

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 8-K**

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

Date of Report (Date of earliest event reported):

**January 14, 2015**

**VORNADO REALTY TRUST**

(Exact Name of Registrant as Specified in Charter)

**Maryland**  
(State or Other  
Jurisdiction of  
Incorporation)

**No. 001-11954**  
(Commission  
File Number)

**No. 22-1657560**  
(IRS Employer  
Identification No.)

**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**

Former name or former address, if changed since last report: **N/A**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2.):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

On January 14, 2015, Vornado Realty Trust ("Vornado") and Vornado Realty L.P. ("VRLP") entered into a separation and distribution agreement (the "Separation and Distribution Agreement") with Urban Edge Properties ("UE") and Urban Edge Properties LP ("UELPLP"), pursuant to which Vornado and VRLP agreed to transfer certain assets and liabilities to UE and to distribute 100% of the outstanding common shares of UE, par value \$0.01, to holders of Vornado common shares and holders of VRLP common limited partnership units (the "Separation").

On January 15, 2015, pursuant to the Separation and Distribution Agreement, Vornado completed the Separation through a tax-free distribution to its common shareholders (the "Distribution"). UE, which owns the shopping center business previously owned and operated by Vornado, is now an independent public company. The Distribution took the form of a distribution by Vornado of one common share of UE for every two common shares of Vornado held of record as of the close of business on January 7, 2015 (the "Record Date").

On January 15, 2015, immediately prior to the Distribution, VRLP distributed to holders of its common limited partnership units, including Vornado, all of the outstanding common shares of UE in the form of a distribution of one common share of UE for every two common limited partnership units of VRLP held of record as of the close of business on the Record Date.

The Separation and Distribution Agreement identified the assets to be transferred, the liabilities to be assumed and the contracts to be assigned to and by each of UE and Vornado as part of the Separation, and it provides for when and how these transfers, assumptions and assignments occurred. The Separation and Distribution Agreement also governs the rights and obligations of the parties regarding the distributions following the completion of the Separation. In addition, the Separation and Distribution Agreement provided for the contribution of certain assets by VRLP to UELPLP in exchange for approximately 5.4% of UELPLP's outstanding common limited partnership units, which was also completed on January 15, 2015. This description is qualified in its entirety by reference to the Separation and Distribution Agreement, which is filed as Exhibit 2.1 to this Form 8-K and is incorporated by reference herein.

Subsequent to the Distribution, Vornado will no longer consolidate the financial results of UE for the purpose of its own financial reporting. After the date of Distribution, the historical financial results of UE will be reflected in the consolidated financial statements of Vornado as discontinued operations

for all periods presented through the Distribution date, beginning with the financial statements to be filed for the quarter ending March 31, 2015.

Filed as Exhibit 99.1 to this Form 8-K and incorporated herein by reference are the unaudited pro forma consolidated balance sheet of Vornado, dated as of September 30, 2014, and the unaudited pro forma consolidated statements of income of Vornado for the nine months ended September 30, 2014 and 2013 and for the years ended December 31, 2013, 2012 and 2011, in each case giving effect to the Distribution.

**Item 9.01. Financial Statements and Exhibits.**

(b) Pro forma Financial Information.

The unaudited pro forma consolidated balance sheet of Vornado Realty Trust, dated as of September 30, 2014, and the unaudited pro forma consolidated statements of income of Vornado Realty Trust for the nine months ended September 30, 2014 and 2013 and for the years ended December 31, 2013, 2012 and 2011 are filed as Exhibit 99.1 to this Current Report on Form 8-K.

(d) Exhibits.

2.1 Separation and Distribution Agreement by and among Vornado Realty Trust, Vornado Realty L.P., Urban Edge Properties and Urban Edge Properties LP, dated as of January 14, 2015 – Incorporated by reference to Exhibit 2.1 to Urban Edge Properties’ Current Report on Form 8-K (File No. 001-36523), filed on January 21, 2015.

99.1 Unaudited pro forma consolidated balance sheet of Vornado Realty Trust, dated as of September 30, 2014, and the unaudited pro forma consolidated statements of income of Vornado Realty Trust for the nine months ended September 30, 2014 and 2013 and for the years ended December 31, 2013, 2012 and 2011.

**SIGNATURE**

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 hereunto duly authorized.

**VORNADO REALTY TRUST**  
(Registrant)

By: /s/ Stephen W. Theriot  
Name: Stephen W. Theriot  
Title: Chief Financial Officer, Vornado Realty Trust

Date: January 21, 2015

Exhibit Index

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99.1 Unaudited pro forma consolidated balance sheet of Vornado Realty Trust, dated as of September 30, 2014, and the unaudited pro forma consolidated statements of income of Vornado Realty Trust for the nine months ended September 30, 2014 and 2013 and for the years ended December 31, 2013, 2012 and 2011.

**VORNADO REALTY TRUST**  
**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

On January 15, 2015, Vornado Realty Trust (“Vornado”) completed the spin-off of Urban Edge Properties (“UE”), which owns the shopping center business previously owned and operated by Vornado, through a tax-free distribution to its shareholders (the “Distribution”). Vornado common shareholders and Vornado Realty L.P. (“VRLP”) common limited partners at the close of business on January 7, 2015 (the “Record Date”) received on January 15, 2015, a distribution of one UE common share for every two Vornado common shares or VRLP common limited partnership units held as of the Record Date. Fractional shares of UE were not distributed, and instead Vornado common shareholders and VRLP common limited partners will receive cash in lieu of any fractional shares they would otherwise have been entitled to receive in the Distribution. Subsequent to the Distribution, Vornado will no longer consolidate the financial results of UE for the purpose of its own financial reporting. After the date of the Distribution, the historical financial results of UE will be reflected in Vornado’s consolidated financial statements as discontinued operations for all periods presented through the Distribution date, beginning with the financial statements to be filed for the quarter ending March 31, 2015.

The accompanying unaudited pro forma consolidated balance sheet of Vornado as of September 30, 2014 is presented as if the Distribution had occurred on September 30, 2014. The accompanying unaudited pro forma consolidated statements of income of Vornado for the nine months ended September 30, 2014 and 2013 and for the years ended December 31, 2013, 2012 and 2011 are presented as if the Distribution had occurred on January 1, 2011.

The accompanying unaudited pro forma financial information reflects all adjustments that, in the opinion of management, are necessary to present fairly the pro forma results of operations and financial position of Vornado as of and for the periods indicated. In management’s opinion, these pro forma adjustments have been developed on a reasonable and rational basis; however, the retrospectively adjusted results of operations and financial position for the indicated periods when reported in Vornado’s post-Distribution periodic reports will differ from the pro forma financial information presented herein. The accompanying unaudited pro forma consolidated financial information is presented for illustrative and informational purposes only and is not intended to represent or be indicative of the financial condition or results of operations that would have actually occurred had the Distribution taken place during the periods presented or for the full year ended December 31, 2014. In addition, the accompanying unaudited pro forma financial information does not reflect actions that may be undertaken by Vornado after the Distribution. The unaudited pro forma financial information should be read in conjunction with the notes thereto and with the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the historical consolidated financial statements and accompanying notes thereto included in Vornado’s Annual Report on Form 10-K for the year ended December 31, 2013 and its Quarterly Report on Form 10-Q for the period ended September 30, 2014.

The following is a brief description of the amounts recorded under each of the column headings in the accompanying unaudited pro forma consolidated balance sheet and the unaudited pro forma consolidated statements of income:

*As Reported*

This column reflects Vornado’s historical financial position as of September 30, 2014 and historical results of operations for the nine months ended September 30, 2014 and 2013, and for the three years ended December 31, 2013, 2012 and 2011, prior to any adjustment for the Distribution and the pro forma adjustments described under the headings “Distribution of Urban Edge Properties” and “Other Adjustments” discussed below.

*Distribution of Urban Edge Properties*

This column reflects UE’s historical combined financial position as of September 30, 2014 and its historical combined operating results for the nine months ended September 30, 2014 and 2013 and for the years ended December 31, 2013, 2012 and 2011, prior to the pro forma adjustments described under the heading “Other Adjustments” below.

*Other Adjustments*

This column represents pro forma adjustments for transactions between Vornado and UE that were previously eliminated in consolidation and will no longer be eliminated subsequent to the Distribution or that arise as a direct result of the Distribution. These adjustments are more fully described in the notes to the accompanying unaudited pro forma consolidated financial information.

**VORNADO REALTY TRUST**  
**UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET**  
**SEPTEMBER 30, 2014**  
**(Unaudited)**  
(Amounts in thousands)

	As Reported	Distribution of Urban Edge Properties (1)	Other Adjustments	Pro Forma
<b>ASSETS</b>				
Real estate, at cost:				
Land	\$ 4,137,278	\$ (378,096)	\$ —	\$ 3,759,182
Buildings and improvements	12,609,463	(1,619,242)	—	10,990,221
Development costs and construction in progress	1,680,202	(5,507)	—	1,674,695
Leasehold improvements and equipment	128,982	(4,146)	—	124,836
<b>Total</b>	<b>18,555,925</b>	<b>(2,006,991)</b>	<b>—</b>	<b>16,548,934</b>

Less accumulated depreciation and amortization	(3,613,098)	456,753	—	(3,156,345)
Real estate, net	14,942,827	(1,550,238)	—	13,392,589
Cash and cash equivalents	1,683,142	(132,825)	(119,175)(2)	1,431,142
Restricted cash	160,848	(9,687)	—	151,161
Marketable securities	184,154	—	—	184,154
Tenant and other receivables, net of allowance for doubtful accounts	118,636	(11,045)	—	107,591
Investments in partially owned entities	1,268,066	—	133,844(3)	1,401,910
Investment in Toys “R” Us	—	—	—	—
Real Estate Fund investments	495,392	—	—	495,392
Mortgage and mezzanine loans receivable, net of allowance	17,085	—	—	17,085
Receivable arising from the straight-lining of rents, net of allowance	873,901	(88,601)	—	785,300
Deferred leasing and financing costs, net of accumulated amortization	483,902	(29,979)	—	453,923
Identified intangible assets, net of accumulated amortization	280,207	(35,445)	—	244,762
Assets related to discontinued operations	—	—	—	—
Other assets	492,355	(15,775)	—	476,580
	<u>\$ 21,000,515</u>	<u>\$ (1,873,595)</u>	<u>\$ 14,669</u>	<u>\$ 19,141,589</u>

**LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY**

Mortgages payable	\$ 9,273,212	\$ (1,292,075)	\$ —	\$ 7,981,137
Senior unsecured notes	1,791,987	—	—	1,791,987
Revolving credit facility debt	88,138	—	—	88,138
Accounts payable and accrued expenses	498,565	(32,287)	—	466,278
Deferred revenue	489,250	(163,641)	—	325,609
Deferred compensation plan	113,549	—	—	113,549
Liabilities related to discontinued operations	—	—	—	—
Other liabilities	380,843	(8,818)	—	372,025
Total liabilities	<u>12,635,544</u>	<u>(1,496,821)</u>	<u>—</u>	<u>11,138,723</u>
Commitments and contingencies	—	—	—	—
Redeemable noncontrolling interests:	—	—	—	—
Class A units	1,139,052	—	—	1,139,052
Series D cumulative redeemable preferred units	1,000	—	—	1,000
Total redeemable non-controlling interests	<u>1,140,052</u>	<u>—</u>	<u>—</u>	<u>1,140,052</u>
Vornado shareholders’ equity:	—	—	—	—
Preferred shares of beneficial interest	1,277,026	—	—	1,277,026
Common shares of beneficial interest	7,487	—	—	7,487
Additional capital	7,040,538	—	—	7,040,538
Earnings less than distributions	(1,878,125)	(376,439)	14,669	(2,239,895)
Accumulated other comprehensive income	69,580	—	—	69,580
Total Vornado shareholders’ equity	<u>6,516,506</u>	<u>(376,439)</u>	<u>14,669</u>	<u>6,154,736</u>
Noncontrolling interests in consolidated subsidiaries	708,413	(335)	—	708,078
Total equity	<u>7,224,919</u>	<u>(376,774)</u>	<u>14,669</u>	<u>6,862,814</u>
	<u>\$ 21,000,515</u>	<u>\$ (1,873,595)</u>	<u>\$ 14,669</u>	<u>\$ 19,141,589</u>

**VORNADO REALTY TRUST**  
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**  
**(Unaudited)**

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

	As Reported	Distribution of Urban Edge Properties (1)	Other Adjustments	Pro Forma
<b>REVENUES:</b>				
Property rentals	\$ 1,606,120	\$ (173,175)	\$ 614(4)	\$ 1,433,559
Tenant expense reimbursements	248,964	(61,751)	—	187,213
Cleveland Medical Mart development project	—	—	—	—
Fee and other income	142,618	(1,224)	—	141,394
Total revenues	<u>1,997,702</u>	<u>(236,150)</u>	<u>614</u>	<u>1,762,166</u>
<b>EXPENSES:</b>				
Operating	802,505	(79,812)	715(5)	723,408
Depreciation and amortization	406,868	(40,586)	—	366,282
General and administrative	141,273	(19,250)	9,481(6)	131,504
Cleveland Medical Mart development project	—	—	—	—
Impairment losses, acquisition and transaction related costs	32,972	(4,683)	—	28,289
Total expenses	<u>1,383,618</u>	<u>(144,331)</u>	<u>10,196</u>	<u>1,249,483</u>
Operating income	614,084	(91,819)	(9,582)	512,683
(Loss) applicable to Toys “R” Us	(74,162)	—	—	(74,162)
(Loss) income from partially owned entities	(3,264)	—	4,124(7)	860
Income from Real Estate Fund	142,418	—	—	142,418

Interest and other investment income (loss), net	28,930	(25)	—	28,905
Interest and debt expense	(341,613)	40,769	—	(300,844)
Net gain on disposition of wholly owned and partially owned assets	13,205	—	—	13,205
Income before income taxes	379,598	(51,075)	(5,458)	323,065
Income tax expense	(8,358)	1,575	—	(6,783)
Income from continuing operations	371,240	(49,500)	(5,458)	316,282
Income from discontinued operations	61,800	—	—	61,800
Net income	433,040	(49,500)	(5,458)	378,082
Less net income attributable to noncontrolling interests in:				
Consolidated subsidiaries	(85,239)	16	—	(85,223)
Operating Partnership	(16,514)	—	3,297(8)	(13,217)
Preferred unit distributions of the Operating Partnership	(38)	—	—	(38)
Net income attributable to Vornado	331,249	(49,484)	(2,161)	279,604
Preferred share dividends	(61,099)	—	—	(61,099)
Preferred share redemptions	—	—	—	—
<b>NET INCOME attributable to common shareholders</b>	<b>\$ 270,150</b>	<b>\$ (49,484)</b>	<b>\$ (2,161)</b>	<b>\$ 218,505</b>
<b>INCOME PER COMMON SHARE - BASIC:</b>				
Income from continuing operations, net	\$ 1.13			\$ 0.85
Income from discontinued operations, net	0.31			0.31
Net income per common share	\$ 1.44			\$ 1.16
Weighted average shares outstanding	187,503			187,503
<b>INCOME PER COMMON SHARE - DILUTED:</b>				
Income from continuing operations, net	\$ 1.12			\$ 0.85
Income from discontinued operations, net	0.31			0.31
Net income per common share	\$ 1.43			\$ 1.16
Weighted average shares outstanding	188,592			188,592

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**VORNADO REALTY TRUST**  
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013**  
**(Unaudited)**

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

	<u>As Reported</u>	<u>Distribution of Urban Edge Properties (1)</u>	<u>Other Adjustments</u>	<u>Pro Forma</u>
<b>REVENUES:</b>				
Property rentals	\$ 1,589,038	\$ (170,557)	\$ 614(4)	\$ 1,419,095
Tenant expense reimbursements	229,938	(54,711)	—	175,227
Cleveland Medical Mart development project	34,026	—	—	34,026
Fee and other income	205,523	(61,121)	—	144,402
Total revenues	2,058,525	(286,389)	614	1,772,750
<b>EXPENSES:</b>				
Operating	785,992	(71,818)	715(5)	714,889
Depreciation and amortization	394,579	(38,445)	—	356,134
General and administrative	145,871	(19,323)	9,481(6)	136,029
Cleveland Medical Mart development project	29,764	—	—	29,764
Impairment losses, acquisition and transaction related costs	6,769	—	—	6,769
Total expenses	1,362,975	(129,586)	10,196	1,243,585
Operating income	695,550	(156,803)	(9,582)	529,165
(Loss) applicable to Toys "R" Us	(69,311)	—	—	(69,311)
Income from partially owned entities	23,691	—	7,279(7)	30,970
Income from Real Estate Fund	73,947	—	—	73,947
Interest and other investment (loss), net	(32,935)	(3)	—	(32,938)
Interest and debt expense	(360,679)	42,269	—	(318,410)
Net (loss) on disposition of wholly owned and partially owned assets	(20,581)	—	—	(20,581)
Income before income taxes	309,682	(114,537)	(2,303)	192,842
Income tax expense	(6,172)	2,459	—	(3,713)
Income from continuing operations	303,510	(112,078)	(2,303)	189,129
Income from discontinued operations	299,989	—	—	299,989
Net income	603,499	(112,078)	(2,303)	489,118
Less net income attributable to noncontrolling interests in:				
Consolidated subsidiaries	(50,049)	20	—	(50,029)
Operating Partnership	(27,814)	—	6,863(8)	(20,951)
Preferred unit distributions of the Operating Partnership	(1,146)	—	—	(1,146)
Net income attributable to Vornado	524,490	(112,058)	4,560	416,992
Preferred share dividends	(62,439)	—	—	(62,439)
Preferred share redemptions	(1,130)	—	—	(1,130)

<b>NET INCOME attributable to common shareholders</b>	\$ 460,921	\$ (112,058)	\$ 4,560	\$ 353,423
<b>INCOME PER COMMON SHARE - BASIC:</b>				
Income from continuing operations, net	\$ 0.97			\$ 0.39
Income from discontinued operations, net	1.50			1.50
Net income per common share	\$ 2.47			\$ 1.89
Weighted average shares outstanding	186,885			186,885
<b>INCOME PER COMMON SHARE - DILUTED:</b>				
Income from continuing operations, net	\$ 0.96			\$ 0.38
Income from discontinued operations, net	1.50			1.50
Net income per common share	\$ 2.46			\$ 1.88
Weighted average shares outstanding	187,679			187,679

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**VORNADO REALTY TRUST**  
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(Unaudited)**

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

	As Reported	Distribution of Urban Edge Properties (1)	Other Adjustments	Pro Forma
<b>REVENUES:</b>				
Property rentals	\$ 2,155,963	\$ (228,282)	\$ 819(4)	\$ 1,928,500
Tenant expense reimbursements	317,345	(73,170)	—	244,175
Cleveland Medical Mart development project	36,369	—	—	36,369
Fee and other income	251,232	(61,543)	—	189,689
Total revenues	2,760,909	(362,995)	819	2,398,733
<b>EXPENSES:</b>				
Operating	1,054,897	(96,858)	953(5)	958,992
Depreciation and amortization	531,212	(54,043)	—	477,169
General and administrative	211,100	(25,881)	11,893(6)	197,112
Cleveland Medical Mart development project	32,210	—	—	32,210
Impairment losses, acquisition and transaction related costs	57,300	(19,000)	—	38,300
Total expenses	1,886,719	(195,782)	12,846	1,703,783
Operating income	874,190	(167,213)	(12,027)	694,950
(Loss) applicable to Toys "R" Us	(362,377)	—	—	(362,377)
Income from partially owned entities	23,592	—	7,720(7)	31,312
Income from Real Estate Fund	102,898	—	—	102,898
Interest and other investment (loss), net	(24,699)	(11)	—	(24,710)
Interest and debt expense	(483,190)	55,789	—	(427,401)
Net gain on disposition of wholly owned and partially owned assets	3,407	—	—	3,407
Income before income taxes	133,821	(111,435)	(4,307)	18,079
Income tax expense	6,406	2,100	—	8,506
Income from continuing operations	140,227	(109,335)	(4,307)	26,585
Income from discontinued operations	424,513	—	—	424,513
Net income	564,740	(109,335)	(4,307)	451,098
Less net income attributable to noncontrolling interests in:				
Consolidated subsidiaries	(63,952)	21	—	(63,931)
Operating Partnership	(23,659)	—	6,818(8)	(16,841)
Preferred unit distributions of the Operating Partnership	(1,158)	—	—	(1,158)
Net income attributable to Vornado	475,971	(109,314)	2,511	369,168
Preferred share dividends	(82,807)	—	—	(82,807)
Preferred share redemptions	(1,130)	—	—	(1,130)
<b>NET INCOME attributable to common shareholders</b>	<b>\$ 392,034</b>	<b>\$ (109,314)</b>	<b>\$ 2,511</b>	<b>\$ 285,231</b>
<b>INCOME PER COMMON SHARE - BASIC:</b>				
(Loss) from continuing operations, net	\$ (0.03)			\$ (0.60)
Income from discontinued operations, net	2.13			2.13
Net income per common share	\$ 2.10			\$ 1.53
Weighted average shares outstanding	186,941			186,941
<b>INCOME PER COMMON SHARE - DILUTED:</b>				
(Loss) from continuing operations, net	\$ (0.03)			\$ (0.60)
Income from discontinued operations, net	2.12			2.12
Net income per common share	\$ 2.09			\$ 1.52
Weighted average shares outstanding	187,709			187,709

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**VORNADO REALTY TRUST**  
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

(Unaudited)

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

	<u>As Reported</u>	<u>Distribution of Urban Edge Properties (1)</u>	<u>Other Adjustments</u>	<u>Pro Forma</u>
<b>REVENUES:</b>				
Property rentals	\$ 2,062,061	\$ (232,031)	\$ 819(4)	\$ 1,830,849
Tenant expense reimbursements	294,584	(70,453)	—	224,131
Cleveland Medical Mart development project	235,234	—	—	235,234
Fee and other income	144,353	(1,749)	—	142,604
Total revenues	<u>2,736,232</u>	<u>(304,233)</u>	<u>819</u>	<u>2,432,818</u>
<b>EXPENSES:</b>				
Operating	1,017,331	(93,098)	953(5)	925,186
Depreciation and amortization	510,383	(52,960)	—	457,423
General and administrative	202,444	(27,209)	11,579(6)	186,814
Cleveland Medical Mart development project	226,619	—	—	226,619
Impairment losses, acquisition and transaction related costs	114,886	(6,000)	—	108,886
Total expenses	<u>2,071,663</u>	<u>(179,267)</u>	<u>12,532</u>	<u>1,904,928</u>
Operating income	664,569	(124,966)	(11,713)	527,890
Income applicable to Toys "R" Us	14,859	—	—	14,859
Income from partially owned entities	408,267	—	5,369(7)	413,636
Income from Real Estate Fund	63,936	—	—	63,936
Interest and other investment (loss), net	(260,945)	(20)	—	(260,965)
Interest and debt expense	(493,713)	53,772	—	(439,941)
Net gain on disposition of wholly owned and partially owned assets	13,347	—	—	13,347
Income before income taxes	410,320	(71,214)	(6,344)	332,762
Income tax expense	(8,132)	1,364	—	(6,768)
Income from continuing operations	402,188	(69,850)	(6,344)	325,994
Income from discontinued operations	292,353	—	—	292,353
Net income	694,541	(69,850)	(6,344)	618,347
Less net income attributable to noncontrolling interests in:				
Consolidated subsidiaries	(32,018)	13	—	(32,005)
Operating Partnership	(35,327)	—	4,572(8)	(30,755)
Preferred unit distributions of the Operating Partnership	(9,936)	—	—	(9,936)
Net income attributable to Vornado	617,260	(69,837)	(1,772)	545,651
Preferred share dividends	(76,937)	—	—	(76,937)
Preferred share redemptions	8,948	—	—	8,948
<b>NET INCOME attributable to common shareholders</b>	<u>\$ 549,271</u>	<u>\$ (69,837)</u>	<u>\$ (1,772)</u>	<u>\$ 477,662</u>
<b>INCOME PER COMMON SHARE - BASIC:</b>				
Income from continuing operations, net	\$ 1.46			\$ 1.08
Income from discontinued operations, net	1.49			1.49
Net income per common share	<u>\$ 2.95</u>			<u>\$ 2.57</u>
Weighted average shares outstanding	<u>185,810</u>			<u>185,810</u>
<b>INCOME PER COMMON SHARE - DILUTED:</b>				
Income from continuing operations, net	\$ 1.46			\$ 1.08
Income from discontinued operations, net	1.48			1.48
Net income per common share	<u>\$ 2.94</u>			<u>\$ 2.56</u>
Weighted average shares outstanding	<u>186,530</u>			<u>186,530</u>

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**VORNADO REALTY TRUST**  
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(Unaudited)

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

	<u>As Reported</u>	<u>Distribution of Urban Edge Properties (1)</u>	<u>Other Adjustments</u>	<u>Pro Forma</u>
<b>REVENUES:</b>				
Property rentals	\$ 2,091,488	\$ (223,883)	\$ 819(4)	\$ 1,868,424
Tenant expense reimbursements	307,609	(73,863)	—	233,746
Cleveland Medical Mart development project	154,080	—	—	154,080
Fee and other income	149,631	(2,110)	—	147,521
Total revenues	<u>2,702,808</u>	<u>(299,856)</u>	<u>819</u>	<u>2,403,771</u>



<b>EXPENSES:</b>				
Operating	984,707	(77,139)	953(5)	908,521
Depreciation and amortization	516,222	(50,981)	—	465,241
General and administrative	208,530	(27,698)	11,208(6)	192,040
Cleveland Medical Mart development project	145,824	—	—	145,824
Impairment losses, acquisition and transaction related costs	35,299	—	—	35,299
<b>Total expenses</b>	<b>1,890,582</b>	<b>(155,818)</b>	<b>12,161</b>	<b>1,746,925</b>
Operating income	812,226	(144,038)	(11,342)	656,846
Income applicable to Toys “R” Us	48,540	—	—	48,540
Income from partially owned entities	70,072	—	6,330(7)	76,402
Income from Real Estate Fund	22,886	—	—	22,886
Interest and other investment income, net	148,783	—	—	148,783
Interest and debt expense	(519,157)	55,138	—	(464,019)
Net gain on disposition of wholly owned and partially owned assets	15,134	—	—	15,134
Income before income taxes	598,484	(88,900)	(5,012)	504,572
Income tax expense	(23,925)	1,440	—	(22,485)
Income from continuing operations	574,559	(87,460)	(5,012)	482,087
Income from discontinued operations	165,441	—	—	165,441
Net income	740,000	(87,460)	(5,012)	647,528
Less net income attributable to noncontrolling interests in:				
Consolidated subsidiaries	(21,786)	(3)	—	(21,789)
Operating Partnership	(41,059)	—	6,011(8)	(35,048)
Preferred unit distributions of the Operating Partnership	(14,853)	—	—	(14,853)
Net income attributable to Vornado	662,302	(87,463)	999	575,838
Preferred share dividends	(65,531)	—	—	(65,531)
Preferred share redemptions	5,000	—	—	5,000
<b>NET INCOME attributable to common shareholders</b>	<b>\$ 601,771</b>	<b>\$ (87,463)</b>	<b>\$ 999</b>	<b>\$ 515,307</b>
<b>INCOME PER COMMON SHARE - BASIC:</b>				
Income from continuing operations, net	\$ 2.42			\$ 1.95
Income from discontinued operations, net	0.84			0.84
Net income per common share	\$ 3.26			\$ 2.79
Weighted average shares outstanding	184,308			184,308
<b>INCOME PER COMMON SHARE - DILUTED:</b>				
Income from continuing operations, net	\$ 2.40			\$ 1.94
Income from discontinued operations, net	0.83			0.83
Net income per common share	\$ 3.23			\$ 2.77
Weighted average shares outstanding	186,021			186,021

### Notes to Unaudited Pro Forma Consolidated Financial Information

**(1) Distribution of Urban Edge Properties:**

**Consolidated Balance Sheet**

As a result of the Distribution, shares of Urban Edge Properties (“UE”) were distributed to Vornado Realty Trust (“Vornado”) shareholders and Vornado Realty L.P. (“VRLP”) unitholders at a ratio of one UE common share for every two Vornado common shares/units. This adjustment reflects the elimination of the historical combined assets and liabilities of UE as of September 30, 2014.

**Consolidated Statements of Income**

Represents the elimination of the historical combined results of UE’s operations for the nine months ended September 30, 2014 and 2013 and for the years ended December 31, 2013, 2012 and 2011.

**(2) Cash:**

Reflects Vornado’s contribution of \$225 million to UE and includes \$27 million of transaction costs payable at the time of the Distribution by Vornado.

**(3) Investment in Partially Owned Entities:**

Reflects Vornado’s 5.4% noncontrolling interest in UE as a result of the issuance of common limited partnership units by Urban Edge Properties LP to VRLP in exchange for seven of VRLP’s retail properties with a net book basis of \$133.8 million.

**(4) Property Rentals:**

Reflects adjustments related to office space leased by Vornado to UE in New York and New Jersey.

**(5) Operating Expenses:**



Reflects adjustments related to UE management and leasing of Springfield Town Center and 22 retail assets which Vornado plans to sell; management and leasing of Alexander's Inc. (32.4% owned by Vornado) non-Manhattan retail properties; and the management of certain assets of Interstate Properties. Fees are based on property management and leasing services agreements between Vornado and UE.

**(6) General and Administrative Expenses:**

Reversal of certain general corporate overhead expenses that were allocated by Vornado to UE in UE's historical combined carve-out financial statements.

**(7) Income from Partially Owned Entities:**

Reflects adjustments to record (i) Vornado's 5.4% proportionate share of UE's net income, (ii) transition services fees that Vornado will earn from UE for various services including human resources, information technology, public reporting and tax reporting, and (iii) reductions of management and leasing fees from Alexander's Inc. for its non-Manhattan retail properties and from the Monmouth Mall, which will be managed by UE.

	<u>Nine Months Ended September 30, 2014</u>	<u>Nine Months Ended September 30, 2013</u>	<u>Year Ended December 31, 2013</u>	<u>Year Ended December 31, 2012</u>	<u>Year Ended December 31, 2011</u>
Vornado's 5.4% proportionate share of UE income	\$ 2,952	\$ 6,107	\$ 6,157	\$ 3,806	\$ 4,767
Transition services fees	2,515	2,515	3,354	3,354	3,354
Alexander's Inc. management fee	(1,075)	(1,075)	(1,433)	(1,433)	(1,433)
Monmouth Mall management fee	(268)	(268)	(358)	(358)	(358)
	<u>\$ 4,124</u>	<u>\$ 7,279</u>	<u>\$ 7,720</u>	<u>\$ 5,369</u>	<u>\$ 6,330</u>

**(8) Noncontrolling Interests Share of Adjustments:**

Represents the noncontrolling interests in VRLP's share of pro forma adjustments.