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

FORM 10-K

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

For the Fiscal Year Ended: December 31, 2015

OR

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

For the transition period from _____ to _____

Commission File Number: 001-11954

VORNADO REALTY TRUST

(Exact name of Registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

22-1657560

(I.R.S. Employer Identification Number)

888 Seventh Avenue, New York, New York

(Address of Principal Executive Offices)

10019

(Zip Code)

Registrant's telephone number including area code: (212) 894-7000

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Shares of beneficial interest, \$.04 par value per share	New York Stock Exchange
Cumulative Redeemable Preferred Shares of beneficial interest, no par value:	
6.625% Series G	New York Stock Exchange
6.625% Series I	New York Stock Exchange
6.875% Series J	New York Stock Exchange
5.70% Series K	New York Stock Exchange
5.40% Series L	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

YES NO

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

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

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

Large Accelerated Filer

Accelerated Filer

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

Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

The aggregate market value of the voting and non-voting common shares held by non-affiliates of the registrant, i.e. by persons other than officers and trustees of Vornado Realty Trust, was \$16,366,466,000 at June 30, 2015.

As of December 31, 2015, there were 188,576,853 of the registrant's common shares of beneficial interest outstanding.

Documents Incorporated by Reference

Part III: Portions of Proxy Statement for Annual Meeting of Shareholders to be held on May 19, 2016.

This Annual Report on Form 10-K omits financial statements required under Rule 3-09 of Regulation S-X, for Toys "R" Us, Inc. An amendment to this Annual Report on Form 10-K will be filed as soon as practicable following the availability of such financial statements.

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(1) These items are omitted in whole or in part because the registrant will file a definitive Proxy Statement pursuant to Regulation 14A under the Securities Exchange Act of 1934 with the Securities and Exchange Commission no later than 120 days after December 31, 2015, portions of which are incorporated by reference herein.

FORWARD-LOOKING STATEMENTS

Certain statements contained herein constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are not guarantees of future performance. They represent our intentions, plans, expectations and beliefs and are subject to numerous assumptions, risks and uncertainties. Our future results, financial condition and business may differ materially from those expressed in these forward-looking statements. You can find many of these statements by looking for words such as “approximates,” “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “would,” “may” or other similar expressions in this Annual Report on Form 10-K. We also note the following forward-looking statements: in the case of our development and redevelopment projects, the estimated completion date, estimated project cost and cost to complete; and estimates of future capital expenditures, dividends to common and preferred shareholders and operating partnership distributions. Many of the factors that will determine the outcome of these and our other forward-looking statements are beyond our ability to control or predict. For further discussion of factors that could materially affect the outcome of our forward-looking statements, see “Item 1A. Risk Factors” in this Annual Report on Form 10-K.

For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K or the date of any document incorporated by reference. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to our forward-looking statements to reflect events or circumstances occurring after the date of this Annual Report on Form 10-K.

PART I

ITEM 1. BUSINESS

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 93.7% of the common limited partnership interest in the Operating Partnership at December 31, 2015. All references to “we,” “us,” “our,” the “Company” and “Vornado” refer to Vornado Realty Trust and its consolidated subsidiaries, including the Operating Partnership.

On January 15, 2015, we completed the spin-off of substantially all of our retail segment comprised of 79 strip shopping centers, three malls, a warehouse park and \$225 million of cash to Urban Edge Properties (“UE”) (NYSE: UE). As part of this transaction, we received 5,717,184 UE operating partnership units (5.4% ownership interest).

We currently own all or portions of:

New York:

- 21.3 million square feet of Manhattan office space in 35 properties;
- 2.6 million square feet of Manhattan street retail space in 65 properties;
- 1,711 units in eleven residential 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 seven 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:

- 15.8 million square feet of office space in 57 properties;
- 2,414 units in seven residential properties;

Other Real Estate and Related Investments:

- The 3.6 million square foot Mart (“theMart”) in Chicago;
- 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 32.5% interest in Toys “R” Us, Inc.; and
- Other real estate and other investments.

OBJECTIVES AND STRATEGY

Our business objective is to maximize shareholder value. We intend to achieve this 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 our existing properties to increase returns and maximize value
- 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 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.

ACQUISITIONS

Since January 1, 2015, we acquired assets aggregating \$845.8 million. Below is the summary of the significant acquisitions.

- 150 West 34th Street for approximately \$355 million
- The Center Building, located at 33-00 Northern Boulevard in Long Island City, NY for \$142 million
- 260 Eleventh Avenue for 813,900 newly issued Vornado Operating Partnership units valued at approximately \$80 million
- 265 West 34th Street for approximately \$28.5 million
- We increased our ownership in Crowne Plaza Times Square Hotel to 33% from 11% by co-investing with our 25% owned real estate fund and one of the fund's limited partners to buy out the fund's joint venture partner's 57% interest
- We entered into a joint venture in which we have a 55% ownership interest to develop a Class-A office building at 512 West 22nd Street

Additional details about our acquisitions are provided in the "Overview" of Management's Discussion and Analysis of Financial Condition and Results of Operations.

DISPOSITIONS

Since January 1, 2015, we sold eleven assets for an aggregate of \$1.044 billion, with net proceeds of approximately \$980 million. Below is a summary of these sales.

- We completed the spin-off of substantially all of our retail segment to Urban Edge Properties
- 20 Broad Street for an aggregate consideration of \$200 million resulting in net proceeds of \$193.2 million
- 1750 Pennsylvania Avenue, NW in Washington, DC for \$182 million resulting in net proceeds of \$177.6 million
- Our 50% interest in the Monmouth Mall in Eatontown, NJ for \$38 million
- Our Geary Street, CA lease for \$35.3 million resulting in net proceeds of \$34.2 million
- We transferred the redeveloped Springfield Town Center, located in Springfield, VA to PREIT Associates, L.P. for \$485.3 million resulting in net proceeds of \$463.5 million.
- Five residual retail assets for an aggregate of \$11.4 million resulting in net proceeds of \$10.7 million
- 520 Broadway for \$91.7 million resulting in net proceeds of \$62.9 million

Additional details about our dispositions are provided in the "Overview" of Management's Discussion and Analysis of Financial Condition and Results of Operations.

FINANCINGS

Since January 1, 2015, we completed the following financing transactions:

- Entered into an unsecured delayed-draw term loan facility in the maximum amount of \$750 million (\$187.5 million outstanding at December 31, 2015)
- Completed \$700 million refinancing of 770 Broadway for net proceeds of approximately \$330 million.
- Completed \$580 million refinancing of 100 West 33rd Street for net proceeds of approximately \$242 million
- Redeemed \$500 million 4.25% senior unsecured notes due April 2015
- Completed \$450 million financing of the retail condominium of the St. Regis Hotel and the adjacent retail town house
- Completed \$375 million refinancing of 888 Seventh Avenue for net proceeds of approximately \$49 million
- Upsized loan on 220 Central Park South development by \$350 million to \$950 million
- Completed \$308 million refinancing of RiverHouse Apartments for net proceeds of approximately \$43 million
- \$205 million of financing in connection with acquisition of 150 West 34th Street

Additional details about our financings are provided in the “Overview” of Management’s Discussion and Analysis of Financial Condition and Results of Operations.

DEVELOPMENT AND REDEVELOPMENT EXPENDITURES

We are constructing a residential condominium tower containing 392,000 salable square feet on our 220 Central Park South development site. The incremental development cost of this project is approximately \$1.3 billion, of which \$293 million has been expended as of December 31, 2015.

We are developing The Bartlett, a 699-unit residential project in Pentagon City, which is expected to be completed in 2016. The project includes a 40,000 square foot Whole Foods Market at the base of the building. The incremental development cost of this project is approximately \$250 million, of which \$166 million has been expended as of December 31, 2015.

On June 24, 2015, we entered into a joint venture, in which we own a 55% interest, to develop a 173,000 square foot Class-A office building, located along the western edge of the High Line at 512 West 22nd Street in the West Chelsea submarket of Manhattan. The development cost of this project is approximately \$235 million. On November 24, 2015, the joint venture obtained a \$126 million construction loan. The loan matures in November 2019 with two six-month extension options. The interest rate is LIBOR plus 2.65% (3.07% at December 31, 2015). As of December 31, 2015, the outstanding balance of the loan was \$44.1 million, of which \$24.2 million is our share.

On July 23, 2014, a joint venture in which we are a 50.1% partner entered into a 99-year ground lease for 61 Ninth Avenue located on the Southwest corner of Ninth Avenue and 15th Street in the West Chelsea submarket of Manhattan. The venture’s current plans are to construct an office building, with retail at the base, of approximately 167,000 square feet. Total development costs are currently estimated to be approximately \$150 million.

We plan to demolish two adjacent Washington, DC office properties, 1726 M Street and 1150 17th Street in the first half of 2016 and replace them in the future with a new 335,000 square foot Class A office building, to be addressed 1700 M Street. The incremental development cost of the project is approximately \$170 million.

We are also evaluating other development and redevelopment opportunities at certain of our properties in Manhattan, including the Penn Plaza District, and in Washington, including Crystal City, 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.

SEGMENT DATA

We operate in the following business segments: New York and Washington, DC. Financial information related to these business segments for the years ended December 31, 2015, 2014 and 2013 is set forth in Note 24 – Segment Information to our consolidated financial statements in this Annual Report on Form 10-K.

SEASONALITY

Our revenues and expenses are subject to seasonality during the year which impacts quarterly net earnings, cash flows and funds from operations, and therefore impacts comparisons of the current quarter to the previous quarter. The New York and Washington, DC segments have historically experienced higher utility costs in the first and third quarters of the year.

TENANTS ACCOUNTING FOR OVER 10% OF REVENUES

None of our tenants accounted for more than 10% of total revenues in any of the years ended December 31, 2015, 2014 and 2013

CERTAIN ACTIVITIES

We do not base our acquisitions and investments on specific allocations by type of property. We have historically held our properties for long-term investment; however, it is possible that properties in our portfolio may be sold when circumstances warrant. Further, we have not adopted a policy that limits the amount or percentage of assets which could be invested in a specific property or property type. While we may seek the vote of our shareholders in connection with any particular material transaction, generally our activities are reviewed and may be modified from time to time by our Board of Trustees without the vote of shareholders.

EMPLOYEES

As of December 31, 2015, we have approximately 4,089 employees, of which 298 are corporate staff. The New York segment has 3,242 employees, including 2,566 employees of Building Maintenance Services LLC, a wholly owned subsidiary, which provides cleaning, security and engineering services primarily to our New York and Washington, DC properties and 487 employees at the Hotel Pennsylvania. The Washington, DC segment and the Mart properties have 462 and 87 employees, respectively. The foregoing does not include employees of partially owned entities.

PRINCIPAL EXECUTIVE OFFICES

Our principal executive offices are located at 888 Seventh Avenue, New York, New York 10019; telephone (212) 894-7000.

MATERIALS AVAILABLE ON OUR WEBSITE

Copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports, as well as Reports on Forms 3, 4 and 5 regarding officers, trustees or 10% beneficial owners of us, filed or furnished pursuant to Section 13(a), 15(d) or 16(a) of the Securities Exchange Act of 1934 are available free of charge through our website (www.vno.com) as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission. Also available on our website are copies of our Audit Committee Charter, Compensation Committee Charter, Corporate Governance and Nominating Committee Charter, Code of Business Conduct and Ethics and Corporate Governance Guidelines. In the event of any changes to these charters or the code or guidelines, changed copies will also be made available on our website. Copies of these documents are also available directly from us free of charge. Our website also includes other financial information, including certain non-GAAP financial measures, none of which is a part of this Annual Report on Form 10-K. Copies of our filings under the Securities Exchange Act of 1934 are also available free of charge from us, upon request.

ITEM 1A. RISK FACTORS

Material factors that may adversely affect our business, operations and financial condition are summarized below. The risks and uncertainties described herein may not be the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business. See “Forward-Looking Statements” contained herein on page 4.

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

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

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

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

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

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

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

Real estate is a competitive business.

We compete with a large number of real estate property owners and developers, some of which may be willing to accept lower returns on their investments. Principal factors of competition are rents charged, sales prices, attractiveness of location, the quality of the property and the breadth and the quality of services provided. Our success depends upon, among other factors, trends of the global, national, regional and local economies, the financial condition and operating results of current and prospective tenants and customers, availability and cost of capital, construction and renovation costs, taxes, governmental regulations, legislation, population and employment trends.

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

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

We may be unable to renew leases or relet space as leases expire.

When our tenants decide not to renew their leases upon their expiration, we may not be able to relet the space. Even if tenants do renew or we can relet the space, the terms of renewal or reletting, taking into account among other things, the cost of improvements to the property and leasing commissions, may be less favorable than the terms in the expired leases. In addition, changes in space utilization by our tenants may impact our ability to renew or relet space without the need to incur substantial costs in renovating or redesigning the internal configuration of the relevant property. If we are unable to promptly renew the leases or relet the space at similar rates or if we incur substantial costs in renewing or reletting the space, our cash flow and ability to service debt obligations and pay dividends and distributions to security holders could be adversely affected.

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

From time to time, some of our tenants have declared bankruptcy, and other tenants may declare bankruptcy or become insolvent in the future. The bankruptcy or insolvency of a major tenant could cause us to suffer lower revenues and operational difficulties, including leasing the remainder of the property. As a result, the bankruptcy or insolvency of a major tenant could result in decreased revenue, net income and funds available to pay our indebtedness or make distributions to shareholders.

We may incur significant costs to comply with environmental laws and environmental contamination may impair our ability to lease and/or sell real estate.

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

Each of our properties has been subject to varying degrees of environmental assessment. To date, these environmental assessments have not revealed any environmental condition material to our business. However, identification of new compliance concerns or undiscovered areas of contamination, changes in the extent or known scope of contamination, human exposure to contamination or changes in clean-up or compliance requirements could result in significant costs to us.

In addition, we may become subject to costs or taxes, or increases therein, associated with natural resource or energy usage (such as a “carbon tax”). These costs or taxes could increase our operating costs and decrease the cash available to pay our obligations or distribute to equity holders.

We face risks associated with our tenants being designated “Prohibited Persons” by the Office of Foreign Assets Control and similar requirements.

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

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

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

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

We face risks associated with security breaches, whether through cyber attacks or cyber intrusions over the Internet, malware, computer viruses, attachments to e-mails, persons who access our systems from inside or outside our organization, and other significant disruptions of our IT networks and related systems. The risk of a security breach or disruption, particularly through cyber attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Our IT networks and related systems are essential to the operation of our business and our ability to perform day-to-day operations (including managing our building systems) and, in some cases, may be critical to the operations of certain of our tenants. Although we make efforts to maintain the security and integrity of these types of IT networks and related systems, and we have implemented various measures to manage the risk of a security breach or disruption, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases are designed to not be detected and, in fact, may not be detected. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is impossible for us to entirely mitigate this risk.

A security breach or other significant disruption involving our IT networks and related systems could disrupt the proper functioning of our networks and systems and therefore our operations and/or those of certain of our tenants; result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of, proprietary, confidential, sensitive or otherwise valuable information of ours or others, which others could use to compete against us or which could expose us to damage claims by third-parties for disruptive, destructive or otherwise harmful purposes and outcomes; result in our inability to maintain the building systems relied upon by our tenants for the efficient use of their leased space; require significant management attention and resources to remedy any damages that result; subject us to claims for breach of contract, damages, credits, penalties or termination of leases or other agreements; or damage our reputation among our tenants and investors generally. Any or all of the foregoing could have a material adverse effect on our results of operations, financial condition and cash flows.

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

We maintain general liability insurance with limits of \$300,000,000 per occurrence and per property, and all risk property and rental value insurance with limits of \$2.0 billion per occurrence, with sub-limits for certain perils such as flood and earthquake. Our California properties have earthquake insurance with coverage of \$180,000,000 per occurrence and in the annual aggregate, subject to a deductible in the amount of 5% of the value of the affected property. 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 of 2015, which expires in December 2020.

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 acts of terrorism including 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 (\$2,400,000 effective January 1, 2016) per occurrence and 15% of the balance of a covered loss (16% effective January 1, 2016) and the Federal government is responsible for the remaining 85% of a covered loss (84% effective January 1, 2016). 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.

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

The Americans with Disabilities Act (“ADA”) generally requires that public buildings, including our properties, meet certain federal requirements related to access and use by disabled persons. Noncompliance could result in the imposition of fines by the federal government or the award of damages to private litigants and/or legal fees to their counsel. From time to time persons have asserted claims against us with respect to some of our properties under the ADA, but to date such claims have not resulted in any material expense or liability. If, under the ADA, we are required to make substantial alterations and capital expenditures in one or more of our properties, including the removal of access barriers, it could adversely affect our financial condition and results of operations, as well as the amount of cash available for distribution to shareholders.

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

OUR INVESTMENTS ARE CONCENTRATED IN THE NEW YORK CITY METROPOLITAN AREA AND WASHINGTON, DC / NORTHERN VIRGINIA AREA. CIRCUMSTANCES AFFECTING THESE AREAS GENERALLY COULD ADVERSELY AFFECT OUR BUSINESS.

A significant portion of our properties are located in the New York City / New Jersey metropolitan area and Washington, DC / Northern Virginia area and are affected by the economic cycles and risks inherent to those areas.

In 2015, approximately 92% of our EBITDA, excluding items that affect comparability, came from properties located in the New York City metropolitan area and the Washington, DC / Northern Virginia area. We may continue to concentrate a significant portion of our future acquisitions in these areas or in other geographic real estate markets in the United States or abroad. Real estate markets are subject to economic downturns and we cannot predict how economic conditions will impact these markets in either the short or long term. Declines in the economy or declines in real estate markets in these areas could hurt our financial performance and the value of our properties. In addition to the factors affecting the national economic condition generally, the factors affecting economic conditions in these regions include:

- financial performance and productivity of the media, advertising, financial, technology, retail, insurance and real estate industries;
- space needs of, and budgetary constraints affecting, the United States Government, including the effect of a deficit reduction plan and/or base closures and repositioning under the Defense Base Closure and Realignment Act of 2005, as amended;
- business layoffs or downsizing;
- industry slowdowns;
- relocations of businesses;
- changing demographics;
- increased telecommuting and use of alternative work places;
- infrastructure quality; and
- any oversupply of, or reduced demand for, real estate.

It is impossible for us to assess the future effects of trends in the economic and investment climates of the geographic areas in which we concentrate, and more generally of the United States, or the real estate markets in these areas. Local, national or global economic downturns, would negatively affect our businesses and profitability.

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

We have significant investments in large metropolitan areas, including the New York, Washington, DC, Chicago and San Francisco metropolitan areas. In response to a terrorist attack or the perceived threat of terrorism, tenants in these areas may choose to relocate their businesses to less populated, lower-profile areas of the United States that may be perceived to be less likely targets of future terrorist activity and fewer customers may choose to patronize businesses in these areas. This, in turn, would trigger a decrease in the demand for space in these areas, which could increase vacancies in our properties and force us to lease space on less favorable terms. As a result, the value of our properties and the level of our revenues and cash flows could decline materially.

Natural disasters and the effects of climate change could have a concentrated impact on the areas where we operate and could adversely impact our results.

Our investments are concentrated in the New York, Washington, DC, Chicago and San Francisco metropolitan areas. Natural disasters, including earthquakes, storms and hurricanes, could impact our properties in these and other areas in which we operate. Potentially adverse consequences of “global warming” could similarly have an impact on our properties. As a result, we could become subject to significant losses and/or repair costs that may or may not be fully covered by insurance and to the risk of business interruption. The incurrence of these losses, costs or business interruptions may adversely affect our operating and financial results.

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

We may acquire, develop or redevelop real estate and acquire related companies and this may create risks.

We may acquire, develop or redevelop properties or acquire real estate related companies when we believe doing so is consistent with our business strategy. We may not succeed in (i) developing, redeveloping or acquiring real estate and real estate related companies; (ii) completing these activities on time or within budget; and (iii) leasing or selling developed, redeveloped or acquired properties at amounts sufficient to cover our costs. Competition in these activities could also significantly increase our costs. Difficulties in integrating acquisitions may prove costly or time-consuming and could divert management's attention. Acquisitions or developments in new markets or industries where we do not have the same level of market knowledge may result in weaker than anticipated performance. We may also abandon acquisition or development opportunities that we have begun pursuing and consequently fail to recover expenses already incurred. Furthermore, we may be exposed to the liabilities of properties or companies acquired, some of which we may not be aware of at the time of acquisition.

From time to time we have made, and in the future we may seek to make, one or more material acquisitions. The announcement of such a material acquisition may result in a rapid and significant decline in the price of our common shares.

We are continuously looking at material transactions that we believe will maximize shareholder value. However, an announcement by us of one or more significant acquisitions could result in a quick and significant decline in the price of our common shares.

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

Real estate investments are relatively difficult to buy and sell quickly. Consequently, we may have limited ability to vary our portfolio promptly in response to changes in economic or other conditions.

We may not be permitted to dispose of certain properties or pay down the debt associated with those properties when we might otherwise desire to do so without incurring additional costs. In addition, when we dispose of or sell assets, we may not be able to reinvest the sales proceeds and earn similar returns.

As part of an acquisition of a property, or a portfolio of properties, we may agree, and in the past have agreed, not to dispose of the acquired properties or reduce the mortgage indebtedness for a long-term period, unless we pay certain of the resulting tax costs of the seller. These agreements could result in us holding on to properties that we would otherwise sell and not pay down or refinance. In addition, when we dispose of or sell assets, we may not be able to reinvest the sales proceeds and earn returns similar to those generated by the assets that were sold.

From time to time we have made, and in the future we may seek to make, investments in companies over which we do not have sole control. Some of these companies operate in industries with different risks than investing and operating real estate.

From time to time we have made, and in the future we may seek to make, investments in companies that we may not control, including, but not limited to, Alexander's, Inc. ("Alexander's"), Toys "R" Us, Inc. ("Toys"), Lexington Realty Trust ("Lexington"), Urban Edge Properties ("UE"), Pennsylvania Real Estate Investment Trust ("PREIT"), and other equity and loan investments. Although these businesses generally have a significant real estate component, some of them operate in businesses that are different from investing and operating real estate, including operating or managing toy stores. Consequently, we are subject to operating and financial risks of those industries and to the risks associated with lack of control, such as having differing objectives than our partners or the entities in which we invest, or becoming involved in disputes, or competing directly or indirectly with these partners or entities. In addition, we rely on the internal controls and financial reporting controls of these entities and their failure to maintain effectiveness or comply with applicable standards may adversely affect us.

We are subject to risks that affect the general and New York City retail environments.

Certain of our properties are Manhattan street retail properties. As such, these properties are affected by the general and New York City retail environments, including the level of consumer spending and consumer confidence, the threat of terrorism and increasing competition from retailers, outlet malls, retail websites and catalog companies. These factors could adversely affect the financial condition of our retail tenants and the willingness of retailers to lease space in our retail locations, and in turn, adversely affect us.

Our investment in Toys has in the past and may in the future result in increased seasonality and volatility in our reported earnings.

We carry our Toys investment at zero. As a result, we no longer record our equity in Toys' income or loss. Because Toys is a retailer, its operations subject us to the risks of a retail company that are different than those presented by our other lines of business. The business of Toys is highly seasonal and substantially all of Toys net income is generated in its fourth quarter. It is possible that the value of Toys may increase and we could again resume recording our equity in Toys' income or loss, which would increase the seasonality and volatility of our reported earnings.

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

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

We invest in marketable equity securities. The value of these investments may decline as a result of operating performance or economic or market conditions.

We invest in marketable equity securities of publicly-traded companies, such as Lexington Realty Trust. As of December 31, 2015, our marketable securities have an aggregate carrying amount of \$150,997,000, at market. Significant declines in the value of these investments due to, among other reasons, operating performance or economic or market conditions, may result in the recognition of impairment losses which could be material.

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

We may not be able to obtain capital to make investments.

We depend primarily on external financing to fund the growth of our business. This is because one of the requirements of the Internal Revenue Code of 1986, as amended, for a REIT is that it distributes 90% of its taxable income, excluding net capital gains, to its shareholders. There is a separate requirement to distribute net capital gains or pay a corporate level tax in lieu thereof. Our access to debt or equity financing depends on the willingness of third parties to lend or make equity investments and on conditions in the capital markets generally. Although we believe that we will be able to finance any investments we may wish to make in the foreseeable future, there can be no assurance that new financing will be available or available on acceptable terms. For information about our available sources of funds, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" and the notes to the consolidated financial statements in this Annual Report on Form 10-K.

Vornado Realty Trust ("Vornado") depends on dividends and distributions from its direct and indirect subsidiaries. The creditors and preferred security holders of these subsidiaries are entitled to amounts payable to them by the subsidiaries before the subsidiaries may pay any dividends or distributions to Vornado.

Substantially all of Vornado's assets are held through its Operating Partnership that holds substantially all of its properties and assets through subsidiaries. The Operating Partnership's cash flow is dependent on cash distributions to it by its subsidiaries, and in turn, substantially all of Vornado's cash flow is dependent on cash distributions to it by the Operating Partnership. The creditors of each of Vornado's direct and indirect subsidiaries are entitled to payment of that subsidiary's obligations to them, when due and payable, before distributions may be made by that subsidiary to its equity holders. Thus, the Operating Partnership's ability to make distributions to holders of its units depends on its subsidiaries' ability first to satisfy their obligations to their creditors and then to make distributions to the Operating Partnership. Likewise, Vornado's ability to pay dividends to holders of common and preferred shares depends on the Operating Partnership's ability first to satisfy its obligations to its creditors and make distributions payable to holders of preferred units and then to make distributions to Vornado.

Furthermore, the holders of preferred units of the Operating Partnership are entitled to receive preferred distributions before payment of distributions to holders of Class A units of the Operating Partnership, including Vornado. Thus, Vornado's ability to pay cash dividends to its shareholders and satisfy its debt obligations depends on the Operating Partnership's ability first to satisfy its obligations to its creditors and make distributions to holders of its preferred units and then to holders of its Class A units, including Vornado. As of December 31, 2015, there were four series of preferred units of the Operating Partnership not held by Vornado with a total liquidation value of \$56,007,000.

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

We have a substantial amount of indebtedness that could affect our future operations.

As of December 31, 2015, our consolidated mortgages and unsecured indebtedness, excluding related premium, discount and deferred financing costs, net, totaled \$11.2 billion. We are subject to the risks normally associated with debt financing, including the risk that our cash flow from operations will be insufficient to meet required debt service. Our debt service costs generally will not be reduced if developments at the property, such as the entry of new competitors or the loss of major tenants, cause a reduction in the income from the property. Should such events occur, our operations may be adversely affected. If a property is mortgaged to secure payment of indebtedness and income from such property is insufficient to pay that indebtedness, the property could be foreclosed upon by the mortgagee resulting in a loss of income and a decline in our total asset value.

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

We rely on both secured and unsecured, variable rate and non-variable rate debt to finance acquisitions and development activities and for working capital. If we are unable to obtain debt financing or refinance existing indebtedness upon maturity, our financial condition and results of operations would likely be adversely affected. In addition, the cost of our existing debt may increase, especially in the case of a rising interest rate environment, and we may not be able to refinance our existing debt in sufficient amounts or on acceptable terms. If the cost or amount of our indebtedness increases or we cannot refinance our debt in sufficient amounts or on acceptable terms, we are at risk of credit ratings downgrades and default on our obligations that could adversely affect our financial condition and results of operations.

Covenants in our debt instruments could adversely affect our financial condition and our acquisitions and development activities.

The mortgages on our properties contain customary covenants such as those that limit our ability, without the prior consent of the lender, to further mortgage the applicable property or to discontinue insurance coverage. Our unsecured indebtedness and debt that we may obtain in the future may contain customary restrictions, requirements and other limitations on our ability to incur indebtedness, including covenants that limit our ability to incur debt based upon the level of our ratio of total debt to total assets, our ratio of secured debt to total assets, our ratio of EBITDA to interest expense, and fixed charges, and that require us to maintain a certain level of unencumbered assets to unsecured debt. Our ability to borrow is subject to compliance with these and other covenants. In addition, failure to comply with our covenants could cause a default under the applicable debt instrument, and we may then be required to repay such debt with capital from other sources or give possession of a secured property to the lender. Under those circumstances, other sources of capital may not be available to us, or may be available only on unattractive terms.

A downgrade in our credit ratings could materially adversely affect our business and financial condition.

Our credit rating and the credit ratings assigned to our debt securities and our preferred shares could change based upon, among other things, our results of operations and financial condition. These ratings are subject to ongoing evaluation by credit rating agencies, and any rating could be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant such action. Moreover, these credit ratings are not recommendations to buy, sell or hold our common shares or any other securities. If any of the credit rating agencies that have rated our securities downgrades or lowers its credit rating, or if any credit rating agency indicates that it has placed any such rating on a "watch list" for a possible downgrading or lowering, or otherwise indicates that its outlook for that rating is negative, such action could have a material adverse effect on our costs and availability of funding, which could in turn have a material adverse effect on our financial condition, results of operations, cash flows, the trading price of our securities and our ability to satisfy our debt service obligations and to pay dividends and distributions to our security holders.

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

Although we believe that we will remain organized and will continue to operate so as to qualify as a REIT for federal income tax purposes, we may fail to remain so qualified. Qualifications are governed by highly technical and complex provisions of the Internal Revenue Code for which there are only limited judicial or administrative interpretations and depend on various facts and circumstances that are not entirely within our control. In addition, legislation, new regulations, administrative interpretations or court decisions may significantly change the relevant tax laws and/or the federal income tax consequences of qualifying as a REIT. If, with respect to any taxable year, we fail to maintain our qualification as a REIT and do not qualify under statutory relief provisions, we could not deduct distributions to shareholders in computing our taxable income and would have to pay federal income tax on our taxable income at regular corporate rates. The federal income tax payable would include any applicable alternative minimum tax. If we had to pay federal income tax, the amount of money available to distribute to shareholders and pay our indebtedness would be reduced for the year or years involved, and we would not be required to make distributions to shareholders in that taxable year and in future years until we were able to qualify as a REIT. In addition, we would also be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost, unless we were entitled to relief under the relevant statutory provisions.

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

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

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

We are dependent on the efforts of Steven Roth, the Chairman of the Board of Trustees and Chief Executive Officer of Vornado. While we believe that we could find a replacement for him and other key personnel, the loss of their services could harm our operations and adversely affect the value of our common shares.

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

Our Amended and Restated Declaration of Trust (the "declaration of trust") sets limits on the ownership of our shares.

Generally, for Vornado to maintain its qualification as a REIT under the Internal Revenue Code, not more than 50% in value of the outstanding shares of beneficial interest of Vornado may be owned, directly or indirectly, by five or fewer individuals at any time during the last half of Vornado's taxable year. The Internal Revenue Code defines "individuals" for purposes of the requirement described in the preceding sentence to include some types of entities. Under Vornado's declaration of trust, as amended, no person may own more than 6.7% of the outstanding common shares of any class, or 9.9% of the outstanding preferred shares of any class, with some exceptions for persons who held common shares in excess of the 6.7% limit before Vornado adopted the limit and other persons approved by Vornado's Board of Trustees. These restrictions on transferability and ownership may delay, deter or prevent a change in control of Vornado or other transaction that might involve a premium price or otherwise be in the best interest of the shareholders.

The Maryland General Corporation Law (the "MGCL") contains provisions that may reduce the likelihood of certain takeover transactions.

The MGCL imposes conditions and restrictions on certain "business combinations" (including, among other transactions, a merger, consolidation, share exchange, or, in certain circumstances, an asset transfer or issuance of equity securities) between a Maryland REIT and certain persons who beneficially own at least 10% of the corporation's stock (an "interested shareholder"). Unless approved in advance by the board of trustees of the trust, or otherwise exempted by the statute, such a business combination is prohibited for a period of five years after the most recent date on which the interested shareholder became an interested shareholder. After such five-year period, a business combination with an interested shareholder must be: (a) recommended by the board of trustees of the trust, and (b) approved by the affirmative vote of at least (i) 80% of the trust's outstanding shares entitled to vote and (ii) two-thirds of the trust's outstanding shares entitled to vote which are not held by the interested shareholder with whom the business combination is to be effected, unless, among other things, the trust's common shareholders receive a "fair price" (as defined by the statute) for their shares and the consideration is received in cash or in the same form as previously paid by the interested shareholder for his or her shares.

In approving a transaction, the Board may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the Board. Vornado's Board has adopted a resolution exempting any business combination between Vornado and any trustee or officer of Vornado or its affiliates. As a result, any trustee or officer of Vornado or its affiliates may be able to enter into business combinations with Vornado that may not be in the best interest of Vornado's shareholders. With respect to business combinations with other persons, the business combination provisions of the MGCL may have the effect of delaying, deferring or preventing a change in control of Vornado or other transaction that might involve a premium price or otherwise be in the best interest of the shareholders. The business combination statute may discourage others from trying to acquire control of Vornado and increase the difficulty of consummating any offer.

Vornado has a classified Board of Trustees and that may reduce the likelihood of certain takeover transactions.

Vornado's Board of Trustees is divided into three classes of trustees. Trustees of each class are chosen for three-year staggered terms. Staggered terms of trustees may reduce the possibility of a tender offer or an attempt to change control of Vornado, even though a tender offer or change in control might be in the best interest of Vornado's shareholders.

We may issue additional shares in a manner that could adversely affect the likelihood of certain takeover transactions.

Vornado's declaration of trust authorizes the Board of Trustees to:

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

The Board of Trustees could establish a series of preferred shares whose terms could delay, deter or prevent a change in control of Vornado or other transaction that might involve a premium price or otherwise be in the best interest of Vornado's shareholders, although the Board of Trustees does not now intend to establish a series of preferred shares of this kind. Vornado's declaration of trust and bylaws contain other provisions that may delay, deter or prevent a change in control of Vornado or other transaction that might involve a premium price or otherwise be in the best interest of our shareholders.

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

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

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

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

As of December 31, 2015, Interstate Properties, a New Jersey general partnership, and its partners owned an aggregate of approximately 7.1% of the common shares of Vornado and 26.3% of the common stock of Alexander's, Inc. (NYSE: ALX) ("Alexander's"), which is described below. Steven Roth, David Mandelbaum and Russell B. Wight, Jr. are the three partners of Interstate Properties. Mr. Roth is the Chairman of the Board and Chief Executive Officer of Vornado, the managing general partner of Interstate Properties, and the Chairman of the Board and Chief Executive Officer of Alexander's. Messrs. Wight and Mandelbaum are Trustees of Vornado and also Directors of Alexander's.

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

We manage and lease the real estate assets of Interstate Properties under a management agreement for which we receive an annual fee equal to 4% of annual base rent and percentage rent. See the related party disclosures in the notes to the consolidated financial statements in this Annual Report on Form 10-K for additional information.

There may be conflicts of interest between Alexander's and us.

As of December 31, 2015, we owned 32.4% of the outstanding common stock of Alexander's. Alexander's is a REIT that has seven properties, which are located in the greater New York metropolitan area. In addition to the 2.3% that they indirectly own through Vornado, Interstate Properties, which is described above, and its partners owned 26.3% of the outstanding common stock of Alexander's as of December 31, 2015. Mr. Roth is the Chairman of the Board and Chief Executive Officer of Vornado, the managing general partner of Interstate Properties, and the Chairman of the Board and Chief Executive Officer of Alexander's. Messrs. Wight and Mandelbaum are Trustees of Vornado and also Directors of Alexander's and general partners of Interstate Properties. Dr. Richard West is a Trustee of Vornado and a Director of Alexander's. In addition, Joseph Macnow, our Executive Vice President – Finance and Chief Administrative Officer, is the Executive Vice President and Chief Financial Officer of Alexander's, and Stephen W. Theriot, our Chief Financial Officer, is the Assistant Treasurer of Alexander's.

We manage, develop and lease Alexander's properties under management and development agreements and leasing agreements under which we receive annual fees from Alexander's. See the related party disclosures in the notes to the consolidated financial statements in this Annual Report on Form 10-K for additional information.

THE NUMBER OF SHARES OF VORNADO REALTY TRUST AND THE MARKET FOR THOSE SHARES GIVE RISE TO VARIOUS RISKS.

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

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

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

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

Vornado has many shares available for future sale, which could hurt the market price of its shares.

The interests of our current shareholders could be diluted if we issue additional equity securities. As of December 31, 2015, we had authorized but unissued, 61,423,147 common shares of beneficial interest, \$.04 par value and 57,266,023 preferred shares of beneficial interest, no par value; of which 19,923,393 common shares are reserved for issuance upon redemption of Class A Operating Partnership units, convertible securities and employee stock options and 11,200,000 preferred shares are reserved for issuance upon redemption of preferred Operating Partnership units. Any shares not reserved may be issued from time to time in public or private offerings or in connection with acquisitions. In addition, common and preferred shares reserved may be sold upon issuance in the public market after registration under the Securities Act or under Rule 144 under the Securities Act or other available exemptions from registration. We cannot predict the effect that future sales of our common and preferred shares or Operating Partnership Class A and preferred units will have on the market prices of our outstanding shares.

In addition, under Maryland law, the Board has the authority to increase the number of authorized shares without shareholder approval.

ITEM 1B. UNRESOLVED STAFF COMMENTS

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

ITEM 2. PROPERTIES

We operate in two business segments: New York and Washington, DC. The following pages provide details of our real estate properties as of December 31, 2015.

Property	% Ownership	Type	% Occupancy	Square Feet		Total Property
				In Service	Under Development or Not Available for Lease	
NEW YORK:						
One Penn Plaza (ground leased through 2098)	100.0%	Office / Retail	97.5%	2,526,000	-	2,526,000
1290 Avenue of the Americas	70.0%	Office / Retail	99.3%	2,107,000	-	2,107,000
Two Penn Plaza	100.0%	Office / Retail	98.7%	1,632,000	-	1,632,000
666 Fifth Avenue Office Condominium ⁽¹⁾	49.5%	Office / Retail	77.8%	1,415,000	-	1,415,000
909 Third Avenue (ground leased through 2063)	100.0%	Office	100.0%	1,346,000	-	1,346,000
Independence Plaza, Tribeca (3 buildings) (1,327 units) ⁽¹⁾	50.1%	Residential / Retail	100.0%	1,244,000	12,000	1,256,000
280 Park Avenue ⁽¹⁾	50.0%	Office / Retail	100.0%	1,067,000	176,000	1,243,000
770 Broadway	100.0%	Office / Retail	100.0%	1,158,000	-	1,158,000
Eleven Penn Plaza	100.0%	Office / Retail	99.1%	1,151,000	-	1,151,000
One Park Avenue ⁽¹⁾	55.0%	Office / Retail	96.7%	947,000	-	947,000
90 Park Avenue	100.0%	Office / Retail	76.6%	946,000	-	946,000
888 Seventh Avenue (ground leased through 2067)	100.0%	Office / Retail	91.3%	884,000	-	884,000
100 West 33rd Street	100.0%	Office	100.0%	855,000	-	855,000
330 Madison Avenue ⁽¹⁾	25.0%	Office / Retail	97.1%	842,000	-	842,000
330 West 34th Street (ground leased through 2149)	100.0%	Office / Retail	100.0%	602,000	128,000	730,000
85 Tenth Avenue ⁽¹⁾	49.9%	Office / Retail	100.0%	617,000	-	617,000
650 Madison Avenue ⁽¹⁾	20.1%	Office / Retail	93.8%	556,000	39,000	595,000
350 Park Avenue	100.0%	Office / Retail	100.0%	570,000	-	570,000
150 East 58th Street	100.0%	Office / Retail	98.2%	545,000	-	545,000
7 West 34th Street	100.0%	Office / Retail	100.0%	478,000	-	478,000
33-00 Northern Boulevard (Center Building)	100.0%	Office	95.5%	446,000	-	446,000
595 Madison Avenue	100.0%	Office / Retail	98.7%	322,000	-	322,000
640 Fifth Avenue	100.0%	Office / Retail	93.5%	315,000	-	315,000
50-70 W 93rd Street (326 units) ⁽¹⁾	49.9%	Residential	97.5%	283,000	-	283,000
Manhattan Mall	100.0%	Retail	87.9%	256,000	-	256,000
40 Fulton Street	100.0%	Office / Retail	94.6%	250,000	-	250,000
4 Union Square South	100.0%	Retail	100.0%	206,000	-	206,000
260 Eleventh Avenue (2 buildings) (ground leased through 2114)	100.0%	Office	100.0%	184,000	-	184,000
512 W 22nd Street ⁽¹⁾	55.0%	Office	n/a	-	173,000	173,000
825 Seventh Avenue ⁽¹⁾	51.2%	Office / Retail	100.0%	169,000	-	169,000
61 Ninth Avenue ⁽¹⁾	50.1%	Office	n/a	-	167,000	167,000
1540 Broadway	100.0%	Retail	100.0%	160,000	-	160,000
608 Fifth Avenue (ground leased through 2033)	100.0%	Office / Retail	96.9%	132,000	-	132,000
Paramus	100.0%	Office	94.7%	129,000	-	129,000
666 Fifth Avenue Retail Condominium	100.0%	Retail	100.0%	114,000	-	114,000
1535 Broadway (Marriott Marquis - retail and signage) (ground and building leased through 2032)	100.0%	Retail / Theatre	100.0%	72,000	36,000	108,000
57th Street (5 buildings) ⁽¹⁾	50.0%	Office / Retail	100.0%	103,000	-	103,000
689 Fifth Avenue	100.0%	Office / Retail	100.0%	100,000	-	100,000
478-486 Broadway (2 buildings) (10 units)	100.0%	Retail/Residential	100.0%	85,000	-	85,000
150 West 34th Street	100.0%	Retail	100.0%	78,000	-	78,000
510 Fifth Avenue	100.0%	Retail	64.4%	65,000	-	65,000
655 Fifth Avenue	92.5%	Retail	100.0%	57,000	-	57,000
155 Spring Street	100.0%	Retail	100.0%	49,000	-	49,000
3040 M Street	100.0%	Retail	100.0%	44,000	-	44,000
435 Seventh Avenue	100.0%	Retail	100.0%	43,000	-	43,000
692 Broadway	100.0%	Retail	100.0%	35,000	-	35,000
697-703 Fifth Avenue (St. Regis - retail)	74.3%	Retail	100.0%	26,000	-	26,000
715 Lexington Avenue	100.0%	Retail	100.0%	23,000	-	23,000
1131 Third Avenue	100.0%	Retail	100.0%	23,000	-	23,000
40 East 66th Street (5 units)	100.0%	Residential/Retail	100.0%	23,000	-	23,000
828-850 Madison Avenue	100.0%	Retail	100.0%	18,000	-	18,000
443 Broadway	100.0%	Retail	100.0%	16,000	-	16,000

ITEM 2. PROPERTIES - CONTINUED

Property	% Ownership	Type	% Occupancy	Square Feet		Total Property
				In Service	Under Development or Not Available for Lease	
NEW YORK - continued:						
484 Eighth Avenue	100.0%	Retail	n/a	-	16,000	16,000
304 Canal Street (4 units)	100.0%	Retail/Residential	n/a	-	15,000	15,000
334 Canal Street (4 units)	100.0%	Retail/Residential	-	14,000	-	14,000
677-679 Madison Avenue (8 units)	100.0%	Retail/Residential	100.0%	13,000	-	13,000
431 Seventh Avenue	100.0%	Retail	100.0%	10,000	-	10,000
138-142 West 32nd Street	100.0%	Retail	82.4%	8,000	-	8,000
148 Spring Street	100.0%	Retail	100.0%	7,000	-	7,000
150 Spring Street (1 unit)	100.0%	Retail/Residential	100.0% (2)	7,000	-	7,000
966 Third Avenue	100.0%	Retail	100.0%	7,000	-	7,000
488 Eighth Avenue	100.0%	Retail	100.0%	6,000	-	6,000
267 West 34th Street	100.0%	Retail	100.0%	6,000	-	6,000
968 Third Avenue (1)	50.0%	Retail	100.0%	6,000	-	6,000
265 West 34th Street	100.0%	Retail	100.0%	3,000	-	3,000
137 West 33rd Street	100.0%	Retail	100.0%	3,000	-	3,000
Other (34 units)	81.4%	Residential/Retail	-	86,000	-	86,000
Hotel Pennsylvania	100.0%	Hotel	n/a	1,400,000	-	1,400,000
Alexander's, Inc.:						
731 Lexington Avenue (1)	32.4%	Office / Retail	100.0%	1,063,000	-	1,063,000
Rego Park II, Queens (1)	32.4%	Retail	99.0%	608,000	-	608,000
Rego Park I, Queens (1)	32.4%	Retail	100.0%	343,000	-	343,000
The Alexander Apartment Tower, Queens (312 units) (1)	32.4%	Residential	25.6%	238,000	17,000	255,000
Flushing, Queens (1)	32.4%	Retail	100.0%	167,000	-	167,000
Paramus, New Jersey (30.3 acres ground leased through 2041) (1)	32.4%	Retail	100.0%	-	-	-
Rego Park III, Queens (3.2 acres) (1)	32.4%	n/a	n/a	-	-	-
Total New York			96.3%	29,309,000	779,000	30,088,000
Vornado's Ownership Interest			96.4%	23,056,000	482,000	23,538,000

See notes on page 24.

ITEM 2. PROPERTIES - CONTINUED

Property	% Ownership	Type	% Occupancy	Square Feet		Total Property
				In Service	Under Development or Not Available for Lease	
WASHINGTON, DC:						
Skyline Properties (8 buildings)	100.0%	Office	50.1%	2,648,000	-	2,648,000
2011-2451 Crystal Drive (5 buildings)	100.0%	Office	92.1%	2,326,000	-	2,326,000
RiverHouse Apartments (3 buildings) (1,670 units)	100.0%	Residential	96.2%	1,802,000	-	1,802,000
S. Clark Street / 12th Street (5 buildings)	100.0%	Office	85.1%	1,547,000	-	1,547,000
1550-1750 Crystal Drive /						
241-251 18th Street (4 buildings)	100.0%	Office	89.1%	1,460,000	20,000	1,480,000
1800, 1851 and 1901 South Bell Street (3 buildings)	100.0%	Office	88.7%	506,000	363,000	869,000
Fashion Centre Mall ⁽¹⁾	7.5%	Office	97.8%	816,000	-	816,000
Rosslyn Plaza (4 buildings) ⁽¹⁾	46.2%	Office	56.9%	495,000	243,000	738,000
1825-1875 Connecticut Avenue, NW						
(Universal Buildings) (2 buildings)	100.0%	Office	99.0%	686,000	-	686,000
2200 / 2300 Clarendon Blvd (Courthouse Plaza)						
(ground leased through 2062) (2 buildings)	100.0%	Office	93.3%	638,000	-	638,000
1299 Pennsylvania Avenue, NW						
(Warner Building) ⁽¹⁾	55.0%	Office	88.4%	620,000	-	620,000
The Bartlett	100.0%	Residential/Retail	100.0%	40,000	580,000	620,000
Fairfax Square (3 buildings) ⁽¹⁾	20.0%	Office	66.4%	559,000	-	559,000
2100 / 2200 Crystal Drive (2 buildings)	100.0%	Office	100.0%	529,000	-	529,000
Commerce Executive (3 buildings)	100.0%	Office	96.0%	400,000	19,000	419,000
2101 L Street, NW	100.0%	Office	99.0%	380,000	-	380,000
1501 K Street, NW ⁽¹⁾	5.0%	Office	100.0%	379,000	-	379,000
West End 25 (283 units)	100.0%	Residential	96.1%	273,000	-	273,000
220 20th Street (265 units)	100.0%	Residential	96.6%	269,000	-	269,000
Crystal City Hotel	100.0%	Residential	100.0%	266,000	-	266,000
Rosslyn Plaza (196 units)	43.7%	Residential	94.9%	253,000	-	253,000
1150 17th Street, NW	100.0%	Office	68.6%	241,000	-	241,000
875 15th Street, NW (Bowen Building)	100.0%	Office	100.0%	231,000	-	231,000
1101 17th Street, NW ⁽¹⁾	55.0%	Office	100.0%	215,000	-	215,000
Democracy Plaza One						
(ground leased through 2084)	100.0%	Office	95.9%	214,000	-	214,000
1730 M Street, NW	100.0%	Office	91.7%	204,000	-	204,000
2221 South Clark Street	100.0%	Residential/Office	100.0%	171,000	-	171,000
Washington Tower ⁽¹⁾	7.5%	Office	100.0%	170,000	-	170,000
2001 Jefferson Davis Highway	100.0%	Office	59.8%	162,000	-	162,000
223 23rd Street	100.0%	Office	n/a	-	147,000	147,000
Met Park/Warehouses	100.0%	Warehouses	100.0%	109,000	20,000	129,000
1399 New York Avenue, NW	100.0%	Office	95.1%	129,000	-	129,000
1726 M Street, NW	100.0%	Office	68.0%	92,000	-	92,000
Crystal City Shops at 2100	100.0%	Office	96.0%	80,000	-	80,000
Crystal Drive Retail	100.0%	Office	100.0%	57,000	-	57,000
Other (3 buildings)	100.0%	Other	100.0%	11,000	-	11,000
Total Washington, DC			85.4%	18,978,000	1,392,000	20,370,000
Vornado's Ownership Interest			84.8%	16,481,000	1,255,000	17,736,000

See notes on page 24.

ITEM 2. PROPERTIES - CONTINUED

Property	% Ownership	Type	% Occupancy	Square Feet		Total Property
				In Service	Under Development or Not Available for Lease	
OTHER (Mart ("theMart")):						
theMart, Chicago	100.0%	Office / Retail / Showroom	98.6%	3,639,000	-	3,639,000
Other ⁽¹⁾	50.0%	Retail	95.4%	19,000	-	19,000
Total theMart			98.5%	3,658,000	-	3,658,000
Vornado's Ownership Interest			98.5%	3,649,000	-	3,649,000
OTHER (555 California Street):						
555 California Street	70.0%	Office	98.4%	1,504,000	-	1,504,000
315 Montgomery Street	70.0%	Office / Retail	60.4%	232,000	-	232,000
345 Montgomery Street	70.0%	Office / Retail	n/a	-	64,000	64,000
Total 555 California Street			93.3%	1,736,000	64,000	1,800,000
Vornado's Ownership Interest			93.3%	1,215,000	45,000	1,260,000
OTHER (Vornado Capital Partners Real Estate Fund ("Fund"))⁽⁴⁾:						
800 Corporate Pointe, Culver City, CA (2 buildings)	100.0%	Office	57.0%	243,000	-	243,000
Crowne Plaza Times Square, NY	75.3%	Office / Retail / Hotel	87.9%	235,000	-	235,000
Lucida, 86th Street and Lexington Avenue, NY (ground leased through 2082) (39 units)	100.0%	Retail / Residential	100.0% ⁽²⁾	154,000	-	154,000
1100 Lincoln Road, Miami, FL	100.0%	Retail / Theatre	100.0%	128,000	-	128,000
11 East 68th Street Retail, NY	100.0%	Retail	100.0%	8,000	3,000	11,000
501 Broadway, NY	100.0%	Retail	100.0%	9,000	-	9,000
Total Real Estate Fund Properties			80.9%	777,000	3,000	780,000
Vornado's Ownership Interest			82.1%	213,000	1,000	214,000
OTHER (Other Properties):						
Wayne Town Center, Wayne (ground leased through 2064)	100.0%	Retail	100.0%	635,000	20,000	655,000
Annapolis (ground leased through 2042)	100.0%	Retail	100.0%	128,000	-	128,000
Total Other Properties			100.0%	763,000	20,000	783,000
Vornado's Ownership Interest			100.0%	763,000	20,000	783,000

(1) Denotes property not consolidated in the accompanying consolidated financial statements and related financial data included in the Annual Report on Form 10-K.

(2) Excludes residential occupancy statistics, which are shown on page 25.

(3) As of December 31, 2015, we own junior and senior mezzanine loans of 85 Tenth Avenue with an accreted balance of \$164.6 million. The junior and senior mezzanine loans bear paid-in-kind interest of 12% and 9%, respectively and mature in May 2017. We account for our investment in 85 Tenth Avenue using the equity method of accounting because we will receive a 49.9% equity interest in the property after repayment of the junior mezzanine loan. As a result of recording our share of the GAAP losses of the property, the net carrying amount of these loans is \$24.8 million on our consolidated balance sheets.

(4) We own a 25% interest in the Fund. The ownership percentage in this section represents the Fund's ownership in the underlying asset.

NEW YORK

As of December 31, 2015, our New York segment consisted of 29.3 million square feet in 84 properties. The 29.3 million square feet is comprised of 21.3 million square feet of office space in 35 properties, 2.6 million square feet of retail space in 65 properties, 1,711 units in eleven residential properties, the 1.4 million square foot Hotel Pennsylvania, and our 32.4% interest in Alexander's, Inc. ("Alexander's"), which owns seven properties in the greater New York metropolitan area. The New York segment also includes 11 garages totaling 1.7 million square feet (4,980 spaces) which are managed by, or leased to, third parties.

New York lease terms generally range from five to seven years for smaller tenants to as long as 20 years for major tenants, and may provide for extension options at market rates. Leases typically provide for periodic step-ups in rent over the term of the lease and pass through to tenants their share of increases in real estate taxes and operating expenses over a base year. Electricity is provided to tenants on a sub-metered basis or included in rent based on surveys and adjusted for subsequent utility rate increases. 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, 2015, the occupancy rate for our New York segment was 96.4%.

Occupancy and weighted average annual rent per square foot:

Office:

As of December 31,	Vornado's Ownership Interest			
	Total Property Square Feet	Square Feet	Occupancy Rate	Weighted Average Annual Rent Per Square Foot
2015	21,288,000	17,627,000	96.3 %	66.62
2014	20,154,000	16,622,000	96.9 %	65.34
2013	18,744,000	15,303,000	96.4 %	62.20
2012	18,319,000	15,338,000	95.6 %	60.45
2011	18,164,000	15,191,000	96.0 %	58.96

Retail:

As of December 31,	Vornado's Ownership Interest			
	Total Property Square Feet	Square Feet	Occupancy Rate	Weighted Average Annual Rent Per Square Foot
2015	2,641,000	2,418,000	96.2 %	202.85
2014	2,469,000	2,173,000	96.5 %	173.19
2013	2,349,000	2,126,000	97.4 %	162.92
2012	2,171,000	2,011,000	96.8 %	148.71
2011	2,213,000	1,954,000	95.6 %	105.36

Residential:

As of December 31,	Number of Units (in service)	Occupancy Rate	Average Monthly Rent Per Unit
2015	1,711	94.1 %	\$ 3,491
2014	1,678	95.2 %	3,163
2013	1,672	94.8 %	2,864
2012	1,673	96.5 %	2,672

NEW YORK – CONTINUED

Tenants accounting for 2% or more of revenues:

Tenant	Square Feet Leased	2015 Revenues	Percentage of New York Revenues	Percentage of Total Revenues
IPG and affiliates	830,000	\$ 43,910,000	2.9 %	1.9 %
AXA Equitable Life Insurance	481,000	39,751,000	2.6 %	1.8 %

2015 rental revenue by tenants' industry:

Industry	Percentage
Office:	
Financial Services	11%
Communications	7%
Real Estate	7%
Family Apparel	6%
Legal Services	6%
Advertising / Marketing	5%
Insurance	4%
Technology	4%
Publishing	3%
Government	3%
Banking	3%
Engineering, Architect & Surveying	2%
Home Entertainment & Electronics	2%
Pharmaceutical	1%
Health Services	1%
Other	9%
	74%
Retail:	
Family Apparel	7%
Women's Apparel	6%
Luxury Retail	3%
Restaurants	2%
Banking	2%
Department Stores	1%
Discount Stores	1%
Other	4%
	26%
Total	100%

NEW YORK – CONTINUED

Lease expirations as of December 31, 2015, assuming none of the tenants exercise renewal options:

Year	Number of Expiring Leases	Square Feet of Expiring Leases	Percentage of New York Square Feet	Weighted Average Annual Rent of Expiring Leases	
				Total	Per Square Foot
Office:					
Month to month	12	17,000	0.1 %	\$ 908,000	\$ 53.41
2016	48	802,000 ⁽¹⁾	4.9 %	52,052,000	64.90 ⁽¹⁾
2017	109	980,000	6.0 %	57,581,000	58.76
2018	100	1,029,000 ⁽²⁾	6.3 %	78,969,000	76.74
2019	109	970,000	5.9 %	67,005,000	69.08
2020	117	1,549,000	9.4 %	95,144,000	61.42
2021	94	1,180,000	7.2 %	77,595,000	65.76
2022	58	530,000	3.2 %	31,568,000	59.56
2023	57	1,717,000	10.4 %	127,573,000	74.30
2024	65	1,214,000	7.4 %	91,671,000	75.51
2025	43	805,000	4.9 %	55,706,000	69.20
Retail:					
Month to month	17	16,000	0.8 %	\$ 1,703,000	\$ 106.44
2016	24	78,000 ⁽³⁾	4.1 %	19,818,000	254.08 ⁽³⁾
2017	11	34,000	1.8 %	9,260,000	272.35
2018	24	170,000	8.9 %	42,406,000	249.45
2019	25	181,000	9.4 %	32,081,000	177.24
2020	25	63,000	3.3 %	9,987,000	158.52
2021	11	38,000	2.0 %	7,544,000	198.53
2022	10	35,000	1.8 %	4,261,000	121.74
2023	13	81,000	4.2 %	19,367,000	239.10
2024	17	161,000	8.4 %	58,724,000	364.75
2025	13	43,000	2.2 %	19,329,000	449.51

(1) Based on current market conditions, we expect to re-lease this space at weighted average rents between \$75 to \$80 per square foot.

(2) Excludes 492,000 square feet leased to the U.S. Post Office through 2038 (including four 5-year renewal options) for which the annual escalated rent is \$11.42 per square foot.

(3) Based on current market conditions, we expect to re-lease this space at weighted average rents between \$325 to \$350 per square foot.

Alexander's

As of December 31, 2015, we own 32.4% of the outstanding common stock of Alexander's, which owns seven 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, net at December 31, 2015, of which our pro rata share was \$341.3 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,				
	2015	2014	2013	2012	2011
Hotel Pennsylvania:					
Average occupancy rate	90.7 %	92.0 %	93.4 %	89.1 %	89.1 %
Average daily rate	\$ 147.46	\$ 162.01	\$ 158.01	\$ 152.79	\$ 152.53
Revenue per available room	\$ 133.69	\$ 149.04	\$ 147.63	\$ 136.21	\$ 135.87

WASHINGTON, DC

As of December 31, 2015, our Washington, DC segment consisted of 71 properties aggregating 19.0 million square feet comprised of 15.8 million square feet of office space in 57 properties, seven residential properties containing 2,414 units and a hotel property. In addition, we are developing a 699-unit residential project with a 40,000 square foot Whole Foods Market at the base of the building and own 18.2 acres of undeveloped land. The Washington, DC segment also includes 55 garages totaling approximately 8.8 million square feet (29,322 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 fixed percentage increases. 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, 2015, the occupancy rate for our Washington DC segment was 84.8%, and 25.0% of the occupied space was leased to various agencies of the U.S. Government.

Occupancy and weighted average annual rent per square foot:

Office:

As of December 31,	Total Property Square Feet	Vornado's Ownership Interest		
		Square Feet	Occupancy Rate	Weighted Average Annual Rent Per Square Foot
2015	15,784,000	13,429,000	82.1 %	\$ 42.65
2014	15,832,000	13,454,000	80.7 %	42.55
2013	15,954,000	13,524,000	80.5 %	42.34
2012	15,829,000	13,360,000	81.1 %	41.46
2011	16,362,000	13,901,000	89.1 %	40.74

Residential:

As of December 31,	Number of Units	Occupancy Rate	Average Monthly Rent Per Unit
2015	2,414	96.1 %	\$ 2,068
2014	2,414	97.4 %	2,078
2013	2,414	96.3 %	2,101
2012	2,414	97.9 %	2,145
2011	2,414	96.6 %	2,056

Tenants accounting for 2% or more of revenues:

Tenant	Square Feet Leased	2015 Revenues	Percentage of Washington, DC Revenues	Percentage of Total Revenues
U.S. Government	3,505,000	\$ 117,035,000	22.0 %	5.2 %
Family Health International	341,000	16,622,000	3.1 %	0.7 %
Lockheed Martin	313,000	14,917,000	2.8 %	0.7 %
Arlington County	240,000	10,747,000	2.0 %	0.5 %
Paul Hastings LLP	126,000	10,631,000	2.0 %	0.5 %

WASHINGTON, DC – CONTINUED

2015 rental revenue by tenants' industry:

Industry	Percentage
U.S. Government	28%
Government Contractors	12%
Membership Organizations	10%
Legal Services	5%
Business Services	4%
Manufacturing	3%
Management Consulting Services	3%
State and Local Government	2%
Computer and Data Processing	2%
Health Services	2%
Food	2%
Real Estate	2%
Education	1%
Communication	1%
Television Broadcasting	1%
Other	22%
	100%

Lease expirations as of December 31, 2015, 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	Per Square Foot
Month to month	44	475,000	4.6 %	\$ 15,980,000	\$ 33.63
2016	179	1,304,000 ⁽¹⁾	12.6 %	55,319,000	42.42 ⁽¹⁾
2017	91	608,000	5.9 %	25,193,000	41.43
2018	113	1,050,000	10.1 %	47,036,000	44.78
2019	92	1,652,000	15.9 %	70,602,000	42.75
2020	81	943,000	9.1 %	44,517,000	47.19
2021	45	655,000	6.3 %	28,854,000	44.03
2022	44	941,000	9.1 %	41,906,000	44.51
2023	13	178,000	1.7 %	8,411,000	47.13
2024	36	462,000	4.4 %	18,545,000	40.17
2025	27	332,000	3.2 %	13,022,000	39.27

(1) Based on current market conditions, we expect to re-lease this space at weighted average rents between \$37 to \$42 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 45 for the status of BRAC related move-outs.

OTHER INVESTMENTS

theMart

As of December 31, 2015, we own the 3.6 million square foot theMart in Chicago, whose largest tenant is Motorola Mobility at 608,000 square feet, the lease of which is guaranteed by Google. theMart 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, 2015, theMart had an occupancy rate of 98.6% and a weighted average annual rent per square foot of \$38.72.

555 California Street

As of December 31, 2015, 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 \$589,063,000 mortgage loan that bears interest at a fixed rate of 5.10% and matures in September 2021. As of December 31, 2015, 555 California Street had an occupancy rate of 93.3% and a weighted average annual rent per square foot of \$65.57.

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

As of December 31, 2015, we own a 25.0% interest in the Fund. We are the general partner and investment manager of the Fund. At December 31, 2015, the Fund had six investments which are carried at an aggregate fair value of \$574,761,000. Our share of unfunded commitments is \$25,553,000.

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, 2015 and 2014 were as follows:

Quarter	Year Ended December 31, 2015			Year Ended December 31, 2014		
	High	Low	Dividends ⁽¹⁾	High	Low	Dividends
1st	\$ 126.62 ⁽²⁾	\$ 104.11	\$ 0.63	\$ 100.02	\$ 87.82	\$ 0.73
2nd	113.12	94.55	0.63	109.01	96.93	0.73
3rd	98.96	84.60	0.63	109.12	99.26	0.73
4th	103.41	89.32	0.63	120.23	93.09	0.73

(1) Post spin-off of Urban Edge Properties (NYSE: UE) on January 15, 2015.

(2) Achieved on January 15, 2015, prior to the spin-off of UE.

As of February 1, 2016, there were 1,065 holders of record of our common shares.

Recent Sales of Unregistered Securities

During the fourth quarter of 2015, we issued 8,477 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.

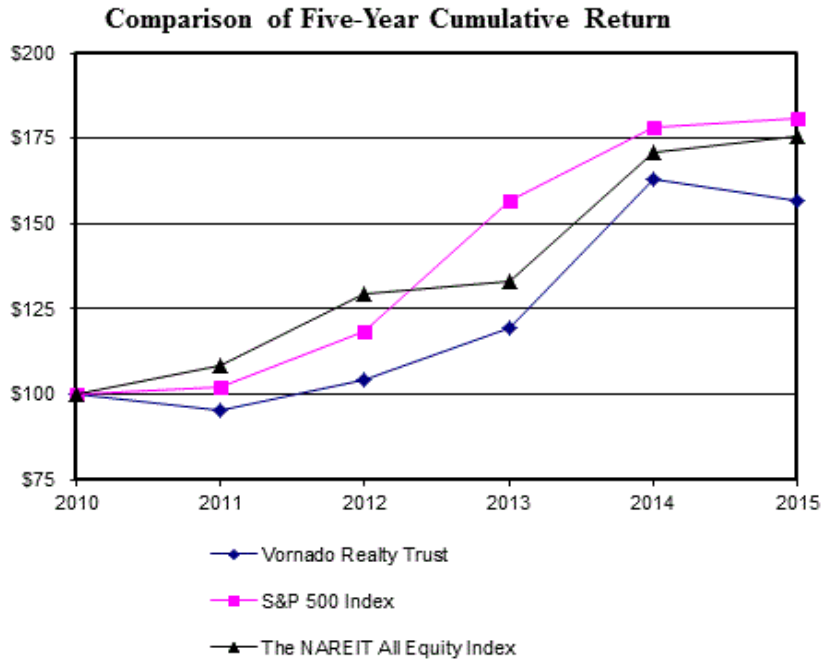
Information relating to compensation plans under which our equity securities are authorized for issuance is set forth under Part III, Item 12 of this Annual Report on Form 10-K and such information is incorporated by reference herein.

Recent Purchases of Equity Securities

In January 2015, we received 61,476 Vornado common shares at a weighted average price of \$120.22 per share as payment for the exercise price of certain employee stock options.

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, 2010 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.



	2010	2011	2012	2013	2014	2015
Vornado Realty Trust	\$ 100	\$ 95	\$ 104	\$ 119	\$ 163	\$ 156
S&P 500 Index	100	102	118	157	178	181
The NAREIT All Equity Index	100	108	130	133	171	176

ITEM 6. SELECTED FINANCIAL DATA

(Amounts in thousands, except per share amounts)

	Year Ended December 31,				
	2015	2014	2013	2012	2011
Operating Data:					
Revenues:					
Property rentals	\$ 2,076,586	\$ 1,911,487	\$ 1,880,405	\$ 1,771,264	\$ 1,802,871
Tenant expense reimbursements	260,976	245,819	226,831	207,149	213,200
Cleveland Medical Mart development project	-	-	36,369	235,234	154,080
Fee and other income	164,705	155,206	155,571	119,077	123,452
Total revenues	2,502,267	2,312,512	2,299,176	2,332,724	2,293,603
Expenses:					
Operating	1,011,249	953,611	928,565	891,637	878,777
Depreciation and amortization	542,952	481,303	461,627	435,545	441,223
General and administrative	175,307	169,270	177,366	167,194	163,238
Cleveland Medical Mart development project	-	-	32,210	226,619	145,824
Acquisition and transaction related costs	12,511	18,435	24,857	17,386	34,930
Total expenses	1,742,019	1,622,619	1,624,625	1,738,381	1,663,992
Operating income	760,248	689,893	674,551	594,343	629,611
Income from real estate fund investments	74,081	163,034	102,898	63,936	22,886
(Loss) income from partially owned entities	(12,630)	(59,861)	(340,882)	421,668	115,912
Interest and other investment income (loss), net	26,978	38,752	(24,887)	(261,200)	148,540
Interest and debt expense	(378,025)	(412,755)	(425,782)	(431,235)	(453,420)
Net gain on disposition of wholly owned and partially owned assets	251,821	13,568	2,030	4,856	10,856
Income (loss) before income taxes	722,473	432,631	(12,072)	392,368	474,385
Income tax benefit (expense)	84,695	(9,281)	8,717	(8,132)	(23,891)
Income (loss) from continuing operations	807,168	423,350	(3,355)	384,236	450,494
Income from discontinued operations	52,262	585,676	568,095	310,305	289,506
Net income	859,430	1,009,026	564,740	694,541	740,000
Less net income attributable to noncontrolling interests in:					
Consolidated subsidiaries	(55,765)	(96,561)	(63,952)	(32,018)	(21,786)
Operating Partnership	(43,231)	(47,613)	(24,817)	(45,263)	(55,912)
Net income attributable to Vornado	760,434	864,852	475,971	617,260	662,302
Preferred share dividends	(80,578)	(81,464)	(82,807)	(76,937)	(65,531)
Preferred unit and share redemptions	-	-	(1,130)	8,948	5,000
Net income attributable to common shareholders	\$ 679,856	\$ 783,388	\$ 392,034	\$ 549,271	\$ 601,771

Per Share Data:

Income (loss) from continuing operations, net - basic	\$ 3.35	\$ 1.23	\$ (0.75)	\$ 1.37	\$ 1.79
Income (loss) from continuing operations, net - diluted	3.33	1.22	(0.75)	1.37	1.77
Net income per common share - basic	3.61	4.18	2.10	2.95	3.26
Net income per common share - diluted	3.59	4.15	2.09	2.94	3.23
Dividends per common share	2.52 ⁽¹⁾	2.92	2.92	3.76 ⁽²⁾	2.76

Balance Sheet Data:

Total assets	\$ 21,143,293	\$ 21,157,980	\$ 20,018,210	\$ 21,978,802	\$ 20,377,616
Real estate, at cost	18,090,137	16,822,358	15,392,968	15,287,078	13,383,927
Accumulated depreciation	(3,418,267)	(3,161,633)	(2,829,862)	(2,524,718)	(2,346,498)
Debt, net	11,091,010	9,530,337	8,708,414	9,714,819	8,381,908
Total equity	7,476,078	7,489,382	7,594,744	7,904,144	7,508,447

(1) Post spin-off of Urban Edge Properties (NYSE: UE) on January 15, 2015.

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

ITEM 6. SELECTED FINANCIAL DATA - CONTINUED

(Amounts in thousands)

	Year Ended December 31,				
	2015	2014	2013	2012	2011
Other Data:					
Funds From Operations ("FFO") ⁽¹⁾ :					
Net income attributable to Vornado	\$ 760,434	\$ 864,852	\$ 475,971	\$ 617,260	\$ 662,302
Depreciation and amortization of real property	514,085	517,493	501,753	504,407	530,113
Net gains on sale of real estate	(289,117)	(507,192)	(411,593)	(245,799)	(51,623)
Real estate impairment losses	256	26,518	37,170	129,964	28,799
Proportionate share of adjustments to equity in net income of partially owned entities to arrive at FFO:					
Depreciation and amortization of real property	143,960	117,766	157,270	154,680	170,875
Net gains on sale of real estate	(4,513)	(11,580)	(465)	(241,602)	(9,767)
Real estate impairment losses	16,758	-	6,552	11,673	-
Income tax effect of above adjustments	-	(7,287)	(26,703)	(27,493)	(24,634)
Noncontrolling interests' share of above adjustments	(22,342)	(8,073)	(15,089)	(16,649)	(40,957)
FFO attributable to Vornado	1,119,521	992,497	724,866	886,441	1,265,108
Preferred share dividends	(80,578)	(81,464)	(82,807)	(76,937)	(65,531)
Preferred unit and share redemptions	-	-	(1,130)	8,948	5,000
FFO attributable to common shareholders	1,038,943	911,033	640,929	818,452	1,204,577
Convertible preferred share dividends	92	97	108	113	124
Interest on 3.88% exchangeable senior debentures	-	-	-	-	26,272
FFO attributable to common shareholders plus assumed conversions ⁽¹⁾	<u>\$ 1,039,035</u>	<u>\$ 911,130</u>	<u>\$ 641,037</u>	<u>\$ 818,565</u>	<u>\$ 1,230,973</u>

(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 and other specified non-cash items, including the pro rata share of such adjustments of unconsolidated subsidiaries. FFO and FFO per diluted share are non-GAAP financial measures used by management, investors and analysts to facilitate meaningful comparisons of operating performance between periods and among our peers because it excludes the effect of real estate depreciation and amortization and net gains on sales, which are based on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions. FFO does not represent cash generated from operating activities and is not necessarily indicative of cash available to fund cash requirements and should not be considered as an alternative to net income as a performance measure or cash 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

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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 93.7% of the common limited partnership interest in the Operating Partnership at December 31, 2015. All references to “we,” “us,” “our,” the “Company” and “Vornado” refer to Vornado Realty Trust and its consolidated subsidiaries, including the Operating Partnership.

On January 15, 2015, we completed the spin-off of substantially all of our retail segment comprised of 79 strip shopping centers, three malls, a warehouse park and \$225,000,000 of cash to Urban Edge Properties (“UE”) (NYSE: UE). As part of this transaction, we retained 5,717,184 UE operating partnership units (5.4% ownership interest). We are providing transition services to UE for an initial period of up to two years, primarily for information technology support. UE is providing us with leasing and property management services for (i) certain small retail properties that we plan to sell, and (ii) our affiliate, Alexander’s, Inc. (NYSE: ALX) Rego Park retail assets. Steven Roth, our Chairman and Chief Executive Officer, is a member of the Board of Trustees of UE. The spin-off distribution was effected by Vornado distributing one UE common share for every two Vornado common shares. The historical financial results of UE are reflected in our consolidated financial statements as discontinued operations for all periods presented.

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 seven properties in the greater New York metropolitan area, a 32.5% 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, 2015:

	Total Return ⁽¹⁾		
	Vornado	Office REIT	RMS
Three-months	11.3%	7.2%	7.1%
One-year	(3.9%)	0.3%	2.5%
Three-year	50.3%	33.3%	37.0%
Five-year	56.5%	51.0%	75.3%
Ten-year	92.9%	68.0%	103.2%

(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
- 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 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 real estate property owners and developers, some of which may be willing to accept lower returns on their investments. Principal factors of competition are rents charged, sales prices, attractiveness of location, the quality of the property and the breadth and the quality of services provided. Our success depends upon, among other factors, trends of the global, national, regional and local economies, the financial condition and operating results of current and prospective tenants and customers, availability and cost of capital, construction and renovation costs, taxes, governmental regulations, legislation, population and employment trends. See “Risk Factors” in Item 1A for additional information regarding these factors.

Overview - continued

Year Ended December 31, 2015 Financial Results Summary

Net income attributable to common shareholders for the year ended December 31, 2015 was \$679,856,000, or \$3.59 per diluted share, compared to \$783,388,000, or \$4.15 per diluted share, for the year ended December 31, 2014. Net income for the years ended December 31, 2015 and 2014 includes \$293,630,000 and \$518,772,000, respectively, of net gains on sale of real estate, and \$17,014,000 and \$26,518,000, respectively, of real estate impairment losses. In addition, the years ended December 31, 2015 and 2014 includes 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, increased net income attributable to common shareholders for the years ended December 31, 2015 and 2014 by \$374,404,000, or \$1.98 per diluted share, and \$477,133,000, or \$2.53 per diluted share, respectively.

Funds from operations attributable to common shareholders plus assumed conversions ("FFO") for the year ended December 31, 2015 was \$1,039,035,000, or \$5.48 per diluted share, compared to \$911,130,000, or \$4.83 per diluted share, for the prior year. FFO for the years ended December 31, 2015 and 2014 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, increased FFO for the years ended December 31, 2015 and 2014 by \$123,740,000, or \$0.65 per diluted share, and \$85,854,000, or \$0.46 per diluted share, respectively.

(Amounts in thousands)

	For the Year Ended December 31,	
	2015	2014
Items that affect comparability income (expense):		
Reversal of allowance for deferred tax assets (re: taxable REIT subsidiary's ability to use NOLs)	\$ 90,030	\$ -
FFO from discontinued operations and sold properties	46,423	188,932
Acquisition and transaction related costs	(12,511)	(16,392)
Net gain on sale of residential condominiums and a land parcel in 2014	6,724	13,568
Our share of impairment loss on India real estate venture's non-depreciable real estate	(4,502)	-
Toys "R" Us FFO (negative FFO) (including an impairment loss of \$75,196 in 2014)	2,500	(60,024)
Impairment loss and loan reserve on investment in Suffolk Downs	(1,551)	(10,263)
Write-off of deferred financing costs and defeasance costs in connection with refinancings	-	(22,660)
Other, net	4,555	(2,097)
	<u>131,668</u>	<u>91,064</u>
Noncontrolling interests' share of above adjustments	(7,928)	(5,210)
Items that affect comparability, net	<u>\$ 123,740</u>	<u>\$ 85,854</u>

The percentage increase (decrease) in same store Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") and cash basis same store EBITDA of our operating segments for the year ended December 31, 2015 over the year ended December 31, 2014 is summarized below.

	New York	Washington, DC
Same Store EBITDA:		
December 31, 2015 vs. December 31, 2014		
Same store EBITDA	1.5 % (1)	(1.1%)
Cash basis same store EBITDA	0.3 % (1)	(6.3%)

(1) Excluding Hotel Pennsylvania, same store EBITDA increased by 2.4% and by 1.3% on a cash basis.

Overview - continued

Quarter Ended December 31, 2015 Financial Results Summary

Net income attributable to common shareholders for the quarter ended December 31, 2015 was \$230,742,000, or \$1.22 per diluted share, compared to \$513,238,000, or \$2.72 per diluted share, for the quarter ended December 31, 2014. Net income for the quarters ended December 31, 2015 and 2014 includes \$142,693,000 and \$460,216,000, respectively, of net gains on sale of real estate and \$4,141,000 and \$5,676,000, respectively, of real estate impairment losses. In addition, the quarters ended December 31, 2015 and 2014 includes 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 income attributable to common shareholders for the quarters ended December 31, 2015 and 2014 by \$147,009,000, or \$0.78 per diluted share, and \$433,823,000, or \$2.30 per diluted share, respectively.

FFO for the quarter ended December 31, 2015 was \$259,528,000, or \$1.37 per diluted share, compared to \$230,143,000, or \$1.22 per diluted share, for the prior year's quarter. FFO for the quarters ended December 31, 2015 and 2014 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, increased FFO for the quarters ended December 31, 2015 and 2014 by \$19,418,000, or \$0.10 per diluted share, and \$13,033,000, or \$0.07 per diluted share, respectively.

(Amounts in thousands)

	<u>For the Three Months Ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Items that affect comparability income (expense):		
FFO from discontinued operations and sold properties	\$ 19,251	\$ 44,474
Acquisition and transaction related costs	(4,951)	(12,763)
Net gain on sale of residential condominiums	4,231	363
Write-off of deferred financing costs and defeasance costs in connection with refinancings	-	(16,747)
Other, net	2,171	(1,491)
	<u>20,702</u>	<u>13,836</u>
Noncontrolling interests' share of above adjustments	<u>(1,284)</u>	<u>(803)</u>
Items that affect comparability, net	<u>\$ 19,418</u>	<u>\$ 13,033</u>

The percentage increase (decrease) in same store EBITDA and cash basis same store EBITDA of our operating segments for the quarter ended December 31, 2015 over the quarter ended December 31, 2014 and the trailing quarter ended September 30, 2015 are summarized below.

Same Store EBITDA:	<u>New York</u>		<u>Washington, DC</u>	
December 31, 2015 vs. December 31, 2014				
Same store EBITDA	0.1 %	(1)	(0.4%)	
Cash basis same store EBITDA	(5.6%)	(1)	(4.9%)	
December 31, 2015 vs. September 30, 2015				
Same store EBITDA	0.4 %	(2)	0.8 %	
Cash basis same store EBITDA	(0.9%)	(2)	1.2 %	

(1) Excluding Hotel Pennsylvania, same store EBITDA increased by 1.4% and decreased by 4.4% on a cash basis.

(2) Excluding Hotel Pennsylvania, same store EBITDA was flat and decreased by 1.5% on a cash basis.

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.

Overview – continued

Acquisitions

On January 20, 2015, we and one of our real estate fund's limited partners co-invested with the Fund to buy out the Fund's joint venture partner's 57% interest in the Crowne Plaza Times Square Hotel. The purchase price for the 57% interest was approximately \$95,000,000 (our share \$39,000,000) which valued the property at approximately \$480,000,000. The property is encumbered by a \$310,000,000 mortgage loan bearing interest at LIBOR plus 2.80% which matures in December 2018 with a one-year extension option. Our aggregate ownership interest in the property increased to 33% from 11%.

On March 18, 2015, we acquired the Center Building, a 437,000 square foot office building, located at 33-00 Northern Boulevard in Long Island City, New York, for \$142,000,000, including the assumption of an existing \$62,000,000, 4.43% mortgage maturing in October 2018.

On June 2, 2015, we completed the acquisition of 150 West 34th Street, a 78,000 square foot retail property leased to Old Navy through May 2019, and 226,000 square feet of additional zoning air rights, for approximately \$355,000,000. At closing we completed a \$205,000,000 financing of the property.

On June 24, 2015, we entered into a joint venture, in which we own a 55% interest, to develop a 173,000 square foot Class-A office building, located along the western edge of the High Line at 512 West 22nd Street. The development cost of this project is approximately \$235,000,000. The development commenced during the fourth quarter of 2015 and is expected to be completed in 2018. We account for our investment in the joint venture under the equity method.

On July 31, 2015, we acquired 260 Eleventh Avenue, a 235,000 square foot office property leased to the City of New York through 2021 with two five-year renewal options, a 10,000 square foot parking lot and additional air rights. The transaction is structured as a 99-year ground lease with an option to purchase the land for \$110,000,000. The \$3,900,000 annual ground rent and the purchase option price escalate annually at the lesser of 1.5% or CPI. The buildings were purchased for \$13,900 newly issued Vornado Operating Partnership units valued at approximately \$80,000,000.

On September 25, 2015, we acquired 265 West 34th Street, a 1,700 square foot retail property and 15,200 square feet of additional zoning air rights, for approximately \$28,500,000.

Dispositions

On January 15, 2015, we completed the spin-off of substantially all of our retail segment comprised of 79 strip shopping centers, three malls, a warehouse park and \$225,000,000 of cash to Urban Edge Properties ("UE") (NYSE: UE). As part of this transaction, we retained 5,717,184 UE operating partnership units (5.4% ownership interest). We are providing transition services to UE for an initial period of up to two years, primarily for information technology support. UE is providing us with leasing and property management services for (i) certain small retail properties that we plan to sell, and (ii) our affiliate, Alexander's, Inc. (NYSE: ALX) Rego Park retail assets. Steven Roth, our Chairman and Chief Executive Officer, is a member of the Board of Trustees of UE. The spin-off distribution was effected by Vornado distributing one UE common share for every two Vornado common shares.

On March 13, 2015, we sold our Geary Street, CA lease for \$34,189,000, which resulted in a net gain of \$21,376,000.

On March 25, 2015, the Fund completed the sale of 520 Broadway in Santa Monica, CA for \$91,650,000. The Fund realized a \$23,768,000 net gain over the holding period.

On March 31, 2015, we transferred the redeveloped Springfield Town Center, a 1,350,000 square foot mall located in Springfield, Fairfax County, Virginia, to PREIT Associates, L.P., which is the operating partnership of Pennsylvania Real Estate Investment Trust (NYSE: PEI) (collectively, "PREIT"). The financial statement gain was \$7,823,000, of which \$7,192,000 was recognized in the first quarter of 2015 and the remaining \$631,000 was deferred based on our ownership interest in PREIT. In the first quarter of 2014, we recorded a non-cash impairment loss of \$20,000,000 on Springfield Town Center which is included in "income from discontinued operations" on our consolidated statements of income.

On August 6, 2015, we sold our 50% interest in the Monmouth Mall in Eatontown, NJ to our joint venture partner for \$38,000,000, valuing the property at approximately \$229,000,000, which resulted in a net gain of \$33,153,000.

On September 9, 2015, we completed the sale of 1750 Pennsylvania Avenue, NW, a 278,000 square foot office building in Washington, DC for \$182,000,000, resulting in a net gain of approximately \$102,000,000 which is included in "net gain on disposition of wholly owned and partially owned assets" on our consolidated statement of income. The tax gain of approximately \$137,000,000 was deferred as part of a like-kind exchange. We are managing the property on behalf of the new owner.

Overview – continued

Dispositions – continued

On December 22, 2015, we completed the sale of 20 Broad Street, a 473,000 square foot office building in Manhattan for an aggregate consideration of \$200,000,000. The total income from this transaction was approximately \$157,000,000 comprised of approximately \$142,000,000 from the gain on sale and \$15,000,000 of lease termination income.

We also sold five residual retail properties, in separate transactions, for an aggregate of \$10,731,000, which resulted in net gains of \$3,675,000.

Financings

Secured Debt

On April 1, 2015, we completed a \$308,000,000 refinancing of RiverHouse Apartments, a three building, 1,670 unit rental complex located in Arlington, VA. The loan is interest only at LIBOR plus 1.28% (1.52% at December 31, 2015) and matures in 2025. We realized net proceeds of approximately \$43,000,000. The property was previously encumbered by a 5.43%, \$195,000,000 mortgage maturing in April 2015 and a \$64,000,000 mortgage at LIBOR plus 1.53% maturing in 2018.

On June 2, 2015, we completed a \$205,000,000 financing in connection with the acquisition of 150 West 34th Street. The loan bears interest at LIBOR plus 2.25% (2.52% at December 31, 2015) and matures in 2018 with two one-year extension options.

On July 28, 2015, we completed a \$580,000,000 refinancing of 100 West 33rd Street, a 1.1 million square foot property comprised of 855,000 square feet of office space and the 256,000 square foot Manhattan Mall. The loan is interest only at LIBOR plus 1.65% (1.92% at December 31, 2015) and matures in July 2020. We realized net proceeds of approximately \$242,000,000.

On September 22, 2015, we upsized the loan on our 220 Central Park South development by \$350,000,000 to \$950,000,000. The interest rate on the loan is LIBOR plus 2.00% (2.42% at December 31, 2015) and the final maturity date is 2020. In connection with the upsizing, the standby commitment for a \$500,000,000 mezzanine loan for this development has been terminated by payment of a \$15,000,000 contractual termination fee, which was capitalized as a component of “development costs and construction in progress” on our consolidated balance sheet as of December 31, 2015.

On December 11, 2015, we completed a \$375,000,000 refinancing of 888 Seventh Avenue, a 882,000 square foot Manhattan office building. The five-year loan is interest only at LIBOR plus 1.60% (1.92% at December 31, 2015) which was swapped for the term of the loan to a fixed rate of 3.15% and matures in December 2020. We realized net proceeds of approximately \$49,000,000.

On December 21, 2015, we completed a \$450,000,000 financing of the retail condominium of the St. Regis Hotel and the adjacent retail town house located on Fifth Avenue at 55th Street. The loan matures in December 2020, with two one-year extension options. The loan is interest only at LIBOR plus 1.80% (2.19% at December 31, 2015) for the first three years, LIBOR plus 1.90% for years four and five, and LIBOR plus 2.00% during the extension periods. We own a 74.3% controlling interest in the joint venture which owns the property.

Senior Unsecured Notes

On January 1, 2015, we redeemed all of the \$500,000,000 principal amount of our outstanding 4.25% senior unsecured notes, which were scheduled to mature on April 1, 2015, at a redemption price of 100% of the principal amount plus accrued interest through December 31, 2014.

Unsecured Term Loan

On October 30, 2015, we entered into an unsecured delayed-draw term loan facility in the maximum amount of \$750,000,000. The facility matures in October 2018 with two one-year extension options. The interest rate is LIBOR plus 1.15% (1.40% at December 31, 2015) with a fee of 0.20% per annum on the unused portion. At closing, we drew \$187,500,000. The facility provides that the maximum amount available is twice the amount outstanding on April 29, 2016, limited to \$750,000,000, and all draws must be made by October 2017. This facility, together with the \$950,000,000 development loan mentioned above, provides the funding for our 220 Central Park South development.

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.

(Square feet in thousands)

	New York		Washington, DC
	Office	Retail	Office
Quarter Ended December 31, 2015:			
Total square feet leased	610	3	407
Our share of square feet leased	555	3	355
Initial rent ⁽¹⁾	\$ 74.99	\$ 1,185.79	\$ 43.96
Weighted average lease term (years)	10.1	1.5	6.8
Second generation relet space:			
Square feet	444	3	284
Cash basis:			
Initial rent ⁽¹⁾	\$ 75.52	\$ 1,185.79	\$ 44.54
Prior escalated rent	\$ 61.69	\$ 1,021.71	\$ 45.30
Percentage increase (decrease)	22.4%	16.1%	(1.7%)
GAAP basis:			
Straight-line rent ⁽²⁾	\$ 74.06	\$ 1,189.25	\$ 50.99
Prior straight-line rent	\$ 58.94	\$ 877.69	\$ 50.62
Percentage increase	25.7%	35.5%	0.7%
Tenant improvements and leasing commissions:			
Per square foot	\$ 70.05	\$ 47.69	\$ 34.39
Per square foot per annum:	\$ 6.94	\$ 31.79	\$ 5.06
Percentage of initial rent	9.2%	2.7%	11.5%
Year Ended December 31, 2015:			
Total square feet leased	2,276	91	1,987
Our share of square feet leased	1,838	82	1,847
Initial rent ⁽¹⁾	\$ 78.55	\$ 917.59	\$ 40.20
Weighted average lease term (years)	9.2	13.7	8.6
Second generation relet space:			
Square feet	1,297	74	1,322
Cash basis:			
Initial rent ⁽¹⁾	\$ 78.89	\$ 907.49	\$ 40.12 ⁽³⁾
Prior escalated rent	\$ 66.21	\$ 364.56	\$ 43.99 ⁽³⁾
Percentage increase (decrease)	19.1%	148.9%	(8.8%) ⁽³⁾
GAAP basis:			
Straight-line rent ⁽²⁾	\$ 77.03	\$ 1,056.66	\$ 39.57 ⁽³⁾
Prior straight-line rent	\$ 62.73	\$ 529.31	\$ 43.08 ⁽³⁾
Percentage increase (decrease)	22.8%	99.6%	(8.2%) ⁽³⁾
Tenant improvements and leasing commissions:			
Per square foot	\$ 69.36	\$ 688.42	\$ 55.14
Per square foot per annum:	\$ 7.54	\$ 50.25	\$ 6.41
Percentage of initial rent	9.6%	5.5%	15.9%

See notes on the following page.

Overview - continued

Leasing Activity - continued

(Square feet in thousands)

	New York		Washington, DC
	Office	Retail	Office
Year Ended December 31, 2014:			
Total square feet leased	3,973	119	1,817
Our share of square feet leased:	3,416	114	1,674
Initial rent ⁽¹⁾	\$ 66.78	\$ 327.38	\$ 38.57
Weighted average lease term (years)	11.3	11.2	8.2
Second generation relet space:			
Square feet	2,550	92	1,121
Cash basis:			
Initial rent ⁽¹⁾	\$ 68.18	\$ 289.74	\$ 38.57
Prior escalated rent	\$ 60.50	\$ 206.62	\$ 41.37
Percentage increase (decrease)	12.7%	40.2%	(6.8%)
GAAP basis:			
Straight-line rent ⁽²⁾	\$ 67.44	\$ 331.33	\$ 36.97
Prior straight-line rent	\$ 56.76	\$ 204.15	\$ 38.25
Percentage increase (decrease)	18.8%	62.3%	(3.3%)
Tenant improvements and leasing commissions:			
Per square foot	\$ 75.89	\$ 110.60	\$ 46.77
Per square foot per annum:	\$ 6.72	\$ 9.88	\$ 5.70
Percentage of initial rent	10.1%	3.0%	14.8%

(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.

(3) Excluding 371 square feet of leasing activity with the U.S. Marshals Service (of which 293 square feet are second generation relet space), the initial rent and prior escalated rent on a cash basis was \$42.43 and \$43.96 per square foot, respectively (3.5% decrease), and the initial rent and prior escalated rent on a GAAP basis was \$42.30 and \$43.89 per square foot, respectively (3.6% decrease).

Overview - continued

Square footage (in service) and Occupancy as of December 31, 2015:

(Square feet in thousands)

	Number of properties	Square Feet (in service)		Occupancy %
		Total Portfolio	Our Share	
New York:				
Office	35	21,288	17,627	96.3%
Retail	65	2,641	2,418	96.2%
Residential - 1,711 units	11	1,561	827	94.1%
Alexander's - 296 units	7	2,419	784	99.7%
Hotel Pennsylvania	1	1,400	1,400	
		<u>29,309</u>	<u>23,056</u>	96.4%
Washington, DC:				
Office, excluding the Skyline Properties	49	13,136	10,781	90.0%
Skyline Properties	8	2,648	2,648	50.1%
Total Office	57	15,784	13,429	82.1%
Residential - 2,414 units	7	2,597	2,455	96.1%
Other	7	597	597	100.0%
		<u>18,978</u>	<u>16,481</u>	84.8%
Other:				
theMart	2	3,658	3,649	98.5%
555 California Street	3	1,736	1,215	93.3%
Other	2	763	763	100.0%
		<u>6,157</u>	<u>5,627</u>	
Total square feet at December 31, 2015		<u>54,444</u>	<u>45,164</u>	

Overview - continued

Square footage (in service) and Occupancy as of December 31, 2014:

(Square feet in thousands)

	Number of properties	Square Feet (in service)		Occupancy %
		Total Portfolio	Our Share	
New York:				
Office	30	20,154	16,622	96.9%
Retail	56	2,469	2,173	96.5%
Residential - 1,678 units	9	1,518	785	95.2%
Alexander's	6	2,178	706	99.7%
Hotel Pennsylvania	1	1,400	1,400	
		<u>27,719</u>	<u>21,686</u>	96.9%
Washington, DC:				
Office, excluding the Skyline Properties	50	13,184	10,806	87.4%
Skyline Properties	8	2,648	2,648	53.5%
Total Office	58	15,832	13,454	80.7%
Residential - 2,414 units	7	2,597	2,455	97.4%
Other	6	384	384	100.0%
		<u>18,813</u>	<u>16,293</u>	83.6%
Other:				
theMart	1	3,587	3,578	94.7%
555 California Street	3	1,801	1,261	97.6%
Other	2	672	672	100.0%
		<u>6,060</u>	<u>5,511</u>	
Total square feet at December 31, 2014		<u>52,592</u>	<u>43,490</u>	

Overview - continued

Washington, DC Segment

Comparable EBITDA for the year ended December 31, 2015, was \$3,467,000 behind last year.

We expect that Washington's 2016 comparable EBITDA will be approximately \$7,000,000 to \$11,000,000 lower than 2015, comprised of:

- (i) core business being flat to \$4,000,000 higher, offset by,
- (ii) occupancy of Skyline properties declining further, decreasing EBITDA by approximately \$6,500,000, and
- (iii) 1726 M Street and 1150 17th Street being taken out of service (to prepare for the development in the future of a new Class A trophy office building) decreasing EBITDA by approximately \$4,500,000.

Of the 2,395,000 square feet subject to the effects of the Base Realignment and Closure ("BRAC") statute, 393,000 square feet has been taken out of service for redevelopment and 1,372,000 square feet has been leased or is pending. The table below summarizes the status of the BRAC space as of December 31, 2015.

	Rent Per	Total	Square Feet		
	Square Foot		Crystal City	Skyline	Rosslyn
Resolved:					
Relet as of December 31, 2015	\$ 37.67	1,337,000	864,000	389,000	84,000
Leases pending	39.98	35,000	25,000	10,000	-
Taken out of service for redevelopment		393,000	393,000	-	-
		<u>1,765,000</u>	<u>1,282,000</u>	<u>399,000</u>	<u>84,000</u>
To be resolved:					
Vacated as of December 31, 2015	34.89	610,000	134,000	412,000	64,000
Expiring in 2016	41.87	20,000	20,000	-	-
		<u>630,000</u>	<u>154,000</u>	<u>412,000</u>	<u>64,000</u>
Total square feet subject to BRAC		<u><u>2,395,000</u></u>	<u><u>1,436,000</u></u>	<u><u>811,000</u></u>	<u><u>148,000</u></u>

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. 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.

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.

As of December 31, 2015 and 2014, the carrying amounts of real estate, net of accumulated depreciation, were \$14.7 billion and \$13.7 billion, respectively. As of December 31, 2015 and 2014, the carrying amounts of identified intangible assets (including acquired above-market leases, tenant relationships and acquired in-place leases) were \$227,901,000 and \$225,155,000, respectively, and the carrying amounts of identified intangible liabilities, a component of "deferred revenue" on our consolidated balance sheets, were \$318,148,000 and \$328,201,000, 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. 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. 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, 2015 and 2014, the carrying amounts of investments in partially owned entities were \$1.6 billion and \$1.2 billion, 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 (\$11,908,000 and \$12,210,000 as of December 31, 2015 and 2014, respectively) 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 (\$2,751,000 and \$3,188,000 as of December 31, 2015 and 2014, 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.

Before we recognize revenue, we assess, among other things, its collectability. If our assessment of the collectability 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 and 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, 2015, 2014 and 2013

Below is a summary of net income and a reconciliation of net income to EBITDA⁽¹⁾ by segment for the years ended December 31, 2015, 2014 and 2013.

(Amounts in thousands)

	For the Year Ended December 31, 2015			
	Total	New York	Washington, DC	Other
Total revenues	\$ 2,502,267	\$ 1,695,925	\$ 532,812	\$ 273,530
Total expenses	1,742,019	1,032,015	390,921	319,083
Operating income (loss)	760,248	663,910	141,891	(45,553)
(Loss) income from partially owned entities	(12,630)	655	(5,083)	(8,202)
Income from real estate fund investments	74,081	-	-	74,081
Interest and other investment income (loss), net	26,978	7,722	(262)	19,518
Interest and debt expense	(378,025)	(194,278)	(68,727)	(115,020)
Net gain on disposition of wholly owned and partially owned assets	251,821	142,693	102,404	6,724
Income (loss) before income taxes	722,473	620,702	170,223	(68,452)
Income tax benefit (expense)	84,695	(4,379)	(317)	89,391
Income from continuing operations	807,168	616,323	169,906	20,939
Income from discontinued operations	52,262	-	-	52,262
Net income	859,430	616,323	169,906	73,201
Less net income attributable to noncontrolling interests	(98,996)	(13,022)	-	(85,974)
Net income (loss) attributable to Vornado	760,434	603,301	169,906	(12,773)
Interest and debt expense ⁽²⁾	469,843	248,724	82,386	138,733
Depreciation and amortization ⁽²⁾	664,637	394,028	179,788	90,821
Income tax (benefit) expense ⁽²⁾	(85,379)	4,766	(1,610)	(88,535)
EBITDA ⁽¹⁾	\$ 1,809,535	\$ 1,250,819 ⁽³⁾	\$ 430,470 ⁽⁴⁾	\$ 128,246 ⁽⁵⁾

(Amounts in thousands)

	For the Year Ended December 31, 2014			
	Total	New York	Washington, DC	Other
Total revenues	\$ 2,312,512	\$ 1,520,845	\$ 537,151	\$ 254,516
Total expenses	1,622,619	946,466	358,019	318,134
Operating income (loss)	689,893	574,379	179,132	(63,618)
(Loss) income from partially owned entities	(59,861)	20,701	(3,677)	(76,885)
Income from real estate fund investments	163,034	-	-	163,034
Interest and other investment income, net	38,752	6,711	183	31,858
Interest and debt expense	(412,755)	(183,427)	(75,395)	(153,933)
Net gain on disposition of wholly owned and partially owned assets	13,568	-	-	13,568
Income (loss) before income taxes	432,631	418,364	100,243	(85,976)
Income tax expense	(9,281)	(4,305)	(242)	(4,734)
Income (loss) from continuing operations	423,350	414,059	100,001	(90,710)
Income from discontinued operations	585,676	463,163	-	122,513
Net income	1,009,026	877,222	100,001	31,803
Less net income attributable to noncontrolling interests	(144,174)	(8,626)	-	(135,548)
Net income (loss) attributable to Vornado	864,852	868,596	100,001	(103,745)
Interest and debt expense ⁽²⁾	654,398	241,959	89,448	322,991
Depreciation and amortization ⁽²⁾	685,973	324,239	145,853	215,881
Income tax expense ⁽²⁾	24,248	4,395	288	19,565
EBITDA ⁽¹⁾	\$ 2,229,471	\$ 1,439,189 ⁽³⁾	\$ 335,590 ⁽⁴⁾	\$ 454,692 ⁽⁵⁾

See notes on pages 51 and 52.

Net Income and EBITDA by Segment for the Years Ended December 31, 2015, 2014 and 2013 - continued

(Amounts in thousands)

	For the Year Ended December 31, 2013			
	Total	New York	Washington, DC	Other
Total revenues	\$ 2,299,176	\$ 1,470,907	\$ 541,161	\$ 287,108
Total expenses	1,624,625	910,498	347,686	366,441
Operating income (loss)	674,551	560,409	193,475	(79,333)
(Loss) income from partially owned entities	(340,882)	15,527	(6,968)	(349,441)
Income from real estate fund investments	102,898	-	-	102,898
Interest and other investment (loss) income, net	(24,887)	5,357	129	(30,373)
Interest and debt expense	(425,782)	(181,966)	(102,277)	(141,539)
Net gain on disposition of wholly owned and partially owned assets	2,030	-	-	2,030
(Loss) income before income taxes	(12,072)	399,327	84,359	(495,758)
Income tax benefit (expense)	8,717	(2,794)	14,031	(2,520)
(Loss) income from continuing operations	(3,355)	396,533	98,390	(498,278)
Income from discontinued operations	568,095	160,314	-	407,781
Net income (loss)	564,740	556,847	98,390	(90,497)
Less net income attributable to noncontrolling interests	(88,769)	(10,786)	-	(77,983)
Net income (loss) attributable to Vornado	475,971	546,061	98,390	(168,480)
Interest and debt expense ⁽²⁾	758,781	236,645	116,131	406,005
Depreciation and amortization ⁽²⁾	732,757	293,974	142,409	296,374
Income tax expense (benefit) ⁽²⁾	26,371	3,002	(15,707)	39,076
EBITDA ⁽¹⁾	\$ 1,993,880	\$ 1,079,682 ⁽³⁾	\$ 341,223 ⁽⁴⁾	\$ 572,975 ⁽⁵⁾

See notes on pages 51 and 52.

Net Income and EBITDA by Segment for the Years Ended December 31, 2015, 2014 and 2013 - continued

Notes to preceding tabular information:

- (1) EBITDA represents "Earnings Before Interest, Taxes, Depreciation and Amortization." We consider EBITDA a non-GAAP financial 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 in the reconciliation of net income to EBITDA includes our share of these items from partially owned entities.
- (3) The elements of "New York" EBITDA are summarized below.

(Amounts in thousands)

	For the Year Ended December 31,		
	2015	2014	2013
Office ^(a)	\$ 661,579	\$ 622,818	\$ 612,009
Retail ^(b)	358,379	281,428	246,808
Residential	22,266	21,907	20,420
Alexander's	42,858	41,746	42,210
Hotel Pennsylvania	23,044	30,753	30,723
Net gains on sale of real estate ^(c)	142,693	440,537	127,512
Total New York	<u>\$ 1,250,819</u>	<u>\$ 1,439,189</u>	<u>\$ 1,079,682</u>

- (a) 2015, 2014, and 2013 includes EBITDA from discontinued operations and other items that affect comparability, aggregating \$28,846, \$34,520, and \$48,975, respectively. Excluding these items, EBITDA was \$632,733, \$588,298, and \$563,034, respectively.
- (b) 2014 and 2013 includes EBITDA from discontinued operations and other items that affect comparability, aggregating \$1,751 and \$934, respectively. Excluding these items, EBITDA was \$279,677 and \$245,874, respectively.
- (c) Net gains on sale of real estate are related to 20 Broad Street in 2015, 1740 Broadway in 2014, and 866 UN Plaza in 2013.

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

(Amounts in thousands)

	For the Year Ended December 31,		
	2015	2014	2013
Office, excluding the Skyline properties	\$ 264,864	\$ 266,859	\$ 268,373
Skyline properties	24,224	27,150	29,499
Net gain on sale of 1750 Pennsylvania Avenue	102,404	-	-
Total Office	391,492	294,009	297,872
Residential	38,978	41,581	43,351
Total Washington, DC	<u>\$ 430,470</u>	<u>\$ 335,590</u>	<u>\$ 341,223</u>

Net Income and EBITDA by Segment for the Years Ended December 31, 2015, 2014 and 2013 - continued

Notes to preceding tabular information:

- (5) The elements of "Other" EBITDA are summarized below.

(Amounts in thousands)

	For the Year Ended December 31,		
	2015	2014	2013
Our share of real estate fund investments:			
Income before net realized/unrealized gains	\$ 8,611	\$ 8,056	\$ 7,752
Net realized/unrealized gains on investments	14,657	37,535	23,489
Carried interest	10,696	24,715	18,230
Total	33,964	70,306	49,471
Mart ("theMart") and trade shows	79,159	79,636	74,270
555 California Street	49,975	48,844	42,667
India real estate ventures	3,933	6,434	5,841
Our share of Toys ^(a)	2,500	103,632	(12,081)
Other investments	38,141	16,896	45,856
	207,672	325,748	206,024
Corporate general and administrative expenses ^{(b)(c)}	(106,416)	(94,929)	(94,904)
Investment income and other, net ^(b)	26,385	31,665	46,525
Gains on sale of partially owned entities and other	37,666	13,000	-
UE and residual retail properties discontinued operations	28,314	245,679	541,516
Our share of impairment loss on India real estate ventures	(14,806)	(5,771)	-
Acquisition and transaction related costs	(12,511)	(16,392)	(24,857)
Net gain on sale of marketable securities, land parcels and residential condominiums	6,724	13,568	56,868
Impairment loss and loan loss reserve on investment in Suffolk Downs	(1,551)	(10,263)	-
Losses from the disposition of investment in J.C. Penney	-	-	(127,888)
Severance costs (primarily reduction in force at theMart)	-	-	(5,492)
Net income attributable to noncontrolling interests in the Operating Partnership	(43,231)	(47,613)	(24,817)
	<u>\$ 128,246</u>	<u>\$ 454,692</u>	<u>\$ 572,975</u>

- (a) As a result of our investment being reduced to zero, we suspended equity method accounting in the third quarter of 2014. The years ended December 31, 2014 and 2013 include an impairment loss of \$75,196 and \$240,757, respectively.
- (b) The amounts in these captions (for this table only) exclude income/expense from the mark-to-market of our deferred compensation plan of \$111, \$11,557 and \$10,636 for the years ended December 31, 2015, 2014 and 2013, respectively.
- (c) The year ended December 31, 2015 includes \$6,217 from the acceleration of the recognition of compensation expense related to 2013-2015 Out-Performance Plans due to the modification of the vesting criteria of awards such that they will fully vest at age 65. The accelerated expense will result in lower general and administrative expense for 2016 of \$2,940 and \$3,277 thereafter.

EBITDA by Region

Below is a summary of the percentages of EBITDA by geographic region, excluding discontinued operations and other items that affect comparability.

Region:	For the Year Ended December 31,		
	2015	2014	2013
New York City metropolitan area	71%	68%	66%
Washington, DC / Northern Virginia area	21%	23%	25%
Chicago, IL	5%	6%	6%
San Francisco, CA	3%	3%	3%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Results of Operations – Year Ended December 31, 2015 Compared to December 31, 2014

Revenues

Our revenues, which consist of property rentals (including hotel and trade show revenues), tenant expense reimbursements, and fee and other income, were \$2,502,267,000 in the year ended December 31, 2015, compared to \$2,312,512,000 in the prior year, an increase of \$189,755,000. Below are the details of the increase (decrease) by segment:

(Amounts in thousands)

Increase (decrease) due to:

	<u>Total</u>	<u>New York</u>	<u>Washington, DC</u>	<u>Other</u>
Property rentals:				
Acquisitions and other	\$ 60,671	\$ 62,316 ⁽¹⁾	\$ (1,645)	\$ -
Development and redevelopment	55,559	52,547 ⁽²⁾	142	2,870
Hotel Pennsylvania	(6,501)	(6,501)	-	-
Trade shows	2,195	-	-	2,195
Same store operations	<u>53,175</u>	<u>46,024</u>	<u>(625)</u>	<u>7,776</u>
	<u>165,099</u>	<u>154,386</u>	<u>(2,128)</u>	<u>12,841</u>
Tenant expense reimbursements:				
Acquisitions and other	4,867	5,098 ⁽¹⁾	(231)	-
Development and redevelopment	2,863	2,904 ⁽²⁾	(41)	-
Same store operations	<u>7,427</u>	<u>4,046</u>	<u>(289)</u>	<u>3,670</u>
	<u>15,157</u>	<u>12,048</u>	<u>(561)</u>	<u>3,670</u>
Fee and other income:				
BMS cleaning fees	(3,545)	(4,271)	-	726
Management and leasing fees	(3,123)	(2,509)	(480)	(134)
Lease termination fees	10,307	12,207	(1,900)	-
Other income	<u>5,860</u>	<u>3,219</u>	<u>730</u>	<u>1,911</u>
	<u>9,499</u>	<u>8,646</u>	<u>(1,650)</u>	<u>2,503</u>
Total increase (decrease) in revenues	\$ <u>189,755</u>	\$ <u>175,080</u>	\$ <u>(4,339)</u>	\$ <u>19,014</u>

(1) Includes the acquisitions of 33-00 Northern Boulevard (Center Building), 260 Eleventh Avenue, 697-703 Fifth Avenue (St. Regis - retail) and 150 West 34th Street.

(2) Primarily 330 West 34th Street, 7 West 34th Street and 1535 Broadway (Marriott Marquis - retail and signage).

Results of Operations – Year Ended December 31, 2015 Compared to December 31, 2014 - continued

Expenses

Our expenses, which consist primarily of operating (including hotel and trade show expenses), depreciation and amortization and general and administrative expenses, were \$1,742,019,000 in the year ended December 31, 2015, compared to \$1,622,619,000 in the prior year, an increase of \$119,400,000. Below are the details of the increase by segment:

(Amounts in thousands)

Increase (decrease) due to:

	<u>Total</u>	<u>New York</u>	<u>Washington, DC</u>	<u>Other</u>
Operating:				
Acquisitions and other	\$ 10,242	\$ 11,729 ⁽¹⁾	\$ (1,487)	\$ -
Development and redevelopment	19,760	14,289 ⁽²⁾	1,449	4,023
Non-reimbursable expenses, including bad-debt reserves	(3,397)	(3,026)	(538)	167
Hotel Pennsylvania	915	915	-	-
Trade shows	249	-	-	249
BMS expenses	(2,963)	(4,229)	-	1,266
Same store operations	<u>32,831</u>	<u>22,719</u>	<u>1,337</u>	<u>8,776</u>
	<u>57,638</u>	<u>42,396</u>	<u>761</u>	<u>14,481</u>
Depreciation and amortization:				
Acquisitions and other	34,262	34,816 ⁽¹⁾	(554)	-
Development and redevelopment	17,014	(6,120) ⁽²⁾	30,599	(7,465)
Same store operations	<u>10,373</u>	<u>7,910</u>	<u>3,384</u>	<u>(921)</u>
	<u>61,649</u>	<u>36,606</u>	<u>33,429</u>	<u>(8,386)</u>
General and administrative:				
Mark-to-market of deferred compensation plan liability	(11,446)	-	-	(11,446) ⁽³⁾
Same store operations	<u>17,483</u>	<u>6,547</u> ⁽⁴⁾	<u>(1,288)</u>	<u>12,224</u> ⁽⁵⁾
	<u>6,037</u>	<u>6,547</u>	<u>(1,288)</u>	<u>778</u>
Acquisition and transaction related costs	<u>(5,924)</u>	<u>-</u>	<u>-</u>	<u>(5,924)</u>
Total increase in expenses	\$ <u>119,400</u>	\$ <u>85,549</u>	\$ <u>32,902</u>	\$ <u>949</u>

- (1) Includes the acquisitions of 33-00 Northern Boulevard (Center Building), 260 Eleventh Avenue, 697-703 Fifth Avenue (St. Regis - retail) and 150 West 34th Street.
- (2) Primarily 330 West 34th Street, 7 West 34th Street and 1535 Broadway (Marriott Marquis - retail and signage).
- (3) This decrease in expense is entirely offset by a corresponding decrease in income from the mark-to-market of the deferred compensation plan assets, a component of “interest and other investment income (loss), net” on our consolidated statements of income.
- (4) Results primarily from (i) the acceleration of the recognition of compensation expense of \$1,555 related to 2013-2015 Out-Performance Plans due to the modification of the vesting criteria of awards such that they fully vest at age 65. The accelerated expense will result in lower general and administrative expense for 2016 of \$706 and \$849 thereafter; and (ii) higher payroll and related costs.
- (5) Results primarily from (i) the acceleration of the recognition of compensation expense of \$6,217 related to 2013-2015 Out-Performance Plans due to the modification of the vesting criteria of awards such that they fully vest at age 65. The accelerated expense will result in lower general and administrative expense for 2016 of \$2,940 and \$3,277 thereafter; (ii) higher payroll and related costs of \$2,900; and (iii) higher professional fees and other of \$2,400.

Results of Operations – Year Ended December 31, 2015 Compared to December 31, 2014 - continued

Loss from Partially Owned Entities

Summarized below are the components of loss from partially owned entities for the years ended December 31, 2015 and 2014.

(Amounts in thousands)

	Percentage Ownership at December 31, 2015	For the Year Ended December 31,	
		2015	2014
Equity in Net Income (Loss):			
Alexander's	32.4%	\$ 31,078	\$ 30,009
Partially owned office buildings ⁽¹⁾	Various	(23,556)	93
India real estate ventures ⁽²⁾	4.1%-36.5%	(18,746)	(8,309)
PREIT	8.1%	(7,450)	-
UE	5.4%	4,394	-
Toys ⁽³⁾	32.5%	2,500	(73,556)
Other investments ⁽⁴⁾	Various	(850)	(8,098)
		<u>\$ (12,630)</u>	<u>\$ (59,861)</u>

(1) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 666 Fifth Avenue (Office), 330 Madison Avenue, 512 West 22nd Street and others. In 2015, we recognized net losses of \$39,600 from our 666 Fifth Avenue (Office) joint venture as a result of our share of depreciation expense. Also in 2015, we recognized our \$12,800 share of a write-off of a below market lease liability related to a tenant vacating at 650 Madison Avenue. In 2014, we recognized our \$14,500 share of accelerated depreciation from our West 57th Street joint ventures in connection with the change in estimated useful life of those properties.

(2) Includes a \$14,806 and \$5,771 non-cash impairment loss in 2015 and 2014, respectively.

(3) For the year ended December 31, 2015, we recognized net income of \$2,500 from our investment in Toys, representing management fees earned and received, compared to a net loss of \$73,556 for the year ended December 31, 2014, which was primarily due to a \$75,196 non-cash impairment loss.

(4) Includes interests in Independence Plaza, 85 Tenth Avenue, Fashion Center Mall, 50-70 West 93rd Street and others. In 2014, we recognized a \$10,263 non-cash charge, comprised of a \$5,959 impairment loss and a \$4,304 loan loss reserve, on our equity and debt investments in Suffolk Downs.

Results of Operations – Year Ended December 31, 2015 Compared to December 31, 2014 - continued

Income from Real Estate Fund Investments

Below are the components of the income from our real estate fund investments for the years ended December 31, 2015 and 2014.

(Amounts in thousands)	For the Year Ended December 31,	
	2015	2014
Net investment income	\$ 16,329	\$ 12,895
Net realized gains on exited investments	2,757	76,337
Net unrealized gains on held investments	54,995	73,802
Income from real estate fund investments	74,081	163,034
Less income attributable to noncontrolling interests	(40,117)	(92,728)
Income from real estate fund investments attributable to Vornado ⁽¹⁾	\$ 33,964	\$ 70,306

(1) Excludes management and leasing fees of \$2,939 and \$2,562 in the years ended December 31, 2015 and 2014, respectively, which are included as a component of "fee and other income" on our consolidated statements of income.

Interest and Other Investment Income, net

Interest and other investment income, net was \$26,978,000 in the year ended December 31, 2015, compared to \$38,752,000 in the prior year a decrease in income of \$11,774,000. This decrease resulted primarily from a decrease in the value of investments in our deferred compensation plan (offset by a corresponding decrease in the liability for plan assets in "general and administrative" expenses on our consolidated statements of income).

Interest and Debt Expense

Interest and debt expense was \$378,025,000 in the year ended December 31, 2015, compared to \$412,755,000 in the prior year, a decrease of \$34,730,000. This decrease was primarily due to (i) \$26,652,000 of interest savings from the redemption of the \$445,000,000 principal amount of the outstanding 7.875% senior unsecured notes during the fourth quarter of 2014, (ii) \$21,375,000 of interest savings from the redemption of the \$500,000,000 principal amount of the outstanding 4.25% senior unsecured notes on January 1, 2015, partially offset by (iii) \$5,297,000 of interest expense from the issuance of \$450,000,000 of 2.50% senior unsecured notes in June 2014, (iv) \$5,182,000 of interest expense from the current year's financings of 150 West 34th Street and the Center Building, and (v) \$3,481,000 of lower capitalized interest.

Net Gain on Disposition of Wholly Owned and Partially Owned Assets

Net gain on disposition of wholly owned and partially owned assets was \$251,821,000 in the year ended December 31, 2015, \$142,693,000 from the net gain on sale of 20 Broad Street, \$102,404,000 from the net gain on sale of 1750 Pennsylvania Avenue and \$6,724,000 from the sale of residential condominiums, compared to \$13,568,000 in the year ended December 31, 2014, from the sale of residential condominiums and a land parcel.

Income Tax Benefit (Expense)

In the year ended December 31, 2015, we had an income tax benefit of \$84,695,000, compared to an expense of \$9,281,000 in the prior year, a decrease in expense of \$93,976,000. This decrease in expense resulted primarily from the reversal of the valuation allowances against certain of our deferred tax assets, as we have concluded that it is more-likely than not that we will generate sufficient taxable income from the sale of 220 Central Park South residential condominium units to realize the deferred tax assets.

Results of Operations – Year Ended December 31, 2015 Compared to December 31, 2014 - continued

Income from Discontinued Operations

We have reclassified the revenues and expenses of the properties that were sold or are currently held for sale 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, 2015 and 2014.

(Amounts in thousands)

	For the Year Ended December 31,	
	2015	2014
Total revenues	\$ 27,831	\$ 395,786
Total expenses	17,651	274,107
	10,180	121,679
Net gains on sales of real estate	65,396	507,192
Transaction related costs (primarily UE spin off)	(22,972)	(14,956)
Impairment losses	(256)	(26,518)
Pretax income from discontinued operations	52,348	587,397
Income tax expense	(86)	(1,721)
Income from discontinued operations	\$ 52,262	\$ 585,676

Net Income Attributable to Noncontrolling Interests in Consolidated Subsidiaries

Net income attributable to noncontrolling interests in consolidated subsidiaries was \$55,765,000 in the year ended December 31, 2015, compared to \$96,561,000 in the prior year, a decrease of \$40,796,000. This decrease resulted primarily from lower net income allocated to the noncontrolling interests, including noncontrolling interests of our real estate fund investments.

Net Income Attributable to Noncontrolling Interests in the Operating Partnership

Net income attributable to noncontrolling interests in the Operating Partnership was \$43,231,000 in the year ended December 31, 2015, compared to \$47,613,000 in the prior year, a decrease of \$4,382,000. This decrease resulted primarily from lower net income subject to allocation to unitholders.

Preferred Share Dividends

Preferred share dividends were \$80,578,000 in the year ended December 31, 2015, compared to \$81,464,000 in the prior year, a decrease of \$886,000.

Results of Operations – Year Ended December 31, 2015 Compared to December 31, 2014 - 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 also present same store EBITDA on 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 financial 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 for each of our segments for the year ended December 31, 2015, compared to the year ended December 31, 2014.

(Amounts in thousands)	<u>New York</u>	<u>Washington, DC</u>
EBITDA for the year ended December 31, 2015	\$ 1,250,819	\$ 430,470
Add-back:		
Non-property level overhead expenses included above	35,026	26,051
Less EBITDA from:		
Acquisitions	(61,369)	-
Dispositions, including net gains on sale	(169,362)	(108,015)
Properties taken out-of-service for redevelopment	(71,705)	2,271
Other non-operating income	(17,692)	(5,747)
Same store EBITDA for the year ended December 31, 2015	<u>\$ 965,717</u>	<u>\$ 345,030</u>
EBITDA for the year ended December 31, 2014	\$ 1,439,189	\$ 335,590
Add-back:		
Non-property level overhead expenses included above	28,479	27,339
Less EBITDA from:		
Acquisitions	(4,141)	-
Dispositions, including net gains on sale	(476,465)	(9,302)
Properties taken out-of-service for redevelopment	(26,832)	621
Other non-operating income	(8,815)	(5,445)
Same store EBITDA for the year ended December 31, 2014	<u>\$ 951,415</u>	<u>\$ 348,803</u>
Increase (decrease) in same store EBITDA -		
Year ended December 31, 2015 vs. December 31, 2014	<u>\$ 14,302</u> ⁽¹⁾	<u>\$ (3,773)</u> ⁽³⁾
% increase (decrease) in same store EBITDA	<u>1.5%</u> ⁽²⁾	<u>(1.1%)</u>

See notes on following page.

Results of Operations – Year Ended December 31, 2015 Compared to December 31, 2014 - continued

Notes to preceding tabular information:

New York:

- (1) The \$14,302,000 increase in New York same store EBITDA resulted primarily from increases in Office and Retail EBITDA of \$13,688,000 and \$6,519,000, respectively, partially offset by a decrease in Hotel Pennsylvania EBITDA of \$7,709,000. The Office and Retail EBITDA increases resulted primarily from higher rents, including signage, partially offset by lower management and leasing fees and higher operating expenses, net of reimbursements.
- (2) Excluding Hotel Pennsylvania, same store EBITDA increased by 2.4%.

Washington, DC:

- (3) The \$3,773,000 decrease in Washington, DC same store EBITDA resulted primarily from higher net operating expenses of \$2,088,000, lower fee and other income of \$942,000, and lower management and leasing fees of \$480,000.

Reconciliation of Same Store EBITDA to Cash basis Same Store EBITDA

(Amounts in thousands)	<u>New York</u>	<u>Washington, DC</u>
Same store EBITDA for the year ended December 31, 2015	\$ 965,717	\$ 345,030
Less: Adjustments for straight line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	(131,561)	(25,617)
Cash basis same store EBITDA for the year ended December 31, 2015	<u>\$ 834,156</u>	<u>\$ 319,413</u>
Same store EBITDA for the year ended December 31, 2014	\$ 951,415	\$ 348,803
Less: Adjustments for straight line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	(119,842)	(7,828)
Cash basis same store EBITDA for the year ended December 31, 2014	<u>\$ 831,573</u>	<u>\$ 340,975</u>
Increase (decrease) in cash basis same store EBITDA -		
Year ended December 31, 2015 vs. December 31, 2014	<u>\$ 2,583</u>	<u>\$ (21,562)</u>
% increase (decrease) in cash basis same store EBITDA	<u>0.3% (1)</u>	<u>(6.3%)</u>

- (1) Excluding Hotel Pennsylvania, same store EBITDA increased by 1.3% on a cash basis.

Results of Operations – Year Ended December 31, 2014 Compared to December 31, 2013

Revenues

Our revenues, which consist primarily of property rentals, tenant expense reimbursements, and fee and other income, were \$2,312,512,000 in the year ended December 31, 2014, compared to \$2,299,176,000 in the year ended December 31, 2013, an increase of \$13,336,000. Excluding decreases of \$36,369,000 related to the Cleveland Medical Mart development project in 2013 and \$23,992,000 from the deconsolidation of Independence Plaza, revenues increased by \$73,697,000. Below are the details of the increase (decrease) by segment:

(Amounts in thousands)

Increase (decrease) due to:	<u>Total</u>	<u>New York</u>	<u>Washington, DC</u>	<u>Other</u>
Property rentals:				
Acquisitions and other	\$ 15,600	\$ 18,232	\$ (1,353)	\$ (1,279)
Deconsolidation of Independence Plaza ⁽¹⁾	(23,992)	(23,992)	-	-
Development and redevelopment	(9,229)	229	(2,274)	(7,184)
Same store operations	48,703	37,288	(2,913)	14,328
	<u>31,082</u>	<u>31,757</u>	<u>(6,540)</u>	<u>5,865</u>
Tenant expense reimbursements:				
Acquisitions and other	1,448	768	874	(194)
Development and redevelopment	(2,123)	(1,650)	94	(567)
Same store operations	19,663	17,367	(944)	3,240
	<u>18,988</u>	<u>16,485</u>	<u>24</u>	<u>2,479</u>
Cleveland Medical Mart development project	<u>(36,369)⁽²⁾</u>	<u>-</u>	<u>-</u>	<u>(36,369)⁽²⁾</u>
Fee and other income:				
BMS cleaning fees	19,152	19,358	-	(206) ⁽³⁾
Management and leasing fees	(3,167)	(862)	(2,769)	464
Lease termination fees	(16,267)	(17,093) ⁽⁴⁾	4,138	(3,312)
Other income	(83)	293	1,137	(1,513)
	<u>(365)</u>	<u>1,696</u>	<u>2,506</u>	<u>(4,567)</u>
Total increase (decrease) in revenues	<u>\$ 13,336</u>	<u>\$ 49,938</u>	<u>\$ (4,010)</u>	<u>\$ (32,592)</u>

- (1) On June 7, 2013, we sold an 8.65% economic interest in our investment of Independence Plaza, which reduced our economic interest to 50.1%. As a result, we determined that we were no longer the primary beneficiary of the VIE and accordingly, we deconsolidated the operations of the property on June 7, 2013 and began accounting for our investment under the equity method.
- (2) Due to the completion of the project. This decrease in revenue is substantially offset by a decrease in development costs expensed in the period. See note (4) on page 61.
- (3) Represents the change in the elimination of intercompany fees from operating segments upon consolidation. See note (3) on page 61.
- (4) Primarily due to a \$19,500 termination fee from a tenant at 1290 Avenue of the Americas recognized during 2013.

Results of Operations – Year Ended December 31, 2014 Compared to December 31, 2013 - continued

Expenses

Our expenses, which consist primarily of operating (including hotel and trade show expenses), depreciation and amortization and general and administrative expenses, were \$1,622,619,000 in the year ended December 31, 2014, compared to \$1,624,625,000 in the year ended December 31, 2013, a decrease of \$2,006,000. Excluding expenses of \$32,210,000 related to the Cleveland Medical Mart development project in 2013 and \$25,899,000 from the deconsolidation of Independence Plaza, expenses increased by \$56,103,000. Below are the details of the (decrease) increase by segment:

(Amounts in thousands)

(Decrease) increase due to:

	<u>Total</u>	<u>New York</u>	<u>Washington, DC</u>	<u>Other</u>
Operating:				
Acquisitions and other	\$ 334	\$ 336	\$ 1,466	\$ (1,468)
Deconsolidation of Independence Plaza ⁽¹⁾	(9,592)	(9,592)	-	-
Development and redevelopment	(12,124)	(4,374)	(1,113)	(6,637)
Non-reimbursable expenses, including bad-debt reserves	99	1,301	-	(1,202)
BMS expenses	11,813	12,019	-	(206) ⁽³⁾
Same store operations	34,516	27,118	4,469	2,929
	<u>25,046</u>	<u>26,808</u>	<u>4,822</u>	<u>(6,584)</u>
Depreciation and amortization:				
Acquisitions and other	10,660	9,836	835	(11)
Deconsolidation of Independence Plaza ⁽¹⁾	(16,307)	(16,307)	-	-
Development and redevelopment	19,672	23,488	(649)	(3,167)
Same store operations	5,651	(7,130)	5,046	7,735
	<u>19,676</u>	<u>9,887</u>	<u>5,232</u>	<u>4,557</u>
General and administrative:				
Mark-to-market of deferred compensation plan liability ⁽²⁾	921	-	-	921
Non-same store	(5,408)	-	(5)	(5,403)
Same store operations	(3,609)	(727)	284	(3,166)
	<u>(8,096)</u>	<u>(727)</u>	<u>279</u>	<u>(7,648)</u>
Cleveland Medical Mart development project	<u>(32,210)⁽⁴⁾</u>	<u>-</u>	<u>-</u>	<u>(32,210)⁽⁴⁾</u>
Impairment losses, acquisition related costs and tenant buy-outs				
	<u>(6,422)</u>	<u>-</u>	<u>-</u>	<u>(6,422)</u>
Total (decrease) increase in expenses	<u>\$ (2,006)</u>	<u>\$ 35,968</u>	<u>\$ 10,333</u>	<u>\$ (48,307)</u>

(1) On June 7, 2013, we sold an 8.65% economic interest in our investment of Independence Plaza, which reduced our economic interest to 50.1%. As a result, we determined that we were no longer the primary beneficiary of the VIE and accordingly, we deconsolidated the operations of the property on June 7, 2013 and began accounting for our investment under the equity method.

(2) 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 income (loss), net" on our consolidated statements of income.

(3) Represents the change in the elimination of intercompany fees from operating segments upon consolidation. See note (3) on page 60.

(4) Due to the completion of the project. This decrease in expense is offset by the decrease in development revenue in the period. See note (2) on page 60.

Results of Operations – Year Ended December 31, 2014 Compared to December 31, 2013 - continued

Loss from Partially Owned Entities

Summarized below are the components of loss from partially owned entities for the years ended December 31, 2014 and 2013.

(Amounts in thousands)

	Percentage Ownership at December 31, 2014	For the Year Ended December 31,	
		2014	2013
Equity in Net (Loss) Income:			
Toys ⁽¹⁾	32.6%	\$ (73,556)	\$ (362,377)
Alexander's	32.4%	30,009	24,402
India real estate ventures ⁽²⁾	4.1%-36.5%	(8,309)	(3,533)
Partially owned office buildings ⁽³⁾	Various	93	(4,212)
LNR ⁽⁴⁾	n/a	-	18,731
Lexington ⁽⁵⁾	n/a	-	(979)
Other investments ⁽⁶⁾	Various	(8,098)	(12,914)
		<u>\$ (59,861)</u>	<u>\$ (340,882)</u>

(1) For the year ended December 31, 2014, we recognized a net loss of \$73,556, which was primarily due to a \$75,196 non-cash impairment loss, compared to a net loss of \$362,377 for the year ended December 31, 2013, which includes our \$128,919 share of Toys' net loss and \$240,757 of non-cash impairment losses.

(2) Includes a \$5,771 non-cash impairment loss in 2014.

(3) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 666 Fifth Avenue (Office), 330 Madison Avenue and others. In 2014, we recognized our \$14,500 share of accelerated depreciation from our West 57th Street joint ventures in connection with the change in estimated useful life of those properties.

(4) In 2013, we recognized net income of \$18,731, comprised of (i) \$42,186 for our share of LNR's net income and (ii) a \$27,231 non-cash impairment loss and (iii) a \$3,776 net gain on sale.

(5) In the first quarter of 2013, we began accounting for our investment in Lexington as a marketable security - available for sale.

(6) Includes interests in Independence Plaza, 85 Tenth Avenue, Fashion Center Mall, 50-70 West 93rd Street and others. In 2014, we recognized a \$10,263 non-cash charge, comprised of a \$5,959 impairment loss and a \$4,304 loan loss reserve, on our equity and debt investments in Suffolk Downs.

Results of Operations – Year Ended December 31, 2014 Compared to December 31, 2013 - continued

Income from Real Estate Fund Investments

Below are the components of the income from our real estate fund investments for the years ended December 31, 2014 and 2013.

(Amounts in thousands)

	<u>For the Year Ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Net investment income	\$ 12,895	\$ 8,943
Net realized gains on exited investments	76,337	8,184
Net unrealized gains on held investments	73,802	85,771
Income from real estate fund investments	163,034	102,898
Less income attributable to noncontrolling interests	(92,728)	(53,427)
Income from real estate fund investments attributable to Vornado ⁽¹⁾	<u>\$ 70,306</u>	<u>\$ 49,471</u>

(1) Excludes management and leasing fees of \$2,562 and \$2,721 in the years ended December 31, 2014 and 2013, respectively, which are included as a component of "fee and other income" on our consolidated statements of income.

Interest and Other Investment Income (Loss), net

Interest and other investment income (loss), net, was income of \$38,752,000 in the year ended December 31, 2014, compared to a loss of \$24,887,000 in the prior year, an increase in income of \$63,639,000. This increase resulted from:

(Amounts in thousands)

Losses from the disposition of investment in J.C. Penney in 2013	\$ 72,974
Lower average loans receivable balances in 2014	(14,576)
Higher dividends on marketable securities	1,261
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)	921
Other, net	<u>3,059</u>
	<u>\$ 63,639</u>

Interest and Debt Expense

Interest and debt expense was \$412,755,000 in the year ended December 31, 2014, compared to \$425,782,000 in the year ended December 31, 2013, a decrease of \$13,027,000. This decrease was primarily due to (i) \$20,483,000 of higher capitalized interest and (ii) \$18,568,000 of interest savings from the restructuring of the Skyline properties mortgage loan in the fourth quarter of 2013, partially offset by (iii) \$13,287,000 of interest expense from the \$600,000,000 financing of our 220 Central Park South development site in January 2014, (iv) \$6,265,000 of interest expense from the issuance of the \$450,000,000 2.50% senior unsecured notes in June 2014, and (v) \$5,589,000 of defeasance cost in connection with the refinancing of 909 Third Avenue.

Net Gain on Disposition of Wholly Owned and Partially Owned Assets

Net gain on disposition of wholly owned and partially owned assets was \$13,568,000 in year ended December 31, 2014, primarily from the sale of residential condominiums and a land parcel, compared to \$2,030,000 in the year ended December 31, 2013 primarily from net gains from the sale of marketable securities, land parcels (including Harlem Park), and residential condominiums aggregating \$56,868,000, partially offset by a \$54,914,000 net loss on sale of J.C. Penney common shares.

Results of Operations – Year Ended December 31, 2014 Compared to December 31, 2013 - continued

Income Tax Benefit (Expense)

In the year ended December 31, 2014, we had an income tax expense of \$9,281,000, compared to a benefit of \$8,717,000 in the year ended December 31, 2013, an increase in expense of \$17,998,000. This increase resulted primarily from a reversal of previously accrued deferred tax liabilities in the prior year due to a change in the effective tax rate resulting from an amendment of the Washington, DC Unincorporated Business Tax Statute.

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, 2014 and 2013.

(Amounts in thousands)

	For the Year Ended December 31,	
	2014	2013
Total revenues	\$ 395,786	\$ 502,061
Total expenses	274,107	310,364
	121,679	191,697
Net gains on sales of real estate	507,192	414,502
Impairment losses	(26,518)	(37,170)
Transaction related costs (primarily UE spin off)	(14,956)	-
Net gain on sale of asset other than real estate	-	1,377
Pretax income from discontinued operations	587,397	570,406
Income tax expense	(1,721)	(2,311)
Income from discontinued operations	\$ 585,676	\$ 568,095

Net Income Attributable to Noncontrolling Interests in Consolidated Subsidiaries

Net income attributable to noncontrolling interests in consolidated subsidiaries was \$96,561,000 in the year ended December 31, 2014, compared to \$63,952,000 in the year ended December 31, 2013, an increase of \$32,609,000. This increase resulted primarily from higher net income allocated to the noncontrolling interests, including noncontrolling interests of our real estate fund investments.

Net Income Attributable to Noncontrolling Interests in the Operating Partnership

Net income attributable to noncontrolling interests in the Operating Partnership was \$47,613,000 in the year ended December 31, 2014, compared to \$24,817,000 in the year ended December 31, 2013, an increase of \$22,796,000. This increase resulted primarily from higher net income subject to allocation to unitholders.

Preferred Share Dividends

Preferred share dividends were \$81,464,000 in the year ended December 31, 2014, compared to \$82,807,000 in the year ended December 31, 2013, a decrease of \$1,343,000. This decrease resulted primarily from the redemption of \$262,500,000 of 6.75% Series F and Series H cumulative redeemable preferred shares in February 2013.

Preferred Unit and Share Redemptions

In the 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.

Results of Operations – Year Ended December 31, 2014 Compared to December 31, 2013 - continued

Same Store EBITDA

Below is the reconciliation of EBITDA to same store EBITDA for each of our segments for the year ended December 31, 2014, compared to the year ended December 31, 2013.

(Amounts in thousands)	<u>New York</u>	<u>Washington, DC</u>
EBITDA for the year ended December 31, 2014	\$ 1,439,189	\$ 335,590
Add-back:		
Non-property level overhead expenses included above	28,479	27,339
Less EBITDA from:		
Acquisitions	(33,917)	-
Dispositions, including net gains on sale	(476,247)	(9,302)
Properties taken out-of-service for redevelopment	(26,056)	(1,432)
Other non-operating income	(9,013)	(5,446)
Same store EBITDA for the year ended December 31, 2014	<u>\$ 922,435</u>	<u>\$ 346,749</u>
EBITDA for the year ended December 31, 2013	\$ 1,079,682	\$ 341,223
Add-back:		
Non-property level overhead expenses included above	29,206	27,060
Less EBITDA from:		
Acquisitions	(4,764)	-
Dispositions, including net gains on sale	(172,693)	(7,388)
Properties taken out-of-service for redevelopment	(20,013)	(4,056)
Other non-operating income	(31,522)	(1,129)
Same store EBITDA for the year ended December 31, 2013	<u>\$ 879,896</u>	<u>\$ 355,710</u>
Increase (decrease) in same store EBITDA -		
Year ended December 31, 2014 vs. December 31, 2013	<u>\$ 42,539 ⁽¹⁾</u>	<u>\$ (8,961) ⁽³⁾</u>
% increase (decrease) in same store EBITDA	<u>4.8% ⁽²⁾</u>	<u>(2.5%)</u>

See notes on following page.

Results of Operations – Year Ended December 31, 2014 Compared to December 31, 2013 - continued

Notes to preceding tabular information:

New York:

- (1) The \$42,539,000 increase in New York same store EBITDA resulted primarily from increases in Office and Retail EBITDA of \$29,324,000 and \$13,159,000. The Office and Retail EBITDA increases resulted primarily from higher rents, including signage, partially offset by higher operating expenses, net of reimbursements.
- (2) Excluding Hotel Pennsylvania, same store EBITDA increased by 5.0%.

Washington, DC:

- (3) The \$8,961,000 decrease in Washington, DC same store EBITDA resulted primarily from lower rental revenue of \$2,913,000, lower management and leasing fee income of \$2,769,000 and higher operating expenses of \$4,534,000, partially offset by an increase in other income of \$1,541,000.

Reconciliation of Same Store EBITDA to Cash basis Same Store EBITDA

(Amounts in thousands)	<u>New York</u>	<u>Washington, DC</u>
Same store EBITDA for the year ended December 31, 2014	\$ 922,435	\$ 346,749
Less: Adjustments for straight line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	(105,955)	(7,770)
Cash basis same store EBITDA for the year ended December 31, 2014	<u>\$ 816,480</u>	<u>\$ 338,979</u>
Same store EBITDA for the year ended December 31, 2013	\$ 879,896	\$ 355,710
Less: Adjustments for straight line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	(121,271)	(5,883)
Cash basis same store EBITDA for the year ended December 31, 2013	<u>\$ 758,625</u>	<u>\$ 349,827</u>
Increase (decrease) in cash basis same store EBITDA - Year ended December 31, 2014 vs. December 31, 2013	<u>\$ 57,855</u>	<u>\$ (10,848)</u>
% increase (decrease) in cash basis same store EBITDA	<u>7.6% (1)</u>	<u>(3.1%)</u>

- (1) Excluding Hotel Pennsylvania, same store EBITDA increased by 8.0% on a cash basis.

Supplemental Information

Net Income and EBITDA by Segment for the Three Months Ended December 31, 2015 and 2014

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, 2015 and 2014.

(Amounts in thousands)

	For the Three Months Ended December 31, 2015			
	Total	New York	Washington, DC	Other
Total revenues	\$ 651,581	\$ 452,717	\$ 131,284	\$ 67,580
Total expenses	443,878	265,152	97,149	81,577
Operating income (loss)	207,703	187,565	34,135	(13,997)
Loss from partially owned entities	(3,921)	(868)	(1,500)	(1,553)
Income from real estate fund investments	21,959	-	-	21,959
Interest and other investment income (loss), net	7,360	2,080	(322)	5,602
Interest and debt expense	(98,915)	(51,274)	(16,504)	(31,137)
Net gain on disposition of wholly owned and partially owned assets	146,924	142,693	-	4,231
Income (loss) before income taxes	281,110	280,196	15,809	(14,895)
Income tax benefit (expense)	450	(1,194)	(238)	1,882
Income (loss) from continuing operations	281,560	279,002	15,571	(13,013)
Income from discontinued operations	1,984	-	-	1,984
Net income (loss)	283,544	279,002	15,571	(11,029)
Less net income attributable to noncontrolling interests	(32,437)	(6,382)	-	(26,055)
Net income (loss) attributable to Vornado	251,107	272,620	15,571	(37,084)
Interest and debt expense ⁽²⁾	121,118	64,347	19,973	36,798
Depreciation and amortization ⁽²⁾	170,733	105,131	43,101	22,501
Income tax (benefit) expense ⁽²⁾	(30)	1,398	246	(1,674)
EBITDA ⁽¹⁾	\$ 542,928	\$ 443,496 ⁽³⁾	\$ 78,891 ⁽⁴⁾	\$ 20,541 ⁽⁵⁾

(Amounts in thousands)

	For the Three Months Ended December 31, 2014			
	Total	New York	Washington, DC	Other
Total revenues	\$ 597,010	\$ 400,159	\$ 133,506	\$ 63,345
Total expenses	423,765	243,739	92,720	87,306
Operating income (loss)	173,245	156,420	40,786	(23,961)
Income from partially owned entities	18,815	4,329	1,248	13,238
Income from real estate fund investments	20,616	-	-	20,616
Interest and other investment income, net	9,938	1,822	90	8,026
Interest and debt expense	(111,713)	(48,457)	(18,703)	(44,553)
Net gain on disposition of wholly owned and partially owned assets	363	-	-	363
Income (loss) before income taxes	111,264	114,114	23,421	(26,271)
Income tax expense	(2,498)	(1,308)	(196)	(994)
Income (loss) from continuing operations	108,766	112,806	23,225	(27,265)
Income from discontinued operations	467,220	445,762	-	21,458
Net income (loss)	575,986	558,568	23,225	(5,807)
Less net income attributable to noncontrolling interests	(42,383)	(1,423)	-	(40,960)
Net income (loss) attributable to Vornado	533,603	557,145	23,225	(46,767)
Interest and debt expense ⁽²⁾	143,674	61,809	21,979	59,886
Depreciation and amortization ⁽²⁾	155,921	83,199	37,486	35,236
Income tax expense ⁽²⁾	2,759	1,326	200	1,233
EBITDA ⁽¹⁾	\$ 835,957	\$ 703,479 ⁽³⁾	\$ 82,890 ⁽⁴⁾	\$ 49,588 ⁽⁵⁾

See notes on pages 68 and 69.

Supplemental Information – continued

Net Income and EBITDA by Segment for the Three Months Ended December 31, 2015 and 2014 - continued

Notes to preceding tabular information:

- (1) EBITDA represents "Earnings Before Interest, Taxes, Depreciation and Amortization." We consider EBITDA a non-GAAP financial 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 in the reconciliation of net income to EBITDA includes our share of these items from partially owned entities.
- (3) The elements of "New York" EBITDA are summarized below.

(Amounts in thousands)

	For the Three Months Ended December 31,	
	2015	2014
Office ^(a)	\$ 181,072	\$ 159,231
Retail	93,319	75,959
Residential	6,011	5,214
Alexander's	11,708	10,658
Hotel Pennsylvania	8,693	11,880
Net gains on sale of real estate ^(b)	142,693	440,537
Total New York	\$ 443,496	\$ 703,479

- (a) 2015 and 2014 includes EBITDA from discontinued operations and other items that affect comparability, aggregating \$17,265 and \$7,955, respectively. Excluding these items, EBITDA was \$163,807 and \$151,276, respectively.
- (b) Net gains on sale of real estate are related to 20 Broad Street in 2015 and 1740 Broadway in 2014.

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

(Amounts in thousands)

	For the Three Months Ended December 31,	
	2015	2014
Office, excluding the Skyline properties	\$ 64,233	\$ 66,641
Skyline properties	5,187	5,880
Total Office	69,420	72,521
Residential	9,471	10,369
Total Washington, DC	\$ 78,891	\$ 82,890

Supplemental Information – continued

Net Income and EBITDA by Segment for the Three Months Ended December 31, 2015 and 2014 - continued

Notes to preceding tabular information:

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

(Amounts in thousands)

	For the Three Months Ended December 31,	
	2015	2014
Our share of real estate fund investments:		
Income before net realized/unrealized gains	\$ 1,732	\$ 1,388
Net realized/unrealized gains on investments	5,115	4,645
Carried interest	4,448	3,072
Total	11,295	9,105
theMart and trade shows	16,930	18,598
555 California Street	11,738	13,278
India real estate ventures	1,704	1,860
Other investments	12,854	3,908
	54,521	46,749
Corporate general and administrative expenses ^(a)	(24,373)	(22,977)
Investment income and other, net ^(a)	5,110	8,901
Acquisition and transaction related costs	(4,951)	(12,763)
Net gain on sale of residential condominiums	4,231	363
UE and residual retail properties discontinued operations	2,001	53,147
Impairment loss on loan loss reserve on investment in Suffolk Downs	(956)	-
Gains on sale of partially owned entities and other	-	13,000
Our share of impairment loss on India real estate ventures	-	(5,771)
Net income attributable to noncontrolling interests in the Operating Partnership	(15,042)	(31,061)
	<u>\$ 20,541</u>	<u>\$ 49,588</u>

(a) The amounts in these captions (for this table only) exclude income/expense from the mark-to-market of our deferred compensation plan of \$438 and \$3,425 for the three months ended December 31, 2015 and 2014, respectively.

EBITDA by Region

Below is a summary of the percentages of EBITDA by geographic region, excluding discontinued operations and other items that affect comparability.

Region:	For the Three Months Ended December 31,	
	2015	2014
New York City metropolitan area	72%	69%
Washington, DC / Northern Virginia area	21%	22%
Chicago, IL	4%	5%
San Francisco, CA	3%	4%
	<u>100%</u>	<u>100%</u>

Supplemental Information – continued

Three Months Ended December 31, 2015 Compared to December 31, 2014

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 also present same store EBITDA on 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 financial 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 for each of our segments for the three months ended December 31, 2015, compared to the three months ended December 31, 2014.

(Amounts in thousands)	New York	Washington, DC
EBITDA for the three months ended December 31, 2015	\$ 443,496	\$ 78,891
Add-back:		
Non-property level overhead expenses included above	6,788	7,553
Less EBITDA from:		
Acquisitions	(26,545)	-
Dispositions, including net gains on sale	(159,842)	41
Properties taken out-of-service for redevelopment	(21,515)	740
Other non-operating expense (income)	2,673	(2,452)
Same store EBITDA for the three months ended December 31, 2015	<u>\$ 245,055</u>	<u>\$ 84,773</u>
EBITDA for the three months ended December 31, 2014	\$ 703,479	\$ 82,890
Add-back:		
Non-property level overhead expenses included above	6,055	6,866
Less EBITDA from:		
Acquisitions	(4,191)	-
Dispositions, including net gains on sale	(448,915)	(3,551)
Properties taken out-of-service for redevelopment	(9,038)	283
Other non-operating income	(2,467)	(1,337)
Same store EBITDA for the three months ended December 31, 2014	<u>\$ 244,923</u>	<u>\$ 85,151</u>
Increase (decrease) in GAAP basis same store EBITDA -		
Three months ended December 31, 2015 vs. December 31, 2014	<u>\$ 132</u>	<u>\$ (378)</u>
% increase (decrease) in same store EBITDA	<u>0.1% (1)</u>	<u>(0.4%)</u>

(1) Excluding Hotel Pennsylvania, same store EBITDA increased by 1.4%.

Supplemental Information – continued

Three Months Ended December 31, 2015 Compared to December 31, 2014 - continued

Reconciliation of Same Store EBITDA to Cash basis Same Store EBITDA

(Amounts in thousands)	<u>New York</u>	<u>Washington, DC</u>
Same store EBITDA for the three months ended December 31, 2015	\$ 245,055	\$ 84,773
Less: Adjustments for straight line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	(39,466)	(6,755)
Cash basis same store EBITDA for the three months ended December 31, 2015	<u>\$ 205,589</u>	<u>\$ 78,018</u>
Same store EBITDA for the three months ended December 31, 2014	\$ 244,923	\$ 85,151
Less: Adjustments for straight line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	(27,187)	(3,079)
Cash basis same store EBITDA for the three months ended December 31, 2014	<u>\$ 217,736</u>	<u>\$ 82,072</u>
Decrease in cash basis same store EBITDA - Three months ended December 31, 2015 vs. December 31, 2014	<u>\$ (12,147)</u>	<u>\$ (4,054)</u>
% decrease in cash basis same store EBITDA	<u>(5.6%) (1)</u>	<u>(4.9%)</u>

(1) Excluding Hotel Pennsylvania, same store EBITDA decreased by 4.4% on a cash basis.

Supplemental Information – continued

Three Months Ended December 31, 2015 Compared to September 30, 2015

Below is the reconciliation of Net Income to EBITDA for the three months ended September 30, 2015.

(Amounts in thousands)	New York	Washington, DC
Net income attributable to Vornado for the three months ended September 30, 2015	\$ 117,317	\$ 114,252
Interest and debt expense	64,653	20,010
Depreciation and amortization	99,206	48,132
Income tax expense	1,214	294
EBITDA for the three months ended September 30, 2015	<u>\$ 282,390</u>	<u>\$ 182,688</u>

Below is the reconciliation of EBITDA to same store EBITDA for each of our segments for the three months ended December 31, 2015, compared to the three months ended September 30, 2015.

(Amounts in thousands)	New York	Washington, DC
EBITDA for the three months ended December 31, 2015	\$ 443,496	\$ 78,891
Add-back:		
Non-property level overhead expenses included above	6,788	7,553
Less EBITDA from:		
Acquisitions	(1,469)	-
Dispositions, including net gains on sale	(159,843)	41
Properties taken out-of-service for redevelopment	(21,515)	740
Other non-operating income	(9,259)	(2,452)
Same store EBITDA for the three months ended December 31, 2015	<u>\$ 258,198</u>	<u>\$ 84,773</u>
EBITDA for the three months ended September 30, 2015	\$ 282,390	\$ 182,688
Add-back:		
Non-property level overhead expenses included above	8,305	6,283
Less EBITDA from:		
Acquisitions	(712)	-
Dispositions, including net gains on sale	(3,161)	(104,005)
Properties taken out-of-service for redevelopment	(19,385)	548
Other non-operating income	(10,347)	(1,414)
Same store EBITDA for the three months ended September 30, 2015	<u>\$ 257,090</u>	<u>\$ 84,100</u>
Increase in same store EBITDA -		
Three months ended December 31, 2015 vs. September 30, 2015	<u>\$ 1,108</u>	<u>\$ 673</u>
% increase in same store EBITDA	<u>0.4% (1)</u>	<u>0.8%</u>

(1) Excluding Hotel Pennsylvania, same store EBITDA was flat.

Supplemental Information – continued

Three Months Ended December 31, 2015 Compared to September 30, 2015 - continued

Reconciliation of Same Store EBITDA to Cash basis Same Store EBITDA

(Amounts in thousands)	<u>New York</u>	<u>Washington, DC</u>
Same store EBITDA for the three months ended December 31, 2015	\$ 258,198	\$ 84,773
Less: Adjustments for straight line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	<u>(47,577)</u>	<u>(6,840)</u>
Cash basis same store EBITDA for the three months ended December 31, 2015	<u>\$ 210,621</u>	<u>\$ 77,933</u>
Same store EBITDA for the three months ended September 30, 2015	\$ 257,090	\$ 84,100
Less: Adjustments for straight line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	<u>(44,518)</u>	<u>(7,118)</u>
Cash basis same store EBITDA for the three months ended September 30, 2015	<u>\$ 212,572</u>	<u>\$ 76,982</u>
(Decrease) increase in cash basis same store EBITDA - Three months ended December 31, 2015 vs. September 30, 2015	<u>\$ (1,951)</u>	<u>\$ 951</u>
% (decrease) increase in cash basis same store EBITDA	<u>(0.9%) ⁽¹⁾</u>	<u>1.2%</u>

(1) Excluding Hotel Pennsylvania, same store EBITDA decreased by 1.5% on a cash basis.

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.

On January 15, 2015, we completed the spin-off of 79 strip shopping centers, three malls, a warehouse park and \$225,000,000 of cash to UE and the transfer of all of the employees responsible for the management and leasing of those assets. In addition, we entered into agreements with UE to provide management and leasing services, on our behalf, for Alexander's Rego Park retail assets. Fees for these services are similar to the fees we are receiving from Alexander's as 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 general partners. As of December 31, 2015, Interstate and its partners beneficially owned an aggregate of approximately 7.1% 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 \$541,000, \$535,000, and \$606,000 of management fees under the agreement for the years ended December 31, 2015, 2014 and 2013.

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, unsecured term loan and our unsecured 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 20, 2016, we declared a quarterly common dividend of \$0.63 per share (an indicated annual rate of \$2.52 per common share). This dividend, if continued for all of 2016, would require us to pay out approximately \$476,000,000 of cash for common share dividends. In addition, during 2016, we expect to pay approximately \$82,000,000 of cash dividends on outstanding preferred shares and approximately \$32,000,000 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 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 unsecured 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 unsecured 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, 2015, we are in compliance with all of the financial covenants required by our senior unsecured notes and our unsecured revolving credit facilities.

As of December 31, 2015, we had \$1,835,707,000 of cash and cash equivalents and \$1,911,904,000 of borrowing capacity under our unsecured revolving credit facilities, net of outstanding borrowings and letters of credit of \$550,000,000 and \$38,096,000, respectively. A summary of our consolidated debt as of December 31, 2015 and 2014 is presented below.

(Amounts in thousands)

	2015		2014	
	December 31, Balance	Weighted Average Interest Rate	December 31, Balance	Weighted Average Interest Rate
Consolidated debt:				
Variable rate	\$ 3,995,704	2.00%	\$ 1,763,769	2.20%
Fixed rate	7,206,634	4.21%	7,847,286	4.36%
Total	11,202,338	3.42%	9,611,055	3.97%
Deferred financing costs, net and other	(111,328)		(80,718)	
Total, net	\$ 11,091,010		\$ 9,530,337	

During 2016 and 2017, \$1,061,603,000 and \$365,507,000, 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 unsecured 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, 2015.

(Amounts in thousands)		Less than			
Contractual cash obligations (principal and interest ⁽¹⁾):	Total	1 Year	1 – 3 Years	3 – 5 Years	Thereafter
Notes and mortgages payable	\$ 11,186,625	\$ 1,422,006	\$ 1,377,301	\$ 3,659,588	\$ 4,727,730
Operating leases	1,733,133	33,265	70,148	72,179	1,557,541
Purchase obligations, primarily construction commitments	1,096,261	568,012	528,249	-	-
Unsecured revolving credit facilities ⁽²⁾	550,084	550,084	-	-	-
Senior unsecured notes due 2022	520,833	20,000	40,000	40,000	420,833
Senior unsecured notes due 2019	489,375	11,250	22,500	455,625	-
Capital lease obligations	384,792	12,500	25,000	25,000	322,292
Unsecured term loan	210,802	3,847	9,206	197,749	-
Total contractual cash obligations	<u>\$ 16,171,905</u>	<u>\$ 2,620,964</u>	<u>\$ 2,072,404</u>	<u>\$ 4,450,141</u>	<u>\$ 7,028,396</u>
Commitments:					
Capital commitments to partially owned entities	\$ 69,719	\$ 69,719	\$ -	\$ -	\$ -
Standby letters of credit	38,096	38,096	-	-	-
Total commitments	<u>\$ 107,815</u>	<u>\$ 107,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Interest on variable rate debt is computed using rates in effect at December 31, 2015.

(2) On January 5, 2016, the \$550,000 outstanding balance under our unsecured revolving credit facilities was repaid.

Details of 2015 financing activities are provided in the “Overview” of Management’s Discussion and Analysis of Financial Conditions and Results of Operations. Details of 2014 financing activities are discussed below.

Secured Debt

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.

On April 16, 2014, we completed a \$350,000,000 refinancing of 909 Third Avenue, a 1.3 million square foot Manhattan office building. The seven-year interest only loan bears interest at 3.91% and matures in May 2021. We realized net proceeds of approximately \$145,000,000 after defeasing the existing 5.64%, \$193,000,000 mortgage, defeasance cost and other closing costs.

On August 12, 2014, we completed a \$185,000,000 financing of the Universal buildings, a 690,000 square foot, two-building office complex located in Washington, DC. The loan bears interest at LIBOR plus 1.90% and matures in August 2019 with two one-year extension options. The loan amortizes based on a 30-year schedule beginning in the fourth year.

On August 26, 2014, we obtained a standby commitment for up to \$500,000,000 of five-year mezzanine loan financing to fund a portion of the development expenditures at 220 Central Park South.

On October 27, 2014, we completed a \$140,000,000 financing of 655 Fifth Avenue, a 57,500 square foot retail and office property. The loan is interest only at LIBOR plus 1.40% and matures in October 2019 with two one-year extension options.

On December 8, 2014, we completed a \$575,000,000 refinancing of Two Penn Plaza, a 1.6 million square foot Manhattan office building. The loan is interest only at LIBOR plus 1.65% and matures in 2019 with two one-year extension options. We realized net proceeds of approximately \$143,000,000. Pursuant to an existing swap agreement, the \$422,000,000 previous loan on the property was swapped to a fixed rate of 4.78% through March 2018. Therefore, \$422,000,000 of the new loan bears interest at a fixed rate of 4.78% through March 2018 and the balance of \$153,000,000 floats through March 2018. The entire \$575,000,000 will float thereafter for the duration of the new loan.

Liquidity and Capital Resources – continued

Financing Activities and Contractual Obligations – continued

Senior Unsecured Notes

On June 16, 2014, we completed a green bond public offering of \$450,000,000 2.50% senior unsecured notes due June 30, 2019. The notes were sold at 99.619% of their face amount to yield 2.581%.

On October 1, 2014, we redeemed all of the \$445,000,000 principal amount of our outstanding 7.875% senior unsecured notes, which were scheduled to mature on October 1, 2039, at a redemption price of 100% of the principal amount plus accrued interest through the redemption date. In the fourth quarter of 2014, we wrote off \$12,532,000 of unamortized deferred financing costs, which are included as a component of “interest and debt expense” on our consolidated statements of income.

Unsecured Revolving Credit Facilities

On September 30, 2014, we extended one of our two \$1.25 billion unsecured revolving credit facilities from November 2015 to November 2018 with two six-month extension options. The interest rate on the extended facility was lowered to LIBOR plus 105 basis points from LIBOR plus 125 basis points and the facility fee was reduced to 20 basis points from 25 basis points.

Acquisitions and Investments

Details of 2015 acquisitions and investments are provided in the “Overview” of Management’s Discussion and Analysis of Financial Conditions and Results of Operations. Details of 2014 acquisitions and investments are discussed below.

On June 26, 2014, we invested an additional \$22,700,000 to increase our ownership in One Park Avenue to 55.0% from 46.5% through a joint venture with an institutional investor, who increased its ownership interest to 45.0%. The transaction was based on a property value of \$560,000,000. The property is encumbered by a \$250,000,000 interest only mortgage loan that bears interest at 4.995% and matures in March 2016.

On August 1, 2014, we acquired the land under our 715 Lexington Avenue retail property located on the Southeast corner of 58th Street and Lexington Avenue in Manhattan, for \$63,000,000.

On October 28, 2014, we completed the purchase of the retail condominium of the St. Regis Hotel for \$700,000,000. We own a 74.3% controlling interest of the joint venture which owns the property. The acquisition was used in a like-kind exchange for income tax purposes for the sale of 1740 Broadway.

On November 21, 2014, we entered into an agreement to acquire the Center Building, an eight story 437,000 square foot office building, located at 33-00 Northern Boulevard in Long Island City, New York. The building is 98% leased. The purchase price is approximately \$142,000,000, including the assumption of an existing \$62,000,000 4.43% mortgage maturing in October 2018.

Liquidity and Capital Resources – continued

Certain Future Cash Requirements

Capital Expenditures

The following table summarizes anticipated 2016 capital expenditures.

(Amounts in millions, except square foot data)	<u>Total</u>	<u>New York</u>	<u>Washington, DC</u>	<u>Other⁽¹⁾</u>
Expenditures to maintain assets	\$ 182.0	\$ 93.0	\$ 29.0	\$ 60.0
Tenant improvements	150.0	75.0	42.0	33.0
Leasing commissions	41.0	30.0	9.0	2.0
Total capital expenditures and leasing commissions	\$ <u>373.0</u>	\$ <u>198.0</u>	\$ <u>80.0</u>	\$ <u>95.0</u>
Square feet budgeted to be leased (in thousands)		<u>1,500</u>	<u>1,400</u>	
Weighted average lease term (years)		<u>10</u>	<u>6</u>	
Tenant improvements and leasing commissions:				
<i>Per square foot</i>		\$ 70.00	\$ 37.00	
<i>Per square foot per annum</i>		\$ 7.00	\$ 6.50	

(1) Primarily theMart 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.

Liquidity and Capital Resources – continued

Development and Redevelopment Expenditures

We are constructing a residential condominium tower containing 392,000 salable square feet on our 220 Central Park South development site. The incremental development cost of this project is approximately \$1.3 billion, of which \$293,000,000 has been expended as of December 31, 2015.

We are developing The Bartlett, a 699-unit residential project in Pentagon City, which is expected to be completed in 2016. The project includes a 40,000 square foot Whole Foods Market at the base of the building. The incremental development cost of this project is approximately \$250,000,000, of which \$166,000,000 has been expended as of December 31, 2015.

On June 24, 2015, we entered into a joint venture, in which we own a 55% interest, to develop a 173,000 square foot Class-A office building, located along the western edge of the High Line at 512 West 22nd Street in the West Chelsea submarket of Manhattan. The development cost of this project is approximately \$235,000,000. On November 24, 2015, the joint venture obtained a \$126,000,000 construction loan. The loan matures in November 2019 with two six-month extension options. The interest rate is LIBOR plus 2.65% (3.07% at December 31, 2015). As of December 31, 2015, the outstanding balance of the loan was \$44,072,000, of which \$24,240,000 is our share.

On July 23, 2014, a joint venture in which we are a 50.1% partner entered into a 99-year ground lease for 61 Ninth Avenue located on the Southwest corner of Ninth Avenue and 15th Street in the West Chelsea submarket of Manhattan. The venture's current plans are to construct an office building, with retail at the base, of approximately 167,000 square feet. Total development costs are currently estimated to be approximately \$150,000,000.

We plan to demolish two adjacent Washington, DC office properties, 1726 M Street and 1150 17th Street in the first half of 2016 and replace them in the future with a new 335,000 square foot Class A office building, to be addressed 1700 M Street. The incremental development cost of the project is approximately \$170,000,000.

We are also evaluating other development and redevelopment opportunities at certain of our properties in Manhattan, including the Penn Plaza District, and in Washington, including Crystal City, 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 per property, and all risk property and rental value insurance with limits of \$2.0 billion per occurrence, with sub-limits for certain perils such as flood and earthquake. Our California properties have earthquake insurance with coverage of \$180,000,000 per occurrence and in the annual aggregate, subject to a deductible in the amount of 5% of the value of the affected property. 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 of 2015, which expires in December 2020.

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 acts of terrorism including 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 (\$2,400,000 effective January 1, 2016) per occurrence and 15% of the balance of a covered loss (16% effective January 1, 2016) and the Federal government is responsible for the remaining 85% of a covered loss (84% effective January 1, 2016). 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, 2015, the aggregate dollar amount of these guarantees and master leases is approximately \$427,000,000.

At December 31, 2015, \$38,096,000 of letters of credit were outstanding under one of our unsecured revolving credit facilities. Our unsecured 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 unsecured 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, 2015, we expect to fund additional capital to certain of our partially owned entities aggregating approximately \$70,000,000.

As of December 31, 2015, we have construction commitments aggregating \$873,800,000.

Liquidity and Capital Resources – continued

Cash Flows for the Year Ended December 31, 2015

Our cash and cash equivalents were \$1,835,707,000 at December 31, 2015, a \$637,230,000 increase over the balance at December 31, 2014. Our consolidated outstanding debt, net was \$11,091,010,000 at December 31, 2015, a \$1,560,673,000 increase over the balance at December 31, 2014. As of December 31, 2015 and 2014, \$550,000,000 and \$0, respectively, was outstanding under our revolving credit facilities. During 2016 and 2017, \$1,061,603,000 and \$365,507,000, 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 \$672,150,000 was comprised of (i) net income of \$859,430,000, (ii) return of capital from real estate fund investments of \$91,458,000, and (iii) distributions of income from partially owned entities of \$65,018,000, partially offset by (iv) \$81,654,000 of non-cash adjustments, which include depreciation and amortization expense, the reversal of allowance for deferred tax assets, the effect of straight-lining of rental income, loss from partially owned entities and net gains on sale of real estate and other, and (v) the net change in operating assets and liabilities of \$262,102,000 (including \$95,010,000 related to real estate fund investments).

Net cash used in investing activities of \$678,746,000 was comprised of (i) \$490,819,000 of development costs and construction in progress, (ii) \$478,215,000 of acquisitions of real estate and other, (iii) \$301,413,000 of additions to real estate, (iv) \$235,439,000 of investments in partially owned entities, and (v) \$1,000,000 of investment in loans receivable and other, partially offset by (vi) \$573,303,000 of proceeds from sales of real estate and related investments, (vii) \$200,229,000 of changes in restricted cash, (viii) \$37,818,000 of capital distributions from partially owned entities, and (ix) \$16,790,000 of proceeds from sales and repayment of mezzanine loans receivable and other.

Net cash provided by financing activities of \$643,826,000 was comprised of (i) \$4,468,872,000 of proceeds from borrowings, (ii) \$51,975,000 of contributions from noncontrolling interests, and (iii) \$16,779,000 of proceeds received from exercise of employee share options, partially offset by (iv) \$2,936,578,000 for the repayments of borrowings, (v) \$474,751,000 of dividends paid on common shares, (vi) \$225,000,000 of distributions in connection with the spin-off of UE, (vii) \$102,866,000 of distributions to noncontrolling interests, (viii) \$80,578,000 of dividends paid on preferred shares, (ix) \$66,554,000 of debt issuance and other costs, and (x) \$7,473,000 for the repurchase of shares related to stock compensation agreements and related tax withholdings and other.

Liquidity and Capital Resources – continued

Capital Expenditures for the Year Ended December 31, 2015

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, 2015.

(Amounts in thousands)	Total	New York	Washington, DC	Other
Expenditures to maintain assets	\$ 125,215	\$ 57,752	\$ 25,589	\$ 41,874
Tenant improvements	153,696	68,869	51,497	33,330
Leasing commissions	50,081	35,099	6,761	8,221
Non-recurring capital expenditures	116,875	81,240	34,428	1,207
Total capital expenditures and leasing commissions (accrual basis)	445,867	242,960	118,275	84,632
Adjustments to reconcile to cash basis:				
Expenditures in the current year applicable to prior periods	156,753	93,105	35,805	27,843
Expenditures to be made in future periods for the current period	(222,469)	(118,911)	(73,227)	(30,331)
Total capital expenditures and leasing commissions (cash basis)	\$ 380,151	\$ 217,154	\$ 80,853	\$ 82,144

Tenant improvements and leasing commissions:

Per square foot per annum	\$ 8.43	\$ 10.20	\$ 6.41	\$ n/a
Percentage of initial rent	10.8%	8.9%	15.9%	n/a

Development and Redevelopment Expenditures for the Year Ended December 31, 2015

Development and redevelopment expenditures consist of all hard and soft costs associated with the development or redevelopment of a property, including capitalized interest, debt and operating costs until the property is substantially completed and ready for its intended use. Our development project budgets below include initial leasing costs, which are reflected as non-recurring capital expenditures in the table above.

Below is a summary of development and redevelopment expenditures incurred in the year ended December 31, 2015. These expenditures include interest of \$59,305,000, payroll of \$6,077,000, and other soft costs (primarily architectural and engineering fees, permits, real estate taxes and professional fees) aggregating \$90,922,000, that were capitalized in connection with the development and redevelopment of these projects.

(Amounts in thousands)	Total	New York	Washington, DC	Other
220 Central Park South	\$ 158,014	\$ -	\$ -	\$ 158,014
The Bartlett	103,878	-	103,878	-
330 West 34th Street	32,613	32,613	-	-
90 Park Avenue	29,937	29,937	-	-
2221 South Clark Street (residential conversion)	23,711	-	23,711	-
Marriott Marquis Times Square - retail and signage	21,929	21,929	-	-
Wayne Towne Center	20,633	-	-	20,633
640 Fifth Avenue	17,899	17,899	-	-
Penn Plaza	17,701	17,701	-	-
251 18th Street	5,897	-	5,897	-
S. Clark Street/12th Street	4,579	-	4,579	-
1700 M Street	2,695	-	2,695	-
Other	51,333	8,100	27,525	15,708
	\$ 490,819	\$ 128,179	\$ 168,285	\$ 194,355

Liquidity and Capital Resources – continued

Cash Flows for the Year Ended December 31, 2014

Our cash and cash equivalents were \$1,198,477,000 at December 31, 2014, a \$615,187,000 increase over the balance at December 31, 2013. Our consolidated outstanding debt, net was \$9,530,337,000 at December 31, 2014, a \$821,923,000 increase over the balance at December 31, 2013.

Cash flows provided by operating activities of \$1,135,310,000 was comprised of (i) net income of \$1,009,026,000, (ii) return of capital from real estate fund investments of \$215,676,000, and (iii) distributions of income from partially owned entities of \$96,286,000, partially offset by (iv) \$89,536,000 of non-cash adjustments, which include depreciation and amortization expense, the effect of straight-lining of rental income, loss from partially owned entities and net gains on sale of real estate and other, and (v) the net change in operating assets and liabilities of \$96,142,000, including \$3,392,000 related to real estate fund investments.

Net cash used in investing activities of \$574,465,000 was comprised of (i) \$544,187,000 of development costs and construction in progress, (ii) \$279,206,000 of additions to real estate, (iii) \$211,354,000 of acquisitions of real estate and other, (iv) \$120,639,000 of investments in partially owned entities, and (v) \$30,175,000 of investments in loans receivable and other, partially offset by (vi) \$388,776,000 of proceeds from sales of real estate and related investments, (vii) \$99,464,000 of changes in restricted cash, (viii) \$96,913,000 of proceeds from sales and repayments of mortgages and mezzanine loans receivable and other, and (ix) \$25,943,000 of capital distributions from partially owned entities.

Net cash provided by financing activities of \$54,342,000 was comprised of (i) \$2,428,285,000 of proceeds from borrowings, (ii) \$30,295,000 of contributions from noncontrolling interests, and (iii) \$19,245,000 of proceeds received from exercise of employee share options, partially offset by (iv) \$1,312,258,000 for the repayments of borrowings, (v) \$547,831,000 of dividends paid on common shares, (vi) \$220,895,000 of distributions to noncontrolling interests, (vii) purchase of marketable securities in connection with the defeasance of mortgage payable of \$198,884,000, (viii) \$81,468,000 of dividends paid on preferred shares, (ix) \$58,336,000 of debt issuance and other costs, and (x) \$3,811,000 for the repurchase of shares related to stock compensation agreements and related tax withholdings and other.

Liquidity and Capital Resources – continued

Capital Expenditures for the Year Ended December 31, 2014

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, 2014.

(Amounts in thousands)	Total	New York	Washington, DC	Other
Expenditures to maintain assets	\$ 107,728	\$ 48,518	\$ 23,425	\$ 35,785
Tenant improvements	205,037	143,007	37,842	24,188
Leasing commissions	79,636	66,369	5,857	7,410
Non-recurring capital expenditures	122,330	64,423	37,798	20,109
Total capital expenditures and leasing commissions (accrual basis)	514,731	322,317	104,922	87,492
Adjustments to reconcile to cash basis:				
Expenditures in the current year applicable to prior periods	140,490	67,577	45,084	27,829
Expenditures to be made in future periods for the current period	(313,746)	(205,258)	(63,283)	(45,205)
Total capital expenditures and leasing commissions (cash basis)	\$ 341,475	\$ 184,636	\$ 86,723	\$ 70,116

Tenant improvements and leasing commissions:

Per square foot per annum	\$ 6.53	\$ 6.82	\$ 5.70	\$ n/a
Percentage of initial rent	10.3%	9.1%	14.8%	n/a

Development and Redevelopment Expenditures for the Year Ended December 31, 2014

Below is a summary of development and redevelopment expenditures incurred in the year ended December 31, 2014. These expenditures include interest of \$62,787,000, payroll of \$7,319,000, and other soft costs (primarily architectural and engineering fees, permits, real estate taxes and professional fees) aggregating \$67,939,000, that were capitalized in connection with the development and redevelopment of these projects.

(Amounts in thousands)	Total	New York	Washington, DC	Other
Springfield Mall	\$ 127,467	\$ -	\$ -	\$ 127,467
Marriott Marquis Times Square - retail and signage	112,390	112,390	-	-
220 Central Park South	78,059	-	-	78,059
330 West 34th Street	41,592	41,592	-	-
The Bartlett	38,163	-	38,163	-
608 Fifth Avenue	20,377	20,377	-	-
Wayne Towne Center	19,740	-	-	19,740
7 West 34th Street	11,555	11,555	-	-
Other	94,844	27,892	45,482	21,470
	\$ 544,187	\$ 213,806	\$ 83,645	\$ 246,736

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 \$8,708,414,000 at December 31, 2013, a \$1,006,405,000 decrease from the balance at December 31, 2012.

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, loss from partially owned entities and net gains on sale of real estate and other, (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 sales of, and return of investment in, marketable securities, (iii) \$290,404,000 of capital distributions from partially owned entities, (iv) \$240,474,000 of proceeds 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 sales and 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 loans receivable and other.

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 withholdings and other, 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, and (xi) \$7,765,000 of proceeds received from exercise of employee share options.

Liquidity and Capital Resources – continued

Capital Expenditures for the Year Ended December 31, 2013

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	Other
Expenditures to maintain assets	\$ 73,130	\$ 34,553	\$ 22,165	\$ 16,412
Tenant improvements	120,139	87,275	6,976	25,888
Leasing commissions	51,476	39,348	4,389	7,739
Non-recurring capital expenditures	49,441	11,579	37,342	520
Total capital expenditures and leasing commissions (accrual basis)	294,186	172,755	70,872	50,559
Adjustments to reconcile to cash basis:				
Expenditures in the current year applicable to prior periods	155,035	56,345	26,075	72,615
Expenditures to be made in future periods for the current period	(150,067)	(91,107)	(36,702)	(22,258)
Total capital expenditures and leasing commissions (cash basis)	\$ 299,154	\$ 137,993	\$ 60,245	\$ 100,916

Tenant improvements and leasing commissions:

<i>Per square foot per annum</i>	\$ 5.55	\$ 5.89	\$ 4.75	\$ n/a
<i>Percentage of initial rent</i>	9.3%	8.1%	11.9%	n/a

Development and Redevelopment Expenditures for the Year Ended December 31, 2013

Below is a summary of development and redevelopment expenditures incurred in the year ended December 31, 2013. These expenditures include interest of \$42,303,000, payroll of \$4,534,000, and other soft costs (primarily architectural and engineering fees, permits, real estate taxes and professional fees) aggregating \$27,812,000, that were capitalized in connection with the development and redevelopment of these projects.

(Amounts in thousands)	Total	New York	Washington, DC	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	-	-
Other	102,793	31,764	41,701	29,328
	\$ 469,417	\$ 85,985	\$ 41,701	\$ 341,731

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 and other specified non-cash items, including the pro rata share of such adjustments of unconsolidated subsidiaries. FFO and FFO per diluted share are non-GAAP financial measures used by management, investors and analysts to facilitate meaningful comparisons of operating performance between periods and among our peers because it excludes the effect of real estate depreciation and amortization and net gains on sales, which are based on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions. FFO does not represent cash generated from operating activities and is not necessarily indicative of cash available to fund cash requirements and should not be considered as an alternative to net income as a performance measure or cash 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 \$1,039,035,000, or \$5.48 per diluted share for the year ended December 31, 2015, compared to \$911,130,000, or \$4.83 per diluted share for the year ended December 31, 2014. FFO attributable to common shareholders plus assumed conversions was \$259,528,000, or \$1.37 per diluted share for the three months ended December 31, 2015, compared to \$230,143,000, or \$1.22 per diluted share for the three months ended December 31, 2014. 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,	
	2015	2014	2015	2014
Reconciliation of our net income to FFO:				
Net income attributable to Vornado	\$ 760,434	\$ 864,852	\$ 251,107	\$ 533,603
Depreciation and amortization of real property	514,085	517,493	131,910	129,944
Net gains on sale of real estate	(289,117)	(507,192)	(142,693)	(449,396)
Real estate impairment losses	256	26,518	-	5,676
Proportionate share of adjustments to equity in net income of partially owned entities to arrive at FFO:				
Depreciation and amortization of real property	143,960	117,766	37,275	24,350
Net gains on sale of real estate	(4,513)	(11,580)	-	(10,820)
Real estate impairment losses	16,758	-	4,141	-
Income tax effect of above adjustments	-	(7,287)	-	-
Noncontrolling interests' share of above adjustments	(22,342)	(8,073)	(1,869)	17,127
FFO attributable to Vornado	1,119,521	992,497	279,871	250,484
Preferred share dividends	(80,578)	(81,464)	(20,365)	(20,365)
FFO attributable to common shareholders	1,038,943	911,033	259,506	230,119
Convertible preferred share dividends	92	97	22	24
FFO attributable to common shareholders plus assumed conversions	<u>\$ 1,039,035</u>	<u>\$ 911,130</u>	<u>\$ 259,528</u>	<u>\$ 230,143</u>
Reconciliation of Weighted Average Shares				
Weighted average common shares outstanding	188,353	187,572	188,537	187,776
Effect of dilutive securities:				
Employee stock options and restricted share awards	1,166	1,075	1,107	1,153
Convertible preferred shares	45	43	44	41
Denominator for FFO per diluted share	<u>189,564</u>	<u>188,690</u>	<u>189,688</u>	<u>188,970</u>
FFO attributable to common shareholders plus assumed conversions per diluted share	<u>\$ 5.48</u>	<u>\$ 4.83</u>	<u>\$ 1.37</u>	<u>\$ 1.22</u>

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)	2015			2014	
	December 31, Balance	Weighted Average Interest Rate	Effect of 1% Change In Base Rates	December 31, Balance	Weighted Average Interest Rate
Consolidated debt:					
Variable rate	\$ 3,995,704	2.00%	\$ 39,957	\$ 1,763,769	2.20%
Fixed rate	7,206,634	4.21%	-	7,847,286	4.36%
	<u>\$ 11,202,338</u>	3.42%	<u>39,957</u>	<u>\$ 9,611,055</u>	3.97%
Pro rata share of debt of non-consolidated entities (non-recourse):					
Variable rate – excluding Toys	\$ 485,160	1.97%	4,852	\$ 313,652	1.69%
Variable rate – Toys	1,164,893	6.61%	11,649	1,199,835	6.47%
Fixed rate (including \$661,513 and \$674,443 of Toys debt in 2015 and 2014)	2,782,025	6.37%	-	2,676,941	6.48%
	<u>\$ 4,432,078</u>	5.95%	<u>16,501</u>	<u>\$ 4,190,428</u>	6.12%
Redeemable noncontrolling interests' share of above			(3,387)		
Total change in annual net income			\$ 53,071		
Per share-diluted			\$ 0.28		

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, 2015, we have an interest rate swap on a \$417,000,000 mortgage loan that swapped the rate from LIBOR plus 1.65% (1.89% at December 31, 2015) to a fixed rate of 4.78% through March 2018.

In connection with the \$375,000,000 refinancing of 888 Seventh Avenue, we entered into an interest rate swap from LIBOR plus 1.60% (1.92% at December 31, 2015) to a fixed rate of 3.15% through December 2020.

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, 2015, the estimated fair value of our consolidated debt was \$10,911,500,000.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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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, 2015 and 2014, 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, 2015. 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, 2015 and 2014, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for and disclosure of discontinued operations for the year ended December 31, 2015 due to the adoption of Accounting Standards Update 2014-08, “Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity.”

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, 2015, based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 16, 2016 expressed an unqualified opinion on the Company’s internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
February 16, 2016

VORNADO REALTY TRUST
CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share and per share amounts)

ASSETS	December 31, 2015	December 31, 2014
Real estate, at cost:		
Land	\$ 4,164,799	\$ 3,861,913
Buildings and improvements	12,582,671	11,705,749
Development costs and construction in progress	1,226,637	1,128,037
Leasehold improvements and equipment	116,030	126,659
Total	18,090,137	16,822,358
Less accumulated depreciation and amortization	(3,418,267)	(3,161,633)
Real estate, net	14,671,870	13,660,725
Cash and cash equivalents	1,835,707	1,198,477
Restricted cash	107,799	176,204
Marketable securities	150,997	206,323
Tenant and other receivables, net of allowance for doubtful accounts of \$11,908 and \$12,210	98,062	109,998
Investments in partially owned entities	1,550,422	1,240,489
Real estate fund investments	574,761	513,973
Receivable arising from the straight-lining of rents, net of allowance of \$2,751 and \$3,188	931,245	787,271
Deferred leasing costs, net of accumulated amortization of \$218,239 and \$212,339	480,421	382,433
Identified intangible assets, net of accumulated amortization of \$187,360 and \$199,821	227,901	225,155
Assets related to discontinued operations	37,020	2,234,128
Other assets	477,088	422,804
	<u>\$ 21,143,293</u>	<u>\$ 21,157,980</u>
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Mortgages payable, net	\$ 9,513,713	\$ 8,187,843
Senior unsecured notes, net	844,159	1,342,494
Unsecured revolving credit facilities	550,000	-
Unsecured term loan, net	183,138	-
Accounts payable and accrued expenses	443,955	447,745
Deferred revenue	346,119	358,613
Deferred compensation plan	117,475	117,284
Liabilities related to discontinued operations	12,470	1,501,009
Other liabilities	426,965	375,830
Total liabilities	12,437,994	12,330,818
Commitments and contingencies		
Redeemable noncontrolling interests:		
Class A units - 12,242,820 and 11,356,550 units outstanding	1,223,793	1,336,780
Series D cumulative redeemable preferred units - 177,101 and 1 units outstanding	5,428	1,000
Total redeemable noncontrolling interests	1,229,221	1,337,780
Vornado shareholders' equity:		
Preferred shares of beneficial interest: no par value per share; authorized 110,000,000 shares; issued and outstanding 52,676,629 and 52,678,939 shares	1,276,954	1,277,026
Common shares of beneficial interest: \$.04 par value per share; authorized 250,000,000 shares; issued and outstanding 188,576,853 and 187,887,498 shares	7,521	7,493
Additional capital	7,132,979	6,873,025
Earnings less than distributions	(1,766,780)	(1,505,385)
Accumulated other comprehensive income	46,921	93,267
Total Vornado shareholders' equity	6,697,595	6,745,426
Noncontrolling interests in consolidated subsidiaries	778,483	743,956
Total equity	7,476,078	7,489,382
	<u>\$ 21,143,293</u>	<u>\$ 21,157,980</u>

See notes to the consolidated financial statements.

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31,		
	2015	2014	2013
(Amounts in thousands, except per share amounts)			
REVENUES:			
Property rentals	\$ 2,076,586	\$ 1,911,487	\$ 1,880,405
Tenant expense reimbursements	260,976	245,819	226,831
Cleveland Medical Mart development project	-	-	36,369
Fee and other income	164,705	155,206	155,571
Total revenues	2,502,267	2,312,512	2,299,176
EXPENSES:			
Operating	1,011,249	953,611	928,565
Depreciation and amortization	542,952	481,303	461,627
General and administrative	175,307	169,270	177,366
Cleveland Medical Mart development project	-	-	32,210
Acquisition and transaction related costs	12,511	18,435	24,857
Total expenses	1,742,019	1,622,619	1,624,625
Operating income	760,248	689,893	674,551
Income from real estate fund investments	74,081	163,034	102,898
Loss from partially owned entities	(12,630)	(59,861)	(340,882)
Interest and other investment income (loss), net	26,978	38,752	(24,887)
Interest and debt expense	(378,025)	(412,755)	(425,782)
Net gain on disposition of wholly owned and partially owned assets	251,821	13,568	2,030
Income (loss) before income taxes	722,473	432,631	(12,072)
Income tax benefit (expense)	84,695	(9,281)	8,717
Income (loss) from continuing operations	807,168	423,350	(3,355)
Income from discontinued operations	52,262	585,676	568,095
Net income	859,430	1,009,026	564,740
Less net income attributable to noncontrolling interests in:			
Consolidated subsidiaries	(55,765)	(96,561)	(63,952)
Operating Partnership	(43,231)	(47,613)	(24,817)
Net income attributable to Vornado	760,434	864,852	475,971
Preferred share dividends	(80,578)	(81,464)	(82,807)
Preferred unit and share redemptions	-	-	(1,130)
NET INCOME attributable to common shareholders	\$ 679,856	\$ 783,388	\$ 392,034
INCOME (LOSS) PER COMMON SHARE - BASIC:			
Income (loss) from continuing operations, net	\$ 3.35	\$ 1.23	\$ (0.75)
Income from discontinued operations, net	0.26	2.95	2.85
Net income per common share	\$ 3.61	\$ 4.18	\$ 2.10
Weighted average shares outstanding	188,353	187,572	186,941
INCOME (LOSS) PER COMMON SHARE - DILUTED:			
Income (loss) from continuing operations, net	\$ 3.33	\$ 1.22	\$ (0.75)
Income from discontinued operations, net	0.26	2.93	2.84
Net income per common share	\$ 3.59	\$ 4.15	\$ 2.09
Weighted average shares outstanding	189,564	188,690	187,709

See notes to consolidated financial statements.

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands)

	Year Ended December 31,		
	2015	2014	2013
Net income	\$ 859,430	\$ 1,009,026	\$ 564,740
Other comprehensive (loss) income:			
(Reduction) increase in unrealized net gain on available-for-sale securities	(55,326)	14,465	142,281
Amounts reclassified from accumulated other comprehensive income for the sale of available-for-sale securities	-	-	(42,404)
Pro rata share of other comprehensive (loss) income of nonconsolidated subsidiaries	(327)	2,509	(22,814)
Increase in value of interest rate swap and other	6,441	6,079	18,716
Comprehensive income	810,218	1,032,079	660,519
Less comprehensive income attributable to noncontrolling interests	(96,130)	(145,497)	(94,065)
Comprehensive income attributable to Vornado	<u>\$ 714,088</u>	<u>\$ 886,582</u>	<u>\$ 566,454</u>

See notes to consolidated financial statements.

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in thousands)

	Preferred Shares		Common Shares		Additional Capital	Earnings Less Than Distributions	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Shares	Amount	Shares	Amount					
Balance, December 31, 2014	52,679	\$ 1,277,026	187,887	\$ 7,493	\$ 6,873,025	\$ (1,505,385)	\$ 93,267	\$ 743,956	\$ 7,489,382
Net income attributable to Vornado	-	-	-	-	-	760,434	-	-	760,434
Net income attributable to noncontrolling interests in consolidated subsidiaries	-	-	-	-	-	-	-	55,765	55,765
Distribution of Urban Edge Properties	-	-	-	-	-	(464,262)	-	(341)	(464,603)
Dividends on common shares	-	-	-	-	-	(474,751)	-	-	(474,751)
Dividends on preferred shares	-	-	-	-	-	(80,578)	-	-	(80,578)
Common shares issued:									
Upon redemption of Class A units, at redemption value	-	-	452	18	48,212	-	-	-	48,230
Under employees' share option plan	-	-	214	9	15,332	(2,579)	-	-	12,762
Under dividend reinvestment plan	-	-	14	1	1,437	-	-	-	1,438
Contributions:									
Real estate fund investments	-	-	-	-	-	-	-	51,725	51,725
Other	-	-	-	-	-	-	-	250	250
Distributions:									
Real estate fund investments	-	-	-	-	-	-	-	(72,114)	(72,114)
Other	-	-	-	-	-	-	-	(525)	(525)
Conversion of Series A preferred shares to common shares	(2)	(72)	4	1	71	-	-	-	-
Deferred compensation shares and options	-	-	6	1	2,438	(359)	-	-	2,080
Reduction in unrealized net gain on available-for-sale securities	-	-	-	-	-	-	(55,326)	-	(55,326)
Pro rata share of other comprehensive loss of nonconsolidated subsidiaries	-	-	-	-	-	-	(327)	-	(327)
Increase in value of interest rate swap	-	-	-	-	-	-	6,435	-	6,435
Adjustments to carry redeemable Class A units at redemption value	-	-	-	-	192,464	-	-	-	192,464
Redeemable noncontrolling interests' share of above adjustments	-	-	-	-	-	-	2,866	-	2,866
Other	-	-	-	(2)	-	700	6	(233)	471
Balance, December 31, 2015	<u>52,677</u>	<u>\$ 1,276,954</u>	<u>188,577</u>	<u>\$ 7,521</u>	<u>\$ 7,132,979</u>	<u>\$ (1,766,780)</u>	<u>\$ 46,921</u>	<u>\$ 778,483</u>	<u>\$ 7,476,078</u>

See notes to consolidated financial statements.

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - CONTINUED

(Amounts in thousands)

	Preferred Shares		Common Shares		Additional Capital	Earnings Less Than Distributions	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Shares	Amount	Shares	Amount					
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
Net income attributable to Vornado	-	-	-	-	-	864,852	-	-	864,852
Net income attributable to noncontrolling interests in consolidated subsidiaries	-	-	-	-	-	-	-	96,561	96,561
Dividends on common shares	-	-	-	-	-	(547,831)	-	-	(547,831)
Dividends on preferred shares	-	-	-	-	-	(81,464)	-	-	(81,464)
Common shares issued:									
Upon redemption of Class A units, at redemption value	-	-	271	11	27,262	-	-	-	27,273
Under employees' share option plan	-	-	304	12	17,428	(3,393)	-	-	14,047
Under dividend reinvestment plan	-	-	17	1	1,803	-	-	-	1,804
Contributions:									
Real estate fund investments	-	-	-	-	-	-	-	5,297	5,297
Other	-	-	-	-	-	-	-	32,998	32,998
Distributions:									
Real estate fund investments	-	-	-	-	-	-	-	(182,964)	(182,964)
Other	-	-	-	-	-	-	-	(4,463)	(4,463)
Transfer of noncontrolling interest in real estate fund investments	-	-	-	-	-	-	-	(33,028)	(33,028)
Conversion of Series A preferred shares to common shares	(4)	(193)	5	-	193	-	-	-	-
Deferred compensation shares and options	-	-	5	-	5,852	(340)	-	-	5,512
Increase in unrealized net gain on available-for-sale securities	-	-	-	-	-	-	14,465	-	14,465
Pro rata share of other comprehensive income of nonconsolidated subsidiaries	-	-	-	-	-	-	2,509	-	2,509
Increase in value of interest rate swap	-	-	-	-	-	-	6,079	-	6,079
Adjustments to carry redeemable Class A units at redemption value	-	-	-	-	(315,276)	-	-	-	(315,276)
Redeemable noncontrolling interests' share of above adjustments	-	-	-	-	-	-	(1,323)	-	(1,323)
Other	-	(6)	-	-	(8,077)	(2,370)	-	43	(10,410)
Balance, December 31, 2014	<u>52,679</u>	<u>\$ 1,277,026</u>	<u>187,887</u>	<u>\$ 7,493</u>	<u>\$ 6,873,025</u>	<u>\$ (1,505,385)</u>	<u>\$ 93,267</u>	<u>\$ 743,956</u>	<u>\$ 7,489,382</u>

See notes to consolidated financial statements.

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - CONTINUED

(Amounts in thousands)

	Preferred Shares		Common Shares		Additional Capital	Earnings Less Than Distributions	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Shares	Amount	Shares	Amount					
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 attributable to Vornado	-	-	-	-	-	475,971	-	-	475,971
Net income attributable to noncontrolling interests in consolidated subsidiaries	-	-	-	-	-	-	-	63,952	63,952
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 employees' share option 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 investments	-	-	-	-	-	-	-	28,078	28,078
Other	-	-	-	-	-	-	-	15,886	15,886
Distributions:									
Real estate fund investments	-	-	-	-	-	-	-	(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
Increase in unrealized net gain on available-for-sale securities	-	-	-	-	-	-	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)
Increase 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' share of above adjustments	-	-	-	-	-	-	(5,296)	-	(5,296)
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	<u>52,683</u>	<u>\$ 1,277,225</u>	<u>187,285</u>	<u>\$ 7,469</u>	<u>\$ 7,143,840</u>	<u>\$ (1,734,839)</u>	<u>\$ 71,537</u>	<u>\$ 829,512</u>	<u>\$ 7,594,744</u>

See notes to consolidated financial statements.

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

	Year Ended December 31,		
	2015	2014	2013
Cash Flows from Operating Activities:			
Net income	\$ 859,430	\$ 1,009,026	\$ 564,740
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization (including amortization of deferred financing costs)	566,207	583,408	561,998
Net gain on disposition of wholly owned and partially owned assets	(251,821)	(13,568)	(3,407)
Straight-lining of rental income	(153,668)	(82,800)	(69,391)
Return of capital from real estate fund investments	91,458	215,676	56,664
Reversal of allowance for deferred tax assets	(90,030)	-	-
Amortization of below-market leases, net	(79,053)	(46,786)	(52,876)
Net gains on sale of real estate and other	(65,396)	(507,192)	(414,502)
Distributions of income from partially owned entities	65,018	96,286	54,030
Net realized and unrealized gains on real estate fund investments	(57,752)	(150,139)	(85,771)
Other non-cash adjustments	37,721	37,303	41,663
Loss from partially owned entities	11,882	58,131	338,785
Impairment losses and tenant buy-outs	256	26,518	37,170
Defeasance cost in connection with the refinancing of mortgage payable	-	5,589	-
Losses from the disposition of investment in J.C. Penney	-	-	72,974
Changes in operating assets and liabilities:			
Real estate fund investments	(95,010)	(3,392)	(37,817)
Tenant and other receivables, net	11,936	(8,282)	83,897
Prepaid assets	(14,804)	(8,786)	(2,207)
Other assets	(116,157)	(123,435)	(50,856)
Accounts payable and accrued expenses	(33,747)	44,628	(41,729)
Other liabilities	(14,320)	3,125	(12,576)
Net cash provided by operating activities	<u>672,150</u>	<u>1,135,310</u>	<u>1,040,789</u>
Cash Flows from Investing Activities:			
Proceeds from sales of real estate and related investments	573,303	388,776	1,027,608
Development costs and construction in progress	(490,819)	(544,187)	(469,417)
Acquisitions of real estate and other	(478,215)	(211,354)	(193,417)
Additions to real estate	(301,413)	(279,206)	(260,343)
Investments in partially owned entities	(235,439)	(120,639)	(230,300)
Restricted cash	200,229	99,464	(26,892)
Distributions of capital from partially owned entities	37,818	25,943	290,404
Proceeds from sales and repayments of mortgage and mezzanine loans receivable and other	16,790	96,913	50,569
Investments in loans receivable and other	(1,000)	(30,175)	(390)
Proceeds from sales of, and return of investment in, marketable securities	-	-	378,709
Proceeds from the sale of LNR	-	-	240,474
Funding of J.C. Penney derivative collateral; and settlement of derivative in 2013	-	-	(186,079)
Return of J.C. Penney derivative collateral	-	-	101,150
Net cash (used in) provided by investing activities	<u>(678,746)</u>	<u>(574,465)</u>	<u>722,076</u>

See notes to consolidated financial statements.

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

(Amounts in thousands)

	Year Ended December 31,		
	2015	2014	2013
Cash Flows from Financing Activities:			
Proceeds from borrowings	\$ 4,468,872	\$ 2,428,285	\$ 2,262,245
Repayments of borrowings	(2,936,578)	(1,312,258)	(3,580,100)
Dividends paid on common shares	(474,751)	(547,831)	(545,913)
Cash included in the spin-off of Urban Edge Properties	(225,000)	-	-
Distributions to noncontrolling interests	(102,866)	(220,895)	(215,247)
Dividends paid on preferred shares	(80,578)	(81,468)	(83,188)
Debt issuance and other costs	(66,554)	(58,336)	(19,883)
Contributions from noncontrolling interests	51,975	30,295	43,964
Proceeds received from exercise of employee share options	16,779	19,245	7,765
Repurchase of shares related to stock compensation agreements and related tax withholdings and other	(7,473)	(3,811)	(443)
Purchase of marketable securities in connection with the defeasance of mortgage payable	-	(198,884)	-
Purchases of outstanding preferred units and shares	-	-	(299,400)
Proceeds from the issuance of preferred shares	-	-	290,306
Net cash provided by (used in) financing activities	<u>643,826</u>	<u>54,342</u>	<u>(2,139,894)</u>
Net increase (decrease) in cash and cash equivalents	637,230	615,187	(377,029)
Cash and cash equivalents at beginning of period	1,198,477	583,290	960,319
Cash and cash equivalents at end of period	<u>\$ 1,835,707</u>	<u>\$ 1,198,477</u>	<u>\$ 583,290</u>
Supplemental Disclosure of Cash Flow Information:			
Cash payments for interest, excluding capitalized interest of \$48,539, \$53,139 and \$42,303	\$ 376,620	\$ 443,538	\$ 465,260
Cash payments for income taxes	<u>\$ 8,287</u>	<u>\$ 11,696</u>	<u>\$ 9,023</u>
Non-Cash Investing and Financing Activities:			
Non-cash distribution of Urban Edge Properties:			
Assets	\$ 1,709,256	\$ -	\$ -
Liabilities	(1,469,659)	-	-
Equity	(239,597)	-	-
Adjustments to carry redeemable Class A units at redemption value	192,464	(315,276)	(108,252)
Write-off of fully depreciated assets	(167,250)	(121,673)	(77,106)
Transfer of interest in real estate to Pennsylvania Real Estate Investment Trust	(145,313)	-	-
Accrued capital expenditures included in accounts payable and accrued expenses	122,711	100,528	72,042
Like-kind exchange of real estate:			
Acquisitions	80,269	606,816	66,076
Dispositions	(213,621)	(630,352)	(128,767)
Class A units in connection with acquisition	80,000	-	-
Financing assumed in acquisitions	62,000	-	79,253
Marketable securities transferred in connection with the defeasance of mortgage payable	-	198,884	-
Defeasance of mortgage payable	-	(193,406)	-
Elimination of a mortgage and mezzanine loan asset and liability	-	59,375	-
Transfer of interest in real estate fund to an unconsolidated joint venture	-	(58,564)	-
Transfer of noncontrolling interest in real estate fund	-	(33,028)	-
Beverly Connection seller financing	-	13,620	-
Decrease in assets and liabilities resulting from the deconsolidation of discontinued operations and/or investments that were previously consolidated:			
Real estate, net	-	-	(852,166)
Mortgages payable	-	-	(322,903)

See notes to consolidated financial statements.

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 93.7% of the common limited partnership interest in the Operating Partnership at December 31, 2015. All references to “we,” “us,” “our,” the “Company” and “Vornado” refer to Vornado Realty Trust and its consolidated subsidiaries, including the Operating Partnership.

On January 15, 2015, we completed the spin-off of substantially all of our retail segment comprised of 79 strip shopping centers, three malls, a warehouse park and \$225,000,000 of cash to Urban Edge Properties (“UE”) (NYSE: UE). As part of this transaction, we retained 5,717,184 UE operating partnership units (5.4% ownership interest). We are providing transition services to UE for an initial period of up to two years, primarily for information technology support. UE is providing us with leasing and property management services for (i) certain small retail properties that we plan to sell, and (ii) our affiliate, Alexander’s, Inc. (NYSE: ALX) Rego Park retail assets. Steven Roth, our Chairman and Chief Executive Officer, is a member of the Board of Trustees of UE. The spin-off distribution was effected by Vornado distributing one UE common share for every two Vornado common shares. The historical financial results of UE are reflected in our consolidated financial statements as discontinued operations for all periods presented.

We currently own all or portions of:

New York:

- 21.3 million square feet of Manhattan office space in 35 properties;
- 2.6 million square feet of Manhattan street retail space in 65 properties;
- 1,711 units in eleven residential 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 seven 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:

- 15.8 million square feet of office space in 57 properties;
- 2,414 units in seven residential properties;

Other Real Estate and Related Investments:

- The 3.6 million square foot Mart (“theMart”) in Chicago;
- 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 32.5% interest in Toys “R” Us, Inc. (“Toys”); and
- Other real estate and other investments.

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.

Certain prior year balances have been reclassified in order to conform to the current period presentation. Beginning in the year ended December 31, 2015, we classified signage revenue within "property rentals". For the years ended December 31, 2014 and 2013, \$37,929,000 and \$32,866,000, respectively, related to signage revenue has been reclassified from "fee and other income" to "property rentals" to conform to the current period presentation.

On January 15, 2015, we completed the spin-off of substantially all of our retail segment comprised of 79 strip shopping centers, three malls, a warehouse park and \$225,000,000 of cash to UE. As part of this transaction, we received 5,717,184 UE operating partnership units (5.4% ownership interest).

Recently Issued Accounting Literature

In April 2014, the Financial Accounting Standards Board ("FASB") issued an update ("ASU 2014-08") *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* to ASC Topic 205, *Presentation of Financial Statements* and ASC Topic 360, *Property Plant and Equipment*. Under ASU 2014-08, only disposals that represent a strategic shift that has (or will have) a major effect on the entity's results and operations would qualify as discontinued operations. In addition, ASU 2014-08 expands the disclosure requirements for disposals that meet the definition of a discontinued operation and requires entities to disclose information about disposals of individually significant components that do not meet the definition of discontinued operations. ASU 2014-08 is effective for interim and annual reporting periods in fiscal years that began after December 15, 2014. Upon adoption of this standard on January 1, 2015, individual properties sold in the ordinary course of business are not expected to qualify as discontinued operations. Under ASU 2014-08, operating results of disposals are included in income from continuing operations, and any associated gains are now included in "net gain on disposition of wholly owned and partially owned assets" on our consolidated statements of income. Gain on sales of properties classified as discontinued operations prior to January 1, 2015 are classified in "income from discontinued operations" on our consolidated statements of income. The financial results of UE and certain other retail assets are reflected in our consolidated financial statements as discontinued operations for all periods presented (see Note 7 – *Dispositions* for further details).

In May 2014, the FASB issued an update ("ASU 2014-09") establishing ASC Topic 606, *Revenue from Contracts with Customers*. ASU 2014-09 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. ASU 2014-09 requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and also requires certain additional disclosures. ASU 2014-09 is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2017. We are currently evaluating the impact of the adoption of ASU 2014-09 on our consolidated financial statements.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Presentation and Significant Accounting Policies – continued

Recently Issued Accounting Literature - continued

In June 2014, the FASB issued an update (“ASU 2014-12”) to ASC Topic 718, *Compensation – Stock Compensation*. ASU 2014-12 requires an entity to treat performance targets that can be met after the requisite service period of a share based award has ended, as a performance condition that affects vesting. ASU 2014-12 is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2015. We are currently evaluating the impact of the adoption of ASU 2014-12 on our consolidated financial statements.

In February 2015, the FASB issued an update (“ASU 2015-02”) *Amendments to the Consolidation Analysis* to ASC Topic 810, *Consolidation*. ASU 2015-02 affects reporting entities that are required to evaluate whether they should consolidate certain legal entities. Specifically, the amendments: (i) modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities (“VIEs”) or voting interest entities, (ii) eliminate the presumption that a general partner should consolidate a limited partnership, (iii) affect the consolidation analysis of reporting entities that are involved with VIEs, and (iv) provide a scope exception for certain entities. ASU 2015-02 is effective for interim and annual reporting periods beginning after December 15, 2015. We are currently evaluating the impact of the adoption of ASU 2015-02 on our consolidated financial statements.

In April 2015, the FASB issued an update (“ASU 2015-03”) *Simplifying the Presentation of Debt Issuance Costs* to ASC Topic 835, *Interest* (“ASC 835”). ASU 2015-03 requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability to which they relate, consistent with debt discounts, as opposed to being presented as assets. ASU 2015-03 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2015. We elected to early adopt ASU 2015-03 effective as of December 31, 2015 with retrospective application to our December 31, 2014 consolidating balance sheet. The effect of the adoption of ASU 2015-03 was to reclassify debt issuance costs of approximately \$79,987,000 as of December 31, 2014 from “deferred leasing and financing costs, net” to a contra account as a deduction from the related debt liabilities. There was no effect on our consolidated statements of income.

In August 2015, the FASB issued an update (“ASU 2015-15”) *Interest – Imputation of Interest* to ASC 835. For debt issuance costs related to line-of-credit arrangements, ASU 2015-15 allows entities to present debt issuance costs as an asset and subsequently amortize the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. We elected to early adopt ASU 2015-15 effective as of December 31, 2015 with retrospective application to our December 31, 2014 balance sheet. These debt issuance costs were \$7,720,000 and \$11,549,000 as of December 31, 2015 and 2014, respectively, and are included as a component of “other assets”.

In January 2016, the FASB issued an update (“ASU 2016-01”) *Recognition and Measurement of Financial Assets and Financial Liabilities* to ASC Topic 825, *Financial Instruments* (“ASC 825”). ASU 2016-01 amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments, including the requirement to measure certain equity investments at fair value with changes in fair value recognized in net income. ASU 2016-01 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2017. We are currently evaluating the impact of the adoption of ASU 2016-01 on our consolidated financial statements.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Presentation and Significant Accounting Policies - continued

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 and debt expense capitalized during construction of \$59,305,000 and \$62,786,000 for the years ended December 31, 2015 and 2014, 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.

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.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Presentation and Significant Accounting Policies – continued

Significant 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. 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, 2014 and 2013, we recognized non-cash impairment losses on investments in partially owned entities aggregating \$85,459,000 and \$281,098,000, respectively. Included in these amounts are \$75,196,000 and \$240,757,000 of impairment losses related to our investment in Toys in 2014 and 2013, respectively.

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, 2015 and 2014, we had \$11,908,000 and \$12,210,000, respectively, in allowances for doubtful accounts. In addition, as of December 31, 2015 and 2014, we had \$2,751,000 and \$3,188,000, respectively, in allowances for receivables arising from the straight-lining of rents.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Presentation and Significant Accounting Policies – continued

Significant Accounting Policies -continued

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.

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.

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, 2015 and 2014, our derivative instruments consisted of two and one interest rate swaps, respectively. 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.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Presentation and Significant Accounting Policies – continued

Significant Accounting Policies –continued

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 our shareholders 100% of our taxable income and therefore, no provision for Federal income taxes is required. Dividends distributed for the year ended December 31, 2015, were characterized, for federal income tax purposes, as long-term capital gain income. Dividends distributed for the years ended December 31, 2014 and 2013, were characterized, for federal income tax purposes, as ordinary income.

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 \$8,322,000, \$10,777,000 and \$9,608,000 for the years ended December 31, 2015, 2014 and 2013, respectively, and have immaterial differences between the financial reporting and tax basis of assets and liabilities.

At December 31, 2015 and 2014, our taxable REIT subsidiaries had deferred tax assets related to net operating loss carryforwards of \$97,104,000 and \$94,100,000, respectively, which are included in “other assets” on our consolidated balance sheets. Prior to the quarter ended June 30, 2015, there was a full valuation allowance against these deferred tax assets because we had not determined that it is more-likely-than-not that we would use the net operating loss carryforwards to offset future taxable income. In our quarter ended June 30, 2015, based upon residential condominium unit sales, among other factors, we concluded that it was more-likely-than-not that we will generate sufficient taxable income to realize these deferred tax assets. Accordingly, we reversed \$90,030,000 of the allowance for deferred tax assets and recognized an income tax benefit in our consolidated statements of income.

The following table reconciles net income attributable to common shareholders to estimated taxable income for the years ended December 31, 2015, 2014 and 2013.

(Amounts in thousands)

	For the Year Ended December 31,		
	2015	2014	2013
Net income attributable to common shareholders	\$ 679,856	\$ 783,388	\$ 392,034
Book to tax differences (unaudited):			
Tangible Property Regulations ⁽¹⁾	(575,618)	-	-
Sale of real estate and other capital transactions	320,326	(477,061)	(324,936)
Depreciation and amortization	227,297	219,403	155,401
Straight-line rent adjustments	(144,727)	(77,526)	(64,811)
Stock options	(8,278)	(9,566)	4,884
Earnings of partially owned entities	(5,299)	71,960	339,376
Impairment losses on marketable equity securities	-	-	37,236
Other, net	(5,833)	1,260	36,186
Estimated taxable income (unaudited)	<u>\$ 487,724</u>	<u>\$ 511,858</u>	<u>\$ 575,370</u>

(1) Represents one-time deductions pursuant to the implementation of the Tangible Property Regulations issued by the Internal Revenue Service.

The net basis of our assets and liabilities for tax reporting purposes is approximately \$3.4 billion lower than the amounts reported in our consolidated balance sheet at December 31, 2015.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Real Estate Fund Investments

We are the general partner and investment manager of Vornado Capital Partners Real Estate Fund (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 ASC 946, *Financial Services – Investment Companies* ("ASC 946") 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.

On June 26, 2014, the Fund sold its 64.7% interest in One Park Avenue to a newly formed joint venture that we and an institutional investor own 55% and 45%, respectively. This transaction was based on a property value of \$560,000,000. From the inception of this investment through its disposition, the Fund realized a \$75,529,000 net gain.

On August 21, 2014, the Fund and its 50% joint venture partner completed the sale of The Shops at Georgetown Park, a 305,000 square foot retail property, for \$272,500,000. From the inception of this investment through its disposition, the Fund realized a \$51,124,000 net gain.

On January 20, 2015, we co-invested with the Fund and one of the Fund's limited partners to buy out the Fund's joint venture partner's 57% interest in the Crowne Plaza Times Square Hotel (the "Co-Investment"). The purchase price for the 57% interest was approximately \$95,000,000 (our share \$39,000,000) which valued the property at approximately \$480,000,000. The property is encumbered by a \$310,000,000 mortgage loan bearing interest at LIBOR plus 2.80% and maturing in December 2018 with a one-year extension option. Our aggregate ownership interest in the property increased to 33% from 11%. The Co-Investment is also accounted for under ASC 946 and is included as a component of "real estate fund investments" on our consolidated balance sheet.

On March 25, 2015, the Fund completed the sale of 520 Broadway in Santa Monica, CA for \$91,650,000. The Fund realized a \$23,768,000 net gain over the holding period.

At December 31, 2015, we had six real estate fund investments with an aggregate fair value of \$574,761,000, or \$208,614,000 in excess of cost, and had remaining unfunded commitments of \$102,212,000, of which our share was \$25,553,000. At December 31, 2014, we had seven real estate fund investments with an aggregate fair value of \$513,973,000.

Below is a summary of income from the Fund and the Co-Investment for the years ended December 31, 2015, 2014 and 2013.

(Amounts in thousands)

	For the Year Ended December 31,		
	2015	2014	2013
Net investment income	\$ 16,329	\$ 12,895	\$ 8,943
Net realized gains on exited investments	2,757	76,337	8,184
Net unrealized gains on held investments	54,995	73,802	85,771
Income from real estate fund investments	74,081	163,034	102,898
Less income attributable to noncontrolling interests	(40,117)	(92,728)	(53,427)
Income from real estate fund investments attributable to Vornado ⁽¹⁾	\$ 33,964	\$ 70,306	\$ 49,471

(1) Excludes \$2,939, \$2,562, and \$2,721 of management and leasing fees in the years ended December 31, 2015, 2014 and 2013, respectively, which are included as a component of "fee and other income" on our consolidated statements of income.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Acquisitions

On January 20, 2015, we and one of our real estate fund's limited partners co-invested with the Fund to buy out the Fund's joint venture partner's 57% interest in the Crowne Plaza Times Square Hotel (see Note 3 – *Real Estate Fund Investments*).

On March 18, 2015, we acquired the Center Building, a 437,000 square foot office building, located at 33-00 Northern Boulevard in Long Island City, New York, for \$142,000,000, including the assumption of an existing \$62,000,000, 4.43% mortgage maturing in October 2018.

On June 2, 2015, we completed the acquisition of 150 West 34th Street, a 78,000 square foot retail property leased to Old Navy through May 2019, and 226,000 square feet of additional zoning air rights, for approximately \$355,000,000. At closing we completed a \$205,000,000 financing of the property (see Note 9 – *Debt*).

On July 31, 2015, we acquired 260 Eleventh Avenue, a 235,000 square foot office property leased to the City of New York through 2021 with two five-year renewal options, a 10,000 square foot parking lot and additional air rights. The transaction is structured as a 99-year ground lease with an option to purchase the land for \$110,000,000. The \$3,900,000 annual ground rent and the purchase option price escalate annually at the lesser of 1.5% or CPI. The buildings were purchased for 813,900 newly issued Vornado Operating Partnership units valued at approximately \$80,000,000.

On September 25, 2015, we acquired 265 West 34th Street, a 1,700 square foot retail property and 15,200 square feet of additional zoning air rights, for approximately \$28,500,000.

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.

Below is a summary of our marketable securities portfolio as of December 31, 2015 and 2014.

	As of December 31, 2015			As of December 31, 2014		
	Fair Value	GAAP Cost	Unrealized Gain	Fair Value	GAAP Cost	Unrealized Gain
Equity securities:						
Lexington Realty Trust	\$ 147,752	\$ 72,549	\$ 75,203	\$ 202,789	\$ 72,549	\$ 130,240
Other	3,245	-	3,245	3,534	-	3,534
	<u>\$ 150,997</u>	<u>\$ 72,549</u>	<u>\$ 78,448</u>	<u>\$ 206,323</u>	<u>\$ 72,549</u>	<u>\$ 133,774</u>

During 2013, we sold other marketable securities for aggregate proceeds of \$44,209,000, resulting in net gains of \$31,741,000, 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, 2015, we own 32.5% 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.

We have not guaranteed any of Toys’ obligations and are not committed to provide any support to Toys. Pursuant to ASC 323-10-35-20, we discontinued applying the equity method for our Toys’ investment when the carrying amount was reduced to zero in the third quarter of 2014. We will resume application of the equity method if, during the period the equity method was suspended, our share of unrecognized net income exceeds our share of unrecognized net losses.

In the first quarter of 2014, we recognized our share of Toys’ fourth quarter net income of \$75,196,000 and a corresponding non-cash impairment loss of the same amount. In 2013, we recognized \$240,757,000 of non-cash impairment losses based on an “other-than-temporary” decline in the fair value of our investment.

Alexander’s, Inc. (“Alexander’s”) (NYSE: ALX)

As of December 31, 2015, we own 1,654,068 Alexander’s common shares, or approximately 32.4% of Alexander’s common equity. We manage, lease and develop Alexander’s properties pursuant to agreements which expire in March of each year and are automatically renewable.

As of December 31, 2015 the market value (“fair value” pursuant to ASC 820) of our investment in Alexander’s, based on Alexander’s December 31, 2015 closing share price of \$384.11, was \$635,345,000, or \$501,777,000 in excess of the carrying amount on our consolidated balance sheet. As of December 31, 2015, 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 \$40,340,000. 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, Leasing 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) \$289,000, 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.

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, and 1% of gross proceeds, as defined, for asset sales of \$50,000,000 or more.

On December 22, 2014, the leasing agreements with Alexander’s were amended to eliminate the annual installment cap of \$4,000,000. In addition, Alexander’s repaid to us the outstanding balance of \$40,353,000.

On January 15, 2015, we completed the spin-off of 79 strip shopping centers, three malls, a warehouse park and \$225,000,000 of cash to UE and the transfer of all of the employees responsible for the management and leasing of those assets. In addition, we entered into agreements with UE to provide management and leasing services, on our behalf, for Alexander’s Rego Park retail assets. Fees for these services are similar to the fees we are receiving from Alexander’s described above.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Investments in Partially Owned Entities – continued

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

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. During the years ended December 31, 2015, 2014 and 2013, we recognized \$2,221,000, \$2,318,000 and \$2,036,000 of income, respectively, for these services.

Urban Edge Properties ("UE") (NYSE: UE)

As part of our spin-off of substantially all of our retail segment to UE on January 15, 2015 (see Note 1 – *Organization and Business*), we retained 5,717,184 UE operating partnership units, representing a 5.4% ownership interest in UE. We account for our investment in UE under the equity method and record our share of UE's net income or loss on a one-quarter lag basis. We are providing transition services to UE for an initial period of up to two years, primarily for information technology support. UE is providing us with leasing and property management services for (i) certain small retail properties that we plan to sell, and (ii) our affiliate, Alexander's, Rego Park retail assets. As of December 31, 2015, the fair value of our investment in UE, based on UE's December 31, 2015 closing share price of \$23.45, was \$134,068,000, or \$108,717,000 in excess of the carrying amount on our consolidated balance sheet.

Pennsylvania Real Estate Investment Trust ("PREIT") (NYSE: PEI)

On March 31, 2015, we transferred the redeveloped Springfield Town Center, a 1,350,000 square foot mall located in Springfield, Fairfax County, Virginia, to PREIT Associates, L.P., which is the operating partnership of PREIT, in exchange for \$485,313,000; comprised of \$340,000,000 of cash and 6,250,000 PREIT operating partnership units (valued at \$145,313,000 or \$23.25 per PREIT unit) (See Note 7 – *Dispositions*). \$19,000,000 of tenant improvements and allowances was credited to PREIT as a closing adjustment. As a result of this transaction, we own an 8.1% interest in PREIT. We account for our investment in PREIT under the equity method and record our share of PREIT's net income or loss on a one-quarter lag basis. As of December 31, 2015, the fair value of our investment in PREIT, based on PREIT's December 31, 2015 closing share price of \$21.87, was \$136,688,000, or \$3,313,000 in excess of the carrying amount on our consolidated balance sheet. As of December 31, 2015, the carrying amount of our investment in PREIT exceeds our share of the equity in the net assets of PREIT by approximately \$65,404,000. The majority of this basis difference resulted from the excess of the fair value of the PREIT operating units received over our share of the book value of PREIT's net assets. Substantially all of this basis difference was allocated, based on our estimates of the fair values of PREIT'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 PREIT's net loss. The basis difference related to the land will be recognized upon disposition of our investment.

512 West 22nd Street

On June 24, 2015, we entered into a joint venture, in which we own a 55% interest, to develop a 173,000 square foot Class-A office building, located along the western edge of the High Line at 512 West 22nd Street. The development cost of this project is approximately \$235,000,000. The development commenced during the fourth quarter of 2015 and is expected to be completed in 2018. On November 24, 2015, the joint venture obtained a \$126,000,000 construction loan. The loan matures in November 2019 with two six-month extension options. The interest rate is LIBOR plus 2.65% (3.07% at December 31, 2015). As of December 31, 2015, the outstanding balance of the loan was \$44,072,000, of which \$24,240,000 is our share. We account for our investment in the joint venture under the equity method.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Investments in Partially Owned Entities - continued

Below is a summary of our investments in partially owned entities.

(Amounts in thousands)

	Percentage Ownership at December 31, 2015	As of December 31,	
		2015	2014
Investments:			
Partially owned office buildings ⁽¹⁾	Various	\$ 909,782	\$ 760,749
Alexander's	32.4%	133,568	131,616
PREIT	8.1%	133,375	-
India real estate ventures	4.1%-36.5%	48,310	76,752
UE	5.4%	25,351	-
Toys ⁽²⁾	32.5%	-	-
Other investments ⁽³⁾	Various	300,036	271,372
		<u>\$ 1,550,422</u>	<u>\$ 1,240,489</u>

(1) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 666 Fifth Avenue (Office), 330 Madison Avenue, 512 West 22nd Street and others.

(2) Pursuant to Rule 4-08(g) of Regulation S-X, in 2014 Toys was considered a significant subsidiary where as in 2015 it was not. As of November 1, 2014, Toys had total assets of \$11,267,000, total liabilities of \$10,377,000, noncontrolling interests of \$82,000 and equity of \$808,000.

(3) Includes interests in Independence Plaza, 85 Tenth Avenue, Fashion Center Mall, 50-70 West 93rd Street and others.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Investments in Partially Owned Entities – continued

Below is a summary of our income (loss) from partially owned entities.

(Amounts in thousands)

	Percentage Ownership at December 31, 2015	For the Year Ended December 31,		
		2015	2014	2013
Our Share of Net (Loss) Income:				
Alexander's:				
Equity in net income	32.4%	\$ 24,209	\$ 21,287	\$ 17,721
Management, leasing and development fees		6,869	8,722	6,681
		<u>31,078</u>	<u>30,009</u>	<u>24,402</u>
UE (see page 109 for details):				
Equity in net earnings	5.4%	2,430	-	-
Management fees		1,964	-	-
		<u>4,394</u>	<u>-</u>	<u>-</u>
Toys:				
Equity in net loss ⁽¹⁾	32.5%	-	(4,691)	(128,919)
Non-cash impairment losses (see page 108 for details)		-	(75,196)	(240,757)
Management fees		2,500	6,331	7,299
		<u>2,500</u>	<u>(73,556)</u>	<u>(362,377)</u>
Partially owned office buildings ⁽²⁾	Various	(23,556)	93	(4,212)
India real estate ventures ⁽³⁾	4.1%-36.5%	(18,746)	(8,309)	(3,533)
PREIT (see page 109 for details)	8.1%	(7,450)	-	-
LNR ⁽⁴⁾	n/a	-	-	18,731
Lexington ⁽⁵⁾	n/a	-	-	(979)
Other investments ⁽⁶⁾	Various	(850)	(8,098)	(12,914)
		<u>\$ (12,630)</u>	<u>\$ (59,861)</u>	<u>\$ (340,882)</u>

- (1) Pursuant to Rule 4-08(g) of Regulation S-X, in 2014 and 2013 Toys was considered a significant subsidiary where as in 2015 it was not. For the twelve months ended November 1, 2014, Toys' total revenue was \$12,645,000 and net loss attributable to Toys was \$343,000. For the twelve months ended November 2, 2013, Toys' total revenue was \$13,046,000 and net loss attributable to Toys was \$396,000.
- (2) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 666 Fifth Avenue (Office), 330 Madison Avenue, 512 West 22nd Street and others. In 2015, we recognized net losses of \$39,600 from our 666 Fifth Avenue (Office) joint venture as a result of our share of depreciation expense. Also in 2015, we recognized our \$12,800 share of a write-off of a below market lease liability related to a tenant vacating at 650 Madison Avenue. In 2014, we recognized our \$14,500 share of accelerated depreciation from our West 57th Street joint ventures in connection with the change in estimated useful life of those properties.
- (3) Includes a \$14,806 and \$5,771 non-cash impairment loss in 2015 and 2014, respectively.
- (4) In 2013, we recognized net income of \$18,731, comprised of (i) \$42,186 for our share of LNR's net income and (ii) a \$27,231 non-cash impairment loss and (iii) a \$3,776 net gain on sale.
- (5) In the first quarter of 2013, we began accounting for our investment in Lexington as a marketable security - available for sale.
- (6) Includes interests in Independence Plaza, 85 Tenth Avenue, Fashion Center Mall, 50-70 West 93rd Street and others. In 2014, we recognized a \$10,263 non-cash charge, comprised of a \$5,959 impairment loss and a \$4,304 loan loss reserve, on our equity and debt investments in Suffolk Downs.

VORNADO REALTY TRUST
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, 2015 and 2014, none of which is recourse to us.

(Amounts in thousands)	Percentage Ownership at December 31, 2015	Maturity	Interest Rate at December 31, 2015	100% Partially Owned Entities' Debt at December 31,	
				2015	2014
Toys:					
Notes, loans and mortgages payable	32.5%	2016-2021	7.35%	\$ 5,619,710	\$ 5,748,350
Partially owned office buildings ⁽¹⁾ :					
Mortgages payable	Various	2016-2023	5.57%	\$ 3,771,255	\$ 3,691,274
PREIT:					
Mortgages payable	8.1%	2016-2025	4.04%	\$ 1,852,270	\$ -
UE:					
Mortgages payable	5.4%	2018-2034	4.15%	\$ 1,246,155	\$ -
Alexander's:					
Mortgages payable	32.4%	2016-2022	1.69%	\$ 1,053,262	\$ 1,032,780
India Real Estate Ventures:					
TCG Urban Infrastructure Holdings mortgages payable	25.0%	2016-2026	12.06%	\$ 185,607	\$ 183,541
Other ⁽²⁾ :					
Mortgages payable	Various	2016-2023	4.27%	\$ 1,316,641	\$ 1,314,077

(1) Includes 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 666 Fifth Avenue (Office), 330 Madison Avenue, 512 West 22nd Street and others.

(2) Includes Independence Plaza, 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 \$4,432,078,000 and \$4,190,428,000 as of December 31, 2015 and 2014, respectively.

Summary of Condensed Combined Financial Information

The following is a summary of condensed combined financial information for all of our partially owned entities, including Toys and Alexander's, as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013.

(Amounts in thousands)	Balance as of December 31,			
	2015		2014	
Balance Sheet:				
Assets	\$ 25,526,000		\$ 21,389,000	
Liabilities	21,162,000		17,986,000	
Noncontrolling interests	146,000		104,000	
Equity	4,218,000		3,299,000	
For the Year Ended December 31,				
2015		2014		2013
Income Statement:				
Total revenue	\$ 13,423,000	\$ 13,620,000	\$ 14,092,000	
Net loss	(224,000)	(434,000)	(368,000)	

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Dispositions

2015 Activity:

New York

On December 22, 2015, we completed the sale of 20 Broad Street, a 473,000 square foot office building in Manhattan for an aggregate consideration of \$200,000,000. The total income from this transaction was approximately \$157,000,000 comprised of approximately \$142,000,000 from the gain on sale and \$15,000,000 of lease termination income set forth in Note 15 – *Fee and Other Income*.

Washington, DC

On September 9, 2015, we completed the sale of 1750 Pennsylvania Avenue, NW, a 278,000 square foot office building in Washington, DC for \$182,000,000, resulting in a net gain of approximately \$102,000,000 which is included in “net gain on disposition of wholly owned and partially owned assets” on our consolidated statement of income. The tax gain of approximately \$137,000,000 was deferred as part of a like-kind exchange. We are managing the property on behalf of the new owner.

Discontinued Operations

On January 15, 2015, we completed the spin-off of substantially all of our retail segment comprised of 79 strip shopping centers, three malls, a warehouse park and \$225,000,000 of cash to UE (NYSE: UE) (see Note 1 – *Organization and Business*). In addition, we completed the following retail property sales, substantially completing the exit of the retail strips and malls business.

On March 13, 2015, we sold our Geary Street, CA lease for \$34,189,000, which resulted in a net gain of \$21,376,000.

On March 31, 2015, we transferred the redeveloped Springfield Town Center, a 1,350,000 square foot mall located in Springfield, Fairfax County, Virginia, to PREIT (see Note 6 – *Investments in Partially Owned Entities*). The financial statement gain was \$7,823,000, of which \$7,192,000 was recognized in the first quarter of 2015 and the remaining \$631,000 was deferred based on our ownership interest in PREIT. On March 31, 2018, we will be entitled to additional consideration of 50% of the increase in the value of Springfield Town Center, if any, over \$465,000,000, calculated utilizing a 5.5% capitalization rate. In the first quarter of 2014, we recorded a non-cash impairment loss of \$20,000,000 on Springfield Town Center which is included in “income from discontinued operations” on our consolidated statements of income.

On August 6, 2015, we sold our 50% interest in the Monmouth Mall in Eatontown, NJ to our joint venture partner for \$38,000,000, valuing the property at approximately \$229,000,000, which resulted in a net gain of \$33,153,000.

We also sold five residual retail properties, in separate transactions, for an aggregate of \$10,731,000, which resulted in net gains of \$3,675,000.

2014 Activity:

New York

On December 18, 2014, we completed the sale of 1740 Broadway, a 601,000 square foot office building in Manhattan for \$605,000,000. The sale resulted in net proceeds of approximately \$580,000,000, after closing costs, and resulted in a financial statement gain of approximately \$441,000,000. The tax gain of approximately \$484,000,000, was deferred in like-kind exchanges, primarily for the acquisition of the St. Regis Fifth Avenue retail.

Discontinued Operations

On February 24, 2014, we completed the sale of Broadway Mall in Hicksville, Long Island, New York, for \$94,000,000. The sale resulted in net proceeds of \$92,174,000 after closing costs.

On March 2, 2014, we entered into an agreement to transfer upon completion, the redeveloped Springfield Town Center, a 1,350,000 square foot mall located in Springfield, Fairfax County, Virginia, to PREIT in exchange for \$485,313,000; comprised of \$340,000,000 of cash and 6,250,000 of PREIT operating partnership units (valued at \$145,313,000 or \$23.25 per PREIT unit). In connection therewith, we recorded a non-cash impairment loss of \$20,000,000, which is included in “income from discontinued operations” on our consolidated statements of income.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Dispositions - continued

Discontinued Operations – continued

On July 8, 2014, we completed the sale of Beverly Connection, a 335,000 square foot power shopping center in Los Angeles, California, for \$260,000,000, of which \$239,000,000 was cash and \$21,000,000 was 10-year mezzanine seller financing. The sale resulted in a net gain of \$44,155,000.

We also sold six of the 22 strip shopping centers which did not fit UE's strategy (see Note 1 – *Organization and Business*), in separate transactions, for an aggregate of \$66,410,000 in cash, which resulted in a net gain aggregating \$22,500,000.

2013 Activity:

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.

Discontinued Operations

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.

We also 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.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Dispositions - continued

In accordance with the provisions of ASC 360, *Property, Plant, and Equipment*, we have reclassified the revenues and expenses of all of the properties discussed above 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. The tables below set forth the assets and liabilities related to discontinued operations at December 31, 2015 and 2014, and their combined results of operations for the years ended December 31, 2015, 2014 and 2013.

(Amounts in thousands)

	Balance as of	
	December 31, 2015	December 31, 2014
Assets related to discontinued operations:		
Real estate, net	\$ 29,561	\$ 2,028,677
Other assets	7,459	205,451
	<u>\$ 37,020</u>	<u>\$ 2,234,128</u>
Liabilities related to discontinued operations:		
Mortgages payable, net	\$ -	\$ 1,278,182
Other liabilities (primarily deferred revenue in 2014)	12,470	222,827
	<u>\$ 12,470</u>	<u>\$ 1,501,009</u>

(Amounts in thousands)

	For the Year Ended December 31,		
	2015	2014	2013
Income from discontinued operations:			
Total revenues	\$ 27,831	\$ 395,786	\$ 502,061
Total expenses	17,651	274,107	310,364
	10,180	121,679	191,697
Net gains on sales of real estate	65,396	507,192	414,502
Transaction related costs (primarily UE spin off)	(22,972)	(14,956)	-
Impairment losses	(256)	(26,518)	(37,170)
Net gain on sale of asset other than real estate	-	-	1,377
Pretax income from discontinued operations	52,348	587,397	570,406
Income tax expense	(86)	(1,721)	(2,311)
Income from discontinued operations	<u>\$ 52,262</u>	<u>\$ 585,676</u>	<u>\$ 568,095</u>
Cash flows related to discontinued operations:			
Cash flows from operating activities	\$ (33,462)	\$ 123,837	\$ 279,436
Cash flows from investing activities	346,865	(180,019)	(117,497)

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. 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, 2015 and 2014.

(Amounts in thousands)	Balance as of December 31,	
	2015	2014
Identified intangible assets:		
Gross amount	\$ 415,261	\$ 424,976
Accumulated amortization	(187,360)	(199,821)
Net	<u>\$ 227,901</u>	<u>\$ 225,155</u>
Identified intangible liabilities (included in deferred revenue):		
Gross amount	\$ 643,488	\$ 657,976
Accumulated amortization	(325,340)	(329,775)
Net	<u>\$ 318,148</u>	<u>\$ 328,201</u>

Amortization of acquired below-market leases, net of acquired above-market leases, resulted in an increase to rental income of \$78,749,000, \$37,516,000 and \$41,970,000 for the years ended December 31, 2015, 2014 and 2013, 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, 2016 is as follows:

(Amounts in thousands)	
2016	\$ 52,359
2017	44,501
2018	43,028
2019	31,011
2020	23,320

Amortization of all other identified intangible assets (a component of depreciation and amortization expense) was \$36,659,000, \$28,275,000 and \$61,915,000 for the years ended December 31, 2015, 2014 and 2013, 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, 2016 is as follows:

(Amounts in thousands)	
2016	\$ 29,349
2017	24,427
2018	20,063
2019	15,779
2020	12,345

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 \$1,832,000, \$1,832,000, and \$2,745,000 for the years ended December 31, 2015, 2014 and 2013. Estimated annual amortization of these below-market leases, net of above-market leases, for each of the five succeeding years commencing January 1, 2016 is as follows:

(Amounts in thousands)	
2016	\$ 1,832
2017	1,832
2018	1,832
2019	1,832
2020	1,832

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Debt

Secured Debt

On April 1, 2015, we completed a \$308,000,000 refinancing of RiverHouse Apartments, a three building, 1,670 unit rental complex located in Arlington, VA. The loan is interest only at LIBOR plus 1.28% (1.52% at December 31, 2015) and matures in 2025. We realized net proceeds of approximately \$43,000,000. The property was previously encumbered by a 5.43%, \$195,000,000 mortgage maturing in April 2015 and a \$64,000,000 mortgage at LIBOR plus 1.53% maturing in 2018.

On June 2, 2015, we completed a \$205,000,000 financing in connection with the acquisition of 150 West 34th Street (see Note 4 – *Acquisitions*). The loan bears interest at LIBOR plus 2.25% (2.52% at December 31, 2015) and matures in 2018 with two one-year extension options.

On July 28, 2015, we completed a \$580,000,000 refinancing of 100 West 33rd Street, a 1.1 million square foot property comprised of 855,000 square feet of office space and the 256,000 square foot Manhattan Mall. The loan is interest only at LIBOR plus 1.65% (1.92% at December 31, 2015) and matures in July 2020. We realized net proceeds of approximately \$242,000,000.

On September 22, 2015, we upsized the loan on our 220 Central Park South development by \$350,000,000 to \$950,000,000. The interest rate on the loan is LIBOR plus 2.00% (2.42% at December 31, 2015) and the final maturity date is 2020. In connection with the upsizing, the standby commitment for a \$500,000,000 mezzanine loan for this development has been terminated by payment of a \$15,000,000 contractual termination fee, which was capitalized as a component of “development costs and construction in progress” on our consolidated balance sheet as of December 31, 2015.

On December 11, 2015, we completed a \$375,000,000 refinancing of 888 Seventh Avenue, a 882,000 square foot Manhattan office building. The five-year loan is interest only at LIBOR plus 1.60% (1.92% at December 31, 2015) which was swapped for the term of the loan to a fixed rate of 3.15% and matures in December 2020. We realized net proceeds of approximately \$49,000,000.

On December 21, 2015, we completed a \$450,000,000 financing of the retail condominium of the St. Regis Hotel and the adjacent retail town house located on Fifth Avenue at 55th Street. The loan matures in December 2020, with two one-year extension options. The loan is interest only at LIBOR plus 1.80% (2.19% at December 31, 2015) for the first three years, LIBOR plus 1.90% for years four and five, and LIBOR plus 2.00% during the extension periods. We own a 74.3% controlling interest in the joint venture which owns the property.

Senior Unsecured Notes

On January 1, 2015, we redeemed all of the \$500,000,000 principal amount of our outstanding 4.25% senior unsecured notes, which were scheduled to mature on April 1, 2015, at a redemption price of 100% of the principal amount plus accrued interest through December 31, 2014.

Unsecured Term Loan

On October 30, 2015, we entered into an unsecured delayed-draw term loan facility in the maximum amount of \$750,000,000. The facility matures in October 2018 with two one-year extension options. The interest rate is LIBOR plus 1.15% (1.40% at December 31, 2015) with a fee of 0.20% per annum on the unused portion. At closing, we drew \$187,500,000. The facility provides that the maximum amount available is twice the amount outstanding on April 29, 2016, limited to \$750,000,000, and all draws must be made by October 2017. This facility, together with the \$950,000,000 development loan mentioned above, provides the funding for our 220 Central Park South development.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Debt – continued

The following is a summary of our debt:

(Amounts in thousands)

	Weighted Average Interest Rate at December 31, 2015	Balance at December 31,	
		2015	2014
Mortgages Payable:			
Fixed rate	4.29%	\$ 6,356,634	\$ 6,497,286
Variable rate	2.14%	3,258,204	1,763,769
Total	3.56%	9,614,838	8,261,055
Deferred financing costs, net and other		(101,125)	(73,212)
Total, net		\$ 9,513,713	\$ 8,187,843
Unsecured Debt:			
Senior unsecured notes	3.68%	\$ 850,000	\$ 1,350,000
Deferred financing costs, net and other		(5,841)	(7,506)
Senior unsecured notes, net		844,159	1,342,494
Unsecured term loan	1.40%	187,500	-
Deferred financing costs, net and other		(4,362)	-
Unsecured term loan, net		183,138	-
Unsecured revolving credit facilities	1.38%	550,000	-
Total, net		\$ 1,577,297	\$ 1,342,494

The net carrying amount of properties collateralizing the mortgages payable amounted to \$9.6 billion at December 31, 2015. As of December 31, 2015, the principal repayments required for the next five years and thereafter are as follows:

(Amounts in thousands)

Year Ending December 31,	Senior Unsecured Debt and Unsecured Revolving Credit Facilities	
	Mortgages Payable	Facilities
2016	\$ 1,095,366	\$ 550,000
2017	411,113	-
2018	441,354	-
2019	379,122	450,000
2020	2,835,451	187,500
Thereafter	4,452,432	400,000

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. 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, 2015 and 2014.

(Amounts in thousands, except units and per unit amounts)

Unit Series	Balance as of December 31,		Units Outstanding at December 31,		Per Unit Liquidation Preference	Preferred or Annual Distribution Rate
	2015	2014	2015	2014		
Common:						
Class A	\$ 1,223,793	\$ 1,336,780	12,242,820	11,356,550	n/a	\$ 2.52
Perpetual Preferred: ⁽¹⁾						
5.00% D-16 Cumulative Redeemable	\$ 1,000	\$ 1,000	1	1	\$ 1,000,000.00	\$ 50,000.00
3.25% D-17 Cumulative Redeemable	\$ 4,428	\$ -	177,100	-	\$ 25.00	\$ 0.8125

(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.

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

(Amounts in thousands)

Balance at December 31, 2013	\$ 1,003,620
Net income	47,613
Other comprehensive income	1,323
Distributions	(33,469)
Redemption of Class A units for common shares, at redemption value	(27,273)
Adjustments to carry redeemable Class A units at redemption value	315,276
Other, net	30,690
Balance at December 31, 2014	1,337,780
Net income	43,231
Other comprehensive income	(2,866)
Distributions	(30,263)
Redemption of Class A units for common shares, at redemption value	(48,230)
Adjustments to carry redeemable Class A units at redemption value	(192,464)
Issuance of Class A units	80,000
Issuance of Series D-17 Preferred Units	4,428
Other, net	37,605
Balance at December 31, 2015	\$ 1,229,221

Redeemable noncontrolling interests exclude our Series G-1 through G-4 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 \$50,561,000 and \$55,097,000 as of December 31, 2015 and 2014, respectively. Changes in the value from period to period, if any, are charged to "interest and debt expense" on our consolidated statements of income.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Shareholders' Equity

Common Shares

As of December 31, 2015, there were 188,576,853 common shares outstanding. During 2015, we paid an aggregate of \$474,751,000 of common dividends comprised of quarterly common dividends of \$0.63 per share.

Preferred Shares

The following table sets forth the details of our preferred shares of beneficial interest as of December 31, 2015 and 2014.

(Amounts in thousands, except share and per share amounts)	Balance as of		Shares Outstanding at		Per Share Liquidation Preference	Annual Dividend Rate ⁽¹⁾
	December 31,		December 31,			
Preferred Shares	2015	2014	2015	2014		
Convertible Preferred:						
6.5% Series A: authorized 83,977 shares ⁽²⁾	\$ 1,321	\$ 1,393	26,629	28,939	\$ 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	290,306	12,000,000	12,000,000	\$ 25.00	\$ 1.35
	<u>\$ 1,276,954</u>	<u>\$ 1,277,026</u>	<u>52,676,629</u>	<u>52,678,939</u>		

(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 1.5934 and 1.4334 common shares per Series A Preferred Share plus accrued and unpaid dividends through the date of redemption, or convertible at any time at the option of the holder for 1.5934 and 1.4334 common shares per Series A Preferred Share, as of December 31, 2015 and 2014, respectively.

(3) Redeemable at our option at a redemption price of \$25.00 per share, plus accrued and unpaid dividends through the date of redemption.

Accumulated Other Comprehensive Income (Loss)

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

(Amounts in thousands)	For the Year Ended December 31, 2015				
	Total	Securities available- for-sale	Pro rata share of nonconsolidated subsidiaries' OCI	Interest rate swap	Other
Balance as of December 31, 2014	\$ 93,267	\$ 133,774	\$ (8,992)	\$ (25,803)	\$ (5,712)
Net current period OCI	(46,346)	(55,326)	(327)	6,435	2,872
Balance as of December 31, 2015	<u>\$ 46,921</u>	<u>\$ 78,448</u>	<u>\$ (9,319)</u>	<u>\$ (19,368)</u>	<u>\$ (2,840)</u>

12. Variable Interest Entities ("VIEs")

Unconsolidated VIEs

As of December 31, 2015 and 2014, we have six and three unconsolidated VIEs, respectively. 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, 2015 and 2014, the net carrying amount of our investments in these entities was \$379,939,000 and \$286,783,000, respectively, and our maximum exposure to loss in these entities, is limited to our investments. We did not have any consolidated VIEs as of December 31, 2015 and 2014.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Fair Value Measurements

ASC 820 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) mandatorily redeemable instruments (Series G-1 through G-4 convertible preferred units and Series D-13 cumulative redeemable preferred units), and (v) interest rate swaps. The tables below aggregate the fair values of these financial assets and liabilities by their levels in the fair value hierarchy at December 31, 2015 and 2014, respectively.

(Amounts in thousands)

	As of December 31, 2015			
	Total	Level 1	Level 2	Level 3
Marketable securities	\$ 150,997	\$ 150,997	\$ -	\$ -
Real estate fund investments (75% of which is attributable to noncontrolling interests)	574,761	-	-	574,761
Deferred compensation plan assets (included in other assets)	117,475	58,289	-	59,186
Total assets	<u>\$ 843,233</u>	<u>\$ 209,286</u>	<u>\$ -</u>	<u>\$ 633,947</u>
Mandatorily redeemable instruments (included in other liabilities)	\$ 50,561	\$ 50,561	\$ -	\$ -
Interest rate swaps (included in other liabilities)	19,600	-	19,600	-
Total liabilities	<u>\$ 70,161</u>	<u>\$ 50,561</u>	<u>\$ 19,600</u>	<u>\$ -</u>

(Amounts in thousands)

	As of December 31, 2014			
	Total	Level 1	Level 2	Level 3
Marketable securities	\$ 206,323	\$ 206,323	\$ -	\$ -
Real estate fund investments (75% of which is attributable to noncontrolling interests)	513,973	-	-	513,973
Deferred compensation plan assets (included in other assets)	117,284	53,969	-	63,315
Total assets	<u>\$ 837,580</u>	<u>\$ 260,292</u>	<u>\$ -</u>	<u>\$ 577,288</u>
Mandatorily redeemable instruments (included in other liabilities)	\$ 55,097	\$ 55,097	\$ -	\$ -
Interest rate swap (included in other liabilities)	25,797	-	25,797	-
Total liabilities	<u>\$ 80,894</u>	<u>\$ 55,097</u>	<u>\$ 25,797</u>	<u>\$ -</u>

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Fair Value Measurements - continued

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

Real Estate Fund Investments

At December 31, 2015, we had six real estate fund investments with an aggregate fair value of \$574,761,000, or \$208,614,000 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 1.0 to 5.0 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, 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 real estate fund investments at December 31, 2015.

Unobservable Quantitative Input	Range	Weighted Average (based on fair value of investments)
Discount rates	12.0% to 14.9%	13.6%
Terminal capitalization rates	4.8% to 6.1%	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 real estate fund investments that are classified as Level 3, for the years ended December 31, 2015 and 2014.

(Amounts in thousands)	For The Year Ended December 31,	
	2015	2014
Beginning balance	\$ 513,973	\$ 667,710
Purchases	95,010	3,392
Dispositions / Distributions	(91,450)	(307,268)
Net unrealized gains	54,995	73,802
Net realized gains	2,757	76,337
Other, net	(524)	-
Ending balance	\$ 574,761	\$ 513,973

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. 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, 2015 and 2014.

(Amounts in thousands)	For The Year Ended December 31,	
	2015	2014
Beginning balance	\$ 63,315	\$ 68,782
Purchases	9,062	14,162
Sales	(13,252)	(24,951)
Realized and unrealized gains	(501)	3,415
Other, net	562	1,907
Ending balance	<u>\$ 59,186</u>	<u>\$ 63,315</u>

Fair Value Measurements on a Nonrecurring Basis

Assets measured at fair value on a nonrecurring basis on our consolidated balance sheets consist primarily of real estate assets required to be measured for impairment at December 31, 2014. There are no assets measured at fair value on a nonrecurring basis at December 31, 2015. The fair values of real estate assets required to be measured for impairment were 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.

(Amounts in thousands)	As of December 31, 2015			
	Total	Level 1	Level 2	Level 3
Real estate assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Amounts in thousands)	As of December 31, 2014			
	Total	Level 1	Level 2	Level 3
Real estate assets	<u>\$ 4,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,848</u>

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. 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 money market funds, which invest in obligations of the United States government), mezzanine loan 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 and borrowings under our unsecured revolving credit facilities and unsecured term loan are classified as Level 1, and the fair value of our mezzanine loan receivable as of December 31, 2014 is classified as Level 3. There are no mezzanine loans outstanding as of December 31, 2015. 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, 2015 and 2014.

(Amounts in thousands)

	As of December 31, 2015		As of December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash equivalents	\$ 1,295,980	\$ 1,296,000	\$ 749,418	\$ 749,000
Mezzanine loan receivable (included in other assets)	-	-	16,748	17,000
	\$ 1,295,980	\$ 1,296,000	\$ 766,166	\$ 766,000
Debt:				
Mortgages payable	\$ 9,614,838	\$ 9,306,000	\$ 8,261,055	\$ 8,224,000
Senior unsecured notes	850,000	868,000	1,350,000	1,385,000
Unsecured term loan	187,500	187,500	-	-
Unsecured revolving credit facilities	550,000	550,000	-	-
Total	\$ 11,202,338	\$ 10,911,500	\$ 9,611,055	\$ 9,609,000

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. 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, 2015, we have approximately 3,570,000 shares available for future grants under the Plan, if all awards granted are Full Value Awards, as defined.

In the years ended December 31, 2015, 2014 and 2013, we recognized an aggregate of \$39,846,000, \$36,641,000 and \$34,914,000, respectively, of stock-based compensation expense, which is included as a component of "general and administrative" expenses on our consolidated statements of income. The year ended December 31, 2015 includes \$7,834,000 from the acceleration of the recognition of compensation expense related to 2013-2015 Out-Performance Plans due to the modification of the vesting criteria of awards such that they will fully vest at age 65. The accelerated expense will result in lower general and administrative expense for 2016 of \$3,679,000 and \$4,155,000 thereafter. The details of the various components of our stock-based compensation are discussed below.

Out-Performance Plans ("the OPPs")

OPPs are multi-year, performance-based equity compensation plans under which participants, including our Chairman and Chief Executive Officer, have the opportunity to earn a class of units ("OPP units") of the Operating Partnership 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. OPP units, if earned, become convertible into Class A common units of the Operating Partnership (and ultimately into shares) following vesting.

Awards under the 2012 and 2013 OPP have been earned. Awards under the 2014 and 2015 OPP may be earned if we (i) achieve a TSR level greater than 7% per annum, or 21% over the three-year performance measurement periods (the "Absolute Component"), and/or (ii) achieve a TSR above that of the Index over the three-year performance measurement periods (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, 2014 and 2015 OPP awards for one year following vesting.

Below is the summary of the OPP units earned through December 31, 2015 and the aggregate grant date notional and fair values.

<u>Plan Year</u>	<u>Notional Amount</u>	<u>Grant-Date Fair Value⁽¹⁾</u>	<u>OPP Units Earned</u>
2015	\$ 40,000,000	\$ 9,120,000	To be determined in 2017
2014	50,000,000	8,202,000	To be determined in 2016
2013	40,000,000	6,814,000	85,420
2012	40,000,000	12,250,000	303,202

(1) 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, 2015, 2014 and 2013, we recognized \$15,531,000, \$6,185,000 and \$3,226,000, respectively, of compensation expense related to OPPs. As of December 31, 2015, there was \$5,087,000 of total unrecognized compensation cost related to the OPPs, which will be recognized over a weighted-average period of 1.7 years.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. 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, 2015, 2014 and 2013, we recognized \$1,298,000, \$4,550,000 and \$8,234,000, respectively, of compensation expense related to stock options that vested during each year. As of December 31, 2015, there was \$1,325,000 of total unrecognized compensation cost related to unvested stock options, which is expected to be recognized over a weighted-average period of 1.7 years.

Below is a summary of our stock option activity for the year ended December 31, 2015.

	Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2015 ⁽¹⁾	2,965,968	\$ 60.82		
Granted	35,208	112.10		
Exercised	(160,266)	82.21		
Cancelled or expired	(13,340)	100.21		
Outstanding at December 31, 2015	<u>2,827,570</u>	<u>\$ 60.06</u>	<u>4.0</u>	<u>\$ 115,796,000</u>
Options vested and expected to vest at December 31, 2015	<u>2,826,685</u>	<u>\$ 60.06</u>	<u>4.0</u>	<u>\$ 115,788,000</u>
Options exercisable at December 31, 2015	<u>2,741,863</u>	<u>\$ 59.08</u>	<u>3.8</u>	<u>\$ 114,653,000</u>

(1) Adjusted for the effect of the UE spin-off.

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, 2015, 2014 and 2013.

	December 31,		
	2015	2014	2013
Expected volatility	35.00%	36.00%	36.00%
Expected life	5.0 years	5.0 years	5.0 years
Risk free interest rate	1.56%	1.81%	0.91%
Expected dividend yield	3.30%	4.10%	4.30%

The weighted average grant date fair value of options granted during the years ended December 31, 2015, 2014 and 2013 was \$28.85, \$20.31 and \$17.18, respectively. Cash received from option exercises for the years ended December 31, 2015, 2014 and 2013 was \$15,343,000, \$17,441,000 and \$5,915,000, respectively. The total intrinsic value of options exercised during the years ended December 31, 2015, 2014 and 2013 was \$3,873,000, \$18,223,000 and \$3,386,000, respectively.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. 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, 2015, 2014 and 2013, we recognized \$837,000, \$1,303,000 and \$1,344,000, respectively, of compensation expense related to restricted stock awards that vested during each year. As of December 31, 2015, there was \$1,315,000 of total unrecognized compensation cost related to unvested restricted stock, which is expected to be recognized over a weighted-average period of 1.7 years. Dividends paid on unvested restricted stock are charged directly to retained earnings and amounted to \$58,000, \$88,000 and \$110,000 for the years ended December 31, 2015, 2014 and 2013, respectively.

Below is a summary of our restricted stock activity under the Plan for the year ended December 31, 2015.

Unvested Shares	Shares	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2015 ⁽¹⁾	24,478	\$ 78.32
Granted	8,177	110.84
Vested	(11,298)	78.08
Cancelled or expired	(1,765)	88.69
Unvested at December 31, 2015	<u>19,592</u>	<u>91.09</u>

(1) Adjusted for the effect of the UE spin-off.

Restricted stock awards granted in 2015, 2014 and 2013 had a fair value of \$906,000, \$1,048,000 and \$857,000, respectively. The fair value of restricted stock that vested during the years ended December 31, 2015, 2014 and 2013 was \$882,000, \$1,174,000 and \$1,194,000, 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, 2015, 2014 and 2013, we recognized \$22,180,000, \$24,603,000 and \$22,110,000, respectively, of compensation expense related to OP Units that vested during each year. As of December 31, 2015, there was \$18,625,000 of total unrecognized compensation cost related to unvested OP Units, which is expected to be recognized over a weighted-average period of 1.6 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 \$2,414,000, \$2,866,000 and \$2,598,000 in the years ended December 31, 2015, 2014 and 2013, respectively.

Below is a summary of restricted OP unit activity under the Plan for the year ended December 31, 2015.

Unvested Units	Units	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2015 ⁽¹⁾	721,662	\$ 74.38
Granted	197,497	102.75
Vested	(270,443)	74.22
Cancelled or expired	(9,699)	83.89
Unvested at December 31, 2015	<u>639,017</u>	<u>83.07</u>

(1) Adjusted for the effect of the UE spin-off.

OP Units granted in 2015, 2014 and 2013 had a fair value of \$20,293,000, \$19,669,000 and \$31,947,000, respectively. The fair value of OP Units that vested during the years ended December 31, 2015, 2014 and 2013 was \$20,072,000, \$22,758,000 and \$16,404,000, respectively.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. 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,		
	2015	2014	2013
BMS cleaning fees	\$ 82,113	\$ 85,658	\$ 66,505
Lease termination fees ⁽¹⁾	27,233	16,362	32,630
Management and leasing fees	16,831	19,905	23,073
Other income	38,528	33,281	33,363
	<u>\$ 164,705</u>	<u>\$ 155,206</u>	<u>\$ 155,571</u>

(1) The year ended December 31, 2015 includes \$15,000 related to the New York Stock Exchange lease termination at 20 Broad Street. The year ended December 31, 2013 includes \$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 \$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 "loss from partially owned entities" (see Note 6 *Investments in Partially Owned Entities*).

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

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

(Amounts in thousands)	For the Year Ended December 31,		
	2015	2014	2013
Dividends on marketable securities	\$ 12,836	\$ 12,707	\$ 11,446
Interest on loans receivable	6,371	6,107	20,683
Mark-to-market of investments in our deferred compensation plan ⁽¹⁾	111	11,557	10,636
Losses from the disposition of investment in J.C. Penney	-	-	(72,974)
Other, net	7,660	8,381	5,322
	<u>\$ 26,978</u>	<u>\$ 38,752</u>	<u>\$ (24,887)</u>

(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.

17. 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,		
	2015	2014	2013
Interest expense	\$ 405,169	\$ 430,278	\$ 444,412
Amortization of deferred financing costs	32,161	45,263	23,673
Capitalized interest and debt expense	(59,305)	(62,786)	(42,303)
	<u>\$ 378,025</u>	<u>\$ 412,755</u>	<u>\$ 425,782</u>

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. 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 awards.

(Amounts in thousands, except per share amounts)

	Year Ended December 31,		
	2015	2014	2013
Numerator:			
Income (loss) from continuing operations, net of income attributable to noncontrolling interests	\$ 711,240	\$ 312,700	\$ (56,727)
Income from discontinued operations, net of income attributable to noncontrolling interests	49,194	552,152	532,698
Net income attributable to Vornado	760,434	864,852	475,971
Preferred share dividends	(80,578)	(81,464)	(82,807)
Preferred unit and share redemptions	-	-	(1,130)
Net income attributable to common shareholders	679,856	783,388	392,034
Earnings allocated to unvested participating securities	(81)	(125)	(110)
Numerator for basic income per share	679,775	783,263	391,924
Impact of assumed conversions:			
Convertible preferred share dividends	91	97	-
Numerator for diluted income per share	<u>\$ 679,866</u>	<u>\$ 783,360</u>	<u>\$ 391,924</u>
Denominator:			
Denominator for basic income per share – weighted average shares	188,353	187,572	186,941
Effect of dilutive securities ⁽¹⁾ :			
Employee stock options and restricted share awards	1,166	1,075	768
Convertible preferred shares	45	43	-
Denominator for diluted income per share – weighted average shares and assumed conversions	<u>189,564</u>	<u>188,690</u>	<u>187,709</u>
INCOME (LOSS) PER COMMON SHARE – BASIC:			
Income (loss) from continuing operations, net	\$ 3.35	\$ 1.23	\$ (0.75)
Income from discontinued operations, net	0.26	2.95	2.85
Net income per common share	<u>\$ 3.61</u>	<u>\$ 4.18</u>	<u>\$ 2.10</u>
INCOME (LOSS) PER COMMON SHARE – DILUTED:			
Income (loss) from continuing operations, net	\$ 3.33	\$ 1.22	\$ (0.75)
Income from discontinued operations, net	0.26	2.93	2.84
Net income per common share	<u>\$ 3.59</u>	<u>\$ 4.15</u>	<u>\$ 2.09</u>

(1) The effect of dilutive securities in the years ended December 31, 2015, 2014 and 2013 excludes an aggregate of 11,744, 11,238 and 11,752 weighted average common share equivalents, respectively, as their effect was anti-dilutive.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. 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, 2015, 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:	
2016	\$ 1,633,615
2017	1,686,056
2018	1,644,440
2019	1,496,805
2020	1,349,724
Thereafter	8,103,382

These amounts do not include percentage rentals based on tenants' sales. These percentage rents approximated \$5,760,000, \$6,343,000 and \$7,344,000, for the years ended December 31, 2015, 2014 and 2013, respectively.

None of our tenants accounted for more than 10% of total revenues in any of the years ended December 31, 2015, 2014 and 2013.

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, 2015 are as follows:

(Amounts in thousands)	
Year Ending December 31:	
2016	\$ 33,265
2017	34,831
2018	35,317
2019	35,826
2020	36,353
Thereafter	1,557,541

Rent expense was \$38,887,000, \$36,315,000 and \$35,913,000 for the years ended December 31, 2015, 2014 and 2013, respectively.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Leases - continued

We are also a lessee under a capital lease under which we will redevelop the retail and signage components of the Marriott 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, 2015, future minimum lease payments under this capital lease are as follows:

(Amounts in thousands)	
Year Ending December 31:	
2016	\$ 12,500
2017	12,500
2018	12,500
2019	12,500
2020	12,500
Thereafter	322,292
Total minimum obligations	384,792
Interest portion	(144,792)
Present value of net minimum payments	<u>\$ 240,000</u>

At December 31, 2015, the gross carrying amount of the property leased under the capital lease was \$424,369,000, which is a component of “buildings and improvements” on our consolidated balance sheet.

20. 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, 2015, our subsidiaries’ participation in these plans was not significant to our consolidated financial statements.

In the years ended December 31, 2015, 2014 and 2013, our subsidiaries contributed \$10,878,000, \$11,431,000 and \$10,223,000, 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, 2015, 2014 and 2013.

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, 2015, 2014 and 2013, our subsidiaries contributed \$29,269,000, \$29,073,000 and \$26,262,000, 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)

21. Commitments and Contingencies

Insurance

We maintain general liability insurance with limits of \$300,000,000 per occurrence and per property, and all risk property and rental value insurance with limits of \$2.0 billion per occurrence, with sub-limits for certain perils such as flood and earthquake. Our California properties have earthquake insurance with coverage of \$180,000,000 per occurrence and in the annual aggregate, subject to a deductible in the amount of 5% of the value of the affected property. 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 of 2015, which expires in December 2020.

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 acts of terrorism including 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 (\$2,400,000 effective January 1, 2016) per occurrence and 15% of the balance of a covered loss (16% effective January 1, 2016) and the Federal government is responsible for the remaining 85% of a covered loss (84% effective January 1, 2016). 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, 2015, the aggregate dollar amount of these guarantees and master leases is approximately \$427,000,000.

At December 31, 2015, \$38,096,000 of letters of credit were outstanding under one of our unsecured revolving credit facilities. Our unsecured 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 unsecured 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, 2015, we expect to fund additional capital to certain of our partially owned entities aggregating approximately \$70,000,000.

As of December 31, 2015, we have construction commitments aggregating \$873,800,000.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. 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*.

On January 15, 2015, we completed the spin-off of 79 strip shopping centers, three malls, a warehouse park and \$225,000,000 of cash to UE and the transfer of all of the employees responsible for the management and leasing of those assets. In addition, we entered into agreements with UE to provide management and leasing services, on our behalf, for Alexander's Rego Park retail assets. Fees for these services are similar to the fees we are receiving from Alexander's as 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 general partners. As of December 31, 2015, Interstate and its partners beneficially owned an aggregate of approximately 7.1% 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 \$541,000, \$535,000, and \$606,000 of management fees under the agreement for the years ended December 31, 2015, 2014 and 2013.

23. Summary of Quarterly Results (Unaudited)

The following summary represents the results of operations for each quarter in 2015 and 2014:

(Amounts in thousands, except per share amounts)

	Revenues	Net Income Attributable to Common Shareholders (1)	Net Income Per Common Share (2)	
			Basic	Diluted
2015				
December 31	\$ 651,581	\$ 230,742	\$ 1.22	\$ 1.22
September 30	627,596	198,870	1.05	1.05
June 30	616,288	165,651	0.88	0.87
March 31	606,802	84,593	0.45	0.45
2014				
December 31	\$ 597,010	\$ 513,238	\$ 2.73	\$ 2.72
September 30	578,710	131,159	0.70	0.69
June 30	574,411	76,642	0.41	0.41
March 31	562,381	62,349	0.33	0.33

(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.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Segment Information

As a result of the spin-off of substantially all of our Retail Properties segment (see Note 7 – *Dispositions*), the remaining retail properties no longer meet the criteria to be a separate reportable segment. In addition, as a result of our investment in Toys being reduced to zero, we suspended equity method accounting for our investment in Toys (see Note 6 – *Investments in Partially Owned Entities*) and the Toys segment no longer meets the criteria to be a separate reportable segment. Accordingly, effective January 1, 2015, the Retail Properties segment and Toys have been reclassified to the Other segment. Below is a summary of net income and a reconciliation of net income to EBITDA⁽¹⁾ by segment for the years ended December 31, 2015, 2014 and 2013.

(Amounts in thousands)

	For the Year Ended December 31, 2015			
	Total	New York	Washington, DC	Other
Total revenues	\$ 2,502,267	\$ 1,695,925	\$ 532,812	\$ 273,530
Total expenses	1,742,019	1,032,015	390,921	319,083
Operating income (loss)	760,248	663,910	141,891	(45,553)
(Loss) income from partially owned entities	(12,630)	655	(5,083)	(8,202)
Income from real estate fund investments	74,081	-	-	74,081
Interest and other investment income (loss), net	26,978	7,722	(262)	19,518
Interest and debt expense	(378,025)	(194,278)	(68,727)	(115,020)
Net gain on disposition of wholly owned and partially owned assets	251,821	142,693	102,404	6,724
Income (loss) before income taxes	722,473	620,702	170,223	(68,452)
Income tax benefit (expense)	84,695	(4,379)	(317)	89,391
Income from continuing operations	807,168	616,323	169,906	20,939
Income from discontinued operations	52,262	-	-	52,262
Net income	859,430	616,323	169,906	73,201
Less net income attributable to noncontrolling interests	(98,996)	(13,022)	-	(85,974)
Net income (loss) attributable to Vornado	760,434	603,301	169,906	(12,773)
Interest and debt expense ⁽²⁾	469,843	248,724	82,386	138,733
Depreciation and amortization ⁽²⁾	664,637	394,028	179,788	90,821
Income tax (benefit) expense ⁽²⁾	(85,379)	4,766	(1,610)	(88,535)
EBITDA ⁽¹⁾	<u>\$ 1,809,535</u>	<u>\$ 1,250,819</u> ⁽³⁾	<u>\$ 430,470</u> ⁽⁴⁾	<u>\$ 128,246</u> ⁽⁵⁾

Balance Sheet Data:

Real estate, at cost	\$ 18,090,137	\$ 10,577,078	\$ 4,544,842	\$ 2,968,217
Investments in partially owned entities	1,550,422	1,195,122	100,511	254,789
Total assets	<u>21,143,293</u>	<u>12,257,774</u>	<u>4,536,895</u>	<u>4,348,624</u>

See notes on pages 136 and 137.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Segment Information – continued

(Amounts in thousands)

	For the Year Ended December 31, 2014			
	Total	New York	Washington, DC	Other
Total revenues	\$ 2,312,512	\$ 1,520,845	\$ 537,151	\$ 254,516
Total expenses	1,622,619	946,466	358,019	318,134
Operating income (loss)	689,893	574,379	179,132	(63,618)
(Loss) income from partially owned entities	(59,861)	20,701	(3,677)	(76,885)
Income from real estate fund investments	163,034	-	-	163,034
Interest and other investment income, net	38,752	6,711	183	31,858
Interest and debt expense	(412,755)	(183,427)	(75,395)	(153,933)
Net gain on disposition of wholly owned and partially owned assets	13,568	-	-	13,568
Income (loss) before income taxes	432,631	418,364	100,243	(85,976)
Income tax expense	(9,281)	(4,305)	(242)	(4,734)
Income (loss) from continuing operations	423,350	414,059	100,001	(90,710)
Income from discontinued operations	585,676	463,163	-	122,513
Net income	1,009,026	877,222	100,001	31,803
Less net income attributable to noncontrolling interests	(144,174)	(8,626)	-	(135,548)
Net income (loss) attributable to Vornado	864,852	868,596	100,001	(103,745)
Interest and debt expense ⁽²⁾	654,398	241,959	89,448	322,991
Depreciation and amortization ⁽²⁾	685,973	324,239	145,853	215,881
Income tax expense ⁽²⁾	24,248	4,395	288	19,565
EBITDA ⁽¹⁾	<u>\$ 2,229,471</u>	<u>\$ 1,439,189</u> ⁽³⁾	<u>\$ 335,590</u> ⁽⁴⁾	<u>\$ 454,692</u> ⁽⁵⁾

Balance Sheet Data:

Real estate, at cost	\$ 16,822,358	\$ 9,732,818	\$ 4,383,418	\$ 2,706,122
Investments in partially owned entities	1,240,489	1,036,130	102,635	101,724
Total assets	21,157,980	10,706,476	4,300,628	6,150,876

(Amounts in thousands)

	For the Year Ended December 31, 2013			
	Total	New York	Washington, DC	Other
Total revenues	\$ 2,299,176	\$ 1,470,907	\$ 541,161	\$ 287,108
Total expenses	1,624,625	910,498	347,686	366,441
Operating income (loss)	674,551	560,409	193,475	(79,333)
(Loss) income from partially owned entities	(340,882)	15,527	(6,968)	(349,441)
Income from real estate fund investments	102,898	-	-	102,898
Interest and other investment (loss) income, net	(24,887)	5,357	129	(30,373)
Interest and debt expense	(425,782)	(181,966)	(102,277)	(141,539)
Net gain on disposition of wholly owned and partially owned assets	2,030	-	-	2,030
(Loss) income before income taxes	(12,072)	399,327	84,359	(495,758)
Income tax benefit (expense)	8,717	(2,794)	14,031	(2,520)
(Loss) income from continuing operations	(3,355)	396,533	98,390	(498,278)
Income from discontinued operations	568,095	160,314	-	407,781
Net income (loss)	564,740	556,847	98,390	(90,497)
Less net income attributable to noncontrolling interests	(88,769)	(10,786)	-	(77,983)
Net income (loss) attributable to Vornado	475,971	546,061	98,390	(168,480)
Interest and debt expense ⁽²⁾	758,781	236,645	116,131	406,005
Depreciation and amortization ⁽²⁾	732,757	293,974	142,409	296,374
Income tax expense (benefit) ⁽²⁾	26,371	3,002	(15,707)	39,076
EBITDA ⁽¹⁾	<u>\$ 1,993,880</u>	<u>\$ 1,079,682</u> ⁽³⁾	<u>\$ 341,223</u> ⁽⁴⁾	<u>\$ 572,975</u> ⁽⁵⁾

Balance Sheet Data:

Real estate, at cost	\$ 15,392,968	\$ 8,422,297	\$ 4,243,048	\$ 2,727,623
Investments in partially owned entities	1,159,803	904,278	100,543	154,982
Total assets	20,018,210	9,214,055	4,098,338	6,705,817

See notes on page 136 and 137.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Segment Information – continued

Notes to preceding tabular information:

- (1) EBITDA represents "Earnings Before Interest, Taxes, Depreciation and Amortization." We consider EBITDA a non-GAAP financial 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 in the reconciliation of net income to EBITDA includes our share of these items from partially owned entities.
- (3) The elements of "New York" EBITDA are summarized below.

(Amounts in thousands)

	For the Year Ended December 31,		
	2015	2014	2013
Office	\$ 661,579	\$ 622,818	\$ 612,009
Retail	358,379	281,428	246,808
Residential	22,266	21,907	20,420
Alexander's	42,858	41,746	42,210
Hotel Pennsylvania	23,044	30,753	30,723
Net gains on sale of real estate ^(a)	142,693	440,537	127,512
Total New York	<u>\$ 1,250,819</u>	<u>\$ 1,439,189</u>	<u>\$ 1,079,682</u>

(a) Net gains on sale of real estate are related to 20 Broad Street in 2015, 1740 Broadway in 2014, and 866 UN Plaza in 2013.

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

(Amounts in thousands)

	For the Year Ended December 31,		
	2015	2014	2013
Office, excluding the Skyline properties	\$ 264,864	\$ 266,859	\$ 268,373
Skyline properties	24,224	27,150	29,499
Net gain on sale of 1750 Pennsylvania Avenue	102,404	-	-
Total Office	391,492	294,009	297,872
Residential	38,978	41,581	43,351
Total Washington, DC	<u>\$ 430,470</u>	<u>\$ 335,590</u>	<u>\$ 341,223</u>

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Segment Information – continued

Notes to preceding tabular information:

- (5) The elements of "Other" EBITDA are summarized below.

(Amounts in thousands)

	For the Year Ended December 31,		
	2015	2014	2013
Our share of real estate fund investments:			
Income before net realized/unrealized gains	\$ 8,611	\$ 8,056	\$ 7,752
Net realized/unrealized gains on investments	14,657	37,535	23,489
Carried interest	<u>10,696</u>	<u>24,715</u>	<u>18,230</u>
Total	33,964	70,306	49,471
theMart and trade shows	79,159	79,636	74,270
555 California Street	49,975	48,844	42,667
India real estate ventures	3,933	6,434	5,841
Our share of Toys ^(a)	2,500	103,632	(12,081)
Other investments	<u>38,141</u>	<u>16,896</u>	<u>45,856</u>
	207,672	325,748	206,024
Corporate general and administrative expenses ^{(b)(c)}	(106,416)	(94,929)	(94,904)
Investment income and other, net ^(b)	26,385	31,665	46,525
Gains on sale of partially owned entities and other	37,666	13,000	-
UE and residual retail properties discontinued operations	28,314	245,679	541,516
Our share of impairment loss on India real estate ventures	(14,806)	(5,771)	-
Acquisition and transaction related costs	(12,511)	(16,392)	(24,857)
Net gain on sale of marketable securities, land parcels and residential condominiums	6,724	13,568	56,868
Impairment loss and loan loss reserve on investment in Suffolk Downs	(1,551)	(10,263)	-
Losses from the disposition of investment in J.C. Penney	-	-	(127,888)
Severance costs (primarily reduction in force at theMart)	-	-	(5,492)
Net income attributable to noncontrolling interests in the Operating Partnership	<u>(43,231)</u>	<u>(47,613)</u>	<u>(24,817)</u>
	<u>\$ 128,246</u>	<u>\$ 454,692</u>	<u>\$ 572,975</u>

- (a) As a result of our investment being reduced to zero, we suspended equity method accounting in the third quarter of 2014 (see Note 6 - *Investments in Partially Owned Entities*). The years ended December 31, 2014 and 2013 include an impairment loss of \$75,196 and \$240,757, respectively.
- (b) The amounts in these captions (for this table only) exclude income/expense from the mark-to-market of our deferred compensation plan of \$111, \$11,557 and \$10,636 for the years ended December 31, 2015, 2014 and 2013, respectively.
- (c) The year ended December 31, 2015 includes \$6,217 from the acceleration of the recognition of compensation expense related to 2013-2015 Out-Performance Plans due to the modification of the vesting criteria of awards such that they will fully vest at age 65. The accelerated expense will result in lower general and administrative expense for 2016 of \$2,940 and \$3,277 thereafter.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Subsequent Events

2016 Out-Performance Plan

On January 14, 2016, the Compensation Committee approved the 2016 Outperformance Plan, a multi-year, performance-based equity compensation plan and related form of award agreement (the "2016 OPP"). Awards under the 2016 OPP constitute awards under Vornado's shareholder approved 2010 Omnibus Share Plan. Under the 2016 OPP, participants, including our Chairman and Chief Executive Officer, have the opportunity to earn compensation payable in the form of operating partnership units if, and only if, we outperform a predetermined total shareholder return ("TSR") and/or outperform the market with respect to relative total TSR during a three-year performance period. Specifically, awards under our 2016 OPP may potentially be earned if we (i) achieve a TSR above that of the SNL US REIT Index (the "Index") over a three-year performance period (the "Relative Component") and/or (ii) achieve a TSR level greater than 7% per annum, or 21% over the three-year performance period (the "Absolute 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 still be earned under the Relative Component. Moreover, to the extent awards would otherwise be earned under the Relative Component but we fail to achieve at least a 3% per annum absolute TSR, such awards earned under the Relative Component would be reduced based on our absolute TSR performance, 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 it may outperform the Index. If the designated performance objectives are achieved, OPP Units are also subject to time-based vesting requirements. Dividend payments on awards issued accrue during the performance period and are paid to participants if, and only if, awards are ultimately earned based on the achievement of the designated performance objectives. In addition, all of our executive officers (for the purposes of Section 16 of the Exchange Act) are required to hold any earned OPP Units for one year following vesting.

770 Broadway Refinancing

On February 8, 2016, we completed a \$700,000,000 refinancing of 770 Broadway, a 1,158,000 square foot Manhattan office building. The five-year loan is interest-only at LIBOR plus 1.75% (2.18% at February 11, 2016) which was swapped for four and a half years to a fixed rate of 2.56%. We realized net proceeds of approximately \$330,000,000. The property was previously encumbered by a 5.65%, \$353,000,000 mortgage maturing in March 2016.

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, 2015, management conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework established in *Internal Control – Integrated Framework (2013)* 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, 2015 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 accounting principles generally accepted 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, 2015 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing on page 140, which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting as of December 31, 2015.

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, 2015, based on criteria established in *Internal Control—Integrated Framework (2013)* 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, 2015, based on the criteria established in *Internal Control—Integrated Framework (2013)* 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, 2015 of the Company and our report dated February 16, 2016 expressed an unqualified opinion on those financial statements and financial statement schedules and included an explanatory paragraph regarding the Company's adoption of a new accounting standard.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
February 16, 2016

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, 2015, 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.

<u>Name</u>	<u>Age</u>	<u>PRINCIPAL OCCUPATION, POSITION AND OFFICE</u> <u>(Current and during past five years with Vornado unless otherwise stated)</u>
Steven Roth	74	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	47	Executive Vice President - Chief Investment Officer since April 2015; Executive Vice President - 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	64	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	70	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; Executive Vice President and Chief Financial Officer of Alexander's, Inc. since August 1995.
Mitchell N. Schear	57	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).
Stephen W. Theriot	56	Chief Financial Officer since June 2013; Assistant Treasurer of Alexander's, Inc. since May 2014; 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.

ITEM 11. EXECUTIVE COMPENSATION

Information relating to executive officer and trustee 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 and related stockholder matters 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, 2015 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	4,623,934 ⁽¹⁾	\$ 60.06	3,569,694 ⁽²⁾
Equity compensation awards not approved by security holders	-	-	-
Total	4,623,934	\$ 60.06	3,569,694

(1) Includes an aggregate of 1,796,364 shares/units, comprised of (i) 19,592 restricted common shares, (ii) 791,843 restricted Operating Partnership units and (iii) 984,929 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 7,139,388.

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

Information relating to certain relationships and related transactions, and director independence will be contained in the Proxy Statement referred to in Item 10, "Directors, Executive Officers and Corporate Governance," 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, 2015, 2014 and 2013	145
III--Real Estate and Accumulated Depreciation as of December 31, 2015	146

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.

<u>Exhibit No.</u>	
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

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 16, 2016

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:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
By: <u>/s/Steven Roth</u> (Steven Roth)	Chairman of the Board of Trustees and Chief Executive Officer	February 16, 2016
By: <u>/s/Candace K. Beinecke</u> (Candace K. Beinecke)	Trustee	February 16, 2016
By: <u>/s/Michael D. Fascitelli</u> (Michael D. Fascitelli)	Trustee	February 16, 2016
By: <u>/s/Robert P. Kogod</u> (Robert P. Kogod)	Trustee	February 16, 2016
By: <u>/s/Michael Lynne</u> (Michael Lynne)	Trustee	February 16, 2016
By: <u>/s/David Mandelbaum</u> (David Mandelbaum)	Trustee	February 16, 2016
By: <u>/s/Daniel R. Tisch</u> (Daniel R. Tisch)	Trustee	February 16, 2016
By: <u>/s/Richard R. West</u> (Richard R. West)	Trustee	February 16, 2016
By: <u>/s/Russell B. Wight</u> (Russell B. Wight, Jr.)	Trustee	February 16, 2016
By: <u>/s/Stephen W. Theriot</u> (Stephen W. Theriot)	Chief Financial Officer (Principal Financial and Accounting Officer)	February 16, 2016

VORNADO REALTY TRUST
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
December 31, 2015
(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, 2015:				
Allowance for doubtful accounts	\$ 21,209	\$ (99)	\$ (6,451)	\$ 14,659
Year Ended December 31, 2014:				
Allowance for doubtful accounts	\$ 24,719	\$ 3,076	\$ (6,586)	\$ 21,209
Year Ended December 31, 2013:				
Allowance for doubtful accounts	\$ 28,675	\$ 9,326	\$ (13,282)	\$ 24,719

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	COLUMN I
		Initial cost to company (1)	Building and improvements	Costs capitalized subsequent to acquisition	Gross amount at which carried at close of period			Accumulated depreciation and amortization				
	Encumbrances (2)	Land			Land	improvements	Total (3)					
<i>New York</i>												
New York												
Manhattan												
1290 Avenue of the Americas	\$ 950,000	\$ 515,539	\$ 923,653	\$ 156,868	\$ 515,540	\$ 1,080,520	\$ 1,596,060	\$ 233,742	1963	2007	(5)	
697-703 Fifth Avenue (St. Regis - retail)	450,000	152,825	584,230	-	152,825	584,230	737,055	17,197		2014	(5)	
350 Park Avenue	289,242	265,889	363,381	45,811	265,889	409,192	675,081	94,115	1960	2006	(5)	
666 Fifth Avenue (Retail Condo)	390,000	189,005	471,072	-	189,005	471,072	660,077	37,030		2012	(5)	
One Penn Plaza	-	-	412,169	200,348	-	612,517	612,517	261,693	1972	1998	(5)	
100 West 33rd Street	398,402	242,776	247,970	31,934	242,776	279,904	522,680	61,476	1911	2007	(5)	
150 West 34th Street	205,000	119,657	268,509	1	119,658	268,509	388,167	3,916	1900	2015	(5)	
1535 Broadway (Marriott Marquis)	-	-	249,285	137,101	-	386,386	386,386	4,796		2012	(5)	
1540 Broadway	-	110,000	223,122	26,714	110,001	249,835	359,836	43,592		2006	(5)	
655 Fifth Avenue	140,000	102,594	231,903	-	102,594	231,903	334,497	13,149		2013	(5)	
Two Penn Plaza	575,000	53,615	164,903	98,098	52,689	263,927	316,616	133,450	1968	1997	(5)	
90 Park Avenue	-	8,000	175,890	96,269	8,000	272,159	280,159	98,331	1964	1997	(5)	
Manhattan Mall	181,598	88,595	113,473	71,400	88,595	184,873	273,468	48,993	2009	2007	(5)	
770 Broadway	353,000	52,898	95,686	97,290	52,898	192,976	245,874	75,613	1907	1998	(5)	
888 Seventh Avenue	375,000	-	117,269	115,848	-	233,117	233,117	97,680	1980	1998	(5)	
909 Third Avenue	350,000	-	120,723	80,715	-	201,438	201,438	76,663	1969	1999	(5)	
Eleven Penn Plaza	450,000	40,333	85,259	72,995	40,333	158,254	198,587	60,765	1923	1997	(5)	
7 West 34th Street	-	-	-	182,067	34,614	147,453	182,067	62,011	1901	2000	(5)	
640 Fifth Avenue	-	38,224	25,992	102,472	38,224	128,464	166,688	41,282	1950	1997	(5)	
150 East 58th Street	-	39,303	80,216	40,870	39,303	121,086	160,389	50,879	1969	1998	(5)	
595 Madison Avenue	-	62,731	62,888	26,218	62,731	89,106	151,837	33,566	1968	1999	(5)	
828-850 Madison Avenue	80,000	107,937	28,261	10	107,937	28,271	136,208	7,538		2005	(5)	
33-00 Northern Boulevard	61,759	46,505	86,226	-	46,505	86,226	132,731	2,189	1915	2015	(5)	
330 West 34th Street	-	-	8,599	111,810	-	120,409	120,409	6,530	1925	1998	(5)	
715 Lexington Avenue	-	-	26,903	63,002	63,000	26,905	89,905	7,243	1923	2001	(5)	
478-486 Broadway	-	30,000	20,063	33,827	30,000	53,890	83,890	9,610	2009	2007	(5)	
4 Union Square South	117,904	24,079	55,220	2,610	24,080	57,829	81,909	16,392	1965/2004	1993	(5)	
260 Eleventh Avenue	-	-	80,482	10	-	80,492	80,492	943	1911	2015	(5)	
510 Fifth Avenue	-	34,602	18,728	19,227	34,602	37,955	72,557	5,820		2010	(5)	
40 Fulton Street	-	15,732	26,388	15,153	15,732	41,541	57,273	16,888	1987	1998	(5)	
689 Fifth Avenue	-	19,721	13,446	22,809	19,721	36,255	55,976	9,492	1925	1998	(5)	
443 Broadway	-	11,187	41,186	-	11,187	41,186	52,373	2,693		2013	(5)	
40 East 66th Street	-	13,616	34,635	142	13,616	34,777	48,393	8,739		2005	(5)	
155 Spring Street	-	13,700	30,544	2,582	13,700	33,126	46,826	7,527		2007	(5)	

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	COLUMN I
Description	Encumbrances (2)	Initial cost to company (1)			Gross amount at which carried at close of period			Accumulated depreciation and amortization	Date of construction (4)	Date acquired	Life on which depreciation in latest income statement is computed
		Land	improvements	Building and improvements	Costs capitalized subsequent to acquisition	Land	improvements				
435 Seventh Avenue	\$ 98,000	\$ 19,893	\$ 19,091	\$ 37	\$ 19,893	\$ 19,128	\$ 39,021	\$ 6,449	2002	1997	(5)
3040 M Street	-	7,830	27,490	3,256	7,830	30,746	38,576	7,960		2006	(5)
608 Fifth Avenue	-	-	-	33,906	-	33,906	33,906	3,601	1932	2012	(5)
692 Broadway	-	6,053	22,908	3,540	6,053	26,448	32,501	6,895		2005	(5)
265 West 34th Street	-	28,500	-	-	28,500	-	28,500	-	1920	2015	(5)
677-679 Madison Avenue	-	13,070	9,640	388	13,070	10,028	23,098	2,401		2006	(5)
1131 Third Avenue	-	7,844	7,844	5,198	7,844	13,042	20,886	719		1997	(5)
431 Seventh Avenue	-	16,700	2,751	-	16,700	2,751	19,451	602		2007	(5)
138-142 West 32nd Street	-	9,252	9,936	-	9,252	9,936	19,188	228	1920	2015	(5)
304 Canal Street	-	3,511	12,905	1,109	-	17,525	17,525	-	1910	2014	(5)
334 Canal Street	-	1,693	6,507	7,264	1,693	13,771	15,464	221		2011	(5)
267 West 34th Street	-	5,099	10,037	-	5,099	10,037	15,136	548		2013	(5)
966 Third Avenue	-	8,869	3,631	-	8,869	3,631	12,500	212		2013	(5)
148 Spring Street	-	3,200	8,112	406	3,200	8,518	11,718	1,621		2008	(5)
150 Spring Street	-	3,200	5,822	258	3,200	6,080	9,280	1,175		2008	(5)
137 West 33rd Street	-	6,398	1,550	-	6,398	1,550	7,948	29	1932	2015	(5)
488 Eighth Avenue	-	10,650	1,767	(4,674)	6,859	884	7,743	178		2007	(5)
484 Eighth Avenue	-	3,856	762	399	3,856	1,161	5,017	365		1997	(5)
825 Seventh Avenue	-	1,483	697	33	1,483	730	2,213	341		1997	(5)
Other (Including signage)	-	70,683	20,378	98,431	70,683	118,809	189,492	21,395			
Total New York	<u>5,464,905</u>	<u>2,626,847</u>	<u>5,660,102</u>	<u>2,003,752</u>	<u>2,716,237</u>	<u>7,574,464</u>	<u>10,290,701</u>	<u>1,706,483</u>			
New Jersey											
Paramus	-	-	-	25,339	1,033	24,306	25,339	12,194	1967	1987	(5)
Other Properties											
Hotel Pennsylvania	-	29,903	121,712	86,609	29,903	208,321	238,224	95,882	1919	1997	(5)
Total New York	<u>5,464,905</u>	<u>2,656,750</u>	<u>5,781,814</u>	<u>2,115,700</u>	<u>2,747,173</u>	<u>7,807,091</u>	<u>10,554,264</u>	<u>1,814,559</u>			

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	COLUMN I
Description	Encumbrances (2)	Initial cost to company (1)			Gross amount at which carried at close of period			Accumulated depreciation and amortization	Date of construction (4)	Date acquired	Life on which depreciation in latest income statement is computed
		Land	Building and improvements	Costs capitalized subsequent to acquisition	Land	Buildings and improvements	Total (3)				
<i>Washington, DC</i>											
Washington, DC											
2011-2451 Crystal Drive - 5 buildings	\$ 220,248	\$ 100,935	\$ 409,920	\$ 149,218	\$ 100,228	\$ 559,845	\$ 660,073	\$ 213,614	1984-1989	2002	(5)
Skyline Properties - 8 buildings	696,319	64,544	355,563	88,132	64,355	443,884	508,239	152,263	1973-1984, 1988, 2001	2002	(5)
2001 Jefferson Davis Highway, 2100/2200 Crystal Drive, 223 23rd Street, 2221 South Clark Street, Crystal City Shops at 2100, 220 20th Street	69,869	57,213	131,206	404,016	57,070	346,946	404,016	81,180	1964-1969	2002	(5)
S. Clark Street/12th Street - 5 buildings	55,722	63,420	231,267	78,426	63,291	309,822	373,113	101,024	1981, 1983-1987	2002	(5)
1550-1750 Crystal Drive/ 241-251 18th Street - 4 buildings	38,707	64,817	218,330	79,201	64,652	297,696	362,348	101,272	1974-1980	2002	(5)
RiverHouse Apartments	307,710	118,421	125,078	73,611	138,854	178,256	317,110	40,965		2007	(5)
Met Park / Warehouses 1825 - 1875	-	106,946	1,326	186,466	124,585	170,153	294,738	67		2007	(5)
Connecticut Ave NW - (Universal Buildings) - 2 buildings	185,000	69,393	143,320	116,996	68,612	156,656	225,268	38,670	1956, 1963	2007	(5)
West End 25	101,671	67,049	5,039	106,814	68,198	110,704	178,902	17,389		2007	(5)
2101 L Street, NW	146,222	32,815	51,642	84,372	39,768	129,061	168,829	35,595	1975	2003	(5)
2200 / 2300 Clarendon Blvd (Courthouse Plaza) - 2 buildings	23,250	-	105,475	49,165	-	154,640	154,640	56,063	1988-1989	2002	(5)
1800, 1851 and 1901 South Bell Street - 3 buildings	-	37,551	118,806	(4,269)	37,551	114,537	152,088	35,454	1968	2002	(5)
875 15th Street, NW (Bowen Building)	115,022	30,077	98,962	2,835	30,176	101,698	131,874	26,980	2004	2005	(5)
1399 New York Avenue, NW	-	33,481	67,363	7,047	34,178	73,713	107,891	10,138		2011	(5)
Commerce Executive - 3 buildings	-	13,401	58,705	25,080	13,140	84,046	97,186	29,088	1985-1989	2002	(5)
H Street - North 10-1D Land Parcel	-	104,473	55	(33,069)	61,970	9,489	71,459	-		2007	(5)
Crystal City Hotel	-	8,000	47,191	10,888	8,000	58,079	66,079	16,263	1968	2004	(5)
1150 17th Street, NW	28,728	23,359	24,876	14,388	24,723	37,900	62,623	31,700	1970	2002	(5)
Democracy Plaza One	-	-	33,628	6,103	-	39,731	39,731	18,189	1987	2002	(5)
1730 M Street, NW	14,853	10,095	17,541	11,863	10,687	28,812	39,499	11,086	1963	2002	(5)
1726 M Street, NW	-	9,450	22,062	3,433	9,455	25,490	34,945	21,502	1964	2006	(5)
Crystal Drive Retail	-	-	20,465	7,294	-	27,759	27,759	11,493	2004	2004	(5)
1109 South Capitol Street	-	11,541	178	(253)	11,597	(131)	11,466	-		2007	(5)
South Capitol	-	4,009	6,273	(1,920)	-	8,362	8,362	-		2005	(5)
Other	-	1,763	52,408	(27,100)	1,763	25,308	27,071	705			
Total Washington, DC	<u>2,003,321</u>	<u>1,032,753</u>	<u>2,346,679</u>	<u>1,438,737</u>	<u>1,032,853</u>	<u>3,492,456</u>	<u>4,525,309</u>	<u>1,050,700</u>			

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	COLUMN I
Description	Encumbrances (2)	Initial cost to company (1)			Costs capitalized subsequent to acquisition	Gross amount at which carried at close of period			Accumulated depreciation and amortization	Date of construction (4)	Date acquired	Life on which depreciation in latest income statement is computed
		Land	Building and improvements		Land	Buildings and improvements	Total (3)					
<i>Other</i>												
theMart												
Illinois												
theMart, Chicago	\$ 550,000	\$ 64,528	\$ 319,146	\$ 307,313	\$ 64,535	\$ 626,452	\$ 690,987	\$ 232,480	1930	1998	(5)	
527 West Kinzie, Chicago	-	5,166	-	25	5,166	25	5,191	-				
Total Illinois	<u>550,000</u>	<u>69,694</u>	<u>319,146</u>	<u>307,338</u>	<u>69,701</u>	<u>626,477</u>	<u>696,178</u>	<u>232,480</u>				
New York												
MMPI Piers	-	-	-	13,840	-	13,840	13,840	1,426		2008	(5)	
Total theMart	<u>550,000</u>	<u>69,694</u>	<u>319,146</u>	<u>321,178</u>	<u>69,701</u>	<u>640,317</u>	<u>710,018</u>	<u>233,906</u>				
555 California Street	589,063	221,903	893,324	91,882	221,903	985,206	1,207,109	217,490	1922/1969/1970	2007	(5)	
220 Central Park South	950,000	115,720	16,420	654,912	-	787,052	787,052	-		2005	(5)	
Borgata Land, Atlantic City, NJ	57,549	83,089	-	-	83,089	-	83,089	-		2010	(5)	
Wayne Towne Center 40 East 66th	-	-	26,137	42,628	-	68,765	68,765	8,254		2010	(5)	
Residential	-	29,199	85,798	(93,222)	8,454	13,321	21,775	3,142		2005	(5)	
Annapolis	-	-	9,652	-	-	9,652	9,652	3,207		2005	(5)	
677-679 Madison	-	1,462	1,058	284	1,626	1,178	2,804	361		2006	(5)	
Other	-	-	-	4,270	-	4,270	4,270	785		2005	(5)	
Total Other	<u>2,146,612</u>	<u>521,067</u>	<u>1,351,535</u>	<u>1,021,932</u>	<u>384,773</u>	<u>2,509,761</u>	<u>2,894,534</u>	<u>467,145</u>				
Leasehold Improvements Equipment and Other	-	-	-	116,030	-	116,030	116,030	85,863				
Total December 31, 2015	<u>\$ 9,614,838</u>	<u>\$ 4,210,570</u>	<u>\$ 9,480,028</u>	<u>\$ 4,692,399</u>	<u>\$ 4,164,799</u>	<u>\$ 13,925,338</u>	<u>\$ 18,090,137</u>	<u>\$ 3,418,267</u>				

- (1) Initial cost is cost as of January 30, 1982 (the date on which we commenced real estate operations) unless acquired subsequent to that date see Column H.
(2) Represents the contractual debt obligations.
(3) The net basis of our assets and liabilities for tax reporting purposes is approximately \$3.4 billion lower than the amount reported for financial statement purposes.
(4) Date of original construction — many properties have had substantial renovation or additional construction — see Column D.
(5) 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,		
	2015	2014	2013
Real Estate			
Balance at beginning of period	\$ 16,822,358	\$ 15,392,968	\$ 15,287,078
Additions during the period:			
Land	281,048	225,536	131,646
Buildings & improvements	1,288,136	1,348,153	1,014,876
	<u>18,391,542</u>	<u>16,966,657</u>	<u>16,433,600</u>
Less: Assets sold, written-off and deconsolidated	301,405	144,299	1,040,632
Balance at end of period	<u>\$ 18,090,137</u>	<u>\$ 16,822,358</u>	<u>\$ 15,392,968</u>
Accumulated Depreciation			
Balance at beginning of period	\$ 3,161,633	\$ 2,829,862	\$ 2,524,718
Additions charged to operating expenses	459,612	461,689	423,844
	<u>3,621,245</u>	<u>3,291,551</u>	<u>2,948,562</u>
Less: Accumulated depreciation on assets sold and written-off	202,978	129,918	118,700
Balance at end of period	<u>\$ 3,418,267</u>	<u>\$ 3,161,633</u>	<u>\$ 2,829,862</u>

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	*

* 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

* _____
Incorporated by reference.

- 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 *
- 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 Commission

* Incorporated by reference.

10.1	-	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	*
10.2	**	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	*
10.3	**	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	*
10.4	-	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, individually, 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	*
10.5	-	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	*
10.6	**	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	*
10.7	**	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	*
10.8	-	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	*
10.9	**	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	*
10.10	**	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	*

10.11 ** - 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

* _____
Incorporated by reference.

** Management contract or compensatory agreement.

10.12	**	-	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	*
10.13	**	-	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	*
10.14	**	-	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	*
10.15	**	-	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	*
10.16	**	-	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	*
10.17	**	-	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	*
10.18	**	-	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	*
10.19	**	-	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	*
10.20	**	-	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	*
10.21	**	-	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	*
10.22	**	-	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	*
10.23	**	-	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	*

* Incorporated by reference.

** Management contract or compensatory agreement.



10.24	**	-	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	*
10.25		-	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	*
10.26	**	-	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	*
10.27	**	-	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	*
10.28	**	-	Employment agreement between Vornado Realty Trust and Michael J. Franco dated January 10, 2014. Incorporated by reference to Exhibit 10.52 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 (File No. 001-11954), filed on May 5, 2014	*
10.29	**	-	Form of Vornado Realty Trust 2014 Outperformance Plan Award Agreement. Incorporated by reference to Exhibit 10.53 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 (File No. 001-11954), filed on May 5, 2014	*
10.30		-	Amended and Restated Revolving Credit Agreement dated as of September 30, 2014, by and among Vornado Realty L.P. as borrower, Vornado Realty Trust as General Partner, the Banks listed on the signature pages thereof, and JPMorgan Chase Bank N.A. as Administrative Agent for the Banks. Incorporated by reference to Exhibit 10.54 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 (File No. 001-11954), filed on November 3, 2014	*
10.31	**	-	Form of Vornado Realty Trust 2016 Outperformance Plan Award 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 January 21, 2016	*
10.32		-	Term Loan Agreement dated as of October 30, 2015, by and among Vornado Realty L.P. as borrower, Vornado Realty Trust as General Partner, the Banks listed on the signature pages thereof, and JPMorgan Chase Bank, N.A. as Administrative Agent for the Banks	

* 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

TERM LOAN AGREEMENT

dated as of October 30, 2015

among

VORNADO REALTY L.P.,
as Borrower,

THE BANKS SIGNATORY HERETO,
each as a Bank,

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent,

BANK OF AMERICA, N.A.,
as Syndication Agent,

WELLS FARGO BANK, N.A., SOCIETE GENERALE,
PNC BANK, NATIONAL ASSOCIATION and U.S. BANK NATIONAL ASSOCIATION,
as Documentation Agents,

J.P. MORGAN SECURITIES LLC
and

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
Lead Arrangers and Bookrunners

WELLS FARGO SECURITIES, LLC, SOCIETE GENERALE,
U.S. BANK NATIONAL ASSOCIATION and PNC CAPITAL MARKETS LLC,
Joint Lead Arrangers

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TERM LOAN AGREEMENT (this "Agreement") dated as of October 30, 2015 among VORNADO REALTY L.P., a limited partnership organized and existing under the laws of the State of Delaware ("Borrower"), JPMORGAN CHASE BANK, N.A., as agent for the Banks (in such capacity, together with its successors in such capacity, "Administrative Agent"), BANK OF AMERICA, N.A., as Syndication Agent, THE FINANCIAL INSTITUTIONS LISTED ON THE COVER PAGE as Documentation Agents, and JPMORGAN CHASE BANK, N.A., in its individual capacity and not as Administrative Agent, and the other lenders signatory hereto (said lenders signatory hereto and the lenders who from time to time become Banks pursuant to Section 3.07 or 12.05, each a "Bank" and collectively, the "Banks").

WHEREAS, the Borrower has requested that the Administrative Agent and the Banks provide a term loan agreement in the initial amount of \$750,000,000, and the Administrative Agent and the Banks are willing to provide such term loan agreement on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual agreements, covenants and conditions hereinafter set forth, Borrower, the Administrative Agent and each of the Banks agree as follows:

ARTICLE I

DEFINITIONS; ETC.

SECTION 1.01 Definitions. As used in this Agreement the following terms have the following meanings (except as otherwise provided, terms defined in the singular have a correlative meaning when used in the plural, and vice versa):

"Additional Costs" has the meaning specified in Section 3.01.

"Administrative Agent" has the meaning specified in the preamble.

"Administrative Agent's Office" means Administrative Agent's office located at 270 Park Avenue, New York, New York 10017, or such other office in the United States as Administrative Agent may designate by written notice to Borrower and the Banks.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affected Bank" has the meaning specified in Section 3.07.

"Affected Loan" has the meaning specified in Section 3.04.

"Affiliate" means, with respect to any Person (the "first Person"), any other Person: (1) which directly or indirectly controls, or is controlled by, or is under common control with, the first Person. The term "control" means the possession, directly or indirectly, of the power, alone, to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

“Agent” means, individually and collectively, Administrative Agent, each Syndication Agent and each Documentation Agent.

“Agreement” means this Term Loan Agreement.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or any of its Affiliates from time to time concerning or relating to bribery or corruption.

“Applicable Lending Office” means, for each Bank and for its LIBOR Loan or Base Rate Loan, as applicable, the lending office of such Bank (or of an Affiliate of such Bank) designated as such on its signature page hereof or in the applicable Assignment and Assumption Agreement, or such other office of such Bank (or of an Affiliate of such Bank) as such Bank may from time to time specify to Administrative Agent and Borrower as the office by which its LIBOR Loan or Base Rate Loan, as applicable, is to be made and maintained.

“Applicable Margin” means, with respect to Base Rate Loans and LIBOR Loans, the respective percentages per annum determined, at any time, based on the range into which any Credit Rating then falls, in accordance with the table set forth below. Any change in any Credit Rating causing it to move to a different range on the table shall effect an immediate change in the Applicable Margin as of the day of such change. Borrower shall have not less than two (2) Credit Ratings at all times, one of which shall be from S&P or Moody’s. In the event that Borrower receives only two (2) Credit Ratings, and such Credit Ratings are not equivalent, the Applicable Margin shall be the higher of the two Credit Ratings. In the event that Borrower receives more than two (2) Credit Ratings, and such Credit Ratings are not all equivalent, the Applicable Margin shall be (A) if the difference between the highest and the lowest such Credit Ratings is one ratings category (e.g. Baa2 by Moody’s and BBB- by S&P or Fitch), the Applicable Margin shall be the rate per annum that would be applicable if the highest of the Credit Ratings were used; and (B) if the difference between the highest and the lowest such Credit Ratings is two ratings categories (e.g. Baa1 by Moody’s and BBB- by S&P or Fitch) or more, the Applicable Margin shall be the rate per annum that would be applicable if the average of the two (2) highest Credit Ratings were used, provided that if such average is not a recognized rating category, then the Applicable Margin shall be based on the lower of the two (2) highest Credit Ratings.

Borrower’s Credit Rating (S&P/Moody’s Ratings)	Applicable Margin for Base Rate Loans (% per annum)	Applicable Margin for LIBOR Loans (% per annum)
A+/A1 or higher	0.000	0.800
A/A2	0.000	0.850
A-/A3	0.000	0.900
BBB+/Baa1	0.000	0.975
BBB/Baa2	0.150	1.150
BBB-/Baa3	0.400	1.400
Below BBB-/Baa3 or unrated	0.750	1.750

“Assignee” has the meaning specified in Section 12.05(c).

“Assignment and Assumption Agreement” means an Assignment and Assumption Agreement, substantially in the form of EXHIBIT E, pursuant to which a Bank assigns and an Assignee assumes rights and obligations in accordance with Section 12.05.

“Authorization Letter” means a letter agreement executed by Borrower in the form of EXHIBIT A.

“Available Total Loan Commitment” has the meaning specified in Section 2.01(b).

“Bank” and “Banks” have the respective meanings specified in the preamble.

“Bank Affiliate” means, (a) with respect to any Bank, (i) a Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Bank or (ii) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by such Bank or a Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Bank and (b) with respect to such Bank that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Bank or by a Person directly or indirectly controlling or controlled by or under direct or indirect common control with such investment advisor.

“Bank Parties” means Administrative Agent and the Banks.

“Banking Day” means (1) any day except a Saturday or Sunday on which commercial banks are not authorized or required to close in New York City and (2) whenever such day relates to a LIBOR Loan, an Interest Period with respect to such LIBOR Loan or notice with respect to such LIBOR Loan, a day on which dealings in Dollar deposits are carried out in the London interbank market and banks are open for business in London and New York City.

“Bank Reply Period” has the meaning specified in Section 12.02.

“Bankruptcy Code” means Title 11 of the United States Code, entitled “Bankruptcy”, as amended from time to time, and any successor or statute or statutes.

“Bankruptcy Event” means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof,

provided that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“Base Rate” means, for any day, the highest of (1) the Federal Funds Rate for such day plus one-half percent (0.50%), (2) the Prime Rate for such day, and (3) the LIBOR Interest Rate for such day if a LIBOR Loan with an Interest Period of one month were being made on such day plus one percent (1.0%); provided that, for the avoidance of doubt, the LIBOR Interest Rate for any day shall be based on the LIBO Screen Rate at approximately 11:00 a.m. London time on such day.

“Base Rate Loan” means all or any portion (as the context requires) of a Bank’s Loan which shall accrue interest at a rate determined in relation to the Base Rate.

“Borrower” has the meaning specified in the preamble.

“Borrower’s Accountants” means Deloitte LLP, any other “Big 4” accounting firm selected by Borrower (or a successor thereof), or such other accounting firm(s) selected by Borrower and reasonably acceptable to the Required Banks.

“Borrower’s Consolidated Financial Statements” means the consolidated balance sheet and related consolidated statements of operations, changes in equity and cash flows, and footnotes thereto, of the Borrower, in each case prepared in accordance with GAAP and as filed with the SEC as SEC Reports.

“Borrower’s Pro Rata Share” means an amount determined based on the pro rata ownership of the equity interests of a Person by Borrower and Borrower’s consolidated subsidiaries.

“Capitalization Value” means, at any time, the sum of (1) with respect to Real Property Businesses (other than UJVs), individually determined, the greater of (x) Combined EBITDA from such businesses (a) in the case of all Real Property Businesses other than hotels or trade show space, for the most recently ended calendar quarter, annualized (i.e., multiplied by four), and (b) in the case of hotels or trade show space, for the most recently ended four consecutive calendar quarters, in both cases, capitalized at a rate of 6.0% per annum, and (y) the Gross Book Value of such businesses; (2) with respect to Other Investments, which do not have publicly traded shares, the Net Equity Value of such Other Investments; (3) with respect to Real Property UJVs, which do not have publicly traded shares, individually determined, the greater of (x) Combined EBITDA from such Real Property UJVs (a) in the case of all Real Property UJVs other than those owning hotels or trade show space, for the most recently ended calendar quarter, annualized (i.e., multiplied by four), and (b) in the case of Real Property UJVs owning hotels or trade show space, for the most recently ended four consecutive calendar quarters, in both cases, capitalized at the rate of 6.0%, less Borrower’s Pro Rata Share of any Indebtedness attributable to such Real Property UJVs, and (y) the Net Equity Value of such Real Property UJVs (subject

to the last sentence of this definition); and (4) without duplication, Borrower's Pro Rata Share of Unrestricted Cash and Cash Equivalents, the book value of notes and mortgage loans receivable and capitalized development costs (exclusive of tenant improvements and tenant leasing commission costs), and the fair market value of publicly traded securities, at such time, all as determined in accordance with GAAP. For clarity, the parties acknowledge and agree that the calculations pursuant to clause (1)(x) and (y) and clause (3)(x) and (y) above in this definition are intended to be made on a Real-Property-Asset-by-Real-Property-Asset basis. For the purposes of this definition, (1) for any Disposition of Real Property Assets by a Real Property Business during any calendar quarter, Combined EBITDA will be reduced by actual Combined EBITDA generated from such asset or assets, (2) the aggregate contribution to Capitalization Value in excess of 35% of the total Capitalization Value from all Real Property Businesses and Other Investments owned by UJVs shall not be included in Capitalization Value, and (3) the aggregate contribution to Capitalization Value from leasing commissions and management and development fees in excess of 15% of Combined EBITDA shall not be included in Capitalization Value. To the extent that liabilities of a Real Property UJV are Recourse to Borrower or the General Partner, then for purposes of clause (3)(y) above, the Net Equity Value of such Real Property UJV shall not be reduced by such Recourse liabilities.

"Capitalization Value of Unencumbered Assets" means, at any time, the sum of (1) with respect to Real Property Businesses (other than UJVs), individually determined, the greater of (x) Unencumbered Combined EBITDA from such Real Property Businesses (a) in the case of all Real Property Businesses other than hotels or trade show space, for the most recently ended calendar quarter, annualized (i.e., multiplied by four), and (b) in the case of hotels or trade show space, the most recently ended four consecutive calendar quarters, in both cases, capitalized at a rate of 6.0% per annum, and (y) the Gross Book Value of such businesses; (2) with respect to Real Property UJVs, which do not have publicly traded shares, individually determined, the greater of (x) the Unencumbered Combined EBITDA from such Real Property UJVs (a) in the case of Real Property UJVs other than those owning hotels or trade show space, for the most recently ended calendar quarter, annualized (i.e., multiplied by four), and (b) in the case of Real Property UJVs owning hotels or trade show space, for the most recently ended four consecutive calendar quarters, in both cases, capitalized at a rate of 6.0% per annum, and (y) the Net Equity Value of such Real Property UJVs; and (3) without duplication, Borrower's Pro Rata Share of Unrestricted Cash and Cash Equivalents, the book value of notes and mortgage loans receivable and capitalized development costs (exclusive of tenant improvements and tenant leasing commission costs), and the fair market value of publicly traded securities that are Unencumbered Assets of Borrower, at such time, all as determined in accordance with GAAP. For the purposes of this definition, (1) for any Disposition of Real Property Assets by a Real Property Business during any calendar quarter, Unencumbered Combined EBITDA will be reduced by actual Unencumbered Combined EBITDA generated from such asset or assets, (2) the aggregate contribution to Capitalization Value of Unencumbered Assets in excess of 35% of the total Capitalization Value of Unencumbered Assets from the aggregate of all Real Property Businesses owned by UJVs, and notes and mortgage loans receivable that are Unencumbered Assets at such time, as determined, in accordance with GAAP, shall not be included in Capitalization Value of Unencumbered Assets, and (3) the aggregate contribution to Capitalization Value of Unencumbered Assets from leasing commissions and management and

development fees in excess of 15% of Unencumbered Combined EBITDA shall not be included in Capitalization Value of Unencumbered Assets.

“Capital Lease” means any lease which has been or should be capitalized on the books of the lessee in accordance with GAAP.

“Cash or Cash Equivalents” means (a) cash; (b) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by an agency thereof and backed by the full faith and credit of the United States, in each case maturing within one (1) year after the date of acquisition thereof; (c) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within ninety (90) days after the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from any two of S&P, Moody’s or Fitch (or, if at any time no two of the foregoing shall be rating such obligations, then from such other nationally recognized rating services as are reasonably acceptable to Administrative Agent); (d) domestic corporate bonds, other than domestic corporate bonds issued by Borrower or any of its Affiliates, maturing no more than two (2) years after the date of acquisition thereof and, at the time of acquisition, having a rating of at least A or the equivalent from any two (2) of S&P, Moody’s or Fitch (or, if at any time no two of the foregoing shall be rating such obligations, then from such other nationally recognized rating services as are reasonably acceptable to Administrative Agent); (e) variable-rate domestic corporate notes or medium term corporate notes, other than notes issued by Borrower or any of its Affiliates, maturing or resetting no more than one (1) year after the date of acquisition thereof and having a rating of at least A or the equivalent from two of S&P, Moody’s or Fitch (or, if at any time no two of the foregoing shall be rating such obligations, then from such other nationally recognized rating services as are reasonably acceptable to Administrative Agent); (f) commercial paper (foreign and domestic) or master notes, other than commercial paper or master notes issued by Borrower or any of its Affiliates, and, at the time of acquisition, having a long-term rating of at least A or the equivalent from S&P, Moody’s or Fitch and having a short-term rating of at least A-2 and P-2 from S&P and Moody’s, respectively (or, if at any time neither S&P nor Moody’s shall be rating such obligations, then the highest rating from such other nationally recognized rating services as are reasonably acceptable to Administrative Agent); (g) domestic and foreign certificates of deposit or domestic time deposits or foreign deposits or bankers’ acceptances (foreign or domestic) in Dollars, Hong Kong Dollars, Singapore Dollars, Pounds Sterling, Euros or Yen that are issued by a bank (I) which has, at the time of acquisition, a long-term rating of at least A or the equivalent from S&P, Moody’s or Fitch (or, if at any time no two of the foregoing shall be rating such obligations, then from such other nationally recognized rating services as are reasonably acceptable to Administrative Agent) and (II) if a domestic bank, which is a member of the Federal Deposit Insurance Corporation; (h) overnight securities repurchase agreements, or reverse repurchase agreements secured by any of the foregoing types of securities or debt instruments, provided that the collateral supporting such repurchase agreements shall have a value not less than 101% of the principal amount of the repurchase agreement plus accrued interest; and (i) money market funds invested in investments substantially all of which consist of the items described in clauses (a) through (h) above.

“Closing Date” means the date the Initial Advance is made.

“Code” means the Internal Revenue Code of 1986, as amended.

“Combined EBITDA” means, for any quarter, the Borrower’s Pro Rata Share of net income or loss plus Interest Expense, income taxes, depreciation and amortization and excluding the effect of non-recurring items (such as, without limitation, (i) gains or losses from asset sales, (ii) gains or losses from debt restructurings or write-ups or forgiveness of indebtedness, and costs and expenses incurred during such period with respect to acquisitions consummated during such period, and (iii) non-cash gains or losses from foreign currency fluctuations), all as determined in accordance with GAAP, of Consolidated Businesses and UJVs (provided, however, that for purposes of determining the ratio of Combined EBITDA to Fixed Charges, Combined EBITDA of UJVs shall exclude UJVs that are not Real Property UJVs), as the case may be, multiplied by four, provided however, that Combined EBITDA shall include only general and administrative expenses that are attributable to the management and operation of the assets in accordance with GAAP and shall not include any corporate general and administrative expenses of Borrower, General Partner, Consolidated Businesses or UJVs (e.g., salaries of corporate officers).

“Commitment Period” means the period from the Effective Date to the earlier to occur of (a) the date on which Term Loans have been made in an amount equal to the Total Loan Commitment, and (b) 5:00 p.m., New York time, on the date that is twenty-four (24) months after the Effective Date.

“Consolidated Businesses” means, at any time, the Borrower and Subsidiaries of the Borrower that the Borrower consolidates in its consolidated financial statements prepared in accordance with GAAP, provided, however, that UJVs which are consolidated in accordance with GAAP are not Consolidated Businesses.

“Continue”, “Continuation” and “Continued” refer to the continuation pursuant to Section 2.12 of a LIBOR Loan as a LIBOR Loan from one Interest Period to the next interest Period.

“Convert”, “Conversion” and “Converted” refer to a conversion pursuant to Section 2.12 of a Base Rate Loan into a LIBOR Loan or a LIBOR Loan into a Base Rate Loan, each of which may be accompanied by the transfer by a Bank (at its sole discretion) of all or a portion of its Loan from one Applicable Lending Office to another.

“Credit Party” means the Administrative Agent or any Bank.

“Credit Rating” means the rating assigned by the Ratings Agencies to Borrower’s senior unsecured long-term indebtedness.

“Debt” means, at any time, without duplication, (i) all indebtedness and liabilities of a Person for borrowed money, secured or unsecured, including mortgage and other notes payable (but excluding any indebtedness to the extent secured by cash or cash equivalents or marketable securities, or defeased), as determined in accordance with GAAP, and (ii) without duplication, all liabilities of a Person consisting of indebtedness for borrowed money, determined

in accordance with GAAP, that are or would be stated and quantified as contingent liabilities in the notes to the consolidated financial statements of such Person as of that date. For purposes of determining “Total Outstanding Indebtedness” and “Debt”, the term “without duplication” shall mean (without limitation) that amounts loaned from one Person to a second Person that under GAAP would be consolidated with the first Person shall not be treated as Debt of the second Person.

“Default” means any event which with the giving of notice or lapse of time, or both, would become an Event of Default.

“Defaulting Lender” means any Bank that (a) has failed, within three Banking Days of the date required to be funded or paid, to (i) fund any portion of its Loans or (ii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Bank notifies the Administrative Agent in writing that such failure is the result of such Bank’s good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, or, in the case of clause (iii) above, such Bank notifies the Administrative Agent in writing that such failure is the result of a good faith dispute which has been specifically identified, (b) has notified the Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Bank’s good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Banking Days after request by the Administrative Agent or Borrower, acting in good faith, to provide a certification in writing from an authorized officer of such Bank that it will comply with its obligations to fund prospective Loans under this Agreement, provided that such Bank shall cease to be a Defaulting Lender pursuant to this clause (c) upon the Administrative Agent’s or Borrower’s and the Administrative Agent’s (as applicable) receipt of such certification in form and substance reasonably satisfactory to it or them (as applicable), or (d) has become the subject of a Bankruptcy Event.

“Default Rate” means a rate per annum equal to: (1) with respect to Base Rate Loans, a variable rate of three percent (3%) plus the rate of interest then in effect thereon (including the Applicable Margin); and (2) with respect to LIBOR Loans, a fixed rate of three percent (3%) plus the rate(s) of interest in effect thereon (including the Applicable Margin) at the time of any Default or Event of Default until the end of the then current Interest Period therefor and, thereafter, a variable rate of three percent (3%) plus the rate of interest for a Base Rate Loan (including the Applicable Margin).

“Delayed Loan Borrowing” has the meaning given to that term in Section 2.01(b).

“Disposition” means a sale (whether by assignment, transfer or Capital Lease) of an asset.

“Dollars” and the sign “\$” mean lawful money of the United States of America.

“Effective Date” means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 12.02), which is October 30, 2015.

“Elect”, “Election” and “Elected” refer to elections, if any, by Borrower pursuant to Section 2.12 to have all or a portion of an advance of the Loans be outstanding as LIBOR Loans.

“Electronic Signature” means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

“Electronic System” means any electronic system, including e-mail, e-fax, Intralinks[®], ClearPar[®], Debt Domain, Syndtrak and any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Administrative Agent and any of its Affiliates or any other Person, providing for access to data protected by passcodes or other security system(s).

“Environmental Discharge” means any discharge or release of any Hazardous Materials in violation of any applicable Environmental Law.

“Environmental Law” means any applicable Law relating to pollution or the environment, including Laws relating to noise or to emissions, discharges, releases or threatened releases of Hazardous Materials into the work place, the community or the environment, or otherwise relating to the generation, manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

“Environmental Notice” means any written complaint, order, citation, letter, inquiry, notice or other written communication from any Person (1) affecting or relating to Borrower’s compliance with any Environmental Law in connection with any activity or operations at any time conducted by Borrower, (2) relating to the occurrence or presence of or exposure to or possible or threatened or alleged occurrence or presence of or exposure to Environmental Discharges or Hazardous Materials at any of Borrower’s locations or facilities, including, without limitation: (a) the existence of any contamination or possible or threatened contamination at any such location or facility and (b) remediation of any Environmental Discharge or Hazardous Materials at any such location or facility or any part thereof; and (3) any violation or alleged violation of any relevant Environmental Law.

“ERISA” means the Employee Retirement Income Security Act of 1974, including the rules and regulations promulgated thereunder.

“ERISA Affiliate” means any corporation or trade or business which is a member of the same controlled group of organizations (within the meaning of Section 414(b) of the Code) as Borrower or General Partner or is under common control (within the meaning of Section 414(c) of the Code) with Borrower or General Partner or is required to be treated as a single employer with Borrower or General Partner under Section 414(m) or 414(o) of the Code.

“Event of Default” has the meaning specified in Section 9.01.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient: (a) Taxes imposed on or measured by net income (however denominated), profits or gains, franchise Taxes (imposed in lieu of income Taxes), and branch profits Taxes (or any similar Taxes), in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Bank, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Bank, U.S. Federal withholding Taxes imposed on amounts payable to or for the account of such Bank with respect to an applicable interest in a Loan or Loan Commitment pursuant to a law in effect on the date on which (i) such Bank acquires such interest in such Loan or Loan Commitment (other than pursuant to an assignment requested by the Borrower under Section 3.07) or (ii) such Bank changes its lending office, except in each case to the extent that, pursuant to Section 10.13, amounts with respect to such Taxes were payable either to such Bank's assignor immediately before such Bank acquired the applicable interest in a Loan or Loan Commitment or to such Bank immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 10.13 and (d) any U.S. Federal withholding Taxes imposed under FATCA.

“Execution Date” means the date of this Agreement.

“Extension Date” has the meaning specified in Section 2.18.

“Extension Notice” has the meaning specified in Section 2.18.

“Facility Increase” has the meaning assigned to such term in Section 2.16(d).

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code.

“Federal Funds Rate” means, for any day, the rate per annum (expressed on a 360-day basis of calculation) equal to the weighted average of the rates on overnight federal funds transactions as published by the Federal Reserve Bank of New York for such day provided that (1) if such day is not a Banking Day, the Federal Funds Rate for such day shall be such rate on such transactions on the immediately preceding Banking Day as so published on the next succeeding Banking Day, and (2) if no such rate is so published on such next succeeding Banking Day, the Federal Funds Rate for such day shall be the average of the rates quoted by three Federal Funds brokers to Administrative Agent on such day on such transactions; provided, that, if the Federal Funds Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Fiscal Year” means each period from January 1 to December 31.

“Fitch” means Fitch, Inc.

“Fixed Charges” means, without duplication, in respect of any quarter, the sum of (i) the Borrower’s Pro Rata Share of Interest Expense for such period attributable to Debt in respect of Consolidated Businesses and Real Property UJVs, as well as to any other Debt that is Recourse to the Borrower, multiplied by four (4); and (ii) distributions during such period on preferred units of the Borrower, as determined on a consolidated basis, in accordance with GAAP, multiplied by four (4).

“Foreign Bank” means a Bank that is not a U.S. Person.

“GAAP” means accounting principles generally accepted in the United States of America as in effect from time to time, applied on a basis consistent with those used in the preparation of the financial statements referred to in Section 5.15 (captioned “Financial Statements”) (except for changes concurred to by Borrower’s Accountants); provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application of any such change on the operation of such provision, or if the Administrative Agent notifies the Borrower that the Required Banks request an amendment to any provision hereof for such purpose, in either case, regardless of whether any such notice is given before or after such change in GAAP or in the application of any such change, then such provision shall be interpreted on the basis of GAAP as in effect and applied for purposes of this Agreement immediately before such change shall have become effective.

“General Partner” means Vornado Realty Trust, a real estate investment trust organized and existing under the laws of the State of Maryland and the sole general partner of Borrower.

“Good Faith Contest” means the contest of an item if: (1) the item is diligently contested in good faith, and, if appropriate, by proceedings timely instituted; (2) adequate reserves are established with respect to the contested item; (3) during the period of such contest, the enforcement of any contested item is effectively stayed; and (4) the failure to pay or comply with the contested item during the period of the contest is not likely to result in a Material Adverse Change.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Gross Book Value” means the undepreciated book value of assets comprising a business, determined in accordance with GAAP.

“Hazardous Materials” means any pollutant, effluents, emissions, contaminants, toxic or hazardous wastes or substances, as any of those terms are defined from time to time in or for the purposes of any relevant Environmental Law, including asbestos fibers and friable asbestos, polychlorinated biphenyls, and any petroleum or hydrocarbon-based products or derivatives.

“Impacted Interest Period” has the meaning assigned to it in the definition of “LIBOR Base Rate”.

“Increased Amount Date” has the meaning assigned to such term in Section 2.16(d).

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in (a) hereof, Other Taxes.

“Initial Advance” means the first advance of proceeds of the Loans.

“Initial Loan Borrowing” has the meaning given to that term in Section 2.01(b).

“Interest Expense” means, for any quarter, the consolidated interest expense, whether paid, accrued or capitalized (without deduction of consolidated interest income) of Borrower that is attributable to Borrower’s Pro Rata Share in its Consolidated Businesses in respect of Real Property Businesses, including, without limitation or duplication (or, to the extent not so included, with the addition of), (1) the portion of any rental obligation in respect of any Capital Lease obligation allocable to interest expense in accordance with GAAP; (2) the amortization of Debt discounts and premiums; (3) any payments or fees (other than upfront fees) with respect to interest rate swap or similar agreements; and (4) the interest expense and items listed in clauses (1) through (3) above applicable to each of the UJVs (to the extent not included above) multiplied by Borrower’s Pro Rata Share in the UJVs in respect of Real Property Businesses, in all cases as reflected in the Borrower’s Consolidated Financial Statements, provided that there shall be excluded from Interest Expense capitalized interest covered by an interest reserve established under a loan facility (such as capitalized construction interest provided for in a construction loan). “Interest Expense” shall not include the non-cash portion of interest expense attributable to convertible Debt determined in accordance with ASC 470-20.

“Interest Period” means, with respect to any LIBOR Loan, the period commencing on the date the same is advanced, converted from a Base Rate Loan or Continued, as the case may be, and ending, as Borrower may select pursuant to Section 2.06, on the numerically corresponding day in the first, second, third or, if available from all of the Banks, sixth calendar month thereafter (or at Administrative Agent’s reasonable discretion a period of shorter duration), provided that each such Interest Period which commences on the last Banking Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Banking Day of the appropriate calendar month.

“Interpolated Rate” means, at any time, for any Interest Period, the rate *per annum* (rounded to the same number of decimal places as the LIBO Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBO Screen Rate for the longest period (for which the LIBO Screen Rate is available) that is shorter than the Impacted Interest Period; and (b) the LIBO Screen Rate for the shortest period

(for which the LIBO Screen Rate is available) that is longer than the Impacted Interest Period, in each case, at such time.

“Law” means any federal, state or local statute, law, rule, regulation, ordinance, order, code, or rule of common law, now or hereafter in effect, and in each case as amended, and any judicial or administrative interpretation thereof by a Governmental Authority or otherwise, including any judicial or administrative order, consent decree or judgment.

“Lead Arrangers” means J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

“LIBO Screen Rate” has the meaning assigned to it in the definition of “LIBOR Base Rate.”

“LIBOR Base Rate” means, with respect to any LIBOR Loan for any Interest Period, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for Dollars for a period equal in length to such Interest Period as displayed on page LIBOR01 of the Reuters screen that displays such rate or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion (in each case the “LIBO Screen Rate”), at approximately 11:00 a.m., London time, two Banking Days prior to the commencement of such Interest Period; provided that if the LIBO Screen Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement; provided further that if the LIBO Screen Rate shall not be available at such time for such Interest Period (an “Impacted Interest Period”) then the LIBOR Base Rate shall be the Interpolated Rate; provided that if any Interpolated Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“LIBOR Interest Rate” means, for any LIBOR Loan, a rate per annum determined by Administrative Agent to be equal to the quotient of (1) the LIBOR Base Rate for such LIBOR Loan for the Interest Period therefor divided by (2) one minus the LIBOR Reserve Requirement for such LIBOR Loan for such Interest Period.

“LIBOR Loan” means all or any portion (as the context requires) of any Bank’s Loan which shall accrue interest at rate(s) determined in relation to LIBOR Interest Rate(s).

“LIBOR Reserve Requirement” means, for any LIBOR Loan, the average maximum rate at which reserves (including any marginal, supplemental or emergency reserves) are required to be maintained during the Interest Period for such LIBOR Loan under Regulation D by member banks of the Federal Reserve System in New York City with deposits exceeding One Billion Dollars (\$1,000,000,000) against “Eurocurrency liabilities” (as such term is used in Regulation D). Without limiting the effect of the foregoing, the LIBOR Reserve Requirement shall also reflect any other reserves required to be maintained by such member banks by reason of any Regulatory Change against (1) any category of liabilities which includes deposits by reference to which the LIBOR Base Rate is to be determined as provided in the definition of

“LIBOR Base Rate” or (2) any category of extensions of credit or other assets which include loans the interest rate on which is determined on the basis of rates referred to in said definition of “LIBOR Base Rate”.

“Lien” means any mortgage, deed of trust, pledge, security interest, hypothecation, assignment for collateral purposes, deposit arrangement, lien (statutory or other), or other security agreement or charge of any kind or nature whatsoever of any third party (excluding any right of setoff but including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction to evidence any of the foregoing).

“Loan” means, with respect to each Bank, its advances of Term Loans (including any New Term Loans), collectively.

“Loan Borrowings” has the meaning assigned to such term in Section 2.01(b).

“Loan Commitment” means, with respect to each Bank, the obligation to make a Term Loan in the principal amount set forth on Schedule 1 attached hereto and incorporated herein, as such amount may be reduced or increased from time to time in accordance with the provisions of Section 2.16, including any New Term Loan Commitments (upon the execution of Assignment and Assumption Agreements, the definition of Loan Commitment shall be deemed revised to reflect the assignment being effected pursuant to each such Assignment and Assumption Agreement). The aggregate amount of the Loan Commitments on the date hereof is \$750,000,000.

“Loan Documents” means this Agreement, the Notes, the Authorization Letter and the Solvency Certificate.

“Material Adverse Change” means either (1) a material adverse change in the status of the business, results of operations, financial condition, or property of Borrower or (2) any event or occurrence of whatever nature which is likely to have a material adverse effect on the ability of Borrower to perform its obligations under the Loan Documents.

“Material Affiliates” means the Affiliates of Borrower listed on EXHIBIT F.

“Maturity Date” means October 30, 2018, subject to extension pursuant to Section 2.18.

“Maximum Increase Amount” has the meaning assigned to such term in Section 2.16(d)(i).

“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means a Plan defined as such in Section 3(37) of ERISA to which contributions have been or are required to be made by Borrower or General Partner or any ERISA Affiliate and which is covered by Title IV of ERISA.

“Net Equity Value” means, at any time, the total assets of the applicable business less the total liabilities of such business less the amounts attributable to the minority interest in such business, in each case as determined on a consolidated basis, in accordance with GAAP, subject to the last sentence of the definition of Capitalization Value.

“New Term Loan Commitments” has the meaning assigned to such term in Section 2.16(d)(i).

“New Term Loan” has the meaning assigned to such term in Section 2.16(d)(iii)(A).

“New Term Loan Lender” has the meaning assigned to such term in Section 2.16(d)(i).

“Note” and “Notes” have the respective meanings specified in Section 2.09.

“Obligations” means each and every obligation, covenant and agreement of Borrower, now or hereafter existing, contained in this Agreement, and any of the other Loan Documents, whether for principal, reimbursement obligations, interest, fees, expenses, indemnities or otherwise, and any amendments or supplements thereto, extensions or renewals thereof or replacements therefor, including but not limited to all indebtedness, obligations and liabilities of Borrower to Administrative Agent and any Bank now existing or hereafter incurred under or arising out of or in connection with the Notes, this Agreement, the other Loan Documents, and any documents or instruments executed in connection therewith; in each case whether direct or indirect, joint or several, absolute or contingent, liquidated or unliquidated, now or hereafter existing, renewed or restructured, whether or not from time to time decreased or extinguished and later increased, created or incurred, and including all indebtedness of Borrower under any instrument now or hereafter evidencing or securing any of the foregoing.

“OFAC” means The Office of Foreign Assets Control of the United States Department of the Treasury.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Investment” means a Consolidated Business or UJV that does not own primarily Real Property Assets or publicly traded securities, including, without limitation, those entities more particularly set forth on Schedule 2 attached hereto.

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such

Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.07).

“Parent” means, with respect to any Bank, any Person controlling such Bank.

“Participant” has the meaning specified in Section 12.05(b).

“Participant Register” has the meaning specified in Section 12.05(b).

“Payor” has the meaning specified in Section 10.12.

“PBGC” means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

“Person” means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, limited liability company, Governmental Authority or other entity of whatever nature.

“Plan” means any employee benefit or other plan (other than a Multiemployer Plan) established or maintained, or to which contributions have been or are required to be made, by Borrower or General Partner or any ERISA Affiliate and which is covered by Title IV of ERISA or to which Section 412 of the Code applies.

“presence”, when used in connection with any Environmental Discharge or Hazardous Materials, means and includes presence, generation, manufacture, installation, treatment, use, storage, handling, repair, encapsulation, disposal, transportation, spill, discharge and release.

“Prime Rate” means that rate of interest from time to time announced by the Bank serving as Administrative Agent in the United States as its prime commercial lending rate. Any change in the Prime Rate shall be effective as of the date such change is announced by the Bank serving as Administrative Agent.

“Pro Rata Share” means, with respect to each Bank, (a) during the Commitment Period, the percentage of the Total Loan Commitment represented by such Bank’s Loan Commitment and (b) after the Commitment Period, the percentage of the total Term Exposures of all Banks represented by such Bank’s Term Exposure.

“Prohibited Transaction” means any transaction set forth in Section 406 of ERISA or Section 4975 of the Code.

“Qualified Institution” means a Bank, or one or more banks, finance companies, insurance or other financial institutions which (A) has (or, in the case of a bank which is a subsidiary, such bank’s parent has) a rating of its senior debt obligations of not less than BBB+ by S&P or Baal by Moody’s or a comparable rating by a rating agency reasonably acceptable to the Administrative Agent and (B) has total assets in excess of Ten Billion Dollars

(\$10,000,000,000), but shall exclude any natural person, any Defaulting Lender and the Borrower or any of its Affiliates.

“Real Property Asset” means an asset from which income is, or upon completion expected by the Borrower to be, derived predominantly from contractual rent payments under leases with unaffiliated third party tenants, hotel operations, tradeshow operations or leasing commissions and management and development fees, and shall include those investments in mortgages and mortgage participations owned by the Borrower as to which the Borrower has demonstrated to the Administrative Agent, in the Administrative Agent’s reasonable discretion, that Borrower has control of the decision-making functions of management and leasing of such mortgaged properties, has control of the economic benefits of such mortgaged properties, and holds the right to acquire such mortgaged properties.

“Real Property Business” means a Consolidated Business or UJV that owns primarily Real Property Assets.

“Real Property UJV” means a UJV that is a Real Property Business.

“Recipient” means the Administrative Agent and any Bank.

“Recourse” means, with reference to any obligation or liability, any liability or obligation that is not Without Recourse to the obligor thereunder, directly or indirectly. For purposes hereof, a Person shall not be deemed to be “indirectly” liable for the liabilities or obligations of an obligor solely by reason of the fact that such Person has an ownership interest in such obligor, provided that such Person is not otherwise legally liable, directly or indirectly, for such obligor’s liabilities or obligations (e.g. by reason of a guaranty or contribution obligation, by operation of law or by reason of such Person being a general partner of such obligor). A guaranty of Debt issued by Borrower or General Partner (as distinguished from a Subsidiary) shall be Recourse, but a guaranty for completion of improvements in connection with Debt shall be deemed Without Recourse, unless and except to the extent of a claim made under such guaranty that remains unpaid.

“Regulation D” means Regulation D of the Board of Governors of the Federal Reserve System, as the same may be amended or supplemented from time to time, or any similar Law from time to time in effect.

“Regulation U” means Regulation U of the Board of Governors of the Federal Reserve System, as the same may be amended or supplemented from time to time, or any similar Law from time to time in effect.

“Regulatory Change” means the occurrence after the date of this Agreement or, with respect to any Bank, such later date on which such Bank becomes a party to this Agreement, of (a) the adoption of or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the interpretation or application thereof by any Governmental Authority or (c) compliance by any Bank (or, for purposes of Section 3.06, by any lending office of such Bank or by such Bank's holding company, if any) with any request,

guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall be deemed to be a “Regulatory Change,” regardless of the date enacted, adopted or issued, provided, however, that if the applicable Bank shall have implemented changes prior to the Closing Date in response to any such requests, rules, guidelines or directives, then the same shall not be deemed to be a Regulatory Change with respect to such Bank.

“REIT” means a “real estate investment trust” as such term is defined in Section 856 of the Code.

“Relevant Documents” has the meaning specified in Section 11.02.

“Replacement Bank” has the meaning specified in Section 3.07.

“Replacement Notice” has the meaning specified in Section 3.07.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty (30) day notice period is waived by the PBGC.

“Required Banks” means, at any time, Banks having Term Exposures and unused Loan Commitments representing more than 50% of the sum of the total Term Exposures and unused Loan Commitments at such time; provided that, in the event any of the Banks shall be a Defaulting Lender, then for so long as such Bank is a Defaulting Lender, “Required Banks” means Banks (excluding all Defaulting Lenders) having Term Exposures and unused Loan Commitments representing more than 50% of the sum of the total Term Exposures and unused Loan Commitments of such Banks (excluding all Defaulting Lenders) at such time.

“Required Payment” has the meaning set forth in Section 10.12.

“Sanctioned Country” means, at any time, a country or territory which is itself the subject or target of any Sanctions (at the time of this Agreement, including but not limited to Cuba, Crimea, Iran, North Korea, Sudan and Syria).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC or the U.S. Department of State, or by the United Nations Security Council, the European Union, any European Union member state or Her Majesty’s Treasury of the United Kingdom, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any European Union member state or Her Majesty’s Treasury of the United Kingdom.

“SEC” means the United States Securities and Exchange Commission.

“SEC Reports” means the reports required to be delivered to the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

“Secured Indebtedness” means, at any time, that portion of Total Outstanding Indebtedness that is not Unsecured Indebtedness.

“Secured Indebtedness Adjustment” has the meaning set forth in Section 8.07.

“Solvency Certificate” means a certificate in substantially the form of EXHIBIT D, to be delivered by Borrower pursuant to the terms of this Agreement.

“Solvent” means, when used with respect to any Person, that (1) the fair value of the property of such Person, on a going concern basis, is greater than the total amount of liabilities (including, without limitation, contingent liabilities) of such Person; (2) the present fair saleable value of the assets of such Person, on a going concern basis, is not less than the amount that will be required to pay the probable liabilities of such Person on its debts as they become absolute and matured; (3) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay as such debts and liabilities mature; (4) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged; and (5) such Person has sufficient resources, provided that such resources are prudently utilized, to satisfy all of such Person’s obligations. Contingent liabilities will be computed at the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“S&P” means Standard & Poor’s Ratings Services, a division of McGraw-Hill Financial Inc.

“Subsidiary” means, with respect to any Person, a corporation, partnership, joint venture, limited liability company or other entity, fifty percent (50%) or more of the outstanding voting stock, partnership interests or membership interests, as the case may be, of which are owned, directly or indirectly, by that Person or by one or more other Subsidiaries of that Person and over which that Person or one or more other Subsidiaries of that Person exercise sole control. For the purposes of this definition, “voting stock” means stock having voting power for the election of directors or trustees, as the case may be, whether at all times or only so long as no senior class of stock has voting power for the election of directors or trustees by reason of any contingency, and “control” means the power to direct the management and policies of a Person,

directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Term Exposure” means, with respect to any Bank at any time, the sum of the outstanding principal amount of such Bank’s Term Loans and New Term Loans, if any, at such time.

“Term Loan” has the meaning specified in Section 2.01(b).

“Term Loan Note” has the meaning specified in Section 2.09.

“Total Loan Commitment” means an amount equal to the aggregate amount of all Loan Commitments.

“Total Outstanding Indebtedness” means, at any time, without duplication, the sum of Debt of the Borrower, the Borrower’s Pro Rata Share of Debt in respect of Consolidated Businesses, and any Debt of UJVs to the extent Recourse to the Borrower, as determined on a consolidated basis in accordance with GAAP.

“UJVs” means, at any time, (1) investments of the Borrower that are accounted for under the equity method in the Borrower’s Consolidated Financial Statements prepared in accordance with GAAP and (2) investments of the Borrower in which the Borrower owns less than 50% of the equity interests and that are consolidated in the Borrower’s Consolidated Financial Statements prepared in accordance with GAAP.

“Unencumbered Assets” means, collectively, assets, reflected in the Borrower’s Consolidated Financial Statements, owned in whole or in part, directly or indirectly, by Borrower and not subject to any Lien to secure all or any portion of Secured Indebtedness, and assets of Consolidated Businesses and UJVs which are not subject to any Lien to secure all or any portion of Secured Indebtedness or to any negative pledge or similar agreement, provided that any such Consolidated Business or UJV is not the borrower or guarantor of any Unsecured Indebtedness. For clarity, an agreement that conditions the ability to encumber assets upon the maintenance of one or more specified ratios but that does not generally prohibit the encumbrance of assets, or the encumbrance of specific assets, shall not constitute a negative pledge or similar agreement.

“Unencumbered Combined EBITDA” means that portion of Combined EBITDA attributable to Unencumbered Assets; provided that Unencumbered Combined EBITDA shall include only general and administrative expenses that are attributable to the management and operation of the Unencumbered Assets in accordance with GAAP and shall not include any corporate general and administrative expenses of Borrower, General Partner, Consolidated Businesses or UJVs (e.g., salaries of corporate officers).

“Unfunded Current Liability” of any Plan means the amount, if any, by which the actuarial present value of accumulated plan benefits as of the close of its most recent plan year, based upon the actuarial assumptions used by such Plan’s actuary in the most recent annual valuation of such Plan, exceeds the fair market value of the assets allocable thereto, determined in accordance with Section 412 of the Code.

“Unrestricted Cash and Cash Equivalents” means Cash or Cash Equivalents owned by Borrower, and Borrower’s Pro Rata Share of any Cash or Cash Equivalents owned by any Consolidated Businesses or UJV, that are not subject to any pledge, lien or control agreement, less amounts placed with third parties as deposits or security for contractual obligations.

“Unsecured Indebtedness” means, at any time, Total Outstanding Indebtedness that is not secured by a lien on assets of the Borrower, a Consolidated Business or a UJV, as the case may be.

“Unsecured Indebtedness Adjustment” has the meaning set forth in Section 8.06.

“Unsecured Interest Expense” means, for any quarter, the Borrower’s Pro Rata Share of Interest Expense attributable to Total Outstanding Indebtedness constituting Unsecured Indebtedness.

“U.S. Person” means a “United States person” within the meaning of Section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate” has the meaning assigned to such term in Section 10.13(f)(ii)(B)(3).

“VRT Principals” means the trustees, executive officers and directors of Borrower (other than General Partner) or General Partner at any applicable time.

“Without Recourse” means, with reference to any obligation or liability, any obligation or liability for which the obligor thereunder is not liable or obligated other than as to its interest in a designated asset or assets only, subject to such exceptions to the non-recourse nature of such obligation or liability (such as, but not limited to, fraud, misappropriation, misapplication and environmental indemnities), as are usual and customary in like transactions involving institutional lenders at the time of the incurrence of such obligation or liability.

SECTION 1.02 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP, and, except as otherwise provided herein, all financial data required to be delivered hereunder shall be prepared in accordance with GAAP.

SECTION 1.03 Computation of Time Periods. Except as otherwise provided herein, in this Agreement, in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and words “to” and “until” each means “to but excluding.”

SECTION 1.04 Rules of Construction. When used in this Agreement: (1) “or” is not exclusive; (2) a reference to a Law includes any amendment or modification to such Law; (3) a reference to a Person includes its permitted successors and permitted assigns; (4) except as provided otherwise, all references to the singular shall include the plural and vice versa; (5) except as provided in this Agreement, a reference to an agreement, instrument or document shall include such agreement, instrument or document as the same may be amended, modified or supplemented from time to time in accordance with its terms and as permitted by the Loan Documents; (6) all references to Articles or Sections shall be to Articles and Sections of this Agreement unless otherwise indicated; and (7) all Exhibits to this Agreement shall be incorporated into this Agreement.

ARTICLE II

THE LOANS

SECTION 2.01 Term Loans. (a) Subject to the terms and conditions of this Agreement, the Banks agree to make loans to Borrower as provided in this Article II.

(b) Subject to the terms and conditions set forth herein, during the Commitment Period, each Bank hereby severally and not jointly agrees to make a term loan (each individually, a “Term Loan” and, collectively, the “Term Loans”), in Dollars, to Borrower as requested by the Borrower in accordance with Section 2.05 (the first of such draws, the “Initial Loan Borrowing” and each subsequent borrowing, a “Delayed Loan Borrowing”, and collectively, the “Loan Borrowings”); provided that (i) the Initial Loan Borrowing shall be in a minimum amount of \$187,500,000 and each Delayed Loan Borrowing shall be in a minimum amount of \$20,000,000, (ii) Borrower shall make Loan Borrowings (for the avoidance of doubt, including the Initial Loan Borrowing) in an aggregate principal amount equal to at least 50% of the Total Loan Commitment on or before April 29, 2016, (iii) all Loan Borrowings shall be made no later than the last day of the Commitment Period, (iv) the aggregate principal amount of any such Loan Borrowing shall not exceed the amount of the unused Total Loan Commitment on the date of such Loan Borrowing, and (v) the principal amount of Term Loans made by any Bank to the Borrower shall not exceed such Bank’s Loan Commitment. The Loan Commitments, with respect to the making of the Term Loans (and not with respect to the obligations of the Banks to Convert or Continue any Loans), shall expire on the last day of the Commitment Period (regardless of the failure of the Borrower to request a Delayed Loan Borrowing or the failure of the Borrower to fully utilize the Loan Commitments). Each Term Loan shall be made by the Banks ratably in accordance with their respective Loan Commitments. The Term Loans may be outstanding as: (1) Base Rate Loans; (2) LIBOR Loans; or (3) a combination of the foregoing, as Borrower shall elect and notify Administrative Agent in accordance with Section 2.14. Each LIBOR Loan and Base Rate Loan of each Bank shall be maintained at such Bank’s Applicable Lending Office.

(c) The obligations of the Banks under this Agreement are several, and no Bank shall be responsible for the failure of any other Bank to make any advance of a Loan to be made by such other Bank. However, the failure of any Bank to make any advance of each Loan

to be made by it hereunder on the date specified therefor shall not relieve any other Bank of its obligation to make any advance of its Loans specified hereby to be made on such date.

SECTION 2.02 [Reserved].

SECTION 2.03 [Reserved].

SECTION 2.04 Advances, Generally. The Initial Advance shall be at least One Hundred Eighty-Seven Million Five Hundred Thousand Dollars (\$187,500,000) and in an integral multiple of Ten Million Dollars (\$10,000,000) and shall be made upon satisfaction of the conditions set forth in Section 4.01. Subsequent advances shall be made upon satisfaction of the conditions set forth in Section 4.02. The amount of each advance subsequent to the Initial Advance shall, subject to Section 2.13, be at least Twenty Million Dollars (\$20,000,000) (unless less than Twenty Million Dollars (\$20,000,000) is available for disbursement pursuant to the terms hereof at the time of any subsequent advance, in which case the amount of such subsequent advance shall be equal to such remaining availability) and in an integral multiple of Ten Million Dollars (\$10,000,000).

Each advance shall be subject, in addition to the limitations and conditions applicable to advances of the Loans generally, to Administrative Agent's receipt, on or immediately prior to the date the request for such advance is made, of a certificate from the officer requesting the advance certifying that Borrower is in compliance with all covenants enumerated in paragraphs 3(a) and 3(b) of Section 6.09 and containing covenant compliance calculations with respect to Sections 8.02 and 8.06 only, that include the proforma adjustments described below, which calculations shall demonstrate Borrower's compliance with covenants on a proforma basis.

In connection with each advance of Loan proceeds, the following proforma adjustments shall be made to the covenant compliance calculations required with respect to Sections 8.02 and 8.06 as of the end of the most recently ended calendar quarter for which financial results are required hereunder to have been reported by Borrower:

- (i) Total Outstanding Indebtedness and Unsecured Indebtedness shall be adjusted by adding thereto, respectively, all Indebtedness and Unsecured Indebtedness, respectively, that is incurred by Borrower in connection with such advance;
- (ii) Capitalization Value, shall be adjusted by adding thereto the purchase price of any Real Property Assets (including capitalized acquisition costs determined in accordance with GAAP) or the Net Equity Value of any Other Investments, together with the Borrower's Pro Rata Share of any Unrestricted Cash and Cash Equivalents, the book value of notes and mortgage loans receivable and marketable securities and the cost of non-marketable securities that are acquired in connection with such advance; and
- (iii) Capitalization Value of Unencumbered Assets shall be adjusted by adding thereto the purchase price of any Real Property Assets (including capitalized

acquisition costs determined in accordance with GAAP) that are Unencumbered Assets together with Borrower's Pro Rata Share of any Unrestricted Cash and Cash Equivalents, the book value of notes and mortgage loans receivable and marketable securities and the cost of non-marketable securities that are acquired in connection with such advance.

SECTION 2.05 Procedures for Advances. In the case of advances of Loans, Borrower shall submit to Administrative Agent a request for each advance, stating the amount requested and the expected purpose for which such advance is to be used, no later than 11:00 a.m. (New York time) on the date, in the case of advances of Base Rate Loans, which is the proposed date of such Base Rate Loan, and, in the case of advances of LIBOR Loans, which is three (3) Banking Days, prior to the date such advance is to be made. Administrative Agent, upon its receipt and approval of the request for advance, will so notify the Banks by facsimile. Not later than 11:30 a.m. (New York time) on the date of each advance (or 1:00 p.m. (New York time) in the case of a Base Rate Loan for which the Borrower has made a Loan request on such date), each Bank shall, through its Applicable Lending Office and subject to the conditions of this Agreement, make the amount to be advanced by it on such day available to Administrative Agent, at Administrative Agent's Office and in immediately available funds for the account of Borrower. The amount so received by Administrative Agent shall, subject to the conditions of this Agreement, be made available to Borrower, in immediately available funds, by Administrative Agent's to an account designated by Borrower.

SECTION 2.06 Interest Periods; Renewals. In the case of the LIBOR Loans, Borrower shall select an Interest Period of any duration in accordance with the definition of Interest Period, subject to the following limitations: (1) no Interest Period may extend beyond the Maturity Date; (2) if an Interest Period would end on a day which is not a Banking Day, such Interest Period shall be extended to the next Banking Day, unless such Banking Day would fall in the next calendar month, in which event such Interest Period shall end on the immediately preceding Banking Day; and (3) only eight (8) discrete segments of a Bank's Loan bearing interest at a LIBOR Interest Rate for a designated Interest Period pursuant to a particular Election, Conversion or Continuation, may be outstanding at any one time (each such segment of each Bank's Loan corresponding to a proportionate segment of each of the other Banks' Loans).

Upon notice to Administrative Agent as provided in Section 2.14, Borrower may Continue any LIBOR Loan on the last day of the Interest Period of the same or different duration in accordance with the limitations provided above.

SECTION 2.07 Interest. Borrower shall pay interest to Administrative Agent for the account of the applicable Bank on the outstanding and unpaid principal amount of the Loans, at a rate per annum as follows: (1) for Base Rate Loans at a rate equal to the Base Rate plus the Applicable Margin and (2) for LIBOR Loans at a rate equal to the applicable LIBOR Interest Rate plus the Applicable Margin. Any principal amount not paid when due (when scheduled, at acceleration or otherwise) shall bear interest thereafter, payable on demand, at the Default Rate.

The interest rate on Base Rate Loans shall change when the Base Rate changes. Interest on Base Rate Loans and LIBOR Loans shall not exceed the maximum amount permitted

under applicable law. Interest shall be calculated for the actual number of days elapsed on the basis of a year consisting of three hundred sixty (360) days.

Accrued interest shall be due and payable in arrears, (x) in the case of Base Rate Loans, on the first Banking Day of each calendar month and (y) in the case of LIBOR Loans, at the expiration of the Interest Period applicable thereto, but no less frequently than once every three (3) months determined on the basis of the first (1st) day of the Interest Period applicable to the Loan in question; provided, however, that interest accruing at the Default Rate shall be due and payable on demand.

SECTION 2.08 Fees. The Borrower shall pay to the Administrative Agent for the account of each Bank (in accordance with its Pro Rata Share), an unused fee (the "Unused Fee") which shall accrue and be payable on the daily amount of the unused Loan Commitment of such Bank for the period beginning on the Effective Date, and continuing through the last day of the Commitment Period, at a rate of 0.20% per annum on the sum of the average daily unused portion of the Total Loan Commitment. All Unused Fees shall be fully earned when paid and nonrefundable under any circumstances. Accrued Unused Fees shall be payable quarterly in arrears on the first day of each calendar quarter and on the last day of the Commitment Period. All Unused Fees shall be computed on the basis of a year of 365 or 366 days, as the case may be, and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

SECTION 2.09 Notes. Unless otherwise requested by a Bank, any Loans made by each Bank under this Agreement shall be evidenced by, and repaid with interest in accordance with, a promissory note of Borrower in the form of EXHIBIT B duly completed and executed by Borrower, in a principal amount equal to such Bank's Loan Commitment, payable to such Bank for the account of its Applicable Lending Office (each such note, as the same may hereafter be amended, modified, extended, severed, assigned, substituted, renewed or restated from time to time, including any substitute note pursuant to Section 3.07 or 12.05, a "Term Loan Note"). A particular Bank's Term Loan Note(s) is also collectively referred to in this Agreement as such Bank's "Note"; all such Term Loan Notes and interests are referred to collectively in this Agreement as the "Notes". The Term Loans shall mature, and all outstanding principal and accrued interest and other Obligations shall be paid in full, on the Maturity Date, as the same may be accelerated in accordance with this Agreement.

Each Bank is hereby authorized by Borrower to endorse on the schedule attached to the Term Loan Note held by it or on any accounts maintained by it, the amount of each advance, and each payment of principal received by such Bank for the account of its Applicable Lending Office(s) on account of its Loans, which endorsement shall, in the absence of manifest error, be conclusive as to the outstanding balance of the Loans made by such Bank. The failure by Administrative Agent or any Bank to make such notations with respect to the Loans or each advance or payment shall not limit or otherwise affect the obligations of Borrower under this Agreement or the Notes.

SECTION 2.10 Prepayments. Without prepayment premium or penalty but subject to Section 3.05, Borrower may, upon at least one (1) Banking Day's notice to

Administrative Agent in the case of the Base Rate Loans, and at least three (3) Banking Days' notice to Administrative Agent in the case of LIBOR Loans, prepay the Loans, in whole or in part, provided that (1) any partial prepayment under this Section shall be in integral multiples of One Million Dollars (\$1,000,000); and (2) each prepayment under this Section shall include, at Administrative Agent's option, all interest accrued on the amount of principal prepaid to (but excluding) the date of prepayment. Any Loans that are prepaid or repaid may not be reborrowed.

SECTION 2.11 Method of Payment. Borrower shall make each payment under this Agreement and under the Notes not later than 1:00 p.m. (New York time) on the date when due in Dollars to Administrative Agent at Administrative Agent's Office in immediately available funds, without condition or deduction for any counterclaim, defense, recoupment or setoff. Borrower shall deliver federal reference number(s) evidencing the applicable wire transfer(s) to Administrative Agent as soon as available thereafter on such day. Administrative Agent will thereafter, on the day of its receipt of each such payment(s), cause to be distributed to each Bank (1) such Bank's appropriate share (based upon the respective outstanding principal amounts and interest due under the Loans of the Banks) of the payments of principal and interest in like funds for the account of such Bank's Applicable Lending Office; and (2) fees payable to such Bank by Borrower in accordance with the terms of this Agreement. If and to the extent that the Administrative Agent shall receive any such payment for the account of the Banks on or before 11:00 a.m. (New York time) on any Banking Day, and Administrative Agent shall not have distributed to any Bank its applicable share of such payment on such day, Administrative Agent shall distribute such amount to such Bank together with interest thereon paid by the Administrative Agent, for each day from the date such amount should have been distributed to such Bank until the date Administrative Agent distributes such amount to such Bank, at the Prime Rate.

Except to the extent provided in this Agreement, whenever any payment to be made under this Agreement or under the Notes is due on any day other than a Banking Day, such payment shall be made on the next succeeding Banking Day, and such extension of time shall in such case be included in the computation of the payment of interest and other fees, as the case may be.

SECTION 2.12 Elections, Conversions or Continuation of Loans. Subject to the provisions of Article III and Sections 2.06 and 2.13, Borrower shall have the right to Elect to have all or a portion of any advance of the Loans be LIBOR Loans, to Convert Base Rate Loans into LIBOR Loans, to Convert LIBOR Loans into Base Rate Loans, or to Continue LIBOR Loans as LIBOR Loans, at any time or from time to time, provided that: (1) Borrower shall give Administrative Agent notice of each such Election, Conversion or Continuation as provided in Section 2.14; and (2) a LIBOR Loan may be Continued only on the last day of the applicable Interest Period for such LIBOR Loan. Except as otherwise provided in this Agreement, each Election, Continuation and Conversion shall be applicable to each Bank's Loan in accordance with its Pro Rata Share. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing, the Administrative Agent, at the request of the Required Lenders, may require, by notice to Borrower, that (i) no outstanding Loan may be converted to or continued as a LIBOR Loan and (ii) unless repaid, each Loan shall be converted to a Base Rate Loan at the end of the Interest Period applicable thereto.

SECTION 2.13 Minimum Amounts. With respect to the Loans as a whole, each Election and each Conversion shall be in an amount at least equal to One Million Dollars (\$1,000,000) and in integral multiples of One Hundred Thousand Dollars (\$100,000) or such lesser amount as shall be available or outstanding, as the case may be.

SECTION 2.14 Certain Notices Regarding Elections, Conversions and Continuations of Loans. Notices by Borrower to Administrative Agent of Elections, Conversions and Continuations of LIBOR Loans shall be irrevocable and shall be effective only if received by Administrative Agent not later than 11:00 a.m. (New York time) on the number of Banking Days prior to the date of the relevant Election, Conversion or Continuation specified below:

<u>Notice</u>	<u>Number of Banking Days Prior Same Banking Day</u>
Conversions into or Continuance as Base Rate Loans	Three (3)
Elections of, Conversions into or Continuations as LIBOR Loans	Three (3)

Promptly following its receipt of any such notice, Administrative Agent shall so advise the Banks by facsimile. Each such notice of Election shall specify the portion of the amount of the advance that is to be LIBOR Loans (subject to Section 2.13) and the duration of the Interest Period applicable thereto (subject to Section 2.06); each such notice of Conversion shall specify the LIBOR Loans or Base Rate Loans to be Converted; and each such notice of Conversion or Continuation shall specify the date of Conversion or Continuation (which shall be a Banking Day), the amount thereof (subject to Section 2.13) and the duration of the Interest Period applicable thereto (subject to Section 2.06). In the event that Borrower fails to Elect to have any portion of an advance of the Loans be LIBOR Loans, the portion of such advance for which a LIBOR Loan Election is not made shall constitute Base Rate Loans. In the event that Borrower fails to Continue LIBOR Loans within the time period and as otherwise provided in this Section, such LIBOR Loans will be automatically Converted into Base Rate Loans on the last day of the then current applicable Interest Period for such LIBOR Loans.

SECTION 2.15 Payments Generally. If any Bank shall fail to make any payment required to be made by it pursuant to Section 2.01(b) or 10.05, then the Administrative Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Administrative Agent for the account of such Bank for the benefit of the Administrative Agent to satisfy such Bank's obligations to it under such Section until all such unsatisfied obligations are fully paid, and/or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Bank under any such Section, in the case of each of clauses (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

SECTION 2.16 Changes of Loan Commitments.

(a) At any time, Borrower shall have the right, without premium or penalty, to terminate any unused Loan Commitments existing as of the date of such termination, in whole or in part, from time to time, provided that: (1) Borrower shall give notice of each such termination to Administrative Agent (which shall promptly notify each of the Banks) no later than 10:00 a.m.

(New York time) on the date which is three (3) Banking Days prior to the effectiveness of such termination; (2) the Loan Commitments of each of the Banks must be terminated (and, in the case of a partial termination, on a pro rata basis) (taking into account, however, Section 2.02(h)) and simultaneously with those of the other Banks; and (3) each partial termination of the Loan Commitments in the aggregate (and corresponding reduction of the Total Loan Commitment) shall be in an integral multiple of One Million Dollars (\$1,000,000).

(b) If Borrower does not make Loan Borrowings in the minimum amounts and by the applicable dates required for compliance with clauses (i) and (ii) of the proviso to Section 2.01(b), then Borrower shall be deemed to have elected to terminate a portion of the unused Loan Commitments in the amount necessary to cause compliance with the minimum Loan Borrowings required by Section 2.01(b) (for example, if Borrower has made only \$250,000,000 of Loan Borrowings by April 29, 2016, then the unused Total Loan Commitments shall be reduced from \$500,000,000 to \$250,000,000 on such date so that Borrower will be in compliance with clause (ii) of the proviso to Section 2.01(b)). If requested by the Administrative Agent, Borrower shall deliver to the Administrative Agent those notices required by Section 2.16(a) that are necessary to effectuate the reductions in the unused Loan Commitments described in the preceding sentence. Solely for purposes of determining whether Borrower is deemed pursuant to this Section 2.16(b) to have elected to terminate a portion of the unused Loan Commitments due to Borrower's failure to make Loan Borrowings in the minimum amounts required by Section 2.01(b), Borrower shall be deemed to have made Loan Borrowings to the extent of any Defaulting Lender's failure to fund Loan Borrowings requested by Borrower in accordance with this Agreement.

(c) The Loan Commitments, to the extent terminated pursuant to this Section 2.16, may not be reinstated.

(d) (i) The Borrower may, by written notice to the Administrative Agent on one or more occasions on or after the Effective Date, elect to request the increase of the Total Loan Commitment or the establishment of one or more new term loan commitments (the "New Term Loan Commitments"), by an aggregate amount of Five Hundred Million Dollars (\$500,000,000) that would result in the sum of the Total Loan Commitment plus all New Term Loan Commitments not exceeding One Billion Two Hundred Fifty Million Dollars (\$1,250,000,000) in the aggregate (each such amount in addition to the Total Loan Commitment as of the Effective Date, a "Facility Increase" and the maximum aggregate increase, the "Maximum Increase Amount") and not less than \$25,000,000 per request (or such lesser amount which shall be approved by Administrative Agent or such lesser amount that shall constitute the difference between the Maximum Increase Amount and the sum of all such Facility Increases obtained prior to such date), and integral multiples of \$5,000,000 in excess of that amount. Each such notice shall specify (A) the date (each, an "Increased Amount Date") on which the Borrower proposes that the Facility Increase shall be effective and (B) the identity of each Bank or other Person that is a Qualified Institution (each other Qualified Institution which agrees to provide all or a portion of such Facility Increase and which is not already a Bank being referred to herein as a "New Term Loan Lender") to which the Borrower proposes any portion of such Facility Increase be allocated and the amounts of such allocations; provided that any Bank or other Qualified Institution approached to provide all or a portion of a Facility Increase may elect

or decline, in its sole discretion, to provide such Facility Increase and the Administrative Agent shall have the right to approve any New Term Loan Lender, which approval will not be unreasonably withheld or delayed. Any Bank that fails to respond to a request for a Facility Increase shall be deemed to have elected to not provide such Facility Increase.

(ii) Such Facility Increase shall become effective as of such Increased Amount Date, subject to the satisfaction of each of the following conditions precedent:

(A) no Default or Event of Default shall exist on such Increased Amount Date before or after giving effect to such Facility Increase;

(B) the Facility Increase shall be effected pursuant to one or more joinder agreements in form and substance reasonably satisfactory to, and executed and delivered by, the Borrower, the Banks providing the Facility Increase and the Administrative Agent, each of which shall be recorded in the Register, and any New Term Loan Lender shall become a Bank hereunder;

(C) the Borrower shall deliver or cause to be delivered any promissory notes, certificates, legal opinions, resolutions or other documents reasonably requested by the Administrative Agent in connection with any such transaction, consistent with those delivered on the Effective Date under Section 4.01; and

(D) the Borrower shall have paid, pursuant to separate agreements between the Borrower and the Administrative Agent, the arranger for the Facility Increase and/or the Banks providing such Facility Increase, (A) all reasonable costs and expenses incurred by the Administrative Agent in connection with the applicable Facility Increase and (B) any fees that the Borrower has agreed to pay to the arranger for the Facility Increase and/or the Banks providing such Facility Increase in connection with such Facility Increase.

(iii) Additional Facility Increase Matters.

(A) On any Increased Amount Date on which any Facility Increase is effective, subject to the satisfaction of the foregoing terms and conditions, (i) each Bank providing a commitment for such Facility Increase shall make a loan to Borrower (a "New Term Loan") in an amount equal to its commitment for such Facility Increase, and (ii) each Bank providing such Facility Increase shall become a Bank hereunder with respect to the New Term Loan made pursuant thereto. Any New Term Loans made on an Increased Amount Date may be designated a separate series (a "Series") of New Term Loans for purposes of this Agreement.

(B) (1) The terms of any such New Term Loans shall not provide for any amortization payments on or prior to the Maturity Date of the existing Loans, but may permit voluntary prepayment ratably with the existing Loans and (2) the applicable maturity date for such New Term Loans shall be no earlier than the latest Maturity Date of the existing Loans.

(C) Each joinder agreement executed in connection with a Facility Increase may, without the consent of any Banks other than those providing such Facility

Increase, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the good faith judgment of Administrative Agent, to effect the provisions of such Facility Increase and this Section 2.16(d), subject to approval by the Borrower; provided however, that any amendments that adversely affect a Bank shall be subject to Section 12.02.

SECTION 2.17 [Reserved].

SECTION 2.18 Extension Option. Borrower may extend the Maturity Date two (2) times only for a period of one (1) year per extension upon satisfaction of the following terms and conditions for each extension: (i) delivery by Borrower of a written notice to Administrative Agent (an "Extension Notice") on or before a date that is not more than one hundred twenty (120) days nor less than one (1) month prior to the then scheduled Maturity Date, which Extension Notice Administrative Agent shall promptly deliver to the Banks, which Extension Notice shall include a certification dated as of the date of such Extension Notice signed by a duly authorized signatory of Borrower, stating, to the best of the certifying party's knowledge, (x) all representations and warranties contained in this Agreement and in each of the other Loan Documents are true and correct on and as of the date of such Extension Notice (except in those cases where such representation or warranty expressly relates to an earlier date and except for changes in factual circumstances not prohibited under the Loan Documents), and (y) no Event of Default has occurred and is continuing; (ii) no Event of Default shall have occurred and be continuing on the original Maturity Date (an "Extension Date"), and (iii) Borrower shall pay to Administrative Agent on or before such Extension Date a fee equal to 0.125% of the outstanding principal amount of Loans on such Extension Date, which fee shall be distributed by Administrative Agent pro rata to each of the Banks based on each Bank's Pro Rata Share. Borrower's delivery of each Extension Notice shall be irrevocable.

ARTICLE III

YIELD PROTECTION; ILLEGALITY; ETC.

SECTION 3.01 Additional Costs. Borrower shall pay directly to each Bank from time to time on demand such amounts as such Bank may reasonably determine to be necessary to compensate it for any increased costs which such Bank determines are attributable to its making or maintaining a LIBOR Loan, or its obligation to make or maintain a LIBOR Loan, or its obligation to Convert a Base Rate Loan to a LIBOR Loan hereunder, or any reduction in any amount receivable by such Bank hereunder in respect of its LIBOR Loan or such obligations (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), in each case resulting from any Regulatory Change which:

- (1) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, and (B) Excluded Taxes) on its loans, loan principal, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or
- (2) (other than to the extent the LIBOR Reserve Requirement is taken into account in determining the LIBOR Rate at the commencement of the applicable Interest

Period) imposes or modifies any reserve, special deposit, liquidity, deposit insurance or assessment, minimum capital, capital ratio or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, such Bank (including any LIBOR Loan or any deposits referred to in the definition of "LIBOR Interest Rate"), or any commitment of such Bank (including such Bank's Loan Commitment hereunder); or

(3) imposes any other condition, cost or expense (other than Taxes) affecting this Agreement or the Notes (or any of such extensions of credit or liabilities).

Without limiting the effect of the provisions of the first paragraph of this Section, in the event that, by reason of any Regulatory Change, any Bank becomes subject to restrictions on the amount of such a category of liabilities or assets which it may hold, then, if such Bank so elects by notice to Borrower (with a copy to Administrative Agent), the obligation of such Bank to permit Elections of, to Continue, or to Convert Base Rate Loans into, LIBOR Loans shall be suspended (in which case the provisions of Section 3.04 shall be applicable) until such Regulatory Change ceases to be in effect.

The obligations of Borrower under this Section shall survive the repayment of all amounts due under or in connection with any of the Loan Documents and the termination of the Loan Commitments in respect of the period prior to such termination.

Determinations and allocations by a Bank for purposes of this Section of the effect of any Regulatory Change pursuant to the first or second paragraph of this Section, on its costs or rate of return of making or maintaining its Loan or portions thereof or on amounts receivable by it in respect of its Loan or portions thereof, and the amounts required to compensate such Bank under this Section, shall be included in a calculation of such amounts given to Borrower and shall be conclusive absent manifest error.

Notwithstanding anything contained in this Article III to the contrary, Borrower shall only be obligated to pay any amounts due under this Section 3.01 or under Section 3.06 if, and a Bank shall not exercise any right under this Section 3.01 or Sections 3.02, 3.03, 3.04 or 3.06 unless, the applicable Bank is generally imposing a similar charge on, or otherwise similarly enforcing its agreements with, its other similarly situated borrowers. In addition, Borrower shall not be obligated to compensate any Bank under any such provision for any amounts attributable to any period which is more than one (1) year prior to such Bank's delivery of notice thereof to Borrower (except that if a Regulatory Change is retroactive, then such period shall be extended to include the period of retroactive effect, provided that such Bank delivered notice thereof to Borrower no later than one (1) year after the date on which the Regulatory Change with such retroactive effect was made).

SECTION 3.02 Alternate Rate of Interest. If prior to the commencement of any Interest Period for a LIBOR Loan:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for

ascertaining the LIBOR Interest Rate or the LIBOR Base Rate, as applicable, for such Interest Period; or

(b) the Administrative Agent is advised by the Required Banks that the LIBOR Interest Rate or the LIBOR Base Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Banks of making or maintaining their Loans included in such borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Banks by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Banks that the circumstances giving rise to such notice no longer exist, (i) any notice by the Borrower of Election, Conversion or Continuation that requests the Conversion of any Loan to, or Continuation of any Loan as, a LIBOR Loan shall be ineffective, and (ii) if the Borrower requests a LIBOR Loan, such Loan shall be made or Continued as a Base Rate Loan.

SECTION 3.03 Illegality. Notwithstanding any other provision of this Agreement, in the event that it becomes unlawful for any Bank or its Applicable Lending Office to honor its obligation to make or maintain a LIBOR Loan hereunder, to allow Elections or Continuations of a LIBOR Loan or to Convert a Base Rate Loan into a LIBOR Loan, then such Bank shall promptly notify Administrative Agent and Borrower thereof and such Bank's obligation to make or maintain a LIBOR Loan, or to permit Elections of, to Continue, or to Convert its Base Rate Loan into, a LIBOR Loan shall be suspended (in which case the provisions of Section 3.04 shall be applicable) until such time as such Bank may again make and maintain a LIBOR Loan.

SECTION 3.04 Treatment of Affected Loans. If the obligations of any Bank to make or maintain a LIBOR Loan, or to permit an Election of a LIBOR Loan, to Continue its LIBOR Loan, or to Convert its Base Rate Loan into a LIBOR Loan, are suspended pursuant to Section 3.01 or 3.03 (each LIBOR Loan so affected being herein called an "Affected Loan"), such Bank's Affected Loan shall be automatically Converted into a Base Rate Loan on the last day of the then current Interest Period for the Affected Loan (or, in the case of a Conversion or conversion resulting from Section 3.03, on such earlier date as such Bank may specify to Borrower).

To the extent that such Bank's Affected Loan has been so Converted (or the interest rate thereon so converted), all payments and prepayments of principal which would otherwise be applied to such Bank's Affected Loan shall be applied instead to its Base Rate Loan and such Bank shall have no obligation to Convert its Base Rate Loan into a LIBOR Loan.

SECTION 3.05 Certain Compensation. Other than in connection with a Conversion of an Affected Loan, Borrower shall pay to Administrative Agent for the account of the applicable Bank, upon the request of such Bank through Administrative Agent which request includes a calculation of the amount(s) due, such amount or amounts as shall be sufficient (in the reasonable opinion of such Bank) to compensate it for any loss, cost or expense which such Bank reasonably determines is attributable to:

(1) any payment or prepayment of a LIBOR Loan made by such Bank, or any Conversion of a LIBOR Loan made by such Bank, in any such case on a date other than the last day of an applicable Interest Period, whether by reason of acceleration or otherwise;

(2) any failure by Borrower for any reason to Convert a LIBOR Loan or a Base Rate Loan or to Continue a LIBOR Loan, as the case may be, to be Converted or Continued by such Bank on the date specified therefor in the relevant notice under Section 2.14;

(3) any failure by Borrower to borrow (or to qualify for a borrowing of) a LIBOR Loan which would otherwise be made hereunder on the date specified in the relevant Election notice under Section 2.14 given or submitted by Borrower; or

(4) any failure by Borrower to prepay a LIBOR Loan on the date specified in a notice of prepayment.

Without limiting the foregoing, such compensation shall include an amount equal to the present value (using as the discount rate an interest rate equal to the rate determined under (2) below) of the excess, if any, of (1) the amount of interest (less the Applicable Margin) which otherwise would have accrued on the principal amount so paid, prepaid, Converted or Continued (or not Converted, Continued or borrowed) for the period from the date of such payment, prepayment, Conversion or Continuation (or failure to Convert, Continue or borrow) to the last day of the then current applicable Interest Period (or, in the case of a failure to Convert, Continue or borrow, to the last day of the applicable Interest Period which would have commenced on the date specified therefor in the relevant notice) at the applicable rate of interest for the LIBOR Loan provided for herein, over (2) the amount of interest (as reasonably determined by such Bank) based upon the interest rate which such Bank would have bid in the London interbank market for Dollar deposits, for amounts comparable to such principal amount and maturities comparable to such period. A determination of any Bank as to the amounts payable pursuant to this Section shall be conclusive absent manifest error.

The obligations of Borrower under this Section shall survive the repayment of all amounts due under or in connection with any of the Loan Documents and the termination of the Loan Commitments in respect of the period prior to such termination.

SECTION 3.06 Capital Adequacy. If any Bank shall have determined that, after the date hereof, due to any Regulatory Change or the adoption of, or any change in, any applicable law, rule or regulation regarding capital adequacy or liquidity requirements, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy or liquidity requirements (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of such Bank (or its Parent) as a consequence of such Bank's obligations hereunder to a level below that which such Bank (or its Parent) could have achieved but for such adoption, change, request or directive (taking into

consideration its policies with respect to capital adequacy and liquidity) by an amount deemed by such Bank to be material, then from time to time, within fifteen (15) days after demand by such Bank (with a copy to Administrative Agent), Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank (or its Parent) for such reduction. A certificate of any Bank claiming compensation under this Section, setting forth in reasonable detail the basis therefor, shall be conclusive absent manifest error. The obligations of Borrower under this Section shall survive the repayment of all amounts due under or in connection with any of the Loan Documents and the termination of the Loan Commitments in respect of the period prior to such termination.

SECTION 3.07 Substitution of Banks. If any Bank (an “Affected Bank”) (i) makes demand upon Borrower for (or if Borrower is otherwise required to pay) Additional Costs pursuant to Section 3.01, (ii) is unable to make or maintain a LIBOR Loan as a result of a condition described in Section 3.03 or clause (2) of Section 3.02, (iii) has any increased costs as described in Section 3.06, (iv) requires the Borrower to pay any Indemnified Taxes or other amounts to such Bank or any Governmental Authority pursuant to Section 10.13, or (v) becomes a Defaulting Lender, Borrower may, within ninety (90) days of receipt of such demand or notice of the occurrence of an event described above in this Section 3.07) (provided (A) such 90-day limit shall not be applicable for a Defaulting Lender and (B) such 90-day period shall be extended for an additional period of 60 days if Borrower shall have attempted during such 90-day period to secure a Replacement Bank (as defined below) and shall be diligently pursuing such attempt), give written notice (a “Replacement Notice”) to Administrative Agent and to each Bank of Borrower’s intention either (x) to prepay in full the Affected Bank’s Loans and to terminate the Affected Bank’s entire Loan Commitment or (y) to replace the Affected Bank with another financial institution (the “Replacement Bank”) designated in such Replacement Notice. After its replacement, an Affected Bank shall remain entitled to the benefits of Sections 3.01, 3.06, 10.13 and 12.04 in respect of the period prior to its replacement.

In the event Borrower opts to give the notice provided for in clause (x) above, and if the Affected Bank shall not agree within thirty (30) days of its receipt thereof to waive the payment of the Additional Costs, Indemnified Taxes or other amounts in question or the effect of the circumstances described in Section 3.03, in clause (2) of Section 3.02 or in Section 3.06 or the Affected Bank shall continue to be a Defaulting Lender, then, so long as no Event of Default shall exist, Borrower may (notwithstanding the provisions of clause (2) of Section 2.16(a)) terminate the Affected Bank’s entire Loan Commitment, provided that in connection therewith it pays to the Affected Bank all outstanding principal and accrued and unpaid interest under the Affected Bank’s Loans, together with all other amounts, if any, due from Borrower to the Affected Bank, including all amounts properly demanded and unreimbursed under Sections 3.01, 3.05 or 10.13. After any termination as provided in this paragraph, an Affected Bank shall remain entitled to the benefits of Sections 3.01, 3.06, 10.13 and 12.04 in respect of the period prior to such termination.

In the event Borrower opts to give the notice provided for in clause (y) above, and if Administrative Agent shall promptly (and in any event, within thirty (30) days of its receipt of the Replacement Notice), notify Borrower and each Bank in writing that the Replacement Bank is reasonably satisfactory to Administrative Agent, then the Affected Bank shall, so long as no

Event of Default shall exist, assign its Loans and all of its rights and obligations under this Agreement to the Replacement Bank, and the Replacement Bank shall assume all of the Affected Bank's rights and obligations, pursuant to an agreement, substantially in the form of an Assignment and Assumption Agreement, executed by the Affected Bank and the Replacement Bank. In connection with such assignment and assumption, the Replacement Bank shall pay to the Affected Bank an amount equal to the outstanding principal amount of the Affected Bank's Loans plus all interest accrued thereon, plus all other amounts, if any (other than the Additional Costs in question), then due and payable to the Affected Bank; provided, however, that prior to or simultaneously with any such assignment and assumption, Borrower shall have paid to such Affected Bank all amounts properly demanded and reimbursed under Sections 3.01, 3.05 and 10.13. Upon the effective date of such assignment and assumption, the Replacement Bank shall become a Bank Party to this Agreement and shall have all the rights and obligations of a Bank as set forth in such Assignment and Assumption Agreement, and the Affected Bank shall be released from its obligations hereunder, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this Section, a substitute Term Loan Note shall be issued to the Replacement Bank by Borrower, in exchange for the return of the Affected Bank's Term Loan Note. The obligations evidenced by such substitute note shall constitute "Obligations" for all purposes of this Agreement and the other Loan Documents. If the Replacement Bank is not incorporated under the laws of the United States of America or a state thereof, it shall, prior to the first date on which interest or fees are payable hereunder for its account, deliver to Borrower and Administrative Agent a certification as to exemption from deduction or withholding of any United States federal income taxes in accordance with Section 10.13. Each Replacement Bank shall be deemed to have made the representations contained in, and shall be bound by the provisions of, Section 10.13. After any assignment as provided in this paragraph, an Affected Bank shall remain entitled to the benefits of Sections 3.01, 3.06, 10.13 and 12.04 in respect of the period prior to such assignment.

Borrower, Administrative Agent and the Banks shall execute such modifications to the Loan Documents as shall be reasonably required in connection with and to effectuate the foregoing.

SECTION 3.08 Obligation of Banks to Mitigate.

Each Bank agrees that, as promptly as practicable after such Bank has actual knowledge of the occurrence of an event or the existence of a condition that would cause such Bank to become an Affected Bank or that would entitle such Bank to receive payments under Sections 3.01, 3.02, 3.03, 3.06 or 10.13, it will, to the extent not inconsistent with any applicable legal or regulatory restrictions, use reasonable efforts at the cost and expense of the Borrower (i) to make, issue, fund, or maintain the Loan Commitment of such Bank or the affected Loans of such Bank through another lending office of such Bank, or (ii) to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if as a result thereof the circumstances that would cause such Bank to be an Affected Bank would cease to exist or the additional amounts that would otherwise be required to be paid to such Bank pursuant to Sections 3.01, 3.02, 3.03, 3.06 or 10.13 would be reduced and if, as reasonably determined by such Bank in its sole discretion, the making, issuing, funding, or maintaining of such Loan Commitment or Loans through such other lending office or in accordance with such other measures, as the case may be,

would not otherwise adversely affect such Loan Commitment or Loans or would not be otherwise disadvantageous to the interests of such Bank.

ARTICLE IV

CONDITIONS PRECEDENT

SECTION 4.01 Conditions Precedent to the Loans. The obligations of the Banks hereunder and the obligation of each Bank to make the Initial Advance are subject to the condition precedent that Administrative Agent shall have received on or before the Execution Date each of the following documents, and each of the following requirements shall have been fulfilled:

- (1) Fees and Expenses. The payment of all fees and expenses owed to or incurred by Administrative Agent in connection with the origination of the Loans (including, without limitation, the reasonable fees and expenses of legal counsel);
- (2) Note. A Term Loan Note for each Bank, unless not requested by such Bank, duly executed by Borrower;
- (3) Financial Statements. Audited Borrower's Consolidated Financial Statements as of and for the year ended December 31, 2014;
- (4) Certificates of Limited Partnership/Trust. A copy of the Certificate of Limited Partnership for Borrower and a copy of the articles of trust of General Partner, each certified by the appropriate Secretary of State or equivalent state official;
- (5) Agreements of Limited Partnership/Bylaws. A copy of the Agreement of Limited Partnership for Borrower and a copy of the bylaws of General Partner, including all amendments thereto, each certified by the Secretary or an Assistant Secretary of General Partner as being in full force and effect on the Execution Date;
- (6) Good Standing Certificates. A certified copy of a certificate from the Secretary of State or equivalent state official of the states where Borrower and General Partner are organized, dated as of the most recent practicable date, showing the good standing or partnership qualification of Borrower and General Partner;
- (7) Foreign Qualification Certificates. A certified copy of a certificate from the Secretary of State or equivalent state official of the state where Borrower and General Partner maintain their principal places of business, dated as of the most recent practicable date, showing the qualification to transact business in such state as a foreign limited partnership or foreign trust, as the case may be, for Borrower and General Partner;
- (8) Resolutions. A copy of a resolution or resolutions adopted by the Board of Trustees of General Partner, certified by the Secretary or an Assistant Secretary of General Partner as being in full force and effect on the Execution Date, authorizing the Loans provided for herein and the execution, delivery and performance of the Loan

Documents to be executed and delivered by General Partner hereunder on behalf Borrower;

(9) Incumbency Certificate. A certificate, signed by the Secretary or an Assistant Secretary of General Partner and dated the Execution Date, as to the incumbency, and containing the specimen signature or signatures, of the Persons authorized to execute and deliver the Loan Documents to be executed and delivered by it and Borrower hereunder;

(10) Solvency Certificate. A Solvency Certificate, duly executed, from Borrower;

(11) Opinion of Counsel for Borrower. Favorable opinions, dated as of the Closing Date, from counsels for Borrower and General Partner, as to such matters as Administrative Agent may reasonably request;

(12) Authorization Letter. The Authorization Letter, duly executed by Borrower;

(13) Intentionally Omitted.

(14) Request for Advance. A request for an advance in accordance with Section 2.05;

(15) Certificate. The following statements shall be true and Administrative Agent shall have received a certificate dated as of the Execution Date signed by a duly authorized signatory of Borrower stating, to the best of the certifying party's knowledge, the following:

(a) All representations and warranties contained in this Agreement and in each of the other Loan Documents are true and correct on and as of the Execution Date as though made on and as of such date, and

(b) No Default or Event of Default has occurred and is continuing;

(16) Compliance Certificate. A certificate of the sort required by paragraph (3) of Section 6.09; and

(17) Insurance. Evidence of the insurance described in Section 5.17.

(18) KYC Information. The Administrative Agent and the Banks shall have received all documentation and other information about the Borrower as shall have been reasonably requested by the Administrative Agent or such Bank that it shall have reasonably determined is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations.

SECTION 4.02 Conditions Precedent to Advances After the Initial Advance. The obligation of each Bank to make any advance of the Loans subsequent to the Initial Advance shall be subject to satisfaction of the following conditions precedent:

(1) No Default or Event of Default shall have occurred and be continuing;

(2) Each of the representations and warranties of Borrower contained in this Agreement and in each of the other Loan Documents shall be true and correct in all material respects as of the date of the advance, issuance, renewal or increase (except in those cases where such representation or warranty expressly relates to an earlier date or is qualified as to “materiality”, “Material Adverse Change” or similar language (which shall be true and correct in all respects) and except for changes in factual circumstances permitted hereunder); and

(3) Administrative Agent shall have received a request for an advance in accordance with Section 2.05.

SECTION 4.03 Deemed Representations. Each request by Borrower for, and acceptance by Borrower of, an advance of proceeds of the Loans shall constitute a representation and warranty by Borrower that, as of both the date of such request and the date of such advance (1) no Default or Event of Default has occurred and is continuing as of the date of such advance, and (2) each of the representations and warranties by Borrower contained in this Agreement and in each of the other Loan Documents is true and correct in all material respects on and as of such date with the same effect as if made on and as of such date, except where such representation or warranty expressly relates to an earlier date and except for changes in factual circumstances not prohibited hereunder. In addition, the request by Borrower for, and acceptance by Borrower of, the Initial Advance shall constitute a representation and warranty by Borrower that, as of the Closing Date, each certificate delivered pursuant to Section 4.01 is true and correct in all material respects.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Administrative Agent and each Bank as follows:

SECTION 5.01 Existence. Borrower is a limited partnership duly organized and existing under the laws of the State of Delaware, with its principal executive office in the State of New York, and is duly qualified as a foreign limited partnership, properly licensed, in good standing and has all requisite authority to conduct its business in each jurisdiction in which it owns properties or conducts business except where the failure to be so qualified or to obtain such authority would not constitute a Material Adverse Change. Each of its Consolidated Businesses is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and has all requisite authority to conduct its business in each jurisdiction in which it owns property or conducts business, except where the failure to be so

qualified or to obtain such authority would not constitute a Material Adverse Change. General Partner is a REIT duly organized and existing under the laws of the State of Maryland, with its principal executive office in the State of New York, is duly qualified as a foreign corporation or trust and properly licensed and in good standing in each jurisdiction where the failure to qualify or be licensed would constitute a Material Adverse Change. The common shares of beneficial interest of General Partner are listed on the New York Stock Exchange.

SECTION 5.02 Corporate/Partnership Powers. The execution, delivery and performance of this Agreement and the other Loan Documents required to be delivered by Borrower hereunder are within its partnership authority, have been duly authorized by all requisite action, and are not in conflict with the terms of any organizational documents of such entity, or any instrument or agreement to which Borrower or General Partner is a party or by which Borrower, General Partner or any of their respective assets may be bound or affected (which conflict with any such instrument or agreement would likely cause a Material Adverse Change to occur).

SECTION 5.03 Power of Officers. The officers of General Partner executing the Loan Documents required to be delivered by it on behalf of Borrower hereunder have been duly elected or appointed and were fully authorized to execute the same at the time each such Loan Document was executed.

SECTION 5.04 Power and Authority; No Conflicts; Compliance With Laws. The execution and delivery of, and the performance of the obligations required to be performed by Borrower under, the Loan Documents do not and will not (a) violate any provision of, or, except for those which have been made or obtained, require any filing (other than SEC disclosure filings), registration, consent or approval under, any Law (including, without limitation, Regulation U), order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to it, except for such violations, or filings, registrations, consents and approvals which if not done or obtained would not likely cause a Material Adverse Change to occur, (b) result in a breach of or constitute a default under or require any consent under any indenture or loan or credit agreement or any other agreement, lease or instrument to which it may be a party or by which it or its properties may be bound or affected except for consents which have been obtained or which if not obtained are not likely to cause a Material Adverse Change to occur, (c) result in, or require, the creation or imposition of any Lien, upon or with respect to any of its properties now owned or hereafter acquired which would likely cause a Material Adverse Change to occur, or (d) cause it to be in default under any such Law, order, writ, judgment, injunction, decree, determination or award or any such indenture, agreement, lease or instrument which would likely cause a Material Adverse Change to occur; to the best of its knowledge, Borrower is in compliance with all Laws applicable to it and its properties where the failure to be in compliance would cause a Material Adverse Change to occur.

SECTION 5.05 Legally Enforceable Agreements. Each Loan Document is a legal, valid and binding obligation of Borrower, enforceable in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally, as well as general principles of equity.

SECTION 5.06 Litigation. Except as disclosed in General Partner's SEC Reports existing as of the date hereof, there are no investigations, actions, suits or proceedings pending or, to its knowledge, threatened against Borrower, General Partner or any of their Affiliates before any court or arbitrator or any Governmental Authority reasonably likely to (i) have a material effect on Borrower's ability to repay the Loans, (ii) result in a Material Adverse Change, or (iii) affect the validity or enforceability of any Loan Document.

SECTION 5.07 Good Title to Properties. Borrower and each of its Material Affiliates have good, marketable and legal title to all of the properties and assets each of them purports to own (including, without limitation, those reflected in the December 31, 2014 financial statements referred to in Sections 4.01(3) and 5.15 and only with exceptions which do not materially detract from the value of such property or assets or the use thereof in Borrower's and such Affiliate's businesses, and except to the extent that any such properties and assets have been encumbered or disposed of since the date of such financial statements without violating any of the covenants contained in Article VII or elsewhere in this Agreement) and except where failure to comply with the foregoing would likely result in a Material Adverse Change. Borrower and its Material Affiliates enjoy peaceful and undisturbed possession of all leased property under leases which are valid and subsisting and are in full force and effect, except to the extent that the failure to be so would not likely result in a Material Adverse Change.

SECTION 5.08 Taxes. Borrower has filed all tax returns (federal, state and local) required to be filed and has paid all taxes, assessments and governmental charges and levies due and payable without the imposition of a penalty, including interest and penalties, except to the extent they are the subject of a Good Faith Contest or where the failure to comply with the foregoing would not likely result in a Material Adverse Change.

SECTION 5.09 ERISA. To the knowledge of Borrower, each Plan is in compliance in all material respects with its terms and all applicable provisions of ERISA. Neither a Reportable Event nor a Prohibited Transaction has occurred with respect to any Plan that, assuming the taxable period of the transaction expired as of the date hereof, could subject Borrower, General Partner or any ERISA Affiliate to a tax or penalty imposed under Section 4975 of the Code or Section 502(i) of ERISA in an amount that is in excess of \$250,000; no Reportable Event has occurred with respect to any Plan within the last six (6) years; no notice of intent to terminate a Plan has been filed nor has any Plan been terminated within the past five (5) years; Borrower is not aware of any circumstances which constitutes grounds under Section 4042 of ERISA entitling the PBGC to institute proceedings to terminate, or appoint a trustee to administer, a Plan, nor has the PBGC instituted any such proceedings; Borrower, General Partner and the ERISA Affiliates have met the minimum funding requirements of Section 412 of the Code and Section 302 of ERISA of each with respect to the Plans of each and except as disclosed in the Borrower's Consolidated Financial Statements there was no Unfunded Current Liability with respect to any Plan established or maintained by each as of the last day of the most recent plan year of each Plan; and Borrower, General Partner and the ERISA Affiliates have not incurred any liability to the PBGC under ERISA (other than for the payment of premiums under Section 4007 of ERISA) which is due and payable for more than 45 days and has not been reserved against. None of the assets of Borrower or General Partner under this Agreement constitute "plan assets" of any "employee benefit plan" within the meaning of ERISA or of any

“plan” within the meaning of Section 4975(e)(1) of the Code, as interpreted by the Internal Revenue Service and the U.S. Department of Labor in rules, regulations, releases or bulletins or as interpreted under applicable case law.

SECTION 5.10 No Default on Outstanding Judgments or Orders. Borrower has satisfied all judgments which are not being appealed and is not in default with respect to any rule or regulation or any judgment, order, writ, injunction or decree applicable to Borrower, of any court, arbitrator or federal, state, municipal or other Governmental Authority, commission, board, bureau, agency or instrumentality, domestic or foreign, in each case which failure to satisfy or which being in default is likely to result in a Material Adverse Change.

SECTION 5.11 No Defaults on Other Agreements. Except as disclosed to the Bank Parties in writing or as disclosed in General Partner’s SEC Reports existing as of the date hereof, Borrower, to the best of its knowledge, is not a party to any indenture, loan or credit agreement or any lease or other agreement or instrument or subject to any partnership, trust or other restriction which is likely to result in a Material Adverse Change. To the best of its knowledge, Borrower is not in default in any respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument which is likely to result in a Material Adverse Change.

SECTION 5.12 Government Regulation. Neither Borrower nor General Partner is subject to regulation under the Investment Company Act of 1940.

SECTION 5.13 Environmental Protection. To Borrower’s knowledge, except as disclosed in General Partner’s SEC Reports existing as of the date hereof, none of Borrower’s or its Affiliates’ properties contains any Hazardous Materials that, under any Environmental Law currently in effect, (1) would impose liability on Borrower that is likely to result in a Material Adverse Change, or (2) is likely to result in the imposition of a Lien on any assets of Borrower or any Material Affiliates that is likely to result in a Material Adverse Change. To Borrower’s knowledge, neither it nor any Material Affiliates are in violation of, or subject to any existing, pending or threatened investigation or proceeding by any Governmental Authority under any Environmental Law that is likely to result in a Material Adverse Change.

SECTION 5.14 Solvency. Borrower is, and upon consummation of the transactions contemplated by this Agreement, the other Loan Documents and any other documents, instruments or agreements relating thereto, will be, Solvent.

SECTION 5.15 Financial Statements. Borrower’s Consolidated Financial Statements most recently delivered to the Banks prior to the date of this Agreement are in all material respects complete and fairly present the financial condition and results of operations of the subjects thereof as of the dates of and for the periods covered by such statements, all in accordance with GAAP. There has been no Material Adverse Change since the date of such most recently delivered Borrower’s Consolidated Financial Statements or if any of Borrower’s Consolidated Financial Statements have been delivered pursuant to Section 6.09(1) or (2) subsequent to the date of this Agreement, there has been no Material Adverse Change since the

date of Borrower's Consolidated Financial Statements most recently delivered pursuant to one of such sections.

SECTION 5.16 Valid Existence of Affiliates. Each Material Affiliate is an entity duly organized and existing in good standing under the laws of the jurisdiction of its formation. As to each Material Affiliate, its correct name, the jurisdiction of its formation, Borrower's direct or indirect percentage of beneficial interest therein, and the type of business in which it is primarily engaged, are set forth on EXHIBIT F. Borrower and each of its Material Affiliates have the power to own their respective properties and to carry on their respective businesses now being conducted. Each Material Affiliate is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which the nature of the respective businesses conducted by it or its respective properties, owned or held under lease, make such qualification necessary and where the failure to be so qualified would likely cause a Material Adverse Change.

SECTION 5.17 Insurance. Each of Borrower and each of its Material Affiliates has in force paid insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated.

SECTION 5.18 Accuracy of Information; Full Disclosure. Neither this Agreement nor any documents, financial statements, reports, notices, schedules, certificates, statements or other writings furnished by or on behalf of Borrower to Administrative Agent or any Bank in connection with the negotiation of this Agreement or the consummation of the transactions contemplated hereby, required herein to be furnished by or on behalf of Borrower (other than projections which are made by Borrower in good faith) or certified as being true and correct by or on behalf of the Borrower to the Administrative Agent or any Bank in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so certified) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein, in the light of the circumstances under which they were made, not misleading in any material respect; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time. There is no fact which Borrower has not disclosed to Administrative Agent and the Banks in writing or that is not included in General Partner's SEC Reports that materially affects adversely or, so far as Borrower can now reasonably foresee, will materially affect adversely the business or financial condition of Borrower or the ability of Borrower to perform this Agreement and the other Loan Documents.

SECTION 5.19 Use of Proceeds. All proceeds of the Loans will be used by Borrower for any purpose permitted by law. Neither the making of any Loan nor the use of the proceeds thereof nor any other extension of credit hereunder will violate the provisions of Regulations T, U, or X of the Federal Reserve Board.

SECTION 5.20 Governmental Approvals. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by,

any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with the execution, delivery and performance of any Loan Document or the consummation of any of the transactions contemplated thereby other than those that have already been duly made or obtained and remain in full force and effect, those which, if not made or obtained, would not likely result in a Material Adverse Change and those which will be made in due course as SEC disclosure filings.

SECTION 5.21 Principal Offices. As of the Closing Date, the principal office, chief executive office and principal place of business of Borrower is 888 Seventh Avenue, New York, New York 10106.

SECTION 5.22 General Partner Status. General Partner is qualified and General Partner intends to continue to qualify as a REIT.

(1) As of the date hereof, the General Partner owns no assets other than ownership interests in Borrower or as disclosed on SCHEDULE 2A attached hereto.

(2) The General Partner is neither the borrower nor guarantor of any Debt except as disclosed on SCHEDULE 3 attached hereto.

SECTION 5.23 Labor Matters. Except as disclosed on EXHIBIT I, (i) as of the date hereof, there are no collective bargaining agreements or Multiemployer Plans covering the employees of Borrower, General Partner, or any ERISA Affiliate and (ii) neither Borrower, General Partner, nor any ERISA Affiliate has suffered any strikes, walkouts, work stoppages or other material labor difficulty within the last five years which would likely result in a Material Adverse Change.

SECTION 5.24 Organizational Documents. The documents delivered pursuant to Section 4.01(4) and (5) constitute, as of the Closing Date, all of the organizational documents of the Borrower and General Partner. Borrower represents that it has delivered to Administrative Agent true, correct and complete copies of each such documents. General Partner is the general partner of the Borrower. General Partner holds (directly or indirectly) not less than ninety percent (90%) of the ownership interests in Borrower as of the Execution Date.

SECTION 5.25 Anti-Corruption Laws and Sanctions. The Borrower has implemented and maintains in effect policies and procedures designed to attain compliance by the General Partner, the Borrower, its Subsidiaries and their respective directors, trustees, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrower, its Subsidiaries and their respective officers and employees and to the knowledge of the Borrower its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the General Partner, the Borrower, any Subsidiary or any of their respective directors, trustees, officers or employees, or (b) to the knowledge of the Borrower, any agent of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Loan, use of proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions.

ARTICLE VI

AFFIRMATIVE COVENANTS

So long as any of the Loans shall remain unpaid or the Loan Commitments remain in effect, or any other amount is owing by Borrower to any Bank hereunder or under any other Loan Document remains outstanding, Borrower shall:

SECTION 6.01 Maintenance of Existence. Preserve and maintain its legal existence and, if applicable, good standing in its jurisdiction of organization and, if applicable, qualify and remain qualified as a foreign entity in each jurisdiction in which such qualification is required, except to the extent that failure to so qualify would not likely result in a Material Adverse Change.

SECTION 6.02 Maintenance of Records. Keep adequate records and books of account, in which entries will be made in accordance with GAAP in all material respects, except as disclosed in Borrower's financial statements, reflecting all of its financial transactions.

SECTION 6.03 Maintenance of Insurance. At all times, maintain and keep in force, and cause each of its Material Affiliates to maintain and keep in force, insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated, which insurance may provide for reasonable deductibles from coverage thereof.

SECTION 6.04 Compliance with Laws: Payment of Taxes. Comply in all material respects with all Laws applicable to it or to any of its properties or any part thereof, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it or upon any of its property, except to the extent they are the subject of a Good Faith Contest or the failure to so comply would not cause a Material Adverse Change. The Borrower will maintain in effect and enforce policies and procedures designed to attain compliance by the General Partner, the Borrower, its Subsidiaries and their respective directors, trustees, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

SECTION 6.05 Right of Inspection. At any reasonable time and from time to time upon reasonable notice, but not more frequently than twice in any 12-month period provided that no Event of Default shall have occurred and be continuing, permit Administrative Agent or any Bank or any agent or representative thereof (provided that, at Borrower's request, Administrative Agent or such Bank, or such representative, must be accompanied by a representative of Borrower), to examine and make copies and abstracts from the records and books of account of, and visit the properties of, Borrower and to discuss the affairs, finances and accounts of Borrower with the independent accountants of Borrower. The request by any Bank or agent or representative thereof for such an inspection shall be made to the Administrative Agent and the Administrative Agent promptly shall notify all the Banks of such request (or if the Administrative Agent shall have requested the same on its behalf, the Administrative Agent shall

notify all the Banks thereof) and any Bank that shall so desire may accompany Administrative Agent or such Bank, or such representative on such examination.

SECTION 6.06 Compliance With Environmental Laws. Comply in all material respects with all applicable Environmental Laws and immediately pay or cause to be paid all costs and expenses incurred in connection with such compliance, except to the extent there is a Good Faith Contest or the failure to so comply would not likely cause a Material Adverse Change.

SECTION 6.07 Payment of Costs. Pay all fees and expenses of the Administrative Agent required by this Agreement.

SECTION 6.08 Maintenance of Properties. Do all things reasonably necessary to maintain, preserve, protect and keep its and its Affiliates' properties in good repair, working order and condition except where the failure to do so would not result in a Material Adverse Change.

SECTION 6.09 Reporting and Miscellaneous Document Requirements. Furnish to Administrative Agent (which shall promptly distribute to each of the Banks):

- (1) Annual Financial Statements. As soon as available and in any event within ninety-five (95) days after the end of each Fiscal Year, the Borrower's Consolidated Financial Statements as of the end of and for such Fiscal Year, audited by Borrower's Accountants;
- (2) Quarterly Financial Statements. As soon as available and in any event within fifty (50) days after the end of each calendar quarter (other than the last quarter of the Fiscal Year), the unaudited Borrower's Consolidated Financial Statements as of the end of and for such calendar quarter, reviewed by Borrower's Accountants;
- (3) Certificate of No Default and Financial Compliance. Within fifty (50) days after the end of each of the first three quarters of each Fiscal Year and within ninety-five (95) days after the end of each Fiscal Year, a certificate of the chief financial officer or other appropriate financial officer of General Partner (a) stating that, to the best of his or her knowledge, no Default or Event of Default has occurred and is continuing, or if a Default or Event of Default has occurred and is continuing, specifying the nature thereof and the action which is being taken with respect thereto; (b) stating that the covenants contained in Article VIII have been complied with (or specifying those that have not been complied with) and including computations demonstrating such compliance (or non-compliance); (c) setting forth all items comprising Total Outstanding Indebtedness (including amount, maturity, interest rate and amortization requirements), Capitalization Value, Secured Indebtedness, Combined EBITDA, Unencumbered Combined EBITDA, Interest Expense, Unsecured Interest Expense and Unsecured Indebtedness; and (d) only at the end of each Fiscal Year an estimate of Borrower's taxable income;

(4) Certificate of Borrower's Accountants. Within ninety-five (95) days after the end of each Fiscal Year, a report with respect thereto of Borrower's Accountants, which report shall be unqualified, except as provided in the second sentence of this clause (4), and shall state that such financial statements fairly present the consolidated financial position of each of the Borrower and its Subsidiaries as at the dates indicated and the consolidated results of their operations and cash flows for the periods indicated, in conformity with GAAP applied on a basis consistent with prior years (except for changes which shall have been disclosed in the notes to the financial statements). In the event that such report is qualified, a copy of the Borrower's Accountants' communications with those charged with governance or any similar report delivered to the General Partner or to any officer or employee thereof by Borrower's Accountants in connection with such financial statements (which letter or report shall be subject to the confidentiality limitations set forth herein), as well as a statement of Borrower's Accountants to the effect that in connection with their audit, nothing came to their attention that caused them to believe that the Borrower failed to comply with the terms, covenants, provisions or conditions of Article VIII, insofar as they relate to financial and accounting matters.

(5) Notice of Litigation. Promptly after the commencement and knowledge thereof, notice of all actions, suits, and proceedings before any court or arbitrator, affecting Borrower which, if determined adversely to Borrower is likely to result in a Material Adverse Change and which would be required to be reported in Borrower's SEC Reports;

(6) Notice of ERISA Events. Promptly after the occurrence thereof, notice of any action or event described in clauses (c) or (d) of Section 9.01(7);

(7) Notices of Defaults and Events of Default. As soon as possible and in any event within ten (10) days after Borrower becomes aware of the occurrence of a material Default or any Event of Default a written notice setting forth the details of such Default or Event of Default and the action which is proposed to be taken with respect thereto;

(8) Sales or Acquisitions of Assets. Promptly after the occurrence thereof, written notice of any Disposition or acquisition of an individual asset (other than acquisitions or Dispositions of investments such as certificates of deposit, Treasury securities and money market deposits in the ordinary course of Borrower's cash management) in excess of One Billion Dollars (\$1,000,000,000);

(9) Material Adverse Change. As soon as is practicable and in any event within five (5) days after knowledge of the occurrence of any event or circumstance which is likely to result in or has resulted in a Material Adverse Change and which would be required to be reported in Borrower's SEC Reports, written notice thereof;

(10) Bankruptcy of Tenants. Promptly after becoming aware of the same, written notice of the bankruptcy, insolvency or cessation of operations of any tenant in any Real Property Asset of Borrower or in which Borrower has an interest to which four

percent (4%) or more of aggregate annual minimum rent payable to Borrower directly or through its Consolidated Businesses or UJVs is attributable;

(11) Offices. Thirty (30) days' prior written notice of any change in the principal executive office of Borrower;

(12) Environmental and Other Notices. As soon as possible and in any event within thirty (30) days after receipt, copies of all Environmental Notices received by Borrower which are not received in the ordinary course of business and which relate to a previously undisclosed situation which is likely to result in a Material Adverse Change;

(13) Insurance Coverage. Promptly, such information concerning Borrower's insurance coverage as Administrative Agent may reasonably request;

(14) Proxy Statements, Etc. Promptly after the sending or filing thereof, copies of all proxy statements, financial statements and reports which Borrower or General Partner sends to its respective shareholders, and copies of all regular, periodic and special reports, and all registration statements, which Borrower or General Partner files with the SEC or any Governmental Authority which may be substituted therefor, or with any national securities exchange;

(15) Capital Expenditures. If reasonably requested by the Administrative Agent, a schedule of such Fiscal Year's capital expenditures and a budget for the next Fiscal Year's planned capital expenditures for each Consolidated Business that is a Real Property Business;

(16) Change in Borrower's Credit Rating. Within two (2) Banking Days after Borrower's receipt of notice of any change in Borrower's Credit Rating, written notice of such change; and

General Information. Promptly, such other information respecting the condition or operations, financial or otherwise, of Borrower or any properties of Borrower as Administrative Agent or any Bank may from time to time reasonably request.

ARTICLE VII

NEGATIVE COVENANTS

So long as any of the Loans shall remain unpaid, or the Loan Commitments remain in effect, or any other amount is owing by Borrower to Administrative Agent or any Bank hereunder or under any other Loan Document remains outstanding, Borrower shall not do any or all of the following:

SECTION 7.01 Mergers, Etc. Without the Required Banks' consent (which shall not be unreasonably withheld) merge or consolidate with (except where Borrower or General Partner is the surviving entity, or in a transaction of which the purpose is to redomesticate such entity in another United States jurisdiction, and no Default or Event of

Default has occurred and is continuing), or sell, assign, lease or otherwise dispose of (whether in one transaction or in a series of transactions) Borrower's or General Partner's assets substantially as an entirety (whether now owned or hereafter acquired) or enter into any agreement to do any of the foregoing. Without the Required Banks' consent (which shall not be unreasonably withheld) neither Borrower nor General Partner shall liquidate, wind up or dissolve (or suffer any liquidation or dissolution) or discontinue its business.

SECTION 7.02 Distributions.

Distribute cash and other property to the General Partner except only in anticipation of payment by the General Partner of dividends to its shareholders.

SECTION 7.03 Amendments to Organizational Documents.

(a) Amend Borrower's agreement of limited partnership or other organizational documents in any manner that would result in a Material Adverse Change without the Required Banks' consent, which consent shall not be unreasonably withheld. Without limitation of the foregoing, no Person shall be admitted as a general partner of the Borrower other than General Partner.

(b) Make any "in-kind" transfer of any of Borrower's property or assets to any of Borrower's constituent partners if such transfer would result in an Event of Default, without, in each case, the Required Banks' consent, which consent shall not be unreasonably withheld.

SECTION 7.04 Use of Proceeds. Request any Loan and the Borrower shall not use, and shall procure that its Subsidiaries and its or their respective directors, trustees, officers, employees and agents shall not use, the proceeds of any Borrowing (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (C) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

ARTICLE VIII

FINANCIAL COVENANTS

So long as any of the Loans shall remain unpaid, or the Loan Commitments remain in effect, or any other amount is owing by Borrower to Administrative Agent or any Bank under this Agreement or under any other Loan Document remains outstanding, Borrower shall not permit or suffer:

SECTION 8.01 Intentionally Omitted.

SECTION 8.02 Ratio of Total Outstanding Indebtedness to Capitalization Value. Total Outstanding Indebtedness to exceed sixty percent (60%) of Capitalization Value, each measured as of the most recently ended calendar quarter; provided, however, with respect to

any fiscal quarter in which Borrower or any of its Consolidated Businesses or UJVs have acquired Real Property Assets, the ratio of Total Outstanding Indebtedness to Capitalization Value as of the end of such fiscal quarter and the next succeeding fiscal quarter may increase to 65%, provided such ratio does not exceed 60% as of the end of the fiscal quarter immediately thereafter; for purposes of this covenant, (i) Total Outstanding Indebtedness shall be adjusted by deducting therefrom an amount equal to the lesser of (x) Total Outstanding Indebtedness that by its terms is either (1) scheduled to mature (including by reason of the election of the borrower of such debt to call such debt prior to its maturity) on or before the date that is 24 months from the date of calculation, or (2) convertible Debt with the right to put all or a portion thereof on or before the date that is 24 months from the date of calculation, and (y) Unrestricted Cash and Cash Equivalents, and (ii) Capitalization Value shall be adjusted by deducting therefrom the amount by which Total Outstanding Indebtedness is adjusted under clause (i); for purposes of determining Capitalization Value for this covenant only, (A) costs and expenses incurred during the applicable period with respect to acquisitions that failed to close and were abandoned during such period shall not be deducted in determining EBITDA, and (B) Unrestricted Cash and Cash Equivalents shall be adjusted to deduct therefrom \$35,000,000 and without inclusion of Borrower's Pro Rata Share of any Cash or Cash Equivalents owned by any UJV.

SECTION 8.03 Intentionally Omitted

SECTION 8.04 Ratio of Combined EBITDA to Fixed Charges. The ratio of Combined EBITDA to Fixed Charges, each measured as of the most recently ended calendar quarter, to be less than 1.40 to 1.00.

SECTION 8.05 Ratio of Unencumbered Combined EBITDA to Unsecured Interest Expense. The ratio of Unencumbered Combined EBITDA to Unsecured Interest Expense, each measured as of the most recently ended calendar quarter, to be less than 1.50 to 1.00.

SECTION 8.06 Ratio of Unsecured Indebtedness to Capitalization Value of Unencumbered Assets. Unsecured Indebtedness to exceed sixty percent (60%) of Capitalization Value of Unencumbered Assets, each measured as of the most recently ended calendar quarter; provided, however, with respect to any fiscal quarter in which Borrower or any of its Consolidated Businesses or UJVs has acquired Real Property Assets, the ratio of Unsecured Indebtedness to Capitalization Value of Unencumbered Assets as of the end of such fiscal quarter and the next succeeding fiscal quarter may increase to 65%, provided such ratio does not exceed 60% as of the end of the fiscal quarter immediately thereafter; for purposes of this covenant, (i) Unsecured Indebtedness shall be adjusted by deducting therefrom an amount equal to the lesser of (x) Unsecured Indebtedness that by its terms is either (1) scheduled to mature (including by reason of the election of the borrower of such debt to call such debt prior to its maturity) on or before the date that is 24 months from the date of calculation, or (2) convertible Debt with the right to put all or a portion thereof on or before the date that is 24 months from the date of calculation, and (y) Unrestricted Cash and Cash Equivalents or such lesser amount of Unrestricted Cash and Cash Equivalents as Borrower shall specify for this purpose (the "Unsecured Indebtedness Adjustment"), and (ii) Capitalization Value shall be adjusted by deducting therefrom the Unsecured Indebtedness Adjustment; for purposes of determining

Capitalization Value of Unencumbered Assets for this covenant only, costs and expenses incurred during the applicable period with respect to acquisitions that failed to close and were abandoned during such period shall not be deducted in determining EBITDA; and for purposes of clause (i)(y) above, Unrestricted Cash and Cash Equivalents shall be adjusted to deduct therefrom \$35,000,000 as well as any Unrestricted Cash and Cash Equivalents used to determine the Secured Indebtedness Adjustment in Section 8.07, and without inclusion of Borrower's Pro Rata Share of any Cash or Cash Equivalents owned by any UJV.

SECTION 8.07 Ratio of Secured Indebtedness to Capitalization Value. The ratio of Secured Indebtedness to Capitalization Value, each measured as of the most recently ended calendar quarter, to exceed 50%; for purposes of this covenant, (i) Secured Indebtedness shall be adjusted by deducting therefrom an amount equal to the lesser of (x) Secured Indebtedness that by its terms is either (1) scheduled to mature on (including by reason of the election of the borrower of such debt to call such debt prior to its maturity) or before the date that is 24 months from the date of calculation, or (2) convertible Debt with the right to put all or a portion thereof on or before the date that is 24 months from the date of calculation, and (y) Unrestricted Cash and Cash Equivalents or such lesser amount of Unrestricted Cash and Cash Equivalents as Borrower shall specify for this purpose (the "Secured Indebtedness Adjustment"), and (ii) Capitalization Value shall be adjusted by deducting therefrom the Secured Indebtedness Adjustment; for purposes of determining Capitalization Value for this covenant only, costs and expenses incurred during the applicable period with respect to acquisitions that failed to close and were abandoned during such period shall not be deducted in determining EBITDA; and for purposes of clause (i)(y) above, Unrestricted Cash and Cash Equivalents shall be adjusted to deduct therefrom \$35,000,000 as well as any Unrestricted Cash and Cash Equivalents used to determine the Unsecured Indebtedness Adjustment in Section 8.06, and without inclusion of Borrower's Pro Rata Share of any Cash or Cash Equivalents owned by any UJV.

SECTION 8.08 Debt of the General Partner. Notwithstanding anything contained herein to the contrary, any Debt of the General Partner shall be deemed to be Debt of the Borrower (provided that the same shall be without duplication), for purposes of calculating the financial covenants set forth in this Article VIII.

ARTICLE IX

EVENTS OF DEFAULT

SECTION 9.01 Events of Default. Any of the following events shall be an "Event of Default":

- (1) If Borrower shall fail to pay the principal of any Loans as and when due; or fail to pay interest accruing on any Loans as and when due and such failure to pay shall continue unremedied for five (5) days after the due date of such amount; or fail to pay any fee or any other amount due under this Agreement or any other Loan Document as and when due and such failure to pay shall continue unremedied for five (5) days after notice by Administrative Agent of such failure to pay;

(2) If any representation or warranty made or deemed made by Borrower in this Agreement or in any other Loan Document or which is contained in any certificate, document, opinion, financial or other statement furnished at any time under or in connection with a Loan Document shall prove to have been incorrect in any material respect on or as of the date made or deemed made;

(3) If Borrower shall fail (a) to perform or observe any term, covenant or agreement contained in Article VII or Article VIII; or (b) to perform or observe any term, covenant or agreement contained in this Agreement (other than obligations specifically referred to elsewhere in this Section 9.01) and such failure shall remain unremedied for thirty (30) consecutive calendar days after notice thereof; provided, however, that if any such default under clause (b) above cannot by its nature be cured within such thirty (30) day grace period and so long as Borrower shall have commenced cure within such thirty (30) day grace period and shall, at all times thereafter, diligently prosecute the same to completion, Borrower shall have an additional period to cure such default; provided, however, that, in no event, is the foregoing intended to effect an extension of the Maturity Date;

(4) If Borrower shall fail (a) to pay any Debt (other than the payment obligations described in paragraph (1) of this Section 9.01 or obligations that are recourse to Borrower solely for fraud, misappropriation, environmental liability and other normal and customary bad-act carveouts to nonrecourse obligations) the Recourse portion of which to Borrower is an amount equal to or greater than Fifty Million Dollars (\$50,000,000) when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) after the expiration of any applicable grace period, or (b) to perform or observe any material term, covenant, or condition under any agreement or instrument relating to any such Debt, when required to be performed or observed, if the effect of such failure to perform or observe is to accelerate, or to permit the acceleration of, after the giving of notice or the lapse of time, or both (other than in cases where, in the judgment of the Required Banks, meaningful discussions likely to result in (i) a waiver or cure of the failure to perform or observe or (ii) otherwise averting such acceleration are in progress between Borrower and the obligee of such Debt), the maturity of such Debt, or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled or otherwise required prepayment, repurchase or defeasance), prior to the stated maturity thereof;

(5) If either Borrower or General Partner shall (a) generally not, or be unable to, or shall admit in writing its inability to, pay its debts as such debts become due; (b) make an assignment for the benefit of creditors, petition or apply to any tribunal for the appointment of a custodian, receiver or trustee for it or a substantial part of its assets; (c) commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; (d) have had any such petition or application filed or any such proceeding shall have been commenced, against it, in which an adjudication or appointment is made or order for relief is entered, or which petition, application or proceeding remains dismissed or unstayed for a period of sixty (60) days or more; (e) be

the subject of any proceeding under which all or a substantial part of its assets may be subject to seizure, forfeiture or divestiture by any governmental entity; (f) by any act or omission indicate its consent to, approval of or acquiescence in any such petition, application or proceeding or order for relief or the appointment of a custodian, receiver or trustee for all or any substantial part of its property; or (g) suffer any such custodianship, receivership or trusteeship for all or any substantial part of its property, to continue undischarged for a period of sixty (60) days or more;

(6) If one or more judgments, decrees or orders for the payment of money in excess of Fifty Million Dollars (\$50,000,000) in the aggregate shall be rendered against Borrower or General Partner, and any such judgments, decrees or orders shall continue unsatisfied and in effect for a period of thirty (30) consecutive days without being vacated, discharged, satisfied or stayed or bonded pending appeal;

(7) If any of the following events shall occur or exist with respect to any Plan: (a) any Prohibited Transaction; (b) any Reportable Event; (c) the filing under Section 4041 of ERISA of a notice of intent to terminate any Plan or the termination of any Plan; (d) receipt of notice of an application by the PBGC to institute proceedings under Section 4042 of ERISA for the termination of, or for the appointment of a trustee to administer, any Plan, or the institution by the PBGC of any such proceedings; (e) a condition exists which gives rise to imposition of a lien under Section 412(n) or (f) of the Code on Borrower, General Partner or any ERISA Affiliate, and in each case above, if either (1) such event or conditions, if any, result in Borrower, General Partner or any ERISA Affiliate being subject to any tax, penalty or other liability to a Plan, the PBGC or otherwise (or any combination thereof), which in the aggregate exceeds or is reasonably likely to exceed Twenty Million Dollars (\$20,000,000), and the same continues unremedied or unpaid for a period of forty-five (45) consecutive days or (2) such event or conditions, if any, is reasonably likely to result in Borrower, General Partner or any ERISA Affiliate being subject to any tax, penalty or other liability to a Plan, the PBGC or otherwise (or any combination thereof), which in the aggregate exceeds or may exceed Twenty Million Dollars (\$20,000,000) and such event or condition is unremedied, or such tax, penalty or other liability is not reserved against or the payment thereof otherwise secured to the reasonable satisfaction of the Administrative Agent, for a period of forty-five (45) consecutive days after notice from the Administrative Agent;

(8) If General Partner shall fail at any time to (i) maintain at least one class of its common shares which has trading privileges on the New York Stock Exchange or the American Stock Exchange or is the subject of price quotations in the over-the-counter market as reported by the National Association of Securities Dealers Automated Quotation System, or (ii) maintain its status as a self-directed and self-administered REIT, and in either case such failure shall remain unremedied for thirty (30) consecutive calendar days after notice thereof;

(9) If General Partner acquires any material assets other than additional interests in Borrower or as permitted by Borrower's partnership agreement and shall fail

to dispose of any such material asset for thirty (30) consecutive calendar days after notice thereof;

(10) If at any time assets of the Borrower or General Partner constitute Plan assets for ERISA purposes (within the meaning of C.F.R. §2510.3-101); or

(11) A default beyond applicable notice and grace periods (if any) under any of the other Loan Documents.

SECTION 9.02 Remedies. If any Event of Default shall occur and be continuing, Administrative Agent shall, upon request of the Required Banks, by notice to Borrower, (1) terminate the Loan Commitments, whereupon the Loan Commitments shall terminate and the Banks shall have no further obligation to extend credit hereunder; and/or (2) declare the unpaid balance of the Loans, all interest thereon, and all other amounts payable under this Agreement to be forthwith due and payable, whereupon such balance, all such interest, and all such amounts due under this Agreement shall become and be forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by Borrower; and/or (3) exercise any remedies provided in any of the Loan Documents or by law; provided, however, that upon the occurrence of any Event of Default specified in Section 9.01(5), the Loan Commitments shall automatically terminate (and the Banks shall have no further obligation to extend credit hereunder) and the unpaid balance of the Loans, all interest thereon, and all other amounts payable under this Agreement shall automatically be and become forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by Borrower.

ARTICLE X

ADMINISTRATIVE AGENT; RELATIONS AMONG BANKS

SECTION 10.01 Appointment, Powers and Immunities of Administrative Agent. Each Bank hereby irrevocably appoints and authorizes Administrative Agent to act as its agent hereunder and under any other Loan Document with such powers as are specifically delegated to Administrative Agent by the terms of this Agreement and any other Loan Document, together with such other powers as are reasonably incidental thereto. Administrative Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and any other Loan Document or required by law, and shall not by reason of this Agreement be a fiduciary or trustee for any Bank except to the extent that Administrative Agent acts as an agent with respect to the receipt or payment of funds (nor shall Administrative Agent have any fiduciary duty to Borrower nor shall any Bank have any fiduciary duty to Borrower or to any other Bank). Administrative Agent shall not be responsible to the Banks for any recitals, statements, representations or warranties made by Borrower or any officer, partner or official of Borrower or any other Person contained in this Agreement or any other Loan Document, or in any certificate or other document or instrument referred to or provided for in, or received by any of them under, this Agreement or any other Loan Document, or for the value, legality, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or any other document or instrument referred to or provided for herein or therein, for

the perfection or priority of any Lien securing the Obligations or for any failure by Borrower to perform any of its obligations hereunder or thereunder. Administrative Agent may employ agents and attorneys-in-fact and shall not be responsible, except as to money or securities received by it or its authorized agents, for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. Neither Administrative Agent nor any of its directors, officers, employees or agents shall be liable or responsible for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith, except for its or their own gross negligence or willful misconduct. Borrower shall pay any fee agreed to by Borrower and Administrative Agent with respect to Administrative Agent's services hereunder. Notwithstanding anything to the contrary contained in this Agreement, Administrative Agent agrees with the Banks that Administrative Agent shall perform its obligations under this Agreement in good faith according to the same standard of care as that customarily exercised by it in administering its own term loans.

SECTION 10.02 Reliance by Administrative Agent. Administrative Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telefax or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by Administrative Agent. Administrative Agent may deem and treat each Bank as the holder of the Loan made by it for all purposes hereof and shall not be required to deal with any Person who has acquired a participation in any Loan or participation from a Bank. As to any matters not expressly provided for by this Agreement or any other Loan Document, Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with instructions signed by the Required Banks, and such instructions of the Required Banks and any action taken or failure to act pursuant thereto shall be binding on all of the Banks and any other holder of all or any portion of any Loan or participation.

SECTION 10.03 Defaults. Administrative Agent shall not be deemed to have knowledge of the occurrence of a Default or Event of Default (other than an Event of Default pursuant to Section 9.01(1)) unless Administrative Agent has received notice from a Bank or Borrower specifying such Default or Event of Default and stating that such notice is a "Notice of Default." In the event that Administrative Agent receives a "Notice of Default," Administrative Agent shall give prompt notice thereof to the Banks. Administrative Agent, following consultation with the Banks, shall (subject to Section 10.07 and Section 12.02) take such action with respect to such Default or Event of Default which is continuing as shall be directed by the Required Banks; provided that, unless and until Administrative Agent shall have received such directions, Administrative Agent may take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interest of the Banks; and provided further that Administrative Agent shall not send a notice of Default, Event of Default or acceleration to Borrower without the approval of the Required Banks. In no event shall Administrative Agent be required to take any such action which it determines to be contrary to law.

SECTION 10.04 Rights of Agent as a Bank. With respect to its Loan Commitment and the Loan provided by it, each Person serving as an Agent in its capacity as a

Bank hereunder shall have the same rights and powers hereunder as any other Bank and may exercise the same as though it were not acting as such Agent, and the term any “Bank” or “Banks” shall include each Person serving as an Agent in its capacity as a Bank. Each Person serving as an Agent and its Affiliates may (without having to account therefor to any Bank) accept deposits from, lend money to (on a secured or unsecured basis), and generally engage in any kind of banking, trust or other business with, Borrower (and any Affiliates of Borrower) as if it were not acting as such Agent.

SECTION 10.05 Indemnification of Agents. Each Bank agrees to indemnify each Agent (to the extent not reimbursed under Section 12.04 or under the applicable provisions of any other Loan Document, but without limiting the obligations of Borrower under Section 12.04 or such provisions), for its Pro Rata Share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of this Agreement, any other Loan Document or any other documents contemplated by or referred to herein or the transactions contemplated hereby or thereby (including, without limitation, the costs and expenses which Borrower is obligated to pay under Section 12.04) or under the applicable provisions of any other Loan Document or the enforcement of any of the terms hereof or thereof or of any such other documents or instruments; provided that no Bank shall be liable for (1) any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the party to be indemnified, (2) any loss of principal or interest with respect to the Loan of any Bank serving as an Agent or (3) any loss suffered by such Agent in connection with a swap or other interest rate hedging arrangement entered into with Borrower.

SECTION 10.06 Non-Reliance on Agents and Other Banks. Each Bank agrees that it has, independently and without reliance on any Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own credit analysis of Borrower and the decision to enter into this Agreement and that it will, independently and without reliance upon any Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement or any other Loan Document. Each Agent shall not be required to keep itself informed as to the performance or observance by Borrower of this Agreement or any other Loan Document or any other document referred to or provided for herein or therein or to inspect the properties or books of Borrower. Except for notices, reports and other documents and information expressly required to be furnished to the Banks by any Agent hereunder, each Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the affairs, financial condition or business of Borrower (or any Affiliate of Borrower) which may come into the possession of such Agent or any of its Affiliates. Each Agent shall not be required to file this Agreement, any other Loan Document or any document or instrument referred to herein or therein for record, or give notice of this Agreement, any other Loan Document or any document or instrument referred to herein or therein, to anyone.

SECTION 10.07 Failure of Administrative Agent to Act. Except for action expressly required of Administrative Agent hereunder, Administrative Agent shall in all cases be

fully justified in failing or refusing to act hereunder unless it shall have received further assurances (which may include cash collateral) of the indemnification obligations of the Banks under Section 10.05 in respect of any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

SECTION 10.08 Resignation or Removal of Administrative Agent. Administrative Agent shall have the right to resign at any time. Administrative Agent may be removed at any time with cause by the Required Banks, provided that Borrower and the other Banks shall be promptly notified in writing thereof. Upon any such removal or resignation, the Required Banks shall have the right to appoint a successor Administrative Agent which successor Administrative Agent, so long as it is reasonably acceptable both to the Required Banks and, provided that no Default or Event of Default shall then exist, the Borrower, shall be that Bank then having the greatest Loan Commitment (other than the Bank resigning or removed as Administrative Agent). If no successor Administrative Agent shall have been so appointed by the Required Banks and shall have accepted such appointment within thirty (30) days after the Required Banks' removal or resignation of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Banks, appoint a successor Administrative Agent, which shall be one of the Banks. The Required Banks or the retiring Administrative Agent, as the case may be, shall upon the appointment of a successor Administrative Agent promptly so notify in writing Borrower and the other Banks. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After any retiring Administrative Agent's removal or resignation hereunder as Administrative Agent, the provisions of this Article X shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

SECTION 10.09 Amendments Concerning Agency Function. Notwithstanding anything to the contrary contained in this Agreement, no Agent shall be bound by any waiver, amendment, supplement or modification of this Agreement or any other Loan Document which affects its duties, rights, and/or function hereunder or thereunder unless it shall have given its prior written consent thereto.

SECTION 10.10 Liability of Administrative Agent. Administrative Agent shall not have any liabilities or responsibilities to Borrower on account of the failure of any Bank to perform its obligations hereunder or to any Bank on account of the failure of Borrower to perform its obligations hereunder or under any other Loan Document.

SECTION 10.11 Transfer of Agency Function. Without the consent of Borrower or any Bank, Administrative Agent may at any time or from time to time transfer its functions as Administrative Agent hereunder to any of its offices wherever located in the United States, provided that Administrative Agent shall promptly notify in writing Borrower and the Banks thereof.

SECTION 10.12 Non-Receipt of Funds by Administrative Agent. Unless Administrative Agent shall have received notice from a Bank or Borrower (either one as appropriate being the “Payor”) prior to the date on which such Bank is to make payment hereunder to Administrative Agent of the proceeds of a Loan or Borrower is to make payment to Administrative Agent, as the case may be (either such payment being a “Required Payment”), which notice shall be effective upon receipt, that the Payor will not make the Required Payment in full to Administrative Agent, Administrative Agent may assume that the Required Payment has been made in full to Administrative Agent on such date, and Administrative Agent in its sole discretion may, but shall not be obligated to, in reliance upon such assumption, make the amount thereof available to the intended recipient on such date. If and to the extent the Payor shall not have in fact so made the Required Payment in full to Administrative Agent, the recipient of such payment shall repay to Administrative Agent forthwith on demand such amount made available to it together with interest thereon, for each day from the date such amount was so made available by Administrative Agent until the date Administrative Agent recovers such amount, at the customary rate set by Administrative Agent for the correction of errors among Banks for three (3) Banking Days and thereafter at the Base Rate.

SECTION 10.13 Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by a withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 10.13) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for, Other Taxes.

(c) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 10.13, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Indemnification by the Borrower. The Borrower shall indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a

payment to such Recipient and any reasonable out-of-pocket expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Recipient (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Recipient, shall be conclusive absent manifest error.

(e) Indemnification by the Banks. Each Bank shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Bank (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Bank's failure to comply with the provisions of Section 12.05(b) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Bank, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Bank by the Administrative Agent shall be conclusive absent manifest error. Each Bank hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Bank under any Loan Document or otherwise payable by the Administrative Agent to such Bank from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Status of Banks. (i) Any Bank that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Bank, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Bank is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 10.13(f)(ii)(A),(B) and (D) below) shall not be required if in the applicable Bank's reasonable judgment such completion, execution or submission would subject such Bank to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Bank.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,

(A) any Bank that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request

of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Bank is exempt from U.S. Federal backup withholding tax;

(B) any Foreign Bank shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Bank claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN or Form W-8BEN-E establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) in the case of a Foreign Bank claiming that its extension of credit will generate U.S. effectively connected income, executed originals of IRS Form W-8ECI;

(3) in the case of a Foreign Bank claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of EXHIBIT K-1 to the effect that such Foreign Bank is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" within the meaning of Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN or W-8BEN-E; or

(4) to the extent a Foreign Bank is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, or IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of EXHIBIT K-2 or EXHIBIT K-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Bank is a partnership and one or more direct or indirect partners of such Foreign Bank are claiming the portfolio interest exemption, such Foreign Bank may provide a U.S. Tax Compliance Certificate substantially in the form of EXHIBIT K-4 on behalf of each such direct and indirect partner;

(C) any Foreign Bank shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. Federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Bank under any Loan Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Bank were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Bank shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Bank has complied with such Bank's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Bank agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 10.13 (including by the payment of additional amounts pursuant to this Section 10.13), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 10.13 with respect to the Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will any indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place such

indemnified party in a less favorable net after-Tax position than such indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to, or to apply for or seek a refund of any Taxes on behalf of, any indemnifying party or any other Person.

(h) Survival. Each party's obligations under this Section 10.13 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Bank, the termination of the Loan Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

(i) Defined Terms. For purposes of this Section 10.13, the term “*applicable law*” includes FATCA.

SECTION 10.14 Pro Rata Treatment. Except to the extent otherwise provided, (1) each advance of proceeds of the Loans shall be made by the Banks, (2) each reduction of the amount of the Total Loan Commitment under Section 2.16 shall be applied to the Loan Commitments of the Banks and (3) each payment of the commitment fee accruing under Section 2.08 shall be made for the account of the Banks, ratably according to the amounts of their respective Loan Commitments.

SECTION 10.15 Sharing of Payments Among Banks. If a Bank shall obtain payment of any principal of or interest on any Loan made by it through the exercise of any right of setoff, banker's lien or counterclaim, or by any other means (including direct payment), and such payment results in such Bank receiving a greater payment than it would have been entitled to had such payment been paid directly to Administrative Agent for disbursement to the Banks, then such Bank shall promptly purchase for cash from the other Banks participations in the Loans made by the other Banks in such amounts, and make such other adjustments from time to time as shall be equitable to the end that all the Banks shall share ratably the benefit of such payment; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Bank as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). To such end the Banks shall make appropriate adjustments among themselves (by the resale of participations sold or otherwise) if such payment is rescinded or must otherwise be restored. Borrower agrees that any Bank so purchasing a participation in the Loans made by other Banks may exercise all rights of setoff, banker's lien, counterclaim or similar rights with respect to such participation. Nothing contained herein shall require any Bank to exercise any such right or shall affect the right of any Bank to exercise, and retain the benefits of exercising, any such right with respect to any other indebtedness of Borrower.

SECTION 10.16 Possession of Documents. Each Bank shall keep possession of its own Term Loan Note. Administrative Agent shall hold all the other Loan Documents and related documents in its possession and maintain separate records and accounts with respect thereto, and shall permit the Banks and their representatives access at all reasonable times to inspect such Loan Documents, related documents, records and accounts.

SECTION 10.17 Syndication Agents and Documentation Agents. The Banks serving as Syndication Agents or Documentation Agents shall have no duties or obligations in such capacities. In addition, in acting as an Agent, no Bank will have any responsibility except as set forth herein and shall in no event be subject to any fiduciary or other implied duties.

ARTICLE XI

NATURE OF OBLIGATIONS

SECTION 11.01 Absolute and Unconditional Obligations. Borrower acknowledges and agrees that its obligations and liabilities under this Agreement and under the other Loan Documents shall be absolute and unconditional irrespective of (1) any lack of validity or enforceability of any of the Obligations, any Loan Documents, or any agreement or instrument relating thereto; (2) any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the Obligations, or any other amendment or waiver of or consent to any departure from any Loan Documents or any other documents or instruments executed in connection with or related to the Obligations; (3) any exchange or release of any collateral, if any, or of any other Person from all or any of the Obligations; or (4) any other circumstances which might otherwise constitute a defense available to, or a discharge of, Borrower or any other Person in respect of the Obligations.

The obligations and liabilities of Borrower under this Agreement and the other Loan Documents shall not be conditioned or contingent upon the pursuit by any Bank or any other Person at any time of any right or remedy against Borrower, General Partner or any other Person which may be or become liable in respect of all or any part of the Obligations or against any collateral or security or guarantee therefor or right of setoff with respect thereto.

SECTION 11.02 Non-Recourse to VRT Principals and the General Partner. This Agreement and the obligations hereunder and under the other Loan Documents are fully recourse to Borrower. Notwithstanding anything to the contrary contained in this Agreement, in any of the other Loan Documents, or in any other instruments, certificates, documents or agreements executed in connection with the Loans (all of the foregoing, for purposes of this Section, hereinafter referred to, individually and collectively, as the "Relevant Documents"), and notwithstanding any applicable law that would make the General Partner liable for the debts or obligations of the Borrower, including as a general partner, no recourse under or upon any Obligation, representation, warranty, promise or other matter whatsoever shall be had against any of the VRT Principals or the General Partner, and each Bank expressly waives and releases, on behalf of itself and its successors and assigns, all right to assert any liability whatsoever under or with respect to the Relevant Documents against, or to satisfy any claim or obligation arising thereunder against, any of the VRT Principals or the General Partner or out of any assets of the

VRT Principals or the General Partner, provided, however, that nothing in this Section shall be deemed to (1) release Borrower from any liability pursuant to, or from any of its obligations under, the Relevant Documents, or from liability for its fraudulent actions or fraudulent omissions; (2) release any VRT Principals or the General Partner from personal liability arising outside of the terms of this Agreement for its, his or her own fraudulent actions, fraudulent omissions, misappropriation of funds, rents or insurance proceeds, gross negligence or willful misconduct; (3) constitute a waiver of any obligation evidenced or secured by, or contained in, the Relevant Documents or affect in any way the validity or enforceability of the Relevant Documents; or (4) limit the right of Administrative Agent and/or the Banks to proceed against or realize upon any collateral hereafter given for the Loans or any and all of the assets of Borrower (notwithstanding the fact that the VRT Principals and the General Partner have an ownership interest in Borrower and, thereby, an interest in the assets of Borrower) or to name Borrower (or, to the extent that the same are required by applicable law or are determined by a court to be necessary parties in connection with an action or suit against Borrower or any collateral hereafter given for the Loans, the General Partner) as a party defendant in, and to enforce against any collateral hereafter given for the Loans and/or assets of Borrower any judgment obtained by Administrative Agent and/or the Banks with respect to, any action or suit under the Relevant Documents so long as no judgment shall be taken (except to the extent taking a judgment is required by applicable law or determined by a court to be necessary to preserve Administrative Agent's and/or Banks' rights against any collateral hereafter given for the Loans or Borrower, but not otherwise) or shall be enforced against any of the VRT Principals or the General Partner or their assets.

ARTICLE XII

MISCELLANEOUS

SECTION 12.01 Binding Effect of Request for Advance. Borrower agrees that, by its acceptance of any advance of proceeds of the Loans under this Agreement, it shall be bound in all respects by the request for advance submitted on its behalf in connection therewith with the same force and effect as if Borrower had itself executed and submitted the request for advance and whether or not the request for advance is executed and/or submitted by an authorized person.

SECTION 12.02 Amendments and Waivers. No amendment, forbearance or material waiver of any provision of this Agreement or any other Loan Document nor consent to any material departure by Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Banks and, solely for purposes of its acknowledgment thereof, Administrative Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given, provided, however, that no amendment, waiver, consent or forbearance shall, unless in writing and signed by all the Banks (or in the case of (1) and (2) and (6) below, signed by all the Banks affected thereby) do any of the following: (1) forgive or reduce the principal of, or interest on, the Loans or any fees due hereunder or any other amount due hereunder or under any other Loan Document; (2) postpone or extend any date fixed for any payment of principal of, or interest on, the Loans or any fees or other amounts due hereunder or under any other Loan Document; (3)

change the definition of Required Banks or Pro Rata Share or change Section 10.14 or 10.15 in a manner that would alter the pro rata sharing of payments required thereby; (4) amend this Section 12.02 or any other provision requiring the unanimous consent of the Banks; (5) waive any default in payment under paragraph (1) of Section 9.01 or any default under paragraph (5) of Section 9.01; (6) increase or decrease or extend any Loan Commitment of any Bank (except changes in Loan Commitments pursuant to Section 2.16); (7) release any guaranty (other than a guaranty given pursuant to Section 12.22); or (8) permit the assignment or transfer by the Borrower of any of its rights or obligations hereunder or under any other Loan Document except in a transaction permitted (with or without the Required Banks' consent) pursuant to Section 7.01. Any advance of proceeds of the Loans made prior to or without the fulfillment by Borrower of all of the conditions precedent thereto, whether or not known to Administrative Agent and the Banks, shall not constitute a waiver of the requirement that all conditions, including the non-performed conditions, shall be required with respect to all future advances. No failure on the part of Administrative Agent or any Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof or preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. All communications from Administrative Agent to the Banks requesting the Banks' determination, consent, approval or disapproval (i) shall be given in the form of a written notice to each Bank, (ii) shall be accompanied by a description of the matter or thing as to which such determination, approval, consent or disapproval is requested and (iii) shall include Administrative Agent's recommended course of action or determination in respect thereof. Each Bank shall reply promptly, but in any event within fifteen (15) Banking Days (or five (5) Banking Days with respect to any decision to accelerate or stop acceleration of the Loan) after receipt of the request therefor by Administrative Agent (the "Bank Reply Period"). Unless a Bank shall give written notice to Administrative Agent that it objects to the recommendation or determination of Administrative Agent within the Bank Reply Period, such Bank shall be deemed to have approved or consented to such recommendation or determination.

SECTION 12.03 Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Bank may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as any Obligations hereunder are outstanding and unpaid.

SECTION 12.04 Expenses; Indemnification. Borrower agrees to reimburse Administrative Agent on demand for all reasonable out-of-pocket costs, expenses, and charges (including, without limitation, all reasonable fees and charges of engineers, appraisers and external legal counsel) incurred by Administrative Agent in connection with the Loans and to reimburse each of the Banks for reasonable out-of-pocket legal costs, expenses and charges incurred by each of the Banks in connection with the performance or enforcement of this Agreement, the Notes, or any other Loan Documents; provided, however, that Borrower is not responsible for costs, expenses and charges incurred by the Bank Parties in connection with the

administration or syndication of the Loans (other than any administration fee payable to Administrative Agent). Borrower agrees to indemnify Administrative Agent, each Bank, Affiliates of the foregoing, and their respective directors, officers, employees, agents and advisors from, and hold each of them harmless against, any and all losses, liabilities, claims, damages or expenses incurred by any of them arising out of or by reason of (w) the execution or delivery of the Loan Documents by Borrower or the use of the proceeds of the Loans by Borrower, (x) any claims by brokers due to acts or omissions by Borrower, (y) any investigation or litigation or other proceedings (including any threatened investigation or litigation or other proceedings) relating to any actual or proposed use by Borrower of the proceeds of the Loans, including without limitation, the reasonable fees and disbursements of third-party counsel incurred in connection with any such investigation or litigation or other proceedings or (z) third party claims or actions against any Bank or Administrative Agent relating to or arising from this Agreement and the transactions contemplated pursuant to this Agreement provided, however, that such indemnification shall exclude any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of the person to be indemnified as determined by a final and non-appealable judgment of a court of competent jurisdiction.

The obligations of Borrower under this Section shall survive the repayment of all amounts due under or in connection with any of the Loan Documents and the termination of the Loan Commitments.

SECTION 12.05 Assignment; Participation. (a) This Agreement shall be binding upon, and shall inure to the benefit of, Borrower, Administrative Agent, the Banks and their respective successors and permitted assigns. Except as provided in Section 7.01, the Borrower may not assign or transfer any of its rights or obligations hereunder or under any other Loan Document without the prior written consent of all the Banks (and any attempted such assignment or transfer without such consent shall be null and void). Except as otherwise provided under Section 12.04, nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (b) of this Section) and, to the extent expressly contemplated hereby, the Affiliates and their respective directors, officers, employees, agents and advisors of each of the Administrative Agent and the Banks) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Subject to Section 12.05(e), prior to the occurrence of an Event of Default, any Bank may at any time, grant to an existing Bank or one or more banks, finance companies, insurance companies or other entities, other than a natural person or the Borrower and its Affiliates (a "Participant"), in minimum amounts of not less than \$5,000,000 (or any lesser amount in the case of participations to an existing Bank) participating interests in its Loan Commitment or any or all of its Loans. After the occurrence and during the continuance of an Event of Default, any Bank may at any time grant to any Person, other than a natural person or the Borrower and its Affiliates, in any amount (also a "Participant"), participating interests in its Loan Commitment or any or all of its Loans. Any participation made during the continuation of an Event of Default shall not be affected by the subsequent cure of such Event of Default. In the event of any such grant by a Bank of a participating interest to a Participant, whether or not upon notice to Borrower and Administrative Agent, such Bank shall remain responsible for the

performance of its obligations hereunder, and Borrower and Administrative Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement. Any agreement pursuant to which any Bank may grant such a participating interest shall provide that such Bank shall retain the sole right and responsibility to enforce the obligations of Borrower hereunder and under any other Loan Document including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement or any other Loan Document; provided that such participation agreement may provide that such Bank will not agree to any modification, amendment or waiver of this Agreement described in clause (1), (2), (3), (4), (5), (6) or (7) of Section 12.02 without the consent of the Participant (subject to the final proviso of the first sentence of Section 12.02). The Borrower agrees that each Participant shall, to the extent provided in its participation agreement, be entitled to the benefits of Article III with respect to its participating interest. Each Bank that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Bank shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Loan Commitments, Loans or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Loan Commitment, Loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Bank shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent shall have no responsibility for maintaining a Participant Register.

(c) Subject to Section 12.05(e), any Bank may at any time assign to a Qualified Institution (in each case, an "Assignee") (i) prior to the occurrence of an Event of Default, in minimum amounts of not less than Five Million Dollars (\$5,000,000) and integral multiples of One Million Dollars (\$1,000,000) thereafter (or any lesser amount in the case of assignments to an existing Bank) and (ii) after the occurrence and during the continuance of an Event of Default, in any amount, all or a proportionate part of all, of its rights and obligations under this Agreement, the Notes and the other Loan Documents, and, in either case, such Assignee shall assume such rights and obligations, pursuant to an Assignment and Assumption Agreement executed by such Assignee and such transferor Bank; provided, that such assignment shall be subject to the consent of the Administrative Agent and if no Event of Default shall have occurred and be continuing, the consent of Borrower, which consents shall not be unreasonably withheld or delayed; and provided further that if an Assignee is a Bank Affiliate of such transferor Bank or was a Bank immediately prior to such assignment, no such consents shall be required unless in either case the Assignee is a Defaulting Lender or an Affiliate of a Defaulting Lender (in which case, such consent may be withheld in the sole discretion of the Administrative Agent or the Borrower). Upon execution and delivery of such instrument and an Administrative Questionnaire and payment by such Assignee to such transferor Bank of an amount equal to the purchase price agreed between such transferor Bank and such Assignee, such Assignee shall be a Bank party to this Agreement and shall have all the rights and obligations of a Bank with a Loan

Commitment as set forth in such Assignment and Assumption Agreement, and no further consent or action by any party shall be required and the transferor Bank shall be released from its obligations hereunder to a corresponding extent. Upon the consummation of any assignment pursuant to this subsection (c), the transferor Bank, Administrative Agent and Borrower shall make appropriate arrangements so that, if required, a new Note is issued to the Assignee. In connection with any such assignment (other than an assignment by a Bank to a Bank Affiliate), the transferor Bank shall pay to Administrative Agent an administrative fee for processing such assignment in the amount of \$3,500. If the Assignee is not incorporated under the laws of the United States of America or a state thereof, it shall, prior to the first date on which interest or fees are payable hereunder for its account, deliver to Borrower and Administrative Agent certification as to exemption from deduction or withholding of any United States federal income taxes in accordance with Section 10.13. Any assignment made during the continuation of an Event of Default shall not be affected by any subsequent cure of such Event of Default. Any consent required hereunder shall be given or denied within ten (10) Banking Days after receipt by the applicable Person of request therefor; any failure to respond within such ten (10) Banking Day period shall be deemed a denial. The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption Agreement delivered to it and a register for the recordation of the names and addresses of the Banks, and the Loan Commitment of, and principal amount (and stated interest) of the Loans owing to, each Bank pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Banks shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Bank, at any reasonable time and from time to time upon reasonable prior notice.

(d) Any Bank may at any time assign or pledge all or any portion of its rights under this Agreement and its Note to secure the obligations of such Bank, including to a Federal Reserve Bank or other central bank having jurisdiction over such Bank. No such assignment or pledge shall release the transferor Bank from its obligations hereunder.

(e) Except as provided in Section 12.05(d), so long as no Event of Default shall have occurred and be continuing, no Bank shall be permitted to enter into an assignment of, or sell a participation interest in, its Loans and Loan Commitment, which would result in such Bank holding Loans and a Loan Commitment, without Participants, of less than Ten Million Dollars (\$10,000,000) unless as a result of a decrease of the aggregate Loan Commitments pursuant to Section 2.16; provided, however, that no Bank shall be prohibited from assigning its entire Loans and Loan Commitment so long as such assignment is otherwise permitted hereby.

(f) Borrower recognizes that in connection with a Bank’s selling of Participations or making of assignments, any or all documentation, financial statements and other data, or copies thereof, relevant to Borrower or the Loans may be exhibited to and retained by any such Participant or assignee or prospective Participant or assignee. In connection with a Bank’s delivery of any financial statements and appraisals to any such Participant or assignee or prospective Participant or assignee, such Bank shall also indicate that the same are delivered on a

confidential basis. Borrower agrees to provide all assistance reasonably requested by a Bank to enable such Bank to sell Participations or make assignments of its Loan and Loan Commitment as permitted by this Section 12.05. Each Bank agrees to provide Borrower with advance notice of all Participations to be sold by such Bank.

SECTION 12.06 Documentation Satisfactory. All documentation required from or to be submitted on behalf of Borrower in connection with this Agreement and the documents relating hereto shall be subject to the prior approval of, and be satisfactory in form and substance to, Administrative Agent, its counsel and, where specifically provided herein, the Banks. In addition, the persons or parties responsible for the execution and delivery of, and signatories to, all of such documentation, shall be acceptable to, and subject to the approval of, Administrative Agent and its counsel and the Banks.

SECTION 12.07 Notices. (a) Unless the party to be notified otherwise notifies the other parties in writing as provided in this Section, and except as otherwise provided in this Agreement, notices shall be given to Administrative Agent by telephone, confirmed by writing, and to the Banks and to Borrower by ordinary mail or overnight courier or telecopy, receipt confirmed, addressed to such party at (i) if to the Borrower or the Administrative Agent, its address on the signature page of this Agreement, or (ii) if to any other Bank, its address (or telecopy number) set forth in its Administrative Questionnaire. Notices shall be effective: (1) if by telephone, at the time of such telephone conversation, (2) if given by mail, three (3) calendar days after mailing; (3) if given by overnight courier, upon receipt; and (4) if given by telecopy, upon receipt if received by the recipient during its normal business hours. Notices delivered through Electronic Systems, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Notices and other communications to the Banks hereunder may be delivered or furnished by using Electronic Systems pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Bank. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto in accordance with this Section 12.07, except that each Bank must only give such notice to the Administrative Agent and the Borrower.

(d) Electronic Systems.

(i) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make Communications (as defined below) available to the Banks by posting the Communications on Debt Domain, Intralinks, Syndtrak, ClearPar or a substantially similar Electronic System.

(ii) Any Electronic System used by the Administrative Agent is provided “as is” and “as available.” None of the Administrative Agent or the Borrower or any of their respective Affiliates and such Affiliates’ respective directors, officers, employees, agents or advisors (the “Communications Parties”) warrant the adequacy of such Electronic Systems and each expressly disclaims liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Communications Party in connection with the Communications or any Electronic System. In no event shall any Communications Party have any liability to the other parties hereto or any other Person or entity for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of the Borrower’s or the Administrative Agent’s transmission of communications through an Electronic System. “Communications” means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of the Borrower pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent or any Bank by means of electronic communications pursuant to this Section, including through an Electronic System.

SECTION 12.08 Setoff. Upon the occurrence of an Event of Default, to the extent permitted or not expressly prohibited by applicable law, Borrower agrees that, in addition to (and without limitation of) any right of setoff, bankers’ lien or counterclaim a Bank may otherwise have, each Bank shall be entitled, at its option, to offset balances (general or special, time or demand, provisional or final) held by it for the account of Borrower at any of such Bank’s offices, in Dollars or in any other currency, against any amount payable by Borrower to such Bank under this Agreement or such Bank’s Note, or any other Loan Document, which is not paid when due (regardless of whether such balances are then due to Borrower or General Partner), in which case it shall promptly notify Borrower and Administrative Agent thereof; provided that such Bank’s failure to give such notice shall not affect the validity thereof. Payments by Borrower hereunder or under the other Loan Documents shall be made without setoff or counterclaim.

SECTION 12.09 Table of Contents; Headings. Any table of contents and the headings and captions hereunder are for convenience only and shall not affect the interpretation or construction of this Agreement.

SECTION 12.10 Severability. The provisions of this Agreement are intended to be severable. If for any reason any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

SECTION 12.11 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing any such counterpart. Delivery of an executed counterpart of a signature page of this Agreement by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 12.12 Integration. The Loan Documents set forth the entire agreement among the parties hereto relating to the transactions contemplated thereby (except with respect to agreements relating solely to compensation, consideration and the coordinated syndication of the Loan) and supersede any prior oral or written statements or agreements with respect to such transactions.

SECTION 12.13 Governing Law. This Agreement shall be governed by, and interpreted and construed in accordance with, the laws of the State of New York.

SECTION 12.14 Waivers. To the extent permitted or not expressly prohibited by applicable law, in connection with the obligations and liabilities as aforesaid, Borrower hereby waives (1) notice of any actions taken by any Bank Party under this Agreement, any other Loan Document or any other agreement or instrument relating hereto or thereto except to the extent otherwise provided herein; (2) all other notices, demands and protests, and all other formalities of every kind in connection with the enforcement of the Obligations, the omission of or delay in which, but for the provisions of this Section 12.14, might constitute grounds for relieving Borrower of its obligations hereunder; (3) any requirement that any Bank Party protect, secure, perfect or insure any Lien on any collateral or exhaust any right or take any action against Borrower or any other Person or any collateral; (4) any right or claim of right to cause a marshalling of the assets of Borrower; and (5) all rights of subrogation or contribution, whether arising by contract or operation of law (including, without limitation, any such right arising under the Bankruptcy Code) or otherwise by reason of payment by Borrower, pursuant to this Agreement or any other Loan Document.

SECTION 12.15 Jurisdiction: Immunities. Borrower, Administrative Agent and each Bank hereby irrevocably submit to the exclusive jurisdiction of any New York State or United States Federal court sitting in New York City, Borough of Manhattan, over any action or proceeding arising out of or relating to this Agreement, the Notes or any other Loan Document. Borrower, Administrative Agent, and each Bank irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such New York State or United States Federal court. Borrower, Administrative Agent, and each Bank irrevocably consent to the service of any and all process in any such action or proceeding by the mailing of copies of such process to Borrower, Administrative Agent or each Bank, as the case may be, at the addresses specified herein. Borrower, Administrative Agent and each Bank agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Borrower, Administrative Agent and each Bank further waive any objection to venue in the State of New York and any objection to an action or proceeding in the State of New York on the basis of forum non conveniens. Borrower, Administrative Agent and each Bank agree that any action or proceeding brought against Borrower, Administrative Agent or any Bank, as the case may be, shall be brought only in a New York State court sitting in New York City, Borough of Manhattan or a United States Federal court sitting in New York City, Borough of Manhattan, to the extent permitted or not expressly prohibited by applicable law.

Nothing in this Section shall affect the right of Borrower, Administrative Agent or any Bank to serve legal process in any other manner permitted by law.

To the extent that Borrower, Administrative Agent or any Bank have or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether from service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, Borrower, Administrative Agent and each Bank hereby irrevocably waive such immunity in respect of its obligations under this Agreement, the Notes and any other Loan Document.

BORROWER, ADMINISTRATIVE AGENT AND EACH BANK WAIVE ANY RIGHT EACH SUCH PARTY MAY HAVE TO JURY TRIAL IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING BROUGHT WITH RESPECT TO THIS AGREEMENT, THE NOTES OR THE LOAN. IN ADDITION, BORROWER HEREBY WAIVES, IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING BROUGHT BY ADMINISTRATIVE AGENT OR THE BANKS WITH RESPECT TO THE NOTES, ANY RIGHT BORROWER MAY HAVE (1) TO THE EXTENT PERMITTED OR NOT EXPRESSLY PROHIBITED BY APPLICABLE LAW, TO INTERPOSE ANY COUNTERCLAIM THEREIN (OTHER THAN A COUNTERCLAIM THAT IF NOT BROUGHT IN THE SUIT, ACTION OR PROCEEDING BROUGHT BY ADMINISTRATIVE AGENT OR THE BANKS COULD NOT BE BROUGHT IN A SEPARATE SUIT, ACTION OR PROCEEDING OR WOULD BE SUBJECT TO DISMISSAL OR SIMILAR DISPOSITION FOR FAILURE TO HAVE BEEN ASSERTED IN SUCH SUIT, ACTION OR PROCEEDING BROUGHT BY ADMINISTRATIVE AGENT OR THE BANKS) OR (2) TO THE EXTENT PERMITTED OR NOT EXPRESSLY PROHIBITED BY APPLICABLE LAW, TO HAVE THE SAME CONSOLIDATED WITH ANY OTHER OR SEPARATE SUIT,

ACTION OR PROCEEDING. NOTHING HEREIN CONTAINED SHALL PREVENT OR PROHIBIT BORROWER FROM INSTITUTING OR MAINTAINING A SEPARATE ACTION AGAINST ADMINISTRATIVE AGENT OR THE BANKS WITH RESPECT TO ANY ASSERTED CLAIM.

To the extent not prohibited by applicable law, Borrower shall not assert, and Borrower hereby waives, any claim against any Bank or any Agent, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, any Loan or other extension of credit hereunder or the use of the proceeds thereof.

SECTION 12.16 [Reserved].

SECTION 12.17 [Reserved].

SECTION 12.18 Intentionally Omitted.

SECTION 12.19 USA Patriot Act. Each Bank hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower and the General Partner, which information includes the name and address of the Borrower and the General Partner and other information that will allow such Bank to identify the Borrower and the General Partner in accordance with the Act. The Borrower shall provide such information and take such actions as are reasonably requested by the Administrative Agent or any Bank in order to assist the Administrative Agent and the Banks in maintaining compliance with applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the Act.

SECTION 12.20 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Bank becomes a Defaulting Lender, then the following provisions shall apply for so long as such Bank is a Defaulting Lender:

(a) fees shall cease to accrue on the Loan Commitment of such Defaulting Lender pursuant to Section 2.08;

(b) the Loan Commitment of such Defaulting Lender shall not be included in determining whether the Required Banks have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 12.02); provided, that (i) such Defaulting Lender's Loan Commitment may not be increased or extended without its consent and (ii) the principal amount of, or interest or fees payable on, Loans may not be reduced or excused or the scheduled date of payment may not be postponed as to such Defaulting Lender without such Defaulting Lender's consent;

(c) In the event that the Administrative Agent and the Borrower each agrees that a Defaulting Lender has adequately remedied all matters that caused such Bank to be a Defaulting Lender, then such Bank shall thereupon cease to be a Defaulting Lender and on such

date such Bank shall purchase at par such of the Loans of the other Banks as the Administrative Agent shall determine may be necessary in order for such Bank to hold such Loans in accordance with its Pro Rata Share.

(d) In the event that a Bank shall become a Defaulting Lender, then, provided that no Event of Default shall have occurred and be outstanding, and subject to the provisions of applicable law, for so long as such Bank shall remain a Defaulting Lender, Borrower shall have the right to replace such Defaulting Lender as though it were an Affected Bank, in accordance with the provisions of Section 3.07.

SECTION 12.21 [Reserved].

SECTION 12.22 Bottom-Up Guaranties. At Borrower's request from time to time, Administrative Agent shall accept "bottom-up" guaranties of the Loans from limited partners in Borrower in such amounts and on such terms as Borrower shall request, provided that Administrative Agent shall have reasonably satisfied itself and the Lenders with respect to OFAC and similar restrictions in respect of any such proposed guarantor.

SECTION 12.23 Confidentiality. Each of the Administrative Agent and the Banks agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees, and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any Governmental Authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent or any Bank on a non-confidential basis from a source other than the Borrower. For the purposes of this Section, "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such information that was available to the Administrative Agent or any Bank on a non-confidential basis prior to disclosure by the Borrower. In addition, the Administrative Agent and the Banks may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Administrative Agent and the Banks in connection with the administration of this Agreement, the other Loan Documents, and the Loan Commitments.

SECTION 12.24 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Lead Arrangers, and the Banks are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Administrative Agent, the Lead Arrangers, and the Banks, on the other hand, (B) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Administrative Agent, each Lead Arranger and each Bank is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates, or any other Person and (B) neither the Administrative Agent, any Lead Arranger nor any Bank has any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, the Lead Arrangers and the Banks and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and neither the Administrative Agent, any Lead Arranger, nor any Bank has any obligation to disclose any of such interests to the Borrower or its Affiliates. To the fullest extent permitted by law, the Borrower hereby waives and releases any claims that it may have against the Administrative Agent, any Lead Arranger or any Bank with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

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VORNADO REALTY L.P.,
a Delaware limited partnership

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

By: /s/ Alan J. Rice
Name: Alan J. Rice
Title: Senior Vice President

Address for Notices:

210 Route 4 East
Paramus, New Jersey 07652-0910
Attention: Chief Financial Officer
Telephone: (201) 587-1000
Telecopy: (201) 587-0600

with copies to:

Vornado Realty Trust
888 Seventh Avenue
New York, New York 10106
Attention: Executive Vice President - Capital Markets
Telephone: (212) 894-7000
Telecopy: (212) 894-7073

and

Vornado Realty Trust
888 Seventh Avenue
New York, New York 10106
Attention: Senior Vice President - Corporation Counsel
Telephone: (212) 894-7000
Telecopy: (212) 894-7996

JPMORGAN CHASE BANK, N.A., as,
Administrative Agent and as a Bank

By: /s/ Sangeeta Mahadevan
Name: Sangeeta Mahadevan
Title: Executive Director

Address for Notices:

JPMorgan Chase Bank, N.A.
383 Park Avenue, 24th Floor
New York, New York 10179
Attn: Chandrapaul Lachtman
Telephone: (212) 622-4162
Telecopy: (212) 270-2157

and

JPMorgan Chase Bank, N.A.
500 Stanton Christiana Road, Ops 2, Floor 03
Newark, DE 19713-2107
Attn: Robert Nichols
Telephone: (302) 634-3376
Telecopy: (302) 634-4580

BANK OF AMERICA, N.A.,
as Syndication Agent and as a Bank

By: /s/ Ronald Odlozil
Name: Ronald Odlozil
Title: Senior Vice President

Address for Notices:

Bank of America, N.A.
901 Main Street, 64th Floor
Dallas, TX 75202
Attn: Ron Odlozil
Telephone: (214) 209-1512
Telecopy: (214) 290-0995

U.S. BANK NATIONAL ASSOCIATION

By: /s/ David Heller
Name: David Heller
Title: Senior Vice President

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By: /s/ D. Bryan Gregory
Name: D. Bryan Gregory
Title: Director

TD BANK, N.A.

By: /s/ Aaron C. Miller
Name: Aaron C. Miller
Title: VP

CITIBANK, N.A.

By: /s/ John Rowland
Name: John Rowland
Title: Vice President

PNC BANK NATIONAL ASSOCIATION

By: /s/ Denise Smyth
Name: Denise Smyth
Title: Senior Vice President

THE BANK OF NEW YORK MELLON

By: /s/ Carol Murray
Name: Carol Murray
Title: Managing Director

MORGAN STANLEY SENIOR FUNDING, INC.

By: /s/ Michael King
Name: Michael King
Title: Vice President

SOCIETE GENERALE

By: /s/ Nigel Elvey
Name: Nigel Elvey
Title: Director

BRANCH BANKING AND TRUST COMPANY

By: /s/ Eric Searls
Name: Eric Searls
Title: Senior Vice President

MIZUHO BANK (USA)

By: /s/ John Davies
Name: John Davies
Title: Senior Vice President

THE BANK OF NOVA SCOTIA

By: /s/ Chad Hale
Name: Chad Hale
Title: Director & Execution Head

SCHEDULE 1

<u>Bank</u>	<u>Loan Commitment</u>
JPMorgan Chase Bank, N.A.	\$65,000,000.00
Bank of America, N.A.	\$65,000,000.00
U.S. Bank National Association	\$80,000,000.00
TD Bank, N.A.	\$75,000,000.00
The Bank of New York Mellon	\$75,000,000.00
Mizuho Bank (USA)	\$75,000,000.00
Wells Fargo Bank, N.A.	\$65,000,000.00
PNC Bank, National Association	\$65,000,000.00
Societe Generale	\$65,000,000.00
Citibank, N.A.	\$35,000,000.00
The Bank of Nova Scotia	\$35,000,000.00
Branch Banking and Trust Company	\$30,000,000.00
Morgan Stanley Senior Funding, Inc.	\$20,000,000.00
Total	\$750,000,000.00

Schedule 2

Toys 'R' Us
Dune
Suffolk Downs
Insignia
Island Global Yachting
1776 Seed Fund
Local Motors

SCHEDULE 2A
General Partner Investments

<u>Entity</u>	<u>State of Organization</u>	<u>Percentage of Ownership</u>	<u>Asset owned (other than VRLP units)</u>
825 Seventh Avenue Holding Corporation	New York	100%	None
NFM Corp.	Delaware	100%	None
Ninety Park Lender QRS, Inc.	Delaware	100%	1% Interest in loan from Ninety Park Lenders LLC
Trees Acquisition Subsidiary, Inc.	Delaware	100%	None
Vornado Green Acres SPE Managing Member, Inc.	Delaware	100%	0.0067 interest in 666 Fifth Avenue Commercial Condo
Vornado 90 Park QRS, Inc.	New York	100%	1% Interest in mortgage from Vornado 90 Park Avenue LLC
Vornado Investments Corporation	Delaware	100%	None
Vornado Finance SPE, Inc.	Delaware	100%	None

Schedule 3

None

EXHIBIT A
AUTHORIZATION LETTER

_____, 2015

JPMorgan Chase Bank, N.A.
270 Park Avenue
New York, New York 10017

Re: Term Loan Agreement dated as of the date hereof (the "Loan Agreement"; capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement) among us, as Borrower, the Banks named therein, and you, as Administrative Agent for said Banks

Gentlemen:

In connection with the captioned Loan Agreement, we hereby designate any of the following persons to give to you instructions, including notices required pursuant to the Loan Agreement, orally, by telephone or teleprocess, or in writing:

Steven Roth;
Mark Hudspeth;
Michael Franco;
Joseph Macnow; and
Stephen Theriot.

Instructions may be honored on the oral, telephonic, teleprocess or written instructions of anyone purporting to be any one of the above designated persons even if the instructions are for the benefit of the person delivering them. We will furnish you with confirmation of each such instruction in writing signed by any person designated above (including any telecopy or .pdf via e-mail which, in each case, appears to bear the signature of any person designated above) on the same day that the instruction is provided to you but your responsibility with respect to any instruction shall not be affected by your failure to receive such confirmation or by its contents.

Without limiting the foregoing, we hereby unconditionally authorize any one of the above-designated persons to execute and submit requests for advances of proceeds of the Loans (including the Initial Advance) and notices of Elections, Conversions and Continuations to you under the Loan Agreement with the identical force and effect in all respects as if executed and submitted by us.

You and the Banks shall be fully protected in, and shall incur no liability to us for, acting upon any instructions which you in good faith believe to have been given by any person designated above, and in no event shall you or any Bank be liable for special, consequential or punitive damages.

Upon written notice to us, you may, at your option, refuse to execute any instruction, or part thereof, without incurring any responsibility for any loss, liability or expense arising out of such refusal if you in good faith believe that the person delivering the instruction is not one of the persons designated above or if the instruction is not accompanied by an authentication method that we have agreed to in writing.

We will promptly notify you in writing of any change in the persons designated above and, until you have actually received such written notice and have had a reasonable opportunity to act upon it, you are authorized to act upon instructions, even though the person delivering them may no longer be authorized.

Very truly yours,

VORNADO REALTY L.P.,
a Delaware limited partnership

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

By: _____

Name:

Title:

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EXHIBIT B

TERM LOAN NOTE

\$ _____

New York, New York
October __, 2015

For value received, Vornado Realty L.P., a Delaware limited partnership ("Borrower"), hereby promises to pay to the order of _____ or its successors or assigns (collectively, the "Bank"), at the principal office of JPMorgan Chase Bank, N.A. located at 270 Park Avenue, New York, New York 10017 ("Administrative Agent") for the account of the Applicable Lending Office of the Bank, the principal sum of _____ Dollars (\$ _____) or, if less, the amount loaned by the Bank as Term Loans to Borrower pursuant to the Loan Agreement (as defined below) and actually outstanding, in lawful money of the United States and in immediately available funds, in accordance with the terms set forth in the Loan Agreement. Borrower also promises to pay interest on the unpaid principal balance hereof, for the period such balance is outstanding, in like money, at said office for the account of said Applicable Lending Office, at the times and at the rates per annum as provided in the Loan Agreement. Any amount of principal hereof which is not paid when due, whether at stated maturity, by acceleration, or otherwise, shall bear interest from the date when due until said principal amount is paid in full, payable on demand, at the rates set forth in the Loan Agreement.

The date and amount of each advance of a Term Loan made by the Bank to Borrower under the Loan Agreement, and each payment of said Term Loan, shall be recorded by the Bank on its books and, prior to any transfer of this Note (or, at the discretion of the Bank, at any other earlier time), may be endorsed by the Bank on the schedule attached hereto and any continuation thereof.

This Note is one of the Term Loan Notes referred to in the Term Loan Agreement dated as of October[], 2015 (as the same may be amended from time to time, the "Loan Agreement") among Borrower, the Banks named therein (including the Bank) and Administrative Agent, as administrative agent for the Banks. All of the terms, conditions and provisions of the Loan Agreement are hereby incorporated by reference. All capitalized terms used herein and not defined herein shall have the meanings given to them in the Loan Agreement.

The Loan Agreement contains, among other things, provisions for the prepayment of and acceleration of this Note upon the happening of certain stated events.

No recourse shall be had under this Note against the General Partner or the VRT Principals except as and to the extent set forth in Section 11.02 of the Loan Agreement.

All parties to this Note, whether principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest, notice of protest and notice of dishonor.

This Note shall be governed by the laws of the State of New York.

IN WITNESS WHEREOF, Borrower has executed and delivered this Note on the day and year first above written.

VORNADO REALTY L.P.,
a Delaware limited partnership

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

By. _____

Name:

Title:

<u>Date</u>	<u>Type of Advance</u>	<u>Amount of Advance</u>	<u>Amount of Payment</u>	<u>Balance Outstanding</u>	<u>Notation By</u>

EXHIBIT C
[RESERVED]

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EXHIBIT D

SOLVENCY CERTIFICATE

The officer executing this Certificate is the _____ of Vornado Realty Trust, a Maryland real estate investment trust (“General Partner”), the sole general partner of Vornado Realty L.P., a Delaware limited partnership (“Borrower”), and is familiar with its properties, assets and businesses, and is duly authorized to execute this Certificate on behalf of Borrower pursuant to the Term Loan Agreement dated as of October [__], 2015 (the “Loan Agreement”) among Borrower, the banks party thereto (each a “Bank” and collectively, the “Banks”) and JPMorgan Chase Bank, N.A., as agent for the Banks (in such capacity, together with its successors in such capacity, the “Agent”). In executing this Certificate, such individual is acting solely in [his] [her] capacity as the _____ of General Partner, and not in [his] [her] individual capacity. Unless otherwise defined herein, terms defined in the Loan Agreement are used herein as therein defined.

The undersigned further certifies that [he] [she] has carefully reviewed the Loan Agreement and the other Loan Documents and the contents of this Certificate and, in connection herewith, has made such investigation and inquiries as [he] [she] deems necessary and prudent therefor. The undersigned further certifies that the financial information and assumptions which underlie and form the basis for the representations made in this Certificate were reasonable when made and were made in good faith and continue to be reasonable as of the date hereof.

The undersigned understands that the Agent is relying on the truth and accuracy of this Certificate in connection with the transactions contemplated by the Loan Agreement.

The undersigned certifies that Borrower is Solvent.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on October __, 2015.

Name:

Title:

EXHIBIT E

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption (the “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the “Assignor”) and [*Insert name of Assignee*] (the “Assignee”). Capitalized terms used but not defined herein shall have the meanings given to them in the Loan Agreement identified below (as amended, restated, extended, supplemented or otherwise modified from time to time, the “Loan Agreement”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Loan Agreement, as of the Effective Date inserted by the Agent as contemplated below (i) all of the Assignor’s rights and obligations in its capacity as a Bank under the Loan Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any guarantees included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Bank) against any Person, whether known or unknown, arising under or in connection with the Loan Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the “Assigned Interest”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____
2. Assignee: _____
[and is [a Bank] [a Bank Affiliate of [*identify Bank*]¹]]
3. Borrower: Vornado Realty L.P.
4. Agent: JPMorgan Chase Bank, N.A., as the administrative agent under the Loan Agreement

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¹ Select as applicable.

5. Loan Agreement: The Term Loan Agreement dated as of October [___], 2015 among Vornado Realty L.P., the Banks from time to time party thereto, and JPMorgan Chase Bank, N.A., as Agent for the Banks
6. Assigned Interest:

Aggregate Amount of Loan Commitment/Loans for all Banks	Amount of Loan Commitment/Loans Assigned	Percentage Assigned of Loan Commitment/Loans ²
\$	\$	%
\$	\$	%
\$	\$	%

Effective Date: _____, 20__ [TO BE INSERTED BY AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The Assignee, if not already a Bank, agrees to deliver to the Agent a completed Administrative Questionnaire in which the Assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its Affiliates or their respective securities) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable laws, including Federal and state securities laws.

This Assignment and Assumption is conditioned upon the consent of the Agent and, if no Event of Default shall have occurred and be continuing, Borrower pursuant to Section 12.05(c) of the Loan Agreement. The execution of this Assignment and Assumption by the Borrower and the Agent is evidence of this consent and acknowledgment, respectively.

Reference is made to Section 10.13 of the Loan Agreement. The Assignee hereby represents that it is entitled to receive any payments to be made to it under the Loan Agreement or hereunder without the withholding of any tax and agrees to furnish the evidence of such exemption as specified therein and otherwise to comply with the provisions of said Section 10.13.

[Signature pages follow]

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² Set forth, to at least 9 decimals, as a percentage of the applicable Loan Commitment/Loans of all Banks thereunder.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____
Title:

[Consented to and]³ Accepted:

JPMORGAN CHASE BANK, N.A., as
Agent

By _____
Name:
Title:

VORNADO REALTY L.P.,
Delaware limited partnership

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

By _____
Name:
Title:

³ To be added only if the consent of the Agent and/or Borrower is required by the terms of the Loan Agreement.

**STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION**

1. **Representations and Warranties.**

1.1 **Assignor.** The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim created by the Assignor, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is not a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Loan Agreement, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Agreement or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of the Loan Agreement or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under the Loan Agreement.

1.2. **Assignee.** The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Bank under the Loan Agreement, (ii) it satisfies the requirements, if any, specified in the Loan Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Bank, (iii) from and after the Effective Date, it shall be bound by the provisions of the Loan Agreement as a Bank thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Bank thereunder, (iv) it has received a copy of the Loan Agreement, together with copies of the most recent financial statements referred to in Section 5.15 thereof or delivered pursuant to Section 6.09(1) and Section 6.09(2) thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Agent, the Assignor or any other Bank, and (v) attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Loan Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Agent, the Assignor or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Agreement, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Agreement are required to be performed by it as a Bank.

2. **Payments.** From and after the Effective Date, the Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. **General Provisions.** This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Acceptance and adoption of the terms of this Assignment and Assumption by the Assignee and the Assignor by electronic signature or delivery of an executed counterpart of a signature page of this Assignment and Assumption by any Electronic System shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This

Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

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EXHIBIT F

MATERIAL AFFILIATES

[None][Borrower to confirm]

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EXHIBIT G
[RESERVED]
G-1

EXHIBIT H
[RESERVED]

H-1

EXHIBIT I

Local 32B/J Service Employees International Union and Charles E. Smith Realty, 10/16/15-10/15/19

2012 Contractors Agreement between Service Employees International Union Local 32B/J, AFL-CIO and The Realty Advisory Board on Labor Relations, Inc., 1/1/12-12/31/15

2012 Commercial Building Agreement between Local 32B/J Service Employees International Union, AFL-CIO and The Realty Advisory Board on Labor Relations, Inc., 1/1/12-12/31/15

Security Officers Collective Bargaining Agreement between the Service Employees International Union Local 32B/J, AFL-CIO and Guard Management Service Corp., 1/1/12-12/31/15

Metal Polishers Production and Novelty Workers Union Local 8A-28A and Metal Brite Service Corp., 6/1/14-5/31/17

Local Union No. 7 Tile, Marble, and Terrazzo, AFL-CIO of New York and New Jersey and The Marble Industry of New York, Inc., 7/1/12 - 6/30/18

Collective Bargaining Agreement between Hotel Association of New York City, Inc. and New York Hotel-Motel Trades Council, AFL-CIO, 7/1/12 - 6/30/18

2012 New Jersey Contractors Agreement Local 32B/J, Service Employees International Union and Building Maintenance Service LLC, 1/1/12-12/31/15

Agreement between Charles E. Smith Commercial Realty (CESCR) and International Union of Operating Engineers Local 99-99A, AFL-CIO for Charles E. Smith Real Estate Services L.P. Buildings, 1/1/14-12/31/15

Engineer Agreement between Realty Advisory Board on Labor Relations, Incorporated, and Local 94-94A-94B International Union of Operating Engineers AFL-CIO, 1/1/15-12/31/18

Collective Bargaining Agreement between Service Employees International Union Local 32BJ and Washington Service Contractors Association, 10/16/15-10/15/19

Collective Bargaining Agreement between Local 670, Stationary Engineers, Firemen, Maintenance and Building Service Union and Building Maintenance Service LLC, 1/1/15-12/31/19

Agreement by and between Building Maintenance Service LLC and Service Employees International Union Local 32BJ for Metal Marble Workers, 1/25/11-1/24/15

2012 Window Cleaners Agreement between Service Employees International Union, Local 32BJ and The Realty Advisory Board on Labor Relations, Inc. 1/1/12 – 12/31/15

Collective Bargaining Agreement between Service Employees International Union Local 32BJ and H Street Management, LLC at Riverhouse Apartments Complex, 10/1/1 - 9/30/16

Local 1, Janitorial Agreement between Building Owners and Management Association of Chicago and Building Service Division, Service Employees International Union, Local 1 Janitorial Employees, 4/6/15 - 4/8/18

Local 1, Security Agreement between Building Owners and Management Association of Chicago and Service Employees International Union, Local 1, 4/22/13 - 4/24/16

Engineer Agreement between Building Owners and Management Association of Chicago and Local 399 of the International Union of Operating Engineers, 5/19/14 - 5/21/17

Electricians Agreement between The Electrical Contractors' Association of City of Chicago and Local Union No. 134 International Brotherhood of Electrical Workers, 6/2/2014 – 6/5/2017

Joint Agreement between the Builders' Association, Mason Contractors' Association of Greater Chicago, Lake County Contractors Association, Illinois Road and Transportation Builders Association, Underground Contractors Association and the Construction and General Laborers' District Council of Chicago and Vicinity, affiliated with the Laborers International Union of North America, 6/1/2013 – 5/31/2017

Collective Bargaining Agreement between the Chicago Journeymen Plumbers' Local Union 130, U.A. and Plumbing Contractors Association, 6/1/2014 – 5/31/2017

Agreement between Mid-America Regional Bargaining Association and the Chicago Regional Council of Carpenters, 6/1/2014 – 5/31/2019]

Agreement between VNO 3300 Northern Blvd. LLC and United Industrial Service, Transportation, Professional and Government Worker of North America, AFL-CIO

EXHIBIT J
[RESERVED]

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EXHIBIT K-1

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Banks That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Term Loan Agreement dated as of October [], 2015 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement"), among Vornado Realty, L.P., as Borrower, JPMorgan Chase Bank, N.A., as Administrative Agent, and each Bank from time to time party thereto.

Pursuant to the provisions of Section 10.13(f)(ii)(B)(3) of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(c)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

[NAME OF BANK]

By: _____

Name:
Title:

Date: _____, 20__

EXHIBIT K-2

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Banks That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Term Loan Agreement dated as of October [], 2015 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement"), among Vornado Realty, L.P., as Borrower, JPMorgan Chase Bank, N.A., as Administrative Agent, and each Bank from time to time party thereto.

Pursuant to the provisions of Section 10.13(f)(ii)(B)(4) of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Loan Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(c)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

[NAME OF BANK]

By: _____
Name:
Title:

Date: _____, 20__

EXHIBIT K-3

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Term Loan Agreement dated as of October [], 2015 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement"), among Vornado Realty, L.P., as Borrower, JPMorgan Chase Bank, N.A., as Administrative Agent, and each Bank from time to time party thereto.

Pursuant to the provisions of Section 10.13(f)(ii)(B)(4) of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(c)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Bank with a certificate of its non-U.S. Person status on IRS Form W-8BEN or W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Bank in writing, and (2) the undersigned shall have at all times furnished such Bank with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

[NAME OF PARTICIPANT]

By: _____

Name:

Title:

Date: _____, 20__

EXHIBIT K-4

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Term Loan Agreement dated as of October [], 2015 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement"), among Vornado Realty, L.P., as Borrower, JPMorgan Chase Bank, N.A., as Administrative Agent, and each Bank from time to time party thereto.

Pursuant to the provisions of Section 10.13(f)(ii)(B)(4) of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect to such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(c)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Bank with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Bank and (2) the undersigned shall have at all times furnished such Bank with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

[NAME OF PARTICIPANT]

By: _____

Name:

Title:

Date: _____, 20__

**COMPUTATION OF RATIOS
(UNAUDITED)**

Our consolidated ratios of earnings to fixed charges and earnings to combined fixed charges and preference dividends for each of the fiscal years ended December 31, 2015, 2014, 2013, 2012 and 2011 are as follows:

(Amounts in thousands)	For the Year Ended December 31,				
	2015	2014	2013	2012	2011
Income (loss) from continuing operations before income taxes and income from partially owned entities	\$ 735,103	\$ 492,492	\$ 328,810	\$ (29,300)	\$ 358,473
Fixed charges	450,450	487,701	481,216	467,183	478,164
Income distributions from partially owned entities	63,438	96,286	54,030	226,172	93,635
Capitalized interest and debt expense	(59,305)	(62,786)	(42,303)	(16,801)	(1,197)
Preferred unit distributions	(158)	(50)	(1,158)	(9,936)	(16,853)
Earnings - Numerator	\$ 1,189,528	\$ 1,013,643	\$ 820,595	\$ 637,318	\$ 912,222
Interest and debt expense	\$ 378,025	\$ 412,755	\$ 425,782	\$ 431,235	\$ 453,420
Capitalized interest and debt expense	59,305	62,786	42,303	16,801	1,197
1/3 of rental expense – interest factor	12,962	12,110	11,973	9,211	6,694
Preferred unit distributions	158	50	1,158	9,936	16,853
Fixed charges - Denominator	450,450	487,701	481,216	467,183	478,164
Preferred share dividends	80,578	81,464	82,807	76,937	65,531
Combined fixed charges and preference dividends - Denominator	\$ 531,028	\$ 569,165	\$ 564,023	\$ 544,120	\$ 543,695
Ratio of earnings to fixed charges	2.64	2.08	1.71	1.36	1.91
Ratio of earnings to combined fixed charges and preference dividends	2.24	1.78	1.45	1.17	1.68

Earnings equals (i) income from continuing operations before income taxes and income from partially owned entities, plus, (ii) fixed charges, (iii) income distributions from partially owned entities, minus (iv) capitalized interest and debt expense and (v) preferred unit distributions of the Operating Partnership. Fixed charges equals (i) interest and debt expense, plus (ii) capitalized interest and debt expense, (iii) the portion of operating lease rental expense that is representative of the interest factor, which is one-third of operating lease rentals and (iv) preferred unit distributions of the Operating Partnership. Combined fixed charges and preference dividends equals fixed charges plus preferred share dividends.

**VORNADO REALTY TRUST
SUBSIDIARIES OF THE REGISTRANT
AS OF DECEMBER 31, 2015**

<u>Name of Subsidiary</u>	<u>State of Organization</u>
11 East 68th Parallel REIT LLC	Delaware
11 East 68th REIT Holding LLC	Delaware
11 East 68th REIT LLC	Delaware
11 East 68th Retail Owner LLC	Delaware
11 East 68th Street I Corp.	British Virgin Islands
11 East 68th Street II Corp.	British Virgin Islands
11 East 68th Street LLC	Delaware
11 East 68th Street Unit C Owner LLC	Delaware
11 East 68th TRS LLC	Delaware
1200 Eads St., Inc.	Delaware
1290 Management II, LLC	Delaware
137 West 33rd Street Owner LLC	Delaware
138-142 West 32nd EAT LLC	Delaware
144-150 West 34th Street EAT LLC	Delaware
148 Spring Street, LLC	Delaware
14th Street Owner LLC	Delaware
14th Street Purchaser LLC	Delaware
150 East 58th Street, L.L.C.	New York
150 Spring Street LLC	Delaware
1535 Broadway LLC	Delaware
1800 Park REIT LLC	Delaware
201 East 66th Street LLC	New York
220 Building Owner LLC	Delaware
220 S 20th Street Developer LLC	Delaware
265 West 34th Street EAT LLC	Delaware
265 West 34th Street Owner LLC	Delaware
27 Washington Sq North Owner LLC	Delaware
280 Park Administration LLC	Delaware
280 Park Cleaning LLC	Delaware
29 West 57th Street Owner LLC	Delaware
304-306 Canal Street LLC	Delaware
31 West 57th Street Owner LLC	Delaware
330 Madison Company LLC	Delaware
334 Canal Street LLC	Delaware
350 Park EAT LLC	Delaware
4 USS LLC	Delaware
40 East 14 Realty Associates, L.L.C.	New York
40 Fulton Street LLC	New York
401 Commercial Son II LLC	Delaware
401 Commercial Son, LLC	Delaware
401 Commercial, L.P.	Delaware
401 General Partner, L.L.C.	Delaware

401 Hotel General Partner, L.L.C.	Delaware
401 Hotel REIT, LLC	Delaware
401 Hotel TRS, Inc.	Delaware
401 Hotel, L.P.	Delaware
408 West 15th Street Owner LLC	Delaware
480-486 Broadway, LLC	Delaware
488 Eighth Avenue Owner LLC	Delaware
49 West 57th Street Owner LLC	Delaware
50 East 86th Street Owner LLC	Delaware
501 Broadway Parallel REIT LLC	Delaware
501 Broadway REIT LLC	Delaware
527 West Kinzie LLC	Delaware
58 Central Park III LLC	Delaware
58 Central Park LLC	Delaware
61 Ninth Avenue Development Holdings LLC	Delaware
61 Ninth Avenue Development LLC	Delaware
61 Ninth Avenue Development Member LLC	Delaware
650 Madison GP LLC	Delaware
650 Madison GP LP	Delaware
650 Madison Junior Mezz LLC	Delaware
650 Madison Office Manager LLC	Delaware
650 Madison Owner LLC	Delaware
650 Madison Retail Manager LLC	Delaware
650 Madison Senior Mezz LLC	Delaware
655 Fifth Avenue LLC	Delaware
655 Fifth Avenue Owner LLC	Delaware
655 Fifth Holdings LLC	Delaware
655 Fifth II LLC	Delaware
655 Fifth III LLC	Delaware
655 Fifth IV LLC	Delaware
666 Fifth Cleaning LLC	Delaware
666 Fifth Management LLC	Delaware
689 Fifth Avenue L.L.C.	New York
697 Fifth/2 East 55th Street Manager LLC	Delaware
697 Fifth/2 East 55th Street TIC A Holdings LLC	Delaware
697 Fifth/2 East 55th Street TIC A Master Lessee LLC	Delaware
697 Fifth/2 East 55th Street TIC A Mezz LLC	Delaware
697 Fifth/2 East 55th Street TIC B Lower-Tier LLC	Delaware
697 Fifth/2 East 55th Street TIC B Mezz LLC	Delaware
697 Fifth/2 East 55th Street TIC B Upper-Tier LLC	Delaware
697 Fifth/2 East 55th TIC B Holdings LLC	Delaware
697 Fifth/2 East 55th TIC B Mortgage Borrower LLC	Delaware
6M Investor LP	Delaware
6M REIT LLC	Delaware
7 West 34th Street LLC	New York
715 Lexington Avenue LLC	New York
715 Lexington Avenue TIC II LLC	Delaware
715 Lexington Avenue TIC LLC	Delaware
770 Broadway Company LLC	New York
770 Broadway Mezzanine LLC	Delaware

770 Broadway Owner LLC	Delaware
825 Seventh Avenue Holding Corporation	New York
825 Seventh Avenue Holding L.L.C.	New York
85 Tenth Junior Mezz LLC	Delaware
85 Tenth JV Member LC	Delaware
85 Tenth Mezz IV Lender LLC	Delaware
85 Tenth Senior Mezz II LLC	Delaware
85 Tenth Senior Mezz LLC	Delaware
888 Seventh Avenue LLC	Delaware
909 Third Avenue Assignee LLC	New York
909 Third Company, L.P.	New York
909 Third GP, LLC	Delaware
968 Third, L.L.C.	New York
AG-VNO GTP Equity LLC	Delaware
Alexander's, Inc.	Delaware
Allentown VF L.L.C.	Pennsylvania
Altius Management Advisors Pvt. Ltd.	Foreign
Arbor Property, L.P.	Delaware
Arna-Eads, Inc.	Delaware
Arna-Fern, Inc.	Delaware
Atlantic City Holding L.L.C.	New Jersey
Balena Real Estate Development II LLC	Delaware
Balena Real Estate Development III LLC	Delaware
Balena Real Estate Development IV LLC	Delaware
Balena Real Estate Development LLC	Delaware
Bengal Intelligent Parks Pvt. Ltd.	Foreign
Bensalem VF, L.L.C.	Pennsylvania
Bevcon Holdings LLC	Delaware
Bevcon I Investors LLC	Delaware
Bevcon I L.L.C.	Delaware
Bevcon I Managers Inc.	Delaware
Bevcon II LLC	Delaware
Bevcon Mezz LLC	Delaware
BIB Detailing LLC	Delaware
BIB Detailing Owner LLC	Delaware
BIP Developers Pvt. Ltd.	Foreign
Boulevard Services Pvt. Ltd.	Foreign
Bowen Building, L.P.	Delaware
Building Maintenance Service LLC	Delaware
CEC 1101 17th Street L.L.C.	Delaware
CEC 1101 17th Street Limited Partnership	Maryland
CEC 1101 17th Street Manager L.L.C.	Delaware
CEC 1140 Connecticut Avenue Holding LLC	Delaware
CEC 1140 Connecticut Avenue L.L.C.	Delaware
CEC 1140 Connecticut Avenue Limited Partnership	District of Columbia
CEC 1140 Connecticut Avenue Manager L.L.C.	Delaware
CEC 1150 17th Street L.L.C.	Delaware
CEC 1150 17th Street Limited Partnership	District of Columbia
CEC 1150 17th Street Manager L.L.C.	Delaware
CEC 1730 M Street L.L.C.	Delaware

CEC 1750 Pennsylvania Avenue L.L.C.	Delaware
CEC 2101 L Street L.L.C.	Delaware
CEC Commerce Executive Park L.L.C.	Delaware
CEC Crystal Square Four L.L.C.	Delaware
CEC Crystal/Rosslyn L.L.C.	Delaware
CEC District Holdings L.L.C.	Delaware
CEC Downtown Member L.L.C.	Delaware
CEC Engineering TRS Inc.	Delaware
CEC Fairfax Square Manager L.L.C.	Delaware
CEC Gateway One L.L.C.	Delaware
CEC Gateway Two Limited Partnership	Virginia
CEC Gateway Two Manager L.L.C.	Delaware
CEC Gateway/Square L.L.C.	Delaware
CEC Gateway/Square Member L.L.C.	District of Columbia
CEC H Street L.L.C.	Delaware
CEC Mall L.L.C.	Delaware
CEC Mall Land, L.L.C.	Delaware
CEC One Courthouse Plaza Holdings, LLC	Delaware
CEC One Courthouse Plaza L.L.C.	Delaware
CEC One Democracy Plaza L.P.	Delaware
CEC One Democracy Plaza Manager LLC	Delaware
CEC Park Five Land L.L.C.	Delaware
CEC Park Five Manager L.L.C.	Virginia
CEC Park Four Land L.L.C.	Delaware
CEC Park Four Manager L.L.C.	Virginia
CEC Park One Land L.L.C.	Delaware
CEC Park One Manager L.L.C.	Virginia
CEC Park Three Land L.L.C.	Delaware
CEC Park Three Manager L.L.C.	Virginia
CEC Park Two L.L.C.	Delaware
CEC Park Two Land L.L.C.	Delaware
CEC Park Two Manager L.L.C.	Virginia
CEC Plaza Five Limited Partnership	Delaware
CEC Plaza Limited Partnership	Virginia
CEC Plaza Manager, L.L.C.	Virginia
CEC Plaza Parking L.L.C.	Delaware
CEC Potomac Yard LLC	Delaware
CEC Skyline LLC	Delaware
CEC Square L.L.C.	Delaware
CEC Square Land L.L.C.	Delaware
CEC TRS, Inc.	Delaware
CEC Two Courthouse Plaza Limited Partnership	Virginia
CEC Two Courthouse Plaza Manager, L.L.C.	Delaware
CEC Water Park L.L.C.	Delaware
Charles E. Smith Commercial Realty, L.P.	Delaware
Cinderella Homes Pvt. Ltd.	Foreign
Circle 1 LLC	Delaware
Commerce Executive Park Association of Co-Owners	Virginia
CP Culver City Parallel REIT LLC	Delaware
CP Culver City REIT LLC	Delaware

CP Parallel TRS LLC	Delaware
CP TRS LLC	Delaware
CPTS Domestic Owner LLC	Delaware
CPTS Hotel Lessee LLC	Delaware
CPTS Hotel Lessee Mezz 1 LLC	Delaware
CPTS Hotel Lessee Mezz 2 LLC	Delaware
CPTS Hotel Lessee Mezz 3 LLC	Delaware
CPTS Parallel Owner LLC	Delaware
CPTS TRS LLC	Delaware
CV Harlem Park LLC	Delaware
Delran VF L.L.C.	New Jersey
Design Center Owner (D.C.), L.L.C.	Delaware
Durham Leasing II L.L.C.	New Jersey
Durham Leasing L.L.C.	New Jersey
Eleven Penn Plaza LLC	New York
Everest Infrastructure Development Mauritius Limited	Foreign
Fairfax Square L.L.C	Delaware
Fairfax Square Parking LLC	Delaware
Fairfax Square Partners	Delaware
Fifth Crystal Park Associates Limited Partnership	Virginia
First Crystal Park Associates Limited Partnership	Virginia
Fourth Crystal Park Associates Limited Partnership	Virginia
Franconia GP, L.L.C.	Delaware
Fuller Madison LLC	New York
Gallery Market Holding Company, L.L.C.	Pennsylvania
Gallery Market Holding Company, L.P.	Pennsylvania
Gallery Market Properties Holding Company, L.L.C.	Pennsylvania
Gallery Market Properties Holding Company, L.P.	Pennsylvania
Garfield Parcel L.L.C.	New Jersey
Geneva Associates Owner LLC	Delaware
Green Acres 666 Fifth Retail EAT TIC Owner LLC	Delaware
Green Acres 666 Fifth Retail TIC Owner LLC	Delaware
Green Acres Mall, L.L.C.	Delaware
Guard Management Service Corp.	Delaware
H Street Building Corporation	Delaware
H Street JP Fashion LLC	Delaware
H Street Management, L.L.C.	Delaware
HBR Annapolis Properties, L.L.C.	Delaware
HBR Properties Pennsylvania LLC	Delaware
HBR Properties Roseville LLC	Delaware
HBR Properties, L.L.C.	Delaware
HWA Holdings (DE) LLC	Delaware
International Biotech Park Ltd.	Foreign
IP Mezz Borrower I LLC	Delaware
IP Mezz Borrower II LLC	Delaware
IP Mortgage Borrower LLC	Delaware
Juggernaut Homes Pvt. Ltd.	Foreign
LaSalle Hubbard L.L.C.	Delaware
Lincoln Road II LLC	Delaware
Lincoln Road Management LLC	Delaware

Lincoln Road Parallel REIT LLC	Delaware
Lincoln Road REIT LLC	Delaware
Littleton Holding L.L.C.	New Jersey
M 330 Associates L.P.	New York
M 393 Associates LLC	New York
Mart Franchise Center, Inc.	Illinois
Mart Parking II, LLC	Delaware
Mart Parking LLC	Delaware
Mart Trade Show L.L.C.	Delaware
Menands Holding Corporation	New York
Menands VF L.L.C.	New York
Merchandise Mart First Mezzanine Borrower L.L.C.	Delaware
Merchandise Mart Holdco L.L.C.	Delaware
Merchandise Mart L.L.C.	Delaware
Merchandise Mart Properties, Inc.	Delaware
Merchandise Mart Second Mezzanine Borrower L.L.C.	Delaware
MMPI Piers MTS L.L.C.	Delaware
MMPI Volta LLC	Delaware
Mortgage Owner LLC	Delaware
MTS-MM L.L.C.	Delaware
MW Hyde Park LLC	Delaware
New Jersey GL LLC	Delaware
New Kaempfer 1501 LLC	Delaware
New Kaempfer IB LLC	Delaware
New Kaempfer Waterfront LLC	Delaware
NFM Corp.	Delaware
NFM Partners L.P.	Delaware
Ninety Park Lender LLC	New York
Ninety Park Lender QRS, Inc.	Delaware
Ninety Park Manager LLC	New York
Ninety Park Property LLC	New York
NYCRP LLC	Delaware
Office Acquisition Finance L.L.C.	Delaware
Office Center Owner (D.C.) L.L.C.	Delaware
One Park Owner JV LP	Delaware
One Penn Plaza LLC	New York
One Penn Plaza TRS, Inc.	Delaware
Orleans Hubbard LLC	Delaware
Palisades 1399 New York Avenue TIC Owner LLC	Delaware
Paris Associates Owner LLC	Delaware
Park One Member L.L.C.	Delaware
PCJ I Inc.	New York
Peak Power One LLC	Delaware
Penn Plaza Insurance Company, L.L.C.	Vermont
Philadelphia VF L.L.C.	Pennsylvania
Philadelphia VF L.P.	Pennsylvania
Piers 92/94 LLC	Delaware
Pike Holding Company, L.L.C.	Pennsylvania
Pike Holding Company, L.P.	Pennsylvania
Pike VF L.L.C.	Pennsylvania

Pike VF L.P.	Pennsylvania
Powerspace & Services, Inc.	Delaware
Rahway Leasing L.L.C.	New Jersey
Rakosh Property LLC	Delaware
Realty Services Trustee Company Pvt. Ltd.	Foreign
Restaurant Corp Lessor LLC	Delaware
River House Corporation	Virginia
RTR JP Fashion LLC	Delaware
RTR VW LLC	Delaware
Shenandoah DC Holding, LLC	Delaware
Shenandoah Parent LLC	Delaware
Skyline Parent LLC	Delaware
SMB Administration LLC	Delaware
SMB Tenant Services LLC	Delaware
SO Hudson 555 Management, Inc.	Delaware
SO Hudson Westside I Corp.	Delaware
South Capitol, L.L.C.	Delaware
Springfield Town Center Lessee LLC	Delaware
T53 Condominium, L.L.C.	New York
TCG Developments India Pvt. Ltd.	Foreign
TCG Real Estate Investment Management Company Pvt. Ltd.	Foreign
TCG Software Parks Pvt. Ltd.	Foreign
TCG Urban Infrastructure Holdings Ltd.	Foreign
Techna Infrastructure Pvt. Ltd.	Foreign
The Armory Show Inc.	New York
The Palisades A/V Company, L.L.C.	Delaware
The Park Laurel Condominium	Delaware
The Pennsy Holdings LLC	Delaware
Thebes I LLC	Delaware
Third Crystal Park Associates Limited Partnership	Virginia
TMO 1 LLC	Delaware
Trees Acquisition Subsidiary, Inc.	Delaware
Two Guys from Harrison N.Y. (DE), L.L.C.	Delaware
Two Guys From Harrison N.Y. L.L.C.	New York
Two Guys From Harrison NY Member LLC	Delaware
Two Guys-Connecticut Holding L.L.C.	Connecticut
Two Penn Plaza REIT JP Fashion LLC	Delaware
Two Penn Plaza REIT, Inc.	New York
UBI Management, L.L.C.	Delaware
Universal Building North, Inc.	District of Columbia
Universal Building, Inc.	District of Columbia
Upper Moreland Holding Company, L.L.C.	Pennsylvania
Upper Moreland Holding Company, L.P.	Pennsylvania
Upper Moreland VF, L.L.C.	Pennsylvania
V/E Mdison Retail LLC	Delaware
V0012 LLC	Delaware
VBL Company, L.L.C.	New York
VCP COI One Park LP	Delaware
VCP CP Culver City LLC	Delaware
VCP CP Culver City Parking LLC	Delaware

VCP IM L.L.C.	Delaware
VCP Lincoln Road LLC	Delaware
VCP LP L.L.C.	Delaware
VCP Mezz Loan LLC	Delaware
VCP One Park Parallel REIT LLC	Delaware
VCP Parallel COI One Park LP	Delaware
VFC Connecticut Holding, L.L.C.	Delaware
VFC New Jersey Holding, L.L.C.	Delaware
Virgin Sign L.L.C.	Delaware
VM Kushner JV Member LLC	Delaware
VMS Lender LLC	Delaware
VNK L.L.C.	Delaware
VNO 100 West 33rd Street LLC	Delaware
VNO 11 East 68th Street Holding Company LLC	Delaware
VNO 11 East 68th Street Mezz LLC	Delaware
VNO 11 East 68th Street Property Owner LLC	Delaware
VNO 1229-1231 25th Street LLC	Delaware
VNO 125 West 31st Street Mezz LLC	Delaware
VNO 1290 REIT LLC	Delaware
VNO 1399 GP LLC	Delaware
VNO 1399 Holding LLC	Delaware
VNO 154 Spring Street LLC	Delaware
VNO 155 Spring Street LLC	Delaware
VNO 1657 Broadway LLC	Delaware
VNO 1800 Park LLC	Delaware
VNO 1920 L Street LLC	Delaware
VNO 220 Development LLC	Delaware
VNO 220 S. 20th Street LLC	Delaware
VNO 220 S. 20th Street Member LLC	Delaware
VNO 225 West 58th Street LLC	Delaware
VNO 225 West 58th Street Mezz Owner LLC	Delaware
VNO 267 West 34th LLC	Delaware
VNO 280 Park JV Member LLC	Delaware
VNO 33 West 57th Street LLC	Delaware
VNO 33-00 Northern Blvd LLC	Delaware
VNO 3500 US Highway 9 LLC	Delaware
VNO 401 Commercial Leasee LLC	Delaware
VNO 426 Washington Street Developer LLC	Delaware
VNO 426 West Broadway, LLC	Delaware
VNO 431 Seventh Avenue LLC	Delaware
VNO 435 Seventh Avenue LLC	Delaware
VNO 443 Broadway Holdings II LLC	Delaware
VNO 443 Broadway Holdings III LLC	Delaware
VNO 443 Broadway LLC	Delaware
VNO 501 Broadway LLC	Delaware
VNO 510 Fifth LLC	Delaware
VNO 510 West 22nd JV Member LLC	Delaware
VNO 510 West 22nd Lender LLC	Delaware
VNO 520 Management LLC	Delaware
VNO 530 Broadway Mezz II LLC	Delaware

VNO 530 Broadway Mezz LLC	Delaware
VNO 530 Broadway Mezzanine I LLC	Delaware
VNO 535-545 5th Loan LLC	Delaware
VNO 555 Fifth LLC	Delaware
VNO 606 Broadway LLC	Delaware
VNO 606 Broadway Manager Member LLC	Delaware
VNO 63rd Street LLC	Delaware
VNO 6417 Loisdale Road LLC	Delaware
VNO 650 Madison Investor LLC	Delaware
VNO 650 Madison LLC	Delaware
VNO 655 Partners LLC	Delaware
VNO 666 Fifth Holding LLC	Delaware
VNO 666 Fifth Lender LLC	Delaware
VNO 666 Fifth Member LLC	Delaware
VNO 666 Fifth Retail TIC Lessee LLC	Delaware
VNO 7 West 34th Street Owner LLC	Delaware
VNO 7 West 34th Street Sub LLC	Delaware
VNO 701 Seventh Avenue Mezz LLC	Delaware
VNO 701 Seventh Avenue TRS LLC	Delaware
VNO 757 Third Avenue LLC	Delaware
VNO 86 Lex LLC	Delaware
VNO 93rd Street LLC	Delaware
VNO 966 Third Avenue LLC	Delaware
VNO 99-01 Queens Boulevard LLC	Delaware
VNO AC LLC	Delaware
VNO Ashley House LLC	Delaware
VNO Ashley House Member LLC	Delaware
VNO Broad Street LLC	Delaware
VNO Bruckner Plaza Lender LLC	Delaware
VNO Building Acquisition LLC	Delaware
VNO Capital Partners REIT LLC	Delaware
VNO Capital Partners TRS LLC	Delaware
VNO Courthouse I LLC	Delaware
VNO Courthouse II LLC	Delaware
VNO Courthouse Place Mezz LLC	Delaware
VNO CP Co-Investor LP	Delaware
VNO CP GP LLC	Delaware
VNO CP LLC	Delaware
VNO CPPIB Member LLC	Delaware
VNO Crystal City Marriott, Inc.	Delaware
VNO Crystal City TRS, Inc.	Delaware
VNO EAT 666 Fifth Retail LLC	Delaware
VNO Fashion LLC	Delaware
VNO Fulton Street Brooklyn LLC	Delaware
VNO GT Owner LLC	Delaware
VNO HM Pool 1 LLC	Delaware
VNO HM Pool 2 LLC	Delaware
VNO Hotel L.L.C.	Delaware
VNO IF Delaware PI LLC	Delaware
VNO IF GP LLC	Delaware

VNO IF II, L.L.C.	Delaware
VNO IF LLC	Delaware
VNO IF PI LLC	Delaware
VNO IP Loan LLC	Delaware
VNO IP Warrant LLC	Delaware
VNO Island Global LLC	Delaware
VNO James House Member LLC	Delaware
VNO James House, LLC	Delaware
VNO JCP LLC	Delaware
VNO LF 50 West 57th Street Holding LLC	Delaware
VNO LF 50 West 57th Street JV LLC	Delaware
VNO LF 50 West 57th Street LLC	Delaware
VNO LF 50 West 57th Street Management LLC	Delaware
VNO LNR Holdco, L.L.C.	Delaware
VNO Morris Avenue GL LLC	Delaware
VNO New York Office Management LLC	Delaware
VNO One Park LLC	Delaware
VNO One Park Management LLC	Delaware
VNO Patson Geary, L.P.	Delaware
VNO Pentagon City LLC	Delaware
VNO Pentagon Plaza LLC	Delaware
VNO Potomac House LLC	Delaware
VNO Potomac House Member LLC	Delaware
VNO Pune Township LLC	Delaware
VNO Roosevelt Hotel Mezz II LLC	Delaware
VNO Roosevelt Hotel Mezz LLC	Delaware
VNO RTR AP, LLC	Delaware
VNO SC Note LLC	Delaware
VNO Skyline Lender LLC	Delaware
VNO SM GP LLC	Delaware
VNO SM LLC	Delaware
VNO South Capitol LLC	Delaware
VNO Suffolk II LLC	Delaware
VNO Surplus 2006 LLC	Delaware
VNO SW Ventures LLC	Delaware
VNO T-Hotel Loan LLC	Delaware
VNO TRU 25 1/2 Road LLC	Delaware
VNO TRU Beckley Road LLC	Delaware
VNO TRU Coral Way LLC	Delaware
VNO TRU Eastman Avenue LLC	Delaware
VNO TRU Frederica Street LLC	Delaware
VNO TRU Geary Street L.P.	Delaware
VNO TRU Kennedy Road LLC	Delaware
VNO TRU Lafayette Street LLC	Delaware
VNO TRU Mall Drive L.P.	Delaware
VNO TRU MICH L.P.	Delaware
VNO TRU Military Road L.P.	Delaware
VNO TRU Princeton Road LLC	Delaware
VNO TRU Rand Road LLC	Delaware
VNO TRU Rolling Meadows Drive LLC	Delaware

VNO TRU Route 50 LLC	Delaware
VNO TRU South Wadsworth Avenue LLC	Delaware
VNO TRU TX LLC	Delaware
VNO TRU University Drive LLC	Delaware
VNO VE LLC	Delaware
VNO Wayne License LLC	Delaware
VNO Wayne Towne Center Holding LLC	Delaware
VNO Wayne Towne Center LLC	Delaware
VNO-MM Mezzanine Lender LLC	Delaware
Vornado - KC License L.L.C.	Delaware
Vornado / Charles E. Smith L.P.	Delaware
Vornado / Charles E. Smith Management L.L.C.	Delaware
Vornado 1399 LLC	Delaware
Vornado 1540 Broadway LLC	Delaware
Vornado 1726 M Street LLC	Delaware
Vornado 17th Street Holdings LP	Delaware
Vornado 17th Street LLC	Delaware
Vornado 220 Central Park South II LLC	Delaware
Vornado 220 Central Park South LLC	Delaware
Vornado 25W14 LLC	Delaware
Vornado 3040 M Street LLC	Delaware
Vornado 330 W 34 Mezz LLC	Delaware
Vornado 330 West 34th Street L.L.C.	Delaware
Vornado 40 East 66th Street LLC	Delaware
Vornado 40 East 66th Street Member LLC	Delaware
Vornado 40 East 66th Street TRS LLC	Delaware
Vornado 401 Commercial LLC	Delaware
Vornado 601 Madison Avenue, L.L.C.	Delaware
Vornado 620 Sixth Avenue L.L.C.	Delaware
Vornado 640 Fifth Avenue L.L.C.	Delaware
Vornado 677 Madison LLC	Delaware
Vornado 692 Broadway, L.L.C.	Delaware
Vornado 800 17th Street, LLC	Delaware
Vornado 90 Park Avenue L.L.C.	Delaware
Vornado 90 Park Member L.L.C.	Delaware
Vornado 90 Park QRS, Inc.	Delaware
Vornado Acquisition Co. LLC	Delaware
Vornado Air Rights LLC	Delaware
Vornado Auto L.L.C.	Delaware
Vornado BAP LLC	Delaware
Vornado Bevcon I LLC	Delaware
Vornado Beverly Connection LLC	Delaware
Vornado Beverly Lessee LLC	Delaware
Vornado Beverly LLC	Delaware
Vornado Bowen GP LLC	Delaware
Vornado Bowen II LLC	Delaware
Vornado Bowen, LLC	Delaware
Vornado Capital Partners GP LLC	Delaware
Vornado Capital Partners Parallel GP LLC	Delaware
Vornado Capital Partners Parallel LP	Delaware

Vornado Capital Partners Parallel REIT LLC	Delaware
Vornado Capital Partners, L.P.	Delaware
Vornado CESCO Gen-Par, LLC	Delaware
Vornado Cogen Holdings LLC	Delaware
Vornado Communications, LLC	Delaware
Vornado Condominium Management LLC	Delaware
Vornado Crystal City L.L.C.	Delaware
Vornado Crystal Park Loan, L.L.C.	Delaware
Vornado DC Holding LLC	Delaware
Vornado Dune LLC	Delaware
Vornado Eleven Penn Plaza LLC	Delaware
Vornado Eleven Penn Plaza Owner LLC	Delaware
Vornado Everest Lender, L.L.C.	Delaware
Vornado Everest, L.L.C.	Delaware
Vornado Farley LLC	Delaware
Vornado Finance GP L.L.C.	Delaware
Vornado Finance L.P.	Delaware
Vornado Finance SPE, Inc.	Delaware
Vornado Fort Lee L.L.C.	Delaware
Vornado Fortress LLC	Delaware
Vornado Green Acres Acquisition L.L.C.	Delaware
Vornado Green Acres Delaware L.L.C.	Delaware
Vornado Green Acres Funding L.L.C.	Delaware
Vornado Green Acres Holdings L.L.C.	Delaware
Vornado Green Acres SPE Managing Member, Inc.	Delaware
Vornado Harlem Park LLC	Delaware
Vornado Hinjewadi Township Private Limited	Foreign
Vornado IB Holdings LLC	Delaware
Vornado India Retail LLC	Delaware
Vornado India Retail Management LLC	Delaware
Vornado Investment Corporation	Delaware
Vornado Investments L.L.C.	Delaware
Vornado KMS Holdings LLC	Delaware
Vornado Lending L.L.C.	New Jersey
Vornado Lodi L.L.C.	Delaware
Vornado LXP, L.L.C.	Delaware
Vornado M 330 L.L.C.	Delaware
Vornado M 393 L.L.C.	Delaware
Vornado Management Corp.	Delaware
Vornado Manhattan House Mortgage LLC	Delaware
Vornado Marketing LLC	Delaware
Vornado Mauritius Advisors LLC	Delaware
Vornado Mauritius II LLC	Delaware
Vornado Monmouth Mall, L.L.C.	Delaware
Vornado New York RR One L.L.C.	Delaware
Vornado Newkirk Advisory LLC	Delaware
Vornado Newkirk L.L.C.	Delaware
Vornado NK Loan L.L.C.	Delaware
Vornado Office Inc.	Delaware
Vornado Office Management LLC	Delaware

Vornado PC LLC	Delaware
Vornado Property Advisor LLC	Delaware
Vornado Realty L.L.C.	Delaware
Vornado Realty, L.P.	Delaware
Vornado Records 2006, L.L.C.	Delaware
Vornado Retail Finance Manager LLC	Delaware
Vornado Rosslyn LLC	Delaware
Vornado RTR DC LLC	Delaware
Vornado RTR Urban Development LLC	Delaware
Vornado RTR Urban Development TMP LLC	Delaware
Vornado RTR, Inc.	Delaware
Vornado San Jose LLC	Delaware
Vornado Savanna LLC	Delaware
Vornado Savanna SM LLC	Delaware
Vornado SB 11 L.P.	Delaware
Vornado SB 9 L.P.	Delaware
Vornado SB LLC	Delaware
Vornado SC Properties II LLC	Delaware
Vornado SC Properties LLC	Delaware
Vornado Shenandoah Holdings II LLC	Delaware
Vornado Shenandoah Holdings LLC	Delaware
Vornado Sign LLC	Delaware
Vornado South Hills, LLC	Delaware
Vornado Springfield Mall LLC	Delaware
Vornado Springfield Mall Manager LLC	Delaware
Vornado Square Mile LLC	Delaware
Vornado Suffolk LLC	Delaware
Vornado Sun LLC	Delaware
Vornado Title L.L.C.	Delaware
Vornado Toys Bridge LLC	Delaware
Vornado Truck LLC	Delaware
Vornado TSQ LLC	Delaware
Vornado Two Penn Plaza L.L.C.	Delaware
Vornado Two Penn Property L.L.C.	Delaware
Vornado Warner Acquisition LLC	Delaware
Vornado Warner GP LLC	Delaware
Vornado Warner Holdings LP	Delaware
Vornado Warner LLC	Delaware
Vornado Waterfront Holdings LLC	Delaware
Vornado Westbury Retail II LLC	Delaware
Vornado Westbury Retail LLC	Delaware
VRT Development Rights LLC	New York
VRT New Jersey Holding L.L.C.	Delaware
VSPS LLC	Delaware
Warner Investments, L.P.	Delaware
Washington CESC TRS, Inc.	Delaware
Washington CT Fund GP LLC	Delaware
Washington Design Center L.L.C.	Delaware
Washington Design Center Subsidiary L.L.C.	Delaware
Washington Mart SPE LLC	Delaware

Washington Mart TRS, Inc.	Delaware
Washington Office Center L.L.C.	Delaware
Wasserman Vornado Strategic Real Estate Fund LLC	Delaware
WDC 666 Fifth Retail TIC Owner LLC	Delaware
Wells Kinzie L.L.C.	Delaware
West 57th Street Holding LLC	Delaware
West 57th Street JV LLC	Delaware
West 57th Street Management LLC	Delaware
West End 25 Developer LLC	Delaware
WOC 666 Fifth Retail TIC Owner LLC	Delaware
WREC Columbus Ave LLC	Delaware
WREC Hyde Park LLC	Delaware
WREC Lido LLC	Delaware
WREC Lido Venture LLC	Delaware
WREC Quadrille LLC	Delaware
WREC San Pasqual LLC	Delaware
York VF L.L.C.	Pennsylvania

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements of our reports dated February 16, 2016, relating to the consolidated financial statements and financial statement schedules of Vornado Realty Trust (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the adoption of a new accounting standard), and the effectiveness of Vornado Realty Trust's internal control over financial reporting, appearing in the Annual Report on Form 10-K of Vornado Realty Trust for the year ended December 31, 2015:

Amendment No. 1 to Registration Statement No. 333-36080 on Form S-3
Registration Statement No. 333-64015 on Form S-3
Amendment No.1 to Registration Statement No. 333-50095 on Form S-3
Registration Statement No. 333-52573 on Form S-8
Registration Statement No. 333-76327 on Form S-3
Amendment No.1 to Registration Statement No. 333-89667 on Form S-3
Amendment No.1 to Registration Statement No. 333-102215 on Form S-3
Amendment No.1 to Registration Statement No. 333-102217 on Form S-3
Registration Statement No. 333-105838 on Form S-3
Registration Statement No. 333-107024 on Form S-3
Registration Statement No. 333-109661 on Form S-3
Registration Statement No. 333-114146 on Form S-3
Registration Statement No. 333-114807 on Form S-3
Registration Statement No. 333-121929 on Form S-3
Amendment No. 1 to Registration Statement No. 333-120384 on Form S-3
Registration Statement No. 333-126963 on Form S-3
Registration Statement No. 333-139646 on Form S-3
Registration Statement No. 333-141162 on Form S-3
Registration Statement No. 333-150592 on Form S-3
Registration Statement No. 333-166856 on Form S-3
Registration Statement No. 333-172880 on Form S-8
Registration Statement No. 333-191865 on Form S-4

and in the following joint Registration Statement of Vornado Realty Trust and Vornado Realty L.P.:

Registration Statement No. 333-203294 on Form S-3

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
February 16, 2016

CERTIFICATION

I, Steven Roth, certify that:

1. I have reviewed this Annual Report on Form 10-K of Vornado Realty Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure control and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 16, 2016

/s/ Steven Roth

Steven Roth

Chairman of the Board and Chief Executive Officer

CERTIFICATION

I, Stephen W. Theriot, certify that:

1. I have reviewed this Annual Report on Form 10-K of Vornado Realty Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure control and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 16, 2016

/s/ Stephen W. Theriot

Stephen W. Theriot

Chief Financial Officer

CERTIFICATION

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

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

The Annual Report on Form 10-K for year ended December 31, 2015 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 16, 2016

Name: /s/ Steven Roth
Steven Roth
Title: Chairman of the Board and Chief Executive Officer

CERTIFICATION

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

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

The Annual Report on Form 10-K for year ended December 31, 2015 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 16, 2016

Name: /s/ Stephen W. Theriot
Stephen W. Theriot
Title: Chief Financial Officer

