EXHIBIT INDEX ON PAGE 17

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

/XX/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: SEPTEMBER 30, 1995

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: 1-11954

VORNADO REALTY TRUST
(Exact name of registrant as specified in its charter)

MARYLAND	22-1657560
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
PARK 80 WEST, PLAZA II, SADDLE BROOK, NEW JERSEY	07663
(Address of principal executive offices)	(Zip Code)

(201) 587-1000
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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.

/X/ Yes / / No

As of October 20, 1995 there were 24,238,937 common shares outstanding.

VORNADO REALTY TRUST

INDEX

PART I. FINANCIAL INFORMATION

VORNADO REALTY TRUST

CONSOLIDATED BALANCE SHEETS

(AMOUNTS IN THOUSANDS EXCEPT SHARE AMOUNTS)

	SEPTEMBER 30, 1995	DECEMBER 31, 1994
ASSETS:		
Real estate, at cost:		
Land	$ 61,269	$ 61,269
Buildings and improvements	312,339	298,277
Leasehold improvements and equipment	6,678	6,286
Total	380,286	365,832
Less accumulated depreciation and amortization	(136,684)	(128,705)
Real estate, net	243,602	237,127
Cash and cash equivalents, including U.S. government obligations under repurchase agreements of $ 11,675 and $15,275	21,120	23,559
Marketable securities	78,478	87,206
Investment in and advances to Alexander's, Inc.	110,649	7,350
Investment in and advances to Vornado Management Corp.	5,033	-
Due from officer	8,418	8,418
Accounts receivable, net of allowance for doubtful accounts of $562 and $457	5,578	4,898
Receivable arising from the straight-lining of rents	13,685	11,807
Other assets	14,877	13,173
TOTAL ASSETS	$ 501,440	$ 393,538
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Notes and mortgages payable	$ 233,537	$ 234,160
Due for U.S. treasury obligations	55,982	34,275
Accounts payable and accrued expenses	4,836	4,275
Deferred leasing fee income	8,936	-
Other liabilities	4,232	4,140
Total liabilities	307,523	276,850
Commitments and contingencies		
Shareholders' equity:		
Preferred shares of beneficial interest: no par value per share; authorized, 1,000,000 shares; issued, none		
Common shares of beneficial interest: $.04 par value per share; authorized, 50,000,000 shares; issued, 24,238,937 and 21,654,285 shares in each period	970	866
Additional capital	279,128	198,184
Accumulated deficit	(80,222)	(79,513)
	199,876	119,537
Unrealized (loss)/gain on securities available for sale	(774)	2,336
Due from officers for purchase of common shares of beneficial interest	(5,185)	(5,185)
Total shareholders' equity	193,917	116,688

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 501,440	$ 393,538

See notes to consolidated financial statements.

VORNADO REALTY TRUST

CONSOLIDATED STATEMENTS OF INCOME

(amounts in thousands except share amounts)

	FOR THE THREE MONTHS ENDED		FOR THE NINE MONTHS ENDED	
	SEPTEMBER 30, 1995	SEPTEMBER 30, 1994	SEPTEMBER 30, 1995	SEPTEMBER 30, 1994
Revenues:				
Property rentals	$ 20,406	$ 17,519	$ 59,390	$ 52,054
Expense reimbursements	5,859	5,148	16,873	16,589
Other income (including fee income from related parties of $ 365 and $ 189 and $ 3,564 and $ 885)	365	189	3,639	1,200
Total Revenues	26,630	22,856	79,902	69,843
Expenses:				
Operating	8,095	7,064	23,082	22,558
Depreciation and amortization	2,739	2,498	7,979	7,351
General and administrative	1,181	1,345	5,018	4,518
Total expenses	12,015	10,907	36,079	34,427
Operating income	14,615	11,949	43,823	35,416
Income/(loss) applicable to Alexander's:				
Equity in (loss)	(564)	-	(1,660)	-
Depreciation	(156)	-	(260)	-
Interest income on loan	1,994	-	4,379	-
Income from investment in and advances to Vornado Management Corp.	338	-	338	-
Interest and dividend income	1,183	1,870	4,233	5,655
Interest and debt expense	(3,922)	(3,546)	(12,494)	(10,823)
Net gain on marketable securities	79	257	230	500
NET INCOME	$ 13,567	$ 10,530	$ 38,589	$ 30,748
Net Income Per Share	$ .56	$ .48	$ 1.66	$ 1.41
Weighted average number of common shares and common share equivalents outstanding during period	24,422,032	21,868,173	23,265,433	21,868,329
Dividends per share	$ .56	$ .50	$ 1.68	$ 1.50

See notes to consolidated financial statements.

VORNADO REALTY TRUST

CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)

	FOR THE NINE MONTHS ENDED	
	SEPTEMBER 30, 1995	SEPTEMBER 30, 1994
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 38,589	$ 30,748
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization (including debt issuance costs)	8,739	8,007
Straight-lining of rental income	(1,877)	(1,500)
Equity in loss of Alexander's, including $260 of depreciation	1,920	-
Net (gain) on marketable securities	(230)	(500)
Changes in assets and liabilities:		
Trading securities	(1,295)	1,023
Accounts receivable	(680)	(767)
Accounts payable and accrued expenses	561	(4,313)
Other	(1,872)	(1,016)
Net cash provided by operating activities	43,855	31,682
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in and advances to Alexander's	(100,251)	-
Investment in and advances to Vornado Management Corp.	(5,000)	-
Additions to real estate	(14,454)	(17,339)
Purchases of securities available for sale	(2,063)	-
Proceeds from sale of securities available for sale	12,641	8,316
Net cash (used in) investing activities	(109,127)	(9,023)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance of common shares	79,831	-
Due for U.S. treasury obligations	21,707	11,577
Proceeds from borrowings	60,000	-
Payments on borrowings	(60,623)	(786)
Dividends paid	(39,298)	(32,421)
Exercise of stock options	1,216	229
Net cash provided by (used in) financing activities	62,833	(21,401)
Net (decrease) increase in cash and cash equivalents	(2,439)	1,258
Cash and cash equivalents at beginning of period	23,559	24,119
Cash and cash equivalents at end of period	$ 21,120	$ 25,377
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash payments for interest	$ 11,734	$ 8,964

During the nine months ended September 30, 1995, the unrealized gain on securities available for sale included in shareholders' equity was adjusted to reflect (i) a reduction of $3,435 to the Company's investment in Alexander's as a result of the change from fair value to the equity method of accounting and (ii) a net increase of $325 in the market value of other securities available for sale.

See notes to consolidated financial statements.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated balance sheet as of September 30, 1995, the consolidated statements of income for the three and nine months ended September 30, 1995 and September 30, 1994 and the consolidated statements of changes in cash flows for the nine months ended September 30, 1995 and September 30, 1994 are unaudited. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and changes in cash flows at September 30, 1995 and September 30, 1994 have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's 1994 Annual Report to Shareholders. The results of operations for the period ended September 30, 1995 are not necessarily indicative of the operating results for the full year.

2. RELATED PARTY TRANSACTIONS

Investment in and advances to Alexander's, Inc. ("Alexander's") consists of:

	September 30, 1995	December 31, 1994
Common stock, net of $ 260,000 of accumulated depreciation of buildings (at fair value) in 1995	$ 58,900,000	$ 5,980,000
Loan receivable	45,000,000	-
Deferred loan origination income	(1,208,000)	-
Leasing fees and other receivables	8,701,000	526,000
Equity in loss since March 2, 1995	(1,660,000)	-
Deferred expenses	916,000	844,000
	$110,649,000	$ 7,350,000

At December 31, 1994, the Company owned 113,100 shares of Alexander's common stock. The investment was carried at market value of $5,980,000 at December 31, 1994 (cost was $2,545,000). In March 1995, the Company purchased all of the 1,353,468 shares, or 27.1% of the common stock of Alexander's owned by Citibank, N.A. ("Citibank") for $40.50 per share in cash or $56,615,000 (including $1,800,000 of costs incurred in the purchase). As a result of the increase in its investment, the Company has changed its accounting for its investment in Alexander's to the equity method. This required a reduction of its investment by the unrealized gain recorded in shareholders' equity at December 31, 1994, of $3,435,000. Prior years' financial statements were not restated as a result of the change in accounting for the Company's investment in Alexander's due to it not being material. Vornado's investment in Alexander's in excess of carrying amounts has been allocated two-thirds to land and one-third to building, in accordance with purchase accounting. The building allocation in excess of Alexander's carrying amount is being depreciated over a 35 year period.

After the acquisition, the Company owns 29.3% of the common stock of Alexander's. Interstate Properties owns 27.4% of the common shares of the Company and 27.1% of Alexander's common stock. Steven Roth is the Chairman of the Board and Chief Executive Officer of the Company, the managing general partner of Interstate Properties and a Director and Chief Executive Officer of Alexander's.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In March 1995, the Company lent Alexander's $45 million, the subordinated tranche of a $75 million secured financing, the balance of which was funded by a bank. The Company's loan has a three-year term and bears interest at 16.43% per annum for the first two years and at a fixed rate for the third year of 992 basis points over the one-year Treasury bill rate. In addition, the Company received a loan origination fee of $1,500,000 from Alexander's to be amortized over the term of the loan.

In March 1995, the Company and Alexander's entered into a three-year management and development agreement (the "Management Agreement"). The annual management fee payable to the Company by Alexander's is $3,000,000, plus 6% of development costs with a minimum guaranteed fee for the development portion of $1,650,000 in the first year and $750,000 in each of the second and third years. On July 6, 1995, the Company assigned this Management Agreement to Vornado Management Corp. (see Note 3).

The fee pursuant to the Management Agreement is in addition to the leasing fee the Company receives from Alexander's under the leasing agreement (the "Leasing Agreement") which has been in effect since 1992. Subject to the payment of rents by Alexander's tenants, the Company is due $8,552,000, after the reversal of $2,424,000 of the receivable and the corresponding deferred leasing income applicable to the B.J.'s Wholesale Club and Home Depot leases in Paramus, which are no longer in effect. Such amount is receivable annually in an amount not to exceed $2,500,000 until the present value of such installments (calculated at a discount rate of 9% per annum) equals the amount that would have been paid had it been paid on September 21, 1993, or at the time the transactions which gave rise to the commissions occurred, if later. The term of the Leasing Agreement has been extended to be coterminous with the term of the Management Agreement.

Effective March 2, 1995, for a three-year period, the Company and Interstate agreed not to own in excess of two-thirds of Alexander's common stock or to enter into certain other transactions with Alexander's, other than the transactions described above, without the consent of Alexander's independent directors.

Fee income from related parties consists of:

	Three Months Ended		Nine Months Ended	
	September 30, 1995	September 30, 1994	September 30, 1995	September 30, 1994
Vornado:				
Management fees from Interstate Properties	$ 192,000	$ 189,000	$ 680,000	$ 635,000
Management fees from Alexander's(1)	48,000	-	1,571,000	-
Leasing fees from Alexander's, net	125,000	-	1,313,000	-
Expense reimbursement from Alexander's	-	-	-	250,000
	$ 365,000	$ 189,000	$3,564,000	$ 885,000

(1) Management fees from Alexander's subsequent to July 6, 1995 aggregate $1,088,000 and were received by Vornado Management Corp., a nonconsolidated affiliate (see Note 3).

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Below is a summarized Statement of Operations of Alexander's for the period from March 2, 1995 to September 30, 1995:

Revenues	$ 7,834,000
Expenses	(6,593,000)
Operating income	1,241,000
Interest and debt expense	(8,382,000)
Interest and other income	1,005,000
Loss before income tax benefit	(6,136,000)
Reversal of deferred taxes	469,000
Net Loss	$(5,667,000)
Vornado's 29.3% equity in (loss)	$(1,660,000)

The unaudited proforma information set forth below presents the condensed statement of income for the Company for the nine months ended September 30, 1995 and 1994, as if on January 1, 1994, the investment in Alexander's and related agreements were consummated and 1,880,000 shares of beneficial interest of the Company were issued to partially fund the investment.

	Proforma Nine Months Ended September 30, 1995	Proforma Nine Months Ended September 30, 1994
Revenues	$ 79,762,000	$ 73,601,000
Expenses	(36,079,000)	(34,427,000)
Operating income	43,683,000	39,174,000
Income/(loss) applicable to Alexander's:		
Equity in (loss)	(2,464,000)	(1,552,000)
Depreciation	(364,000)	(468,000)
Interest income on loan	5,941,000	5,941,000
Income applicable to Vornado Management Corp.:		
Equity in Management Agreement fee income from Alexander's	252,000	-
Interest income on loan	86,000	-
Interest and dividend income	3,601,000	3,399,000
Interest and debt expense	(11,651,000)	(10,823,000)
Net (loss)/gain on marketable securities	230,000	500,000
Net income	$ 39,314,000	$ 36,171,000
Net income per share	$ 1.65	$ 1.52

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. VORNADO MANAGEMENT CORP.

On July 6, 1995, the Company assigned its Management Agreement with Alexander's to Vornado Management Corp. ("VMC"), a newly formed New Jersey corporation. In exchange, the Company received 100% of the preferred stock of VMC which entitles it to 95% of net operating cash flow distributed by VMC to its shareholders. Steven Roth and Richard West, Trustees of the Company, own the common stock of VMC. In addition, the Company lent $5,000,000 to VMC for working capital purposes under a three year term loan bearing interest at the prime rate plus 2%. VMC will be responsible for its pro-rata share of compensation and fringe benefits of common employees and 30% of other common expenses. This entity is not consolidated and accordingly, the Company is accounting for its investment in VMC on the equity method. Below is a summarized Statement of Operations of VMC for the period from July 6, 1995 to September 30, 1995:

Revenues:	
Management fees from Alexander's	$ 1,088,000
Expenses:	
General and administrative	(596,000)
Interest, net	(44,000)
Income before income taxes	448,000
Income taxes	(183,000)
Net income	265,000
Preferred dividends	(252,000)
Net income available to common shareholders	$ 13,000
Vornado's 95% equity in income	$ 252,000

VORNADO REALTY TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The Company's revenues, which consist of property rentals, tenant expense reimbursements and other income were $26,630,000 in the quarter ended September 30, 1995, compared to $22,856,000 in the prior year's quarter, an increase of $3,774,000 or 16.5%. Revenues were $79,902,000 for the nine months ended September 30, 1995, compared to $69,843,000 for the prior year's nine months, an increase of $10,059,000 or 14.4%.

Property rentals were $20,406,000 in the quarter ended September 30, 1995, compared to $17,519,000 in the prior year's quarter, an increase of $2,887,000 or 16.5%. Property rentals were $59,390,000 for the nine months ended September 30, 1995, compared to $52,054,000 for the prior year's nine months, an increase of $7,336,000 or 14.1%. Of these increases (i) $1,664,000 and $4,548,000 resulted from rents from expansions of shopping centers and recent acquisitions of retail properties and (ii) $1,028,000 and $2,256,000 resulted from step-ups in leases which are not subject to the straight-line method of revenue recognition.

Tenant expense reimbursements increased in 1995 as compared to 1994, primarily as a result of higher real estate taxes which are passed through to tenants.

Other income was $365,000 for the quarter ended September 30, 1995, compared to $189,000 in the prior year's quarter, an increase of $176,000. Other income was $3,639,000 for the nine months ended September 30, 1995, compared to $1,200,000 for the prior year's nine months, an increase of $2,439,000. These increases resulted primarily from the fee income recognized in connection with the Management Agreement and Leasing Agreement with Alexander's, including $915,000 applicable to 1993 and 1994 recognized in the first quarter of 1995. No leasing fee income was recognized prior to 1995 because Alexander's had not secured financing or repaid certain creditors, which were conditions precedent to the commencement of the payment of leasing fees owed by Alexander's to the Company. In addition to the Management Agreement fee income included in other income in 1995, $1,088,000 was recognized in the third quarter of this year by Vornado Management Corp. ("VMC") in connection with the Company's assignment of its Management Agreement to VMC (see Note 3).

On July 6, 1995 the Company assigned its Management Agreement with Alexander's to VMC, a newly formed New Jersey corporation. In exchange, the Company received 100% of the preferred stock of VMC which entitles it to 95% of net operating cash flow distributed by VMC to its shareholders. In addition, the Company lent $5,000,000 to VMC for working capital purposes under a three year term loan bearing interest at the prime rate plus 2%. VMC will be responsible for its pro-rata share of compensation (including bonuses) and fringe benefits of common employees and 30% of other common expenses. For the period from July 6, 1995 to September 30, 1995 VMC had net income of $265,000, of which $252,000 was distributed to Vornado. In addition, Vornado recognized $86,000 of interest income on its loan to VMC.

Operating expenses were $8,095,000 in the quarter ended September 30, 1995, as compared to $7,064,000 in the prior year's quarter, an increase of $1,031,000. Operating expenses were $23,082,000 in the nine months ended September 30, 1995, as compared to $22,558,000 in the prior year's nine months, an increase of $524,000. Of these increases (i) $300,000 resulted from bad debt expense recorded in the third quarter of this year primarily due to the prepetition receivables from tenants in bankruptcy and (ii) $735,000 resulted primarily from a decrease in the portion of real estate taxes capitalized during construction. The increase for the nine month period was partially offset by lower snow removal costs.

VORNADO REALTY TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Depreciation and amortization expense increased in 1995 as compared to 1994, primarily as a result of the completion of property expansions in the fourth quarter of 1994.

General and administrative expenses were $1,181,000 in the quarter ended September 30, 1995, compared to $1,345,000 in the prior year's quarter, a decrease of $164,000. This decrease resulted primarily from a reduction in general corporate office expenses of $596,000 resulting from the assignment of the Company's Management Agreement with Alexander's to Vornado Management Corp ("VMC") in the third quarter of this year. This decrease was offset by increases in (i) payroll of $208,000 due to additions to staff, (ii) professional fees of $105,000 and (iii) other corporate expenses of $119,000. General and administrative expenses were $5,018,000 in the nine months ended September 30, 1995, compared to $4,518,000 in the prior year's nine months, an increase of $500,000. This increase resulted from (i) payroll expenses of $882,000 (due to additions to staff and bonuses), and (ii) professional fees and other corporate office expenses of $214,000, offset by (iii) the reduction in expenses of $596,000 resulting from the assignment of the Management Agreement as noted above.

On March 2, 1995, the Company increased its investment in Alexander's by 27.1% to 29.3% and as a result, changed its accounting for its investment in Alexander's to the equity method. For the period March 2, 1995 through September 30, 1995 equity in such losses amounted to $1,660,000. In addition, for the same period the Company recognized interest income on its loan to Alexander's of $4,379,000 and fee income of $2,884,000, excluding $1,088,000 of Management Agreement fee income earned by VMC resulting from the assignment of the Management Agreement as noted above. Alexander's has advised the Company that because it is in the development stage, its current operating properties (four of its eight properties) do not generate sufficient cash flow to pay all of its expenses. Alexander's indicated that its four non-operating properties (Rego Park, Lexington Avenue, Paramus and the Kings Plaza Store) are in various stages of development and that rents under the Rego Park project are scheduled to commence in March 1996. As rents commence from a portion of the remaining development properties, Alexander's expects that cash flow will become positive. Alexander's estimates that the fair market values of its assets are substantially in excess of their historical cost and that there is additional borrowing capacity. Therefore Alexander's may raise capital through (a) property specific or corporate borrowing, (b) the sale of securities and (c) asset sales. In addition, Alexander's may receive the proceeds from certain tax certiorari or condemnation proceedings. Although there can be no assurance, Alexander's believes that these cash sources will be adequate to fund cash requirements until its operations generate adequate cash flow. The Company believes that its share of Alexander's losses (which are non-cash) combined with its fee income and interest income will not have a negative effect on its results of operations, liquidity and financial condition.

Investment income (interest and dividend income and net gains/(losses) on marketable securities) was $1,262,000 for the quarter ended September 30, 1995, compared to $2,127,000 in the prior year's quarter, a decrease of $865,000 or 40.6%. Investment income was $4,463,000 for the nine months ended September 30, 1995, compared to $6,155,000 for the prior year's nine months, a decrease of $1,692,000 or 27.5%. The changes in investment income resulted primarily from decreases in interest and dividend income of $687,000 and $1,422,000 as a result of lower average investments due to $20,400,000 invested in Alexander's (above the net proceeds from the sale of common shares). Net gains on marketable securities in the third quarter ended September 30, 1995 were $178,000 less than in the prior year's quarter.

VORNADO REALTY TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Interest and debt expense was $3,922,000 in the quarter ended September 30, 1995, as compared to $3,546,000 in the prior year's quarter, an increase of $376,000 or 10.6%. Interest and debt expense was $12,494,000 for the nine months ended September 30, 1995, compared to $10,823,000 for the prior year's nine months, an increase of $1,671,000 or 15.4%. Of these increases $48,000 and $891,000 resulted from borrowings under the revolving credit facility to temporarily fund the investment in Alexander's and $156,000 and $608,000 resulted from a decrease in interest capitalized during construction.

The Company operates in a manner intended to enable it to qualify as a real estate investment trust ("REIT") under Sections 856-860 of the Internal Revenue Code of 1986 as amended (the "Code"). Under those sections, a real estate investment trust which distributes at least 95% of its REIT taxable income 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. The Company has distributed to its shareholders an amount greater than its taxable income. Therefore, no provision for federal income taxes is required.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows provided by operating activities of $43,855,000 for the nine months ended September 30, 1995 was comprised of: (i) net income of $38,589,000 and (ii) adjustments for non-cash items of $8,552,000, less (iii) the net change in operating assets and liabilities of $3,286,000. The adjustments for non-cash items are primarily comprised of depreciation and amortization of $8,739,000, plus equity in loss of Alexander's of $1,920,000, offset by the effect of straight-lining of rental income of $1,877,000. Further, during this period in connection with the Alexander's transaction, "Leasing fees and other receivables" increased by $8,552,000 and correspondingly "Deferred leasing fee income" increased by $8,936,000. These amounts have been included in "Changes in assets and liabilities: other" in the Consolidated Statements of Cash Flows.

Cash flows provided by operating activities of $31,682,000 for the prior year's nine months was comprised of: (i) net income of $30,748,000 and (ii) adjustments for non-cash items of $6,007,000, less (iii) the net change in operating assets and liabilities of $5,073,000. The adjustments for non-cash items are primarily comprised of depreciation and amortization of $8,007,000, offset by the effect of straight-lining of rental income of $1,500,000.

Net cash used in investing activities of $109,127,000 for the nine months ended September 30, 1995 was comprised of (i) the Company's investment in and advances to Alexander's of $100,251,000, (ii) capital expenditures of $14,454,000 and (iii) a loan to VMC of $5,000,000, offset by (iv) the net proceeds from the sale of securities available for sale of $10,578,000. Net cash used in investing activities of $9,023,000 for the prior year's nine months was comprised of capital expenditures of $17,339,000, offset by proceeds from the sale of securities available for sale of $8,316,000.

Net cash provided by financing activities of $62,833,000 for the nine months ended September 30, 1995 was primarily comprised of (i) net proceeds from issuance of common shares of $79,831,000, and (ii) borrowings on U.S. Treasury obligations of $21,707,000, offset by (iii) dividends paid of $39,298,000. Net cash used in financing activities of $21,401,000, in the prior year's nine months was primarily comprised of dividends paid of $32,421,000, offset by borrowings on U.S. Treasury obligations of $11,577,000.

VORNADO REALTY TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management considers funds from operations an appropriate supplemental measure of the Company's operating performance. Funds from operations were $16,253,000 in the quarter ended September 30, 1995, compared to $12,341,000 in the quarter ended September 30, 1994, an increase of $3,912,000 or 31.7%. Funds from operations were $45,407,000 in the nine months ended September 30, 1995, compared to $35,986,000 in the nine months ended September 30, 1994, an increase of $9,421,000 or 26.2%. The following table reconciles funds from operations and net income:

	Three Months Ended		Nine Months Ended	
	September 30, 1995	September 30, 1994	September 30, 1995	September 30, 1994
Net income	$13,567,000	$10,530,000	$38,589,000	$30,748,000
Depreciation and amortization of real property	2,681,000	2,299,000	7,679,000	6,800,000
Straight-lining of property rentals	(690,000)	(500,000)	(1,877,000)	(1,500,000)
Leasing fees received in excess of/(less than) income recognized	625,000	-	437,000	-
Loss/(gain) on sale of securities available for sale	-	12,000	360,000	(62,000)
Proportionate share of adjustments to Alexander's loss to arrive at funds from operations	70,000	-	219,000	-
Funds from operations *	$16,253,000	$12,341,000	$45,407,000	$35,986,000

* Effective January 1, 1995, the Company changed its definition of funds from operations to exclude amortization of debt issuance costs and depreciation of personal property. Prior period amounts have been restated to conform to the current year's presentation. The Company's definition of funds from operations does not conform to the NAREIT definition because the Company deducts the effect of straight-lining of property rentals.

Funds from operations does not represent cash generated from operating activities in accordance with generally accepted accounting principles and is not necessarily indicative of cash available to fund cash needs. Funds from operations should not be considered as an alternative to net income as an indicator of the Company's operating performance or as an alternative to cash flows as a measure of liquidity. Below are the cash flows provided by (used in) operating, investing and financing activities:

	Three Months Ended		Nine Months Ended	
	September 30, 1995	September 30, 1994	September 30, 1995	September 30, 1994
Operating activities	$ 16,216,000	$12,327,000	$ 43,855,000	$ 31,682,000
Investing activities	$ (9,757,000)	$(5,631,000)	$(109,127,000)	$ (9,023,000)
Financing activities	$ (3,373,000)	$ 1,168,000	$ 62,833,000	$(21,401,000)

VORNADO REALTY TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

On February 27, 1995, the Company entered into a three-year unsecured revolving credit facility with a group of banks providing for borrowings of up to $75,000,000. Borrowings bear annual interest, at the Company's election, at LIBOR plus 1.50% or the higher of the federal funds rate plus 1% or prime rate plus .50%. At September 30, 1995, the Company had no borrowings outstanding under the facility. On May 3, 1995, the Company completed the sale of 2,500,000 common shares in a public offering at $34.00 per share, which net of expenses yielded approximately $80,000,000 of which $60,000,000 was used to repay the indebtedness incurred under the revolving credit facility in connection with the Alexander's investment.

On June 23, 1995, Bradlees, Inc., which accounted for 19% of property rentals for the year ended December 31, 1994, filed for protection under Chapter II of the U. S. Bankruptcy Code. The leases for 19 of the 21 Bradlees locations are fully guaranteed by Stop & Shop Companies, Inc. Further, Montgomery Ward & Co., Inc., remains liable for that portion of the rent it was obligated to pay in 8 of these 19 locations.

The Company anticipates that cash from continuing operations, net liquid assets, borrowings under its revolving credit facility and/or proceeds from the issuance of securities under the Company's shelf registration statement will be adequate to fund its business operations, capital expenditures, continuing debt obligations and the payment of dividends.

VORNADO REALTY TRUST

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits: The following exhibits are filed with this Quarterly Report on Form 10-Q.

11 Statement Re Computation of Per Share Earnings.

27 Financial Data Schedule

(b) Reports on Form 8-K

None

VORNADO REALTY TRUST

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: November 9, 1995

/s/ Joseph Macnow

JOSEPH MACNOW
Vice President - Chief Financial
Officer and Chief Accounting Officer

VORNADO REALTY TRUST

EXHIBIT INDEX

EXHIBIT 11

VORNADO REALTY TRUST

STATEMENT RE COMPUTATION OF PER SHARE EARNINGS

	FOR THE THREE MONTHS ENDED		FOR THE NINE MONTHS ENDED	
	SEPTEMBER 30, 1995	SEPTEMBER 30, 1994	SEPTEMBER 30, 1995	SEPTEMBER 30, 1994
Weighted average number of shares outstanding	24,238,937	21,624,824	23,089,836	21,624,763
Common share equivalents for options after applying treasury stock method	183,095	243,349	175,597	243,566
Weighted Average Number of Shares and Common Share Equivalents Outstanding	24,422,032	21,868,173	23,265,433	21,868,329
Net Income	$13,567,000	$10,530,000	$38,589,000	$30,748,000
Net Income Per Share	$ .56	$ .48	$1.66	$1.41

This schedule contains summary financial information extracted from the Compay's unaudited financial statements for the nine months ended September 30, 1995 and is qualified in its entirety by reference to such financial statements.

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9-MOS
DEC-31-1995
SEP-30-1995
21,120
78,478
5,578
562
0
0
380,286
136,684
501,440
0
289,519
970
0
0
192,947
501,440
0
79,902
0
23,082
5,018
492
12,494
38,589
0
38,589
0
0
0
38,589
$1.66
$1.66