares in July 2012, partially offset by the redemption of $75,000,000 of 7.0% Series E cumulative redeemable preferred shares in August 2012.

Preferred Unit and Share Redemptions

In the year ended December 31, 2012, we recognized an $8,948,000 discount primarily from the redemption of all of the 7.0% Series D-10 and 6.75% Series D-14 cumulative redeemable preferred units, compared to a $5,000,000 discount in the year ended December 31, 2011, which resulted from the redemption of the Series D-11 cumulative redeemable preferred units.

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

Same Store EBITDA

Below is the reconciliation of EBITDA to same store EBITDA on a GAAP basis for each of our segments for the year ended December 31, 2012, compared to the year ended December 31, 2011.

(Amounts in thousands)	New York	Washington, DC	Retail Properties
EBITDA for the year ended December 31, 2012	$ 1,017,859	$ 532,412	$ 200,526
Add-back:			
Non-property level overhead expenses included above	30,039	27,237	23,654
Less EBITDA from:			
Acquisitions	(42,129)	(5,005)	-
Dispositions, including net gains on sale	(190,396)	(172,832)	(64,863)
Properties taken out-of-service for redevelopment	(961)	(5,329)	(1,134)
Other non-operating (income) expense	(9,981)	(723)	99,079
GAAP basis same store EBITDA for the year ended December 31, 2012	$ 804,431	$ 375,760	$ 257,262
EBITDA for the year ended December 31, 2011	$ 786,565	$ 481,077	$ 303,202
Add-back:			
Non-property level overhead expenses included above	26,746	26,369	25,489
Less EBITDA from:			
Acquisitions	(14,956)	(150)	-
Dispositions, including net gains on sale	(13,432)	(69,940)	(54,537)
Properties taken out-of-service for redevelopment	(6,009)	(25,644)	(2,925)
Other non-operating (income) expense	9,926	(785)	(17,043)
GAAP basis same store EBITDA for the year ended December 31, 2011	$ 788,840	$ 410,927	$ 254,186
Increase (decrease) in GAAP basis same store EBITDA - Year ended December 31, 2012 vs. December 31,2011[1]	$ 15,591	$ (35,167)	$ 3,076
% increase (decrease) in GAAP basis same store EBITDA	2.0%	(8.6%)	1.2%

(1) See notes on following page.

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

Notes to preceding tabular information:

New York:

The $15,591,000 increase in New York GAAP basis same store EBITDA resulted primarily from an increase in Office of $13,029,000. The Office increase resulted from higher rental revenue of $29,671,000 (primarily due to a $1.93 increase in average annual rents per square foot), partially offset by an increase in operating expenses.

Washington, DC:

The $35,167,000 decrease in Washington, DC GAAP basis same store EBITDA resulted primarily from lower rental revenue of $38,658,000, primarily due to a 740 basis point decrease in office average same store occupancy to 86.2% from 93.6%, a significant portion of which resulted from the effects of BRAC related move-outs and the sluggish leasing environment in the Washington, DC / Northern Virginia area (see page 46).

Retail Properties:

The $3,076,000 increase in Retail Properties GAAP basis same store EBITDA resulted primarily from higher rental revenue of $7,004,000, due to an increase in average same store occupancy and average annual rents per square foot.

Below is the reconciliation of GAAP basis same store EBITDA to same store EBITDA on a Cash basis for each of our segments for the year ended December 31, 2012, compared to year ended December 31, 2011.

(Amounts in thousands)	New York	Washington, DC	Retail Properties
GAAP basis same store EBITDA for the year ended December 31, 2012	$ 804,431	$ 375,760	$ 257,262
Less: Adjustments for straight line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	(94,560)	(5,573)	(15,676)
Cash basis same store EBITDA for the year ended December 31, 2012	$ 709,871	$ 370,187	$ 241,586
GAAP basis same store EBITDA for the year ended December 31, 2011	$ 788,840	$ 410,927	$ 254,186
Less: Adjustments for straight line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	(93,053)	(357)	(15,685)
Cash basis same store EBITDA for the year ended December 31, 2011	$ 695,787	$ 410,570	$ 238,501
Increase (decrease) in Cash basis same store EBITDA - Year ended December 31, 2012 vs. December 31, 2011	$ 14,084	$ (40,383)	$ 3,085
% increase (decrease) in Cash basis same store EBITDA	2.0%	(9.8%)	1.3%

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Supplemental Information

Net Income and EBITDA by Segment for the Three Months Ended December 31, 2013 and 2012

Below is a summary of net income and a reconciliation of net income to EBITDA[1] by segment for the three months ended December 31, 2013 and 2012.

(Amounts in thousands)	For the Three Months Ended December 31, 2013					
	Total	New York	Washington, DC	Retail Properties	Toys	Other
Total revenues	$ 673,308	$ 380,018	$ 134,509	$ 92,936	$ -	$ 65,845
Total expenses	501,743	226,311	89,095	88,724	-	97,613
Operating income (loss)	171,565	153,707	45,414	4,212	-	(31,768)
(Loss) income from partially owned entities, including Toys	(293,165)	1,507	(423)	585	(293,066)	(1,768)
Income from Real Estate Fund	28,951	-	-	-	-	28,951
Interest and other investment income, net	8,234	1,456	30	8	-	6,740
Interest and debt expense	(120,625)	(56,538)	(18,927)	(9,680)	-	(35,480)
Net gain on disposition of wholly owned and partially owned assets	23,988	-	-	-	-	23,988
(Loss) income before income taxes	(181,052)	100,132	26,094	(4,875)	(293,066)	(9,337)
Income tax benefit (expense)	12,578	(1,496)	15,980	(831)	-	(1,075)

(Loss) income from continuing operations	(168,474)	98,636	42,074	(5,706)	(293,066)	(10,412)
Income from discontinued operations	129,715	129,706	-	-	-	9
Net (loss) income	(38,759)	228,342	42,074	(5,706)	(293,066)	(10,403)
Less net (income) loss attributable to noncontrolling interests	(9,760)	(1,268)	-	14	-	(8,506)
Net (loss) income attributable to Vornado	(48,519)	227,074	42,074	(5,692)	(293,066)	(18,909)
Interest and debt expense(2)	207,424	73,066	22,416	10,844	62,239	38,859
Depreciation and amortization(2)	183,685	73,694	36,610	19,721	31,446	22,214
Income tax expense (benefit)(2)	8,270	1,558	(17,841)	831	22,573	1,149
EBITDA(1)	$ 350,860	$ 375,392 (3)	$ 83,259 (4)	$ 25,704 (5)	$ (176,808)	$ 43,313 (6)

See notes on page 71.

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Supplemental Information – continued

Net Income and EBITDA by Segment for the Three Months Ended December 31, 2013 and 2012 - continued

(Amounts in thousands)	For the Three Months Ended December 31, 2012					
	Total	**New York**	**Washington, DC**	**Retail Properties**	**Toys**	**Other**
Total revenues	$ 686,693	$ 356,786	$ 132,295	$ 94,947	$ -	$ 102,665
Total expenses	600,728	219,340	88,889	153,846	-	138,653
Operating income (loss)	85,965	137,446	43,406	(58,899)	-	(35,988)
Income (loss) from partially owned entities, including Toys	280,939	187,428	(1,041)	418	(73,837)	167,971
Income from Real Estate Fund	26,364	-	-	-	-	26,364
Interest and other investment (loss) income, net	(237,961)	1,064	29	3	-	(239,057)
Interest and debt expense	(121,049)	(37,578)	(30,166)	(11,695)	-	(41,610)
Net gain on disposition of wholly owned and partially owned assets	8,491	-	-	8,491	-	-
Income (loss) before income taxes	42,749	288,360	12,228	(61,682)	(73,837)	(122,320)
Income tax benefit (expense)	9,187	(1,011)	(373)	-	-	10,571
Income (loss) from continuing operations	51,936	287,349	11,855	(61,682)	(73,837)	(111,749)
Income (loss) from discontinued operations	39,957	2,934	36,787	3,537	-	(3,301)
Net income (loss)	91,893	290,283	48,642	(58,145)	(73,837)	(115,050)

Less net (income) loss attributable to noncontrolling interests	(5,758)	5,128	-	1,504	-	(12,390)
Net income (loss) attributable to Vornado	86,135	295,411	48,642	(56,641)	(73,837)	(127,440)
Interest and debt expense(2)	193,258	47,561	34,139	15,789	44,492	51,277
Depreciation and amortization(2)	182,499	63,777	34,829	20,778	34,808	28,307
Income tax (benefit) expense(2)	(43,050)	1,074	411	-	(34,611)	(9,924)
EBITDA(1)	$ 418,842	$ 407,823 (3)	$ 118,021 (4)	$ (20,074)(5)	$ (29,148)	$ (57,780)(6)

See notes on the following page.

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Supplemental Information – continued

Net Income and EBITDA by Segment for the Three Months Ended December 31, 2013 and 2012 - continued

Notes to preceding tabular information:

(1) EBITDA represents "Earnings Before Interest, Taxes, Depreciation and Amortization." We consider EBITDA a supplemental measure for making decisions and assessing the unlevered performance of our segments as it relates to the total return on assets as opposed to the levered return on equity. As properties are bought and sold based on a multiple of EBITDA, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. EBITDA should not be considered a substitute for net income. EBITDA may not be comparable to similarly titled measures employed by other companies.

(2) Interest and debt expense, depreciation and amortization and income tax (benefit) expense in the reconciliation of net income (loss) to EBITDA includes our share of these items from partially owned entities.

(3) The elements of "New York" EBITDA are summarized below.

	For the Three Months Ended December 31,	
(Amounts in thousands)	**2013**	**2012**
Office[(a)]	$ 283,092	$ 151,613
Retail	69,414	52,576
Alexander's [(b)]	11,069	191,925
Hotel Pennsylvania	11,817	11,709
Total New York	$ 375,392	$ 407,823

(a) 2013 and 2012 includes EBITDA from discontinued operations, net gains on sale of real estate and other items that affect comparability, aggregating $129,229 and $10,044, respectively. Excluding these items, EBITDA was $153,863 and $141,569, respectively.

(b) 2012 includes EBITDA from discontinued operations, net gains on sale of real estate and other items that affect comparability, aggregating $181,973. Excluding these items, EBITDA was $9,952.

(4) The elements of "Washington, DC" EBITDA are summarized below.

	For the Three Months Ended December 31,	
(Amounts in thousands)	**2013**	**2012**
Office, excluding the Skyline Properties [(a)]	$ 65,910	$ 99,153
Skyline properties	6,953	7,910
Total Office	72,863	107,063
Residential	10,396	10,958
Total Washington, DC	$ 83,259	$ 118,021

(a) 2012 includes EBITDA from discontinued operations, net gains on sale of real estate and other items that affect comparability, aggregating $37,348. Excluding these items, EBITDA was $61,805.

(5) The elements of "Retail Properties" EBITDA are summarized below.

	For the Three Months Ended December 31,	
(Amounts in thousands)	**2013**	**2012**
Strip shopping centers[(a)]	$ 21,547	$ 24,154
Regional malls[(b)]	4,157	(44,228)
Total Retail properties	$ 25,704	$ (20,074)

(a) 2013 and 2012 includes EBITDA from discontinued operations, net gains on sale of real estate and other items that affect comparability, aggregating net losses of $19,000 and $16,324, respectively. Excluding these items, EBITDA was $40,547 and $40,478, respectively.

(b) 2013 and 2012 includes EBITDA from discontinued operations, net gains on sale of real estate and other items that affect comparability, aggregating net losses of $13,443 and $61,447, respectively.

Excluding these items, EBITDA was $17,600 and $17,219, respectively.

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Supplemental Information – continued

Net Income and EBITDA by Segment for the Three Months Ended December 31, 2013 and 2012 - continued

Notes to preceding tabular information:

(6) The elements of "other" EBITDA from continuing operations are summarized below.

(Amounts in thousands)	For the Three Months Ended December 31, 2013	2012
Our share of Real Estate Fund:		
(Loss) income before net realized/unrealized gains	$ (70)	$ 764
Net unrealized gain	6,574	5,456
Carried interest	8,341	5,838
Total	14,845	12,058
Merchandise Mart Building, 7 West 34th Street and trade shows	20,038	13,620
555 California Street	10,296	14,761
India real estate ventures	1,133	1,936
LNR[(a)]	-	29,196
Lexington[(b)]	-	7,815
Other investments	4,774	(4,614)
	51,086	74,772
Corporate general and administrative expenses[(c)]	(23,850)	(22,142)
Investment income and other, net[(c)]	7,372	14,663
Net gain on sale of land parcels and residential condominiums	23,988	-
Acquisition related costs and impairment losses	(18,088)	(13,072)
Severance costs (primarily reduction in force at the Merchandise Mart)	(1,338)	(1,485)
Non-cash impairment loss on J.C. Penney common shares	-	(224,937)
Purchase price fair value adjustment and accelerated amortization of discount on investment in subordinated debt of Independence Plaza	-	105,366
Net gain resulting from Lexington's stock issuance and asset acquisition	-	28,763
(Loss) from the mark-to-market of J.C. Penney derivative position	-	(22,472)
Merchandise Mart discontinued operations	-	7,432
Net loss (income) attributable to noncontrolling interests in the Operating Partnership	4,155	(3,882)
Preferred unit distributions of the Operating Partnership	(12)	(786)
	$ 43,313	$ (57,780)

(a) On April 19, 2013, LNR was sold.

(b) In the first quarter of 2013, we began accounting for our investment in Lexington as a marketable equity security - available for sale. This investment was previously accounted for under the equity method.

(c) The amounts in these captions (for this table only) exclude income (expense) from the mark-to-market of our deferred compensation plan.

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Supplemental Information – continued

Net Income and EBITDA by Segment for the Three Months Ended December 31, 2013 and 2012 - continued

EBITDA by Region

Below is a summary of the percentages of EBITDA by geographic region (excluding discontinued operations and other gains and losses that affect comparability), from our New York, Washington, DC and Retail Properties segments.

		For the Three Months Ended December 31,	
		2013	**2012**
Region:			
	New York City metropolitan area	75%	73%
	Washington, DC / Northern Virginia metropolitan area	22%	23%
	Puerto Rico	1%	2%
	California	1%	1%
	Other geographies	1%	1%
		100%	100%

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Supplemental Information – continued

Three Months Ended December 31, 2013 Compared to December 31, 2012

Same Store EBITDA

Same store EBITDA represents EBITDA from property level operations which are owned by us in both the current and prior year reporting periods. Same store EBITDA excludes segment-level overhead expenses, which are expenses that we do not consider to be property-level expenses, as well as other non-operating items. We present same store EBITDA on both a GAAP basis and a cash basis (which excludes income from the straight-lining of rents, amortization of below-market leases, net of above-market leases and other non-cash adjustments). We present these non-GAAP measures to (i) facilitate meaningful comparisons of the operational performance of our properties and segments, (ii) make decisions on whether to buy, sell or refinance properties, and (iii) compare the performance of our properties and segments to those of our peers. Same store EBITDA should not be considered as an alternative to net income or cash flow from operations and may not be comparable to similarly titled measures employed by other companies.

Below is the reconciliation of EBITDA to same store EBITDA on a GAAP basis for each of our segments for the three months ended December 31, 2013, compared to the three months ended December 31, 2012.

(Amounts in thousands)	New York	Washington, DC	Retail Properties
EBITDA for the three months ended December 31, 2013	$ 375,392	$ 83,259	$ 25,704
Add-back:			
Non-property level overhead expenses included above	8,550	6,975	4,168
Less EBITDA from:			
Acquisitions	(20,063)	-	-
Dispositions, including net gains on sale	(129,332)	(33)	(4)
Properties taken out-of-service for redevelopment	(5,279)	(1,035)	(1,144)
Other non-operating (income) expense	(2,986)	(316)	32,157
GAAP basis same store EBITDA for the three months ended December 31, 2013	$ 226,282	$ 88,850	$ 60,881
EBITDA for the three months ended December 31, 2012	$ 407,823	$ 118,021	$ (20,074)
Add-back:			
Non-property level overhead expenses included above	8,070	7,388	4,851
Less EBITDA from:			

Acquisitions	(3,474)	-	-
Dispositions, including net gains on sale	(184,507)	(37,347)	(18,605)
Properties taken out-of-service for redevelopment	(5,141)	(2,070)	(364)
Other non-operating (income) expense	(10,665)	(615)	93,238
GAAP basis same store EBITDA for the three months ended December 31, 2012	$ 212,106	$ 85,377	$ 59,046
Increase in GAAP basis same store EBITDA - Three months ended December 31, 2013 vs. December 31, 2012	$ 14,176	$ 3,473	$ 1,835
% increase in GAAP basis same store EBITDA	6.7%	4.1%	3.1%

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Supplemental Information – continued

Three Months Ended December 31, 2013 Compared to December 31, 2012

Below is the reconciliation of GAAP basis same store EBITDA to same store EBITDA on a Cash basis for each of our segments for the three months ended December 31, 2013, compared to the three months ended December 31, 2012.

(Amounts in thousands)	**New York**	**Washington, DC**	**Retail Properties**
GAAP basis same store EBITDA for the three months ended December 31, 2013	$ 226,282	$ 88,850	$ 60,881
Less: Adjustments for straight line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	(29,712)	(1,899)	(2,655)
Cash basis same store EBITDA for the three months ended December 31, 2013	$ 196,570	$ 86,951	$ 58,226
GAAP basis same store EBITDA for the three months ended December 31, 2012	$ 212,106	$ 85,377	$ 59,046
Less: Adjustments for straight line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	(23,843)	(775)	(3,645)
Cash basis same store EBITDA for the three months ended December 31, 2012	$ 188,263	$ 84,602	$ 55,401
Increase in Cash basis same store EBITDA - Three months ended December 31, 2013 vs. December 31, 2012	$ 8,307	$ 2,349	$ 2,825
% increase in Cash basis same store EBITDA	4.4%	2.8%	5.1%

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Supplemental Information – continued

Three Months Ended December 31, 2013 Compared to September 30, 2013

Below is the reconciliation of Net Income to EBITDA for the three months ended September 30, 2013.

(Amounts in thousands)	New York	Washington, DC	Retail Properties
Net income attributable to Vornado for the three months ended September 30, 2013	$ 124,325	$ 19,994	$ 44,158
Interest and debt expense	59,344	30,717	12,119
Depreciation and amortization	67,294	35,403	17,573
Income tax expense	67	828	731
EBITDA for the three months ended September 30, 2013	$ 251,030	$ 86,942	$ 74,581

Below is the reconciliation of GAAP basis same store EBITDA to same store EBITDA on a Cash basis for each of our segments for the three months ended December 31, 2013, compared to the three months ended September 30, 2013.

(Amounts in thousands)	New York	Washington, DC	Retail Properties
EBITDA for the three months ended December 31, 2013	$ 375,392	$ 83,259	$ 25,704
Add-back:			
Non-property level overhead expenses included above	8,550	6,975	4,168
Less EBITDA from:			
Acquisitions	(7,120)	-	-
Dispositions, including net gains on sale	(129,332)	(33)	(4)
Properties taken out-of-service for redevelopment	(5,279)	(1,035)	(1,144)
Other non-operating (income) expense	(2,860)	(316)	32,157
GAAP basis same store EBITDA for the three months ended December 31, 2013	$ 239,351	$ 88,850	$ 60,881
EBITDA for the three months ended September 30, 2013	$ 251,030	$ 86,942	$ 74,581
Add-back:			
Non-property level overhead expenses included above	7,842	6,857	4,240
Less EBITDA from:			

Acquisitions	(575)	-	-
Dispositions, including net gains on sale	(2,481)	(46)	(17,097)
Properties taken out-of-service for redevelopment	(5,461)	(1,157)	(2,196)
Other non-operating (income) expense	(19,936)	(868)	(549)
GAAP basis same store EBITDA for the three months ended September 30, 2013	$ 230,419	$ 91,728	$ 58,979
Increase (decrease) in GAAP basis same store EBITDA - Three months ended December 31, 2013 vs. September 30, 2013	$ 8,932	$ (2,878)	$ 1,902
% increase (decrease) in GAAP basis same store EBITDA	3.9%	(3.1%)	3.2%

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Supplemental Information – continued

Three Months Ended December 31, 2013 Compared to September 30, 2013

Below is the reconciliation of GAAP basis same store EBITDA to same store EBITDA on a Cash basis for each of our segments for the three months ended December 31, 2013, compared to the three months ended September 30, 2013.

(Amounts in thousands)	**New York**	**Washington, DC**	**Retail Properties**
GAAP basis same store EBITDA for the three months ended December 31, 2013	$ 239,351	$ 88,850	$ 60,881
Less: Adjustments for straight line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	(29,479)	(1,899)	(2,655)
Cash basis same store EBITDA for the three months ended December 31, 2013	$ 209,872	$ 86,951	$ 58,226
GAAP basis same store EBITDA for the three months ended September 30, 2013	$ 230,419	$ 91,728	$ 58,979
Less: Adjustments for straight line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	(24,496)	(1,518)	(2,814)
Cash basis same store EBITDA for the three months ended September 30, 2013	$ 205,923	$ 90,210	$ 56,165
Increase (decrease) in Cash basis same store EBITDA - Three months ended December 31, 2013 vs. September 30, 2013	$ 3,949	$ (3,259)	$ 2,061
% increase (decrease) in Cash basis same store EBITDA	1.9%	(3.6%)	3.7%

Related Party Transactions

Alexander's

We own 32.4% of Alexander's. Steven Roth, the Chairman of our Board and Chief Executive Officer is also the Chairman of the Board and Chief Executive Officer of Alexander's. We provide various services to Alexander's in accordance with management, development and leasing agreements. These agreements are described in Note 6 - *Investments in Partially Owned Entities* to our consolidated financial statements in this Annual Report on Form 10-K.

Interstate Properties ("Interstate")

Interstate is a general partnership in which Mr. Roth is the managing general partner. David Mandelbaum and Russell B. Wight, Jr., Trustees of Vornado and Directors of Alexander's, are Interstate's two other partners. As of December 31, 2013, Interstate and its partners beneficially owned an aggregate of approximately 6.6% of the common shares of beneficial interest of Vornado and 26.3% of Alexander's common stock.

We manage and lease the real estate assets of Interstate pursuant to a management agreement for which we receive an annual fee equal to 4% of annual base rent and percentage rent. The management agreement has a term of one year and is automatically renewable unless terminated by either of the parties on 60 days' notice at the end of the term. We believe, based upon comparable fees charged by other real estate companies, that the management agreement terms are fair to us. We earned $606,000, $794,000, and $787,000 of management fees under the agreement for the years ended December 31, 2013, 2012 and 2011.

Liquidity and Capital Resources

Property rental income is our primary source of cash flow and is dependent upon the occupancy and rental rates of our properties. Our cash requirements include property operating expenses, capital improvements, tenant improvements, debt service, leasing commissions, dividends to shareholders and distributions to unitholders of the Operating Partnership, as well as acquisition and development costs. Other sources of liquidity to fund cash requirements include proceeds from debt financings, including mortgage loans, senior unsecured borrowings, and our revolving credit facilities; proceeds from the issuance of common and preferred equity; and asset sales.

We anticipate that cash flow from continuing operations over the next twelve months will be adequate to fund our business operations, cash distributions to unitholders of the Operating Partnership, cash dividends to shareholders, debt amortization and recurring capital expenditures. Capital requirements for development expenditures and acquisitions may require funding from borrowings and/or equity offerings.

We may from time to time purchase or retire outstanding debt securities. Such purchases, if any will depend on prevailing market conditions, liquidity requirements and other factors. The amounts involved in connection with these transactions could be material to our consolidated financial statements.

Dividends

On January 15, 2014, we declared a quarterly common dividend of $0.73 per share (an indicated annual rate of $2.92 per common share). This dividend, if continued for all of 2014, would require us to pay out approximately $547,000,000 of cash for common share dividends. In addition, during 2014, we expect to pay approximately $82,000,000 of cash dividends on outstanding preferred shares and approximately $33,000,000 of cash distributions to unitholders of the Operating Partnership.

Financing Activities and Contractual Obligations

We have an effective shelf registration for the offering of our equity and debt securities that is not limited in amount due to our status as a "well-known seasoned issuer." We have issued publicly senior unsecured notes from a shelf registration statement that contain financial covenants that restrict our ability to incur debt, and that require us to maintain a level of unencumbered assets based on the level of our secured debt. Our revolving credit facilities contain financial covenants that require us to maintain minimum interest coverage and maximum debt to market capitalization ratios, and provide for higher interest rates in the event of a decline in our ratings below Baa3/BBB. Our revolving credit facilities also contain customary conditions precedent to borrowing, including representations and warranties, and contain customary events of default that could give rise to accelerated repayment, including such items as failure to pay interest or principal. As of December 31, 2013, we are in compliance with all of the financial covenants required by our senior unsecured notes and our revolving credit facilities.

As of December 31, 2013, we had $583,290,000 of cash and cash equivalents and $2,171,009,000 of borrowing capacity under our revolving credit facilities, net of outstanding borrowings and letters of credit of $295,870,000 and $33,121,000, respectively. A summary of our consolidated debt as of December 31, 2013 and 2012 is presented below.

		2013			2012	
(Amounts in thousands)		December 31, Balance	Weighted Average Interest Rate		December 31, Balance	Weighted Average Interest Rate
Consolidated debt:						
Variable rate	$	1,064,730	2.01%	$	2,998,221	1.84%
Fixed rate		8,913,988	4.73%		8,129,009	5.18%
	$	9,978,718	4.44%	$	11,127,230	4.28%

During 2014 and 2015, $142,753,000 and $943,731,000, respectively, of our outstanding debt matures; we may refinance this maturing debt as it comes due or choose to repay it using cash and cash equivalents or our revolving credit facilities. We may also refinance or prepay other outstanding debt depending on prevailing market conditions, liquidity requirements and other factors. The amounts involved in connection with these transactions could be material to our consolidated financial statements.

Liquidity and Capital Resources – continued

Financing Activities and Contractual Obligations – continued

Below is a schedule of our contractual obligations and commitments at December 31, 2013.

(Amounts in thousands) Contractual cash obligations (principal and interest[(1)]):	Total	Less than 1 Year	1 – 3 Years	3 – 5 Years	Thereafter
Notes and mortgages payable	$10,290,431	$ 551,348	$2,760,195	$1,781,397	$5,197,491
Operating leases	1,486,447	42,845	83,401	82,831	1,277,370
Senior unsecured notes due 2039 (PINES)	1,370,076	35,634	71,268	71,268	1,191,906
Revolving credit facilities	329,258	4,201	13,048	312,009	-
Senior unsecured notes due 2022	560,833	20,000	40,000	40,000	460,833
Senior unsecured notes due 2015	526,563	21,250	505,313	-	-
Capital lease obligations	409,792	12,500	25,000	25,000	347,292
Purchase obligations, primarily construction commitments	302,677	302,677	-	-	-
Total contractual cash obligations	$15,276,077	$ 990,455	$3,498,225	$2,312,505	$8,474,892
Commitments:					
Capital commitments to partially owned entities	$ 144,931	$ 122,136	$ 22,795	$ -	$ -
Standby letters of credit	33,121	33,121	-	-	-
Total commitments	$ 178,052	$ 155,257	$ 22,795	$ -	$ -

(1) Interest on variable rate debt is computed using rates in effect at December 31, 2013.

Details of 2013 financing activities are provided in the "Overview" of Management's Discussion and Analysis of Financial Conditions and Results of Operations. Details of 2012 financing activities are discussed below.

Secured Debt

On January 9, 2012, we completed a $300,000,000 refinancing of 350 Park Avenue, a 559,000 square foot Manhattan office building. The five-year fixed rate loan bears interest at 3.75% and amortizes based on a 30-year schedule beginning in the third year. The proceeds of the new loan and $132,000,000 of existing cash were used to repay the existing loan and closing costs.

On March 5, 2012, we completed a $325,000,000 refinancing of 100 West 33rd Street, a 1.1 million square foot property located between 32nd and 33rd Streets in Manhattan. The building contains the 257,000 square foot Manhattan Mall and 848,000 square feet of office space. The three-year loan bears interest at LIBOR plus 2.50% and has two one-year extension options. We retained net proceeds of approximately $87,000,000, after repaying the existing loan and closing costs.

On July 26, 2012, we completed a $150,000,000 refinancing of 2101 L Street, a 380,000 square foot office building located in Washington, DC. The 12-year fixed rate loan bears interest at 3.97% and amortizes based on a 30-year schedule beginning in the third year.

On August 17, 2012, we completed a $98,000,000 refinancing of 435 Seventh Avenue, a 43,000 square foot retail property in Manhattan. The seven-year loan bears interest at LIBOR plus 2.25%. We retained net proceeds of approximately $44,000,000, after repaying the existing loan and closing costs.

On November 8, 2012, we completed a $950,000,000 refinancing of 1290 Avenue of the Americas (70% owned), a 2.1 million square foot Manhattan office building. The 10-year fixed rate interest-only loan bears interest at 3.34%. The partnership retained net proceeds of approximately $522,000,000, after repaying the existing loan and closing costs.

On November 16, 2012, we completed a $120,000,000 refinancing of 4 Union Square South, a 206,000 square foot Manhattan retail property. The seven-year loan bears interest at LIBOR plus 2.15% and amortizes based on a 30-year schedule beginning in the third year. We retained net proceeds of approximately $42,000,000, after repaying the existing loan and closing costs.

Liquidity and Capital Resources – continued

Financing Activities and Contractual Obligations – continued

Senior Unsecured Debt

In April 2012, we redeemed all of the outstanding exchangeable and convertible senior debentures at par, for an aggregate of $510,215,000 in cash.

Preferred Securities

On July 11, 2012, we sold 12,000,000 5.70% Series K Cumulative Redeemable Preferred Shares at a price of $25.00 per share in an underwritten public offering pursuant to an effective registration statement. We retained aggregate net proceeds of $290,971,000, after underwriters' discounts and issuance costs and contributed the net proceeds to the Operating Partnership in exchange for 12,000,000 Series K Preferred Units (with economic terms that mirror those of the Series K Preferred Shares). Dividends on the Series K Preferred Shares are cumulative and payable quarterly in arrears. The Series K Preferred Shares are not convertible into, or exchangeable for, any of our properties or securities. On or after five years from the date of issuance (or sooner under limited circumstances), we may redeem the Series K Preferred Shares at a redemption price of $25.00 per share, plus accrued and unpaid dividends through the date of redemption. The Series K Preferred Shares have no maturity date and will remain outstanding indefinitely unless redeemed by us.

On July 19, 2012, we redeemed all of the outstanding 7.0% Series D-10 and 6.75% Series D-14 cumulative redeemable preferred units with an aggregate face amount of $180,000,000 for $168,300,000 in cash, plus accrued and unpaid distributions through the date of redemption.

On August 16, 2012, we redeemed all of the outstanding 7.0% Series E Cumulative Redeemable Preferred Shares at par, for an aggregate of $75,000,000 in cash, plus accrued and unpaid dividends through the date of redemption.

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Liquidity and Capital Resources – continued

Acquisitions and Investments

Details of 2013 acquisitions and investments are provided in the "Overview" of Management's Discussion and Analysis of Financial Conditions and Results of Operations. Details of 2012 acquisitions and investments are discussed below.

Marriott Marquis Times Square - Retail and Signage

On July 30, 2012, we entered into a lease with Host Hotels & Resorts, Inc. (NYSE: HST) ("Host"), under which we will redevelop the retail and signage components of the Marriott Marquis Times Square Hotel. The Marriott Marquis with over 1,900 rooms is one of the largest hotels in Manhattan. We plan to redevelop and substantially expand the existing retail space, including converting the below grade parking garage into retail, and creating six-story, 300 foot wide block front, dynamic LED signs. During the term of the lease we will pay fixed rent equal to the sum of $12,500,000, plus a portion of the property's net cash flow after we receive a 5.2% preferred return on our invested capital. The lease contains put/call options which, if exercised, would lead to our ownership. Host can exercise the put option during defined periods following the conversion of the project to a condominium. We can exercise our call option under the same terms, at any time after the fifteenth year of the lease term.

666 Fifth Avenue - Retail

On December 6, 2012, we acquired a retail condominium located at 666 Fifth Avenue at 53rd Street for $707,000,000 in cash. The property contains 114,000 square feet, 39,000 square feet in fee and 75,000 square feet by long-term lease from the 666 Fifth Avenue office condominium, which is 49.5% owned by us.

Independence Plaza

In 2011, we acquired a 51% interest in the subordinated debt of Independence Plaza, a three-building 1,328 unit residential complex in the Tribeca submarket of Manhattan which has 54,500 square feet of retail space and 550 parking spaces, for $45,000,000 and a warrant to purchase 25% of the equity for $1,000,000. On December 21, 2012, we acquired a 58.75% interest in the property as follows: (i) buying one of the equity partners' 33.75% interest for $160,000,000, (ii) exercising our warrant for 25% of the equity and (iii) contributing the appreciated value of our interest in the subordinated debt as preferred equity. In connection therewith, we recognized income of $105,366,000, comprised of $60,396,000 from the accelerated amortization of the discount on the subordinated debt immediately preceding the conversion to preferred equity, and a $44,970,000 purchase price fair value adjustment upon exercising the warrant. The transaction valued the property at $844,800,000. We manage the retail space at the property and Stellar Management, our partner, manages the residential space.

Vornado Capital Partners Real Estate Fund (the "Fund")

During 2012, the Fund made four investments aggregating $203,700,000. At December 31, 2012, the Fund had nine investments with an aggregate fair value of $600,786,000, or $67,642,000 in excess of cost.

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Liquidity and Capital Resources – continued

Certain Future Cash Requirements

Capital Expenditures

The following table summarizes anticipated 2014 capital expenditures.

(Amounts in millions, except square foot data)	Total	New York	Washington, DC	Retail Properties	Other [2]
Expenditures to maintain assets	$ 116.0	$ 61.0[1]	$ 28.0	$ 4.0	$ 23.0
Tenant improvements	124.0	43.0	58.0	6.0	17.0
Leasing commissions	33.0	17.0	10.0	2.0	4.0
Total capital expenditures and leasing commissions	$ 273.0	$ 121.0	$ 96.0	$ 12.0	$ 44.0
Square feet budgeted to be leased (in thousands)		*1,000*	*1,600*	*600*	
Weighted average lease term (years)		*10*	*6*	*7*	
Tenant improvements and leasing commissions:					
Per square foot		*$ 60.00*	*$ 42.50*	*$ 13.50*	
Per square foot per annum		*$ 6.00*	*$ 7.00*	*$ 2.00*	

(1) Includes $17.0 related to 2013 that is expected to be expended in 2014.

(2) Primarily Merchandise Mart and 555 California Street.

The table above excludes anticipated capital expenditures of each of our partially owned non-consolidated subsidiaries, as these entities fund their capital expenditures without additional equity contributions from us.

Development and Redevelopment Expenditures

We are in the process of renovating the Springfield Mall, which is expected to be completed in 2015. The incremental development cost of this project is approximately $250,000,000, of which $97,600,000 has been expended as of December 31, 2013, approximately $130,000,000 is expected to be expended in 2014, and the balance of $22,400,000 is expected to be expended in 2015.

We are in the process of redeveloping and substantially expanding the existing retail space at the Marriott Marquis Times Square Hotel, including converting the below grade parking garage into retail and creating a six-story, 300 foot wide block front, dynamic LED sign, all of which is expected to be completed in 2015. The incremental development cost of this project is approximately $215,000,000, of which $52,100,000 has been expended as of December 31, 2013, approximately $118,000,000 is expected to be expended in 2014, and the balance of $44,900,000 is expected to be expended in 2015.

We plan to construct a residential condominium tower containing 472,000 zoning square feet on our 220 Central Park South development site. The incremental development cost of this project is approximately $850,000,000. In February 2014, we completed a $600,000,000 loan secured by this site.

We plan to develop a 699-unit residential project in Pentagon City (Metropolitan Park 4&5), which is expected to be completed in 2016. The project will include a 37,000 square foot Whole Foods Market at the base of the building. The incremental development cost of this project is approximately $250,000,000; a significant portion of which is expected to be financed.

We are in the process of repositioning and re-tenanting 280 Park Avenue (49.5% owned). Our share of the incremental development cost of this project is approximately $62,000,000, of which $34,700,000 has been expended as of December 31, 2013, and the balance of $27,300,000 is expected to be expended in 2014.

We are also evaluating other development and redevelopment opportunities at certain of our properties in Manhattan, including the Hotel Pennsylvania and in Washington, including 1900 Crystal Drive, Rosslyn and Pentagon City.

There can be no assurance that any of our development or redevelopment projects will commence, or if commenced, be completed, or completed on schedule or within budget.

Liquidity and Capital Resources – continued

Insurance

We maintain general liability insurance with limits of $300,000,000 per occurrence and all risk property and rental value insurance with limits of $2.0 billion per occurrence, with sub-limits for certain perils such as floods. Our California properties have earthquake insurance with coverage of $180,000,000 per occurrence, subject to a deductible in the amount of 5% of the value of the affected property, up to a $180,000,000 annual aggregate. We maintain coverage for terrorism acts with limits of $4.0 billion per occurrence and in the aggregate, and $2.0 billion per occurrence and in the aggregate for terrorism involving nuclear, biological, chemical and radiological ("NBCR") terrorism events, as defined by Terrorism Risk Insurance Program Reauthorization Act, which expires in December 2014.

Penn Plaza Insurance Company, LLC ("PPIC"), our wholly owned consolidated subsidiary, acts as a re-insurer with respect to a portion of all risk property and rental value insurance and a portion of our earthquake insurance coverage, and as a direct insurer for coverage for NBCR acts. Coverage for acts of terrorism (excluding NBCR acts) is fully reinsured by third party insurance companies and the Federal government with no exposure to PPIC. For NBCR acts, PPIC is responsible for a deductible of $3,200,000 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 incurred by PPIC.

We continue to monitor the state of the insurance market and the scope and costs of coverage for acts of terrorism. However, we cannot anticipate what coverage will be available on commercially reasonable terms in the future.

Our debt instruments, consisting of mortgage loans secured by our properties which are non-recourse to us, senior unsecured notes and revolving credit agreements contain customary covenants requiring us to maintain insurance. Although we believe that we have adequate insurance coverage for purposes of these agreements, we may not be able to obtain an equivalent amount of coverage at reasonable costs in the future. Further, if lenders insist on greater coverage than we are able to obtain it could adversely affect our ability to finance our properties and expand our portfolio.

Other Commitments and Contingencies

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

Each of our properties has been subjected to varying degrees of environmental assessment at various times. The environmental assessments did not reveal any material environmental contamination. However, there can be no assurance that the identification of new areas of contamination, changes in the extent or known scope of contamination, the discovery of additional sites, or changes in cleanup requirements would not result in significant costs to us.

Our mortgage loans are non-recourse to us. However, in certain cases we have provided guarantees or master leased tenant space. These guarantees and master leases terminate either upon the satisfaction of specified circumstances or repayment of the underlying loans. As of December 31, 2013, the aggregate dollar amount of these guarantees and master leases is approximately $342,000,000.

At December 31, 2013, $33,121,000 of letters of credit were outstanding under one of our revolving credit facilities. Our revolving credit facilities contain financial covenants that require us to maintain minimum interest coverage and maximum debt to market capitalization ratios, and provide for higher interest rates in the event of a decline in our ratings below Baa3/BBB. Our revolving credit facilities also contain customary conditions precedent to borrowing, including representations and warranties, and also contain customary events of default that could give rise to accelerated repayment, including such items as failure to pay interest or principal.

As of December 31, 2013, we expect to fund additional capital to certain of our partially owned entities aggregating approximately $145,000,000.

Liquidity and Capital Resources – continued

Cash Flows for the Year Ended December 31, 2013

Our cash and cash equivalents were $583,290,000 at December 31, 2013, a $377,029,000 decrease over the balance at December 31, 2012. Our consolidated outstanding debt was $9,978,718,000 at December 31, 2013, a $1,148,512,000 decrease over the balance at December 31, 2012. As of December 31, 2013 and December 31, 2012, $295,870,000 and $1,170,000,000, respectively, was outstanding under our revolving credit facilities. During 2014 and 2015, $142,753,000 and $943,731,000, respectively, of our outstanding debt matures; we may refinance this maturing debt as it comes due or choose to repay it.

Cash flows provided by operating activities of $1,040,789,000 was comprised of (i) net income of $564,740,000, (ii) $426,643,000 of non-cash adjustments, which include depreciation and amortization expense, the effect of straight-lining of rental income, equity in net income of partially owned entities and net gains on sale of real estate, (iii) return of capital from Real Estate Fund investments of $56,664,000, and (iv) distributions of income from partially owned entities of $54,030,000, partially offset by (v) the net change in operating assets and liabilities of $61,288,000, including $37,817,000 related to Real Estate Fund investments.

Net cash provided by investing activities of $722,076,000 was comprised of (i) $1,027,608,000 of proceeds from sales of real estate and related investments, (ii) $378,709,000 of proceeds from the sale of marketable securities, (iii) $290,404,000 of capital distributions from partially owned entities, (iv) $240,474,000 from the sale of LNR, (v) $101,150,000 from the return of the J.C. Penney derivative collateral, and (vi) $50,569,000 of proceeds from repayments of mortgages and mezzanine loans receivable and other, partially offset by (vii) $469,417,000 of development costs and construction in progress, (viii) $260,343,000 of additions to real estate, (ix) $230,300,000 of investments in partially owned entities, (x) $193,417,000 of acquisitions of real estate, (xi) $186,079,000 for the funding of the J.C. Penney derivative collateral and settlement of derivative position, (xii) $26,892,000 of changes in restricted cash, and (xiii) $390,000 of investments in mortgage and mezzanine loans receivable.

Net cash used in financing activities of $2,139,894,000 was comprised of (i) $3,580,100,000 for the repayments of borrowings, (ii) $545,913,000 of dividends paid on common shares, (iii) $299,400,000 for purchases of outstanding preferred units and shares, (iv) $215,247,000 of distributions to noncontrolling interests, (v) $83,188,000 of dividends paid on preferred shares, (vi) $19,883,000 of debt issuance and other costs, and (vii) $443,000 for the repurchase of shares related to stock compensation agreements and related tax holdings, partially offset by (viii) $2,262,245,000 of proceeds from borrowings, (ix) $290,306,000 of proceeds from the issuance of preferred shares, (x) $43,964,000 of contributions from noncontrolling interests in consolidated subsidiaries, and (xi) $7,765,000 of proceeds received from the exercise of employee share options.

Liquidity and Capital Resources – continued

Capital Expenditures for the Year Ended December 31, 2013

Capital expenditures consist of expenditures to maintain assets, tenant improvement allowances and leasing commissions. Recurring capital expenditures include expenditures to maintain a property's competitive position within the market and tenant improvements and leasing commissions necessary to re-lease expiring leases or renew or extend existing leases. Non-recurring capital improvements include expenditures to lease space that has been vacant for more than nine months and expenditures completed in the year of acquisition and the following two years that were planned at the time of acquisition, as well as tenant improvements and leasing commissions for space that was vacant at the time of acquisition of a property.

Below is a summary of capital expenditures, leasing commissions and a reconciliation of total expenditures on an accrual basis to the cash expended in the year ended December 31, 2013.

(Amounts in thousands)	Total	New York	Washington, DC	Retail Properties	Other
Expenditures to maintain assets	$ 73,130	$ 34,553	$ 22,165	$ 5,664	$ 10,748
Tenant improvements	152,319	87,275	39,156	12,431	13,457
Leasing commissions	56,638	39,348	9,551	2,113	5,626
Non-recurring capital expenditures	12,099	11,579	-	-	520
Total capital expenditures and leasing commissions (accrual basis)	294,186	172,755	70,872	20,208	30,351
Adjustments to reconcile to cash basis:					
Expenditures in the current year applicable to prior periods	155,035	56,345	26,075	5,562	67,053
Expenditures to be made in future periods for the current period	(150,067)	(91,107)	(36,702)	(14,011)	(8,247)

Total capital expenditures and leasing commissions (cash basis)	$ 299,154	$ 137,993	$ 60,245	$ 11,759	$ 89,157 (1)
Tenant improvements and leasing commissions:					
Per square foot per annum	*$ 4.33*	*$ 5.89*	*$ 4.75*	*$ 1.33*	*$ -*
Percentage of initial rent	*9.5%*	*8.1%*	*11.9%*	*6.6%*	*-*

(1) Includes tenant improvements and leasing commissions aggregating $61,895 in connection with the 608,000 square foot Motorola Mobility lease at the Merchandise Mart.

Development and Redevelopment Expenditures

Development and redevelopment expenditures consist of all hard and soft costs associated with the development or redevelopment of a property, including tenant improvements, leasing commissions, capitalized interest and operating costs until the property is substantially completed and ready for its intended use.

Below is a summary of development and redevelopment expenditures incurred in the year ended December 31, 2013.

(Amounts in thousands)	**Total**	**New York**	**Washington, DC**	**Retail Properties**	**Other**
220 Central Park South	$ 243,687	$ -	$ -	$ -	$ 243,687
Springfield Mall	68,716	-	-	68,716	-
Marriott Marquis Times Square - retail and signage	40,356	40,356	-	-	-
1290 Avenue of the Americas	13,865	13,865	-	-	-
330 West 34th Street	6,832	6,832	-	-	-
Metropolitan Park 4 & 5	6,289	-	6,289	-	-
1135 Third Avenue	5,247	5,247	-	-	-
LED Signage	5,042	5,042	-	-	-
Other	79,383	14,643	35,412	25,210	4,118
	$ 469,417	$ 85,985	$ 41,701	$ 93,926	$ 247,805

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Liquidity and Capital Resources – continued

Cash Flows for the Year Ended December 31, 2012

Our cash and cash equivalents were $960,319,000 at December 31, 2012, a $353,766,000 increase over the balance at December 31, 2011. Our consolidated outstanding debt was $11,127,230,000 at December 31, 2012, a $1,227,953,000 increase over the balance at December 31, 2011.

Cash flows provided by operating activities of $825,049,000 was comprised of (i) net income of $694,541,000, (ii) distributions of income from partially owned entities of $226,172,000, (iii) return of capital from Real Estate Fund investments of $63,762,000, and (iv) $151,954,000 of non-cash adjustments, which include depreciation and amortization expense, impairment loss on J.C. Penney common shares, the effect of straight-lining of rental income, equity in net income of partially owned entities and net gains on sale of real estate, partially offset by (v) the net change in operating assets and liabilities of $311,380,000, including $262,537,000 related to Real Estate Fund investments.

Net cash used in investing activities of $642,262,000 was comprised of (i) $673,684,000 of acquisitions of real estate and other, (ii) $205,652,000 of additions to real estate, (iii) $191,330,000 for the funding of the J.C. Penney derivative collateral, (iv) $156,873,000 of development costs and construction in progress, (v) $134,994,000 of investments in partially owned entities, (vi) $94,094,000 investments in mortgage and mezzanine loans receivable and other, and (vii) $75,138,000 of changes in restricted cash, partially offset by (viii) $445,683,000 of proceeds from sales of real estate and related investments, (ix) $144,502,000 of capital distributions from partially owned entities, (x) $134,950,000 from the return of the J.C. Penney derivative collateral, (xi) $60,258,000 of proceeds from the sale of marketable securities, (xii) $52,504,000 of proceeds from the sale of the Canadian Trade Shows, (xiii) $38,483,000 of proceeds from repayments of mezzanine loans receivable and other, and (xiv) $13,123,000 of proceeds from the repayment of loan to officer.

Net cash provided by financing activities of $170,979,000 was comprised of (i) $3,593,000,000 of proceeds from borrowings, (ii) $290,971,000 of proceeds from the issuance of preferred shares, (iii) $213,132,000 of contributions from noncontrolling interests in consolidated subsidiaries, and (iv) $11,853,000 of proceeds from exercise of employee share options, partially offset by (v) $2,747,694,000 for the repayments of borrowings, (vi) $699,318,000 of dividends paid on common shares, (vii) $243,300,000 for purchases of outstanding preferred units and shares, (viii) $104,448,000 of distributions to noncontrolling interests, (ix) $73,976,000 of dividends paid on preferred shares, (x) $39,073,000 of debt issuance and other costs, and (xi) $30,168,000 for the repurchase of shares related to stock compensation agreements and related tax withholdings.

Liquidity and Capital Resources – continued

Capital Expenditures in the year ended December 31, 2012

(Amounts in thousands)	Total	New York	Washington, DC	Retail Properties	Other
Expenditures to maintain assets	$ 69,912	$ 27,434	$ 20,582	$ 4,676	$ 17,220
Tenant improvements	177,743	71,572	50,384	9,052	46,735
Leasing commissions	57,961	27,573	13,151	2,368	14,869
Non-recurring capital expenditures	6,902	5,822	-	-	1,080
Total capital expenditures and leasing commissions (accrual basis)	312,518	132,401	84,117	16,096	79,904
Adjustments to reconcile to cash basis:					
Expenditures in the current year applicable to prior periods	105,350	41,975	24,370	10,353	28,652
Expenditures to be made in future periods for the current period	(170,744)	(76,283)	(43,600)	(7,754)	(43,107)
Total capital expenditures and leasing commissions (cash basis)	$ 247,124	$ 98,093	$ 64,887	$ 18,695	$ 65,449 (1)
Tenant improvements and leasing commissions:					
Per square foot per annum	$ *4.16*	$ *5.48*	$ *4.86*	$ *1.04*	$ -
Percentage of initial rent	*9.6%*	*8.8%*	*12.0%*	*5.2%*	-

(1) Includes tenant improvements and leasing commissions aggregating $24,354 in connection with the 608,000 square foot Motorola Mobility lease at the Merchandise Mart.

Development and Redevelopment Expenditures in the year ended December 31, 2012

Retail

(Amounts in thousands)	Total	New York	Washington, DC	Properties	Other
Springfield Mall	$ 18,278	$ -	$ -	$ 18,278	$ -
1290 Avenue of the Americas	16,778	16,778	-	-	-
Crystal Square 5	15,039	-	15,039	-	-
220 Central Park South	12,191	-	-	-	12,191
Bergen Town Center	11,404	-	-	11,404	-
510 Fifth Avenue	10,206	10,206	-	-	-
Marriott Marquis Times Square - retail and signage	9,092	9,092	-	-	-
1851 South Bell Street (1900 Crystal Drive)	6,243	-	6,243	-	-
Amherst, New York	5,585	-	-	5,585	-
Other	52,057	15,484	18,052	18,279	242
	$ 156,873	$ 51,560	$ 39,334	$ 53,546	$ 12,433

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Liquidity and Capital Resources – continued

Cash Flows for the Year Ended December 31, 2011

Our cash and cash equivalents were $606,553,000 at December 31, 2011, a $84,236,000 decrease over the balance at December 31, 2010. Our consolidated outstanding debt was $9,899,277,000 at December 31, 2011, a $262,477,000 decrease from the balance at December 31, 2010.

Cash flows provided by operating activities of $702,499,000 was comprised of (i) net income of $740,000,000, (ii) distributions of income from partially owned entities of $93,635,000, and (iii) $151,745,000 of non-cash adjustments, including depreciation and amortization expense, the effect of straight-lining of rental income, equity in net income of partially owned entities, income from the mark-to-market of derivative positions in marketable equity securities, impairment losses and tenant buy-out costs, net realized and unrealized gains on Real Estate Fund assets and net gain on early extinguishment of debt, partially offset by (iv) the net change in operating assets and liabilities of $282,881,000, of which $184,841,000 relates to Real Estate Fund investments.

Net cash used in investing activities of $164,761,000 was comprised of (i) $571,922,000 of investments in partially owned entities, (ii) $165,680,000 of additions to real estate, (iii) $98,979,000 of investments in mortgage and mezzanine loans receivable and other, (iv) $93,066,000 of development costs and construction in progress, (v) $90,858,000 of acquisitions of real estate and other, and (vi) $43,850,000 for the funding of collateral for the J.C. Penney derivative, partially offset by (vii) $318,966,000 of capital distributions from partially owned entities, (viii) $187,294,000 of proceeds from sales and repayments of mortgage and mezzanine loans receivable and other, (ix) $140,186,000 of proceeds from sales of real estate and related investments, (x) changes in restricted cash of $126,380,000, (xi) $70,418,000 of proceeds from sales of marketable securities, and (xii) $56,350,000 from the return of derivative collateral.

Net cash used in financing activities of $621,974,000 was comprised of (i) $3,740,327,000 for the repayments of borrowings, (ii) $508,745,000 of dividends paid on common shares, (iii) $116,510,000 of distributions to noncontrolling interests, (iv) $61,464,000 of dividends paid on preferred shares, (v) $47,395,000 of debt issuance and other costs, (vi) $28,000,000 for the purchase of outstanding preferred units and shares, and (vii) $964,000 for the repurchase of shares related to stock compensation agreements and related tax withholdings, partially offset by (viii) $3,412,897,000 of proceeds from borrowings, (ix) $238,842,000 of proceeds from the issuance of Series J preferred shares, (x) $204,185,000 of contributions from noncontrolling interests, and (xi) $25,507,000 of proceeds received from exercise of employee share options.

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Liquidity and Capital Resources – continued

Capital Expenditures in the year ended December 31, 2011

(Amounts in thousands)	Total	New York	Washington, DC	Retail Properties	Other
Expenditures to maintain assets	$ 58,463	$ 22,698	$ 18,939	$ 6,448	$ 10,378
Tenant improvements	138,076	76,493	33,803	6,515	21,265
Leasing commissions	43,613	28,072	9,114	2,114	4,313
Non-recurring capital expenditures	19,442	17,157	-	-	2,285
Total capital expenditures and leasing commissions (accrual basis)	259,594	144,420	61,856	15,077	38,241
Adjustments to reconcile to cash basis:					
Expenditures in the current year applicable to prior periods	90,799	43,392	13,517	9,705	24,185
Expenditures to be made in future periods for the current period	(146,062)	(79,941)	(33,530)	(7,058)	(25,533)
Total capital expenditures and leasing commissions (cash basis)	$ 204,331	$ 107,871	$ 41,843	$ 17,724	$ 36,893
Tenant improvements and leasing commissions:					
Per square foot per annum	$ *3.88*	$ *5.21*	$ *4.47*	$ *0.71*	$ -
Percentage of initial rent	*8.9%*	*9.1%*	*10.8%*	*3.3%*	-

Development and Redevelopment Expenditures in the Year Ended December 31, 2011

(Amounts in thousands)	Total	New York	Washington, DC	Retail Properties	Other
Bergen Town Center	$ 23,748	$ -	$ -	$ 23,748	$ -

510 Fifth Avenue	8,833	8,833	-	-	-
Other	48,903	6,627	20,496	18,580	3,200
	$ 81,484	$ 15,460	$ 20,496	$ 42,328	$ 3,200

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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 flows as a liquidity measure. FFO may not be comparable to similarly titled measures employed by other companies.

FFO attributable to common shareholders plus assumed conversions was $641,037,000, or $3.41 per diluted share for the year ended December 31, 2013, compared to $818,565,000, or $4.39 per diluted share for the year ended December 31, 2012. FFO attributable to common shareholders plus assumed conversions was a negative $6,784,000, or $0.04 per diluted share for the three months ended December 31, 2013, compared to a positive $55,890,000, or $0.30 per diluted share for the three months ended December 31, 2012. Details of certain items that affect comparability are discussed in the financial results summary of our "Overview."

(Amounts in thousands, except per share amounts)	For The Year Ended December 31,		For The Three Months Ended December 31,	
Reconciliation of our net income (loss) to FFO:	**2013**	**2012**	**2013**	**2012**
Net income (loss) attributable to Vornado	$ 475,971	$ 617,260	$ (48,519)	$ 86,135
Depreciation and amortization of real property	501,753	504,407	124,611	125,069
Net gains on sale of real estate	(411,593)	(245,799)	(127,512)	(41,998)
Real estate impairment losses	37,170	129,964	32,443	116,453
Proportionate share of adjustments to equity in net income of				
Toys, to arrive at FFO:				
Depreciation and amortization of real property	69,741	68,483	16,506	17,777
Real estate impairment losses	6,552	9,824	456	1,430
Income tax effect of above adjustments	(26,703)	(27,493)	(5,937)	(6,728)
Proportionate share of adjustments to equity in net income of				
partially owned entities, excluding Toys, to arrive at FFO:				
Depreciation and amortization of real property	87,529	86,197	25,282	20,387

Net gains on sale of real estate	(465)	(241,602)	-	(239,551)
Real estate impairment losses	-	1,849	-	-
Noncontrolling interests' share of above adjustments	(15,089)	(16,649)	(3,746)	418
FFO	724,866	886,441	13,584	79,392
Preferred share dividends	(82,807)	(76,937)	(20,368)	(20,750)
Preferred unit and share redemptions	(1,130)	8,948	-	(2,752)
FFO (Negative FFO) attributable to common shareholders	640,929	818,452	(6,784)	55,890
Convertible preferred share dividends	108	113	-	-
FFO (Negative FFO) attributable to common shareholders plus assumed conversions	$ 641,037	$ 818,565	$ (6,784)	$ 55,890
Reconciliation of Weighted Average Shares				
Weighted average common shares outstanding	186,941	185,810	187,109	186,267
Effect of dilutive securities:				
Employee stock options and restricted share awards	768	670	-	599
Convertible preferred shares	48	50	-	-
Denominator for FFO (Negative FFO) per diluted share	187,757	186,530	187,109	186,866
FFO (Negative FFO) attributable to common shareholders plus assumed conversions per diluted share	$ 3.41	$ 4.39	$ (0.04)	$ 0.30

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have exposure to fluctuations in market interest rates. Market interest rates are sensitive to many factors that are beyond our control. Our exposure to a change in interest rates on our consolidated and non-consolidated debt (all of which arises out of non-trading activity) is as follows:

(Amounts in thousands, except per share amounts)	2013			2012	
	December 31,	Weighted Average Interest	Effect of 1% Change In	December 31,	Weighted Average Interest
Consolidated debt:	Balance	Rate	Base Rates	Balance	Rate
Variable rate	$ 1,064,730	2.01%	$ 10,647	$ 2,998,221	1.84%
Fixed rate	8,913,988	4.73%	-	8,129,009	5.18%
	$ 9,978,718	4.44%	10,647	$ 11,127,230	4.28%
Prorata share of debt of non-consolidated entities (non-recourse):					
Variable rate – excluding Toys	$ 196,240	2.09%	1,962	$ 264,531	2.88%
Variable rate – Toys	1,179,001	5.45%	11,790	703,922	5.69%
Fixed rate (including $682,484 and $1,148,407 of Toys debt in 2013 and 2012)	2,814,162	6.46%	-	3,030,476	7.04%
	$ 4,189,403	5.97%	13,752	$ 3,998,929	6.53%
Redeemable noncontrolling interests' share of above			(1,415)		
Total change in annual net income			$ 22,984		
Per share-diluted			$ 0.12		

We may utilize various financial instruments to mitigate the impact of interest rate fluctuations on our cash flows and earnings, including hedging strategies, depending on our analysis of the interest rate environment and the costs and risks of such strategies. As of December 31, 2013, we have one interest rate cap with a principal amount of $60,000,000 and a weighted average interest rate of 2.36%. This cap is based on a notional amount of $60,000,000 and caps LIBOR at a rate of 7.00%. In addition, we have one interest rate swap on a $425,000,000 mortgage loan that swapped the rate from LIBOR plus 2.00% (2.17% at December 31, 2013) to a fixed rate of 5.13% for the remaining five-year term of the loan.

As of December 31, 2013, we have investments in mezzanine loans with an aggregate carrying amount of $152,853,000 that are based on variable interest rates which partially mitigate our exposure to a change in interest rates.

Fair Value of Debt

The estimated fair value of our consolidated debt is calculated based on current market prices and discounted cash flows at the current rate at which similar loans would be made to borrowers with similar credit ratings for the remaining term of such debt. As of December 31, 2013, the estimated fair value of our consolidated debt was $9,802,000,000.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Board of Trustees

Vornado Realty Trust

New York, New York

We have audited the accompanying consolidated balance sheets of Vornado Realty Trust (the "Company") as of December 31, 2013 and 2012, 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, 2013. 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 Vornado Realty Trust at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, 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.

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, 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 24, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey

February 24, 2014

VORNADO REALTY TRUST
CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share and per share amounts)	December 31, 2013	December 31, 2012
ASSETS		
Real estate, at cost:		
Land	$ 4,205,815	$ 4,766,315
Buildings and improvements	12,661,938	12,421,086
Development costs and construction in progress	1,354,350	920,273
Leasehold improvements and equipment	132,523	130,544
Total	18,354,626	18,238,218
Less accumulated depreciation and amortization	(3,410,933)	(3,072,269)
Real estate, net	14,943,693	15,165,949
Cash and cash equivalents	583,290	960,319
Restricted cash	262,440	183,256
Marketable securities	191,917	398,188
Tenant and other receivables, net of allowance for doubtful accounts of $21,869 and $37,674	115,862	195,718
Investments in partially owned entities	1,166,443	1,226,256
Investment in Toys "R" Us	83,224	478,041
Real Estate Fund investments	667,710	600,786
Mortgage and mezzanine loans receivable, net of allowance of $5,845 in 2013	170,972	225,359
Receivable arising from the straight-lining of rents, net of allowance of $4,355 and $3,165	823,137	758,191
Deferred leasing and financing costs, net of accumulated amortization of $265,482 and $222,202	413,726	405,004
Identified intangible assets, net of accumulated amortization of $282,593 and $352,035	323,322	415,330
Assets related to discontinued operations	-	671,573
Other assets	351,488	381,079
	$ 20,097,224	$ 22,065,049
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Mortgages payable	$ 8,331,993	$ 8,599,222
Senior unsecured notes	1,350,855	1,358,008
Revolving credit facility debt	295,870	1,170,000
Accounts payable and accrued expenses	422,276	484,746
Deferred revenue	542,998	596,067
Deferred compensation plan	116,515	105,200
Deferred tax liabilities	1,280	15,305
Liabilities related to discontinued operations	-	487,271
Other liabilities	437,073	400,934
Total liabilities	11,498,860	13,216,753
Commitments and contingencies		
Redeemable noncontrolling interests:		
Class A units - 11,292,038 and 11,215,682 units outstanding	1,002,620	898,152

Series D cumulative redeemable preferred units - 1 and 1,800,001 units outstanding	1,000	46,000
Total redeemable noncontrolling interests	1,003,620	944,152
Vornado shareholders' equity:		
Preferred shares of beneficial interest: no par value per share; authorized 110,000,000 shares; issued and outstanding 52,682,807 and 51,184,609 shares	1,277,225	1,240,278
Common shares of beneficial interest: $.04 par value per share; authorized 250,000,000 shares; issued and outstanding 187,284,688 and 186,734,711 shares	7,469	7,440
Additional capital	7,143,840	7,195,438
Earnings less than distributions	(1,734,839)	(1,573,275)
Accumulated other comprehensive income (loss)	71,537	(18,946)
Total Vornado shareholders' equity	6,765,232	6,850,935
Noncontrolling interests in consolidated subsidiaries	829,512	1,053,209
Total equity	7,594,744	7,904,144
	$ 20,097,224	$ 22,065,049

See notes to the consolidated financial statements.

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VORNADO REALTY TRUST

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31,		
	2013	**2012**	**2011**
(Amounts in thousands, except per share amounts)			
REVENUES:			
Property rentals	$ 2,155,963	$ 2,062,061	$ 2,091,488
Tenant expense reimbursements	317,345	294,584	307,609
Cleveland Medical Mart development project	36,369	235,234	154,080
Fee and other income	251,232	144,353	149,631
Total revenues	2,760,909	2,736,232	2,702,808
EXPENSES:			
Operating	1,054,897	1,017,331	984,707
Depreciation and amortization	531,212	510,383	516,222
General and administrative	211,100	202,444	208,530
Cleveland Medical Mart development project	32,210	226,619	145,824
Impairment losses, acquisition related costs and tenant buy-outs	57,300	114,886	35,299
Total expenses	1,886,719	2,071,663	1,890,582
Operating income	874,190	664,569	812,226
(Loss) income applicable to Toys "R" Us	(362,377)	14,859	48,540
Income from partially owned entities	23,592	408,267	70,072
Income from Real Estate Fund	102,898	63,936	22,886
Interest and other investment (loss) income, net	(24,699)	(260,945)	148,783
Interest and debt expense	(483,190)	(493,713)	(519,157)
Net gain on disposition of wholly owned and partially owned assets	3,407	13,347	15,134
Income before income taxes	133,821	410,320	598,484
Income tax benefit (expense)	6,406	(8,132)	(23,925)
Income from continuing operations	140,227	402,188	574,559
Income from discontinued operations	424,513	292,353	165,441
Net income	564,740	694,541	740,000
Less net income attributable to noncontrolling interests in:			
Consolidated subsidiaries	(63,952)	(32,018)	(21,786)
Operating Partnership	(23,659)	(35,327)	(41,059)
Preferred unit distributions of the Operating Partnership	(1,158)	(9,936)	(14,853)
Net income attributable to Vornado	475,971	617,260	662,302
Preferred share dividends	(82,807)	(76,937)	(65,531)
Preferred unit and share redemptions	(1,130)	8,948	5,000
NET INCOME attributable to common shareholders	$ 392,034	$ 549,271	$ 601,771
(LOSS) INCOME PER COMMON SHARE - BASIC:			
(Loss) income from continuing operations, net	$ (0.03)	$ 1.46	$ 2.42
	2.13	1.49	0.84

Income from discontinued operations, net			
Net income per common share	$ 2.10	$ 2.95	$ 3.26
Weighted average shares outstanding	186,941	185,810	184,308
(LOSS) INCOME PER COMMON SHARE - DILUTED:			
(Loss) income from continuing operations, net	$ (0.03)	$ 1.46	$ 2.40
Income from discontinued operations, net	2.12	1.48	0.83
Net income per common share	$ 2.09	$ 2.94	$ 3.23
Weighted average shares outstanding	187,709	186,530	186,021

See notes to consolidated financial statements.

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VORNADO REALTY TRUST

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
(Amounts in thousands)	**2013**	**2012**	**2011**
Net income	$ 564,740	$ 694,541	$ 740,000
Other comprehensive income:			
Change in unrealized net gain (loss) on securities available-for-sale	142,281	(283,649)	41,657
Amounts reclassified from accumulated other comprehensive income:			
Non-cash impairment loss on J.C. Penney common shares	-	224,937	-
Sale of available-for-sale securities	(42,404)	(3,582)	(5,020)
Pro rata share of other comprehensive (loss) income of nonconsolidated subsidiaries	(22,814)	(31,758)	12,859
Change in value of interest rate swap	18,183	(5,659)	(43,704)
Other	533	329	(5,245)
Comprehensive income	660,519	595,159	740,547
Less comprehensive income attributable to noncontrolling interests	(94,065)	(70,574)	(77,969)
Comprehensive income attributable to Vornado	$ 566,454	$ 524,585	$ 662,578

See notes to consolidated financial statements.

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VORNADO REALTY TRUST

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in thousands)	Preferred Shares		Common Shares		Additional	Earnings Less Than	Accumulated Other Comprehensive Income	Non-controlling	Total
	Shares	**Amount**	**Shares**	**Amount**	**Capital**	**Distributions**	**(Loss)**	**Interests**	**Equity**
Balance, December 31, 2010	32,340	$ 783,088	183,662	$ 7,317	$ 6,932,728	$ (1,480,876)	$ 73,453	$ 514,695	$ 6,830,405
Net income	-	-	-	-	-	662,302	-	21,786	684,088
Dividends on common shares	-	-	-	-	-	(508,745)	-	-	(508,745)
Dividends on preferred shares	-	-	-	-	-	(65,694)	-	-	(65,694)
Issuance of Series J preferred shares	9,850	238,842	-	-	-	-	-	-	238,842
Common shares issued:									
Upon redemption of Class A units, at redemption value	-	-	798	32	64,798	-	-	-	64,830
Under Omnibus share plan	-	-	590	23	23,705	(13,289)	-	-	10,439
Under dividend reinvestment plan	-	-	21	1	1,771	-	-	-	1,772
Contributions:									
Real Estate Fund	-	-	-	-	-	-	-	203,407	203,407
Other	-	-	-	-	-	-	-	778	778
Distributions:									
Real Estate Fund	-	-	-	-	-	-	-	(49,422)	(49,422)
Other	-	-	-	-	-	-	-	(15,604)	(15,604)
Conversion of Series A									

preferred shares to common shares	(3)	(165)	5	-	165	-	-	-	-
Deferred compensation shares and options	-	-	4	-	10,608	(523)	-	-	10,085
Change in unrealized net gain on securities available-for-sale	-	-	-	-	-	-	41,657	-	41,657
Amounts reclassified related to sale of available-for-sale securities	-	-	-	-	-	-	(5,020)	-	(5,020)
Pro rata share of other comprehensive income of nonconsolidated subsidiaries	-	-	-	-	-	-	12,859	-	12,859
Change in value of interest rate swap	-	-	-	-	-	-	(43,704)	-	(43,704)
Adjustments to carry redeemable Class A units at redemption value	-	-	-	-	98,092	-	-	-	98,092
Redeemable noncontrolling interests' share of above adjustments	-	-	-	-	-	-	(271)	-	(271)
Other	-	(105)	-	-	(4,609)	5,121	(5,245)	4,491	(347)
Balance, December 31, 2011	42,187	$ 1,021,660	185,080	$ 7,373	$ 7,127,258	$ (1,401,704)	$ 73,729	$ 680,131	$ 7,508,447

See notes to consolidated financial statements.

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VORNADO REALTY TRUST

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - CONTINUED

(Amounts in thousands)	Preferred Shares		Common Shares		Additional	Earnings Less Than	Accumulated Other Comprehensive Income (Loss)	Non-controlling	Total
	Shares	Amount	Shares	Amount	Capital	Distributions		Interests	Equity
Balance, December 31, 2011	42,187	$ 1,021,660	185,080	$ 7,373	$ 7,127,258	$ (1,401,704)	$ 73,729	$ 680,131	$ 7,508,447
Net income	-	-	-	-	-	617,260	-	32,018	649,278
Dividends on common shares	-	-	-	-	-	(699,318)	-	-	(699,318)
Dividends on preferred shares	-	-	-	-	-	(76,937)	-	-	(76,937)
Issuance of Series K preferred shares	12,000	290,971	-	-	-	-	-	-	290,971
Redemption of Series E preferred shares	(3,000)	(72,248)	-	-	-	-	-	-	(72,248)
Common shares issued:									
Upon redemption of Class A units, at redemption value	-	-	1,121	45	89,717	-	-	-	89,762
Under Omnibus share plan	-	-	434	18	9,521	(16,389)	-	-	(6,850)
Under dividend reinvestment plan	-	-	29	1	2,306	-	-	-	2,307
Upon acquisition of real estate	-	-	64	3	5,121	-	-	-	5,124
Contributions:									
Real Estate Fund	-	-	-	-	-	-	-	195,029	195,029

Other	-	-	-	-	-	-	-	18,103	18,103
Distributions:									
Real Estate Fund	-	-	-	-	-	-	-	(48,138)	(48,138)
Other	-	-	-	-	-	-	-	(59)	(59)
Conversion of Series A preferred shares to common shares	(2)	(105)	3	-	105	-	-	-	-
Deferred compensation shares and options	-	-	4	-	13,527	(473)	-	-	13,054
Change in unrealized net loss on securities available-for-sale	-	-	-	-	-	-	(283,649)	-	(283,649)
Non-cash impairment loss on J.C. Penney common shares	-	-	-	-	-	-	224,937	-	224,937
Amounts reclassified related to sale of available-for-sale securities	-	-	-	-	-	-	(3,582)	-	(3,582)
Pro rata share of other comprehensive loss of nonconsolidated subsidiaries	-	-	-	-	-	-	(31,758)	-	(31,758)
Change in value of interest rate swap	-	-	-	-	-	-	(5,659)	-	(5,659)
Adjustments to carry redeemable Class A units at redemption value	-	-	-	-	(52,117)	-	-	-	(52,117)

Redeemable noncontrolling interests' share of above adjustments	-	-	-	-	-	-	6,707	-	6,707
Preferred unit and share redemptions	-	-	-	-	-	8,948	-	-	8,948
Consolidation of partially owned entity	-	-	-	-	-	-	-	176,132	176,132
Other	-	-	-	-	-	(4,662)	329	(7)	(4,340)
Balance, December 31, 2012	51,185	$ 1,240,278	186,735	$ 7,440	$ 7,195,438	$ (1,573,275)	$ (18,946)	$ 1,053,209	$ 7,904,144

See notes to consolidated financial statements.

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VORNADO REALTY TRUST

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - CONTINUED

(Amounts in thousands)	Preferred Shares		Common Shares		Additional	Earnings Less Than	Accumulated Other Comprehensive Income	Non-controlling	Total
	Shares	**Amount**	**Shares**	**Amount**	**Capital**	**Distributions**	**(Loss)**	**Interests**	**Equity**
Balance, December 31, 2012	51,185	$ 1,240,278	186,735	$ 7,440	$ 7,195,438	$ (1,573,275)	$ (18,946)	$ 1,053,209	$ 7,904,144
Net income	-	-	-	-	-	475,971	-	63,952	539,923
Dividends on common shares	-	-	-	-	-	(545,913)	-	-	(545,913)
Dividends on preferred shares	-	-	-	-	-	(82,807)	-	-	(82,807)
Issuance of Series L preferred shares	12,000	290,306	-	-	-	-	-	-	290,306
Redemption of Series F and Series H preferred shares	(10,500)	(253,269)	-	-	-	-	-	-	(253,269)
Common shares issued:									
Upon redemption of Class A units, at redemption value	-	-	299	12	25,305	-	-	-	25,317
Under Omnibus share plan	-	-	104	23	5,892	(107)	-	-	5,808
Under dividend reinvestment plan	-	-	22	1	1,850	-	-	-	1,851
Upon acquisition of real estate	-	-	128	5	11,456	-	-	-	11,461
Contributions:									

Real Estate Fund	-	-	-	-	-	-	-	28,078	28,078
Other	-	-	-	-	-	-	-	15,886	15,886
Distributions:									
Real Estate Fund	-	-	-	-	-	-	-	(47,268)	(47,268)
Other	-	-	-	-	-	-	-	(133,153)	(133,153)
Conversion of Series A preferred shares to common shares	(2)	(90)	3	-	90	-	-	-	-
Deferred compensation shares and options	-	-	(6)	(12)	9,589	(307)	-	-	9,270
Change in unrealized net gain on securities available-for-sale	-	-	-	-	-	-	142,281	-	142,281
Amounts reclassified related to sale of available-for-sale securities	-	-	-	-	-	-	(42,404)		(42,404)
Pro rata share of other comprehensive loss of nonconsolidated subsidiaries	-	-	-	-	-	-	(22,814)	-	(22,814)
Change in value of interest rate swap	-	-	-	-	-	-	18,183	-	18,183
Adjustments to carry redeemable Class A units at redemption value	-	-	-	-	(108,252)	-	-	-	(108,252)
Redeemable noncontrolling interests'	-	-	-	-	-	-	(5,296)	-	(5,296)

share of above adjustments									
Preferred unit and share redemptions	-	-	-	-	-	(1,130)	-	-	(1,130)
Deconsolidation of partially owned entity	-	-	-	-	-	-	-	(165,427)	(165,427)
Consolidation of partially owned entity	-	-	-	-	-	-	-	16,799	16,799
Other	-	-	-	-	2,472	(7,271)	533	(2,564)	(6,830)
Balance, December 31, 2013	52,683	$ 1,277,225	187,285	$ 7,469	$ 7,143,840	$ (1,734,839)	$ 71,537	$ 829,512	$ 7,594,744

See notes to consolidated financial statements.

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VORNADO REALTY TRUST

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2013	**2012**	**2011**
(Amounts in thousands)			
Cash Flows from Operating Activities:			
Net income	$ 564,740	$ 694,541	$ 740,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization (including amortization of deferred financing costs)	561,998	557,888	580,990
Net gains on sale of real estate	(414,502)	(245,799)	(51,623)
Equity in net loss (income) of partially owned entities, including Toys “R” Us	338,785	(423,126)	(118,612)
Net unrealized gains on Real Estate Fund investments	(85,771)	(55,361)	(17,386)
Straight-lining of rental income	(69,391)	(69,648)	(45,788)
Return of capital from Real Estate Fund investments	56,664	63,762	-
Distributions of income from partially owned entities	54,030	226,172	93,635
Amortization of below-market leases, net	(52,876)	(54,359)	(63,044)
Other non-cash adjustments	41,663	52,082	27,325
Non-cash impairment loss on J.C. Penney common shares	39,487	224,937	-
Impairment losses and tenant buy-outs	37,170	133,977	58,173
Loss (income) from the mark-to-market of J.C. Penney derivative position	33,487	75,815	(12,984)
Net gain on disposition of wholly owned and partially owned assets	(3,407)	(13,347)	(15,134)
Gain on sale of Canadian Trade Shows	-	(31,105)	-
Net gain on extinguishment of debt	-	-	(83,907)
Mezzanine loans loss reversal and net gain on disposition	-	-	(82,744)
Recognition of disputed account receivable from Stop & Shop	-	-	(23,521)
Changes in operating assets and liabilities:			
Real Estate Fund investments	(37,817)	(262,537)	(184,841)
Tenant and other receivables, net	83,897	(23,271)	8,869
Prepaid assets	(2,207)	(10,549)	(7,779)
Other assets	(50,856)	(46,573)	(89,186)
Accounts payable and accrued expenses	(41,729)	21,595	(28,699)
Other liabilities	(12,576)	9,955	18,755
Net cash provided by operating activities	1,040,789	825,049	702,499
Cash Flows from Investing Activities:			
Proceeds from sales of real estate and related investments	1,027,608	445,683	140,186

Development costs and construction in progress	(469,417)	(156,873)	(93,066)
Proceeds from sales of, and return of investment in, marketable securities	378,709	60,258	70,418
Distributions of capital from partially owned entities	290,404	144,502	318,966
Additions to real estate	(260,343)	(205,652)	(165,680)
Proceeds from the sale of LNR	240,474	-	-
Investments in partially owned entities	(230,300)	(134,994)	(571,922)
Acquisitions of real estate and other	(193,417)	(673,684)	(90,858)
Funding of J.C. Penney derivative collateral; and settlement of derivative in 2013	(186,079)	(191,330)	(43,850)
Return of J.C. Penney derivative collateral	101,150	134,950	56,350
Proceeds from sales and repayments of mortgage and mezzanine loans receivable and other	50,569	38,483	187,294
Restricted cash	(26,892)	(75,138)	126,380
Investments in mortgage and mezzanine loans receivable and other	(390)	(94,094)	(98,979)
Proceeds from the sale of Canadian Trade Shows	-	52,504	-
Proceeds from the repayment of loan to officer	-	13,123	13,123
Loan to officer	-	-	(13,123)
Net cash provided by (used in) investing activities	722,076	(642,262)	(164,761)

See notes to consolidated financial statements.

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VORNADO REALTY TRUST

CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

	Year Ended December 31,		
	2013	**2012**	**2011**
(Amounts in thousands)			
Cash Flows from Financing Activities:			
Repayments of borrowings	$(3,580,100)	$(2,747,694)	$(3,740,327)
Proceeds from borrowings	2,262,245	3,593,000	3,412,897
Dividends paid on common shares	(545,913)	(699,318)	(508,745)
Purchases of outstanding preferred units and shares	(299,400)	(243,300)	(28,000)
Proceeds from the issuance of preferred shares	290,306	290,971	238,842
Distributions to noncontrolling interests	(215,247)	(104,448)	(116,510)
Dividends paid on preferred shares	(83,188)	(73,976)	(61,464)
Contributions from noncontrolling interests	43,964	213,132	204,185
Debt issuance and other costs	(19,883)	(39,073)	(47,395)
Proceeds received from exercise of employee share options	7,765	11,853	25,507
Repurchase of shares related to stock compensation agreements and related tax withholdings	(443)	(30,168)	(964)
Net cash (used in) provided by financing activities	(2,139,894)	170,979	(621,974)
Net (decrease) increase in cash and cash equivalents	(377,029)	353,766	(84,236)
Cash and cash equivalents at beginning of period	960,319	606,553	690,789
Cash and cash equivalents at end of period	$ 583,290	$ 960,319	$ 606,553
Supplemental Disclosure of Cash Flow Information:			
Cash payments for interest (net of amounts capitalized of $42,303, $16,801 and $1,197)	$ 465,260	$ 491,869	$ 531,174
Cash payments for income taxes	$ 9,023	$ 21,709	$ 26,187
Non-Cash Investing and Financing Activities:			
Like-kind exchange of real estate:			
Acquisitions	$ 66,076	$ 230,913	$ 21,999
Dispositions	(128,767)	(230,913)	(45,625)
Financing assumed in acquisitions	79,253	-	-
Financing transferred in dispositions	-	(163,144)	-
L.A. Mart seller financing	-	35,000	-
Marriott Marquis Times Square - retail and signage capital lease:			
Asset (included in development costs and construction in progress)	-	240,000	-
Liability (included in other liabilities)	-	(240,000)	-
Increase in assets and liabilities resulting from the consolidation of partially owned entities:			
Real estate, net	-	342,919	-
Notes and mortgages payable	-	334,225	-
Decrease in assets and liabilities resulting from the deconsolidation of discontinued			

operations and/or investments that were previously consolidated:			
Real estate, net	(852,166)	-	(145,333)
Notes and mortgages payable	(322,903)	-	(232,502)

See notes to consolidated financial statements.

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VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Business

Vornado Realty Trust ("Vornado") is a fully integrated real estate investment trust ("REIT") and conducts its business through, and substantially all of its interests in properties are held by, Vornado Realty L.P., a Delaware limited partnership (the "Operating Partnership"). Accordingly, Vornado's cash flow and ability to pay dividends to its shareholders is dependent upon the cash flow of the Operating Partnership and the ability of its direct and indirect subsidiaries to first satisfy their obligations to creditors. Vornado is the sole general partner of, and owned approximately 94.0% of the common limited partnership interest in the Operating Partnership at December 31, 2013. All references to "we," "us," "our," the "Company" and "Vornado" refer to Vornado Realty Trust and its consolidated subsidiaries, including the Operating Partnership.

As of December 31, 2013, we own all or portions of:

New York:

- 19.8 million square feet of Manhattan office space in 31 properties and four residential properties containing 1,653 units;

- 2.4 million square feet of Manhattan street retail space in 55 properties;

- The 1,700 room Hotel Pennsylvania located on Seventh Avenue at 33rd Street in the heart of the Penn Plaza district;

- A 32.4% interest in Alexander's, Inc. (NYSE: ALX), which owns six properties in the greater New York metropolitan area, including 731 Lexington Avenue, the 1.3 million square foot Bloomberg, L.P. headquarters building;

Washington, DC:

- 16.2 million square feet of office space in 59 properties and seven residential properties containing 2,405 units;

Retail Properties:

- 14.9 million square feet of retail space in 106 strip shopping centers and single tenant retail assets, primarily in the northeast states and California;

- 5.3 million square feet of retail space in six regional malls, located in the northeast / mid-Atlantic states and Puerto Rico;

Other Real Estate and Related Investments:

- The 3.6 million square foot Merchandise Mart in Chicago, whose largest tenant is Motorola Mobility, owned by Google, which leases 608,000 square feet;

- A 70% controlling interest in 555 California Street, a three-building office complex in San Francisco's financial district aggregating 1.8 million square feet, known as the Bank of America Center;

- A 25.0% interest in Vornado Capital Partners, our real estate fund. We are the general partner and investment manager of the fund;

- A 32.6% interest in Toys "R" Us, Inc.; and

- Other real estate and related investments and mortgage and mezzanine loans on real estate.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements include the accounts of Vornado and its consolidated subsidiaries, including the Operating Partnership. All inter-company amounts have been eliminated. Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Recently Issued Accounting Literature

In February 2013, the Financial Accounting Standards Board (“FASB”) issued an update (“ASU 2013-02”) to Accounting Standards Codification (“ASC”) Topic 220, *Comprehensive Income* (“Topic 220”). ASU 2013-02 requires additional disclosures regarding significant reclassifications out of each component of accumulated other comprehensive income, including the effect on the respective line items of net income for amounts that are required to be reclassified into net income in their entirety and cross-references to other disclosures providing additional information for amounts that are not required to be reclassified into net income in their entirety. The adoption of this update as of January 1, 2013, did not have a material impact on our consolidated financial statements, but resulted in additional disclosures (see Note 12 – *Shareholders’ Equity – Accumulated Other Comprehensive Income (Loss)*).

In June 2013, the FASB issued an update (“ASU 2013-08”) to ASC Topic 946, *Financial Services - Investment Companies* (“Topic 946”). ASU 2013-08 amends the guidance in Topic 946 for determining whether an entity qualifies as an investment company and requires certain additional disclosures. ASU 2013-08 is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2013. The adoption of this update as of January 1, 2014, did not have any impact on our real estate fund and our consolidated financial statements.

Significant Accounting Policies

Real Estate: Real estate is carried at cost, net of accumulated depreciation and amortization. Betterments, major renewals and certain costs directly related to the improvement and leasing of real estate are capitalized. Maintenance and repairs are expensed as incurred. For redevelopment of existing operating properties, the net book value of the existing property under redevelopment plus the cost for the construction and improvements incurred in connection with the redevelopment are capitalized to the extent the capitalized costs of the property do not exceed the estimated fair value of the redeveloped property when complete. If the cost of the redeveloped property, including the net book value of the existing property, exceeds the estimated fair value of redeveloped property, the excess is charged to expense. Depreciation is recognized on a straight-line basis over estimated useful lives which range from 7 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. Additions to real estate include interest expense capitalized during construction of $42,303,000 and $16,801,000 for the years ended December 31, 2013 and 2012, respectively.

Upon the acquisition of real estate, we assess the fair value of acquired assets (including land, buildings and improvements, identified intangibles, such as acquired above and below-market leases, acquired in-place leases and tenant relationships) and acquired liabilities and we allocate the purchase price based on these assessments. We assess fair value based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including historical operating results, known trends, and market/economic conditions. We record acquired intangible assets (including acquired above-market leases, acquired in-place leases and tenant relationships) and acquired intangible liabilities (including below–market leases) at their estimated fair value separate and apart from goodwill. We amortize identified intangibles that have finite lives over the period they are expected to contribute directly or indirectly to the future cash flows of the property or business acquired.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Presentation and Significant Accounting Policies - continued

Our properties, including any related intangible assets, are individually reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment exists when the carrying amount of an asset exceeds the aggregate projected future cash flows over the anticipated holding period on an undiscounted basis. An impairment loss is measured based on the excess of the property's carrying amount over its estimated fair value. Impairment analyses are based on our current plans, intended holding periods and available market information at the time the analyses are prepared. If our estimates of the projected future cash flows, anticipated holding periods, or market conditions change, our evaluation of impairment losses may be different and such differences could be material to our consolidated financial statements. The evaluation of anticipated cash flows is subjective and is 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.

The table below summarizes impairment losses, acquisition related costs and tenant buy-outs in the years ended December 31, 2013, 2012 and 2011.

(Amounts in thousands)	For the Year Ended December 31,		
	2013	**2012**	**2011**
Impairment losses	$ 32,443	$ 103,638	$ 5,228
Acquisition related costs	24,857 (1)	11,248	5,925
Tenant buy-outs	-	-	24,146
	$ 57,300	$ 114,886	$ 35,299

(1) Includes a $10,949 prepayment penalty in connection with the repayment of the mortgage loan upon the acquisition of 655 Fifth Avenue.

Partially Owned Entities: We consolidate entities in which we have a controlling financial interest. In determining whether we have a controlling financial interest in a partially owned entity and the requirement to consolidate the accounts of that entity, we consider factors such as ownership interest, board representation, management representation, authority to make decisions, and contractual and substantive participating rights of the partners/members as well as whether the entity is a variable interest entity ("VIE") and we are the primary beneficiary. We are deemed to be the primary beneficiary of a VIE when we have (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses or receive benefits that could potentially be significant to the VIE. We generally do not control a partially owned entity if the entity is not considered a VIE and the approval of all of the partners/members is contractually required with respect to major decisions, such as operating and capital budgets, the sale, exchange or other disposition of real property, the hiring of a chief executive officer, the commencement, compromise or settlement of any lawsuit, legal proceeding or arbitration or the placement of new or additional financing secured by assets of the venture. We account for investments under the equity method when the requirements for consolidation are not met, and we have significant influence over the operations of the investee. Equity method investments are initially recorded at cost and subsequently adjusted for our share of net income or loss and cash contributions and distributions each period. Investments that do not qualify for consolidation or equity method accounting are accounted for on the cost method.

Investments in partially owned entities are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is measured based on the excess of the carrying amount of an investment over its estimated fair value. Impairment analyses are based on current plans, intended holding periods and available information at the time the analyses are prepared. In the years ended December 31, 2013, 2012 and 2011, we recognized non-cash impairment losses on investments in partially owned entities, aggregating $281,098,000, $44,936,000 and $13,794,000, respectively. Included in these amounts are $240,757,000 and $40,000,000 of impairment losses related to our investment in Toys in 2013 and 2012, respectively.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Presentation and Significant Accounting Policies – continued

Mortgage and Mezzanine Loans Receivable: We invest in mortgage and mezzanine loans of entities that have significant real estate assets. These investments are either secured by the real property or by pledges of the equity interests of the entities owning the underlying real estate. We record these investments at the stated principal amount net of any unamortized discount or premium. We accrete or amortize any discount or premium over the life of the related receivable utilizing the effective interest method or straight-line method, if the result is not materially different. We evaluate the collectibility of both interest and principal of each of our loans whenever events or changes in circumstances indicate such amounts may not be recoverable. A loan is impaired when it is probable that we will be unable to collect all amounts due according to the existing contractual terms. When a loan is impaired, the amount of the loss accrual is calculated by comparing the carrying amount of the investment to the present value of expected future cash flows discounted at the loan's effective interest rate, or as a practical expedient, to the value of the collateral if the loan is collateral dependent. Interest on impaired loans is recognized when received in cash.

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 consists of (i) deposits at major commercial banks, which may at times exceed the Federal Deposit Insurance Corporation limit, (ii) United States Treasury Bills, and (iii) Certificate of Deposits placed through an Account Registry Service ("CDARS"). To date, we have not experienced any losses on our invested cash.

Restricted Cash: Restricted cash consists of security deposits, cash restricted for the purposes of facilitating a Section 1031 Like-Kind exchange, cash restricted in connection with our deferred compensation plan and cash escrowed under loan agreements for debt service, real estate taxes, property insurance and capital improvements.

Allowance for Doubtful Accounts: We periodically evaluate the collectibility of amounts due from tenants and maintain an allowance for doubtful accounts for estimated losses resulting from the inability of tenants to make required payments under the lease agreements. We also maintain an allowance for receivables arising from the straight-lining of rents. This receivable arises from earnings recognized in excess of amounts currently due under the lease agreements. Management exercises judgment in establishing these allowances and considers payment history and current credit status in developing these estimates. As of December 31, 2013 and 2012, we had $21,869,000 and $37,674,000, respectively, in allowances for doubtful accounts. In addition, as of December 31, 2013 and 2012, we had $4,355,000 and $3,165,000, respectively, in allowances for receivables arising from the straight-lining of rents.

Deferred Charges: Direct financing costs are deferred and amortized over the terms of the related agreements as a component of interest expense. Direct costs related to successful 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.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Presentation and Significant Accounting Policies – continued

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

- Base Rent — income 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 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 — income arising from retail tenant leases that is contingent upon tenant sales exceeding defined thresholds. These rents are recognized only after the contingency has been removed (i.e., when tenant sales thresholds have been achieved).

- Hotel Revenue — income arising from the operation of the Hotel Pennsylvania which consists of rooms revenue, food and beverage revenue, and banquet revenue. Income is recognized when rooms are occupied. Food and beverage and banquet revenue is recognized when the services have been rendered.

- Trade Shows Revenue — income arising from the operation of trade shows, including rentals of booths. This revenue is recognized when the trade shows have occurred.

- 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 property. This revenue is accrued in the same periods as the expenses are incurred.

- Management, Leasing and Other Fees — income arising from contractual agreements with third parties or with partially owned entities. This revenue is recognized as the related services are performed under the respective agreements.

- Cleveland Medical Mart — revenue arising from the development of the Cleveland Medical Mart. This revenue was recognized as the related services were performed under the respective agreements using the criteria set forth in ASC 605-25, *Multiple Element Arrangements*.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Presentation and Significant Accounting Policies – continued

Derivative Instruments and Hedging Activities: ASC 815, *Derivatives and Hedging*, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. As of December 31, 2013 and 2012, our derivative instruments consisted of an interest rate cap and an interest rate swap. We record all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative and the resulting designation. Derivatives used to hedge the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives used to hedge the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges.

For derivatives designated as fair value hedges, changes in the fair value of the derivative and the hedged item related to the hedged risk are recognized in earnings. For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivative is initially reported in other comprehensive income (loss) (outside of earnings) and subsequently reclassified to earnings when the hedged transaction affects earnings, and the ineffective portion of changes in the fair value of the derivative is recognized directly in earnings. We assess the effectiveness of each hedging relationship by comparing the changes in fair value or cash flows of the derivative hedging instrument with the changes in fair value or cash flows of the designated hedged item or transaction. For derivatives not designated as hedges, changes in fair value are recognized in earnings.

Income Taxes: We operate in a manner intended to enable us to continue to qualify as a REIT under Sections 856 860 of the Internal Revenue Code of 1986, as amended. Under those sections, a REIT which distributes at least 90% of its REIT taxable income as a dividend to its shareholders each year and which meets certain other conditions will not be taxed on that portion of its taxable income which is distributed to its shareholders. We distribute to shareholders 100% of taxable income and therefore, no provision for Federal income taxes is required. Dividends distributed for the year ended December 31, 2013, were characterized, for federal income tax income tax purposes, as ordinary income. Dividend distributions for the year ended December 31, 2012, were characterized, for Federal income tax purposes, as 62.7% ordinary income and 37.3% long-term capital gain. Dividend distributions for the year ended December 31, 2011 were characterized, for Federal income tax purposes, as 93.2% ordinary income and 6.8% long-term capital gain.

We have elected to treat certain consolidated subsidiaries, and may in the future elect to treat newly formed subsidiaries, as taxable REIT subsidiaries pursuant to an amendment to the Internal Revenue Code that became effective January 1, 2001. Taxable REIT subsidiaries may participate in non-real estate related activities and/or perform non-customary services for tenants and are subject to Federal and State income tax at regular corporate tax rates. Our taxable REIT subsidiaries had a combined current income tax expense of approximately $9,608,000, $20,336,000 and $26,645,000 for the years ended December 31, 2013, 2012 and 2011, respectively, and have immaterial differences between the financial reporting and tax basis of assets and liabilities.

The following table reconciles net income attributable to common shareholders to estimated taxable income for the years ended December 31, 2013, 2012 and 2011.

(Amounts in thousands)	**For the Year Ended December 31,**		
	2013	**2012**	**2011**
Net income attributable to common shareholders	$ 392,034	$ 549,271	$ 601,771
Book to tax differences (unaudited):			
Depreciation and amortization	155,401	205,155	225,802
Impairment losses on marketable equity securities	37,236	211,328	-
Straight-line rent adjustments	(64,811)	(64,679)	(38,800)
Earnings of partially owned entities	339,376	(60,049)	(96,178)
Stock options	4,884	(28,701)	(27,697)
Sale of real estate	(324,936)	(123,905)	(18,766)
Derivatives	31,578	71,228	(12,160)
Mortgage and mezzanine loans receivable	-	-	(82,512)
Other, net	4,608	17,080	(6,223)
Estimated taxable income (unaudited)	$ 575,370	$ 776,728	$ 545,237

The net basis of our assets and liabilities for tax reporting purposes is approximately $3.6 billion lower than the amounts reported in our consolidated balance sheet at December 31, 2013.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Vornado Capital Partners Real Estate Fund (the "Fund")

We are the general partner and investment manager of the Fund, which has an eight-year term and a three-year investment period that ended in July 2013. During the investment period, the Fund was our exclusive investment vehicle for all investments that fit within its investment parameters, as defined. The Fund is accounted for under the AICPA Investment Company Guide and its investments are reported on its balance sheet at fair value, with changes in value each period recognized in earnings. We consolidate the accounts of the Fund into our consolidated financial statements, retaining the fair value basis of accounting.

At December 31, 2013, the Fund had nine investments with an aggregate fair value of $667,710,000, or $153,413,000 in excess of cost, and had remaining unfunded commitments of $149,186,000, of which our share was $37,297,000. At December 31, 2012, the Fund had nine investments with an aggregate fair value of $600,786,000.

Below is a summary of income (loss) from the Fund for the years ended December 31, 2013, 2012 and 2011.

(Amounts in thousands)	For the Year Ended December 31,		
	2013	**2012**	**2011**
Net investment income	$ 8,943	$ 8,575	$ 5,500
Net realized gains	8,184	-	5,391
Net unrealized gains	85,771	55,361	11,995
Income from Real Estate Fund	102,898	63,936	22,886
Less income attributable to noncontrolling interests	(53,427)	(39,332)	(13,598)
Income from Real Estate Fund attributable to Vornado [(1)]	$ 49,471	$ 24,604	$ 9,288

(1) Excludes $2,992, $3,278 and $2,695 of management, leasing and development fees in the years ended December 31, 2013, 2012 and 2011, respectively, which are included as a component of "fee and other income" on our consolidated statements of income.

4. Acquisitions

On October 4, 2013, we acquired a 92.5% interest in 655 Fifth Avenue, a 57,500 square foot retail and office property located at the northeast corner of Fifth Avenue and 52nd Street in Manhattan, for $277,500,000 in cash. We consolidate the accounts of the property into our consolidated financial statements from the date of acquisition.

On October 15, 2013, we acquired, for $194,000,000 in cash, land and air rights for 137,000 zoning square feet thereby completing the assemblage for our 220 Central Park South development site in Manhattan.

In addition to the above, during 2013, we acquired three Manhattan street retail properties, in separate transactions, for an aggregate of $65,300,000.

5. Marketable Securities and Derivative Instruments

Our portfolio of marketable securities is comprised of equity securities that are classified as available-for-sale. Available-for-sale securities are presented on our consolidated balance sheets at fair value. Unrealized gains and losses resulting from the mark-to-market of these securities are included in “other comprehensive income (loss).” Realized gains and losses are recognized in earnings only upon the sale of the securities and are recorded based on the weighted average cost of such securities.

We evaluate our portfolio of marketable securities for impairment each reporting period. For each of the securities in our portfolio with unrealized losses, we review 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 these investments for a reasonable period of time sufficient for us to recover our cost basis. We also evaluate the near-term prospects for each of these investments in relation to the severity and duration of the decline.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Marketable Securities and Derivative Instruments – continued

Below is a summary of our marketable securities portfolio as of December 31, 2013 and 2012.

	As of December 31, 2013			As of December 31, 2012		
	Fair Value	GAAP Cost	Unrealized Gain	Fair Value	GAAP Cost	Unrealized Gain
Equity securities:						
Lexington	$ 188,567	$ 72,549	$ 116,018	$ -	$ -	$ -
J.C. Penney	-	-	-	366,291	366,291	-
Other	3,350	59	3,291	31,897	12,465	19,432
	$ 191,917	$ 72,608	$ 119,309	$ 398,188	$ 378,756	$ 19,432

Investment in Lexington Realty Trust ("Lexington") (NYSE: LXP)

From the inception of our investment in Lexington in 2008, until the first quarter of 2013, we accounted for our investment under the equity method because of our ability to exercise significant influence over Lexington's operating and financial policies. As a result of Lexington's common share issuances, our ownership interest was reduced over time from approximately 17.2% to 8.8% at March 31, 2013. In the first quarter of 2013, we concluded that we no longer have the ability to exercise significant influence over Lexington's operating and financial policies, and began accounting for this investment as a marketable equity security – available for sale, in accordance with ASC Topic 320, *Investments – Debt and Equity Securities*.

Investment in J.C. Penney Company, Inc. ("J.C. Penney") (NYSE: JCP)

At December 31, 2012, we owned 23,400,000 J.C. Penney common shares comprised of (i) 18,584,010 common shares at a GAAP cost of $19.71 per share, or $366,291,000 in the aggregate, and (ii) 4,815,990 common shares through a forward contract at a weighted average strike price of $29.34 per share, or $141,309,000 in the aggregate.

On March 4, 2013, we sold 10,000,000 J.C. Penney common shares at a price of $16.03 per share, or $160,300,000 in the aggregate, resulting in a net loss of $36,800,000, which is included in “net gain on disposition of wholly owned and partially owned assets” on our consolidated statements of income. In addition, in the first quarter of 2013, we wrote down the remaining 8,584,010 J.C. Penney common shares we owned to fair value, based on J.C. Penney’s March 31, 2013 closing share price of $15.11 per share, and recorded a $39,487,000 impairment loss, which is included in “interest and other investment (loss) income, net” on our consolidated statements of income.

On September 19, 2013, we settled the forward contract and received 4,815,990 J.C. Penney common shares. In connection therewith, we recognized a $33,487,000 loss from the mark-to-market of the derivative position through its settlement date, which is included in “interest and other investment (loss) income, net” on our consolidated statements of income.

On September 19, 2013, we also sold the remaining 13,400,000 J.C. Penney common shares in a block trade at a price of $13.00 per share, or $174,200,000 in the aggregate and recognized an $18,114,000 net loss, which is included in “net gain on disposition of wholly owned and partially owned assets” on our consolidated statements of income.

The aggregate economic net loss on our investment in J.C. Penney, from inception through disposition, was $256,156,000.

Other Investments

During 2013, 2012 and 2011, we sold other marketable securities for aggregate proceeds of $44,209,000, $58,718,000, and $69,559,000, respectively resulting in net gains of $31,741,000, $3,582,000, and $5,020,000, respectively, which are included as a component of “net gain on disposition of wholly owned and partially owned assets” on our consolidated statements of income.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Investments in Partially Owned Entities

Toys "R" Us ("Toys")

As of December 31, 2013, we own 32.6% of Toys. We account for our investment in Toys under the equity method and record our share of Toys' net income or loss on a one-quarter lag basis because Toys' fiscal year ends on the Saturday nearest January 31, and our fiscal year ends on December 31. The business of Toys is highly seasonal and substantially all of Toys' net income is generated in its fourth quarter.

At December 31, 2012, we estimated that the fair value of our investment was $40,000,000 less than the carrying amount of $518,041,000 and concluded that the decline in the value of our investment was "other-than-temporary" based on, among other factors, compression of earnings multiples of comparable retailers and our inability to forecast a recovery in the near term. Accordingly, we recognized a non-cash impairment loss of $40,000,000 in the fourth quarter of 2012.

In the first quarter of 2013, we recognized our share of Toys' fourth quarter net income of $78,542,000 and a corresponding non-cash impairment loss of the same amount to continue to carry over our investment at fair value.

At December 31, 2013, we estimated that the fair value of our investment in Toys was approximately $80,062,000 ($83,224,000 including $3,162,000 for our share of Toys' accumulated other comprehensive income), or $162,215,000 less than the carrying amount after recognizing our share of Toys third quarter net loss in our fourth quarter. In determining the fair value of our investment, we considered, among other inputs, a December 31, 2013 third-party valuation of Toys. We have concluded that the decline in the value of our investment is "other-than-temporary" based on, among other factors, Toys' 2013 holiday sales results, compression of earnings multiples of comparable retailers and our inability to forecast a recovery in the near term. Accordingly, we recognized an additional non-cash impairment loss of $162,215,000 in the fourth quarter of 2013.

We will continue to assess the recoverability of our investment each quarter. To the extent the fair value of our investment does not change, we will recognize a non-cash impairment loss equal to our share of Toys' fourth quarter net income, if any, in our first quarter of 2014.

Below is a summary of Toys' latest available financial information on a purchase accounting basis:

(Amounts in thousands)		Balance as of	
Balance Sheet:		**November 2, 2013**	**October 27, 2012**
Assets		$ 11,756,000	$ 12,953,000
Liabilities		10,437,000	11,190,000
Noncontrolling interests		75,000	44,000
Toys "R" Us, Inc. equity (1)		1,244,000	1,719,000
		For the Twelve Months Ended	
Income Statement:	**November 2, 2013**	**October 27, 2012**	**October 29, 2011**
Total revenues	$ 13,046,000	$ 13,698,000	$ 13,956,000
Net (loss) income attributable to Toys	(396,000)	138,000	121,000

(1) As of December 31, 2013, the carrying amount of our investment in Toys is less than our share of Toys' equity by approximately $322,255,000. This basis difference results primarily from non-cash impairment losses aggregating $280,757,000 that we recognized in 2013 and 2012. We have allocated the basis difference to Toys' real estate (which will be amortized over its estimated useful life), and intangible assets, primarily trade names and trademarks (which is not being amortized and will be recognized upon disposition of our investment).

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VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Investments in Partially Owned Entities – continued

Alexander's, Inc. ("Alexander's") (NYSE: ALX)

As of December 31, 2013, we own 1,654,068 Alexander's commons shares, or approximately 32.4% of Alexander's common equity. We manage, lease and develop Alexander's properties pursuant to the agreements described below which expire in March of each year and are automatically renewable. As of December 31, 2013, we have a $43,307,000 receivable from Alexander's for fees under these agreements.

As of December 31, 2013 the market value ("fair value" pursuant to ASC 820) of our investment in Alexander's, based on Alexander's December 31, 2013 closing share price of $330.00, was $545,842,000, or $378,057,000 in excess of the carrying amount on our consolidated balance sheet. As of December 31, 2013, the carrying amount of our investment in Alexander's, excluding amounts owed to us, exceeds our share of the equity in the net assets of Alexander's by approximately $42,048,000. The majority of this basis difference resulted from the excess of our purchase price for the Alexander's common stock acquired over the book value of Alexander's net assets. Substantially all of this basis difference was allocated, based on our estimates of the fair values of Alexander's assets and liabilities, to real estate (land and buildings). We are amortizing the basis difference related to the buildings into earnings as additional depreciation expense over their estimated useful lives. This depreciation is not material to our share of equity in Alexander's net income. The basis difference related to the land will be recognized upon disposition of our investment.

Management and Development Agreements

We receive an annual fee for managing Alexander's and all of its properties equal to the sum of (i) $2,800,000, (ii) 2% of the 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) $272,000, escalating at 3% per annum, for managing the common area of 731 Lexington Avenue. In addition, we are entitled to a development fee of 6% of development costs, as defined.

Leasing Agreements

We provide Alexander's 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 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 Alexander's tenants. In the event third-party real estate brokers are used, our fee increases by 1% and we are responsible for the fees to the third-parties. We are also entitled to a commission upon the sale of any of Alexander's assets equal to 3% of gross proceeds, as defined, for asset sales less than $50,000,000, or 1% of gross proceeds, as defined, for asset sales of $50,000,000 or more. The total of these amounts is payable to us in annual installments in an amount not to exceed $4,000,000 with interest on the unpaid balance at one-year LIBOR plus 1.0% (1.84% at December 31, 2013).

Other Agreements

Building Maintenance Services ("BMS"), our wholly-owned subsidiary, supervises (i) cleaning, engineering and security services at Alexander's 731 Lexington Avenue property and (ii) security services at Alexander's Rego Park I and Rego Park II properties, for an annual fee of the costs for such services plus 6%. During the years ended December 31, 2013, 2012 and 2011, we recognized $2,036,000, $2,362,000 and $2,442,000 of income, respectively, under these agreements.

Below is a summary of Alexander's latest available financial information:

(Amounts in thousands)		Balance as of December 31,	
Balance Sheet:		**2013**	**2012**
Assets		$ 1,458,000	$ 1,482,000
Liabilities		1,124,000	1,150,000
Stockholders' equity		334,000	332,000
	For the Year Ended December 31,		
Income Statement:	**2013**	**2012**	**2011**
Total revenues	$ 196,000	$ 191,000	$ 185,000
Net income attributable to Alexander's[(1)]	57,000	674,000	79,000

(1) 2012 includes a $600,000 net gain on sale of real estate.

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VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Investments in Partially Owned Entities – continued

LNR Property Corporation ("LNR")

In January 2013, we and the other equity holders of LNR entered into a definitive agreement to sell LNR for $1.053 billion, of which our share of the net proceeds was $240,474,000. The definitive agreement provided that LNR would not (i) make any cash distributions to the equity holders, including us, through the completion of the sale, which occurred on April 19, 2013, and (ii) take any of the following actions (among others) without the purchaser's approval, the lending or advancing of any money, the acquisition of assets in excess of specified amounts, or the issuance of equity interests. Notwithstanding the terms of the definitive agreement, in accordance with GAAP, we recorded our pro rata share of LNR's earnings on a one-quarter lag basis through the date of sale, which increased the carrying amount of our investment in LNR above our share of the net sales proceeds and resulted in us recognizing an "other-than-temporary" impairment loss on our investment of $27,231,000 in the three months ended March 31, 2013. LNR's net loss for the period from January 1, 2013 through April 19, 2013 was $80,654,000, including a $66,241,000 non-cash impairment loss. Our share of the net loss was $21,131,000, including $17,355,000 for our share of the non-cash impairment loss. In the three months ended June 30, 2013, we recorded our share of the net loss but did not record our share of the non-cash impairment loss, as it was effectively considered in our assessment of "other-than-temporary" impairment loss when we recorded the $27,231,000 impairment loss in the three months ended March 31, 2013. As a result of recording our share of the net loss of $3,776,000 for the three months ended June 30, 2013, the carrying amount of our investment decreased below our share of the net sales proceeds; accordingly, we recorded an offsetting gain on the sale of our investment.

The following table summarizes the activity related to our investment in LNR by quarter for the year ended December 31, 2013.

	For the Three Months Ended		**For the Year Ended**
(Amounts in thousands)	**March 31, 2013**	**June 30, 2013**	**December 31, 2013**
Balance at beginning of period	$ 224,724	$ 241,377	$ 224,724
Equity in earnings of LNR	45,962	(3,776)	42,186
Other comprehensive loss	(2,078)	(903)	(2,981)
Balance before impairment loss	268,608	236,698	263,929
	(27,231)	-	(27,231)

Other-than-temporary impairment loss			
Net gain on sale	-	3,776	3,776
Net sales proceeds	-	(240,474)	(240,474)
Balance at end of period	$ 241,377	$ -	$ -

Below is a summary of LNR's financial information as of December 31, 2012 and through the date of sale:

(Amounts in thousands)		**Balance as of September 30,**	
Balance Sheet:		**2013**	**2012**
Assets [(1)]		$ -	$ 98,530,000
Liabilities [(1)]		-	97,643,000
Noncontrolling interests		-	8,000
LNR Property Corporation equity		-	879,000
	For the period ended	**For the Twelve Months Ended September 30,**	
Income Statement:	**October 1, 2012 to April 19, 2013**	**2012**	**2011**
Total revenues	$ 122,222	$ 238,000	$ 208,000
Net income attributable to LNR	94,949	266,000	224,000

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(1) Includes $97 billion of assets and liabilities of LNR related to consolidated CMBS and CDO trusts which were non-recourse to LNR and its equity holders, including us.

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VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Investments in Partially Owned Entities – continued

Independence Plaza

On December 21, 2012, we acquired a 58.75% economic interest in Independence Plaza, a three-building 1,328 unit residential complex in the Tribeca submarket of Manhattan (the "Property"). We determined, at that time, that we were the primary beneficiary of the variable interest entity ("VIE") that owned the Property. Accordingly, we consolidated the operations of the Property from the date of acquisition. Upon consolidation, our preliminary purchase price allocation was primarily to land ($309,848,000) and building ($527,578,000). Based on a third party appraisal and additional information about facts and circumstances that existed at the acquisition date, which was obtained subsequent to the acquisition date, we finalized the purchase price allocation in the first quarter of 2013, and retroactively adjusted our December 31, 2012 consolidated balance sheet as follows:

(Amounts in thousands)		
Land	$	602,662
Building and improvements		252,844
Acquired above-market leases (included in identified intangible assets)		13,115
Acquired in-place leases (included in identified intangible assets)		67,879
Other assets		7,374
Acquired below-market leases (included in deferred revenue)		(99,074)
Purchase price	$	844,800

On June 7, 2013, the existing $323,000,000 mortgage loan was refinanced with a $550,000,000 five-year fixed-rate interest only mortgage loan bearing interest at 3.48%. The net proceeds of $219,000,000, after repaying the existing loan and closing costs, were distributed to the partners, of which our share was $137,000,000. Simultaneously with the refinancing, we sold an 8.65% economic interest in the Property to our partner for $41,000,000 in cash, which reduced our economic interest to 50.1%. As a result of this transaction, we determined that we were no longer the primary beneficiary of the VIE. Accordingly, we deconsolidated the operations of the Property on June 7, 2013 and began accounting for our investment under the equity method.

650 Madison Avenue

On September 30, 2013, a joint venture, in which we have a 20.1% interest, acquired 650 Madison Avenue, a 27-story, 594,000 square foot Class A office and retail tower located on Madison Avenue between 59th and 60th Street in Manhattan, for $1.295 billion. The property contains 523,000 square feet of office space and 71,000 square feet of retail space. The purchase price was funded with cash and a new $800,000,000 seven-year 4.39% interest-only loan. We account for our investment in the joint venture under the equity method.

The following is a summary of condensed combined financial information for all of our partially owned entities, including Toys, Alexander's and LNR (sold in April 2013), as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011.

(Amounts in thousands)		Balance as of December 31,	
Balance Sheet:		**2013**	**2012**
Assets[(1)]		$ 21,773,000	$ 122,692,000
Liabilities[(1)]		17,982,000	117,064,000
Noncontrolling interests		96,000	88,000
Equity		3,695,000	5,540,000
		For the Year Ended December 31,	
Income Statement:	**2013**	**2012**	**2011**
Total revenue	$ 14,092,000	$ 15,119,000	$ 15,321,000
Net income[(2)]	(368,000)	1,091,000	199,000

(1) 2012 includes $97 billion of assets and liabilities of LNR related to consolidated CMBS and CDO trusts which were non-recourse to LNR and its equity holders, including us.

(2) 2012 includes a $600,000 net gain on sale of real estate.

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VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Investments in Partially Owned Entities - continued

Below are schedules summarizing our investments in, and income from, partially owned entities.

(Amounts in thousands)	Percentage Ownership at December 31,	As of December 31,	
Investments:	**2013**	**2013**	**2012**
Toys	32.6%	$ 83,224	$ 478,041
Alexander's	32.4%	$ 167,785	$ 171,013
Lexington (see page 110 for details)	n/a	-	75,542
LNR (see page 113 for details)	n/a	-	224,724
India real estate ventures	4.1%-36.5%	88,467	95,516
Partially owned office buildings (1)	Various	621,294	446,933
Other investments (2)	Various	288,897	212,528
		$ 1,166,443	$ 1,226,256

(1) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 666 Fifth Avenue (Office), 330 Madison Avenue and others.

(2) Includes interests in Independence Plaza, Monmouth Mall, 85 10th Avenue, Fashion Center Mall, 50-70 West 93rd Street and others.

(Amounts in thousands)	Percentage Ownership at December 31,	For the Year Ended December 31,		
Our Share of Net Income (Loss):	**2013**	**2013**	**2012**	**2011**
Toys:				
Equity in net (loss) income	32.6%	$(128,919)	$ 45,267	$ 39,592
Non-cash impairment losses (see page 111 for details)		(240,757)	(40,000)	-
Management fees		7,299	9,592	8,948
		$(362,377)	$ 14,859	$ 48,540
Alexander's:				
Equity in net income	32.4%	$ 17,721	$ 24,709	$ 25,013
Management, leasing and development fees		6,681	13,748	7,417

Gain on sale of real estate		-	179,934	-
		24,402	218,391	32,430
Lexington (see page 110 for details):				
Equity in net loss	n/a	(979)	(23)	(1,409)
Net gain resulting from Lexington's stock issuance and asset acquisition		-	28,763	9,760
		(979)	28,740	8,351
LNR (see page 113 for details):				
Equity in net income	n/a	42,186	66,270	31,409
Impairment loss		(27,231)	-	-
Net gain on sale		3,776	-	-
Income tax benefit, assets sales and tax settlement gains		-	-	27,377
		18,731	66,270	58,786
India real estate ventures:				
Equity in net loss	4.1%-36.5%	(3,533)	(5,008)	(1,087)
Impairment loss		-	-	(13,794)
		(3,533)	(5,008)	(14,881)
Partially owned office buildings (1)	Various	(4,212)	(3,770)	(22,270)
Other investments (2)	Various	(10,817)	103,644	7,656
		$ 23,592	$ 408,267	$ 70,072

(1) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 666 Fifth Avenue (Office), 330 Madison Avenue and others.

(2) Includes interests in Independence Plaza, Monmouth Mall, 85 10th Avenue, Fashion Center Mall, 50-70 West 93rd Street and others.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Investments in Partially Owned Entities - continued

Below is a summary of the debt of our partially owned entities as of December 31, 2013 and 2012, none of which is recourse to us.

(Amounts in thousands)	Percentage Ownership at December 31, 2013	Maturity	Interest Rate at December 31, 2013	100% Partially Owned Entities' Debt at December 31, 2013			
					2013		2012
Toys:							
Notes, loans and mortgages payable	32.6%	2014-2021	6.56%	$	5,702,247	$	5,683,733
Alexander's:							
Mortgages payable	32.4%	2014-2018	3.83%	$	1,049,959	$	1,065,916
Lexington (see page 110 for details):							
Mortgages payable	n/a	n/a	n/a	$	-	$	1,994,179
LNR (see page 113 for details):							
Mortgages payable	n/a	n/a	n/a	$	-	$	309,787
Liabilities of consolidated CMBS and CDO trusts		n/a	n/a		-		97,211,734
				$	-	$	97,521,521
Partially owned office buildings(1):							
Mortgages payable	Various	2014-2023	5.74%	$	3,622,759	$	2,731,893
India Real Estate Ventures:							
TCG Urban Infrastructure Holdings mortgages payable	25.0%	2014-2022	13.50%	$	199,021	$	236,579
Other(2):							
Mortgages payable	Various	2014-2023	4.56%	$	1,709,509	$	1,150,543

(1) Includes 666 Fifth Avenue (Office), 650 Madison Avenue, 280 Park Avenue, One Park Avenue, 330 Madison Avenue and others.

(2) Includes Independence Plaza, Monmouth Mall, Fashion Center Mall, 50-70 West 93rd Street and others.

Based on our ownership interest in the partially owned entities above, our pro rata share of the debt of these partially owned entities, was $4,189,403,000 and $29,443,128,000 as of December 31, 2013 and 2012, respectively. Excluding our pro rata share of LNR's liabilities related to consolidated CMBS and CDO trusts, which are non-recourse to LNR and its equity holders, including us, our pro rata share of partially owned entities debt was $3,998,929,000 at December 31, 2012.

7. Mortgage and Mezzanine Loans Receivable

In October 2012, we acquired a 25% participation in a $475,000,000 first mortgage and mezzanine loan for the acquisition and redevelopment of a 10-story retail building at 701 Seventh Avenue in Times Square. The loan had an interest rate of LIBOR plus 10.2%, with a LIBOR floor of 1.0%. Of the $475,000,000, we funded $93,750,000, representing our 25% share of the $375,000,000 that was funded at acquisition. In March 2013, we transferred at par, the 25% participation in the mortgage loan. The transfer did not qualify for sale accounting given our continuing interest in the mezzanine loan. Accordingly, we continue to include the 25% participation in the mortgage loan in “Mortgage and Mezzanine Loans Receivable” and have recorded a $59,375,000 liability in “Other Liabilities” on our consolidated balance sheet. On January 14, 2014, the mezzanine loan was repaid.

On April 17, 2013, a $50,091,000 mezzanine loan that was scheduled to mature in August 2015, was repaid. In connection therewith, we received net proceeds of $55,358,000, including prepayment penalties, which resulted in income of $5,267,000, which is included in “interest and other investment (loss) income” on our consolidated statement of income.

As of December 31, 2013 and 2012, the carrying amount of mortgage and mezzanine loans receivable was $170,972,000 and $225,359,000, respectively. These loans have a weighted average interest rate of 11.0% and 10.3% at December 31, 2013 and 2012, respectively and have maturities ranging from August 2014 to May 2016.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Discontinued Operations

In accordance with the provisions of ASC 360, *Property, Plant, and Equipment*, we have reclassified the revenues and expenses of all the properties discussed below to “income from discontinued operations” and the related assets and liabilities to “assets related to discontinued operations” and “liabilities related to discontinued operations” for all of the periods presented in the accompanying financial statements. The net gains resulting from the sale of these properties are included in “income from discontinued operations” on our consolidated statements of income.

<u>2013 Activity</u>:

Retail Properties

On January 24, 2013, we sold the Green Acres Mall located in Valley Stream, New York, for $500,000,000. The sale resulted in net proceeds of $185,000,000 after repaying the existing loan and closing costs, and a net gain of $202,275,000.

On April 15, 2013, we sold The Plant, a power strip shopping center in San Jose, California, for $203,000,000. The sale resulted in net proceeds of $98,000,000 after repaying the existing loan and closing costs, and a net gain of $32,169,000.

On April 15, 2013, we sold a retail property in Philadelphia, which is a part of the Gallery at Market Street, for $60,000,000. The sale resulted in net proceeds of $58,000,000, and a net gain of $33,058,000.

On September 23, 2013, we sold a retail property in Tampa, Florida for $45,000,000, of which our 75% share was $33,750,000. Our share of the net proceeds after repaying the existing loan and closing costs were $20,810,000, and our share of the net gain was $8,728,000.

In addition to the above, during 2013, we sold 12 other properties, in separate transactions, for an aggregate of $82,300,000, in cash, which resulted in a net gain aggregating $7,851,000.

New York

On December 17, 2013, we sold 866 United Nations Plaza, a 360,000 square foot office building in Manhattan for $200,000,000. The sale resulted in net proceeds of $146,439,000 after repaying the existing loan and closing costs, and a net gain of $127,512,000.

2012 Activity:

Merchandise Mart

On January 6, 2012, we sold the 350 West Mart Center, a 1.2 million square foot office building in Chicago, Illinois, for $228,000,000, which resulted in a net gain of $54,911,000.

On June 22, 2012, we sold the L.A. Mart, a 784,000 square foot showroom building in Los Angeles, California, for $53,000,000, of which $18,000,000 was cash and $35,000,000 was nine-month seller financing at 6.0%, which was paid on December 28, 2012.

On July 26, 2012, we sold the Washington Design Center, a 393,000 square foot showroom building in Washington, DC and the Canadian Trade Shows, for an aggregate of $103,000,000. The sale of the Canadian Trade Shows resulted in an after-tax net gain of $19,657,000.

On December 31, 2012, we sold the Boston Design Center, a 554,000 square foot showroom building in Boston, Massachusetts, for $72,400,000, which resulted in a net gain of $5,252,000.

Washington, DC

On July 26, 2012, we sold 409 Third Street S.W., a 409,000 square foot office building in Washington, DC, for $200,000,000, which resulted in a net gain of $126,621,000. This building is contiguous to the Washington Design Center and was sold to the same purchaser.

On November 7, 2012, we sold three office buildings ("Reston Executive") located in suburban Fairfax County, Virginia, containing 494,000 square feet for $126,250,000, which resulted in a net gain of $36,746,000.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Discontinued Operations - continued

Retail Properties

In 2012, we sold 12 other properties in separate transactions, for an aggregate of $157,000,000, which resulted in a net gain aggregating $22,266,000.

2011 Activity:

During 2011, we completed the disposition of the High Point Complex in North Carolina, which resulted in an $83,907,000 net gain on extinguishment of debt and sold three other retail properties and two Washington, DC office buildings for an aggregate of $168,000,000 in cash, which resulted in a net gain aggregating $51,623,000.

The tables below set forth the assets and liabilities related to discontinued operations at December 31, 2013 and 2012, and their combined results of operations for the years ended December 31, 2013, 2012 and 2011.

(Amounts in thousands)	Assets Related to Discontinued Operations as of December 31,		Liabilities Related to Discontinued Operations as of December 31,	
	2013	**2012**	**2013**	**2012**
Retail	$ -	$ 580,415	$ -	$ 442,293
New York	-	65,418	-	44,978
Other	-	25,740	-	-
Total	$ -	$ 671,573	$ -	$ 487,271

(Amounts in thousands)	For the Year Ended December 31,		
	2013	**2012**	**2011**
Total revenues	$ 38,043	$ 177,629	$ 260,343

Total expenses	23,305	120,393	201,633
	14,738	57,236	58,710
Net gains on sale of real estate	414,502	245,799	51,623
Impairment losses	(4,727)	(30,339)	(28,799)
Gain on sale of Canadian Trade Shows, net of $11,448 of income taxes	-	19,657	-
Net gain on extinguishment of High Point debt	-	-	83,907
Income from discontinued operations	$ 424,513	$ 292,353	$ 165,441

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Identified Intangible Assets and Liabilities

The following summarizes our identified intangible assets (primarily acquired above-market leases) and liabilities (primarily acquired below-market leases) as of December 31, 2013 and 2012.

	Balance as of December 31,	
(Amounts in thousands)	**2013**	**2012**
Identified intangible assets:		
Gross amount	$ 605,915	$ 767,365
Accumulated amortization	(282,593)	(352,035)
Net	$ 323,322	$ 415,330
Identified intangible liabilities (included in deferred revenue):		
Gross amount	$ 892,487	$ 902,525
Accumulated amortization	(382,002)	(341,536)
Net	$ 510,485	$ 560,989

Amortization of acquired below-market leases, net of acquired above-market leases resulted in an increase to rental income of $52,861,000, $54,215,000 and $61,869,000 for the years ended December 31, 2013, 2012 and 2011, respectively. Estimated annual amortization of acquired below-market leases, net of acquired above-market leases for each of the five succeeding years commencing January 1, 2014 is as follows:

(Amounts in thousands)	
2014	$ 45,588
2015	42,095
2016	40,489
2017	35,173
2018	33,408

Amortization of all other identified intangible assets (a component of depreciation and amortization expense) was $64,330,000, $49,597,000 and $52,632,000 for the years ended December 31, 2013, 2012 and 2011, respectively. Estimated annual amortization of all other identified intangible assets including acquired in-place leases, customer relationships, and third party contracts for each of the five succeeding years commencing January 1, 2014 is as follows:

(Amounts in thousands)		
2014	$	29,238
2015		23,869
2016		20,689
2017		17,260
2018		12,860

We are a tenant under ground leases at certain properties. Amortization of these acquired below-market leases, net of above-market leases resulted in an increase to rent expense of $4,357,000, $1,328,000 and $993,000 for the years ended December 31, 2013, 2012 and 2011, respectively. Estimated annual amortization of these below-market leases, net of above-market leases for each of the five succeeding years commencing January 1, 2014 is as follows:

(Amounts in thousands)		
2014	$	3,430
2015		3,430
2016		3,430
2017		3,430
2018		3,430

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Debt

Mortgages Payable

On February 20, 2013, we completed a $390,000,000 financing of the retail condominium located at 666 Fifth Avenue at 53rd Street, which we had acquired December 2012. The 10-year fixed-rate interest only loan bears interest at 3.61%. This property was previously unencumbered. The net proceeds from this financing were approximately $387,000,000.

On March 25, 2013, we completed a $300,000,000 financing of the Outlets at Bergen Town Center, a 948,000 square foot shopping center located in Paramus, New Jersey. The 10-year fixed-rate interest only loan bears interest at 3.56%. The property was previously encumbered by a $282,312,000 floating-rate loan.

On May 13, 2013, we notified the lender that due to tenants vacating the Montehiedra Town Center, its operating cash flow will be insufficient to pay the debt service; accordingly, at our request, the mortgage loan was transferred to the special servicer. We are in discussions with the special servicer to restructure the terms of the loan; there can be no assurance as to the timing and ultimate resolution of these discussions.

On October 30, 2013, we completed the restructuring of the $678,000,000 (face amount) 5.74% Skyline properties mortgage loan. The loan was separated into two tranches; a senior $350,000,000 position and a junior $328,000,000 position. The maturity date has been extended from February 2017 to February 2022, with a one-year extension option. The effective interest rate is 2.965%. Amounts expended to re-lease the property are senior to the $328,000,000 junior position.

On November 27, 2013, we completed a $450,000,000 refinancing of Eleven Penn Plaza, a 1.1 million square foot Manhattan office building. The seven-year fixed-rate interest only loan bears interest at 3.95%. The net proceeds from this refinancing were approximately $107,000,000 after repaying the existing loan and closing costs.

Unsecured Revolving Credit Facility

On March 28, 2013, we extended one of our two $1.25 billion revolving credit facilities from June 2015 to June 2017, with two six-month extension options. The interest on the extended facility was reduced from LIBOR plus 135 basis points to LIBOR plus 115 basis points. In addition, the facility fee was reduced from 30 basis points to 20 basis points.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Debt - continued

The following is a summary of our debt:

(Amounts in thousands)	Interest Rate at December 31, 2013	Balance at December 31, 2013	Balance at December 31, 2012
Mortgages Payable:			
Fixed rate	4.56%	$ 7,563,133	$ 6,771,001
Variable rate	2.28%	768,860	1,828,221
	4.35%	$ 8,331,993	$ 8,599,222
Unsecured Debt:			
Senior unsecured notes	5.69%	$ 1,350,855	$ 1,358,008
Unsecured revolving credit facilities	1.32%	295,870	1,170,000
	4.90%	$ 1,646,725	$ 2,528,008

The net carrying amount of properties collateralizing the mortgages payable amounted to $9.3 billion at December 31, 2013. As of December 31, 2013, the principal repayments required for the next five years and thereafter are as follows:

(Amounts in thousands) Year Ending December 31,	Mortgages Payable	Senior Unsecured Debt and Revolving Credit Facilities
2014	$ 189,953	$ -
2015	584,358	500,000
2016	1,556,375	-
2017	630,548	-
2018	744,472	295,870
Thereafter	4,625,224	852,500

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

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Redeemable Noncontrolling Interests

Redeemable noncontrolling interests on our consolidated balance sheets are primarily comprised of Class A Operating Partnership units held by third parties and are recorded at the greater of their carrying amount or redemption value at the end of each reporting period. Changes in the value from period to period are charged to "additional capital" in our consolidated statements of changes in equity. Class A units may be tendered for redemption to the Operating Partnership for cash; we, at our option, may assume that obligation and pay the holder either cash or Vornado common shares on a one-for-one basis. Because the number of Vornado common shares outstanding at all times equals the number of Class A units owned by Vornado, the redemption value of each Class A unit is equivalent to the market value of one Vornado common share, and the quarterly distribution to a Class A unitholder is equal to the quarterly dividend paid to a Vornado common shareholder.

Below are the details of redeemable noncontrolling interests as of December 31, 2013 and 2012.

(Amounts in thousands, except units and per unit amounts) **Unit Series**	**Balance as of December 31,** **2013**	**2012**	**Units Outstanding at December 31,** **2013**	**2012**	**Per Unit Liquidation Preference**	**Preferred or Annual Distribution Rate**
Common:						
Class A	$ 1,002,620	$ 898,152	11,292,038	11,215,682	n/a	$ 2.92
Perpetual Preferred: (1)						
5.00% D-16 Cumulative Redeemable	$ 1,000	$ 1,000	1	1	$ 1,000,000.00	$ 50,000.00
6.875% D-15 Cumulative Redeemable (2)	-	45,000	-	1,800,000	$ n/a	$ n/a
	$ 1,000	$ 46,000	1	1,800,001		

(1) Holders may tender units for redemption to the Operating Partnership for cash at their stated redemption amount; we, at our option, may assume that obligation and pay the holders either cash or Vornado preferred shares on a one-for-one basis. These units are redeemable at our option at any time.

(2) On May 9, 2013, we redeemed all of the outstanding 6.875% Series D-15 Cumulative Redeemable Preferred units with an aggregate face amount of $45,000 for $36,900 in cash, plus accrued and unpaid distributions through the date of redemption.

Below is a table summarizing the activity of redeemable noncontrolling interests.

(Amounts in thousands)

Balance at December 31, 2011	$	1,160,677
Net income		45,263
Other comprehensive loss		(6,707)
Distributions		(54,315)
Redemption of Class A units for common shares, at redemption value		(89,762)
Adjustment to carry redeemable Class A units at redemption value		52,117
Redemption of Series D-10 and Series D-14 redeemable units		(168,300)
Other, net		5,179
Balance at December 31, 2012		944,152
Net income		24,817
Other comprehensive income		5,296
Distributions		(34,053)
Redemption of Class A units for common shares, at redemption value		(25,317)
Adjustment to carry redeemable Class A units at redemption value		108,252
Redemption of Series D-15 redeemable units		(36,900)
Other, net		17,373
Balance at December 31, 2013	$	1,003,620

Redeemable noncontrolling interests exclude our Series G Convertible Preferred units and Series D-13 Cumulative Redeemable Preferred units, as they are accounted for as liabilities in accordance with ASC 480, *Distinguishing Liabilities and Equity*, because of their possible settlement by issuing a variable number of Vornado common shares. Accordingly, the fair value of these units is included as a component of “other liabilities” on our consolidated balance sheets and aggregated $55,097,000 and $55,011,000 as of December 31, 2013 and 2012, respectively.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Shareholders' Equity

Common Shares

As of December 31, 2013, there were 187,284,688 common shares outstanding. During 2013, we paid an aggregate of $545,913,000 of common dividends comprised of quarterly common dividends of $0.73 per share.

Preferred Shares

On January 25, 2013, we sold 12,000,000 5.40% Series L Cumulative Redeemable Preferred Shares at a price of $25.00 per share in an underwritten public offering pursuant to an effective registration statement. We retained aggregate net proceeds of $290,306,000, after underwriters' discounts and issuance costs and contributed the net proceeds to the Operating Partnership in exchange for 12,000,000 Series L Preferred Units (with economic terms that mirror those of the Series L Preferred Shares). Dividends on the Series L Preferred Shares are cumulative and payable quarterly in arrears. The Series L Preferred Shares are not convertible into, or exchangeable for, any of our properties or securities. On or after five years from the date of issuance (or sooner under limited circumstances), we may redeem the Series L Preferred Shares at a redemption price of $25.00 per share, plus accrued and unpaid dividends through the date of redemption. The Series L Preferred Shares have no maturity date and will remain outstanding indefinitely unless redeemed by us.

On February 19, 2013, we redeemed all of the outstanding 6.75% Series F Cumulative Redeemable Preferred Shares and 6.75% Series H Cumulative Redeemable Preferred Shares at par, for an aggregate of $262,500,000 in cash, plus accrued and unpaid dividends through the date of redemption.

The following table sets forth the details of our preferred shares of beneficial interest as of December 31, 2013 and 2012.

(Amounts in thousands, except share and	**Balance as of**	**Shares Outstanding at**	**Per Share**	**Annual**

per share amounts) Preferred Shares	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	Liquidation Preference	Dividend Rate[1]
Convertible Preferred:						
6.5% Series A: authorized 83,977 shares[2]	$ 1,592	$ 1,682	32,807	34,609	$ 50.00	$ 3.25
Cumulative Redeemable:						
6.625% Series G: authorized 8,000,000 shares[3]	193,135	193,135	8,000,000	8,000,000	$ 25.00	$ 1.65625
6.625% Series I: authorized 10,800,000 shares[3]	262,379	262,379	10,800,000	10,800,000	$ 25.00	$ 1.65625
6.875% Series J: authorized 9,850,000 shares[3]	238,842	238,842	9,850,000	9,850,000	$ 25.00	$ 1.71875
5.70% Series K: authorized 12,000,000 shares[3]	290,971	290,971	12,000,000	12,000,000	$ 25.00	$ 1.425
5.40% Series L: authorized 12,000,000 shares[3]	290,306	-	12,000,000	-	$ 25.00	$ 1.35
6.75% Series F: authorized 6,000,000 shares	-	144,720	-	6,000,000	$ 25.00	$ 1.6875
6.75% Series H: authorized 4,500,000 shares	-	108,549	-	4,500,000	$ 25.00	$ 1.6875
	$ 1,277,225	$ 1,240,278	52,682,807	51,184,609		

(1) Dividends on preferred shares are cumulative and are payable quarterly in arrears.
(2) Redeemable at our option under certain circumstances, at a redemption price of 1.4334 common shares per Series A Preferred Share plus accrued and unpaid dividends through the date of redemption, or convertible at anytime at the option of the holder for 1.4334 common shares per Series A Preferred Share.
(3) Redeemable at our option at a redemption price of $25.00 per share, plus accrued and unpaid dividends through the date of redemption.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Shareholders' Equity – continued

Accumulated Other Comprehensive Income (Loss)

The following tables set forth the changes in accumulated comprehensive income (loss) by component.

			For the Year Ended December 31, 2013		
(Amounts in thousands)	**Total**	**Securities available-for-sale**	**Pro rata share of nonconsolidated subsidiaries' OCI**	**Interest rate swap**	**Other**
Balance as of December 31, 2012	$ (18,946)	$ 19,432	$ 11,313	$ (50,065)	$ 374
OCI before reclassifications	132,887	142,281	(22,814)	18,183	(4,763)
Amounts reclassified from AOCI	(42,404)	(42,404)(1)	-	-	-
Net current period OCI	90,483	99,877	(22,814)	18,183	(4,763)
Balance as of December 31, 2013	$ 71,537	$ 119,309	$ (11,501)	$ (31,882)	$ (4,389)

(1) Reclassified to "net gain on disposition of wholly owned and partially owned assets" on our consolidated statements of income.

13. Variable Interest Entities ("VIEs")

Consolidated VIEs

The entity that owns Independence Plaza was a consolidated VIE at December 31, 2012. On June 7, 2013, we sold a portion of our economic interest in this entity and determined that we are no longer its primary beneficiary. Accordingly, we deconsolidated this VIE (see Note 6 – *Investments in Partially Owned Entities*). The table below summarizes the assets and liabilities of the VIE at December 31, 2012. The liabilities were secured only by the assets of the VIE, and were non-recourse to us.

(Amounts in thousands)	**As of December 31, 2012**	
Total assets	$	957,730
Total liabilities	$	443,894
Noncontrolling interest	$	193,933

Unconsolidated VIEs

At December 31, 2013, we have unconsolidated VIEs comprised of our investments in the entities that own the Warner Building and Independence Plaza. We do not consolidate these entities because we are not the primary beneficiary and the nature of our involvement in the activities of these entities does not give us power over decisions that significantly affect these entities' economic performance. We account for our investment in these entities under the equity method (see Note 6 – *Investments in Partially Owned Entities*). As of December 31, 2013, the net carrying amount of our investment in these entities was $152,929,000, and our maximum exposure to loss in these entities, is limited to our investment. At December 31, 2012, we had one unconsolidated VIE, comprised of our investment in the Warner Building which had a carrying amount of $8,775,000.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. 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. Considerable judgment is necessary to interpret Level 2 and 3 inputs in determining the fair value of our financial and non-financial assets and liabilities. Accordingly, our fair value estimates, which are made at the end of each reporting period, may be different than the amounts that may ultimately be realized upon sale or disposition of these assets.

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

Financial assets and liabilities that are measured at fair value on our consolidated balance sheets consist of (i) marketable securities, (ii) Real Estate Fund investments, (iii) the assets in our deferred compensation plan (for which there is a corresponding liability on our consolidated balance sheet), (iv) interest rate swaps and (v) mandatorily redeemable instruments (Series G-1 through G-4 convertible preferred units and Series D-13 cumulative redeemable preferred units). The tables below aggregate the fair values of these financial assets and liabilities by their levels in the fair value hierarchy at December 31, 2013 and 2012, respectively.

		As of December 31, 2013		
(Amounts in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Marketable securities	$ 191,917	$ 191,917	$ -	$ -
Real Estate Fund investments (75% of which is attributable to noncontrolling interests)	667,710	-	-	667,710
Deferred compensation plan assets (included in other assets)	116,515	47,733	-	68,782

Total assets	$ 976,142	$ 239,650	$ -	$ 736,492
Mandatorily redeemable instruments (included in other liabilities)	$ 55,097	$ 55,097	$ -	$ -
Interest rate swap (included in other liabilities)	31,882	-	31,882	-
Total liabilities	$ 86,979	$ 55,097	$ 31,882	$ -

	As of December 31, 2012			
(Amounts in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Marketable securities	$ 398,188	$ 398,188	$ -	$ -
Real Estate Fund investments (75% of which is attributable to noncontrolling interests)	600,786	-	-	600,786
Deferred compensation plan assets (included in other assets)	105,200	42,569	-	62,631
J.C. Penney derivative position (included in other assets)[1]	11,165	-	11,165	-
Total assets	$ 1,115,339	$ 440,757	$ 11,165	$ 663,417
Mandatorily redeemable instruments (included in other liabilities)	$ 55,011	$ 55,011	$ -	$ -
Interest rate swap (included in other liabilities)	50,065	-	50,065	-
Total liabilities	$ 105,076	$ 55,011	$ 50,065	$ -

(1) Represents the cash deposited with the counterparty in excess of the mark-to-market loss on the derivative position.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Fair Value Measurements - continued

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis - continued

Real Estate Fund Investments

At December 31, 2013, our Real Estate Fund had nine investments with an aggregate fair value of $667,710,000, or $153,413,000 in excess of cost. These investments are classified as Level 3. We use a discounted cash flow valuation technique to estimate the fair value of each of these investments, which is updated quarterly by personnel responsible for the management of each investment and reviewed by senior management at each reporting period. The discounted cash flow valuation technique requires us to estimate cash flows for each investment over the anticipated holding period, which currently ranges from 0.6 to 6.5 years. Cash flows are derived from property rental revenue (base rents plus reimbursements) less operating expenses, real estate taxes and capital and other costs, plus projected sales proceeds in the year of exit. Property rental revenue is based on leases currently in place and our estimates for future leasing activity, which are based on current market rents for similar space plus a projected growth factor. Similarly, estimated operating expenses and real estate taxes are based on amounts incurred in the current period plus a projected growth factor for future periods. Anticipated sales proceeds at the end of an investment's expected holding period are determined based on the net cash flow of the investment in the year of exit, divided by a terminal capitalization rate, less estimated selling costs.

The fair value of each property is calculated by discounting the future cash flows (including the projected sales proceeds), using an appropriate discount rate and then reduced by the property's outstanding debt, if any, to determine the fair value of the equity in each investment. Significant unobservable quantitative inputs used in determining the fair value of each investment include capitalization rates and discount rates. These rates are based on the location, type and nature of each property, and current and anticipated market conditions, which are derived from original underwriting assumptions, industry publications and from the experience of our Acquisitions and Capital Markets departments. Significant unobservable quantitative inputs in the table below were utilized in determining the fair value of these Fund investments at December 31, 2013.

Unobservable Quantitative Input	Range	Weighted Average (based on fair value of investments)
Discount rates	12.0% to 17.5%	13.9%
Terminal capitalization rates	5.0% to 6.0%	5.5%

The above inputs are subject to change based on changes in economic and market conditions and/or changes in use or timing of exit. Changes in discount rates and terminal capitalization rates result in increases or decreases in the fair values of these investments. The discount rates encompass, among other things, uncertainties in the valuation models with respect to terminal capitalization rates and the amount and timing of cash flows. Therefore, a change in the fair value of these investments resulting from a change in the terminal capitalization rate, may be partially offset by a change in the discount rate. It is not possible for us to predict the effect of future economic or market conditions on our estimated fair values.

The table below summarizes the changes in the fair value of Fund investments that are classified as Level 3, for the years ended December 31, 2013 and 2012.

	Real Estate Fund Investments For The Year Ended December 31,	
(Amounts in thousands)	2013	2012
Beginning balance	$ 600,786	$ 346,650
Purchases	43,816	262,251
Sales/Returns	(70,848)	(63,762)
Net realized gains	8,184	-
Net unrealized gains	85,771	55,361
Other, net	1	286
Ending balance	$ 667,710	$ 600,786

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Fair Value Measurements - continued

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis - continued

Deferred Compensation Plan Assets

Deferred compensation plan assets that are classified as Level 3 consist of investments in limited partnerships and investment funds, which are managed by third parties. We receive quarterly financial reports from a third-party administrator, which are compiled from the quarterly reports provided to them from each limited partnership and investment fund. The quarterly reports provide net asset values on a fair value basis which are audited by independent public accounting firms on an annual basis. The third-party administrator does not adjust these values in determining our share of the net assets and we do not adjust these values when reported in our consolidated financial statements.

The table below summarizes the changes in the fair value of Deferred Compensation Plan Assets that are classified as Level 3, for the years ended December 31, 2013 and 2012.

	Deferred Compensation Plan Assets For The Year Ended December 31,	
(Amounts in thousands)	**2013**	**2012**
Beginning balance	$ 62,631	$ 56,221
Purchases	5,018	9,951
Sales	(7,306)	(8,367)
Realized and unrealized gains	7,189	4,703
Other, net	1,250	123
Ending balance	$ 68,782	$ 62,631

Fair Value Measurements on a Nonrecurring Basis

Assets measured at fair value on a nonrecurring basis on our consolidated balance sheets consist primarily of our investment in Toys and real estate assets that have been written-down to estimated fair value during 2013 and 2012. See Note 2 – *Basis of Presentation and Significant Accounting Policies* for details of impairment losses recognized during 2013 and 2012. See Note 6 – *Investment in Partially Owned Entities* for details of impairment losses related to Toys. The fair values of these assets are determined using widely accepted valuation techniques, including (i) discounted cash flow analysis, which considers, among other things, leasing assumptions, growth rates, discount rates and terminal capitalization rates, (ii) income capitalization approach, which considers prevailing market capitalization rates, and (iii) comparable sales activity. Generally, we consider multiple valuation techniques when measuring fair values but in certain circumstances, a single valuation technique may be appropriate. The tables below aggregate the fair values of these assets by their levels in the fair value hierarchy.

		As of December 31, 2013		
(Amounts in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Real estate assets	$ 354,341	$ -	$ -	$ 354,341
Investment in Toys	83,224	-	-	83,224
Total assets	$ 437,565	$ -	$ -	$ 437,565
		As of December 31, 2012		
(Amounts in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Investment in Toys	$ 478,041	$ -	$ -	$ 478,041
Real estate assets	189,529	-	-	189,529
Condominium units (included in other assets)	52,142	-	-	52,142
Total assets	$ 719,712	$ -	$ -	$ 719,712

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. 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 (primarily U.S. Treasury Bills), mortgage and mezzanine loans receivable and our secured and unsecured debt. Estimates of the fair value of these instruments are determined by the standard practice of modeling the contractual cash flows required under the instrument and discounting them back to their present value at the appropriate current risk adjusted interest rate, which is provided by a third-party specialist. For floating rate debt, we use forward rates derived from observable market yield curves to project the expected cash flows we would be required to make under the instrument. The fair value of cash equivalents is classified as Level 1 and the fair value of our mortgage and mezzanine loans receivable is classified as Level 3. The fair value of our secured and unsecured debt is classified as Level 2. The table below summarizes the carrying amounts and fair value of these financial instruments as of December 31, 2013 and 2012.

		As of December 31, 2013		As of December 31, 2012	
		Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
(Amounts in thousands)					
	Cash equivalents	$ 295,000	$ 295,000	$ 543,000	$ 543,000
	Mortgage and mezzanine loans receivable	170,972	170,959	225,359	221,446
		$ 465,972	$ 465,959	$ 768,359	$ 764,446
Debt:					
	Mortgages payable	$ 8,331,993	$ 8,104,000	$ 8,599,222	$ 8,631,000
	Senior unsecured notes	1,350,855	1,402,000	1,358,008	1,468,000
	Revolving credit facility debt	295,870	296,000	1,170,000	1,170,000
		$ 9,978,718	$ 9,802,000	$ 11,127,230	$ 11,269,000

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Stock-based Compensation

Our Omnibus Share Plan (the "Plan"), which was approved in May 2010, provides the Compensation Committee of the Board (the "Committee") the ability to grant incentive and non-qualified stock options, restricted stock, restricted Operating Partnership units and out-performance plan awards to certain of our employees and officers. Under the Plan, awards may be granted up to a maximum of 6,000,000 shares, if all awards granted are Full Value Awards, as defined, and up to 12,000,000 shares, if all of the awards granted are Not Full Value Awards, as defined, plus shares in respect of awards forfeited after May 2010 that were issued pursuant to our 2002 Omnibus Share Plan. Full Value Awards are awards of securities, such as restricted shares, that, if all vesting requirements are met, do not require the payment of an exercise price or strike price to acquire the securities. Not Full Value Awards are awards of securities, such as options, that do require the payment of an exercise price or strike price. This means, for example, if the Committee were to award only restricted shares, it could award up to 6,000,000 restricted shares. On the other hand, if the Committee were to award only stock options, it could award options to purchase up to 12,000,000 shares (at the applicable exercise price). The Committee may also issue any combination of awards under the Plan, with reductions in availability of future awards made in accordance with the above limitations. As of December 31, 2013, we have approximately 4,672,000 shares available for future grants under the Plan, if all awards granted are Full Value Awards, as defined.

In the years ended December 31, 2013, 2012 and 2011, we recognized an aggregate of $34,914,000, $30,588,000 and $28,853,000, respectively, of stock-based compensation expense, which is included as a component of "general and administrative" expenses on our consolidated statements of income. The details of the various components of our stock-based compensation are discussed below.

Out-Performance Plans ("OPP Units")

On March 30, 2012 and March 15, 2013, the Committee approved the 2012 and 2013 Out-Performance Plans (the "OPPs"), respectively. The OPPs are multi-year, performance-based equity compensation plans under which participants, including our Chairman and Chief Executive Officer, have the opportunity to earn compensation payable in the form of equity awards if, and only if, we outperform a predetermined total shareholder return ("TSR") and/or outperform the market with respect to a relative TSR in any year during the requisite performance periods as described below. The aggregate notional amount of each of the OPPs is $40,000,000.

Awards under the 2012 OPP may be earned if we (i) achieve a TSR level greater than 7% per annum, or 21% over the three-year performance period (the "Absolute Component"), and/or (ii) achieve a TSR above that of the SNL US REIT Index (the "Index") over a one-year, two-year or three-year performance period (the "Relative Component"). Awards under the 2013 OPP may be earned if we (i) achieve a TSR greater than 14% over the two-year performance measurement period, or 21% over the three-year performance measurement period (the "Absolute Component"), and/or (ii) achieve a TSR above that of the Index over a two-year or three-year performance measurement period (the "Relative Component"). To the extent awards would be earned under the Absolute Component of each of the OPPs, but we underperform the Index, such awards would be reduced (and potentially fully negated) based on the degree to which we underperform the Index. In certain circumstances, in the event we outperform the Index but awards would not otherwise be fully earned under the Absolute Component, awards may still be earned or increased under the Relative Component. To the extent awards would otherwise be earned under the Relative Component but we fail to achieve at least a 6% per annum absolute TSR, such awards earned under the Relative Component would be reduced based on our absolute TSR, with no awards being earned in the event our TSR during the applicable measurement period is 0% or negative, irrespective of the degree to which we may outperform the Index. Dividends on awards issued accrue during the performance period.

If the designated performance objectives are achieved, OPP Units are subject to time-based vesting requirements. Awards earned under the OPPs vest 33% in year three, 33% in year four and 34% in year five. Our executive officers (for the purposes of Section 16 of the Exchange Act) are required to hold earned 2013 OPP awards for one year following vesting.

The fair value of the 2012 and 2013 OPPs on the date of grant was $12,250,000, and $6,814,000, respectively. Such amounts are being amortized into expense over a five-year period from the date of grant, using a graded vesting attribution model. In the years ended December 31, 2013, 2012 and 2011, we recognized $3,226,000, $2,826,000 and $740,000, respectively, of compensation expense related to OPP Units. As of December 31, 2013, there was $10,065,000 of total unrecognized compensation cost related to the OPPs, which will be recognized over a weighted-average period of 1.9 years.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Stock-based Compensation - continued

Stock Options

Stock options are granted at an exercise price equal to the average of the high and low market price of our common shares on the NYSE on the date of grant, generally vest over four years and expire 10 years from the date of grant. Compensation expense related to stock option awards is recognized on a straight-line basis over the vesting period. In the years ended December 31, 2013, 2012 and 2011, we recognized $8,234,000, $8,638,000 and $8,794,000, respectively, of compensation expense related to stock options that vested during each year. As of December 31, 2013, there was $5,398,000 of total unrecognized compensation cost related to unvested stock options, which is expected to be recognized over a weighted-average period of 1.3 years.

Below is a summary of our stock option activity for the year ended December 31, 2013.

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2013	3,360,072	$ 67.16		
Granted	49,972	83.11		
Exercised	(107,835)	55.85		
Cancelled or expired	(53,510)	83.80		
Outstanding at December 31, 2013	3,248,699	$ 67.51	5.2	$ 76,089,000
Options vested and expected to vest at December 31, 2013	3,245,409	$ 67.50	5.2	$ 76,022,000
Options exercisable at December 31, 2013	2,478,838	$ 67.12	4.8	$ 60,013,000

The fair value of each option grant is estimated on the date of grant using an option-pricing model with the following weighted-average assumptions for grants in the years ended December 31, 2013, 2012 and 2011.

	December 31,		
	2013	**2012**	**2011**
Expected volatility	36.00%	36.00%	35.00%
Expected life	5.0 years	5.0 years	7.1 years
Risk free interest rate	0.91%	1.05%	2.90%
Expected dividend yield	4.30%	4.30%	4.40%

The weighted average grant date fair value of options granted during the years ended December 31, 2013, 2012 and 2011 was $17.18, $17.50 and $21.42, respectively. Cash received from option exercises for the years ended December 31, 2013, 2012 and 2011 was $5,915,000, $9,546,000 and $23,736,000, respectively. The total intrinsic value of options exercised during the years ended December 31, 2013, 2012 and 2011 was $3,386,000, $40,887,000 and $39,348,000, respectively.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Stock-based Compensation - continued

Restricted Stock

Restricted stock awards are granted at the average of the high and low market price of our common shares on the NYSE on the date of grant and generally vest over four years. Compensation expense related to restricted stock awards is recognized on a straight-line basis over the vesting period. In the years ended December 31, 2013, 2012 and 2011, we recognized $1,344,000, $1,604,000 and $1,814,000, respectively, of compensation expense related to restricted stock awards that vested during each year. As of December 31, 2013, there was $1,781,000 of total unrecognized compensation cost related to unvested restricted stock, which is expected to be recognized over a weighted-average period of 1.6 years. Dividends paid on unvested restricted stock are charged directly to retained earnings and amounted to $110,000, $200,000 and $185,000 for the years ended December 31, 2013, 2012 and 2011, respectively.

Below is a summary of our restricted stock activity under the Plan for the year ended December 31, 2013.

Unvested Shares	**Shares**	**Weighted-Average Grant-Date Fair Value**
Unvested at January 1, 2013	48,020	$ 78.61
Granted	10,318	83.11
Vested	(16,018)	74.51
Cancelled or expired	(12,656)	86.00
Unvested at December 31, 2013	29,664	79.23

Restricted stock awards granted in 2013, 2012 and 2011 had a fair value of $857,000, $929,000 and $1,042,000, respectively. The fair value of restricted stock that vested during the years ended December 31, 2013, 2012 and 2011 was $1,194,000, $1,864,000 and $2,031,000, respectively.

Restricted Operating Partnership Units ("OP Units")

OP Units are granted at the average of the high and low market price of our common shares on the NYSE on the date of grant, vest ratably over four years and are subject to a taxable book-up event, as defined. Compensation expense related to OP Units is recognized ratably over the vesting period using a graded vesting attribution model. In the years ended December 31, 2013, 2012 and 2011, we recognized \$22,110,000, \$17,520,000 and \$17,505,000, respectively, of compensation expense related to OP Units that vested during each year. As of December 31, 2013, there was \$25,971,000 of total unrecognized compensation cost related to unvested OP Units, which is expected to be recognized over a weighted-average period of 1.8 years. Distributions paid on unvested OP Units are charged to "net income attributable to noncontrolling interests in the Operating Partnership" on our consolidated statements of income and amounted to \$2,598,000, \$3,203,000 and \$2,567,000 in the years ended December 31, 2013, 2012 and 2011, respectively.

Below is a summary of restricted OP unit activity under the Plan for the year ended December 31, 2013.

Unvested Units	**Units**	**Weighted-Average Grant-Date Fair Value**
Unvested at January 1, 2013	640,670	$ 69.61
Granted	400,500	79.77
Vested	(252,052)	65.08
Cancelled or expired	(23,147)	74.31
Unvested at December 31, 2013	765,971	76.27

OP Units granted in 2013, 2012 and 2011 had a fair value of \$31,947,000, \$16,464,000 and \$18,727,000, respectively. The fair value of OP Units that vested during the years ended December 31, 2013, 2012 and 2011 was \$16,404,000, \$15,014,000 and \$10,260,000, respectively.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Fee and Other Income

The following table sets forth the details of our fee and other income:

(Amounts in thousands)	For the Year Ended December 31,		
	2013	**2012**	**2011**
BMS cleaning fees	$ 66,505	$ 67,584	$ 61,754
Signage revenue	32,866	20,892	19,823
Management and leasing fees	24,637	21,849	21,783
Lease termination fees[(1)]	92,497	2,361	16,334
Other income	34,727	31,667	29,937
	$ 251,232	$ 144,353	$ 149,631

(1) The year ended December 31, 2013 includes (i) $59,599 of income pursuant to a settlement agreement with Stop & Shop, which terminates our right to receive $6,000 of additional annual rent under a 1992 agreement, for a period potentially through 2031, (ii) $19,500 from a tenant at 1290 Avenue of the Americas, of which our 70% share, net of a $1,529 write-off of the straight lining of rents, was $12,121, and (iii) $3,000 from the termination of our subsidiaries' agreements with Cuyahoga County to operate the Cleveland Medical Mart Convention Center.

The above table excludes fee income from partially owned entities, which is included in "income from partially owned entities" (see Note 6 – *Investments in Partially Owned Entities*).

17. Interest and Other Investment (Loss) Income, Net

The following table sets forth the details of our interest and other investment (loss) income:

(Amounts in thousands)	For the Year Ended December 31,		
	2013	**2012**	**2011**
Non-cash impairment loss on J.C. Penney common shares	$ (39,487)	$ (224,937)	$ -
(Loss) income from the mark-to-market of J.C. Penney derivative position	(33,487)	(75,815)	12,984
Interest on mezzanine loans receivable	19,495	13,861	14,023
Dividends and interest on marketable securities	11,446	11,979	29,587
	10,636	6,809	1,658

Mark-to-market of investments in our deferred compensation plan (1)			
Mezzanine loans loss reversal and net gain on disposition	-	-	82,744
Other, net	6,698	7,158	7,787
	$ (24,699)	$ (260,945)	$ 148,783

(1) This income is entirely offset by the expense resulting from the mark-to-market of the deferred compensation plan liability, which is included in "general and administrative" expense.

18. Interest and Debt Expense

The following table sets forth the details of our interest and debt expense.

(Amounts in thousands)	For the Year Ended December 31,		
	2013	**2012**	**2011**
Interest expense	$ 499,900	$ 486,875	$ 500,897
Amortization of deferred financing costs	25,593	23,639	19,457
Capitalized interest	(42,303)	(16,801)	(1,197)
	$ 483,190	$ 493,713	$ 519,157

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VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Income Per Share

The following table provides a reconciliation of both net income and the number of common shares used in the computation of (i) basic income per common share - which includes the weighted average number of common shares outstanding without regard to dilutive potential common shares, and (ii) diluted income per common share - which includes the weighted average common shares and dilutive share equivalents. Dilutive share equivalents may include our Series A convertible preferred shares, employee stock options and restricted stock.

(Amounts in thousands, except per share amounts)	Year Ended December 31,		
	2013	**2012**	**2011**
Numerator:			
Income from continuing operations, net of income attributable to noncontrolling interests	$ 78,193	$ 340,877	$ 507,428
Income from discontinued operations, net of income attributable to noncontrolling interests	397,778	276,383	154,874
Net income attributable to Vornado	475,971	617,260	662,302
Preferred share dividends	(82,807)	(76,937)	(65,531)
Preferred unit and share redemptions	(1,130)	8,948	5,000
Net income attributable to common shareholders	392,034	549,271	601,771
Earnings allocated to unvested participating securities	(110)	(202)	(221)
Numerator for basic income per share	391,924	549,069	601,550
Impact of assumed conversions:			
Convertible preferred share dividends	-	113	124
Numerator for diluted income per share	$ 391,924	$ 549,182	$ 601,674
Denominator:			
Denominator for basic income per share – weighted average shares	186,941	185,810	184,308
Effect of dilutive securities (1):			
Employee stock options and restricted share awards	768	670	1,658
Convertible preferred shares	-	50	55
Denominator for diluted income per share – weighted average shares and assumed conversions	187,709	186,530	186,021
INCOME PER COMMON SHARE – BASIC:			
(Loss) income from continuing operations, net	$ (0.03)	$ 1.46	$ 2.42
Income from discontinued operations, net	2.13	1.49	0.84
Net income per common share	$ 2.10	$ 2.95	$ 3.26
INCOME PER COMMON SHARE – DILUTED:			

(Loss) income from continuing operations, net	$	(0.03)	$	1.46	$	2.40
Income from discontinued operations, net		2.12		1.48		0.83
Net income per common share	$	2.09	$	2.94	$	3.23

(1) The effect of dilutive securities in the years ended December 31, 2013, 2012 and 2011 excludes an aggregate of 11,752, 14,400 and 18,896 weighted average common share equivalents, respectively, as their effect was anti-dilutive.

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VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Leases

As lessor:

We lease space to tenants under operating leases. Most of the leases provide for the payment of fixed base rentals payable monthly in advance. Office building leases generally require the tenants to reimburse us for operating costs and real estate taxes above their base year costs. Shopping center leases provide for pass-through to tenants the tenant's share of real estate taxes, insurance and maintenance. Shopping center leases also provide for the payment by the lessee of additional rent based on a percentage of the tenants' sales. As of December 31, 2013, future base rental revenue under non-cancelable operating leases, excluding rents for leases with an original term of less than one year and rents resulting from the exercise of renewal options, are as follows:

(Amounts in thousands)	
Year Ending December 31:	
2014	$ 1,811,280
2015	1,648,957
2016	1,535,967
2017	1,406,377
2018	1,272,529
Thereafter	6,529,277

These amounts do not include percentage rentals based on tenants' sales. These percentage rents approximated $8,796,000, $8,466,000 and $7,995,000, for the years ended December 31, 2013, 2012 and 2011, respectively.

Excluding the $59,599,000 of income pursuant to a settlement agreement with Stop & Shop in the year ended December 31, 2013, none of our tenants accounted for more than 10% of total revenues in any of the years ended December 31, 2013, 2012 and 2011.

As lessee:

We are a tenant under operating leases for certain properties. These leases have terms that expire during the next thirty years. Future minimum lease payments under operating leases at December 31, 2013 are as follows.

(Amounts in thousands)

Year Ending December 31:		
2014	$	42,845
2015		41,997
2016		41,404
2017		42,530
2018		40,301
Thereafter		1,277,370

Rent expense was $51,186,000, $43,274,000 and $35,553,000 for the years ended December 31, 2013, 2012 and 2011, respectively.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Leases - continued

We are also a lessee under a capital lease under which we will redevelop the retail and signage components of the Marriot Marquis Times Square Hotel. The lease has put/call options, which if exercised would lead to our ownership. Capitalized leases are recorded at the present value of future minimum lease payments or the fair market value of the property. Capitalized leases are depreciated on a straight-line basis over the estimated life of the asset or life of the related lease. Depreciation expense on capital leases is included in “depreciation and amortization” on our consolidated statements of income. As of December 31, 2013, future minimum lease payments under this capital lease are as follows:

(Amounts in thousands)		
Year Ending December 31:		
2014	$	12,500
2015		12,500
2016		12,500
2017		12,500
2018		12,500
Thereafter		347,292
Total minimum obligations		409,792
Interest portion		(169,792)
Present value of net minimum payments	$	240,000

At December 31, 2013, the carrying amount of the property leased under the capital lease was $292,101,000, which is included as a component of “development costs and construction in progress” on our consolidated balance sheet and present value of net minimum payments of $240,000,000 is included in “other liabilities” on our consolidated balance sheet.

21. 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 participating subsidiaries may be required to bear its then 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, 2013, our subsidiaries' participation in these plans were not significant to our consolidated financial statements.

In the years ended December 31, 2013, 2012 and 2011, our subsidiaries contributed $10,223,000, $10,683,000 and $10,168,000, respectively, towards Multiemployer Pension Plans, which is 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, 2013, 2012 and 2011.

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, 2013, 2012 and 2011, our subsidiaries contributed $26,262,000, $26,759,000 and $23,847,000, respectively, towards these plans, which is included as a component of "operating" expenses on our consolidated statements of income.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. 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 with limits of $2.0 billion per occurrence, with sub-limits for certain perils such as floods. Our California properties have earthquake insurance with coverage of $180,000,000 per occurrence, subject to a deductible in the amount of 5% of the value of the affected property, up to a $180,000,000 annual aggregate. We maintain coverage for terrorism acts with limits of $4.0 billion per occurrence and in the aggregate, and $2.0 billion per occurrence and in the aggregate for terrorism involving nuclear, biological, chemical and radiological (“NBCR”) terrorism events, as defined by Terrorism Risk Insurance Program Reauthorization Act, which expires in December 2014.

Penn Plaza Insurance Company, LLC (“PPIC”), our wholly owned consolidated subsidiary, acts as a re-insurer with respect to a portion of all risk property and rental value insurance and a portion of our earthquake insurance coverage, and as a direct insurer for coverage for NBCR acts. Coverage for acts of terrorism (excluding NBCR acts) is fully reinsured by third party insurance companies and the Federal government with no exposure to PPIC. For NBCR acts, PPIC is responsible for a deductible of $3,200,000 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 incurred by PPIC.

We continue to monitor the state of the insurance market and the scope and costs of coverage for acts of terrorism. However, we cannot anticipate what coverage will be available on commercially reasonable terms in the future.

Our debt instruments, consisting of mortgage loans secured by our properties which are non-recourse to us, senior unsecured notes and revolving credit agreements contain customary covenants requiring us to maintain insurance. Although we believe that we have adequate insurance coverage for purposes of these agreements, we may not be able to obtain an equivalent amount of coverage at reasonable costs in the future. Further, if lenders insist on greater coverage than we are able to obtain it could adversely affect our ability to finance our properties and expand our portfolio.

Other Commitments and Contingencies

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

Each of our properties has been subjected to varying degrees of environmental assessment at various times. The environmental assessments did not reveal any material environmental contamination. However, there can be no assurance that the identification of new areas of contamination, changes in the extent or known scope of contamination, the discovery of additional sites, or changes in cleanup requirements would not result in significant costs to us.

Our mortgage loans are non-recourse to us. However, in certain cases we have provided guarantees or master leased tenant space. These guarantees and master leases terminate either upon the satisfaction of specified circumstances or repayment of the underlying loans. As of December 31, 2013, the aggregate dollar amount of these guarantees and master leases is approximately $342,000,000.

At December 31, 2013, $33,121,000 of letters of credit were outstanding under one of our revolving credit facilities. Our revolving credit facilities contain financial covenants that require us to maintain minimum interest coverage and maximum debt to market capitalization ratios, and provide for higher interest rates in the event of a decline in our ratings below Baa3/BBB. Our revolving credit facilities also contain customary conditions precedent to borrowing, including representations and warranties, and also contain customary events of default that could give rise to accelerated repayment, including such items as failure to pay interest or principal.

As of December 31, 2013, we expect to fund additional capital to certain of our partially owned entities aggregating approximately $145,000,000.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Related Party Transactions

Alexander’s

We own 32.4% of Alexander’s. Steven Roth, the Chairman of our Board and Chief Executive Officer is also the Chairman of the Board and Chief Executive Officer of Alexander’s. We provide various services to Alexander’s in accordance with management, development and leasing agreements. These agreements are described in Note 6 - *Investments in Partially Owned Entities*.

Interstate Properties (“Interstate”)

Interstate is a general partnership in which Mr. Roth is the managing general partner. David Mandelbaum and Russell B. Wight, Jr., Trustees of Vornado and Directors of Alexander’s, are Interstate’s two other partners. As of December 31, 2013, Interstate and its partners beneficially owned an aggregate of approximately 6.6% of the common shares of beneficial interest of Vornado and 26.3% of Alexander’s common stock.

We manage and lease the real estate assets of Interstate pursuant to a management agreement for which we receive an annual fee equal to 4% of annual base rent and percentage rent. The management agreement has a term of one year and is automatically renewable unless terminated by either of the parties on 60 days’ notice at the end of the term. We believe, based upon comparable fees charged by other real estate companies, that the management agreement terms are fair to us. We earned $606,000, $794,000, and $787,000 of management fees under the agreement for the years ended December 31, 2013, 2012 and 2011.

24. Summary of Quarterly Results (Unaudited)

The following summary represents the results of operations for each quarter in 2013 and 2012:

(Amounts in thousands, except per share amounts)		Revenues	Net (Loss) Income Attributable to Common Shareholders (1)	Net (Loss) Income Per Common Share (2) Basic	Diluted
2013					
	December 31	$ 673,308	$ (68,887)	$ (0.37)	$ (0.37)
	September 30	679,435	83,005	0.44	0.44
	June 30	681,699	145,926	0.78	0.78
	March 31	726,467	231,990	1.24	1.24
2012					
	December 31	$ 686,693	$ 62,633	$ 0.34	$ 0.33
	September 30	700,991	232,393	1.25	1.24
	June 30	674,007	20,510	0.11	0.11
	March 31	674,541	233,735	1.26	1.25

(1) Fluctuations among quarters resulted primarily from non-cash impairment losses, mark-to-market of derivative instruments, net gains on sale of real estate and from seasonality of business operations.

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

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VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Subsequent Events

2014 Out-Performance Plan

On January 10, 2014, the Compensation Committee approved the 2014 Outperformance Plan, a multi-year, performance-based equity compensation plan and related form of award agreement (the "2014 OPP"). Under the 2014 OPP, participants have the opportunity to earn compensation payable in the form of operating partnership units during a three-year performance measurement period, if and only if we outperform a predetermined total shareholder return ("TSR") and/or outperform the market with respect to relative TSR. Awards under the 2014 OPP may be earned if we (i) achieve a TSR level greater than 7% per annum, or 21% over the three-year performance measurement period (the "Absolute Component"), and/or (ii) achieve a TSR above that of the SNL US REIT Index (the "Index") over a three-year performance measurement period (the "Relative Component"). To the extent awards would be earned under the Absolute Component but we underperform the Index, such awards earned under the Absolute Component would be reduced (and potentially fully negated) based on the degree to which we underperform the Index. In certain circumstances, in the event we outperform the Index but awards would not otherwise be earned under the Absolute Component, awards may be increased under the Relative Component. To the extent awards would otherwise be earned under the Relative Component but we fail to achieve at least a 6% per annum absolute TSR, such awards earned under the Relative Component would be reduced based on our absolute TSR, with no awards being earned in the event our TSR during the applicable measurement period is 0% or negative, irrespective of the degree to which we may outperform the Index. If the designated performance objectives are achieved, OPP Units are also subject to time-based vesting requirements. Awards earned under the 2014 OPP vest 33% in year three, 33% in year four and 34% in year five. Dividends on awards earned accrue during the performance measurement period. In addition, our executive officers (for the purposes of Section 16 of the Exchange Act) are required to hold any earned OPP awards (or related equity) for at least one year following vesting.

220 Central Park South Development Site

On January 31, 2014, we completed a $600,000,000 loan secured by our 220 Central Park South development site. The loan bears interest at LIBOR plus 2.75% and matures in January 2016, with three one-year extension options.

Broadway Mall

On February 14, 2014, we entered into an agreement to sell the Broadway Mall in Hicksville, Long Island, New York for $94,000,000. The sale will result in net proceeds of approximately $92,000,000 after closing costs. In the fourth quarter of 2013, we recognized a $13,443,000 non-cash impairment loss related to this property, which is included in "impairment losses, acquisition related costs and tenant buy-outs" on our consolidated statements of income.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Segment Information

As a result of certain organizational changes and asset sales in 2012, the Merchandise Mart segment no longer met the criteria to be a separate reportable segment; accordingly, effective January 1, 2013, the remaining assets were reclassified to "Other." We have also reclassified the prior period segment financial results to conform to the current year presentation. Below is a summary of net income and a reconciliation of net income to EBITDA(1) by segment for the years ended December 31, 2013, 2012 and 2011.

(Amounts in thousands)	For the Year Ended December 31, 2013					
	Total	New York	Washington, DC	Retail Properties	Toys	Other
Total revenues	$ 2,760,909	$ 1,509,266	$ 541,161	$ 425,716	$ -	$ 284,766
Total expenses	1,886,719	926,963	347,686	251,516	-	360,554
Operating income (loss)	874,190	582,303	193,475	174,200	-	(75,788)
(Loss) income from partially owned entities, including Toys	(338,785)	15,527	(6,968)	2,097	(362,377)	12,936
Income from Real Estate Fund	102,898	-	-	-	-	102,898
Interest and other investment (loss) income, net	(24,699)	5,532	129	13	-	(30,373)
Interest and debt expense	(483,190)	(181,966)	(102,277)	(44,203)	-	(154,744)

Net gain on disposition of wholly owned and partially owned assets	3,407	-	-	1,377	-	2,030
Income (loss) before income taxes	133,821	421,396	84,359	133,484	(362,377)	(143,041)
Income tax benefit (expense)	6,406	(2,794)	14,031	(2,311)	-	(2,520)
Income (loss) from continuing operations	140,227	418,602	98,390	131,173	(362,377)	(145,561)
Income (loss) from discontinued operations	424,513	138,245	-	287,536	-	(1,268)
Net income (loss)	564,740	556,847	98,390	418,709	(362,377)	(146,829)
Less net (income) attributable to noncontrolling interests	(88,769)	(10,786)	-	(3,065)	-	(74,918)
Net income (loss) attributable to Vornado	475,971	546,061	98,390	415,644	(362,377)	(221,747)
Interest and debt expense(2)	758,781	236,645	116,131	50,901	181,586	173,518
Depreciation and amortization(2)	732,757	293,974	142,409	72,161	135,178	89,035
Income tax expense (benefit)(2)	26,371	3,002	(15,707)	2,311	33,532	3,233
EBITDA(1)	$ 1,993,880	$ 1,079,682 (3)	$ 341,223 (4)	$ 541,017 (5)	$ (12,081)	$ 44,039 (6)
Balance Sheet Data:						
Real estate at cost	$ 18,354,626	$ 8,591,026	$ 4,243,048	$ 2,827,044	$ -	$ 2,693,508
Investments in partially owned entities	1,249,667	904,278	100,543	6,640	83,224	154,982
Total assets	20,097,224	9,255,964	4,107,636	3,387,798	83,224	3,262,602

See notes on
page 142.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Segment Information – continued

(Amounts in thousands)	For the Year Ended December 31, 2012					
	Total	**New York**	**Washington, DC**	**Retail Properties**	**Toys**	**Other**
Total revenues	$ 2,736,232	$ 1,354,874	$ 554,028	$ 370,177	$ -	$ 457,153
Total expenses	2,071,663	851,512	360,056	324,096	-	535,999
Operating income (loss)	664,569	503,362	193,972	46,081	-	(78,846)
Income (loss) from partially owned entities, including Toys	423,126	207,773	(5,612)	1,458	14,859	204,648
Income from Real Estate Fund	63,936	-	-	-	-	63,936
Interest and other investment (loss) income, net	(260,945)	4,230	126	27	-	(265,328)
Interest and debt expense	(493,713)	(146,350)	(115,574)	(57,057)	-	(174,732)
Net gain on disposition of wholly owned and partially owned assets	13,347	-	-	8,491	-	4,856
Income (loss) before income taxes	410,320	569,015	72,912	(1,000)	14,859	(245,466)
	(8,132)	(3,491)	(1,650)	-	-	(2,991)

Income tax expense						
Income (loss) from continuing operations	402,188	565,524	71,262	(1,000)	14,859	(248,457)
Income from discontinued operations	292,353	10,610	167,766	39,357	-	74,620
Net income (loss)	694,541	576,134	239,028	38,357	14,859	(173,837)
Less net (income) loss attributable to noncontrolling interests	(77,281)	(2,138)	-	1,812	-	(76,955)
Net income (loss) attributable to Vornado	617,260	573,996	239,028	40,169	14,859	(250,792)
Interest and debt expense[2]	760,523	187,855	133,625	73,828	147,880	217,335
Depreciation and amortization[2]	735,293	252,257	157,816	86,529	135,179	103,512
Income tax expense (benefit)[2]	7,026	3,751	1,943	-	(16,629)	17,961
EBITDA[1]	$ 2,120,102	$ 1,017,859 (3)	$ 532,412 (4)	$ 200,526 (5)	$ 281,289	$ 88,016 (6)
Balance Sheet Data:						
Real estate at cost	$ 18,238,218	$ 8,855,243	$ 4,171,879	$ 2,812,911	$ -	$ 2,398,185
Investments in partially owned entities	1,704,297	576,336	95,670	7,083	478,041	547,167
Total assets	22,065,049	9,215,438	4,196,694	3,589,633	478,041	4,585,243

See notes on page 142.

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VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Segment Information – continued

(Amounts in thousands)	For the Year Ended December 31, 2011					
	Total	**New York**	**Washington, DC**	**Retail Properties**	**Toys**	**Other**
Total revenues	$ 2,702,808	$ 1,333,280	$ 603,317	$ 374,482	$ -	$ 391,729
Total expenses	1,890,582	841,863	369,255	215,075	-	464,389
Operating income (loss)	812,226	491,417	234,062	159,407	-	(72,660)
Income (loss) from partially owned entities, including Toys	118,612	12,062	(6,381)	2,700	48,540	61,691
Income from Real Estate Fund	22,886	-	-	-	-	22,886
Interest and other investment income (loss), net	148,783	4,245	199	(33)	-	144,372
Interest and debt expense	(519,157)	(151,728)	(115,456)	(64,592)	-	(187,381)
Net gain on disposition of wholly owned and partially owned assets	15,134	-	-	4,278	-	10,856
Income (loss) before income taxes	598,484	355,996	112,424	101,760	48,540	(20,236)
	(23,925)	(2,084)	(2,690)	(34)	-	(19,117)

Income tax expense						
Income (loss) from continuing operations	574,559	353,912	109,734	101,726	48,540	(39,353)
Income from discontinued operations	165,441	11,155	52,390	27,557	-	74,339
Net income	740,000	365,067	162,124	129,283	48,540	34,986
Less net (income) loss attributable to noncontrolling interests	(77,698)	(10,042)	-	237	-	(67,893)
Net income (loss) attributable to Vornado	662,302	355,025	162,124	129,520	48,540	(32,907)
Interest and debt expense[2]	797,920	181,740	134,270	82,608	157,135	242,167
Depreciation and amortization[2]	777,421	247,630	181,560	91,040	134,967	122,224
Income tax expense (benefit)[2]	4,812	2,170	3,123	34	(1,132)	617
EBITDA[1]	$ 2,242,455	$ 786,565 (3)	$ 481,077 (4)	$ 303,202 (5)	$ 339,510	$ 332,101 (6)
Balance Sheet Data:						
Real estate at cost	$ 16,421,701	$ 6,991,960	$ 4,176,894	$ 2,898,501	$ -	$ 2,354,346
Investments in partially owned entities	1,740,459	536,393	113,536	7,747	506,809	575,974
Total assets	20,446,487	7,130,240	4,150,140	3,748,303	506,809	4,910,995

See notes on the following page.

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VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Segment Information – continued

Notes to preceding tabular information:

(1) EBITDA represents "Earnings Before Interest, Taxes, Depreciation and Amortization." We consider EBITDA a supplemental measure for making decisions and assessing the unlevered performance of our segments as it relates to the total return on assets as opposed to the levered return on equity. As properties are bought and sold based on a multiple of EBITDA, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. EBITDA should not be considered a substitute for net income. EBITDA may not be comparable to similarly titled measures employed by other companies.

(2) Interest and debt expense, depreciation and amortization and income tax expense (benefit) in the reconciliation of net income (loss) to EBITDA includes our share of these items from partially owned entities.

(3) The elements of "New York" EBITDA are summarized below.

	For the Year Ended December 31,		
(Amounts in thousands)	2013	2012	2011
Office[(a)]	$ 759,941	$ 568,518	$ 539,734
Retail	246,808	189,484	163,033
Alexander's[(b)]	42,210	231,402	53,663
Hotel Pennsylvania	30,723	28,455	30,135
Total New York	$ 1,079,682	$ 1,017,859	$ 786,565

(a) 2013 includes a $127,512 net gain on sale of real estate.

(b) 2012 includes $179,934 for our share of net gain on sale of Kings Plaza.

(4) The elements of "Washington, DC" EBITDA are summarized below.

	For the Year Ended December 31,		
(Amounts in thousands)	2013	2012	2011
Office, excluding the Skyline Properties [(a)]	$ 268,373	$ 449,448	$ 385,285
Skyline properties	29,499	40,037	56,148
Total Office	297,872	489,485	441,433
Residential	43,351	42,927	39,644
Total Washington, DC	$ 341,223	$ 532,412	$ 481,077

(a) 2012 includes a $163,367 net gain on sale of real estate.

(5) The elements of "Retail Properties" EBITDA are summarized below.

	For the Year Ended December 31,		
(Amounts in thousands)	2013	2012	2011
Strip shopping centers[(a)]	$ 285,612	$ 172,708	$ 210,022
Regional malls[(b)]	255,405	27,818	93,180
Total Retail properties	$ 541,017	$ 200,526	$ 303,202

(a) 2013 includes $81,806 of net gains on sale of real estate, $59,599 of income pursuant to a settlement agreement with Stop & Shop and a $19,000 real estate impairment loss. 2012 includes $15,821 of net gains on sale of real estate and a $33,775 real estate impairment loss.

(b)

2013 includes a $202,275 net gain on sale of the Green Acres Mall and a $13,443 real estate impairment loss. 2012 includes a $70,100 real estate impairment loss.

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VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Segment Information – continued

Notes to preceding tabular information:

(6) The elements of "other" EBITDA from continuing operations are summarized below.

(Amounts in thousands)	For the Year Ended December 31, 2013	2012	2011
Our share of Real Estate Fund:			
Income before net realized/unrealized gains	$ 1,676	$ 4,926	$ 4,205
Net unrealized gains	21,443	13,840	2,999
Net realized gains	2,046	-	1,348
Carried interest	24,306	5,838	736
Total	49,471	24,604	9,288
Merchandise Mart Building, 7 West 34th Street and trade shows	74,270	62,470	50,406
555 California Street	42,667	46,167	44,724
India real estate ventures	5,841	3,654	7,037
LNR[(a)]	20,443	75,202	47,614
Lexington[(b)]	6,931	32,595	34,779
Other investments	18,981	25,612	26,092
	218,604	270,304	219,940
Corporate general and administrative expenses[(c)]	(94,904)	(89,082)	(85,922)
Investment income and other, net[(c)]	46,525	45,563	55,202
Net gain on sale of marketable securities, land parcels and residential condominiums	56,868	4,856	10,904
Loss on sale of J.C. Penney common shares	(54,914)	-	-
Non-cash impairment loss on J.C. Penney common shares	(39,487)	(224,937)	-
(Loss) income from the mark-to-market of J.C. Penney derivative position	(33,487)	(75,815)	12,984
Acquisition related costs and impairment losses	(24,857)	(17,386)	(5,925)
Severance costs (primarily reduction in force at the Merchandise Mart)	(5,492)	(3,005)	(4,226)
Purchase price fair value adjustment and accelerated amortization of discount on investment in subordinated debt of Independence Plaza	-	105,366	-
Merchandise Mart discontinued operations (including net gains on sale of assets)	-	93,588	97,272
Net gain resulting from Lexington's stock issuance and asset acquisition	-	28,763	9,760

Verde Realty impairment loss	-	(4,936)	-
Mezzanine loans loss reversal and net gain on disposition	-	-	82,744
Non-cash impairment loss on India land parcel	-	-	(13,794)
Net gain from Suffolk Downs' sale of a partial interest	-	-	12,525
Real Estate Fund placement fees	-	-	(3,451)
Net income attributable to noncontrolling interests in the Operating Partnership	(23,659)	(35,327)	(41,059)
Preferred unit distributions of the Operating Partnership	(1,158)	(9,936)	(14,853)
	$ 44,039	$ 88,016	$ 332,101

(a) On April 19, 2013, LNR was sold (see page 113 for details).

(b) In the first quarter of 2013, we began accounting for our investment in Lexington as a marketable equity security - available for sale. This investment was previously accounted for under the equity method (see page 110 for details).

(c) The amounts in these captions (for this table only) exclude income (expense) from the mark-to-market of our deferred compensation plan.

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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, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a 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

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

As of December 31, 2013, management conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that our internal control over financial reporting as of December 31, 2013 was effective.

Our 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 generally accepted accounting principles in the United States, and that receipts and expenditures are being made only in accordance with authorizations of management and our trustees; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

The effectiveness of our internal control over financial reporting as of December 31, 2013 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing on page 145, which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting as of December 31, 2013.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Board of Trustees

Vornado Realty Trust

New York, New York

We have audited the internal control over financial reporting of Vornado Realty Trust, together with its consolidated subsidiaries (the "Company") as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* 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's 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 trustees, 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 trustees 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, 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* 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, 2013 of the Company and our report dated February 24, 2014 expressed an unqualified opinion on those financial statements and financial statement schedules.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey

February 24, 2014

ITEM 9B. Other information

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

Information relating to trustees of the Registrant, including its audit committee and audit committee financial expert, will be contained in a definitive Proxy Statement involving the election of trustees under the caption “Election of Trustees” which the Registrant will file with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 not later than 120 days after December 31, 2013, and such information is incorporated herein by reference. Also incorporated herein by reference is the information under the caption “16(a) Beneficial Ownership Reporting Compliance” of the Proxy Statement.

The following is a list of the names, ages, principal occupations and positions with Vornado of the executive officers of Vornado and the positions held by such officers during the past five years. All executive officers of Vornado have terms of office that run until the next succeeding meeting of the Board of Trustees of Vornado following the Annual Meeting of Shareholders unless they are removed sooner by the Board.

Name	Age	PRINCIPAL OCCUPATION, POSITION AND OFFICE (Current and during past five years with Vornado unless otherwise stated)
Steven Roth	72	Chairman of the Board; Chief Executive Officer since April 2013 and from May 1989 to May 2009; Managing General Partner of Interstate Properties, an owner of shopping centers and an investor in securities and partnerships; Chief Executive Officer of Alexander’s, Inc. since March 1995, a Director since 1989, and Chairman since May 2004.
Michael J. Franco	45	Executive Vice President - Co-Head of Acquisitions and Capital Markets since November 2010; Managing Director (2003-2010) and Executive Director (2001-2003) of the Real Estate Investing Group of Morgan Stanley.
David R. Greenbaum	62	President of the New York Division since April 1997 (date of our acquisition); President of Mendik Realty (the predecessor to the New York Office division) from 1990 until April 1997.
Joseph Macnow	68	Executive Vice President - Finance and Chief Administrative Officer since June 2013; Executive Vice President - Finance and Administration from January 1998 to June 2013, and Chief Financial Officer from March 2001 to June 2013; Vice President and Chief Financial Officer of the Company from 1985 to January 1998; Executive Vice President and Chief Financial Officer of Alexander's, Inc. since August 1995.
Robert Minutoli	63	

		Executive Vice President - Retail since April 2013; Senior Vice President - Retail from April 2009 to April 2013.
Mitchell N. Schear	55	President of Vornado/Charles E. Smith L.P. (our Washington, DC division) since April 2003; President of the Kaempfer Company from 1998 to April 2003 (date acquired by us).
Wendy Silverstein	53	Executive Vice President - Co-Head of Acquisitions and Capital Markets since November 2010; Executive Vice President of Capital Markets since 1998; Senior Credit Officer of Citicorp Real Estate and Citibank, N.A. from 1986 to 1998.
Stephen W. Theriot	54	Chief Financial Officer since June 2013; Partner at Deloitte & Touche LLP (1994 - 2013) and most recently, leader of its Northeast Real Estate practice (2011 - 2013).

The Registrant has adopted a Code of Business Conduct and Ethics that applies to, among others, Steven Roth, its principal executive officer, and Stephen W. Theriot, its principal financial and accounting officer. This Code is available on our website at www.vno.com.

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ITEM 11. Executive Compensation

Information relating to executive officer and director compensation will be contained in the Proxy Statement referred to above in Item 10, “Directors, Executive Officers and Corporate Governance,” under the caption “Executive Compensation” and such information is incorporated herein by reference.

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 will be contained in the Proxy Statement referred to in Item 10, “Directors, Executive Officers and Corporate Governance,” under the caption “Principal Security Holders” and such information is incorporated herein by reference.

Equity compensation plan information

The following table provides information as of December 31, 2013 regarding our equity compensation plans.

Plan Category	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 the second column)
Equity compensation plans approved by security holders	4,732,733 (1)	$ 67.51	4,672,329 (2)
Equity compensation awards not approved by security holders	-	-	-
Total	4,732,733	$ 67.51	4,672,329

(1) Includes an aggregate of 1,484,034 shares/units, comprised of (i) 29,664 restricted common shares, (ii) 978,232 restricted Operating Partnership units and (iii) 476,138 Out-Performance Plan units, which do not have an exercise price.

(2) Based on awards being granted as "Full Value Awards," as defined. If we were to grant "Not Full Value Awards," as defined, the number of securities available for future grants would be 9,344,658.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

Information relating to certain relationships and related transactions will be contained in the Proxy Statement referred to in Item 10, “Directors, Executive Officers and Corporate Governance,” under the caption “Certain Relationships and Related Transactions” and such information is incorporated herein by reference.

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,” under the caption “Ratification of Selection of Independent Auditors” and such information is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as part of this report:

1. The consolidated financial statements are set forth in Item 8 of this Annual Report on Form 10-K.

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
II--Valuation and Qualifying Accounts--years ended December 31, 2013, 2012 and 2011	150
III--Real Estate and Accumulated Depreciation as of December 31, 2013	151

Schedules other than those listed above are omitted because they are not applicable or the information required is included in the consolidated financial statements or the notes thereto.

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.	
12	Computation of Ratios
21	Subsidiaries of Registrant
23	Consent of Independent Registered Public Accounting Firm
31.1	Rule 13a-14 (a) Certification of Chief Executive Officer
31.2	Rule 13a-14 (a) Certification of 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

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SIGNATURES

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

VORNADO REALTY TRUST
(Registrant)

Date: February 24, 2014 By: /s/ Stephen W. Theriot
Stephen W. Theriot, Chief Financial Officer

(duly authorized officer and principal financial and accounting 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:

Signature	Title	Date
By: /s/Steven Roth (Steven Roth)	Chairman of the Board of Trustees and Chief Executive Officer	February 24, 2014
By: /s/Michael D. Fascitelli (Michael D. Fascitelli)	Trustee	February 24, 2014
By: /s/Candace K. Beinecke (Candace K. Beinecke)	Trustee	February 24, 2014
By: /s/Robert P. Kogod (Robert P. Kogod)	Trustee	February 24, 2014
By: /s/Michael Lynne (Michael Lynne)	Trustee	February 24, 2014
By: /s/David Mandelbaum (David Mandelbaum)	Trustee	February 24, 2014
By: /s/Ronald G. Targan (Ronald G. Targan)	Trustee	February 24, 2014
By: /s/Daniel R. Tisch (Daniel R. Tisch)	Trustee	February 24, 2014

By: /s/Richard R. West (Richard R. West)	Trustee	February 24, 2014
By: /s/Russell B. Wight (Russell B. Wight, Jr.)	Trustee	February 24, 2014
By: /s/ Stephen W. Theriot (Stephen W. Theriot)	Chief Financial Officer (Principal Financial and Accounting Officer)	February 24, 2014

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VORNADO REALTY TRUST
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
December 31, 2013
(Amounts in Thousands)

Column A	Column B	Column C	Column D	Column E
Description	**Balance at Beginning of Year**	**Additions Charged Against Operations**	**Uncollectible Accounts Written-off**	**Balance at End of Year**
Year Ended December 31, 2013:				
Allowance for doubtful accounts	$ 40,839	$ 11,417	$ (20,187)	$ 32,069
Year Ended December 31, 2012:				
Allowance for doubtful accounts	$ 46,531	$ 9,697	$ (15,389)	$ 40,839
Year Ended December 31, 2011:				
Allowance for doubtful accounts	$ 140,780	$ (56,995)	$ (37,254)	$ 46,531

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VORNADO REALTY TRUST
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
(Amounts in thousands)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E			COLUMN F	COLUMN G	COLUMN H	C
		Initial cost to company (1)			Gross amount at which carried at close of period						de
Description	Encumbrances	Land	Building and improvements	Costs capitalized subsequent to acquisition	Land	Buildings and improvements	Total (2)	Accumulated depreciation and amortization	Date of construction (3)	Date acquired	s is
New York											
New York											
Manhattan											
1290 Avenue of the Americas	$ 950,000	$ 515,539	$ 923,653	$ 113,956	$ 515,539	$ 1,037,609	$ 1,553,148	$ 177,161	1963	2007	
350 Park Avenue	300,000	265,889	363,381	34,075	265,889	397,456	663,345	70,876	1960	2006	
666 Fifth Avenue (Retail Condo)	390,000	189,005	471,072	-	189,005	471,072	660,077	13,011		2012	
One Penn Plaza	-	-	412,169	181,159	-	593,328	593,328	227,919	1972	1998	
100 West 33rd Street (Manhattan Mall)	223,242	242,776	247,970	12,661	242,776	260,631	503,407	44,717	1911	2007	
1540 Broadway	-	105,914	214,208	25,955	105,914	240,163	346,077	28,847		2006	
655 Fifth Avenue	-	102,594	231,903	-	102,594	231,903	334,497	1,461		2013	

Two Penn Plaza	425,000	53,615	164,903	84,924	52,689	250,753	303,442	117,909	1968	1997
1535 Broadway (Marriott Marquis)	-	-	249,285	42,816	-	292,101	292,101	-		2012
Manhattan Mall	101,758	88,595	113,473	72,225	88,595	185,698	274,293	38,089	2009	2007
770 Broadway	353,000	52,898	95,686	90,361	52,898	186,047	238,945	73,059	1907	1998
90 Park Avenue	-	8,000	175,890	40,927	8,000	216,817	224,817	90,125	1964	1997
888 Seventh Avenue	318,554	-	117,269	105,383	-	222,652	222,652	90,120	1980	1998
909 Third Avenue	194,910	-	120,723	85,724	-	206,447	206,447	62,044	1969	1999
Eleven Penn Plaza	450,000	40,333	85,259	61,146	40,333	146,405	186,738	62,040	1923	1997
640 Fifth Avenue	-	38,224	25,992	113,404	38,224	139,396	177,620	62,664	1950	1997
1740 Broadway	-	26,971	102,890	38,868	26,971	141,758	168,729	56,364	1950	1997
150 East 58th Street	-	39,303	80,216	31,394	39,303	111,610	150,913	45,234	1969	1998
595 Madison Avenue	-	62,731	62,888	19,656	62,731	82,544	145,275	28,720	1968	1999
828-850 Madison Avenue	80,000	107,937	28,261	10	107,937	28,271	136,208	6,124		2005
4 Union Square South	120,000	24,079	55,220	2,233	24,079	57,453	81,532	13,383	1965/2004	1993
510 Fifth Avenue	30,740	34,602	18,728	18,737	34,602	37,465	72,067	3,269		2010
478-482 Broadway	-	20,000	13,375	27,843	20,000	41,218	61,218	5,419	2009	2007
20 Broad Street	-	-	28,760	27,401	-	56,161	56,161	18,774	1956	1998
	-	15,732	26,388	12,411	15,732	38,799	54,531	14,314	1987	1998

40 Fulton Street										
443 Broadway	-	11,187	41,186	-	11,187	41,186	52,373	608		2013
40 East 66th Street	-	13,616	34,635	121	13,616	34,756	48,372	6,957		2005
155 Spring Street	-	13,700	30,544	2,545	13,700	33,089	46,789	5,780		2007
689 Fifth Avenue	-	19,721	13,446	10,237	19,721	23,683	43,404	8,387	1925	1998
435 Seventh Avenue	98,000	19,893	19,091	43	19,893	19,134	39,027	5,480	2002	1997
3040 M Street	-	7,830	27,490	3,256	7,830	30,746	38,576	5,996		2006
692 Broadway	-	6,053	22,908	3,388	6,053	26,296	32,349	5,369		2005
715 Lexington Avenue	-	-	26,903	-	-	26,903	26,903	5,864	1923	2001
677-679 Madison Avenue	-	13,070	9,640	388	13,070	10,028	23,098	1,890		2006
330 West 34th Street	-	-	8,599	13,610	-	22,209	22,209	2,764	1925	1998
484-486 Broadway	-	10,000	6,688	5,054	10,000	11,742	21,742	1,432	2009	2007
1135 Third Avenue	-	7,844	7,844	4,173	7,844	12,017	19,861	33		1997
431 Seventh Avenue	-	16,700	2,751	-	16,700	2,751	19,451	464		2007
267 West 34th Street	-	5,099	10,037	-	5,099	10,037	15,136	42		2013
334 Canal Street	-	1,693	6,507	4,815	-	13,015	13,015	-		2011

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VORNADO REALTY TRUST
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
(Amounts in thousands)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E			COLUMN F	COLUMN G	COLU H
		Initial cost to company (1)			Gross amount at which carried at close of period					
Description	Encumbrances	Land	Building and improvements	Costs capitalized subsequent to acquisition	Land	Buildings and improvements	Total (2)	Accumulated depreciation and amortization	Date of construction (3)	Da acqui
1540 Broadway Garage	$ -	$ 4,086	$ 8,914	$ -	$ 4,086	$ 8,914	$ 13,000	$ 1,687	1990	200
966 Third Avenue	-	8,869	3,631	-	8,869	3,631	12,500	30		201
148 Spring Street	-	3,200	8,112	374	3,200	8,486	11,686	1,159		200
608 Fifth Avenue	-	-	-	10,572	-	10,572	10,572	-	1932	201
150 Spring Street	-	3,200	5,822	192	3,200	6,014	9,214	860		200
488 Eighth Avenue	-	10,650	1,767	(4,671)	6,862	884	7,746	134		200
484 Eighth Avenue	-	3,856	762	299	3,856	1,061	4,917	324		199
825 Seventh Avenue	-	1,483	697	33	1,483	730	2,213	302		199
Other (Primarily Signage)	-	-	5,548	43,641	-	49,189	49,189	9,669		
Total New York	4,035,204	2,216,487	4,733,084	1,341,339	2,210,080	6,080,830	8,290,910	1,416,874		
New Jersey										

Paramus	-	-	-	27,673	1,033	26,640	27,673	15,897	1967	198
Other Properties										
Hotel Pennsylvania	-	29,903	121,712	78,876	29,903	200,588	230,491	80,180	1919	199
Total New York	4,035,204	2,246,390	4,854,796	1,447,888	2,241,016	6,308,058	8,549,074	1,512,951		
Washington, DC										
Washington, DC										
2011-2451 Crystal Drive	226,855	100,935	409,920	132,550	100,228	543,177	643,405	181,658	1984-1989	200
2001 Jefferson Davis Highway, 2100/2200 Crystal Drive, 223 23rd Street, 2221 South Clark Street, Crystal City Shops at 2100, 220 20th Street	72,579	57,213	131,206	183,233	57,070	314,582	371,652	73,439	1964-1969	200
1550-1750 Crystal Drive/ 241-251 18th Street	112,987	64,817	218,330	74,331	64,652	292,826	357,478	90,441	1974-1980	200
Riverhouse Apartments	259,546	118,421	125,078	64,211	138,696	169,014	307,710	29,476		200
Skyline Place (6 buildings)	458,569	41,986	221,869	29,071	41,862	251,064	292,926	78,373	1973-1984	200
1215, 1225										

S. Clark Street/ 200, 201 12th Street S.	60,674	47,594	177,373	32,917	47,465	210,419	257,884	66,549	1983-1987	200
1229-1231 25th Street (West End 25)	101,671	67,049	5,039	106,456	68,198	110,346	178,544	11,499		200
2101 L Street	150,000	32,815	51,642	83,379	39,768	128,068	167,836	26,103	1975	200
1800, 1851 and 1901 South Bell Street	-	37,551	118,806	(9,349)	37,551	109,457	147,008	30,997	1968	200
2200 / 2300 Clarendon Blvd	41,279	-	105,475	40,977	-	146,452	146,452	47,179	1988-1989	200
Met Park / Warehouses	-	106,946	1,326	26,591	82,897	51,966	134,863	1,237		200
Bowen Building - 875 15th Street, NW	115,022	30,077	98,962	1,712	30,176	100,575	130,751	21,759	2004	200
One Skyline Tower	139,536	12,266	75,343	35,222	12,231	110,600	122,831	34,684	1988	200
1875 Connecticut Ave, NW	-	36,303	82,004	4,447	35,886	86,868	122,754	18,030	1963	200

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VORNADO REALTY TRUST
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
(Amounts in thousands)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E			COLUMN F	COLUMN G
		Initial cost to company (1)			Gross amount at which carried at close of period				
Description	Encumbrances	Land	Building and improvements	Costs capitalized subsequent to acquisition	Land	Buildings and improvements	Total (2)	Accumulated depreciation and amortization	Date of construction (3)
1399 New York Avenue, NW	$ -	$ 33,481	$ 67,363	$ 4,236	$ 34,178	$ 70,902	$ 105,080	$ 4,880	
1825 Connecticut Ave, NW	-	33,090	61,316	(5,122)	32,726	56,558	89,284	11,695	1956
1235 S. Clark Street	-	15,826	53,894	17,221	15,826	71,115	86,941	20,001	1981
Commerce Executive	-	13,401	58,705	14,473	13,140	73,439	86,579	24,578	1985-1989
Seven Skyline Place	104,419	10,292	58,351	2,210	10,262	60,591	70,853	16,367	2001
Crystal City Hotel	-	8,000	47,191	8,993	8,000	56,184	64,184	12,890	1968
1150 17th Street	28,728	23,359	24,876	15,276	24,723	38,788	63,511	13,523	1970
1750 Pennsylvania Avenue	-	20,020	30,032	5,410	21,170	34,292	55,462	9,446	1964
H Street - North 10-1D Land Parcel	-	104,473	55	(49,301)	46,866	8,361	55,227	-	
1730 M Street	14,853	10,095	17,541	9,867	10,687	26,816	37,503	10,017	1963
Democracy Plaza One	-	-	33,628	2,772	-	36,400	36,400	15,039	1987
1726 M Street	-	9,450	22,062	3,588	9,455	25,645	35,100	5,270	1964
Crystal Drive Retail	-	-	20,465	5,753	-	26,218	26,218	9,985	2004

1109 South Capitol Street	-	11,541	178	(205)	11,597	(83)	11,514	-	
South Capitol	-	4,009	6,273	(2,078)	-	8,204	8,204	-	
H Street	-	1,763	641	41	1,763	682	2,445	143	
Other	-	-	51,767	(42,411)	-	9,356	9,356	45	
Total Washington, DC	1,886,718	1,052,773	2,376,711	796,471	997,073	3,228,882	4,225,955	865,303	
Retail Properties									
California									
Los Angeles (Beverly Connection)	-	72,996	131,510	25,162	72,995	156,673	229,668	26,727	2008
Walnut Creek (1149 S. Main St)	-	2,699	19,930	-	2,699	19,930	22,629	4,088	
Signal Hill	-	9,652	2,940	1	9,652	2,941	12,593	533	
Walnut Creek (1556 Mount Diablo Blvd)	-	5,909	-	1,536	5,908	1,537	7,445	73	
Vallejo	-	-	2,945	221	-	3,166	3,166	549	
Colton (1904 North Rancho Avenue)	-	1,239	954	-	1,239	954	2,193	225	
Riverside (5571 Mission Blvd)	-	209	704	-	209	704	913	166	
Total California	-	92,704	158,983	26,920	92,702	185,905	278,607	32,361	
Connecticut									
Waterbury	13,941	667	4,504	4,111	667	8,615	9,282	5,746	1969
Newington	11,206	2,421	1,200	691	2,421	1,891	4,312	720	1965
Total Connecticut	25,147	3,088	5,704	4,802	3,088	10,506	13,594	6,466	
Illinois									
Lansing	-	2,135	1,064	71	2,135	1,135	3,270	205	

VORNADO REALTY TRUST
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
(Amounts in thousands)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E			COLUMN F	COLUMN G	COLU H
		Initial cost to company (1)			Gross amount at which carried at close of period					
Description	Encumbrances	Land	Building and Improvements	Costs capitalized subsequent to acquisition	Land	Buildings and Improvements	Total (2)	Accumulated depreciation and amortization	Date of construction (3)	Da acqu
Iowa										
Dubuque	$ -	$ -	$ 1,479	$ -	$ -	$ 1,479	$ 1,479	$ 266		20
Maryland										
Rockville	-	3,470	20,599	93	3,470	20,692	24,162	4,559		200
Baltimore (Towson)	15,581	581	3,227	10,134	581	13,361	13,942	5,281	1968	196
Annapolis	-	-	9,652	-	-	9,652	9,652	2,705		200
Wheaton	-	-	5,367	-	-	5,367	5,367	973		20
Glen Burnie	-	462	2,571	1,262	462	3,833	4,295	2,959	1958	19
Total Maryland	15,581	4,513	41,416	11,489	4,513	52,905	57,418	16,477		
Massachusetts										
Springfield	5,713	2,797	2,471	592	2,797	3,063	5,860	982	1993	19
Chicopee	8,282	895	-	-	895	-	895	-	1969	19
Cambridge	-	-	-	260	-	260	260	149		
Total Massachusetts	13,995	3,692	2,471	852	3,692	3,323	7,015	1,131		
Michigan										
Roseville	-	30	6,128	1,461	30	7,589	7,619	2,223		20
Battle Creek	-	1,264	2,144	(2,443)	264	701	965	127		20
Midland	-	-	133	-	-	133	133	24		20
Total Michigan	-	1,294	8,405	(982)	294	8,423	8,717	2,374		
New Hampshire										
Salem	-	6,083	-	-	6,083	-	6,083	-		20
New Jersey										
Paramus (Bergen Town Center)	300,000	19,884	81,723	372,514	37,635	436,486	474,121	69,290	1957/2009	20
North Bergen (Tonnelle	75,000	24,493	-	63,816	31,806	56,503	88,309	7,814	2009	20

Ave)										
Union (Springfield Avenue)	28,428	19,700	45,090	-	19,700	45,090	64,790	7,421		20
Wayne Towne Center	-	-	26,137	11,926	-	38,063	38,063	3,651		20
East Rutherford	13,558	-	36,727	60	-	36,787	36,787	4,582	2007	20
Garfield	-	45	8,068	25,807	45	33,875	33,920	5,413	2009	19
East Hanover I and II	42,696	2,232	18,241	11,224	2,671	29,026	31,697	14,988	1962	1962/
Lodi (Washington Street)	8,433	7,606	13,125	2,252	7,606	15,377	22,983	3,043		20
Bricktown	31,872	1,391	11,179	6,224	1,391	17,403	18,794	11,699	1968	19
Hazlet	-	7,400	9,413	-	7,400	9,413	16,813	1,549		20
Totowa	24,710	120	11,994	4,561	120	16,555	16,675	12,369	1957/1999	19
Carlstadt	-	-	16,457	1	-	16,458	16,458	2,546		20
East Brunswick II (339-341 Route 18 S.)	11,754	2,098	10,949	2,938	2,098	13,887	15,985	8,842	1972	19
Marlton	17,221	1,611	3,464	9,961	1,454	13,582	15,036	7,905	1973	19

VORNADO REALTY TRUST
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
(Amounts in thousands)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E			COLUMN F	COLUMN G	COLUM H
		Initial cost to company (1)			Gross amount at which carried at close of period					
Description	Encumbrances	Land	Building and improvements	Costs capitalized subsequent to acquisition	Land	Buildings and Improvements	Total (2)	Accumulated depreciation and amortization	Date of construction (3)	Date acquire
Hackensack	$ 40,455	$ 692	$ 10,219	$ 2,911	$ 692	$ 13,130	$ 13,822	$ 9,301	1963	1963
Union (Route 22 and Morris Ave)	32,255	3,025	7,470	2,618	3,025	10,088	13,113	5,037	1962	1962
Manalapan	20,993	725	7,189	4,924	1,046	11,792	12,838	7,868	1971	1971
Cherry Hill	13,831	5,864	2,694	3,821	4,864	7,515	12,379	3,807	1964	1964
South Plainfield	5,112	-	10,044	1,562	-	11,606	11,606	1,825		2007
Watchung	15,034	4,178	5,463	1,526	4,441	6,726	11,167	3,980	1994	1959
Englewood	11,760	2,300	17,245	(8,390)	1,495	9,660	11,155	285		2007
Eatontown	-	4,653	4,999	326	4,653	5,325	9,978	1,210		2005
Dover	13,121	559	6,363	2,962	559	9,325	9,884	6,380	1964	1964
Lodi (Route 17 N.)	11,316	238	9,446	-	238	9,446	9,684	3,363	1999	1975
North Plainfield	-	500	13,983	(5,785)	500	8,198	8,698	2,709	1955	1989
Jersey City	20,227	652	7,495	468	652	7,963	8,615	2,621	1965	1965
Morris Plains	21,321	1,104	6,411	915	1,104	7,326	8,430	6,810	1961	1985
Middletown	17,330	283	5,248	1,947	283	7,195	7,478	5,542	1963	1963
East Brunswick I (325-333 Route 18 S.)	24,820	319	6,220	586	319	6,806	7,125	6,712	1957	1957
Woodbridge	20,610	1,509	2,675	1,867	1,539	4,512	6,051	2,600	1959	1959

Delran	-	756	4,468	724	756	5,192	5,948	5,192	1972	1972
Lawnside	10,660	851	3,164	1,351	851	4,515	5,366	4,198	1969	1969
Kearny	-	309	3,376	1,211	309	4,587	4,896	3,530	1938	1959
Bordentown	-	498	3,176	1,178	713	4,139	4,852	4,058	1958	1958
Turnersville	-	900	1,342	1,094	900	2,436	3,336	2,195	1974	1974
North Bergen (Kennedy Blvd)	5,084	2,308	636	48	2,308	684	2,992	458	1993	1959
Montclair	2,624	66	419	381	66	800	866	684	1972	1972
Total New Jersey	840,225	118,869	432,312	529,529	143,239	937,471	1,080,710	251,477		
New York										
Bronx (Bruckner Blvd)	-	66,100	259,503	(18,471)	62,243	244,889	307,132	45,494		2007
Hicksville (Broadway Mall)	-	126,324	48,904	(79,777)	64,513	30,938	95,451	2,748		2005
Huntington	16,619	21,200	33,667	1,377	21,200	35,044	56,244	5,292		2007
Mt. Kisco	28,206	22,700	26,700	442	23,297	26,545	49,842	4,002		2007
Poughkeepsie	-	12,733	12,026	16,556	8,469	32,846	41,315	5,348	2009	2005
Bronx (1750-1780 Gun Hill Road)	-	6,427	11,885	19,156	6,428	31,040	37,468	4,109	2009	2005
Staten Island	17,000	11,446	21,262	959	11,446	22,221	33,667	5,454		2004
Inwood	-	12,419	19,097	588	12,419	19,685	32,104	4,413		2004
Queens (99-01 Queens Blvd)	-	7,839	20,392	2,123	7,839	22,515	30,354	5,567		2004
West Babylon	-	6,720	13,786	27	6,720	13,813	20,533	2,347		2007
Buffalo (Amherst)	-	5,743	4,056	9,966	5,107	14,658	19,765	5,409	1968	1968
Freeport (437 E. Sunrise Highway)	21,321	1,231	4,747	1,453	1,231	6,200	7,431	5,178	1981	1981
Dewitt	-	-	7,116	-	-	7,116	7,116	1,277		2006
Oceanside	-	2,710	2,306	-	2,710	2,306	5,016	379		2007

VORNADO REALTY TRUST
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
(Amounts in thousands)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E			COLUMN F	COLUMN G
		Initial cost to company (1)			Gross amount at which carried at close of period				
Description	Encumbrances	Land	Building and improvements	Costs capitalized subsequent to acquisition	Land	Buildings and improvements	Total (2)	Accumulated depreciation and amortization	Date of constructi (3)
Albany (Menands)	$ -	$ 460	$ 2,091	$ 2,389	$ 460	$ 4,480	$ 4,940	$ 3,620	1965
Rochester (Henrietta)	-	-	2,647	892	-	3,539	3,539	3,229	1971
Rochester	4,374	2,172	-	-	2,172	-	2,172	-	1966
Freeport (240 West Sunrise Highway)	-	-	-	260	-	260	260	128	
Commack	-	-	43	184	-	227	227	88	
New Hyde Park	-	-	4	-	-	4	4	126	1970
Total New York	87,520	306,224	490,232	(41,876)	236,254	518,326	754,580	104,208	
Pennsylvania									
Wilkes-Barre	19,898	6,053	26,646	424	6,053	27,070	33,123	4,129	
Allentown	29,904	187	15,580	1,584	187	17,164	17,351	13,169	1957
Bensalem	14,843	2,727	6,698	1,895	2,727	8,593	11,320	3,443	1972/199
Bethlehem	5,576	827	5,200	960	839	6,148	6,987	5,530	1966
Wyomissing	-	-	2,646	2,381	-	5,027	5,027	3,139	
York	5,194	409	2,568	1,566	409	4,134	4,543	3,609	1970
Broomall	10,660	850	2,171	1,224	850	3,395	4,245	2,696	1966
Lancaster	5,385	3,140	63	711	3,140	774	3,914	491	1966
Glenolden	6,834	850	1,820	568	850	2,388	3,238	2,022	1975
Springfield	-	-	-	80	-	80	80	44	
Total Pennsylvania	98,294	15,043	63,392	11,393	15,055	74,773	89,828	38,272	
South Carolina									
Charleston	-	-	3,634	-	-	3,634	3,634	659	
Tennessee									
Antioch	-	1,521	2,386	-	1,521	2,386	3,907	432	
Virginia									

Springfield (Springfield Mall)	-	49,516	265,964	17,936	849	332,567	333,416	830	
Norfolk	-	-	3,927	15	-	3,942	3,942	2,684	
Total Virginia	-	49,516	269,891	17,951	849	336,509	337,358	3,514	
Wisconsin									
Fond Du Lac	-	-	174	102	-	276	276	93	
Puerto Rico									
Las Catalinas	-	15,280	64,370	9,015	15,280	73,385	88,665	28,700	1996
Montehiedra	120,000	9,182	66,751	7,874	9,267	74,540	83,807	29,843	1996
Total Puerto Rico	120,000	24,462	131,121	16,889	24,547	147,925	172,472	58,543	
Other	-	-	-	3,861	-	3,861	3,861	487	
Total Retail Properties	1,200,762	629,144	1,612,664	581,001	533,972	2,288,837	2,822,809	516,965	

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VORNADO REALTY TRUST
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
(Amounts in thousands)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E			COLUMN F	COLUM
		Initial cost to company (1)			Gross amount at which carried at close of period				
Description	Encumbrances	Land	Building and improvements	Costs capitalized subsequent to acquisition	Land	Buildings and improvements	Total (2)	Accumulated depreciation and amortization	Date of constru (3)
Merchandise Mart									
Illinois									
Merchandise Mart, Chicago	$ 550,000	$ 64,528	$ 319,146	$ 247,014	$ 64,535	$ 566,153	$ 630,688	$ 186,040	193
527 W. Kinzie, Chicago	-	5,166	-	-	5,166	-	5,166	-	
Total Illinois	550,000	69,694	319,146	247,014	69,701	566,153	635,854	186,040	
New York									
7 West 34th Street	-	34,614	94,167	35,522	34,614	129,689	164,303	38,836	190
MMPI Piers	-	-	-	11,702	-	11,702	11,702	749	
Total New York	-	34,614	94,167	47,224	34,614	141,391	176,005	39,585	
Total Merchandise Mart	550,000	104,308	413,313	294,238	104,315	707,544	811,859	225,625	
Warehouse/Industrial									
New Jersey									
East Hanover	-	576	7,752	9,039	691	16,676	17,367	13,996	197
Total Warehouse/Industrial	-	576	7,752	9,039	691	16,676	17,367	13,996	
Other									

555 California Street	600,000	221,903	893,324	49,758	221,903	943,082	1,164,985	169,495	1922/196
220 Central Park South	-	115,720	16,420	367,471	-	499,611	499,611	-	
Borgata Land, Atlantic City, NJ	59,309	83,089	7	(7)	83,089	-	83,089	-	
40 East 66th Residential	-	29,199	85,798	(82,151)	12,765	20,081	32,846	3,777	
677-679 Madison	-	1,462	1,058	285	1,627	1,178	2,805	283	
Other	-	28,052	-	(16,349)	9,364	2,339	11,703	-	
Total Other	659,309	479,425	996,607	319,007	328,748	1,466,291	1,795,039	173,555	
Leasehold Improvements Equipment and Other	-	-	-	132,523	-	132,523	132,523	102,538	
Total December 31, 2013	$ 8,331,993	$ 4,512,616	$ 10,261,843	$ 3,580,167	$ 4,205,815	$ 14,148,811	$ 18,354,626	$ 3,410,933	

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VORNADO REALTY TRUST
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION

Notes:

(1) Initial cost is cost as of January 30, 1982 (the date on which Vornado commenced real estate operations) unless acquired subsequent to that date see Column H.

(2) The net basis of the Company's assets and liabilities for tax purposes is approximately $3.6 billion lower than the amount reported for financial statement purposes.

(3) Date of original construction — many properties have had substantial renovation or additional construction — see Column D.

(4) Depreciation of the buildings and improvements are calculated over lives ranging from the life of the lease to forty years.

VORNADO REALTY TRUST
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
(AMOUNTS IN THOUSANDS)

The following is a reconciliation of real estate assets and accumulated depreciation:

	Year Ended December 31,		
	2013	**2012**	**2011**
Real Estate			
Balance at beginning of period	$18,238,218	$16,421,701	$16,193,864
Additions during the period:			
Land	131,646	514,950	33,481
Buildings & improvements	1,014,876	1,615,077	315,762
	19,384,740	18,551,728	16,543,107
Less: Assets sold, written-off and deconsolidated	1,030,114	313,510	121,406
Balance at end of period	$18,354,626	$18,238,218	$16,421,701
Accumulated Depreciation			
Balance at beginning of period	$ 3,072,269	$ 2,874,529	$ 2,520,818
Additions charged to operating expenses	423,844	427,189	452,793
	3,496,113	3,301,718	2,973,611
Less: Accumulated depreciation on assets sold and written-off	85,180	229,449	99,082
Balance at end of period	$ 3,410,933	$ 3,072,269	$ 2,874,529

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EXHIBIT INDEX

Exhibit No.			
3.1	-	Articles of Restatement of Vornado Realty Trust, as filed with the State Department of Assessments and Taxation of Maryland on July 30, 2007 - Incorporated by reference to Exhibit 3.75 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-11954), filed on July 31, 2007	*
3.2	-	Amended and Restated Bylaws of Vornado Realty Trust, as amended on March 2, 2000 - Incorporated by reference to Exhibit 3.12 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 001-11954), filed on March 9, 2000	*
3.3	-	Articles Supplementary, 5.40% Series L Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference $25.00 per share, no par value – Incorporated by reference to Exhibit 3.6 to Vornado Realty Trust's Registration Statement on Form 8-A (File No. 001-11954), filed on January 25, 2013	*
3.4	-	Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of October 20, 1997 (the "Partnership Agreement") – Incorporated by reference to Exhibit 3.26 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (File No. 001-11954), filed on May 8, 2003	*
3.5	-	Amendment to the Partnership Agreement, dated as of December 16, 1997 – Incorporated by reference to Exhibit 3.27 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (File No. 001-11954), filed on May 8, 2003	*
3.6	-	Second Amendment to the Partnership Agreement, dated as of April 1, 1998 – Incorporated by reference to Exhibit 3.5 to Vornado Realty Trust's Registration Statement on Form S-3 (File No. 333-50095), filed on April 14, 1998	*

3.7	-	Third Amendment to the Partnership Agreement, dated as of November 12, 1998 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on November 30, 1998	*
3.8	-	Fourth Amendment to the Partnership Agreement, dated as of November 30, 1998 - Incorporated by reference to Exhibit 3.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on February 9, 1999	*
3.9	-	Fifth Amendment to the Partnership Agreement, dated as of March 3, 1999 - Incorporated by reference to Exhibit 3.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on March 17, 1999	*
3.10	-	Sixth Amendment to the Partnership Agreement, dated as of March 17, 1999 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on July 7, 1999	*
3.11	-	Seventh Amendment to the Partnership Agreement, dated as of May 20, 1999 - Incorporated by reference to Exhibit 3.3 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on July 7, 1999	*
3.12	-	Eighth Amendment to the Partnership Agreement, dated as of May 27, 1999 - Incorporated by reference to Exhibit 3.4 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on July 7, 1999	*
3.13	-	Ninth Amendment to the Partnership Agreement, dated as of September 3, 1999 - Incorporated by reference to Exhibit 3.3 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on October 25, 1999	*

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* Incorporated by reference.

3.14	-	Tenth Amendment to the Partnership Agreement, dated as of September 3, 1999 - Incorporated by reference to exhibit 3,4 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on October 25, 1999	*
3.15	-	Eleventh Amendment to the Partnership Agreement, dated as of November 24, 1999 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust’s Current Report on Form 8-K (File No. 001-11954), filed on December 23, 1999	*
3.16	-	Twelfth Amendment to the Partnership Agreement, dated as of May 1, 2000 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust’s Current Report on Form 8-K (File No. 001-11954), filed on May 19, 2000	*
3.17	-	Thirteenth Amendment to the Partnership Agreement, dated as of May 25, 2000 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust’s Current Report on Form 8-K (File No. 001-11954), filed on June 16, 2000	*
3.18	-	Fourteenth Amendment to the Partnership Agreement, dated as of December 8, 2000 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust’s Current Report on Form 8-K (File No. 001-11954), filed on December 28, 2000	*
3.19	-	Fifteenth Amendment to the Partnership Agreement, dated as of December 15, 2000 - Incorporated by reference to Exhibit 4.35 to Vornado Realty Trust’s Registration Statement on Form S-8 (File No. 333-68462), filed on August 27, 2001	*
3.20	-	Sixteenth Amendment to the Partnership Agreement, dated as of July 25, 2001 - Incorporated by reference to Exhibit 3.3 to Vornado Realty Trust’s Current Report on Form 8-K (File No. 001 11954), filed on October 12, 2001	*
3.21	-	Seventeenth Amendment to the Partnership Agreement, dated as of September 21, 2001 - Incorporated by reference to Exhibit 3.4 to Vornado Realty Trust’s Current Report on Form 8 K (File No. 001-11954), filed on October 12, 2001	*
3.22	-		*

		Eighteenth Amendment to the Partnership Agreement, dated as of January 1, 2002 - Incorporated by reference to Exhibit 3.1 to Vornado Realty Trust's Current Report on Form 8-K/A (File No. 001-11954), filed on March 18, 2002	
3.23	-	Nineteenth Amendment to the Partnership Agreement, dated as of July 1, 2002 - Incorporated by reference to Exhibit 3.47 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 (File No. 001-11954), filed on August 7, 2002	*
3.24	-	Twentieth Amendment to the Partnership Agreement, dated April 9, 2003 - Incorporated by reference to Exhibit 3.46 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (File No. 001-11954), filed on May 8, 2003	*
3.25	-	Twenty-First Amendment to the Partnership Agreement, dated as of July 31, 2003 - Incorporated by reference to Exhibit 3.47 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 (File No. 001-11954), filed on November 7, 2003	*
3.26	-	Twenty-Second Amendment to the Partnership Agreement, dated as of November 17, 2003 – Incorporated by reference to Exhibit 3.49 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 001-11954), filed on March 3, 2004	*
3.27	-	Twenty-Third Amendment to the Partnership Agreement, dated May 27, 2004 – Incorporated by reference to Exhibit 99.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on June 14, 2004	*

* Incorporated by reference.

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3.28	-	Twenty-Fourth Amendment to the Partnership Agreement, dated August 17, 2004 –	Incorporated by reference to Exhibit 3.57 to Vornado Realty Trust and Vornado Realty L.P.'s Registration Statement on Form S-3 (File No. 333-122306), filed on January 26, 2005	*
3.29	-	Twenty-Fifth Amendment to the Partnership Agreement, dated November 17, 2004 –	Incorporated by reference to Exhibit 3.58 to Vornado Realty Trust and Vornado Realty L.P.'s Registration Statement on Form S-3 (File No. 333-122306), filed on January 26, 2005	*
3.30	-	Twenty-Sixth Amendment to the Partnership Agreement, dated December 17, 2004 –	Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on December 21, 2004	*
3.31	-	Twenty-Seventh Amendment to the Partnership Agreement, dated December 20, 2004 –	Incorporated by reference to Exhibit 3.2 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on December 21, 2004	*
3.32	-	Twenty-Eighth Amendment to the Partnership Agreement, dated December 30, 2004 -	Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on January 4, 2005	*
3.33	-	Twenty-Ninth Amendment to the Partnership Agreement, dated June 17, 2005 - Incorporated	by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on June 21, 2005	*
3.34	-	Thirtieth Amendment to the Partnership Agreement, dated August 31, 2005 - Incorporated by	reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K	*

		(File No. 000-22685), filed on September 1, 2005	
3.35	-	Thirty-First Amendment to the Partnership Agreement, dated September 9, 2005 - Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on September 14, 2005	*
3.36	-	Thirty-Second Amendment and Restated Agreement of Limited Partnership, dated as of December 19, 2005 – Incorporated by reference to Exhibit 3.59 to Vornado Realty L.P.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 (File No. 000-22685), filed on May 8, 2006	*
3.37	-	Thirty-Third Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of April 25, 2006 – Incorporated by reference to Exhibit 10.2 to Vornado Realty Trust's Form 8-K (File No. 001-11954), filed on May 1, 2006	*
3.38	-	Thirty-Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of May 2, 2006 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on May 3, 2006	*
3.39	-	Thirty-Fifth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of August 17, 2006 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Form 8-K (File No. 000-22685), filed on August 23, 2006	*
3.40	-	Thirty-Sixth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of October 2, 2006 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Form 8-K (File No. 000-22685), filed on January 22, 2007	*

* Incorporated by reference.

3.41	-	Thirty-Seventh Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of June 28, 2007 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on June 27, 2007	*
3.42	-	Thirty-Eighth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of June 28, 2007 – Incorporated by reference to Exhibit 3.2 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on June 27, 2007	*
3.43	-	Thirty-Ninth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of June 28, 2007 – Incorporated by reference to Exhibit 3.3 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on June 27, 2007	*
3.44	-	Fortieth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of June 28, 2007 – Incorporated by reference to Exhibit 3.4 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on June 27, 2007	*
3.45	-	Forty-First Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of March 31, 2008 – Incorporated by reference to Exhibit 3.44 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 (file No. 001-11954), filed on May 6, 2008	*
3.46	-	Forty-Second Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of December 17, 2010 – Incorporated by reference to Exhibit 99.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on December 21, 2010	*

3.47	-	Forty-Third Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of April 20, 2011 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on April 21, 2011	*
3.48	-	Forty-Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership dated as of July 18, 2012 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 001-34482), filed on July 18, 2012	*
3.49	-	Forty-Fifth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of January 25, 2013 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 001-34482), filed on January 25, 2013	*
4.1	-	Indenture, dated as of November 25, 2003, between Vornado Realty L.P. and The Bank of New York, as Trustee - Incorporated by reference to Exhibit 4.10 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (File No. 001-11954), filed on April 28, 2005	*
4.2	-	Indenture, dated as of November 20, 2006, among Vornado Realty Trust, as Issuer, Vornado Realty L.P., as Guarantor and The Bank of New York, as Trustee – Incorporated by reference to Exhibit 4.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on November 27, 2006	*

Certain instruments defining the rights of holders of long-term debt securities of Vornado Realty Trust and its subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. Vornado Realty Trust hereby undertakes to furnish to the Securities and Exchange

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* Incorporated by reference.

10.1		-	Master Agreement and Guaranty, between Vornado, Inc. and Bradlees New Jersey, Inc. dated as of May 1, 1992 - Incorporated by reference to Vornado, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 1992 (File No. 001-11954), filed May 8, 1992	*
10.2		-	Registration Rights Agreement between Vornado, Inc. and Steven Roth, dated December 29, 1992 - Incorporated by reference to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993	*
10.3	**	-	Stock Pledge Agreement between Vornado, Inc. and Steven Roth dated December 29, 1992 - Incorporated by reference to Vornado, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993	*
10.4	**	-	Management Agreement between Interstate Properties and Vornado, Inc. dated July 13, 1992 - Incorporated by reference to Vornado, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993	*
10.5	**	-	Employment Agreement, dated as of April 15, 1997, by and among Vornado Realty Trust, The Mendik Company, L.P. and David R. Greenbaum - Incorporated by reference to Exhibit 10.4 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on April 30, 1997	*
10.6	**	-	Letter agreement, dated November 16, 1999, between Steven Roth and Vornado Realty Trust - Incorporated by reference to Exhibit 10.51 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 001-11954), filed on March 9, 2000	*
10.7		-	Agreement and Plan of Merger, dated as of October 18, 2001, by and among Vornado Realty Trust, Vornado Merger Sub L.P., Charles E. Smith Commercial Realty L.P., Charles E. Smith Commercial Realty L.L.C., Robert H. Smith, individually, Robert P. Kogod,	*

			dinividually, and Charles E. Smith Management, Inc. - Incorporated by reference to Exhibit 2.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on January 16, 2002	
10.8		-	Tax Reporting and Protection Agreement, dated December 31, 2001, by and among Vornado, Vornado Realty L.P., Charles E. Smith Commercial Realty L.P. and Charles E. Smith Commercial Realty L.L.C. - Incorporated by reference to Exhibit 10.3 to Vornado Realty Trust's Current Report on Form 8-K/A (File No. 1-11954), filed on March 18, 2002	*
10.9		-	Employment Agreement between Vornado Realty Trust and Michael D. Fascitelli, dated March 8, 2002 - Incorporated by reference to Exhibit 10.7 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002 (File No. 001-11954), filed on May 1, 2002	*
10.10		-	First Amendment, dated October 31, 2002, to the Employment Agreement between Vornado Realty Trust and Michael D. Fascitelli, dated March 8, 2002 - Incorporated by reference to Exhibit 99.6 to the Schedule 13D filed by Michael D. Fascitelli on November 8, 2002	*
10.11	**	-	Amendment to Real Estate Retention Agreement, dated as of July 3, 2002, by and between Alexander's, Inc. and Vornado Realty L.P. - Incorporated by reference to Exhibit 10(i)(E)(3) to Alexander's Inc.'s Quarterly Report for the quarter ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002	*
10.12	**	-	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 by reference to Exhibit 10(i)(E)(4) to Alexander's Inc.'s Quarterly Report for the quarter ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002	*

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* Incorporated by reference.

** Management contract or compensatory agreement.

10.13		-	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 by reference to Exhibit 10(i)(F)(1) to Alexander's Inc.'s Quarterly Report for the quarter ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002	*
10.14		-	Amendment dated May 29, 2002, to the Stock Pledge Agreement between Vornado Realty Trust and Steven Roth dated December 29, 1992 - Incorporated by reference to Exhibit 5 of Interstate Properties' Schedule 13D/A dated May 29, 2002 (File No. 005-44144), filed on May 30, 2002	*
10.15	**	-	Vornado Realty Trust's 2002 Omnibus Share Plan - Incorporated by reference to Exhibit 4.2 to Vornado Realty Trust's Registration Statement on Form S-8 (File No. 333-102216) filed December 26, 2002	*
10.16	**	-	Form of Stock Option Agreement between the Company and certain employees – Incorporated by reference to Exhibit 10.77 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2004 (File No. 001-11954), filed on February 25, 2005	*
10.17	**	-	Form of Restricted Stock Agreement between the Company and certain employees – Incorporated by reference to Exhibit 10.78 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2004 (File No. 001-11954), filed on February 25, 2005	*
10.18	**	-	Amendment, dated March 17, 2006, to the Vornado Realty Trust Omnibus Share Plan – Incorporated by reference to Exhibit 10.50 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 (File No. 001-11954), filed on May 2, 2006	*

10.19	**	-	Form of Vornado Realty Trust 2006 Out-Performance Plan Award Agreement, dated as of April 25, 2006 – Incorporated by reference to Exhibit 10.1 to Vornado Realty Trust's Form 8-K (File No. 001-11954), filed on May 1, 2006	*
10.20	**	-	Form of Vornado Realty Trust 2002 Restricted LTIP Unit Agreement – Incorporated by reference to Vornado Realty Trust's Form 8-K (Filed No. 001-11954), filed on May 1, 2006	*
10.21	**	-	Amendment No.2, dated May 18, 2006, to the Vornado Realty Trust Omnibus Share Plan – Incorporated by reference to Exhibit 10.53 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 (File No. 001-11954), filed on August 1, 2006	*
10.22	**	-	Amended and Restated Employment Agreement between Vornado Realty Trust and Joseph Macnow dated July 27, 2006 – Incorporated by reference to Exhibit 10.54 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 (File No. 001-11954), filed on August 1, 2006	*
10.23	**	-	Amendment, dated October 26, 2006, to the Vornado Realty Trust Omnibus Share Plan – Incorporated by reference to Exhibit 10.54 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 (File No. 001-11954), filed on October 31, 2006	*
10.24	**	-	Amendment to Real Estate Retention Agreement, dated January 1, 2007, by and between Vornado Realty L.P. and Alexander's Inc. – Incorporated by reference to Exhibit 10.55 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 001-11954), filed on February 27, 2007	*

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* Incorporated by reference.
** Management contract or compensatory agreement.

10.25	**	-	Amendment to 59th Street Real Estate Retention Agreement, dated 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 by reference to Exhibit 10.56 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 001-11954), filed on February 27, 2007	*
10.26	**	-	Employment Agreement between Vornado Realty Trust and Mitchell Schear, as of April 19, 2007 – Incorporated by reference to Exhibit 10.46 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 (File No. 001-11954), filed on May 1, 2007	*
10.27	**	-	Form of Vornado Realty Trust 2002 Omnibus Share Plan Non-Employee Trustee Restricted LTIP Unit Agreement – Incorporated by reference to Exhibit 10.45 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2007 (File No. 001-11954) filed on February 26, 2008	*
10.28	**	-	Form of Vornado Realty Trust 2008 Out-Performance Plan Award Agreement – Incorporated by reference to Exhibit 10.46 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 (File No. 001-11954) filed on May 6, 2008	*
10.29	**	-	Amendment to Employment Agreement between Vornado Realty Trust and Michael D. Fascitelli, dated December 29, 2008. Incorporated by reference to Exhibit 10.47 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-11954) filed on February 24, 2009	*
10.30	**	-	Amendment to Employment Agreement between Vornado Realty Trust and Joseph Macnow, dated December 29, 2008. Incorporated by reference to Exhibit 10.48 to Vornado Realty	*

			Trust’s Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-11954) filed on February 24, 2009	
10.31	**	-	Amendment to Employment Agreement between Vornado Realty Trust and David R. Greenbaum, dated December 29, 2008. Incorporated by reference to Exhibit 10.49 to Vornado Realty Trust’s Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-11954) filed on February 24, 2009	*
10.32	**	-	Amendment to Indemnification Agreement between Vornado Realty Trust and David R. Greenbaum, dated December 29, 2008. Incorporated by reference to Exhibit 10.50 to Vornado Realty Trust’s Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-11954) filed on February 24, 2009	*
10.33	**	-	Amendment to Employment Agreement between Vornado Realty Trust and Mitchell N. Schear, dated December 29, 2008. Incorporated by reference to Exhibit 10.51 to Vornado Realty Trust’s Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-11954) filed on February 24, 2009	*
10.34	**	-	Vornado Realty Trust's 2010 Omnibus Share Plan. Incorporated by reference to Exhibit 10.41 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 (File No. 001-11954) filed on August 3, 2010	*
10.35	**	-	Employment Agreement between Vornado Realty Trust and Michael J. Franco, dated September 24, 2010. Incorporated by reference to Exhibit 10.42 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 (File No. 001-11954) filed on November 2, 2010	*

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* Incorporated by reference.

** Management contract or compensatory agreement.

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10.36 **	-	Form of Vornado Realty Trust 2010 Omnibus Share Plan Incentive / Non-Qualified Stock Option Agreement. Incorporated by reference to Exhibit 99.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954) filed on April 5, 2012	*
10.37 **	-	Form of Vornado Realty Trust 2010 Omnibus Share Plan Restricted Stock Agreement. Incorporated by reference to Exhibit 99.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954) filed on April 5, 2012	*
10.38 **	-	Form of Vornado Realty Trust 2010 Omnibus Share Plan Restricted LTIP Unit Agreement. Incorporated by reference to Exhibit 99.3 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954) filed on April 5, 2012	*
10.39 **	-	Letter Agreement between Vornado Realty Trust and Michelle Felman, dated December 21, 2010. Incorporated by reference to Exhibit 10.45 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2010 (File No. 001-11954) filed on February 23, 2011	*
10.40 **	-	Waiver and Release between Vornado Realty Trust and Michelle Felman, dated December 21, 2010. Incorporated by reference to Exhibit 10.46 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2010 (File No. 001-11954) filed on February 23, 2011	*
10.41 **	-	Revolving Credit Agreement dated as of June 8, 2011, by and among Vornado Realty L.P. as borrower, Vornado Realty Trust as General Partner, the Banks listed on the signature pages thereof, and J.P. Morgan Chase Bank N.A., as Administrative Agent for the Banks. Incorporated by reference to Exhibit 10.46 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011 (File No. 001-11954) filed on August 1, 2011	*
10.42 **	-	Letter Agreement between Vornado Realty Trust and Christopher G. Kennedy, dated August 5, 2011. Incorporated by reference to Exhibit 10.47 to Vornado Realty Trust’s Quarterly Report on Form 10-Q for the quarter ended September 30,	*

		2011 (File No. 001-11954) filed on November 3, 2011	
10.43 **	-	Waiver and Release between Vornado Realty Trust and Christopher G. Kennedy, dated August 5, 2011. Incorporated by reference to Exhibit 10.48 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 (File No. 001-11954) filed on November 3, 2011	*
10.44	-	Revolving Credit Agreement dated on November 7, 2011, by and among Vornado Realty L.P. as borrower, Vornado Realty Trust as General Partner, the Banks listed on the signature pages thereof, and JP Morgan Chase Bank N.A., as administrative agent for the Banks. Incorporated by reference to Exhibit 10.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954) filed on November 11, 2011	*
10.45 **	-	Form of Vornado Realty Trust 2012 Outperformance Plan Award Agreement. Incorporated by reference to Exhibit 10.45 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 001-11954) filed on February 26, 2013	*
10.46 **	-	Letter Agreement between Vornado Realty Trust and Michael D. Fascitelli, dated February 27, 2013. Incorporated by reference to Exhibit 99.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on February 27, 2013	*

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* Incorporated by reference.

** Management contract or compensatory agreement.

10.47	**	-	Waiver and Release between Vornado Realty Trust and Michael D. Fascitelli, dated February 27, 2013. Incorporated by reference to Exhibit 99.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on February 27, 2013	*
10.48		-	Amendment to June 2011 Revolving Credit Agreement dated as of March 28, 2013, by and among Vornado Realty L.P., as Borrower, the banks listed on the signature pages, and J.P. Morgan Chase Bank N.A., as Administrative Agent. Incorporated by reference to Exhibit 10.48 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 (File No. 001-11954), filed on May 6, 2013	*
10.49		-	Amendment to November 2011 Revolving Credit Agreement dated as of March 28, 2013, by and among Vornado Realty L.P., as Borrower, the banks listed on the signature pages, and J.P. Morgan Chase Bank N.A., as Administrative Agent. Incorporated by reference to Exhibit 10.49 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 (File No. 001-11954), filed on May 6, 2013	*
10.50	**	-	Form of Vornado Realty Trust 2013 Outperformance Plan Award Agreement. Incorporated by reference to Exhibit 10.50 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 (File No. 001-11954), filed on May 6, 2013	*
10.51	**	-	Employment agreement between Vornado Realty Trust and Stephen W. Theriot dated June 1, 2013. Incorporated by reference to Exhibit 10.51 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 (File No. 001-11954), filed on August 5, 2013	*

*	Incorporated by reference.
**	Management contract or compensatory agreement.

12	-	Computation of Ratios
21	-	Subsidiaries of the 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