

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q**

(Mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)**

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: September 30, 2023
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)

Commission File Number: 001-34482 (Vornado Realty L.P.)

**Vornado Realty Trust
Vornado Realty L.P.**

(Exact name of registrants as specified in its charter)

<u>Vornado Realty Trust</u>	<u>Maryland</u>	<u>22-1657560</u>
	(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

<u>Vornado Realty L.P.</u>	<u>Delaware</u>	<u>13-3925979</u>
	(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

888 Seventh Avenue, New York, New York 10019
(Address of principal executive offices) (Zip Code)

(212) 894-7000
(Registrants' telephone number, including area code)

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

Registrant	Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Vornado Realty Trust	Common Shares of beneficial interest, \$.04 par value per share	VNO	New York Stock Exchange
	Cumulative Redeemable Preferred Shares of beneficial interest, liquidation preference \$25.00 per share:		
Vornado Realty Trust	5.40% Series L	VNO/PL	New York Stock Exchange
Vornado Realty Trust	5.25% Series M	VNO/PM	New York Stock Exchange
Vornado Realty Trust	5.25% Series N	VNO/PN	New York Stock Exchange
Vornado Realty Trust	4.45% Series O	VNO/PO	New York Stock Exchange

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.

Vornado Realty Trust: Yes ☒ No ☐ Vornado Realty L.P.: Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

Vornado Realty Trust: Yes ☒ No ☐ Vornado Realty L.P.: Yes ☒ No ☐

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

Vornado Realty Trust:

- ☒ Large Accelerated Filer
☐ Non-Accelerated Filer

- ☐ Accelerated Filer
☐ Smaller Reporting Company
☐ Emerging Growth Company

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

Vornado Realty L.P.:

- ☐ Large Accelerated Filer
☒ Non-Accelerated Filer

- ☐ Accelerated Filer
☐ Smaller Reporting Company
☐ Emerging Growth Company

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

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

Vornado Realty Trust: Yes ☐ No ☒ Vornado Realty L.P.: Yes ☐ No ☒

As of September 30, 2023, 190,321,756 of Vornado Realty Trust’s common shares of beneficial interest are outstanding.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended September 30, 2023 of Vornado Realty Trust and Vornado Realty L.P. Unless stated otherwise or the context otherwise requires, references to “Vornado” refer to Vornado Realty Trust, a Maryland real estate investment trust (“REIT”), and references to the “Operating Partnership” and “VRLP” refer to Vornado Realty L.P., a Delaware limited partnership. References to the “Company,” “we,” “us” and “our” mean collectively Vornado, the Operating Partnership and those subsidiaries consolidated by Vornado.

The Operating Partnership is the entity through which we conduct substantially all of our business and own, either directly or through subsidiaries, substantially all of our assets. Vornado is the sole general partner and also a 90.9% limited partner of the Operating Partnership. As the sole general partner of the Operating Partnership, Vornado has exclusive control of the Operating Partnership’s day-to-day management.

Under the limited partnership agreement of the Operating Partnership, unitholders may present their Class A units for redemption at any time (subject to restrictions agreed upon at the time of issuance of the units that may restrict such right for a period of time). Class A units may be tendered for redemption to the Operating Partnership for cash; Vornado, at its 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. This one-for-one exchange ratio is subject to specified adjustments to prevent dilution. Vornado generally expects that it will elect to issue its common shares in connection with each such presentation for redemption rather than having the Operating Partnership pay cash. With each such exchange or redemption, Vornado’s percentage ownership in the Operating Partnership will increase. In addition, whenever Vornado issues common shares other than to acquire Class A units of the Operating Partnership, Vornado must contribute any net proceeds it receives to the Operating Partnership and the Operating Partnership must issue to Vornado an equivalent number of Class A units of the Operating Partnership. This structure is commonly referred to as an umbrella partnership REIT, or UPREIT.

The Company believes that combining the quarterly reports on Form 10-Q of Vornado and the Operating Partnership into this single report provides the following benefits:

- enhances investors’ understanding of Vornado and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminates duplicative disclosure and provides a more streamlined and readable presentation because a substantial portion of the disclosure applies to both Vornado and the Operating Partnership; and
- creates time and cost efficiencies in the preparation of one combined report instead of two separate reports.

The Company believes it is important to understand the few differences between Vornado and the Operating Partnership in the context of how Vornado and the Operating Partnership operate as a consolidated company. The financial results of the Operating Partnership are consolidated into the financial statements of Vornado. Vornado does not have any significant assets, liabilities or operations, other than its investment in the Operating Partnership. The Operating Partnership, not Vornado, generally executes all significant business relationships other than transactions involving the securities of Vornado. The Operating Partnership holds substantially all of the assets of Vornado. The Operating Partnership conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for the net proceeds from equity offerings by Vornado, which are contributed to the capital of the Operating Partnership in exchange for Class A units of partnership in the Operating Partnership, and the net proceeds of debt offerings by Vornado, which are contributed to the Operating Partnership in exchange for debt securities of the Operating Partnership, as applicable, the Operating Partnership generates all remaining capital required by the Company’s business. These sources may include working capital, net cash provided by operating activities, borrowings under the revolving credit facilities, the issuance of secured and unsecured debt and equity securities and proceeds received from the disposition of certain properties.

To help investors better understand the key differences between Vornado and the Operating Partnership, certain information for Vornado and the Operating Partnership in this report has been separated, as set forth below:

- Item 1. Financial Statements (unaudited), which includes the following specific disclosures for Vornado Realty Trust and Vornado Realty L.P.:
 - Note 11. Redeemable Noncontrolling Interests
 - Note 12. Shareholders' Equity/Partners' Capital
 - Note 18. Income Per Share/Income Per Class A Unit
- Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations includes information specific to each entity, where applicable.

This report also includes separate Part I, Item 4. Controls and Procedures and Part II, Item 2. Unregistered Sales of Equity Securities and Use of Proceeds sections and separate Exhibits 31 and 32 certifications for each of Vornado and the Operating Partnership in order to establish that the requisite certifications have been made and that Vornado and the Operating Partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934 and 18 U.S.C. §1350.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

VORNADO REALTY TRUST CONSOLIDATED BALANCE SHEETS (UNAUDITED)

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

	As of	
	September 30, 2023	December 31, 2022
ASSETS		
Real estate, at cost:		
Land	\$ 2,457,589	\$ 2,451,828
Buildings and improvements	9,887,787	9,804,204
Development costs and construction in progress	1,257,886	933,334
Leasehold improvements and equipment	129,385	125,389
Total	13,732,647	13,314,755
Less accumulated depreciation and amortization	(3,698,582)	(3,470,991)
Real estate, net	10,034,065	9,843,764
Right-of-use assets	679,119	684,380
Cash and cash equivalents	1,000,362	889,689
Restricted cash	262,118	131,468
Investments in U.S. Treasury bills	—	471,962
Tenant and other receivables	88,438	81,170
Investments in partially owned entities	2,670,782	2,665,073
220 Central Park South condominium units ready for sale	40,198	43,599
Receivable arising from the straight-lining of rents	697,486	694,972
Deferred leasing costs, net of accumulated amortization of \$256,337 and \$237,395	355,307	373,555
Identified intangible assets, net of accumulated amortization of \$99,770 and \$98,139	130,086	139,638
Other assets	494,582	474,105
	<u>\$ 16,452,543</u>	<u>\$ 16,493,375</u>
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Mortgages payable, net	\$ 5,714,761	\$ 5,829,018
Senior unsecured notes, net	1,193,362	1,191,832
Unsecured term loan, net	794,212	793,193
Unsecured revolving credit facilities	575,000	575,000
Lease liabilities	728,468	735,969
Accounts payable and accrued expenses	452,853	450,881
Deferred revenue	34,083	39,882
Deferred compensation plan	100,485	96,322
Other liabilities	316,094	268,166
Total liabilities	9,909,318	9,980,263
Commitments and contingencies		
Redeemable noncontrolling interests:		
Class A units - 16,927,110 and 14,416,891 units outstanding	411,640	345,157
Series D cumulative redeemable preferred units - 141,400 units outstanding	3,535	3,535
Total redeemable noncontrolling partnership units	415,175	348,692
Redeemable noncontrolling interest in a consolidated subsidiary	58,829	88,040
Total redeemable noncontrolling interests	474,004	436,732
Shareholders' equity:		
Preferred shares of beneficial interest: no par value per share; authorized 110,000,000 shares; issued and outstanding 48,792,902 shares	1,182,459	1,182,459
Common shares of beneficial interest: \$0.04 par value per share; authorized 250,000,000 shares; issued and outstanding 190,321,756 and 191,866,880 shares	7,592	7,654
Additional capital	8,341,810	8,369,228
Earnings less than distributions	(3,891,266)	(3,894,580)
Accumulated other comprehensive income	170,182	174,967
Total shareholders' equity	5,810,777	5,839,728
Noncontrolling interests in consolidated subsidiaries	258,444	236,652
Total equity	6,069,221	6,076,380
	<u>\$ 16,452,543</u>	<u>\$ 16,493,375</u>

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(Amounts in thousands, except per share amounts)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
REVENUES:				
Rental revenues	\$ 400,367	\$ 409,144	\$ 1,215,994	\$ 1,211,621
Fee and other income	50,628	48,287	153,283	141,434
Total revenues	450,995	457,431	1,369,277	1,353,055
EXPENSES:				
Operating	(233,737)	(221,596)	(685,233)	(660,434)
Depreciation and amortization	(110,349)	(134,526)	(324,076)	(370,631)
General and administrative	(35,838)	(29,174)	(116,843)	(102,292)
(Expense) benefit from deferred compensation plan liability	(1,631)	600	(7,541)	10,138
Transaction related costs and other	(813)	(996)	(1,501)	(4,961)
Total expenses	(382,368)	(385,692)	(1,135,194)	(1,128,180)
Income from partially owned entities	18,269	24,341	72,207	83,775
Income (loss) from real estate fund investments	1,783	(111)	1,662	5,421
Interest and other investment income, net	12,934	5,228	35,792	9,282
Income (loss) from deferred compensation plan assets	1,631	(600)	7,541	(10,138)
Interest and debt expense	(88,126)	(76,774)	(261,528)	(191,523)
Net gains on disposition of wholly owned and partially owned assets	56,136	—	64,592	35,384
Income before income taxes	71,254	23,823	154,349	157,076
Income tax expense	(11,684)	(3,711)	(20,848)	(14,686)
Net income	59,570	20,112	133,501	142,390
Less net loss (income) attributable to noncontrolling interests in:				
Consolidated subsidiaries	13,541	3,792	26,250	(4,756)
Operating Partnership	(4,736)	(606)	(8,773)	(6,382)
Net income attributable to Vornado	68,375	23,298	150,978	131,252
Preferred share dividends	(15,529)	(15,529)	(46,587)	(46,587)
NET INCOME attributable to common shareholders	\$ 52,846	\$ 7,769	\$ 104,391	\$ 84,665
INCOME PER COMMON SHARE - BASIC:				
Net income per common share	\$ 0.28	\$ 0.04	\$ 0.55	\$ 0.44
Weighted average shares outstanding	190,364	191,793	191,228	191,756
INCOME PER COMMON SHARE - DILUTED:				
Net income per common share	\$ 0.28	\$ 0.04	\$ 0.54	\$ 0.44
Weighted average shares outstanding	192,921	192,018	193,845	192,042

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(Amounts in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 59,570	\$ 20,112	\$ 133,501	\$ 142,390
Other comprehensive income (loss):				
Change in fair value of consolidated interest rate hedges and other	22,312	117,219	2,433	200,838
Other comprehensive (loss) income of nonconsolidated subsidiaries	(1,390)	5,124	(4,534)	19,084
Comprehensive income	80,492	142,455	131,400	362,312
Less comprehensive loss (income) attributable to noncontrolling interests	6,236	(7,279)	17,323	(28,348)
Comprehensive income attributable to Vornado	<u>\$ 86,728</u>	<u>\$ 135,176</u>	<u>\$ 148,723</u>	<u>\$ 333,964</u>

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

(Amounts in thousands, except per share amounts)

	Preferred Shares		Common Shares		Additional Capital	Earnings Less Than Distributions	Accumulated Other Comprehensive Income	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Shares	Amount	Shares	Amount					
For the Three Months Ended September 30, 2023:									
Balance as of June 30, 2023	48,793	\$1,182,459	190,544	\$ 7,601	\$ 8,331,228	\$ (3,938,202)	\$ 151,771	\$ 259,673	\$ 5,994,530
Net income attributable to Vornado	—	—	—	—	—	68,375	—	—	68,375
Net loss attributable to nonredeemable noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	—	(2,350)	(2,350)
Dividends on preferred shares (see Note 12 for dividends per share amounts)	—	—	—	—	—	(15,529)	—	—	(15,529)
Common shares issued upon redemption of Class A units, at redemption value	—	—	81	3	1,612	—	—	—	1,615
Contributions	—	—	—	—	—	—	—	206	206
Distributions	—	—	—	—	—	—	—	(20)	(20)
Deferred compensation shares and options	—	—	(1)	—	74	11	—	—	85
Repurchase of common shares	—	—	(302)	(12)	—	(5,921)	—	—	(5,933)
Other comprehensive loss of nonconsolidated subsidiaries	—	—	—	—	—	—	(1,390)	—	(1,390)
Change in fair value of consolidated interest rate hedges and other	—	—	—	—	—	—	22,312	—	22,312
Redeemable Class A unit measurement adjustment	—	—	—	—	8,896	—	58	—	8,954
Noncontrolling interests' share of other comprehensive income	—	—	—	—	—	—	(2,569)	935	(1,634)
Balance as of September 30, 2023	48,793	\$1,182,459	190,322	\$ 7,592	\$ 8,341,810	\$ (3,891,266)	\$ 170,182	\$ 258,444	\$ 6,069,221

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - CONTINUED
(UNAUDITED)

(Amounts in thousands, except per share amounts)

	Preferred Shares		Common Shares		Additional Capital	Earnings Less Than Distributions	Accumulated Other Comprehensive Income	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Shares	Amount	Shares	Amount					
For the Three Months Ended September 30, 2022:									
Balance as of June 30, 2022	48,793	\$1,182,459	191,775	\$ 7,650	\$ 8,339,161	\$ (3,205,751)	\$ 73,300	\$ 253,994	\$ 6,650,813
Net income attributable to Vornado	—	—	—	—	—	23,298	—	—	23,298
Net income attributable to nonredeemable noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	—	967	967
Dividends on common shares (\$0.53 per share)	—	—	—	—	—	(101,656)	—	—	(101,656)
Dividends on preferred shares (see Note 12 for dividends per share amounts)	—	—	—	—	—	(15,529)	—	—	(15,529)
Common shares issued:									
Upon redemption of Class A units, at redemption value	—	—	34	1	991	—	—	—	992
Under dividend reinvestment plan	—	—	7	—	221	—	—	—	221
Contributions	—	—	—	—	—	—	—	650	650
Distributions	—	—	—	—	—	—	—	(4,548)	(4,548)
Deferred compensation shares and options	—	—	—	—	155	—	—	—	155
Other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	—	5,124	—	5,124
Change in fair value of consolidated interest rate hedges and other	—	—	—	—	—	—	117,219	—	117,219
Redeemable Class A unit measurement adjustment	—	—	—	—	21,857	—	—	—	21,857
Noncontrolling interests' share of other comprehensive income	—	—	—	—	—	—	(10,465)	2,166	(8,299)
Other	—	—	1	1	2	8	—	(1)	10
Balance as of September 30, 2022	48,793	\$1,182,459	191,817	\$ 7,652	\$ 8,362,387	\$ (3,299,630)	\$ 185,178	\$ 253,228	\$ 6,691,274

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - CONTINUED
(UNAUDITED)

(Amounts in thousands, except per share amounts)

	Preferred Shares		Common Shares		Additional Capital	Earnings Less Than Distributions	Accumulated Other Comprehensive Income	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Shares	Amount	Shares	Amount					
For the Nine Months Ended September 30, 2023:									
Balance as of December 31, 2022	48,793	\$1,182,459	191,867	\$ 7,654	\$ 8,369,228	\$ (3,894,580)	\$ 174,967	\$ 236,652	\$ 6,076,380
Net income attributable to Vornado	—	—	—	—	—	150,978	—	—	150,978
Net income attributable to nonredeemable noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	—	2,961	2,961
Dividends on common shares (\$0.375 per share)	—	—	—	—	—	(71,950)	—	—	(71,950)
Dividends on preferred shares (see Note 12 for dividends per share amounts)	—	—	—	—	—	(46,587)	—	—	(46,587)
Common shares issued:									
Upon redemption of Class A units, at redemption value	—	—	475	19	7,154	—	—	—	7,173
Under dividend reinvestment plan	—	—	6	—	146	—	—	—	146
Contributions	—	—	—	—	—	—	—	22,534	22,534
Distributions	—	—	—	—	—	—	—	(3,831)	(3,831)
Deferred compensation shares and options	—	—	(2)	—	243	(25)	—	—	218
Repurchase of common shares	—	—	(2,024)	(81)	—	(29,102)	—	—	(29,183)
Other comprehensive loss of nonconsolidated subsidiaries	—	—	—	—	—	—	(4,534)	—	(4,534)
Change in fair value of consolidated interest rate hedges and other	—	—	—	—	—	—	2,433	—	2,433
Unearned 2020 Out-Performance Plan and 2019 Performance AO LTIP awards	—	—	—	—	20,668	—	—	—	20,668
Redeemable Class A unit measurement adjustment	—	—	—	—	(55,629)	—	(2,530)	—	(58,159)
Noncontrolling interests' share of other comprehensive income	—	—	—	—	—	—	(154)	128	(26)
Balance as of September 30, 2023	48,793	\$1,182,459	190,322	\$ 7,592	\$ 8,341,810	\$ (3,891,266)	\$ 170,182	\$ 258,444	\$ 6,069,221

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - CONTINUED
(UNAUDITED)

(Amounts in thousands, except per share amounts)

	Preferred Shares		Common Shares		Additional Capital	Earnings Less Than Distributions	Accumulated Other Comprehensive (Loss) Income	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Shares	Amount	Shares	Amount					
For the Nine Months Ended September 30, 2022:									
Balance as of December 31, 2021	48,793	\$1,182,459	191,724	\$ 7,648	\$ 8,143,093	\$ (3,079,320)	\$ (17,534)	\$ 278,892	\$ 6,515,238
Net income attributable to Vornado	—	—	—	—	—	131,252	—	—	131,252
Net income attributable to nonredeemable noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	—	13,236	13,236
Dividends on common shares (\$1.59 per share)	—	—	—	—	—	(304,896)	—	—	(304,896)
Dividends on preferred shares (see Note 12 for dividends per share amounts)	—	—	—	—	—	(46,587)	—	—	(46,587)
Common shares issued:									
Upon redemption of Class A units, at redemption value	—	—	76	3	2,566	—	—	—	2,569
Under employees' share option plan	—	—	—	—	7	—	—	—	7
Under dividend reinvestment plan	—	—	19	—	655	—	—	—	655
Contributions	—	—	—	—	—	—	—	4,903	4,903
Distributions	—	—	—	—	—	—	—	(45,976)	(45,976)
Deferred compensation shares and options	—	—	(2)	—	447	(85)	—	—	362
Other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	—	19,084	—	19,084
Change in fair value of consolidated interest rate hedges and other	—	—	—	—	—	—	200,838	—	200,838
Redeemable Class A unit measurement adjustment	—	—	—	—	215,619	—	—	—	215,619
Noncontrolling interests' share of other comprehensive income	—	—	—	—	—	—	(17,210)	2,166	(15,044)
Other	—	—	—	1	—	6	—	7	14
Balance as of September 30, 2022	48,793	\$1,182,459	191,817	\$ 7,652	\$ 8,362,387	\$ (3,299,630)	\$ 185,178	\$ 253,228	\$ 6,691,274

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Amounts in thousands)

	For the Nine Months Ended September 30,	
	2023	2022
Cash Flows from Operating Activities:		
Net income	\$ 133,501	\$ 142,390
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of deferred financing costs)	342,038	386,697
Distributions of income from partially owned entities	131,308	137,758
Equity in net income of partially owned entities	(72,207)	(83,775)
Net gains on disposition of wholly owned and partially owned assets	(64,592)	(35,384)
Stock-based compensation expense	33,247	22,887
Change in deferred tax liability	14,309	9,992
Straight-lining of rents	(4,770)	(45,835)
Amortization of interest rate cap premiums	4,225	66
Amortization of below-market leases, net	(4,083)	(3,788)
Net realized and unrealized (gain) loss on real estate fund investments	(1,861)	1,128
Return of capital from real estate fund investments	1,861	—
Write-off of lease receivables deemed uncollectible	—	782
Other non-cash adjustments	3,919	2,494
Changes in operating assets and liabilities:		
Tenant and other receivables	(8,267)	(2,128)
Prepaid assets	(72,194)	33,995
Other assets	(72,201)	(22,706)
Lease liabilities	13,191	11,363
Accounts payable and accrued expenses	26,023	6,649
Other liabilities	33,428	(2,758)
Net cash provided by operating activities	<u>436,875</u>	<u>559,827</u>
Cash Flows from Investing Activities:		
Proceeds from maturities of U.S. Treasury bills	468,598	349,461
Development costs and construction in progress	(432,439)	(557,884)
Additions to real estate	(155,080)	(120,124)
Proceeds from sales of real estate	123,550	253,958
Proceeds from repayment of participation in 150 West 34th Street mortgage loan	105,000	—
Investments in partially owned entities	(43,737)	(15,046)
Acquisitions of real estate and other	(33,145)	(2,000)
Distributions of capital from partially owned entities	18,837	20,566
Proceeds from sale of condominium units at 220 Central Park South	14,216	16,124
Purchase of U.S. Treasury bills	—	(794,793)
Net cash provided by (used in) investing activities	<u>65,800</u>	<u>(849,738)</u>

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED
(UNAUDITED)

(Amounts in thousands)

	For the Nine Months Ended September 30,	
	2023	2022
Cash Flows from Financing Activities:		
Repayments of borrowings	\$ (119,400)	\$ (1,245,973)
Dividends paid on common shares	(71,950)	(304,896)
Dividends paid on preferred shares	(46,587)	(46,587)
Repurchase of common shares	(29,183)	—
Contributions from noncontrolling interests	18,534	4,903
Distributions to noncontrolling interests	(9,489)	(68,716)
Deferred financing costs	(3,398)	(32,473)
Proceeds received from exercise of employee share options and other	146	662
Repurchase of shares related to stock compensation agreements and related tax withholdings and other	(25)	(85)
Proceeds from borrowings	—	1,029,773
Net cash used in financing activities	(261,352)	(663,392)
Net increase (decrease) in cash and cash equivalents and restricted cash	241,323	(953,303)
Cash and cash equivalents and restricted cash at beginning of period	1,021,157	1,930,351
Cash and cash equivalents and restricted cash at end of period	<u>\$ 1,262,480</u>	<u>\$ 977,048</u>
Reconciliation of Cash and Cash Equivalents and Restricted Cash:		
Cash and cash equivalents at beginning of period	\$ 889,689	\$ 1,760,225
Restricted cash at beginning of period	131,468	170,126
Cash and cash equivalents and restricted cash at beginning of period	<u>\$ 1,021,157</u>	<u>\$ 1,930,351</u>
Cash and cash equivalents at end of period	\$ 1,000,362	\$ 845,423
Restricted cash at end of period	262,118	131,625
Cash and cash equivalents and restricted cash at end of period	<u>\$ 1,262,480</u>	<u>\$ 977,048</u>
Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest (excluding capitalized interest) and interest rate cap premiums	<u>\$ 306,001</u>	<u>\$ 170,839</u>
Cash payments for income taxes	<u>\$ 8,728</u>	<u>\$ 6,919</u>
Non-Cash Information:		
Accrued capital expenditures included in accounts payable and accrued expenses	\$ 64,072	\$ 86,844
Redeemable Class A unit measurement adjustment	(58,159)	215,619
Write-off of fully depreciated assets	(46,164)	(52,475)
Initial investment in Pier 94 joint venture upon contribution of leasehold interest	50,090	—
Decrease in assets and liabilities resulting from the deconsolidation of Pier 94:		
Real estate	21,693	—
Right-of-use assets	7,081	—
Lease liabilities	(20,692)	—
Change in fair value of consolidated interest rate hedges and other	2,433	200,838
Additional estimated lease liability arising from the recognition of right-of-use asset	—	350,000
Reclassification of assets held for sale (included in "other assets")	—	64,177
Reclassification of condominium units from "development costs and construction in progress" to "220 Central Park South condominium units ready for sale"	—	30,542

See notes to consolidated financial statements (unaudited).

VORNADO REALTY L.P.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(Amounts in thousands, except unit amounts)

	As of	
	September 30, 2023	December 31, 2022
ASSETS		
Real estate, at cost:		
Land	\$ 2,457,589	\$ 2,451,828
Buildings and improvements	9,887,787	9,804,204
Development costs and construction in progress	1,257,886	933,334
Leasehold improvements and equipment	129,385	125,389
Total	13,732,647	13,314,755
Less accumulated depreciation and amortization	(3,698,582)	(3,470,991)
Real estate, net	10,034,065	9,843,764
Right-of-use assets	679,119	684,380
Cash and cash equivalents	1,000,362	889,689
Restricted cash	262,118	131,468
Investments in U.S. Treasury bills	—	471,962
Tenant and other receivables	88,438	81,170
Investments in partially owned entities	2,670,782	2,665,073
220 Central Park South condominium units ready for sale	40,198	43,599
Receivable arising from the straight-lining of rents	697,486	694,972
Deferred leasing costs, net of accumulated amortization of \$256,337 and \$237,395	355,307	373,555
Identified intangible assets, net of accumulated amortization of \$99,770 and \$98,139	130,086	139,638
Other assets	494,582	474,105
	<u>\$ 16,452,543</u>	<u>\$ 16,493,375</u>
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Mortgages payable, net	\$ 5,714,761	\$ 5,829,018
Senior unsecured notes, net	1,193,362	1,191,832
Unsecured term loan, net	794,212	793,193
Unsecured revolving credit facilities	575,000	575,000
Lease liabilities	728,468	735,969
Accounts payable and accrued expenses	452,853	450,881
Deferred revenue	34,083	39,882
Deferred compensation plan	100,485	96,322
Other liabilities	316,094	268,166
Total liabilities	<u>9,909,318</u>	<u>9,980,263</u>
Commitments and contingencies		
Redeemable noncontrolling interests:		
Class A units - 16,927,110 and 14,416,891 units outstanding	411,640	345,157
Series D cumulative redeemable preferred units - 141,400 units outstanding	3,535	3,535
Total redeemable noncontrolling partnership units	<u>415,175</u>	<u>348,692</u>
Redeemable noncontrolling interest in a consolidated subsidiary	58,829	88,040
Total redeemable noncontrolling interests	<u>474,004</u>	<u>436,732</u>
Partners' equity:		
Partners' capital	9,531,861	9,559,341
Earnings less than distributions	(3,891,266)	(3,894,580)
Accumulated other comprehensive income	170,182	174,967
Total partners' equity	<u>5,810,777</u>	<u>5,839,728</u>
Noncontrolling interests in consolidated subsidiaries	258,444	236,652
Total equity	<u>6,069,221</u>	<u>6,076,380</u>
	<u>\$ 16,452,543</u>	<u>\$ 16,493,375</u>

See notes to consolidated financial statements (unaudited).

VORNADO REALTY L.P.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(Amounts in thousands, except per unit amounts)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
REVENUES:				
Rental revenues	\$ 400,367	\$ 409,144	\$ 1,215,994	\$ 1,211,621
Fee and other income	50,628	48,287	153,283	141,434
Total revenues	450,995	457,431	1,369,277	1,353,055
EXPENSES:				
Operating	(233,737)	(221,596)	(685,233)	(660,434)
Depreciation and amortization	(110,349)	(134,526)	(324,076)	(370,631)
General and administrative	(35,838)	(29,174)	(116,843)	(102,292)
(Expense) benefit from deferred compensation plan liability	(1,631)	600	(7,541)	10,138
Transaction related costs and other	(813)	(996)	(1,501)	(4,961)
Total expenses	(382,368)	(385,692)	(1,135,194)	(1,128,180)
Income from partially owned entities	18,269	24,341	72,207	83,775
Income (loss) from real estate fund investments	1,783	(111)	1,662	5,421
Interest and other investment income, net	12,934	5,228	35,792	9,282
Income (loss) from deferred compensation plan assets	1,631	(600)	7,541	(10,138)
Interest and debt expense	(88,126)	(76,774)	(261,528)	(191,523)
Net gains on disposition of wholly owned and partially owned assets	56,136	—	64,592	35,384
Income before income taxes	71,254	23,823	154,349	157,076
Income tax expense	(11,684)	(3,711)	(20,848)	(14,686)
Net income	59,570	20,112	133,501	142,390
Less net loss (income) attributable to noncontrolling interests in consolidated subsidiaries	13,541	3,792	26,250	(4,756)
Net income attributable to Vornado Realty L.P.	73,111	23,904	159,751	137,634
Preferred unit distributions	(15,558)	(15,558)	(46,673)	(46,673)
NET INCOME attributable to Class A unitholders	\$ 57,553	\$ 8,346	\$ 113,078	\$ 90,961
INCOME PER CLASS A UNIT - BASIC:				
Net income per Class A unit	\$ 0.28	\$ 0.04	\$ 0.55	\$ 0.43
Weighted average units outstanding	204,628	205,410	205,268	205,271
INCOME PER CLASS A UNIT - DILUTED:				
Net income per Class A unit	\$ 0.28	\$ 0.04	\$ 0.54	\$ 0.43
Weighted average units outstanding	207,185	205,912	207,885	205,924

See notes to consolidated financial statements (unaudited).

VORNADO REALTY L.P.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(Amounts in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 59,570	\$ 20,112	\$ 133,501	\$ 142,390
Other comprehensive income (loss):				
Change in fair value of consolidated interest rate hedges and other	22,312	117,219	2,433	200,838
Other comprehensive (loss) income of nonconsolidated subsidiaries	(1,390)	5,124	(4,534)	19,084
Comprehensive income	80,492	142,455	131,400	362,312
Less comprehensive loss (income) attributable to noncontrolling interests in consolidated subsidiaries	12,606	1,626	26,122	(6,922)
Comprehensive income attributable to Vornado Realty L.P.	<u>\$ 93,098</u>	<u>\$ 144,081</u>	<u>\$ 157,522</u>	<u>\$ 355,390</u>

See notes to consolidated financial statements (unaudited).

VORNADO REALTY L.P.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

(Amounts in thousands, except per unit amounts)

(Amounts in thousands, except per unit amounts)

	Preferred Units		Class A Units Owned by Vornado		Earnings Less Than Distributions	Accumulated Other Comprehensive Income	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Units	Amount	Units	Amount				
For the Three Months Ended September 30, 2023:								
Balance as of June 30, 2023	48,793	\$ 1,182,459	190,544	\$ 8,338,829	\$ (3,938,202)	\$ 151,771	\$ 259,673	\$ 5,994,530
Net income attributable to Vornado Realty L.P.	—	—	—	—	73,111	—	—	73,111
Net income attributable to redeemable partnership units	—	—	—	—	(4,736)	—	—	(4,736)
Net loss attributable to nonredeemable noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	(2,350)	(2,350)
Distributions to preferred unitholders (see Note 12 for distributions per unit amounts)	—	—	—	—	(15,529)	—	—	(15,529)
Class A units redeemed for common shares	—	—	81	1,615	—	—	—	1,615
Contributions	—	—	—	—	—	—	206	206
Distributions	—	—	—	—	—	—	(20)	(20)
Deferred compensation units and options	—	—	(1)	74	11	—	—	85
Repurchase of Class A units owned by Vornado	—	—	(302)	(12)	(5,921)	—	—	(5,933)
Other comprehensive loss of nonconsolidated subsidiaries	—	—	—	—	—	(1,390)	—	(1,390)
Change in fair value of consolidated interest rate hedges and other	—	—	—	—	—	22,312	—	22,312
Redeemable Class A unit measurement adjustment	—	—	—	8,896	—	58	—	8,954
Noncontrolling interests' share of other comprehensive income	—	—	—	—	—	(2,569)	935	(1,634)
Balance as of September 30, 2023	48,793	\$ 1,182,459	190,322	\$ 8,349,402	\$ (3,891,266)	\$ 170,182	\$ 258,444	\$ 6,069,221

See notes to consolidated financial statements (unaudited).

VORNADO REALTY L.P.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - CONTINUED
(UNAUDITED)

(Amounts in thousands, except per unit amounts)

(Amounts in thousands, except per unit amounts)

	Preferred Units		Class A Units Owned by Vornado		Earnings Less Than Distributions	Accumulated Other Comprehensive Income	Non- controlling Interests in Consolidated Subsidiaries	Total Equity
	Units	Amount	Units	Amount				
For the Three Months Ended September 30, 2022:								
Balance as of June 30, 2022	48,793	\$ 1,182,459	191,775	\$ 8,346,811	\$ (3,205,751)	\$ 73,300	\$ 253,994	\$ 6,650,813
Net income attributable to Vornado Realty L.P.	—	—	—	—	23,904	—	—	23,904
Net income attributable to redeemable partnership units	—	—	—	—	(606)	—	—	(606)
Net income attributable to nonredeemable noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	967	967
Distributions to Vornado (\$0.53 per unit)	—	—	—	—	(101,656)	—	—	(101,656)
Distributions to preferred unitholders (see Note 12 for distributions per unit amounts)	—	—	—	—	(15,529)	—	—	(15,529)
Class A units issued to Vornado:								
Upon redemption of redeemable Class A units, at redemption value	—	—	34	992	—	—	—	992
Under Vornado's dividend reinvestment plan	—	—	7	221	—	—	—	221
Contributions	—	—	—	—	—	—	650	650
Distributions	—	—	—	—	—	—	(4,548)	(4,548)
Deferred compensation units and options	—	—	—	155	—	—	—	155
Other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	5,124	—	5,124
Change in fair value of consolidated interest rate hedges and other	—	—	—	—	—	117,219	—	117,219
Redeemable Class A unit measurement adjustment	—	—	—	21,857	—	—	—	21,857
Noncontrolling interests' share of other comprehensive income	—	—	—	—	—	(10,465)	2,166	(8,299)
Other	—	—	1	3	8	—	(1)	10
Balance as of September 30, 2022	<u>48,793</u>	<u>\$ 1,182,459</u>	<u>191,817</u>	<u>\$ 8,370,039</u>	<u>\$ (3,299,630)</u>	<u>\$ 185,178</u>	<u>\$ 253,228</u>	<u>\$ 6,691,274</u>

See notes to consolidated financial statements (unaudited).

VORNADO REALTY L.P.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - CONTINUED
(UNAUDITED)

(Amounts in thousands, except per unit amounts)

(Amounts in thousands, except per unit amounts)

	Preferred Units		Class A Units Owned by Vornado		Earnings Less Than Distributions	Accumulated Other Comprehensive Income	Non- controlling Interests in Consolidated Subsidiaries	Total Equity
	Units	Amount	Units	Amount				
For the Nine Months Ended September 30, 2023:								
Balance as of December 31, 2022	48,793	\$ 1,182,459	191,867	\$ 8,376,882	\$ (3,894,580)	\$ 174,967	\$ 236,652	\$ 6,076,380
Net income attributable to Vornado Realty L.P.	—	—	—	—	159,751	—	—	159,751
Net income attributable to redeemable partnership units	—	—	—	—	(8,773)	—	—	(8,773)
Net income attributable to nonredeemable noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	2,961	2,961
Distributions to Vornado (\$0.375 per unit)	—	—	—	—	(71,950)	—	—	(71,950)
Distributions to preferred unitholders (see Note 12 for distributions per unit amounts)	—	—	—	—	(46,587)	—	—	(46,587)
Class A units issued to Vornado:								
Upon redemption of redeemable Class A units, at redemption value	—	—	475	7,173	—	—	—	7,173
Under Vornado's dividend reinvestment plan	—	—	6	146	—	—	—	146
Contributions	—	—	—	—	—	—	22,534	22,534
Distributions	—	—	—	—	—	—	(3,831)	(3,831)
Deferred compensation units and options	—	—	(2)	243	(25)	—	—	218
Repurchase of Class A units owned by Vornado	—	—	(2,024)	(81)	(29,102)	—	—	(29,183)
Other comprehensive loss of nonconsolidated subsidiaries	—	—	—	—	—	(4,534)	—	(4,534)
Change in fair value of consolidated interest rate hedges and other	—	—	—	—	—	2,433	—	2,433
Unearned 2020 Out-Performance Plan and 2019 Performance AO LTIP awards	—	—	—	20,668	—	—	—	20,668
Redeemable Class A unit measurement adjustment	—	—	—	(55,629)	—	(2,530)	—	(58,159)
Noncontrolling interests' share of other comprehensive income	—	—	—	—	—	(154)	128	(26)
Balance as of September 30, 2023	48,793	\$ 1,182,459	190,322	\$ 8,349,402	\$ (3,891,266)	\$ 170,182	\$ 258,444	\$ 6,069,221

See notes to consolidated financial statements (unaudited).

VORNADO REALTY L.P.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - CONTINUED
(UNAUDITED)

(Amounts in thousands, except per unit amounts)

(Amounts in thousands, except per unit amounts)

	Preferred Units		Class A Units Owned by Vornado		Earnings Less Than Distributions	Accumulated Other Comprehensive (Loss) Income	Non- controlling Interests in Consolidated Subsidiaries	Total Equity
	Units	Amount	Units	Amount				
For the Nine Months Ended September 30, 2022:								
Balance as of December 31, 2021	48,793	\$ 1,182,459	191,724	\$ 8,150,741	\$ (3,079,320)	\$ (17,534)	\$ 278,892	\$ 6,515,238
Net income attributable to Vornado Realty L.P.	—	—	—	—	137,634	—	—	137,634
Net income attributable to redeemable partnership units	—	—	—	—	(6,382)	—	—	(6,382)
Net income attributable to nonredeemable noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	13,236	13,236
Distributions to Vornado (\$1.59 per unit)	—	—	—	—	(304,896)	—	—	(304,896)
Distributions to preferred unitholders (see Note 12 for distributions per unit amounts)	—	—	—	—	(46,587)	—	—	(46,587)
Class A units issued to Vornado:								
Upon redemption of redeemable Class A units, at redemption value	—	—	76	2,569	—	—	—	2,569
Under Vornado's employees' share option plan	—	—	—	7	—	—	—	7
Under Vornado's dividend reinvestment plan	—	—	19	655	—	—	—	655
Contributions	—	—	—	—	—	—	4,903	4,903
Distributions	—	—	—	—	—	—	(45,976)	(45,976)
Deferred compensation units and options	—	—	(2)	447	(85)	—	—	362
Other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	19,084	—	19,084
Change in fair value of consolidated interest rate hedges and other	—	—	—	—	—	200,838	—	200,838
Redeemable Class A unit measurement adjustment	—	—	—	215,619	—	—	—	215,619
Noncontrolling interests' share of other comprehensive income	—	—	—	—	—	(17,210)	2,166	(15,044)
Other	—	—	—	1	6	—	7	14
Balance as of September 30, 2022	<u>48,793</u>	<u>\$ 1,182,459</u>	<u>191,817</u>	<u>\$ 8,370,039</u>	<u>\$ (3,299,630)</u>	<u>\$ 185,178</u>	<u>\$ 253,228</u>	<u>\$ 6,691,274</u>

See notes to consolidated financial statements (unaudited).

VORNADO REALTY L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Amounts in thousands)

	For the Nine Months Ended September 30,	
	2023	2022
Cash Flows from Operating Activities:		
Net income	\$ 133,501	\$ 142,390
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of deferred financing costs)	342,038	386,697
Distributions of income from partially owned entities	131,308	137,758
Equity in net income of partially owned entities	(72,207)	(83,775)
Net gains on disposition of wholly owned and partially owned assets	(64,592)	(35,384)
Stock-based compensation expense	33,247	22,887
Change in deferred tax liability	14,309	9,992
Straight-lining of rents	(4,770)	(45,835)
Amortization of interest rate cap premiums	4,225	66
Amortization of below-market leases, net	(4,083)	(3,788)
Net realized and unrealized (gain) loss on real estate fund investments	(1,861)	1,128
Return of capital from real estate fund investments	1,861	—
Write-off of lease receivables deemed uncollectible	—	782
Other non-cash adjustments	3,919	2,494
Changes in operating assets and liabilities:		
Tenant and other receivables	(8,267)	(2,128)
Prepaid assets	(72,194)	33,995
Other assets	(72,201)	(22,706)
Lease liabilities	13,191	11,363
Accounts payable and accrued expenses	26,023	6,649
Other liabilities	33,428	(2,758)
Net cash provided by operating activities	436,875	559,827
Cash Flows from Investing Activities:		
Proceeds from maturities of U.S. Treasury bills	468,598	349,461
Development costs and construction in progress	(432,439)	(557,884)
Additions to real estate	(155,080)	(120,124)
Proceeds from sales of real estate	123,550	253,958
Proceeds from repayment of participation in 150 West 34th Street mortgage loan	105,000	—
Investments in partially owned entities	(43,737)	(15,046)
Acquisitions of real estate and other	(33,145)	(2,000)
Distributions of capital from partially owned entities	18,837	20,566
Proceeds from sale of condominium units at 220 Central Park South	14,216	16,124
Purchase of U.S. Treasury bills	—	(794,793)
Net cash provided by (used in) investing activities	65,800	(849,738)

See notes to consolidated financial statements (unaudited).

VORNADO REALTY L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED
(UNAUDITED)

(Amounts in thousands)

	For the Nine Months Ended September 30,	
	2023	2022
Cash Flows from Financing Activities:		
Repayments of borrowings	\$ (119,400)	\$ (1,245,973)
Distributions to Vornado	(71,950)	(304,896)
Distributions to preferred unitholders	(46,587)	(46,587)
Repurchase of Class A units owned by Vornado	(29,183)	—
Contributions from noncontrolling interests in consolidated subsidiaries	18,534	4,903
Distributions to redeemable security holders and noncontrolling interests in consolidated subsidiaries	(9,489)	(68,716)
Deferred financing costs	(3,398)	(32,473)
Proceeds received from exercise of Vornado stock options and other	146	662
Repurchase of Class A units related to stock compensation agreements and related tax withholdings and other	(25)	(85)
Proceeds from borrowings	—	1,029,773
Net cash used in financing activities	(261,352)	(663,392)
Net increase (decrease) in cash and cash equivalents and restricted cash	241,323	(953,303)
Cash and cash equivalents and restricted cash at beginning of period	1,021,157	1,930,351
Cash and cash equivalents and restricted cash at end of period	<u>\$ 1,262,480</u>	<u>\$ 977,048</u>
Reconciliation of Cash and Cash Equivalents and Restricted Cash:		
Cash and cash equivalents at beginning of period	\$ 889,689	\$ 1,760,225
Restricted cash at beginning of period	131,468	170,126
Cash and cash equivalents and restricted cash at beginning of period	<u>\$ 1,021,157</u>	<u>\$ 1,930,351</u>
Cash and cash equivalents at end of period	\$ 1,000,362	\$ 845,423
Restricted cash at end of period	262,118	131,625
Cash and cash equivalents and restricted cash at end of period	<u>\$ 1,262,480</u>	<u>\$ 977,048</u>
Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest (excluding capitalized interest) and interest rate cap premiums	<u>\$ 306,001</u>	<u>\$ 170,839</u>
Cash payments for income taxes	<u>\$ 8,728</u>	<u>\$ 6,919</u>
Non-Cash Information:		
Accrued capital expenditures included in accounts payable and accrued expenses	\$ 64,072	\$ 86,844
Redeemable Class A unit measurement adjustment	(58,159)	215,619
Write-off of fully depreciated assets	(46,164)	(52,475)
Initial investment in Pier 94 joint venture upon contribution of leasehold interest	50,090	—
Decrease in assets and liabilities resulting from the deconsolidation of Pier 94:		
Real estate	21,693	—
Right-of-use assets	7,081	—
Lease liabilities	(20,692)	—
Change in fair value of consolidated interest rate hedges and other	2,433	200,838
Additional estimated lease liability arising from the recognition of right-of-use asset	—	350,000
Reclassification of assets held for sale (included in "other assets")	—	64,177
Reclassification of condominium units from "development costs and construction in progress" to "220 Central Park South condominium units ready for sale"	—	30,542

See notes to consolidated financial statements (unaudited)

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Organization

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. (the “Operating Partnership”), a Delaware limited partnership. Vornado is the sole general partner of and owned approximately 90.9% of the common limited partnership interest in the Operating Partnership as of September 30, 2023. All references to the “Company,” “we,” “us” and “our” mean, collectively, Vornado, the Operating Partnership and those subsidiaries consolidated by Vornado.

2. Basis of Presentation

The accompanying consolidated financial statements are unaudited and include the accounts of Vornado and the Operating Partnership and their consolidated subsidiaries. All adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and changes in cash flows have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been condensed or omitted. These condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q of the Securities and Exchange Commission (“SEC”) and should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC.

We have made estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The results of operations for the three and nine months ended September 30, 2023 are not necessarily indicative of the operating results for the full year. In addition, certain prior year balances have been reclassified in order to conform to the current period presentation.

3. Recently Issued Accounting Literature

In March 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2020-04 establishing Accounting Standards Codification (“ASC”) Topic 848, *Reference Rate Reform*, and in January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope* (collectively, “ASC 848”). ASC 848 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASC 848 is optional and may be elected over time as reference rate reform activities occur. We have elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. In December 2022, the FASB issued ASU 2022-06, *Deferral of the Sunset Date of Topic 848* (“ASU 2022-06”) which was issued to defer the sunset date of ASC 848 to December 31, 2024. ASU 2022-06 is effective immediately for all companies. For our derivatives in hedge accounting relationships, we have utilized the elective relief in ASC 848, allowing for the continuation of hedge accounting through the transition process. As of September 30, 2023, we have transitioned all of our LIBOR-indexed debt and derivatives to SOFR, except for the \$500,000,000 mortgage loan on the office condominium of 731 Lexington Avenue, owned by Alexander’s Inc. (in which we have a 32.4% interest), which transitioned to the Prime Rate.

In August 2023, the FASB issued ASU 2023-05, *Business Combinations — Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement* (“ASU 2023-05”). ASU 2023-05 addresses the accounting for contributions made to a joint venture, upon formation, in a joint venture’s separate financial statements. Prior to the amendment, the FASB did not provide specific authoritative guidance on the initial measurement of assets and liabilities assumed by a joint venture upon its formation. ASU 2023-05 requires a joint venture to recognize and initially measure its assets and liabilities at fair value (with exceptions to fair value measurement that are consistent with the business combinations guidance). ASU 2023-05 is effective for all joint venture formations with a formation date on or after January 1, 2025, with early adoption permitted. During the current reporting period, we adopted ASU 2023-05 for newly formed entities meeting the definition of a joint venture. Historically, our joint ventures have recognized net assets contributed at formation at fair value. Adoption of ASU 2023-05 did not have an impact on our consolidated financial statements.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(UNAUDITED)

4. Revenue Recognition

Below is a summary of our revenues by segment. Additional financial information related to these reportable segments for the three and nine months ended September 30, 2023 and 2022 is set forth in Note 20 - *Segment Information*.

	For the Three Months Ended September 30, 2023			For the Three Months Ended September 30, 2022		
	Total	New York	Other	Total	New York	Other
Property rentals	\$ 376,505	\$ 306,717	\$ 69,788	\$ 371,754	\$ 303,574	\$ 68,180
Trade shows ⁽¹⁾	6,178	—	6,178	18,654	—	18,654
Lease revenues ⁽²⁾	382,683	306,717	75,966	390,408	303,574	86,834
Tenant services	12,793	8,789	4,004	14,134	9,937	4,197
Parking revenues	4,891	3,950	941	4,602	3,820	782
Rental revenues	400,367	319,456	80,911	409,144	317,331	91,813
BMS cleaning fees	35,428	37,999	(2,571) ⁽³⁾	35,062	37,371	(2,309) ⁽³⁾
Management and leasing fees	3,263	3,441	(178)	2,532	2,595	(63)
Other income	11,937	3,872	8,065	10,693	2,736	7,957
Fee and other income	50,628	45,312	5,316	48,287	42,702	5,585
Total revenues	\$ 450,995	\$ 364,768	\$ 86,227	\$ 457,431	\$ 360,033	\$ 97,398

See notes below.

	For the Nine Months Ended September 30, 2023			For the Nine Months Ended September 30, 2022		
	Total	New York	Other	Total	New York	Other
Property rentals	\$ 1,150,387	\$ 919,621	\$ 230,766 ⁽⁴⁾	\$ 1,132,690	\$ 921,179	\$ 211,511
Trade shows ⁽¹⁾	18,008	—	18,008	29,640	—	29,640
Lease revenues ⁽²⁾	1,168,395	919,621	248,774	1,162,330	921,179	241,151
Tenant services	32,366	23,696	8,670	35,484	25,481	10,003
Parking revenues	15,233	12,357	2,876	13,807	11,556	2,251
Rental revenues	1,215,994	955,674	260,320	1,211,621	958,216	253,405
BMS cleaning fees	105,902	113,431	(7,529) ⁽³⁾	101,752	108,288	(6,536) ⁽³⁾
Management and leasing fees	9,970	10,375	(405)	8,167	8,573	(406)
Other income	37,411	11,573	25,838	31,515	7,666	23,849
Fee and other income	153,283	135,379	17,904	141,434	124,527	16,907
Total revenues	\$ 1,369,277	\$ 1,091,053	\$ 278,224	\$ 1,353,055	\$ 1,082,743	\$ 270,312

(1) The three and nine months ended September 30, 2022 include revenues from The Armory Show. On July 3, 2023, we completed the sale of The Armory Show. See Note 8 - *Dispositions* for further information.

(2) The components of lease revenues were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Fixed billings	\$ 338,921	\$ 353,040	\$ 1,049,161	\$ 1,025,182
Variable billings	39,968	28,919	115,123	93,118
Total contractual operating lease billings	378,889	381,959	1,164,284	1,118,300
Adjustment for straight-line rents and amortization of acquired below-market leases and other, net	3,794	8,730	4,111	44,812
Less: write-off of straight-line rent and tenant receivables deemed uncollectible	—	(281)	—	(782)
Lease revenues	\$ 382,683	\$ 390,408	\$ 1,168,395	\$ 1,162,330

(3) Represents the elimination of Building Maintenance Services LLC ("BMS") cleaning fees related to THE MART and 555 California Street which are included as income in the New York segment.

(4) The nine months ended September 30, 2023 include the receipt of a \$21,350 tenant settlement, of which \$6,405 is attributable to noncontrolling interests.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(UNAUDITED)

5. Real Estate Fund Investments

We are the general partner and investment manager of Vornado Capital Partners Real Estate Fund (the “Fund”) and own a 25.0% interest in the Fund. The Fund had an initial eight-year term ending February 2019, which has been extended to December 2023, by which time the Fund intends to dispose of its remaining investment and wind down its business. The Fund's three-year investment period ended in July 2013. The Fund is accounted for under ASC Topic 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.

Prior to its dissolution on September 29, 2023, we were the general partner and investment manager of the Crowne Plaza Times Square Hotel Joint Venture (the “Crowne Plaza Joint Venture”) and owned a 57.1% interest in the joint venture which, prior to the transaction described below, owned the 24.3% interest in the Crowne Plaza Times Square Hotel not owned by the Fund. Through our interests in the Fund and the Crowne Plaza Joint Venture, in total we owned an indirect, minority 32.8% interest in the Crowne Plaza Times Square Hotel.

In June 2020, the Fund and the Crowne Plaza Joint Venture (collectively, the “Crowne Plaza Co-Investors”) defaulted on the \$274,355,000 non-recourse loan on the Crowne Plaza Times Square Hotel. In 2021, the mezzanine lender to the Crowne Plaza Co-Investors exercised its right under the loan documents and appointed an independent director to certain subsidiaries of the Crowne Plaza Co-Investors. Since then, neither we nor the Fund controlled Crowne Plaza Times Square Hotel nor have we or the Fund been involved in making any operating decisions relating to Crowne Plaza Times Square Hotel. In December 2022, the Fund entered into a Restructuring Support Agreement with certain of its subsidiaries and the lender of the loan on the Crowne Plaza Times Square Hotel, pursuant to which the independent director caused the subsidiaries to enter into a Chapter 11 bankruptcy restructuring process and the Fund agreed to work consensually with such subsidiaries and the lender to effectuate a transfer of ownership of the hotel property through a court supervised auction process, or an equitization of the secured loans held by the lender. On March 21, 2023, the bankruptcy court confirmed the subsidiaries' Chapter 11 plan of reorganization, which became effective on March 31, 2023. Following the Chapter 11 reorganization, neither we nor the Fund have any continuing ownership or other interest in the hotel property. As we have no carrying value or contingent liabilities related to Crowne Plaza, there is no impact to our consolidated financial statements for the three and nine months ended September 30, 2023.

As of September 30, 2023, we had one real estate fund investment carried at zero on our consolidated balance sheet, \$28,815,000 below cost, and had remaining unfunded commitments of \$23,074,000, of which our share was \$5,769,000.

Below is a summary of income (loss) from the Fund and the Crowne Plaza Joint Venture.

(Amounts in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Net realized gain (loss) on exited investments	\$ 1,861	\$ —	\$ (245,714)	\$ (53,724)
Net investment (loss) income	(78)	(111)	(199)	6,549
Previously recorded unrealized loss on exited investments	—	—	247,575	59,396
Net unrealized loss on held investments	—	—	—	(6,800)
Income (loss) from real estate fund investments	1,783	(111)	1,662	5,421
Less (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(1,302)	312	(920)	(3,287)
Income from real estate fund investments net of noncontrolling interests in consolidated subsidiaries	\$ 481	\$ 201	\$ 742	\$ 2,134

The table below summarizes the changes in the fair value of the Fund and the Crowne Plaza Joint Venture.

(Amounts in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Beginning balance	\$ —	\$ 930	\$ —	\$ 7,730
Net realized gain (loss) on exited investments	1,861	—	(245,714)	(53,724)
Dispositions	(1,861)	—	(1,861)	(5,672)
Previously recorded unrealized loss on exited investments	—	—	247,575	59,396
Net unrealized loss on held investments	—	—	—	(6,800)
Ending balance	\$ —	\$ 930	\$ —	\$ 930

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(UNAUDITED)

6. Investments in Partially Owned Entities

Fifth Avenue and Times Square JV

As of September 30, 2023, we own a 51.5% common interest in a joint venture ("Fifth Avenue and Times Square JV") which owns interests in properties located at 640 Fifth Avenue, 655 Fifth Avenue, 666 Fifth Avenue, 689 Fifth Avenue, 697-703 Fifth Avenue, 1535 Broadway and 1540 Broadway (collectively, the "Properties"). The remaining 48.5% common interest in the joint venture is owned by a group of institutional investors (the "Investors"). Our 51.5% common interest in the joint venture represents an effective 51.0% interest in the Properties. The 48.5% common interest in the joint venture owned by the Investors represents an effective 47.2% interest in the Properties. We provide various services to Fifth Avenue and Times Square JV in accordance with management, development, leasing and other agreements.

We also own \$1.828 billion aggregate liquidation preference of preferred equity interests in certain of the Properties. The preferred equity has an annual coupon of 4.25% through April 2024, increasing to 4.75% for the subsequent five years and thereafter at a formulaic rate. It can be redeemed under certain conditions on a tax deferred basis.

Fifth Avenue and Times Square JV operates pursuant to a limited partnership agreement (the "Partnership Agreement") among VRLP, a wholly owned subsidiary of VRLP ("Vornado GP") and the Investors. Vornado GP is the general partner of Fifth Avenue and Times Square JV. VRLP is jointly and severally liable with Vornado GP for Vornado GP's obligations under the Partnership Agreement. Pursuant to the Partnership Agreement and the organizational documents of the entities owning the Properties, the Investors or directors of the entities owning the Properties appointed by the Investors, as the case may be, have the right to approve annual business plans and budgets for the Properties and certain other specified major decisions with respect to the Properties and Fifth Avenue and Times Square JV. The Partnership Agreement affords the Investors the right to remove and replace Vornado GP in the event Vornado GP or certain of its affiliates commit fraud or other bad acts in connection with Fifth Avenue and Times Square JV, become bankrupt or insolvent, or default on certain of their respective obligations under the Partnership Agreement (subject to notice and cure periods in certain circumstances). The Partnership Agreement includes (i) remedies for the failure of any partner to make a required capital contribution for necessary expenses and (ii) liquidity provisions, including transfer rights subject to mutual rights of first offer and a mutual buy-sell, customary for similar partnerships. Subject to certain limitations, commencing April 19, 2024, either party may transfer more than 50% or control of their respective interests in Fifth Avenue and Times Square JV or exercise the buy-sell on a Property-by-Property basis. In the event the buy-sell is exercised with respect to any Property in which VRLP holds preferred equity and VRLP is the selling partner in the buy-sell, VRLP may elect whether or not to include its preferred equity in the buy-sell for the Property to be sold.

As of September 30, 2023, the carrying amount of our investment in the joint venture was less than our share of the equity in the net assets of the joint venture by approximately \$848,670,000, the basis difference primarily resulting from non-cash impairment losses recognized in prior periods. Substantially all of this basis difference was allocated, based on our estimates of the fair values of Fifth Avenue and Times Square JV's assets and liabilities, to real estate (land and buildings). We are amortizing the basis difference related to the buildings into earnings as a reduction to depreciation expense over their estimated useful lives.

On June 14, 2023, the Fifth Avenue and Times Square JV completed a restructuring of the 697-703 Fifth Avenue \$421,000,000 non-recourse mortgage loan, which matured in December 2022. The restructured \$355,000,000 loan, which had its principal reduced through an application of property-level reserves and funds from the partners, was split into (i) a \$325,000,000 senior note, which bears interest at SOFR plus 2.00%, and (ii) a \$30,000,000 junior note, which accrues interest at a fixed rate of 4.00%. The restructured loan matures in June 2025, with two one-year and one nine-month as-of-right extension options (March 2028, as fully extended). Any amounts funded for future re-leasing of the property will be senior to the \$30,000,000 junior note.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(UNAUDITED)

6. Investments in Partially Owned Entities - continued

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

As of September 30, 2023, we own 1,654,068 Alexander's common shares, or approximately 32.4% of Alexander's common equity. We manage, develop and lease Alexander's properties pursuant to agreements which expire in March of each year and are automatically renewable. In addition, wholly owned subsidiaries of Vornado provide cleaning, engineering, security, and garage management services to certain Alexander's properties.

On May 19, 2023, Alexander's completed the sale of the Rego Park III land parcel, located in Queens, New York, for \$71,060,000, inclusive of consideration for Brownfield tax benefits and reimbursement of costs for plans, specifications and improvements to date. As a result of the sale, we recognized our \$16,396,000 share of the net gain and received a \$711,000 sales commission from Alexander's, of which \$250,000 was paid to a third-party broker.

As of September 30, 2023, the market value ("fair value" pursuant to ASC Topic 820, *Fair Value Measurements* ("ASC 820")) of our investment in Alexander's, based on Alexander's September 30, 2023 closing share price of \$182.23, was \$301,421,000, or \$209,507,000 in excess of the carrying amount on our consolidated balance sheets. As of September 30, 2023, the carrying amount of our investment in Alexander's, excluding amounts owed to us, exceeded our share of the equity in the net assets of Alexander's by approximately \$29,551,000. 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.

512 West 22nd Street

On June 28, 2023, a joint venture, in which we have a 55% interest, completed a \$129,250,000 refinancing of 512 West 22nd Street, a 173,000 square foot Manhattan office building. The interest-only loan bears a rate of SOFR plus 2.00% in year one and SOFR plus 2.35% thereafter. The loan matures in June 2025 with a one-year extension option subject to debt service coverage ratio, loan-to-value and debt yield requirements. The loan replaces the previous \$137,124,000 loan that bore interest at LIBOR plus 1.85% and had an initial maturity of June 2023. The joint venture entered into a two-year 4.50% interest rate cap arrangement.

825 Seventh Avenue

On July 24, 2023, a joint venture, in which we have a 50% interest, completed a \$54,000,000 refinancing of the office condominium of 825 Seventh Avenue, a 173,000 square foot Manhattan office and retail building. The interest-only loan bears a rate of SOFR plus 2.75%, with a 30 basis point reduction available upon satisfaction of certain leasing conditions, and matures in January 2026. The loan replaces the previous \$60,000,000 loan that bore interest at LIBOR plus 2.35% and was scheduled to mature in July 2023.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(UNAUDITED)

6. Investments in Partially Owned Entities - continued

Sunset Pier 94 Studios Joint Venture

On August 28, 2023, we, together with Hudson Pacific Properties and Blackstone Inc., formed a joint venture ("Pier 94 JV") to develop a 266,000 square foot purpose-built studio campus at Pier 94 in Manhattan ("Sunset Pier 94 Studios"). In connection therewith:

- We contributed our Pier 94 leasehold interest to the joint venture in exchange for a 49.9% common equity interest and an initial capital account of \$47,944,000, comprised of (i) the \$40,000,000 value of our Pier 94 leasehold interest contribution and (ii) a \$7,944,000 credit for pre-development costs incurred. Hudson Pacific Properties ("HPP") and Blackstone Inc. (together, "HPP/BX") received an aggregate 50.1% common equity interest in Pier 94 JV and an initial capital account of \$22,976,000 in exchange for (i) a \$15,000,000 cash contribution upon the joint venture's formation and (ii) a \$7,976,000 credit for pre-development costs incurred. HPP/BX will fund 100% of cash contributions until such time that its capital account is equal to Vornado's, after which equity will be funded in accordance with each partner's respective ownership interest.
- The lease of Pier 94 with the City of New York was amended and restated to allow for the contribution to Pier 94 JV and to remove Pier 92 from the lease's demised premises. The amended and restated lease expires in 2060 with five 10-year renewal options.
- Pier 94 JV closed on a \$183,200,000 construction loan facility (\$100,000 outstanding as of September 30, 2023) which bears interest at SOFR plus 4.75% and matures in September 2025, with one one-year as-of-right extension option and two one-year extension options subject to certain conditions. VRLP and the other partners provided a joint and several completion guarantee.

The development cost of the project is estimated to be \$350,000,000, which will be funded with \$183,200,000 of construction financing (described above) and \$166,800,000 of equity contributions. Our share of equity contributions will be funded by (i) our \$40,000,000 Pier 94 leasehold interest contribution and (ii) \$34,000,000 of cash contributions, which are net of an estimated \$9,000,000 for our share of development fees and reimbursement for overhead costs incurred by us.

We share control with HPP/BX for major decisions of the joint venture, including decisions regarding development, leasing, operating and capital budgets, and refinancings, and accordingly account for our investment in Pier 94 JV under the equity method.

Upon contribution of the Pier 94 leasehold, we recognized a \$35,968,000 net gain primarily due to the step-up of our retained investment in the leasehold interest to fair value. The net gain was included in "net gains on disposition of wholly owned and partially owned assets" on our consolidated statements of income for the three and nine months ended September 30, 2023.

Vornado and HPP will jointly serve as co-managing members of Pier 94 JV and will provide development and management services to Pier 94 JV through the construction period and subsequent to substantial completion. Fees earned for these services will be split by Vornado and HPP on a 50/50 basis. BMS, our wholly-owned subsidiary, will provide cleaning, security and other services with respect to Sunset Pier 94 Studios.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(UNAUDITED)

6. Investments in Partially Owned Entities - continued

Below is a schedule summarizing our investments in partially owned entities.

(Amounts in thousands)

(Amounts in thousands)	Percentage Ownership as of September 30, 2023	Balance as of	
		September 30, 2023	December 31, 2022
Investments:			
Fifth Avenue and Times Square JV (see page 27 for details)	51.5%	\$ 2,249,148	\$ 2,272,320
Partially owned office buildings/land ⁽¹⁾	Various	166,108	182,180
Alexander's (see page 28 for details):	32.4%	91,914	87,796
Other investments ⁽²⁾	Various	163,612	122,777
		<u>\$ 2,670,782</u>	<u>\$ 2,665,073</u>
Investments in partially owned entities included in other liabilities⁽³⁾:			
7 West 34th Street	53.0%	\$ (67,669)	\$ (65,522)
85 Tenth Avenue	49.9%	(10,736)	(16,006)
		<u>\$ (78,405)</u>	<u>\$ (81,528)</u>

(1) Includes interests in 280 Park Avenue, 650 Madison Avenue, 512 West 22nd Street, 61 Ninth Avenue and others.

(2) Includes interests in Independence Plaza, Pier 94 JV (see details on page 29), Rosslyn Plaza and others.

(3) Our negative basis results from distributions in excess of our investment.

Below is a schedule of income from partially owned entities.

(Amounts in thousands)

(Amounts in thousands)		Percentage Ownership at September 30, 2023		For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
		2023	2022	2023	2022	2023	2022
Our share of net income (loss):							
Fifth Avenue and Times Square JV (see page 27 for details):							
Equity in net income ⁽¹⁾	51.5%	\$ 10,917	\$ 11,941	\$ 27,057	\$ 41,915		
Return on preferred equity, net of our share of the expense		9,430	9,430	27,985	27,985		
		20,347	21,371	55,042	69,900		
Alexander's (see page 28 for details):							
Equity in net income	32.4%	3,341	4,740	10,230	14,235		
Management, leasing and development fees		1,184	1,170	4,056	3,352		
Net gain on sale of land		—	—	16,396	—		
		4,525	5,910	30,682	17,587		
Partially owned office buildings ⁽²⁾	Various	(7,647)	(5,286)	(16,864)	(8,974)		
Other investments ⁽³⁾	Various	1,044	2,346	3,347	5,262		
		\$ 18,269	\$ 24,341	\$ 72,207	\$ 83,775		

(1) The nine months ended September 30, 2023 includes a \$5,120 accrual of default interest which was forgiven by the lender as part of the restructuring of the 697-703 Fifth Avenue loan and will be amortized over the remaining term of the restructured loan, reducing future interest expense. The three and nine months ended September 30, 2023 include lower income from lease renewals at 697-703 Fifth Avenue and 666 Fifth Avenue, partially offset by a decrease in our share of depreciation and amortization expense compared to the prior year, primarily resulting from non-cash impairment losses recognized in prior periods.

(2) Includes interests in 280 Park Avenue, 650 Madison Avenue, 7 West 34th Street, 512 West 22nd Street, 61 Ninth Avenue, 85 Tenth Avenue and others.

(3) Includes interests in Independence Plaza, Rosslyn Plaza and others.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
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7. 350 Park Avenue

On January 24, 2023, we and the Rudin family (“Rudin”) completed agreements with Citadel Enterprise Americas LLC (“Citadel”) and with an affiliate of Kenneth C. Griffin, Citadel’s Founder and CEO (“KG”), for a series of transactions relating to 350 Park Avenue and 40 East 52nd Street.

Pursuant to the agreements, Citadel master leases 350 Park Avenue, a 585,000 square foot Manhattan office building, on an “as is” basis for ten years, with an initial annual net rent of \$36,000,000. Per the terms of the lease, no tenant allowance or free rent was provided. In the first quarter of 2023, we commenced revenue recognition of the master lease. Citadel has also master leased Rudin’s adjacent property at 40 East 52nd Street (390,000 square feet).

In addition, we entered into a joint venture with Rudin (the “Vornado/Rudin JV”) which was formed to purchase 39 East 51st Street. Upon formation of the KG joint venture described below, 39 East 51st Street will be combined with 350 Park Avenue and 40 East 52nd Street to create a premier development site (collectively, the “Site”). On June 20, 2023, the Vornado/Rudin JV completed the purchase of 39 East 51st Street for \$40,000,000, which was funded on a 50/50 basis by Vornado and Rudin. The Vornado/Rudin JV is a variable interest entity which we consolidate as the entity’s primary beneficiary.

From October 2024 to June 2030, KG will have the option to either:

- acquire a 60% interest in a joint venture with the Vornado/Rudin JV that would value the Site at \$1.2 billion (\$900,000,000 to Vornado and \$300,000,000 to Rudin) and build a new 1,700,000 square foot office tower (the “Project”) pursuant to East Midtown Subdistrict zoning with the Vornado/Rudin JV as developer. KG would own 60% of the joint venture and the Vornado/Rudin JV would own 40% (with Vornado owning 36% and Rudin owning 4% of the joint venture along with a \$250,000,000 preferred equity interest in the Vornado/Rudin JV).
 - at the joint venture formation, Citadel or its affiliates will execute a pre-negotiated 15-year anchor lease with renewal options for approximately 850,000 square feet (with expansion and contraction rights) at the Project for its primary office in New York City;
 - the rent for Citadel’s space will be determined by a formula based on a percentage return (that adjusts based on the actual cost of capital) on the total Project cost;
 - the master leases will terminate at the scheduled commencement of demolition;
- or, exercise an option to purchase the Site for \$1.4 billion (\$1.085 billion to Vornado and \$315,000,000 to Rudin), in which case the Vornado/Rudin JV would not participate in the new development.

Further, the Vornado/Rudin JV will have the option from October 2024 to September 2030 to put the Site to KG for \$1.2 billion (\$900,000,000 to Vornado and \$300,000,000 to Rudin). For ten years following any put option closing, unless the put option is exercised in response to KG’s request to form the joint venture or KG makes a \$200,000,000 termination payment, the Vornado/Rudin JV will have the right to invest in a joint venture with KG on the terms described above if KG proceeds with development of the Site.

8. Dispositions

The Armory Show

On July 3, 2023, we completed the sale of The Armory Show, located in New York, for \$24,410,000, subject to certain post-closing adjustments, and realized net proceeds of \$22,489,000. In connection with the sale, we recognized a net gain of \$20,181,000 which is included in “net gains on disposition of wholly owned and partially owned assets” on our consolidated statements of income.

Manhattan Retail Properties Sale

On August 10, 2023, we completed the sale of four Manhattan retail properties located at 510 Fifth Avenue, 148–150 Spring Street, 443 Broadway and 692 Broadway for \$100,000,000 and realized net proceeds of \$95,450,000. In connection with the sale, we recognized an impairment loss of \$625,000 which is included in “transaction related costs and other” on our consolidated statements of income.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
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9. Identified Intangible Assets and Liabilities

The following summarizes our identified intangible assets (primarily above-market leases) and liabilities (primarily below-market leases).

(Amounts in thousands)

	Balance as of	
	September 30, 2023	December 31, 2022
Identified intangible assets:		
Gross amount	\$ 229,856	\$ 237,777
Accumulated amortization	(99,770)	(98,139)
Total, net	<u>\$ 130,086</u>	<u>\$ 139,638</u>
Identified intangible liabilities (included in deferred revenue):		
Gross amount	\$ 244,396	\$ 244,396
Accumulated amortization	(214,147)	(208,592)
Total, net	<u>\$ 30,249</u>	<u>\$ 35,804</u>

Amortization of acquired below-market leases, net of acquired above-market leases, resulted in an increase to rental revenues of \$1,356,000 and \$1,384,000 for the three months ended September 30, 2023 and 2022, respectively, and \$4,083,000 and \$3,788,000 for the nine months ended September 30, 2023 and 2022, respectively. Estimated annual amortization for each of the five succeeding years commencing January 1, 2024 is below:

(Amounts in thousands)

2024	\$ 2,348
2025	935
2026	292
2027	(154)
2028	(43)

Amortization of all other identified intangible assets (a component of depreciation and amortization expense) was \$1,942,000 and \$1,987,000 for the three months ended September 30, 2023 and 2022, respectively, and \$5,914,000 and \$8,529,000 for the nine months ended September 30, 2023 and 2022, respectively. Estimated annual amortization for each of the five succeeding years commencing January 1, 2024 is below:

(Amounts in thousands)

2024	\$ 7,004
2025	5,954
2026	5,760
2027	5,325
2028	4,166

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
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10. Debt

Secured Debt

150 West 34th Street

On January 9, 2023, our \$105,000,000 participation in the \$205,000,000 mortgage loan on 150 West 34th Street was repaid, which reduced “other assets” and “mortgages payable, net” on our consolidated balance sheets by \$105,000,000.

On October 4, 2023, we completed a \$75,000,000 refinancing of 150 West 34th Street, of which \$25,000,000 is recourse to the Operating Partnership. The interest-only loan bears a rate of SOFR plus 2.15% and matures in February 2025, with three one-year as-of-right extension options and an additional one-year extension option available subject to satisfying a loan-to-value test. The interest rate on the loan is subject to an interest rate cap arrangement with a SOFR strike rate of 5.00%, which matures in February 2026. The loan replaces the previous \$100,000,000 loan, which bore interest at SOFR plus 1.86%.

1290 Avenue of the Americas

On June 29, 2023, we entered into a forward two-year 1.00% SOFR interest rate cap arrangement for the \$950,000,000 SOFR plus 1.62% mortgage loan. We made a \$63,100,000 up-front payment (of which \$18,930,000 is attributable to noncontrolling interests), which is included in “other assets” on our consolidated balance sheets as of September 30, 2023. The forward cap is effective upon the November 2023 expiration of the existing 3.89% SOFR interest rate cap.

The following is a summary of our debt:

(Amounts in thousands)	Weighted Average Interest Rate as of September 30, 2023 ⁽¹⁾	Balance as of	
		September 30, 2023	December 31, 2022
Mortgages Payable:			
Fixed rate	3.63%	\$ 3,568,650	\$ 3,570,000
Variable rate ⁽²⁾	5.87%	2,189,565	2,307,615
Total	4.48%	5,758,215	5,877,615
Deferred financing costs, net and other		(43,454)	(48,597)
Total, net		\$ 5,714,761	\$ 5,829,018
Unsecured Debt:			
Senior unsecured notes	3.02%	\$ 1,200,000	\$ 1,200,000
Deferred financing costs, net and other		(6,638)	(8,168)
Senior unsecured notes, net		1,193,362	1,191,832
Unsecured term loan	4.04%	800,000	800,000
Deferred financing costs, net and other		(5,788)	(6,807)
Unsecured term loan, net		794,212	793,193
Unsecured revolving credit facilities	3.87%	575,000	575,000
Total, net		\$ 2,562,574	\$ 2,560,025

- (1) Represents the interest rate in effect as of September 30, 2023 based on the appropriate reference rate as of the contractual reset date plus contractual spread, adjusted for hedging instruments, as applicable. See Note 15 - *Fair Value Measurements* for further information on our consolidated hedging instruments.
- (2) As of September 30, 2023, \$2,009,119 of our variable rate debt is subject to interest rate cap arrangements. The interest rate cap arrangements have a weighted average strike rate of 4.17% and a weighted average remaining term of 7 months. These amounts exclude the 1290 Avenue of the Americas interest rate cap discussed above, which is effective November 2023.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
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11. Redeemable Noncontrolling Interests

Redeemable Noncontrolling Partnership Units

Redeemable noncontrolling partnership units 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 Vornado’s consolidated statements of changes in equity and to “partners’ capital” on the consolidated balance sheets of the Operating Partnership.

Below is a table summarizing the activity of redeemable noncontrolling partnership units.

(Amounts in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Beginning balance	\$ 410,276	\$ 412,022	\$ 348,692	\$ 590,975
Net income	4,736	606	8,773	6,382
Other comprehensive income	1,634	8,299	26	15,044
Distributions	(29)	(7,579)	(5,658)	(22,740)
Redemption of Class A units for Vornado common shares, at redemption value	(1,615)	(992)	(7,173)	(2,569)
Redeemable Class A unit measurement adjustment	(8,954)	(21,857)	58,159	(215,619)
Other, net	9,127	3,575	12,356	22,601
Ending balance	<u>\$ 415,175</u>	<u>\$ 394,074</u>	<u>\$ 415,175</u>	<u>\$ 394,074</u>

As of September 30, 2023 and December 31, 2022, the aggregate redemption value of redeemable Class A units of the Operating Partnership, which are those units held by third parties, was \$383,907,000 and \$300,015,000, respectively, based on Vornado’s quarter-end closing common share price.

On April 26, 2023, Vornado announced the postponement of dividends on its common shares until the end of 2023, at which time, upon finalization of its 2023 taxable income, including the impact of asset sales, it will pay the 2023 dividend in either (i) cash, or (ii) a combination of cash and securities, as determined by its Board of Trustees. Distributions to Class A unitholders of the Operating Partnership will correspondingly be postponed with the postponement of dividends to Vornado common shareholders.

Redeemable noncontrolling partnership units 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 Topic 480, *Distinguishing Liabilities and Equity*. Accordingly, the fair value of these units is included as a component of “other liabilities” on our consolidated balance sheets and aggregated \$49,383,000 as of September 30, 2023 and December 31, 2022, respectively. Changes in the value from period to period, if any, are charged to “interest and debt expense” on our consolidated statements of income.

Redeemable Noncontrolling Interest in a Consolidated Subsidiary

A consolidated joint venture, in which we hold a 95% interest, developed and owns the Farley Building (the "Farley Project"). During 2020, a historic tax credit investor (the "Tax Credit Investor") funded \$92,400,000 of capital contributions to the Farley Project and is expected to make additional capital contributions in future periods.

The arrangement includes a put option whereby the joint venture may be obligated to purchase the Tax Credit Investor’s ownership interest in the Farley Project at a future date. The put price is calculated based on a pre-determined formula. As exercise of the put option is outside of the joint venture’s control, the Tax Credit Investor’s interest, together with the put option, have been recorded to “redeemable noncontrolling interest in a consolidated subsidiary” on our consolidated balance sheets. The redeemable noncontrolling interest is recorded at the greater of the 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 Vornado’s consolidated statements of changes in equity and to “partners’ capital” on the consolidated balance sheets of the Operating Partnership. There was no adjustment required for the three and nine months ended September 30, 2023 and 2022.

Below is a table summarizing the activity of the redeemable noncontrolling interest in a consolidated subsidiary.

(Amounts in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Beginning balance	\$ 70,020	\$ 93,987	\$ 88,040	\$ 97,708
Net loss	(11,191)	(4,759)	(29,211)	(8,480)
Ending balance	<u>\$ 58,829</u>	<u>\$ 89,228</u>	<u>\$ 58,829</u>	<u>\$ 89,228</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
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12. Shareholders' Equity/Partners' Capital

The following table sets forth the details of our dividends/distributions per common share/Class A unit and dividends/distributions per share/unit for each class of preferred shares/units of beneficial interest.

(Per share/unit)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Common shares/Class A units held by Vornado: authorized 250,000,000 shares/units	\$ —	\$ 0.53	\$ 0.375	\$ 1.59
Preferred shares/units ⁽¹⁾				
Convertible Preferred:				
6.5% Series A: authorized 12,902 shares/units ⁽²⁾	0.8125	0.8125	2.4375	2.4375
Cumulative Redeemable Preferred ⁽¹⁾⁽³⁾ :				
5.40% Series L: authorized 13,800,000 shares/units	0.3375	0.3375	1.0125	1.0125
5.25% Series M: authorized 13,800,000 shares/units	0.3281	0.3281	0.9843	0.9843
5.25% Series N: authorized 12,000,000 shares/units	0.3281	0.3281	0.9843	0.9843
4.45% Series O: authorized 12,000,000 shares/units	0.2781	0.2781	0.8343	0.8343

(1) Dividends on preferred shares and distributions on preferred units are cumulative and are payable quarterly in arrears.

(2) Redeemable at the option of Vornado under certain circumstances, at a redemption price of 1.9531 common shares/Class A units per Series A preferred share/unit plus accrued and unpaid dividends/distributions through the date of redemption, or convertible at any time at the option of the holder for 1.9531 common shares/Class A units per Series A preferred share/unit.

(3) Series L and Series M preferred shares/units are redeemable at Vornado's option at a redemption price of \$25.00 per share/unit, plus accrued and unpaid dividends/distributions through the date of redemption. Series N preferred shares/units are redeemable commencing November 2025 and Series O preferred shares/units are redeemable commencing September 2026, each at a redemption price of \$25.00 per share/unit.

On April 26, 2023, Vornado announced the postponement of dividends on its common shares until the end of 2023, at which time, upon finalization of its 2023 taxable income, including the impact of asset sales, it will pay the 2023 dividend in either (i) cash, or (ii) a combination of cash and securities, as determined by its Board of Trustees. Cash retained from dividends or from asset sales will be used to reduce debt and/or to fund the share repurchase program discussed below. Distributions to Class A unitholders of the Operating Partnership will correspondingly be postponed with the postponement of dividends to Vornado common shareholders.

Share Repurchase Program

On April 26, 2023, our Board of Trustees authorized a share repurchase plan under which Vornado is authorized to repurchase up to \$200,000,000 of its outstanding common shares. To the extent Vornado repurchases any of its common shares, in order to fund the common share repurchase and maintain the one-to-one ratio of the number of Vornado common shares outstanding and the number of Class A units owned by Vornado, the Operating Partnership will repurchase from Vornado an equal number of its Class A units at the same price.

Share repurchases may be made from time to time in the open market, through privately negotiated transactions or through other means as permitted by federal securities laws, including through block trades, accelerated share repurchase transactions and/or trading plans intended to qualify under Rule 10b5-1. The timing, manner, price and amount of any repurchases will be determined in Vornado's discretion depending on business, economic and market conditions, corporate and regulatory requirements, prevailing prices for Vornado's common shares, alternative uses for capital and other considerations. The program does not have an expiration date and may be suspended or discontinued at any time and does not obligate Vornado to make any repurchases of its common shares.

During the three months ended September 30, 2023, we repurchased 302,200 common shares for \$5,927,000 at an average price per share of \$19.61. In total, we have repurchased 2,024,495 common shares under the program at an average price per share of \$14.40. As of September 30, 2023, \$170,857,000 remained available and authorized for repurchases.

The Operating Partnership repurchased Class A units from Vornado equivalent to the number and price of common shares repurchased by Vornado during the same periods.

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13. Stock-based Compensation

We account for all equity-based compensation in accordance with ASC Topic 718, *Compensation - Stock Compensation*. Stock-based compensation expense, a component of "general and administrative" expense on our consolidated statements of income, was \$9,665,000 and \$3,886,000 for the three months ended September 30, 2023 and 2022, respectively, and \$33,247,000 and \$22,887,000 for the nine months ended September 30, 2023 and 2022, respectively.

2023 Omnibus Share Plan

On May 18, 2023, our shareholders approved the 2023 Omnibus Share Plan (the "Plan"), which replaces the 2019 Omnibus Share Plan. Under the Plan, the Compensation Committee of Vornado's Board of Trustees (the "Committee") may grant incentive and non-qualified Vornado stock options, restricted Vornado common shares, restricted Operating Partnership units ("LTIP Units"), out-performance plan awards ("OPP Units"), appreciation-only long-term incentive plan units ("AO LTIP Units"), performance conditioned appreciation-only long-term incentive plan units ("Performance AO LTIP Units"), and long-term performance plan LTIP units ("LTTP Units") to certain of our employees and officers. Awards may be granted up to a maximum of 10,800,000 shares, if all awards granted are Full Value awards, as defined in the Plan, and up to 21,600,000 shares, if all of the awards granted are Not Full Value Awards, as defined in the Plan. Full Value Awards are securities that have a value equivalent to the underlying Vornado common share or Class A unit of the Operating Partnership, such as restricted Vornado common shares or LTIP Units. Vornado stock options, AO LTIP Units and Performance AO LTIP Units are Not Full Value Awards; these securities require the payment of an exercise price.

LTIP Unit and Performance AO LTIP Grant

On June 29, 2023 (the "Grant Date"), the Committee granted equity awards (the "Awards"), comprised of (i) 2,394,801 LTIP Units, and (ii) 14,368,750 Performance AO LTIP Units, to a broad group of employees of the Company including its named executive officers (as identified in the Company's proxy statement for its 2023 Annual Meeting of Shareholders). The purpose of the Awards is to further incentivize and align the award recipients with shareholder performance and to support retention of these employees.

The LTIP Units are a class of units of the Operating Partnership that, following the occurrence of certain events and upon vesting, are convertible by the holder into an equivalent number of Class A Units. Class A Units of the Operating Partnership are redeemable by the holder for cash or, at the Company's election, common shares of the Company on a one-for-one basis.

The LTIP Units will vest in two equal installments on the 3rd and 4th anniversaries of the Grant Date, respectively, subject to the recipient's continued employment with the Company as of such dates, with each vesting tranche subject to an additional one-year post-vesting transfer restriction. The LTIP Units are entitled to receive the same distributions as paid on Vornado's common shares.

The Performance AO LTIP Units are a class of Operating Partnership units and each Performance AO LTIP Unit is potentially convertible into a number of Class A Units, determined by reference to the excess of the closing market price of Vornado common shares on the NYSE on the date of conversion over \$16.87. The Performance AO LTIP Units can be converted until the 10th anniversary of the Grant Date, subject to satisfaction of the vesting and performance conditions described below.

The Performance AO LTIP Units will vest with respect to 20% on the 3rd anniversary of the Grant Date, and the remaining 80% will vest on the 4th anniversary of the Grant Date, subject to the recipient's continued employment with the Company, and subject to the following performance conditions:

- No Performance AO LTIP Units are earned if the Applicable Price (defined below) is less than \$21.0875 per share.
- At an Applicable Price of \$21.0875 per share (a 25% increase above the Grant Date share price), 33% of the Performance AO LTIP Units are earned.
- At an Applicable Price of \$25.3050 per share (a 50% increase above the Grant Date share price), 67% of the Performance AO LTIP Units are earned.
- At an Applicable Price of \$29.5225 per share (a 75% increase above the Grant Date share price), 100% of the Performance AO LTIP Units are earned.

Linear interpolation applies for Applicable Prices between \$21.0875 and \$29.5225. "Applicable Price" means the highest average consecutive 20-trading day closing share price for Vornado's common shares during the 10 years following the Grant Date.

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14. Variable Interest Entities ("VIEs")

Unconsolidated VIEs

As of September 30, 2023 and December 31, 2022, we had several unconsolidated VIEs. 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 September 30, 2023 and December 31, 2022, the net carrying amount of our investments in these entities was \$110,408,000 and \$68,223,000, respectively, and our maximum exposure to loss in these entities is limited to the carrying amount of our investments.

Consolidated VIEs

Our most significant consolidated VIEs are the Operating Partnership (for Vornado), the Farley Project and certain properties that have noncontrolling interests. These entities are VIEs because the noncontrolling interests do not have substantive kick-out or participating rights. We consolidate these entities because we control all significant business activities.

As of September 30, 2023, the total assets and liabilities of our consolidated VIEs, excluding the Operating Partnership, were \$5,036,892,000 and \$2,763,077,000, respectively. As of December 31, 2022, the total assets and liabilities of our consolidated VIEs, excluding the Operating Partnership, were \$4,423,995,000 and \$2,345,726,000, respectively.

15. 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 as well as certain U.S. Treasury securities that are highly liquid and are actively traded in secondary markets; 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.

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15. Fair Value Measurements - continued

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) investments in U.S. Treasury bills (classified as available for-sale) (ii) the assets in our deferred compensation plan (for which there is a corresponding liability on our consolidated balance sheets), (iii) loans receivable (for which we have elected the fair value option under ASC Subtopic 825-10, *Financial Instruments* ("ASC 825-10")), (iv) interest rate swaps and caps and (v) mandatorily redeemable instruments (Series G-1 through G-4 convertible preferred units and Series D-13 cumulative redeemable preferred units). The tables below aggregate the fair values of these financial assets and liabilities by their levels in the fair value hierarchy.

(Amounts in thousands)

	As of September 30, 2023			
	Total	Level 1	Level 2	Level 3
Deferred compensation plan assets (\$27,094 included in restricted cash and \$73,392 in other assets)	\$ 100,486	\$ 54,799	\$ —	\$ 45,687
Loans receivable (\$53,096 included in investments in partially owned entities and \$4,745 in other assets)	57,841	—	—	57,841
Interest rate swaps and caps (included in other assets)	260,747	—	260,747	—
Total assets	<u>\$ 419,074</u>	<u>\$ 54,799</u>	<u>\$ 260,747</u>	<u>\$ 103,528</u>
Mandatorily redeemable instruments (included in other liabilities)	<u>\$ 49,383</u>	<u>\$ 49,383</u>	<u>\$ —</u>	<u>\$ —</u>

(Amounts in thousands)

	As of December 31, 2022			
	Total	Level 1	Level 2	Level 3
Investments in U.S. Treasury bills ⁽¹⁾	\$ 471,962	\$ 471,962	\$ —	\$ —
Deferred compensation plan assets (\$7,763 included in restricted cash and \$88,559 in other assets)	96,322	57,406	—	38,916
Loans receivable (\$50,091 included in investments in partially owned entities and \$4,306 in other assets)	54,397	—	—	54,397
Interest rate swaps and caps (included in other assets)	183,804	—	183,804	—
Total assets	<u>\$ 806,485</u>	<u>\$ 529,368</u>	<u>\$ 183,804</u>	<u>\$ 93,313</u>
Mandatorily redeemable instruments (included in other liabilities)	<u>\$ 49,383</u>	<u>\$ 49,383</u>	<u>\$ —</u>	<u>\$ —</u>

(1) During the nine months ended September 30, 2023, we realized proceeds of \$477,000 from maturing U.S. Treasury bills.

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 that provide net asset values on a fair value basis from a third-party administrator, which are compiled from the quarterly reports provided to them from each limited partnership and investment fund. The period of time over which these underlying assets are expected to be liquidated is unknown. 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.

(Amounts in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Beginning balance	\$ 38,653	\$ 44,155	\$ 38,916	\$ 45,016
Purchases	6,022	522	6,867	3,469
Sales	(912)	(504)	(3,790)	(3,291)
Realized and unrealized gains (losses)	1,012	574	1,367	(1,524)
Other, net	912	164	2,327	1,241
Ending balance	<u>\$ 45,687</u>	<u>\$ 44,911</u>	<u>\$ 45,687</u>	<u>\$ 44,911</u>

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(UNAUDITED)

15. Fair Value Measurements - continued

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

Loans Receivable

Loans receivable consist of loan investments in real estate related assets for which we have elected the fair value option under ASC 825-10. These investments are classified as Level 3.

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, 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 loans receivable.

Unobservable Quantitative Input	As of			
	September 30, 2023		December 31, 2022	
	Range	Weighted Average (based on fair value of investments)	Range	Weighted Average (based on fair value of investments)
Discount rates	7.5%	7.5%	7.5%	7.5%
Terminal capitalization rates	5.5% - 6.25%	5.6%	5.5%	5.5%

The table below summarizes the changes in fair value of loans receivable that are classified as Level 3.

(Amounts in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Beginning balance	\$ 56,549	\$ 52,046	\$ 54,397	\$ 50,182
Interest accrual	1,292	1,205	3,855	3,602
Paydowns	—	—	(411)	(533)
Ending balance	<u>\$ 57,841</u>	<u>\$ 53,251</u>	<u>\$ 57,841</u>	<u>\$ 53,251</u>

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(UNAUDITED)

15. Fair Value Measurements - continued

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

Derivatives and Hedging

We recognize the fair values of all derivatives in "other assets" or "other liabilities" on our consolidated balance sheets. Derivatives that are not hedges are adjusted to fair value through earnings. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability, or firm commitment through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. Reported net income and equity may increase or decrease prospectively, depending on future levels of interest rates and other variables affecting the fair values of hedging instruments and hedged items, but will have no effect on cash flows. Cash payments and receipts related to our derivatives are classified as operating activities and included within our disclosure of cash paid for interest on our consolidated statements of cash flows, consistent with the classification of the hedged interest payments.

The following table summarizes our consolidated hedging instruments, all of which hedge variable rate debt, as of September 30, 2023 and December 31, 2022.

(Amounts in thousands)

	As of September 30, 2023				As of December 31, 2022
	Notional Amount	All-In Swapped Rate	Swap/Cap Expiration Date	Fair Value Asset	Fair Value Asset
Interest rate swaps:					
555 California Street mortgage loan:					
In-place swap	\$ 840,000 ⁽¹⁾	2.29%	05/24	\$ 26,672	\$ 49,888
Forward swap (effective 05/24)	840,000 ⁽¹⁾	6.03%	05/26	6,627	—
770 Broadway mortgage loan	700,000	4.98%	07/27	40,782	29,226
PENN 11 mortgage loan	500,000	2.22%	03/24	11,305	26,587
Unsecured revolving credit facility	575,000	3.87%	08/27	34,358	24,457
Unsecured term loan ⁽²⁾	800,000	4.04%	(2)	27,249	21,024
100 West 33rd Street mortgage loan	480,000	5.06%	06/27	16,907	6,886
888 Seventh Avenue mortgage loan	200,000 ⁽³⁾	4.76%	09/27	10,293	6,544
4 Union Square South mortgage loan	98,650 ⁽⁴⁾	3.74%	01/25	3,552	4,050
Interest rate caps:					
1290 Avenue of the Americas mortgage loan	950,000	(5)	11/25	70,599	7,590
One Park Avenue mortgage loan	525,000	(6)	03/25	10,169	5,472
Various mortgage loans				2,234	2,080
				<u>\$ 260,747</u>	<u>\$ 183,804</u>

(1) Represents our 70.0% share of the \$1.2 billion mortgage loan. In March 2023, we entered into the forward swap arrangement detailed above.

(2) Represents the aggregate fair value of various interest rate swap arrangements to hedge interest payments on our unsecured term loan. In February 2023, we entered into a forward interest rate swap arrangement for \$150,000 of the \$800,000 unsecured term loan. The unsecured term loan, which matures in December 2027, is subject to various interest rate swap arrangements through August 2027, which are detailed below:

	Swapped Balance	All-In Swapped Rate	Unswapped Balance (bears interest at S+129)
Through 10/23	\$ 800,000	4.04%	\$ —
10/23 through 07/25	700,000	4.52%	100,000
07/25 through 10/26	550,000	4.35%	250,000
10/26 through 08/27	50,000	4.03%	750,000

(3) The remaining \$63,400 amortizing mortgage loan balance bears interest at a floating rate of SOFR plus 1.80% (7.13% as of September 30, 2023).

(4) The remaining \$21,350 mortgage loan balance bears interest at a floating rate of SOFR plus 1.50% (6.83% as of September 30, 2023).

(5) Current SOFR cap strike rate of 3.89%. In June 2023, we entered into a forward cap arrangement which is effective upon the November 2023 expiration of the current in-place cap and expires in November 2025. The forward cap has a SOFR strike rate of 1.00%. In connection with the arrangement, we made a \$63,100 up-front payment, of which \$18,930 is attributable to noncontrolling interests. See Note 10 - Debt for further information.

(6) Current SOFR cap strike rate of 3.89%. In March 2023, we entered into a forward cap arrangement which is effective upon the March 2024 expiration of the current in-place cap and expires in March 2025. The forward cap has a SOFR strike rate of 3.89%.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(UNAUDITED)

15. Fair Value Measurements - continued

Fair Value Measurements on a Nonrecurring Basis

There were no assets measured at fair value on a nonrecurring basis on our consolidated balance sheets as of September 30, 2023. As of December 31, 2022, we had assets measured at fair value on a nonrecurring basis on our consolidated balance sheets with an aggregate fair value of \$2,352,328,000, representing real estate investments, including our investment in Fifth Avenue and Times Square JV as well as wholly owned street retail assets, that were written down to estimated fair value for impairment purposes and were classified as Level 3 investments. Our estimate of the fair value of these assets was measured using discounted cash flow analyses based upon market conditions and expectations of growth and utilized unobservable quantitative inputs including capitalization rates and discount rates. Significant unobservable quantitative inputs in the table below were utilized in determining the fair value of these real estate assets.

Unobservable Quantitative Input	As of December 31, 2022	
	Range	Weighted Average (based on fair value of investments)
Discount rates	7.50% - 8.00%	7.52%
Terminal capitalization rates	4.75% - 5.50%	4.78%

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) 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. The fair value of our secured debt and unsecured debt are classified as Level 2. The table below summarizes the carrying amounts and fair value of these financial instruments.

	As of September 30, 2023		As of December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash equivalents	\$ 797,773	\$ 798,000	\$ 402,903	\$ 403,000
Debt:				
Mortgages payable	\$ 5,758,215	\$ 5,610,000	\$ 5,877,615	\$ 5,697,000
Senior unsecured notes	1,200,000	1,021,000	1,200,000	1,021,000
Unsecured term loan	800,000	800,000	800,000	800,000
Unsecured revolving credit facilities	575,000	575,000	575,000	575,000
Total	\$ 8,333,215 ⁽¹⁾	\$ 8,006,000	\$ 8,452,615 ⁽¹⁾	\$ 8,093,000

(1) Excludes \$55,880 and \$63,572 of deferred financing costs, net and other as of September 30, 2023 and December 31, 2022, respectively.

16. Interest and Other Investment Income, Net

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Interest on cash and cash equivalents and restricted cash	\$ 12,643	\$ 2,286	\$ 30,910	\$ 2,660
Interest on loans receivable	291	1,396	1,053	3,215
Amortization of discount on investments in U.S. Treasury bills	—	1,546	3,829	3,403
Other, net	—	—	—	4
	\$ 12,934	\$ 5,228	\$ 35,792	\$ 9,282

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(UNAUDITED)

17. Interest and Debt Expense

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

(Amounts in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Interest expense	\$ 93,336	\$ 76,009	\$ 273,577	\$ 187,552
Capitalized interest and debt expense	(11,205)	(4,874)	(30,011)	(12,095)
Amortization of deferred financing costs	5,995	5,639	17,962	16,066
	<u>\$ 88,126</u>	<u>\$ 76,774</u>	<u>\$ 261,528</u>	<u>\$ 191,523</u>

18. Income Per Share/Income Per Class A Unit

Vornado Realty Trust

The following table presents the calculations 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 weighted average common shares outstanding and dilutive share equivalents. Unvested share-based payment awards that contain nonforfeitable rights to dividends, whether paid or unpaid, are accounted for as participating securities. Earnings are allocated to participating securities, which include restricted common shares, based on the two-class method. Our share-based payment awards, including employee stock options, LTIP Units, OPP Units, AO LTIP Units, Performance AO LTIP Units, and LTPP Units, are included in the calculation of diluted income per share using the treasury stock method if dilutive. Our convertible securities, including our Series A convertible preferred shares, Series G-1 through G-4 convertible preferred units and Series D-13 redeemable preferred units, are reflected in diluted income per share by application of the if-converted method if dilutive.

(Amounts in thousands, except per share amounts)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator:				
Net income attributable to Vornado	\$ 68,375	\$ 23,298	\$ 150,978	\$ 131,252
Preferred share dividends	(15,529)	(15,529)	(46,587)	(46,587)
Net income attributable to common shareholders	52,846	7,769	104,391	84,665
Earnings allocated to unvested participating securities	(1)	(4)	(2)	(14)
Numerator for basic income per share	52,845	7,765	104,389	84,651
Impact of assumed conversion of dilutive convertible securities	350	—	1,050	(243)
Numerator for diluted income per share	<u>\$ 53,195</u>	<u>\$ 7,765</u>	<u>\$ 105,439</u>	<u>\$ 84,408</u>
Denominator:				
Denominator for basic income per share - weighted average shares	190,364	191,793	191,228	191,756
Effect of dilutive securities ⁽¹⁾ :				
Share-based payment awards	445	225	163	266
Convertible securities	2,112	—	2,454	20
Denominator for diluted income per share - weighted average shares and assumed conversions	<u>192,921</u>	<u>192,018</u>	<u>193,845</u>	<u>192,042</u>
INCOME PER COMMON SHARE - BASIC:				
Net income per common share	<u>\$ 0.28</u>	<u>\$ 0.04</u>	<u>\$ 0.55</u>	<u>\$ 0.44</u>
INCOME PER COMMON SHARE - DILUTED:				
Net income per common share	<u>\$ 0.28</u>	<u>\$ 0.04</u>	<u>\$ 0.54</u>	<u>\$ 0.44</u>

- (1) The effect of dilutive securities excluded an aggregate of 15,701 and 15,983 weighted average common share equivalents for the three months ended September 30, 2023 and 2022, respectively, and 15,169 and 15,836 weighted average common share equivalents for the nine months ended September 30, 2023 and 2022, respectively, as their effect was anti-dilutive.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(UNAUDITED)

18. Income Per Share/Income Per Class A Unit - continued

Vornado Realty L.P.

The following table presents the calculations of (i) basic income per Class A unit which includes the weighted average number of Class A units outstanding without regard to dilutive potential Class A units and (ii) diluted income per Class A unit which includes the weighted average Class A units outstanding and dilutive Class A unit equivalents. Unvested share-based payment awards that contain non-forfeitable rights to dividends, whether paid or unpaid, are accounted for as participating securities. Earnings are allocated to participating securities, which include restricted Vornado common shares and our LTIP Units, based on the two-class method. Our other share-based payment awards, including Vornado stock options, OPP Units, AO LTIP Units, Performance AO LTIP Units and LTPP Units, are included in the calculation of diluted income per Class A unit using the treasury stock method if dilutive. Our convertible securities, including our Series A convertible preferred units, Series G-1 through G-4 convertible preferred units and Series D-13 redeemable preferred units, are reflected in diluted income per Class A unit by application of the if-converted method if dilutive.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator:				
Net income attributable to Vornado Realty L.P.	\$ 73,111	\$ 23,904	\$ 159,751	\$ 137,634
Preferred unit distributions	(15,558)	(15,558)	(46,673)	(46,673)
Net income attributable to Class A unitholders	57,553	8,346	113,078	90,961
Earnings allocated to unvested participating securities	(747)	(498)	(594)	(1,719)
Numerator for basic income per Class A unit	56,806	7,848	112,484	89,242
Impact of assumed conversion of dilutive convertible securities	350	—	500	(243)
Numerator for diluted income per Class A unit	\$ 57,156	\$ 7,848	\$ 112,984	\$ 88,999
Denominator:				
Denominator for basic income per Class A unit – weighted average units	204,628	205,410	205,268	205,271
Effect of dilutive securities ⁽¹⁾ :				
Share-based payment awards	445	502	163	633
Convertible securities	2,112	—	2,454	20
Denominator for diluted income per Class A unit – weighted average units and assumed conversions	207,185	205,912	207,885	205,924
INCOME PER CLASS A UNIT - BASIC:				
Net income per Class A unit	\$ 0.28	\$ 0.04	\$ 0.55	\$ 0.43
INCOME PER CLASS A UNIT - DILUTED:				
Net income per Class A unit	\$ 0.28	\$ 0.04	\$ 0.54	\$ 0.43

- (1) The effect of dilutive securities excluded an aggregate of 3,034 and 2,089 weighted average Class A unit equivalents for the three months ended September 30, 2023 and 2022, respectively, and 1,819 and 1,954 weighted average Class A unit equivalents for the nine months ended September 30, 2023 and 2022, respectively, as their effect was anti-dilutive.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(UNAUDITED)

19. Commitments and Contingencies

Insurance

For our properties, we maintain general liability insurance with limits of \$300,000,000 per occurrence and per property, of which \$275,000,000, increased from \$250,000,000 effective June 20, 2023, includes communicable disease coverage and we maintain 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, excluding communicable disease coverage. Our California properties have earthquake insurance with coverage of \$350,000,000 per occurrence and in the aggregate, subject to a deductible in the amount of 5% of the value of the affected property. We maintain coverage for certified terrorism acts with limits of \$6.0 billion per occurrence and in the aggregate (as listed below), \$1.2 billion for non-certified acts of terrorism, and \$5.0 billion per occurrence and in the aggregate for terrorism involving nuclear, biological, chemical and radiological (“NBCR”) terrorism events, as defined by the Terrorism Risk Insurance Act of 2002, as amended to date and which has been extended through December 2027.

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 \$1,774,525 and 20% of the balance of a covered loss and the Federal government is responsible for the remaining portion of a covered loss. We are ultimately responsible for any loss incurred by PPIC.

Certain condominiums in which we own an interest (including the Farley Condominiums) maintain insurance policies with different per occurrence and aggregate limits than our policies described above.

We continue to monitor the state of the insurance market and the scope and costs of coverage for acts of terrorism and other events. However, we cannot anticipate what coverage will be available on commercially reasonable terms in the future. We are responsible for uninsured losses and for deductibles and losses in excess of our insurance coverage, which could be material.

Our debt instruments, consisting of mortgage loans secured by our properties, 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 or refinance 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 currently 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.

In January 2022, we exercised the second of three 25-year renewal options on our PENN 1 ground lease. The first renewal option period commenced June 2023 and, together with the second option exercise, extends the lease term through June 2073. As a result of the exercise, we remeasured the related ground lease liability and recorded an estimated incremental right-of-use asset and lease liability of approximately \$350,000,000, respectively, on our consolidated balance sheets. The ground lease is subject to fair market value resets at each 25-year renewal period. The rent reset effective June 2023 has yet to be determined and may be material.

In July 2018, we leased 78,000 square feet at 345 Montgomery Street in San Francisco, CA, to a subsidiary of Regus PLC, for an initial term of 15 years. The obligations under the lease were guaranteed by Regus PLC in an amount of up to \$90,000,000. The tenant purported to terminate the lease prior to space delivery. We commenced a suit on October 23, 2019 seeking to enforce the lease and the guaranty. On May 11, 2021, the court issued a final statement of decision in our favor and on January 31, 2023, the Court of Appeal affirmed the lower court's decision. On October 9, 2020, the successor to Regus PLC filed for bankruptcy in Luxembourg. In April 2023, we entered into a settlement with affiliates of the successor to Regus PLC, pursuant to which we agreed to discontinue all legal proceedings against the Regus PLC successor and its affiliates in exchange for a payment to us of \$21,350,000, which is included in “rental revenues” on our consolidated statements of income for the nine months ended September 30, 2023, of which \$6,405,000 is attributable to noncontrolling interest.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(UNAUDITED)

19. Commitments and Contingencies - continued

Other Commitments and Contingencies - continued

We may, from time to time, enter into guarantees including, but not limited to, payment guarantees to lenders of unconsolidated joint ventures for tax purposes, completion guarantees for development and redevelopment projects, and guarantees to fund leasing costs. These agreements terminate either upon the satisfaction of specified obligations or repayment of the underlying loans. As of September 30, 2023, the aggregate dollar amount of these guarantees is approximately \$1,153,000,000, primarily comprised of payment guarantees for the mortgage loans secured by 640 Fifth Avenue, 7 West 34th Street and 435 Seventh Avenue. Other than these loans, our mortgage loans are non-recourse to us.

As of September 30, 2023, \$30,233,000 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 current ratings). 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.

Our 95% consolidated joint venture (5% is owned by Related Companies ("Related")) developed and owns the Farley Building. In connection with the development of the property, the joint venture admitted a historic tax credit investor partner. Under the terms of the historic tax credit arrangement, the joint venture is required to comply with various laws, regulations, and contractual provisions. Non-compliance with applicable requirements could result in projected tax benefits not being realized and, therefore, may require a refund or reduction of the Tax Credit Investor's capital contributions. As of September 30, 2023, the Tax Credit Investor has made \$92,400,000 in capital contributions. Vornado and Related have guaranteed certain of the joint venture's obligations to the Tax Credit Investor.

As investment manager of the Fund, we are entitled to an incentive allocation after the limited partners have received a preferred return on their invested capital. The incentive allocation is subject to catch-up and clawback provisions. Accordingly, based on the September 30, 2023 fair value of the Fund assets, at liquidation we would be required to make a \$26,700,000 payment to the limited partners, net of amounts owed to us, representing a clawback of previously paid incentive allocations, which would have no income statement impact as it was previously accrued.

As of September 30, 2023, we have construction commitments aggregating approximately \$169,500,000.

20. Segment Information

We operate in two reportable segments, New York and Other, which is based on how we manage our business.

Net operating income ("NOI") at share represents total revenues less operating expenses including our share of partially owned entities. NOI at share - cash basis represents NOI at share adjusted to exclude straight-line rental income and expense, amortization of acquired below and above market leases, accruals for ground rent resets yet to be determined, and other non-cash adjustments. We consider NOI at share - cash basis to be the primary 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 NOI at share - cash basis, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. NOI at share and NOI at share - cash basis should not be considered alternatives to net income or cash flow from operations and may not be comparable to similarly titled measures employed by other companies.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(UNAUDITED)

20. Segment Information - continued

Below is a summary of NOI at share and NOI at share - cash basis by segment for the three and nine months ended September 30, 2023 and 2022.

(Amounts in thousands)

	For the Three Months Ended September 30, 2023		
	Total	New York	Other
Total revenues	\$ 450,995	\$ 364,768	\$ 86,227
Operating expenses	(233,737)	(186,147)	(47,590)
NOI - consolidated	217,258	178,621	38,637
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(8,363)	(2,197)	(6,166)
Add: NOI from partially owned entities	72,100	69,210	2,890
NOI at share	280,995	245,634	35,361
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	(2,980)	(4,790)	1,810
NOI at share - cash basis	<u>\$ 278,015</u>	<u>\$ 240,844</u>	<u>\$ 37,171</u>

(Amounts in thousands)

	For the Three Months Ended September 30, 2022		
	Total	New York	Other
Total revenues	\$ 457,431	\$ 360,033	\$ 97,398
Operating expenses	(221,596)	(182,131)	(39,465)
NOI - consolidated	235,835	177,902	57,933
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(14,766)	(8,691)	(6,075)
Add: NOI from partially owned entities	76,020	71,943	4,077
NOI at share	297,089	241,154	55,935
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	(1,419)	(3,462)	2,043
NOI at share - cash basis	<u>\$ 295,670</u>	<u>\$ 237,692</u>	<u>\$ 57,978</u>

(Amounts in thousands)

	For the Nine Months Ended September 30, 2023		
	Total	New York	Other
Total revenues	\$ 1,369,277	\$ 1,091,053	\$ 278,224
Operating expenses	(685,233)	(550,878)	(134,355)
NOI - consolidated	684,044	540,175	143,869
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(38,869)	(12,224)	(26,645)
Add: NOI from partially owned entities	210,942	202,043	8,899
NOI at share	856,117	729,994	126,123
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	(3,498)	(6,554)	3,056
NOI at share - cash basis	<u>\$ 852,619</u>	<u>\$ 723,440</u>	<u>\$ 129,179</u>

(Amounts in thousands)

	For the Nine Months Ended September 30, 2022		
	Total	New York	Other
Total revenues	\$ 1,353,055	\$ 1,082,743	\$ 270,312
Operating expenses	(660,434)	(536,238)	(124,196)
NOI - consolidated	692,621	546,505	146,116
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(51,100)	(32,708)	(18,392)
Add: NOI from partially owned entities	228,772	219,116	9,656
NOI at share	870,293	732,913	137,380
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	(8,824)	(13,626)	4,802
NOI at share - cash basis	<u>\$ 861,469</u>	<u>\$ 719,287</u>	<u>\$ 142,182</u>

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
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20. Segment Information - continued

Below is a reconciliation of net income to NOI at share and NOI at share - cash basis for the three and nine months ended September 30, 2023 and 2022.

(Amounts in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 59,570	\$ 20,112	\$ 133,501	\$ 142,390
Depreciation and amortization expense	110,349	134,526	324,076	370,631
General and administrative expense	35,838	29,174	116,843	102,292
Transaction related costs and other	813	996	1,501	4,961
Income from partially owned entities	(18,269)	(24,341)	(72,207)	(83,775)
(Income) loss from real estate fund investments	(1,783)	111	(1,662)	(5,421)
Interest and other investment income, net	(12,934)	(5,228)	(35,792)	(9,282)
Interest and debt expense	88,126	76,774	261,528	191,523
Net gains on disposition of wholly owned and partially owned assets	(56,136)	—	(64,592)	(35,384)
Income tax expense	11,684	3,711	20,848	14,686
NOI from partially owned entities	72,100	76,020	210,942	228,772
NOI attributable to noncontrolling interests in consolidated subsidiaries	(8,363)	(14,766)	(38,869)	(51,100)
NOI at share	280,995	297,089	856,117	870,293
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	(2,980)	(1,419)	(3,498)	(8,824)
NOI at share - cash basis	\$ 278,015	\$ 295,670	\$ 852,619	\$ 861,469

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Trustees of Vornado Realty Trust

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated balance sheet of Vornado Realty Trust and subsidiaries (the "Company") as of September 30, 2023, the related consolidated statements of income, comprehensive income, changes in equity for the three-month and nine-month periods ended September 30, 2023 and 2022, and of cash flows for the nine-month periods ended September 30, 2023 and 2022, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2022, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended (not presented herein); and in our report dated February 13, 2023, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2022, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ DELOITTE & TOUCHE LLP

New York, New York
October 30, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners of Vornado Realty L.P.

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated balance sheet of Vornado Realty L.P. and subsidiaries (the "Partnership") as of September 30, 2023, the related consolidated statements of income, comprehensive income, changes in equity for the three-month and nine-month periods ended September 30, 2023 and 2022, and of cash flows for the nine-month periods ended September 30, 2023 and 2022, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Partnership as of December 31, 2022, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended (not presented herein); and in our report dated February 13, 2023, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2022, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Partnership's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ DELOITTE & TOUCHE LLP

New York, New York
October 30, 2023

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements contained in this Quarterly Report 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 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 Quarterly Report on Form 10-Q. 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; estimates of future capital expenditures, dividends to common and preferred shareholders and operating partnership distributions, including the form of any 2023 dividend payments, and the amount and form of potential share repurchases and/or asset sales. 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 Part I of our Annual Report on Form 10-K for the year ended December 31, 2022.

Currently, some of the factors are the impacts of the increase in interest rates and inflation on our business, financial condition, results of operations, cash flows, operating performance and the effect that these factors have had and may continue to have on our tenants, the global, national, regional and local economies and financial markets and the real estate market in general.

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 Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q.

Management's Discussion and Analysis of Financial Condition and Results of Operations includes a discussion of our consolidated financial statements for the three and nine months ended September 30, 2023. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. The results of operations for the three and nine months ended September 30, 2023 are not necessarily indicative of the operating results for the full year. Certain prior year balances have been reclassified in order to conform to the current year presentation.

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. (the “Operating Partnership”), a Delaware limited partnership. Vornado is the sole general partner of and owned approximately 90.9% of the common limited partnership interest in the Operating Partnership as of September 30, 2023. All references to the “Company,” “we,” “us” and “our” mean, collectively, Vornado, the Operating Partnership and those subsidiaries consolidated by Vornado.

We compete with a large number of real estate investors, property owners and developers, some of whom 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 Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022 for additional information regarding these factors.

Our business has been, and may continue to be, affected by the increase in interest rates and inflation and other uncertainties including the potential for an economic downturn. These factors could have a material impact on our business, financial condition, results of operations and cash flows.

Vornado Realty Trust

Quarter Ended September 30, 2023 Financial Results Summary

Net income attributable to common shareholders for the quarter ended September 30, 2023 was \$52,846,000, or \$0.28 per diluted share, compared to \$7,769,000, or \$0.04 per diluted share, for the prior year’s quarter. The quarters ended September 30, 2023 and 2022 include certain items that impact the comparability of period-to-period net income attributable to common shareholders, which are listed in the table on the following page. The aggregate of these items, net of amounts attributable to noncontrolling interests, increased net income attributable to common shareholders for the quarter ended September 30, 2023 by \$40,001,000, or \$0.21 per diluted share, and decreased net income attributable to common shareholders by \$29,660,000, or \$0.15 per diluted share, for the quarter ended September 30, 2022.

Funds from operations (“FFO”) attributable to common shareholders plus assumed conversions for the quarter ended September 30, 2023 was \$119,487,000, or \$0.62 per diluted share, compared to \$152,461,000, or \$0.79 per diluted share, for the prior year’s quarter. FFO attributable to common shareholders plus assumed conversions for the quarters ended September 30, 2023 and 2022 include certain items that impact the comparability of period-to-period FFO, which are listed in the table on the following page. The aggregate of these items, net of amounts attributable to noncontrolling interests, decreased FFO attributable to common shareholders plus assumed conversions for the quarter ended September 30, 2023 by \$7,754,000, or \$0.04 per diluted share, and by \$4,889,000, or \$0.02 per diluted share, for the quarter ended September 30, 2022.

Nine Months Ended September 30, 2023 Financial Results Summary

Net income attributable to common shareholders for the nine months ended September 30, 2023 was \$104,391,000, or \$0.54 per diluted share, compared to \$84,665,000, or \$0.44 per diluted share, for the nine months ended September 30, 2022. The nine months ended September 30, 2023 and 2022 include certain items that impact the comparability of period-to-period net income attributable to common shareholders, which are listed in the table on the following page. The aggregate of these items, net of amounts attributable to noncontrolling interests, increased net income attributable to common shareholders for the nine months ended September 30, 2023 by \$61,145,000, or \$0.32 per diluted share, and decreased net income attributable to common shareholders by \$21,987,000, or \$0.12 per diluted share, for the nine months ended September 30, 2022.

FFO attributable to common shareholders plus assumed conversions for the nine months ended September 30, 2023 was \$382,658,000, or \$1.97 per diluted share, compared to \$462,463,000, or \$2.39 per diluted share, for the nine months ended September 30, 2022. FFO attributable to common shareholders plus assumed conversions for the nine months ended September 30, 2023 and 2022 include certain items that impact the comparability of period-to-period FFO, which are listed in the table on the following page. The aggregate of these items, net of amounts attributable to noncontrolling interests, decreased FFO attributable to common shareholders plus assumed conversions for the nine months ended September 30, 2023 by \$1,713,000, or \$0.01 per diluted share, and by \$7,388,000, or \$0.04 per diluted share for the nine months ended September 30, 2022.

Overview - continued

The following table reconciles the difference between our net income attributable to common shareholders and our net income attributable to common shareholders, as adjusted:

(Amounts in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Certain (income) expense items that impact net income attributable to common shareholders:				
Net gain on contribution of Pier 94 leasehold interest to joint venture	\$ (35,968)	\$ —	\$ (35,968)	\$ —
After-tax net gain on sale of The Armory Show	(17,076)	—	(17,076)	—
Deferred tax liability on our investment in The Farley Building (held through a taxable REIT subsidiary)	3,115	3,776	8,196	10,183
Our share of Alexander's, Inc. ("Alexander's") gain on sale of Rego Park III land parcel	—	—	(16,396)	—
After-tax net gain on sale of 220 Central Park South ("220 CPS") condominium units and ancillary amenities	—	—	(6,173)	(6,085)
Other	5,954	28,090	48	19,784
	(43,975)	31,866	(67,369)	23,882
Noncontrolling interests' share of above adjustments	3,974	(2,206)	6,224	(1,895)
Total of certain (income) expense items that impact net income attributable to common shareholders	\$ (40,001)	\$ 29,660	\$ (61,145)	\$ 21,987

The following table reconciles the difference between our FFO attributable to common shareholders plus assumed conversions and our FFO attributable to common shareholders plus assumed conversions, as adjusted:

(Amounts in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Certain expense (income) items that impact FFO attributable to common shareholders plus assumed conversions:				
Deferred tax liability on our investment in The Farley Building (held through a taxable REIT subsidiary)	\$ 3,115	\$ 3,776	\$ 8,196	\$ 10,183
After-tax net gain on sale of 220 CPS condominium units and ancillary amenities	—	—	(6,173)	(6,085)
Other	5,330	1,477	(167)	3,840
	8,445	5,253	1,856	7,938
Noncontrolling interests' share of above adjustments	(691)	(364)	(143)	(550)
Total of certain expense (income) items that impact FFO attributable to common shareholders plus assumed conversions, net	\$ 7,754	\$ 4,889	\$ 1,713	\$ 7,388

Same Store Net Operating Income ("NOI") At Share

The percentage (decrease) increase in same store NOI at share and same store NOI at share - cash basis of our New York segment, THE MART and 555 California Street are below.

	Total	New York	THE MART ⁽¹⁾	555 California Street ⁽²⁾
Same store NOI at share % (decrease) increase				
Three months ended September 30, 2023 compared to September 30, 2022	(3.0)%	4.0 %	(54.0)%	2.9 %
Nine months ended September 30, 2023 compared to September 30, 2022	1.1 %	2.8 %	(35.5)%	32.2 %
Same store NOI at share - cash basis % (decrease) increase				
Three months ended September 30, 2023 compared to September 30, 2022	(4.7)%	2.1 %	(53.7)%	3.7 %
Nine months ended September 30, 2023 compared to September 30, 2022	1.1 %	3.1 %	(38.2)%	34.7 %

(1) The third quarter of 2022 includes prior period accrual adjustments related to changes in the tax-assessed value of THE MART.

(2) The second quarter of 2023 includes our \$14,103,000 share of the receipt of a tenant settlement, net of legal expenses.

Calculations of same store NOI at share, reconciliations of our net income to NOI at share, NOI at share - cash basis 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 Financial Condition and Results of Operations.

Overview - continued

Sunset Pier 94 Studios Joint Venture

On August 28, 2023, we, together with Hudson Pacific Properties and Blackstone Inc., formed a joint venture (“Pier 94 JV”) to develop a 266,000 square foot purpose-built studio campus at Pier 94 in Manhattan (“Sunset Pier 94 Studios”). In connection therewith:

- We contributed our Pier 94 leasehold interest to the joint venture in exchange for a 49.9% common equity interest and an initial capital account of \$47,944,000, comprised of (i) the \$40,000,000 value of our Pier 94 leasehold interest contribution and (ii) a \$7,944,000 credit for pre-development costs incurred. Hudson Pacific Properties (“HPP”) and Blackstone Inc. (together, “HPP/BX”) received an aggregate 50.1% common equity interest in Pier 94 JV and an initial capital account of \$22,976,000 in exchange for (i) a \$15,000,000 cash contribution upon the joint venture’s formation and (ii) a \$7,976,000 credit for pre-development costs incurred. HPP/BX will fund 100% of cash contributions until such time that its capital account is equal to Vornado’s, after which equity will be funded in accordance with each partner’s respective ownership interest.
- The lease of Pier 94 with the City of New York was amended and restated to allow for the contribution to Pier 94 JV and to remove Pier 92 from the lease’s demised premises. The amended and restated lease expires in 2060 with five 10-year renewal options.
- Pier 94 JV closed on a \$183,200,000 construction loan facility (\$100,000 outstanding as of September 30, 2023) which bears interest at SOFR plus 4.75% and matures in September 2025, with one one-year as-of-right extension option and two one-year extension options subject to certain conditions. VRLP and the other partners provided a joint and several completion guarantee.

The development cost of the project is estimated to be \$350,000,000, which will be funded with \$183,200,000 of construction financing (described above) and \$166,800,000 of equity contributions. Our share of equity contributions will be funded by (i) our \$40,000,000 Pier 94 leasehold interest contribution and (ii) \$34,000,000 of cash contributions, which are net of an estimated \$9,000,000 for our share of development fees and reimbursement for overhead costs incurred by us.

Upon contribution of the Pier 94 leasehold, we recognized a \$35,968,000 net gain primarily due to the step-up of our retained investment in the leasehold interest to fair value. The net gain was included in “net gains on disposition of wholly owned and partially owned assets” on our consolidated statements of income for the three and nine months ended September 30, 2023.

Dividends/Share Repurchase Program

On April 26, 2023, we announced the postponement of dividends on our common shares until the end of 2023, at which time, upon finalization of our 2023 taxable income, including the impact of asset sales, we will pay the 2023 dividend in either (i) cash, or (ii) a combination of cash and securities, as determined by our Board of Trustees. Cash retained from dividends or from asset sales will be used to reduce debt and/or to fund the share repurchase program discussed below.

We also announced that our Board of Trustees has authorized the repurchase of up to \$200,000,000 of our outstanding common shares under a newly established share repurchase program.

During the three months ended September 30, 2023, we repurchased 302,200 common shares for \$5,927,000 at an average price per share of \$19.61. In total, we have repurchased 2,024,495 common shares under the program at an average price per share of \$14.40. As of September 30, 2023, \$170,857,000 remained available and authorized for repurchases.

Overview - continued

350 Park Avenue

On January 24, 2023, we and the Rudin family (“Rudin”) completed agreements with Citadel Enterprise Americas LLC (“Citadel”) and with an affiliate of Kenneth C. Griffin, Citadel’s Founder and CEO (“KG”), for a series of transactions relating to 350 Park Avenue and 40 East 52nd Street.

Pursuant to the agreements, Citadel master leases 350 Park Avenue, a 585,000 square foot Manhattan office building, on an “as is” basis for ten years, with an initial annual net rent of \$36,000,000. Per the terms of the lease, no tenant allowance or free rent was provided. Citadel has also master leased Rudin’s adjacent property at 40 East 52nd Street (390,000 square feet).

In addition, we entered into a joint venture with Rudin (the “Vornado/Rudin JV”) which was formed to purchase 39 East 51st Street. Upon formation of the KG joint venture described below, 39 East 51st Street will be combined with 350 Park Avenue and 40 East 52nd Street to create a premier development site (collectively, the “Site”). On June 20, 2023, the Vornado/Rudin JV completed the purchase of 39 East 51st Street for \$40,000,000, which was funded on a 50/50 basis by Vornado and Rudin.

From October 2024 to June 2030, KG will have the option to either:

- acquire a 60% interest in a joint venture with the Vornado/Rudin JV that would value the Site at \$1.2 billion (\$900,000,000 to Vornado and \$300,000,000 to Rudin) and build a new 1,700,000 square foot office tower (the “Project”) pursuant to East Midtown Subdistrict zoning with the Vornado/Rudin JV as developer. KG would own 60% of the joint venture and the Vornado/Rudin JV would own 40% (with Vornado owning 36% and Rudin owning 4% of the joint venture along with a \$250,000,000 preferred equity interest in the Vornado/Rudin JV).
 - at the joint venture formation, Citadel or its affiliates will execute a pre-negotiated 15-year anchor lease with renewal options for approximately 850,000 square feet (with expansion and contraction rights) at the Project for its primary office in New York City;
 - the rent for Citadel’s space will be determined by a formula based on a percentage return (that adjusts based on the actual cost of capital) on the total Project cost;
 - the master leases will terminate at the scheduled commencement of demolition;
- or, exercise an option to purchase the Site for \$1.4 billion (\$1.085 billion to Vornado and \$315,000,000 to Rudin), in which case the Vornado/Rudin JV would not participate in the new development.

Further, the Vornado/Rudin JV will have the option from October 2024 to September 2030 to put the Site to KG for \$1.2 billion (\$900,000,000 to Vornado and \$300,000,000 to Rudin). For ten years following any put option closing, unless the put option is exercised in response to KG’s request to form the joint venture or KG makes a \$200,000,000 termination payment, the Vornado/Rudin JV will have the right to invest in a joint venture with KG on the terms described above if KG proceeds with development of the Site.

Dispositions

Alexander's

On May 19, 2023, Alexander's completed the sale of the Rego Park III land parcel, located in Queens, New York, for \$71,060,000, inclusive of consideration for Brownfield tax benefits and reimbursement of costs for plans, specifications and improvements to date. As a result of the sale, we recognized our \$16,396,000 share of the net gain and received a \$711,000 sales commission from Alexander’s, of which \$250,000 was paid to a third-party broker.

The Armory Show

On July 3, 2023, we completed the sale of The Armory Show, located in New York, for \$24,410,000, subject to certain post-closing adjustments, and realized net proceeds of \$22,489,000. In connection with the sale, we recognized a net gain of \$20,181,000 which is included in “net gains on disposition of wholly owned and partially owned assets” on our consolidated statements of income.

Manhattan Retail Properties Sale

On August 10, 2023, we completed the sale of four Manhattan retail properties located at 510 Fifth Avenue, 148–150 Spring Street, 443 Broadway and 692 Broadway for \$100,000,000 and realized net proceeds of \$95,450,000. In connection with the sale, we recognized an impairment loss of \$625,000 which is included in “transaction related costs and other” on our consolidated statements of income.

Overview - continued

Financings

150 West 34th Street

On January 9, 2023, our \$105,000,000 participation in the \$205,000,000 mortgage loan on 150 West 34th Street was repaid, which reduced “other assets” and “mortgages payable, net” on our consolidated balance sheets by \$105,000,000.

On October 4, 2023, we completed a \$75,000,000 refinancing of 150 West 34th Street, of which \$25,000,000 is recourse to the Operating Partnership. The interest-only loan bears a rate of SOFR plus 2.15% and matures in February 2025, with three one-year as-of-right extension options and an additional one-year extension option available subject to satisfying a loan-to-value test. The interest rate on the loan is subject to an interest rate cap arrangement with a SOFR strike rate of 5.00%, which matures in February 2026. The loan replaces the previous \$100,000,000 loan, which bore interest at SOFR plus 1.86%.

697-703 Fifth Avenue (Fifth Avenue and Times Square JV)

On June 14, 2023, the Fifth Avenue and Times Square JV completed a restructuring of the 697-703 Fifth Avenue \$421,000,000 non-recourse mortgage loan, which matured in December 2022. The restructured \$355,000,000 loan, which had its principal reduced through an application of property-level reserves and funds from the partners, was split into (i) a \$325,000,000 senior note, which bears interest at SOFR plus 2.00%, and (ii) a \$30,000,000 junior note, which accrues interest at a fixed rate of 4.00%. The restructured loan matures in June 2025, with two one-year and one nine-month as-of-right extension options (March 2028, as fully extended). Any amounts funded for future re-leasing of the property will be senior to the \$30,000,000 junior note.

512 West 22nd Street

On June 28, 2023, a joint venture, in which we have a 55% interest, completed a \$129,250,000 refinancing of 512 West 22nd Street, a 173,000 square foot Manhattan office building. The interest-only loan bears a rate of SOFR plus 2.00% in year one and SOFR plus 2.35% thereafter. The loan matures in June 2025 with a one-year extension option subject to debt service coverage ratio, loan-to-value and debt yield requirements. The loan replaces the previous \$137,124,000 loan that bore interest at LIBOR plus 1.85% and had an initial maturity of June 2023. In addition, the joint venture entered into the interest rate cap arrangement detailed in the table on the following page.

825 Seventh Avenue

On July 24, 2023, a joint venture, in which we have a 50% interest, completed a \$54,000,000 refinancing of the office condominium of 825 Seventh Avenue, a 173,000 square foot Manhattan office and retail building. The interest-only loan bears a rate of SOFR plus 2.75%, with a 30 basis point reduction available upon satisfaction of certain leasing conditions, and matures in January 2026. The loan replaces the previous \$60,000,000 loan that bore interest at LIBOR plus 2.35% and was scheduled to mature in July 2023.

Overview - continued

Interest Rate Hedging

We entered into the following interest rate swap and cap arrangements during the nine months ended September 30, 2023. See Note 15 - *Fair Value Measurements* in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information on our consolidated hedging instruments:

(Amounts in thousands)

	Notional Amount (at share)	All-In Swapped Rate	Expiration Date	Variable Rate Spread
Interest rate swaps:				
555 California Street (effective 05/24)	\$ 840,000	6.03%	05/26	S+205
Unsecured term loan ⁽¹⁾ (effective 10/23)	150,000	5.12%	07/25	S+129
		Index Strike Rate		
Interest rate caps:				
1290 Avenue of the Americas (70.0% interest) (effective 11/23) ⁽²⁾	\$ 665,000	1.00%	11/25	S+162
One Park Avenue (effective 3/24)	525,000	3.89%	03/25	S+122
731 Lexington Avenue office condominium (32.4% interest)	162,000	6.00%	06/24	Prime + 0
640 Fifth Avenue (52.0% interest)	259,925	4.00%	05/24	S+111
512 West 22nd Street (55.0% interest)	71,088	4.50%	06/25	S+200

- (1) In addition to the swap disclosed above, the unsecured term loan, which matures in December 2027, is subject to various interest rate swap arrangements that were entered into in prior periods. The table below summarizes the impact of the swap arrangements on the unsecured term loan.

	Swapped Balance	All-In Swapped Rate	Unswapped Balance (bears interest at S+129)
Through 10/23	\$ 800,000	4.04%	\$ —
10/23 through 07/25	700,000	4.52%	100,000
07/25 through 10/26	550,000	4.35%	250,000
10/26 through 08/27	50,000	4.03%	750,000

- (2) In connection with the arrangement, we made a \$63,100 up-front payment, of which \$18,930 is attributable to noncontrolling interests. See Note 10 - *Debt* in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information.

Overview - continued

Leasing Activity

The leasing activity and related statistics below are based on leases signed during the period and are not intended to coincide with the commencement of rental revenue in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Second generation relet space represents square footage that has not been vacant for more than nine months and tenant improvements and leasing commissions are based on our share of square feet leased during the period.

For the Three Months Ended September 30, 2023:

- 236,000 square feet of New York Office space (190,000 square feet at share) at an initial rent of \$93.33 per square foot and a weighted average lease term of 7.9 years. The changes in the GAAP and cash mark-to-market rent on the 176,000 square feet of second generation space were negative 0.3% and negative 2.5%, respectively. Tenant improvements and leasing commissions were \$12.87 per square foot per annum, or 13.8% of initial rent.
- 29,000 square feet of New York Retail space (21,000 square feet at share) at an initial rent of \$373.28 per square foot and a weighted average lease term of 8.4 years. The changes in the GAAP and cash mark-to-market rent on the 9,000 square feet of second generation space were positive 31.3% and positive 33.5%, respectively. Tenant improvements and leasing commissions were \$26.02 per square foot per annum, or 7.0% of initial rent.
- 68,000 square feet at THE MART (63,000 square feet at share) at an initial rent of \$54.71 per square foot and a weighted average lease term of 5.2 years. The changes in the GAAP and cash mark-to-market rent on the 40,000 square feet of second generation space were negative 9.0% and negative 10.4%, respectively. Tenant improvements and leasing commissions were \$10.46 per square foot per annum, or 19.1% of initial rent.

For the Nine Months Ended September 30, 2023:

- 1,292,000 square feet of New York Office space (1,186,000 square feet at share) at an initial rent of \$97.99 per square foot and a weighted average lease term of 9.5 years. The changes in the GAAP and cash mark-to-market rent on the 1,027,000 square feet of second generation space were positive 7.3% and positive 1.6%, respectively. Tenant improvements and leasing commissions were \$5.66 per square foot per annum, or 5.8% of initial rent.
- 259,000 square feet of New York Retail space (200,000 square feet at share) at an initial rent of \$116.03 per square foot and a weighted average lease term of 5.6 years. The changes in the GAAP and cash mark-to-market rent on the 113,000 square feet of second generation space were positive 17.0% and positive 15.4%, respectively. Tenant improvements and leasing commissions were \$19.01 per square foot per annum, or 16.4% of initial rent.
- 176,000 square feet at THE MART (171,000 square feet at share) at an initial rent of \$55.87 per square foot and a weighted average lease term of 5.7 years. The changes in the GAAP and cash mark-to-market rent on the 112,000 square feet of second generation space were negative 5.9% and negative 9.8%, respectively. Tenant improvements and leasing commissions were \$8.49 per square foot per annum, or 15.2% of initial rent.
- 10,000 square feet at 555 California Street (7,000 square feet at share) at an initial rent of \$134.70 per square foot and a weighted average lease term of 5.9 years. The changes in the GAAP and cash mark-to-market rent on the 4,000 square feet of second generation space were positive 12.8% and positive 2.4%, respectively. Tenant improvements and leasing commissions were \$22.92 per square foot per annum, or 17.0% of initial rent.

Overview - continued

Square Footage (in service) and Occupancy as of September 30, 2023

(Square feet in thousands)

(Square feet in thousands)		Square Feet (in service)		Occupancy %
	Number of Properties	Total Portfolio	Our Share	
New York:				
Office	30	⁽¹⁾ 18,771	16,073	91.6 %
Retail (includes retail properties that are in the base of our office properties)	51	⁽¹⁾ 2,117	1,678	74.3 %
Residential - 1,974 units ⁽²⁾	5	⁽¹⁾ 1,479	745	96.6 % ⁽²⁾
Alexander's	5	2,455	795	87.3 % ⁽²⁾
		24,822	19,291	89.9 %
Other:				
THE MART	4	3,683	3,674	76.8 %
555 California Street	3	1,819	1,274	94.5 %
Other	11	2,532	1,197	91.9 %
		8,034	6,145	
Total square feet as of September 30, 2023		32,856	25,436	

See notes below.

Square Footage (in service) and Occupancy as of December 31, 2022

(Square feet in thousands)

(Square feet in thousands)		Square Feet (in service)		Occupancy %	
	Number of properties	Total Portfolio	Our Share		
New York:					
Office	30	⁽¹⁾	18,724	16,028	91.9 %
Retail (includes retail properties that are in the base of our office properties)	56	⁽¹⁾	2,289	1,851	74.4 %
Residential - 1,976 units ⁽²⁾	6	⁽¹⁾	1,499	766	96.7 % ⁽²⁾
Alexander's	6		2,241	726	96.4 % ⁽²⁾
			24,753	19,371	90.4 %
Other:					
THE MART	4		3,635	3,626	81.6 %
555 California Street	3		1,819	1,273	94.7 %
Other	11		2,532	1,197	92.6 %
			7,986	6,096	
Total square feet as of December 31, 2022			32,739	25,467	

(1) Reflects the Office, Retail and Residential space within our 65 and 71 total New York properties as of September 30, 2023 and December 31, 2022, respectively.

(2) The Alexander Apartment Tower (312 units) is reflected in Residential unit count and occupancy.

Critical Accounting Estimates

A summary of our critical accounting policies and estimates used in the preparation of our consolidated financial statements is included in Part II, Item 7 - *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Annual Report on Form 10-K for the year ended December 31, 2022. For the nine months ended September 30, 2023, there were no material changes to these policies.

Recently Issued Accounting Literature

Refer to Note 3 - *Recently Issued Accounting Literature* to the unaudited consolidated financial statements in Part I, Item I of this Quarterly Report on Form 10-Q for information regarding recent accounting pronouncements that may affect us.

NOI At Share by Segment for the Three Months Ended September 30, 2023 and 2022

NOI at share represents total revenues less operating expenses including our share of partially owned entities. NOI at share - cash basis represents NOI at share adjusted to exclude straight-line rental income and expense, amortization of acquired below and above market leases, accruals for ground rent resets yet to be determined, and other non-cash adjustments. We consider NOI at share - cash basis to be the primary 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 NOI at share - cash basis, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. NOI at share and NOI at share - cash basis should not be considered alternatives to net income or cash flow from operations and may not be comparable to similarly titled measures employed by other companies.

Below is a summary of NOI at share and NOI at share - cash basis by segment for the three months ended September 30, 2023 and 2022.

(Amounts in thousands)

	For the Three Months Ended September 30, 2023		
	Total	New York	Other
Total revenues	\$ 450,995	\$ 364,768	\$ 86,227
Operating expenses	(233,737)	(186,147)	(47,590)
NOI - consolidated	217,258	178,621	38,637
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(8,363)	(2,197)	(6,166)
Add: NOI from partially owned entities	72,100	69,210	2,890
NOI at share	280,995	245,634	35,361
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	(2,980)	(4,790)	1,810
NOI at share - cash basis	<u>\$ 278,015</u>	<u>\$ 240,844</u>	<u>\$ 37,171</u>

(Amounts in thousands)

	For the Three Months Ended September 30, 2022		
	Total	New York	Other
Total revenues	\$ 457,431	\$ 360,033	\$ 97,398
Operating expenses	(221,596)	(182,131)	(39,465)
NOI - consolidated	235,835	177,902	57,933
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(14,766)	(8,691)	(6,075)
Add: NOI from partially owned entities	76,020	71,943	4,077
NOI at share	297,089	241,154	55,935
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	(1,419)	(3,462)	2,043
NOI at share - cash basis	<u>\$ 295,670</u>	<u>\$ 237,692</u>	<u>\$ 57,978</u>

NOI At Share by Segment for the Three Months Ended September 30, 2023 and 2022 - continued

The elements of our New York and Other NOI at share for the three months ended September 30, 2023 and 2022 are summarized below

(Amounts in thousands)	For the Three Months Ended September 30,	
	2023	2022
New York:		
Office	\$ 183,919	\$ 174,790
Retail	46,559	52,127
Residential	5,570	4,598
Alexander's	9,586	9,639
Total New York	245,634	241,154
Other:		
THE MART ⁽¹⁾	15,132	35,769
555 California Street	16,564	16,092
Other investments	3,665	4,074
Total Other	35,361	55,935
NOI at share	\$ 280,995	\$ 297,089

See notes below.

The elements of our New York and Other NOI at share - cash basis for the three months ended September 30, 2023 and 2022 are summarized below.

(Amounts in thousands)	For the Three Months Ended September 30,	
	2023	2022
New York:		
Office	\$ 179,838	\$ 174,606
Retail	45,451	48,096
Residential	5,271	4,556
Alexander's	10,284	10,434
Total New York	240,844	237,692
Other:		
THE MART ⁽¹⁾	15,801	36,772
555 California Street	17,552	16,926
Other investments	3,818	4,280
Total Other	37,171	57,978
NOI at share - cash basis	\$ 278,015	\$ 295,670

(1) The third quarter of 2022 includes prior period accrual adjustments related to changes in the tax-assessed value of THE MART.

NOI At Share by Segment for the Three Months Ended September 30, 2023 and 2022 - continued

Reconciliation of Net Income to NOI At Share and NOI At Share - Cash Basis for the Three Months Ended September 30, 2023 and 2022

Below is a reconciliation of net income to NOI at share and NOI at share - cash basis for the three months ended September 30, 2023 and 2022.

(Amounts in thousands)

	For the Three Months Ended September 30,	
	2023	2022
Net income	\$ 59,570	\$ 20,112
Depreciation and amortization expense	110,349	134,526
General and administrative expense	35,838	29,174
Transaction related costs and other	813	996
Income from partially owned entities	(18,269)	(24,341)
(Income) loss from real estate fund investments	(1,783)	111
Interest and other investment income, net	(12,934)	(5,228)
Interest and debt expense	88,126	76,774
Net gains on disposition of wholly owned and partially owned assets	(56,136)	—
Income tax expense	11,684	3,711
NOI from partially owned entities	72,100	76,020
NOI attributable to noncontrolling interests in consolidated subsidiaries	(8,363)	(14,766)
NOI at share	280,995	297,089
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	(2,980)	(1,419)
NOI at share - cash basis	<u>\$ 278,015</u>	<u>\$ 295,670</u>

NOI At Share by Region

Region:	For the Three Months Ended September 30,	
	2023	2022
New York City metropolitan area	89%	82%
Chicago, IL	5%	13%
San Francisco, CA	6%	5%
	<u>100%</u>	<u>100%</u>

Results of Operations – Three Months Ended September 30, 2023 Compared to September 30, 2022

Revenues

Our revenues were \$450,995,000 for the three months ended September 30, 2023 compared to \$457,431,000 for the prior year's quarter, a decrease of \$6,436,000. Below are the details of the (decrease) increase by segment:

(Amounts in thousands)	Total	New York	Other
(Decrease) increase due to:			
Rental revenues:			
Acquisitions, dispositions and other	\$ (17,720)	\$ (6,055)	\$ (11,665)
Development and redevelopment	720	720	—
Trade shows	(811)	—	(811)
Same store operations	9,034	7,460	1,574
	<u>(8,777)</u>	<u>2,125</u>	<u>(10,902)</u>
Fee and other income:			
BMS cleaning fees	366	628	(262)
Management and leasing fees	731	846	(115)
Other income	1,244	1,136	108
	<u>2,341</u>	<u>2,610</u>	<u>(269)</u>
Total (decrease) increase in revenues	<u>\$ (6,436)</u>	<u>\$ 4,735</u>	<u>\$ (11,171)</u>

Expenses

Our expenses were \$382,368,000 for the three months ended September 30, 2023, compared to \$385,692,000 for the prior year's quarter, a decrease of \$3,324,000. Below are the details of the (decrease) increase by segment:

(Amounts in thousands)	Total	New York	Other
(Decrease) increase due to:			
Operating:			
Acquisitions, dispositions and other	\$ (11,531)	\$ (2,628)	\$ (8,903)
Development and redevelopment	603	603	—
Non-reimbursable expenses	34	34	—
Trade shows	(186)	—	(186)
BMS expenses	(242)	20	(262)
Same store operations	23,463	5,987	17,476
	<u>12,141</u>	<u>4,016</u>	<u>8,125</u>
Depreciation and amortization:			
Acquisitions, dispositions and other	(28,427)	(28,427)	—
Development and redevelopment	(36)	(36)	—
Same store operations	4,286	3,941	345
	<u>(24,177)</u>	<u>(24,522)</u>	<u>345</u>
General and administrative	<u>6,664</u>	<u>1,251</u>	<u>5,413</u>
Expense from deferred compensation plan liability	<u>2,231</u>	<u>—</u>	<u>2,231</u>
Transaction related costs and other	<u>(183)</u>	<u>514</u>	<u>(697)</u>
Total (decrease) increase in expenses	<u>\$ (3,324)</u>	<u>\$ (18,741)</u>	<u>\$ 15,417</u>

Results of Operations – Three Months Ended September 30, 2023 Compared to September 30, 2022 - continued

Income from Partially Owned Entities

Below are the components of income from partially owned entities.

(Amounts in thousands)	Percentage Ownership as of September 30, 2023	For the Three Months Ended September 30,	
		2023	2022
Our share of net income (loss):			
Fifth Avenue and Times Square JV:			
Equity in net income	51.5%	\$ 10,917	\$ 11,941
Return on preferred equity, net of our share of the expense		9,430	9,430
		20,347	21,371
Partially owned office buildings ⁽¹⁾	Various	(7,647)	(5,286)
Alexander's	32.4%	4,525	5,910
Other investments ⁽²⁾	Various	1,044	2,346
		\$ 18,269	\$ 24,341

(1) Includes interests in 280 Park Avenue, 650 Madison Avenue, 7 West 34th Street, 512 West 22nd Street, 61 Ninth Avenue, 85 Tenth Avenue and others.

(2) Includes interests in Independence Plaza, Rosslyn Plaza and others.

Income (Loss) from Real Estate Fund Investments

Below is a summary of income (loss) from the Vornado Capital Partners Real Estate Fund (“the Fund”) and the Crowne Plaza Times Square Hotel Joint Venture.

(Amounts in thousands)	For the Three Months Ended September 30,	
	2023	2022
Net realized gain on exited investments	\$ 1,861	\$ —
Net investment loss	(78)	(111)
Income (loss) from real estate fund investments	1,783	(111)
Less (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(1,302)	312
Income from real estate fund investments net of noncontrolling interests in consolidated subsidiaries	<u>\$ 481</u>	<u>\$ 201</u>

Interest and Other Investment Income, Net

The following table sets forth the details of interest and other investment income, net.

(Amounts in thousands)	For the Three Months Ended September 30,	
	2023	2022
Interest on cash and cash equivalents and restricted cash	\$ 12,643	\$ 2,286
Interest on loans receivable	291	1,396
Amortization of discount on investments in U.S. Treasury bills	—	1,546
	<u>\$ 12,934</u>	<u>\$ 5,228</u>

Interest and Debt Expense

Interest and debt expense for the three months ended September 30, 2023 was \$88,126,000 compared to \$76,774,000 for the prior year's quarter, an increase of \$11,352,000. This was primarily due to (i) \$19,156,000 of higher interest expense resulting from higher average interest rates on our debt partially offset by (ii) \$6,331,000 of higher capitalized interest and debt expense.

Net Gains on Disposition of Wholly Owned and Partially Owned Assets

Net gains on disposition of wholly owned and partially owned assets for the three months ended September 30, 2023 was \$56,136,000, primarily consisting of (i) \$35,968,000 upon contribution of our Pier 94 leasehold to Pier 94 JV primarily due to the step-up of our retained investment in the leasehold interest to fair value and (ii) \$20,181,000 from the sale of The Armory Show.

Results of Operations – Three Months Ended September 30, 2023 Compared to September 30, 2022 - continued

Income Tax Expense

Income tax expense for the three months ended September 30, 2023 was \$11,684,000 compared to \$3,711,000 for the prior year's quarter, an increase of \$7,973,000. This was primarily due to higher income tax expense incurred by our taxable REIT subsidiaries.

Net Loss Attributable to Noncontrolling Interests in Consolidated Subsidiaries

Net loss attributable to noncontrolling interests in consolidated subsidiaries was \$13,541,000 for the three months ended September 30, 2023, compared to \$3,792,000 for the prior year's quarter, an increase of \$9,749,000. This was primarily due to higher average interest rates on mortgage loans of our non-wholly owned consolidated subsidiaries in 2023.

Net Income Attributable to Noncontrolling Interests in the Operating Partnership (Vornado Realty Trust)

Net income attributable to noncontrolling interests in the Operating Partnership was \$4,736,000 for the three months ended September 30, 2023, compared to \$606,000 for the prior year's quarter, an increase of \$4,130,000.

Preferred Share Dividends of Vornado Realty Trust

Preferred share dividends were \$15,529,000 for the three months ended September 30, 2023 and 2022.

Preferred Unit Distributions of Vornado Realty L.P.

Preferred unit distributions were \$15,558,000 for the three months ended September 30, 2023 and 2022.

Same Store Net Operating Income At Share

Same store NOI at share represents NOI at share from operations which are in service in both the current and prior year reporting periods. Same store NOI at share - cash basis is same store NOI at share adjusted to exclude straight-line rental income and expense, amortization of acquired below and above market leases, accruals for ground rent resets yet to be determined, and other non-cash adjustments. We present these non-GAAP measures to (i) facilitate meaningful comparisons of the operational performance of our properties and segments, (ii) make decisions on whether to buy, sell or refinance properties, and (iii) compare the performance of our properties and segments to those of our peers. Same store NOI at share and same store NOI at share - cash basis should not be considered alternatives to net income or cash flow from operations and may not be comparable to similarly titled measures employed by other companies.

Below are reconciliations of NOI at share to same store NOI at share for our New York segment, THE MART, 555 California Street and other investments for the three months ended September 30, 2023 compared to September 30, 2022.

(Amounts in thousands)

	Total	New York	THE MART	555 California Street	Other
NOI at share for the three months ended September 30, 2023	\$ 280,995	\$ 245,634	\$ 15,132	\$ 16,564	\$ 3,665
Less NOI at share from:					
Dispositions	(164)	(440)	276	—	—
Development properties	(4,724)	(4,724)	—	—	—
Other non-same store income, net	(4,774)	(1,109)	—	—	(3,665)
Same store NOI at share for the three months ended September 30, 2023	<u>\$ 271,333</u>	<u>\$ 239,361</u>	<u>\$ 15,408</u>	<u>\$ 16,564</u>	<u>\$ —</u>
NOI at share for the three months ended September 30, 2022	\$ 297,089	\$ 241,154	\$ 35,769	\$ 16,092	\$ 4,074
Less NOI at share from:					
Dispositions	(5,040)	(2,748)	(2,292)	—	—
Development properties	(4,549)	(4,549)	—	—	—
Other non-same store income, net	(7,679)	(3,605)	—	—	(4,074)
Same store NOI at share for the three months ended September 30, 2022	<u>\$ 279,821</u>	<u>\$ 230,252</u>	<u>\$ 33,477</u>	<u>\$ 16,092</u>	<u>\$ —</u>
(Decrease) increase in same store NOI at share	<u>\$ (8,488)</u>	<u>\$ 9,109</u>	<u>\$ (18,069)</u>	<u>\$ 472</u>	<u>\$ —</u>
% (decrease) increase in same store NOI at share	<u>(3.0)%</u>	<u>4.0 %</u>	<u>(54.0)%</u>	<u>2.9 %</u>	<u>0.0 %</u>

Results of Operations – Three Months Ended September 30, 2023 Compared to September 30, 2022 - continued

Same Store Net Operating Income At Share - continued

Below are reconciliations of NOI at share - cash basis to same store NOI at share - cash basis for our New York segment, THE MART, 555 California Street and other investments for the three months ended September 30, 2023 compared to September 30, 2022.

(Amounts in thousands)

	Total	New York	THE MART	555 California Street	Other
NOI at share - cash basis for the three months ended September 30, 2023	\$ 278,015	\$ 240,844	\$ 15,801	\$ 17,552	\$ 3,818
Less NOI at share - cash basis from:					
Dispositions	(274)	(487)	213	—	—
Development properties	(4,131)	(4,131)	—	—	—
Other non-same store income, net	(8,379)	(4,561)	—	—	(3,818)
Same store NOI at share - cash basis for the three months ended September 30, 2023	<u>\$ 265,231</u>	<u>\$ 231,665</u>	<u>\$ 16,014</u>	<u>\$ 17,552</u>	<u>\$ —</u>
NOI at share - cash basis for the three months ended September 30, 2022	\$ 295,670	\$ 237,692	\$ 36,772	\$ 16,926	\$ 4,280
Less NOI at share - cash basis from:					
Dispositions	(4,857)	(2,655)	(2,202)	—	—
Development properties	(4,943)	(4,943)	—	—	—
Other non-same store income, net	(7,520)	(3,240)	—	—	(4,280)
Same store NOI at share - cash basis for the three months ended September 30, 2022	<u>\$ 278,350</u>	<u>\$ 226,854</u>	<u>\$ 34,570</u>	<u>\$ 16,926</u>	<u>\$ —</u>
(Decrease) increase in same store NOI at share - cash basis	<u>\$ (13,119)</u>	<u>\$ 4,811</u>	<u>\$ (18,556)</u>	<u>\$ 626</u>	<u>\$ —</u>
% (decrease) increase in same store NOI at share - cash basis	<u>(4.7)%</u>	<u>2.1 %</u>	<u>(53.7)%</u>	<u>3.7 %</u>	<u>0.0 %</u>

NOI At Share by Segment for the Nine Months Ended September 30, 2023 and 2022

Below is a summary of NOI at share and NOI at share - cash basis by segment for the nine months ended September 30, 2023 and 2022.

(Amounts in thousands)

	For the Nine Months Ended September 30, 2023		
	Total	New York	Other
Total revenues	\$ 1,369,277	\$ 1,091,053	\$ 278,224
Operating expenses	(685,233)	(550,878)	(134,355)
NOI - consolidated	684,044	540,175	143,869
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(38,869)	(12,224)	(26,645)
Add: NOI from partially owned entities	210,942	202,043	8,899
NOI at share	856,117	729,994	126,123
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(3,498)	(6,554)	3,056
NOI at share - cash basis	<u>\$ 852,619</u>	<u>\$ 723,440</u>	<u>\$ 129,179</u>

(Amounts in thousands)

	For the Nine Months Ended September 30, 2022		
	Total	New York	Other
Total revenues	\$ 1,353,055	\$ 1,082,743	\$ 270,312
Operating expenses	(660,434)	(536,238)	(124,196)
NOI - consolidated	692,621	546,505	146,116
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(51,100)	(32,708)	(18,392)
Add: NOI from partially owned entities	228,772	219,116	9,656
NOI at share	870,293	732,913	137,380
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(8,824)	(13,626)	4,802
NOI at share - cash basis	<u>\$ 861,469</u>	<u>\$ 719,287</u>	<u>\$ 142,182</u>

NOI At Share by Segment for the Nine Months Ended September 30, 2023 and 2022 - continued

The elements of our New York and Other NOI at share for the nine months ended September 30, 2023 and 2022 are summarized below.

(Amounts in thousands)	For the Nine Months Ended September 30,	
	2023	2022
New York:		
Office	\$ 544,231	\$ 534,641
Retail	141,183	155,670
Residential	16,495	14,622
Alexander's	28,085	27,980
Total New York	729,994	732,913
Other:		
THE MART ⁽¹⁾	47,003	75,630
555 California Street ⁽²⁾	64,840	49,051
Other investments	14,280	12,699
Total Other	126,123	137,380
NOI at share	\$ 856,117	\$ 870,293

See note below.

The elements of our New York and Other NOI at share - cash basis for the nine months ended September 30, 2023 and 2022 are summarized below.

(Amounts in thousands)	For the Nine Months Ended September 30,	
	2023	2022
New York:		
Office	\$ 543,172	\$ 532,759
Retail	134,441	142,678
Residential	15,451	13,554
Alexander's	30,376	30,296
Total New York	723,440	719,287
Other:		
THE MART ⁽¹⁾	47,068	78,749
555 California Street ⁽²⁾	67,554	50,141
Other investments	14,557	13,292
Total Other	129,179	142,182
NOI at share - cash basis	\$ 852,619	\$ 861,469

(1) The third quarter of 2022 includes prior period accrual adjustments related to changes in the tax-assessed value of THE MART.

(2) 2023 includes our \$14,103 share of the receipt of a tenant settlement, net of legal expenses.

Reconciliation of Net Income to NOI At Share and NOI at Share - Cash Basis for the Nine Months Ended September 30, 2023 and 2022

Below is a reconciliation of net income to NOI at share and NOI at share - cash basis for the nine months ended September 30, 2023 and 2022.

(Amounts in thousands)

	For the Nine Months Ended September 30,	
	2023	2022
Net income	\$ 133,501	\$ 142,390
Depreciation and amortization expense	324,076	370,631
General and administrative expense	116,843	102,292
Transaction related costs and other	1,501	4,961
Income from partially owned entities	(72,207)	(83,775)
Income from real estate fund investments	(1,662)	(5,421)
Interest and other investment income, net	(35,792)	(9,282)
Interest and debt expense	261,528	191,523
Net gains on disposition of wholly owned and partially owned assets	(64,592)	(35,384)
Income tax expense	20,848	14,686
NOI from partially owned entities	210,942	228,772
NOI attributable to noncontrolling interests in consolidated subsidiaries	(38,869)	(51,100)
NOI at share	856,117	870,293
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	(3,498)	(8,824)
NOI at share - cash basis	<u>\$ 852,619</u>	<u>\$ 861,469</u>

NOI At Share by Region⁽¹⁾

Region:	For the Nine Months Ended September 30,	
	2023	2022
New York City metropolitan area	88%	85%
Chicago, IL	6%	9%
San Francisco, CA ⁽¹⁾	6%	6%
	<u>100%</u>	<u>100%</u>

(1) 2023 excludes our \$14,103,000 share of the receipt of a tenant settlement, net of legal expenses.

Results of Operations – Nine Months Ended September 30, 2023 Compared to September 30, 2022

Revenues

Our revenues were \$1,369,277,000 for the nine months ended September 30, 2023, compared to \$1,353,055,000 for the prior year's nine months, an increase of \$16,222,000. Below are the details of the increase by segment:

(Amounts in thousands)			
(Decrease) increase due to:	<u>Total</u>	<u>New York</u>	<u>Other</u>
Rental revenues:			
Acquisitions, dispositions and other	\$ (36,584)	\$ (24,919)	\$ (11,665)
Development and redevelopment	789	789	—
Trade shows	33	—	33
Same store operations	40,135	21,588	18,547 ⁽¹⁾
	<u>4,373</u>	<u>(2,542)</u>	<u>6,915</u>
Fee and other income:			
BMS cleaning fees	4,150	5,143	(993)
Management and leasing fees	1,803	1,802	1
Other income	5,896	3,907	1,989
	<u>11,849</u>	<u>10,852</u>	<u>997</u>
Total increase in revenues	<u>\$ 16,222</u>	<u>\$ 8,310</u>	<u>\$ 7,912</u>

(1) 2023 includes the receipt of a \$21,350 tenant settlement, of which \$6,405 is attributable to noncontrolling interests.

Expenses

Our expenses were \$1,135,194,000 for the nine months ended September 30, 2023, compared to \$1,128,180,000 for the prior year's nine months, an increase of \$7,014,000. Below are the details of the increase (decrease) by segment:

(Amounts in thousands)			
(Decrease) increase due to:	<u>Total</u>	<u>New York</u>	<u>Other</u>
Operating:			
Acquisitions, dispositions and other	\$ (19,232)	\$ (10,329)	\$ (8,903)
Development and redevelopment	4,943	4,943	—
Non-reimbursable expenses	2,617	2,617	—
Trade shows	633	—	633
BMS expenses	2,555	3,548	(993)
Same store operations	33,283	13,861	19,422
	<u>24,799</u>	<u>14,640</u>	<u>10,159</u>
Depreciation and amortization:			
Acquisitions, dispositions and other	(50,117)	(50,117)	—
Development and redevelopment	148	148	—
Same store operations	3,414	3,946	(532)
	<u>(46,555)</u>	<u>(46,023)</u>	<u>(532)</u>
General and administrative	<u>14,551 ⁽¹⁾</u>	<u>2,035</u>	<u>12,516</u>
Expense from deferred compensation plan liability	<u>17,679</u>	<u>—</u>	<u>17,679</u>
Transaction related costs and other	<u>(3,460)</u>	<u>(473)</u>	<u>(2,987)</u>
Total increase (decrease) in expenses	<u>\$ 7,014</u>	<u>\$ (29,821)</u>	<u>\$ 36,835</u>

(1) Primarily due to non-cash expense related to the June 2023 grant. See Note 13 - *Stock-based Compensation* in Part I, Item 1 of this Quarterly Report on Form 10-Q for details.

Results of Operations – Nine Months Ended September 30, 2023 Compared to September 30, 2022 - continued

Income from Partially Owned Entities

Below are the components of income from partially owned entities.

(Amounts in thousands)	Percentage Ownership as of September 30, 2023	For the Nine Months Ended September 30,	
		2023	2022
Our share of net income (loss):			
Fifth Avenue and Times Square JV:			
Equity in net income ⁽¹⁾	51.5%	\$ 27,057	\$ 41,915
Return on preferred equity, net of our share of the expense		27,985	27,985
		55,042	69,900
Alexander's ⁽²⁾	32.4%	30,682	17,587
Partially owned office buildings ⁽³⁾	Various	(16,864)	(8,974)
Other investments ⁽⁴⁾	Various	3,347	5,262
		\$ 72,207	\$ 83,775

(1) 2023 includes a \$5,120 accrual of default interest which was forgiven by the lender as part of the restructuring of the 697-703 Fifth Avenue loan and will be amortized over the remaining term of the restructured loan, reducing future interest expense, and lower income from lease renewals at 697-703 Fifth Avenue and 666 Fifth Avenue, partially offset by a decrease in our share of depreciation and amortization expense compared to the prior year, primarily resulting from non-cash impairment losses recognized in prior periods.

(2) On May 19, 2023, Alexander's completed the sale of the Rego Park III land parcel for \$71,060. As a result of the sale, we recognized our \$16,396 share of the net gain and received a \$711 sales commission from Alexander's, of which \$250 was paid to a third-party broker.

(3) Includes interests in 280 Park Avenue, 650 Madison Avenue, 7 West 34th Street, 512 West 22nd Street, 61 Ninth Avenue, 85 Tenth Avenue and others.

(4) Includes interests in Independence Plaza, Rosslyn Plaza and others.

Income from Real Estate Fund Investments

Below is a summary of income from the Fund and the Crowne Plaza Times Square Hotel Joint Venture.

(Amounts in thousands)	For the Nine Months Ended September 30,	
	2023	2022
Previously recorded unrealized loss on exited investments	\$ 247,575	\$ 59,396
Net realized loss on exited investments	(245,714)	(53,724)
Net investment (loss) income	(199)	6,549
Net unrealized loss on held investments	—	(6,800)
Income from real estate fund investments	1,662	5,421
Less income attributable to noncontrolling interests in consolidated subsidiaries	(920)	(3,287)
Income from real estate fund investments net of noncontrolling interests in consolidated subsidiaries	<u>\$ 742</u>	<u>\$ 2,134</u>

Interest and Other Investment Income, Net

The following table sets forth the details of interest and other investment income, net.

(Amounts in thousands)	For the Nine Months Ended September 30,	
	2023	2022
Interest on cash and cash equivalents and restricted cash	\$ 30,910	\$ 2,660
Amortization of discount on investments in U.S. Treasury bills	3,829	3,403
Interest on loans receivable	1,053	3,215
Other, net	—	4
	<u>\$ 35,792</u>	<u>\$ 9,282</u>

Results of Operations – Nine Months Ended September 30, 2023 Compared to September 30, 2022 - continued

Interest and Debt Expense

Interest and debt expense was \$261,528,000 for the nine months ended September 30, 2023, compared to \$191,523,000 for the prior year's nine months, an increase of \$70,005,000. This was primarily due to (i) \$90,434,000 of higher interest expense resulting from higher average interest rates on our debt, partially offset by (ii) \$17,916,000 of higher capitalized interest and debt expense.

Net Gains on Disposition of Wholly Owned and Partially Owned Assets

Net gains on disposition of wholly owned and partially owned assets was \$64,592,000 for the nine months ended September 30, 2023, primarily consisting of (i) \$35,968,000 upon contribution of our Pier 94 leasehold to Pier 94 JV primarily due to the step-up of our retained investment in the leasehold interest to fair value, (ii) \$20,181,000 from the sale of The Armory Show, and (iii) \$7,520,000 from the sale of a condominium unit at 220 CPS. Net gains on disposition of wholly owned and partially owned assets were \$35,384,000 for the nine months ended September 30, 2022, primarily consisting of (i) \$15,213,000 from the sale of the Center Building located at 33-00 Northern Boulevard in Long Island City, New York, (ii) \$13,613,000 from the refund of New York City real property transfer tax paid in connection with the April 2019 Fifth Avenue and Times Square JV transaction, and (iii) \$7,030,000 from the sale of one condominium unit and ancillary amenities at 220 CPS.

Income Tax Expense

Income tax expense for the nine months ended September 30, 2023 was \$20,848,000 compared to \$14,686,000 for the prior year's nine months, an increase of \$6,162,000. This was primarily due to higher income tax expense incurred by our taxable REIT subsidiaries.

Net Loss (Income) Attributable to Noncontrolling Interests in Consolidated Subsidiaries

Net loss attributable to noncontrolling interests in consolidated subsidiaries was \$26,250,000 for the nine months ended September 30, 2023, compared to net income of \$4,756,000 for the prior year's nine months, a decrease in income of \$31,006,000. This was primarily due to higher average interest rates on mortgage loans of our non-wholly owned consolidated subsidiaries in 2023.

Net Income Attributable to Noncontrolling Interests in the Operating Partnership (Vornado Realty Trust)

Net income attributable to noncontrolling interests in the Operating Partnership was \$8,773,000 for the nine months ended September 30, 2023, compared to \$6,382,000 for the prior year's nine months, an increase of \$2,391,000. This resulted primarily from higher net income subject to allocation to Class A unitholders.

Preferred Share Dividends of Vornado Realty Trust

Preferred share dividends were \$46,587,000 for the nine months ended September 30, 2023 and 2022.

Preferred Unit Distributions of Vornado Realty L.P.

Preferred unit distributions were \$46,673,000 for the nine months ended September 30, 2023 and 2022.

Results of Operations – Nine Months Ended September 30, 2023 Compared to September 30, 2022 - continued

Same Store Net Operating Income At Share

Below are reconciliations of NOI at share to same store NOI at share for our New York segment, THE MART, 555 California Street and other investments for the nine months ended September 30, 2023 compared to September 30, 2022.

(Amounts in thousands)

	Total	New York	THE MART	555 California Street	Other
NOI at share for the nine months ended September 30, 2023	\$ 856,117	\$ 729,994	\$ 47,003	\$ 64,840	\$ 14,280
Less NOI at share from:					
Dispositions	(1,301)	(1,577)	276	—	—
Development properties	(19,864)	(19,864)	—	—	—
Other non-same store (income) expense, net	(12,919)	1,361	—	—	(14,280)
Same store NOI at share for the nine months ended September 30, 2023	<u>\$ 822,033</u>	<u>\$ 709,914</u>	<u>\$ 47,279</u>	<u>\$ 64,840</u>	<u>\$ —</u>
NOI at share for the nine months ended September 30, 2022	\$ 870,293	\$ 732,913	\$ 75,630	\$ 49,051	\$ 12,699
Less NOI at share from:					
Dispositions	(12,833)	(10,541)	(2,292)	—	—
Development properties	(20,251)	(20,251)	—	—	—
Other non-same store income, net	(24,402)	(11,703)	—	—	(12,699)
Same store NOI at share for the nine months ended September 30, 2022	<u>\$ 812,807</u>	<u>\$ 690,418</u>	<u>\$ 73,338</u>	<u>\$ 49,051</u>	<u>\$ —</u>
Increase (decrease) in same store NOI at share	<u>\$ 9,226</u>	<u>\$ 19,496</u>	<u>\$ (26,059)</u>	<u>\$ 15,789</u>	<u>\$ —</u>
% increase (decrease) in same store NOI at share	<u>1.1 %</u>	<u>2.8 %</u>	<u>(35.5)%</u>	<u>32.2 %</u>	<u>0.0 %</u>

Below are reconciliations of NOI at share - cash basis to same store NOI at share - cash basis for our New York segment, THE MART, 555 California Street and other investments for the nine months ended September 30, 2023 compared to September 30, 2022.

(Amounts in thousands)

	Total	New York	THE MART	555 California Street	Other
NOI at share - cash basis for the nine months ended September 30, 2023	\$ 852,619	\$ 723,440	\$ 47,068	\$ 67,554	\$ 14,557
Less NOI at share - cash basis from:					
Dispositions	(1,824)	(2,037)	213	—	—
Development properties	(17,588)	(17,588)	—	—	—
Other non-same store income, net	(20,589)	(6,032)	—	—	(14,557)
Same store NOI at share - cash basis for the nine months ended September 30, 2023	<u>\$ 812,618</u>	<u>\$ 697,783</u>	<u>\$ 47,281</u>	<u>\$ 67,554</u>	<u>\$ —</u>
NOI at share - cash basis for the nine months ended September 30, 2022	\$ 861,469	\$ 719,287	\$ 78,749	\$ 50,141	\$ 13,292
Less NOI at share - cash basis from:					
Dispositions	(13,302)	(11,100)	(2,202)	—	—
Development properties	(19,319)	(19,319)	—	—	—
Other non-same store income, net	(25,320)	(12,028)	—	—	(13,292)
Same store NOI at share - cash basis for the nine months ended September 30, 2022	<u>\$ 803,528</u>	<u>\$ 676,840</u>	<u>\$ 76,547</u>	<u>\$ 50,141</u>	<u>\$ —</u>
Increase (decrease) in same store NOI at share - cash basis	<u>\$ 9,090</u>	<u>\$ 20,943</u>	<u>\$ (29,266)</u>	<u>\$ 17,413</u>	<u>\$ —</u>
% increase (decrease) in same store NOI at share - cash basis	<u>1.1 %</u>	<u>3.1 %</u>	<u>(38.2)%</u>	<u>34.7 %</u>	<u>0.0 %</u>

Liquidity and Capital Resources

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

As of September 30, 2023, we have \$3.2 billion of liquidity comprised of \$1.3 billion of cash and cash equivalents and restricted cash and \$1.9 billion available on our \$2.5 billion revolving credit facilities. The ongoing challenges posed by the increase in interest rates and inflation could adversely impact our cash flow from continuing operations but we anticipate that cash flow from continuing operations over the next twelve months together with cash balances on hand will be adequate to fund our business operations, cash distributions to unitholders of the Operating Partnership, cash dividends to our shareholders, debt amortization and recurring capital expenditures. Capital requirements for development and redevelopment expenditures and acquisitions may require funding from borrowings, equity offerings and/or asset sales.

We may from time to time repurchase or retire our outstanding debt securities or repurchase or redeem our equity 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.

On April 26, 2023, our Board of Trustees authorized the repurchase of up to \$200,000,000 of our outstanding common shares under a newly established share repurchase program. As of September 30, 2023, \$170,857,000 remained available and authorized for repurchases.

Summary of Cash Flows

Cash and cash equivalents and restricted cash was \$1,262,480,000 as of September 30, 2023, a \$241,323,000 increase from the balance as of December 31, 2022.

Our cash flow activities are summarized as follows:

(Amounts in thousands)	<u>For the Nine Months Ended September 30,</u>		<u>(Decrease) Increase in Cash Flow</u>
	<u>2023</u>	<u>2022</u>	
Net cash provided by operating activities	\$ 436,875	\$ 559,827	\$ (122,952)
Net cash provided by (used in) investing activities	65,800	(849,738)	915,538
Net cash used in financing activities	(261,352)	(663,392)	402,040

Operating Activities

Net cash provided by operating activities primarily consists of cash inflows from rental revenues and operating distributions from our unconsolidated partially owned entities less cash outflows for property expenses, general and administrative expenses and interest expense. For the nine months ended September 30, 2023, net cash provided by operating activities of \$436,875,000 was comprised of \$516,895,000 of cash from operations, including distributions of income from partially owned entities of \$131,308,000, and a net decrease of \$80,020,000 in cash due to the timing of cash receipts and payments related to changes in operating assets and liabilities.

Liquidity and Capital Resources - continued

Investing Activities

Net cash flow provided by (used in) investing activities is impacted by the timing and extent of our development, capital improvement, acquisition and disposition activities during the year.

The following table details the net cash provided by (used in) investing activities:

(Amounts in thousands)	For the Nine Months Ended September 30,		Increase (Decrease) in Cash Flow
	2023	2022	
Proceeds from maturities of U.S. Treasury bills	\$ 468,598	\$ 349,461	\$ 119,137
Development costs and construction in progress	(432,439)	(557,884)	125,445
Additions to real estate	(155,080)	(120,124)	(34,956)
Proceeds from sales of real estate	123,550	253,958	(130,408)
Proceeds from repayment of participation in 150 West 34th Street mortgage loan	105,000	—	105,000
Investments in partially owned entities	(43,737)	(15,046)	(28,691)
Acquisitions of real estate and other	(33,145)	(2,000)	(31,145)
Distributions of capital from partially owned entities	18,837	20,566	(1,729)
Proceeds from sale of condominium units at 220 Central Park South	14,216	16,124	(1,908)
Purchase of U.S. Treasury bills	—	(794,793)	794,793
Net cash provided by (used in) investing activities	<u>\$ 65,800</u>	<u>\$ (849,738)</u>	<u>\$ 915,538</u>

Financing Activities

Net cash flow used in financing activities is impacted by the timing and extent of issuances of debt and equity securities, distributions paid to common shareholders and unitholders of the Operating Partnership as well as principal and other repayments associated with our outstanding debt.

The following table details the net cash used in financing activities:

(Amounts in thousands)	For the Nine Months Ended September 30,		Increase (Decrease) in Cash Flow
	2023	2022	
Repayments of borrowings	\$ (119,400)	\$ (1,245,973)	\$ 1,126,573
Dividends paid on common shares/Distributions to Vornado	(71,950)	(304,896)	232,946
Dividends paid on preferred shares/Distributions to preferred unitholders	(46,587)	(46,587)	—
Repurchase of common shares/Class A units owned by Vornado	(29,183)	—	(29,183)
Contributions from noncontrolling interests in consolidated subsidiaries	18,534	4,903	13,631
Distributions to redeemable security holders and noncontrolling interests in consolidated subsidiaries	(9,489)	(68,716)	59,227
Deferred financing costs	(3,398)	(32,473)	29,075
Proceeds received from exercise of Vornado stock options and other	146	662	(516)
Repurchase of shares/Class A units related to stock compensation agreements and related tax withholdings and other	(25)	(85)	60
Proceeds from borrowings	—	1,029,773	(1,029,773)
Net cash used in financing activities	<u>\$ (261,352)</u>	<u>\$ (663,392)</u>	<u>\$ 402,040</u>

Liquidity and Capital Resources - continued

Development and Redevelopment Expenditures

Development and redevelopment expenditures consist of all hard and soft costs associated with the development and redevelopment of a property. We plan to fund these development and redevelopment expenditures from operating cash flow, existing liquidity, and/or borrowings. See the detailed discussion below for our current development and redevelopment projects.

PENN District

PENN 1

We are redeveloping PENN 1, a 2,558,000 square foot office building located on 34th Street between Seventh and Eighth Avenue. In December 2020, we entered into an agreement with the Metropolitan Transportation Authority (the "MTA") to oversee the redevelopment of the Long Island Rail Road Concourse at Penn Station (the "Concourse"). Skanska USA Civil Northeast, Inc. is performing the redevelopment under a fixed price contract for \$400,000,000 which is being funded by the MTA. In connection with the redevelopment, we entered into an agreement with the MTA which will result in the widening of the Concourse to relieve overcrowding and our trading of 15,000 square feet of back of house space for 22,000 square feet of retail frontage space. Vornado's total development cost of our PENN 1 project is estimated to be \$450,000,000, of which \$415,663,000 of cash has been expended as of September 30, 2023.

PENN 2

We are redeveloping PENN 2, a 1,795,000 square foot (as expanded) office building located on the west side of Seventh Avenue between 31st and 33rd Street. The development cost of this project is estimated to be \$750,000,000, of which \$582,671,000 of cash has been expended as of September 30, 2023.

Hotel Pennsylvania Site

Demolition of the existing building was completed in the third quarter of 2023.

We are also making districtwide improvements within the PENN District. The development cost of these improvements is estimated to be \$100,000,000, of which \$45,490,000 of cash has been expended as of September 30, 2023.

Sunset Pier 94 Studios

On August 28, 2023, we entered into a joint venture, in which we have a 49.9% interest, to develop Sunset Pier 94 Studios, a 266,000 square foot purpose-built studio campus (see page 53 for details). The development cost of the project is estimated to be \$350,000,000, which will be funded with \$183,200,000 of construction financing and \$166,800,000 of equity contributions. Our share of equity contributions will be funded by (i) our \$40,000,000 Pier 94 leasehold interest contribution and (ii) \$34,000,000 of cash contributions, which are net of an estimated \$9,000,000 for our share of development fees and reimbursement for overhead costs incurred by us. HPP/BX will fund 100% of cash contributions until such time that its capital account is equal to Vornado's, after which equity will be funded in accordance with each partner's respective ownership interest. We have funded \$7,994,000 of cash contributions as of September 30, 2023.

We are also evaluating other development and redevelopment opportunities at certain of our properties in Manhattan including, in particular, the PENN District and 350 Park Avenue.

There can be no assurance that the above projects will be completed, completed on schedule or within budget.

Liquidity and Capital Resources - continued

Insurance

For our properties, we maintain general liability insurance with limits of \$300,000,000 per occurrence and per property, of which \$275,000,000, increased from \$250,000,000 effective June 20, 2023, includes communicable disease coverage and we maintain 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, excluding communicable disease coverage. Our California properties have earthquake insurance with coverage of \$350,000,000 per occurrence and in the aggregate, subject to a deductible in the amount of 5% of the value of the affected property. We maintain coverage for certified terrorism acts with limits of \$6.0 billion per occurrence and in the aggregate (as listed below), \$1.2 billion for non-certified acts of terrorism, and \$5.0 billion per occurrence and in the aggregate for terrorism involving nuclear, biological, chemical and radiological (“NBCR”) terrorism events, as defined by the Terrorism Risk Insurance Act of 2002, as amended to date and which has been extended through December 2027.

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 \$1,774,525 and 20% of the balance of a covered loss and the Federal government is responsible for the remaining portion of a covered loss. We are ultimately responsible for any loss incurred by PPIC.

Certain condominiums in which we own an interest (including the Farley Condominiums) maintain insurance policies with different per occurrence and aggregate limits than our policies described above.

We continue to monitor the state of the insurance market and the scope and costs of coverage for acts of terrorism and other events. However, we cannot anticipate what coverage will be available on commercially reasonable terms in the future. We are responsible for uninsured losses and for deductibles and losses in excess of our insurance coverage, which could be material.

Our debt instruments, consisting of mortgage loans secured by our properties, 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 or refinance 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 currently 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.

In January 2022, we exercised the second of three 25-year renewal options on our PENN 1 ground lease. The first renewal option period commenced June 2023 and, together with the second option exercise, extends the lease term through June 2073. As a result of the exercise, we remeasured the related ground lease liability and recorded an estimated incremental right-of-use asset and lease liability of approximately \$350,000,000, respectively, on our consolidated balance sheets. The ground lease is subject to fair market value resets at each 25-year renewal period. The rent reset effective June 2023 has yet to be determined and may be material.

In July 2018, we leased 78,000 square feet at 345 Montgomery Street in San Francisco, CA, to a subsidiary of Regus PLC, for an initial term of 15 years. The obligations under the lease were guaranteed by Regus PLC in an amount of up to \$90,000,000. The tenant purported to terminate the lease prior to space delivery. We commenced a suit on October 23, 2019 seeking to enforce the lease and the guaranty. On May 11, 2021, the court issued a final statement of decision in our favor and on January 31, 2023, the Court of Appeal affirmed the lower court's decision. On October 9, 2020, the successor to Regus PLC filed for bankruptcy in Luxembourg. In April 2023, we entered into a settlement with affiliates of the successor to Regus PLC, pursuant to which we agreed to discontinue all legal proceedings against the Regus PLC successor and its affiliates in exchange for a payment to us of \$21,350,000, which is included in “rental revenues” on our consolidated statements of income for the nine months ended September 30, 2023, of which \$6,405,000 is attributable to noncontrolling interest.

Liquidity and Capital Resources - continued

Other Commitments and Contingencies - continued

We may, from time to time, enter into guarantees including, but not limited to, payment guarantees to lenders of unconsolidated joint ventures for tax purposes, completion guarantees for development and redevelopment projects, and guarantees to fund leasing costs. These agreements terminate either upon the satisfaction of specified obligations or repayment of the underlying loans. As of September 30, 2023, the aggregate dollar amount of these guarantees is approximately \$1,153,000,000, primarily comprised of payment guarantees for the mortgage loans secured by 640 Fifth Avenue, 7 West 34th Street and 435 Seventh Avenue. Other than these loans, our mortgage loans are non-recourse to us.

As of September 30, 2023, \$30,233,000 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 current ratings). 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.

Our 95% consolidated joint venture (5% is owned by Related Companies ("Related")) developed and owns the Farley Building. In connection with the development of the property, the joint venture admitted a historic tax credit investor partner (the "Tax Credit Investor"). Under the terms of the historic tax credit arrangement, the joint venture is required to comply with various laws, regulations, and contractual provisions. Non-compliance with applicable requirements could result in projected tax benefits not being realized and, therefore, may require a refund or reduction of the Tax Credit Investor's capital contributions. As of September 30, 2023, the Tax Credit Investor has made \$92,400,000 in capital contributions. Vornado and Related have guaranteed certain of the joint venture's obligations to the Tax Credit Investor.

As investment manager of the Fund, we are entitled to an incentive allocation after the limited partners have received a preferred return on their invested capital. The incentive allocation is subject to catch-up and clawback provisions. Accordingly, based on the September 30, 2023 fair value of the Fund assets, at liquidation we would be required to make a \$26,700,000 payment to the limited partners, net of amounts owed to us, representing a clawback of previously paid incentive allocations, which would have no income statement impact as it was previously accrued.

As of September 30, 2023, we have construction commitments aggregating approximately \$169,500,000.

Funds From Operations (“FFO”)

Vornado Realty Trust

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 certain real estate assets, real estate impairment losses, depreciation and amortization expense from real estate assets and other specified 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. The Company also uses FFO attributable to common shareholders plus assumed conversions, as adjusted for certain items that impact the comparability of period-to-period FFO, as one of several criteria to determine performance-based compensation for senior management. 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 flow as a liquidity measure. FFO may not be comparable to similarly titled measures employed by other companies. The calculations of both the numerator and denominator used in the computation of income per share are disclosed in Note 18 – *Income Per Share/Income Per Class A Unit* in Part I, Item 1 of this Quarterly Report on Form 10-Q. Details of certain adjustments to FFO are discussed in the financial results summary of our “Overview”.

Below is a reconciliation of net income attributable to common shareholders to FFO attributable to common shareholders plus assumed conversions for the three and nine months ended September 30, 2023 and 2022.

(Amounts in thousands, except per share amounts)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Reconciliation of net income attributable to common shareholders to FFO attributable to common shareholders plus assumed conversions:				
Net income attributable to common shareholders	\$ 52,846	\$ 7,769	\$ 104,391	\$ 84,665
Per diluted share	\$ 0.28	\$ 0.04	\$ 0.54	\$ 0.44
FFO adjustments:				
Depreciation and amortization of real property	\$ 97,809	\$ 122,438	\$ 287,523	\$ 335,020
Real estate impairment losses	625	—	625	—
Net gain on sale of real estate	(53,045)	—	(53,305)	(28,354)
Proportionate share of adjustments to equity in net income of partially owned entities to arrive at FFO:				
Depreciation and amortization of real property	26,765	32,584	80,900	98,404
Net loss (gain) on sale of real estate	—	6	(16,545)	(169)
	72,154	155,028	299,198	404,901
Noncontrolling interests' share of above adjustments	(5,900)	(10,731)	(22,156)	(28,018)
FFO adjustments, net	\$ 66,254	\$ 144,297	\$ 277,042	\$ 376,883
FFO attributable to common shareholders	\$ 119,100	\$ 152,066	\$ 381,433	\$ 461,548
Impact of assumed conversion of dilutive convertible securities	387	395	1,225	915
FFO attributable to common shareholders plus assumed conversions	\$ 119,487	\$ 152,461	\$ 382,658	\$ 462,463
Per diluted share	\$ 0.62	\$ 0.79	\$ 1.97	\$ 2.39
Reconciliation of weighted average shares outstanding:				
Weighted average common shares outstanding	190,364	191,793	191,228	191,756
Effect of dilutive securities:				
Convertible securities	2,227	1,790	2,621	1,407
Share-based payment awards	445	225	163	266
Denominator for FFO per diluted share	193,036	193,808	194,012	193,429

Item 3. 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 and per unit amounts)

	2023		
	September 30, Balance	Weighted Average Interest Rate ⁽¹⁾	Effect of 1% Change in Base Rates
Consolidated debt:			
Fixed rate ⁽²⁾	\$ 6,143,650	3.59%	\$ —
Variable rate ⁽³⁾	2,189,565	5.87%	21,896
	<u>\$ 8,333,215</u>	<u>4.19%</u>	<u>21,896</u>
Pro rata share of debt of non-consolidated entities:			
Fixed rate ⁽²⁾	\$ 1,201,058	3.87%	—
Variable rate ⁽⁴⁾	1,454,011	6.61%	14,540
	<u>\$ 2,655,069</u>	<u>5.37%</u>	<u>14,540</u>
Noncontrolling interests' share of consolidated subsidiaries			(6,821)
Total change in annual net income attributable to the Operating Partnership			29,615
Noncontrolling interests' share of the Operating Partnership			(2,422)
Total change in annual net income attributable to Vornado			<u>\$ 27,193</u>
Total change in annual net income attributable to the Operating Partnership per diluted Class A unit			<u>\$ 0.14</u>
Total change in annual net income attributable to Vornado per diluted share			<u>\$ 0.14</u>

(1) Represents the interest rate in effect as of period end based on the appropriate reference rate as of the contractual reset date plus contractual spread, adjusted for hedging instruments, as applicable.

(2) Includes variable rate debt subject to interest rate swap arrangements as of period end.

(3) Includes variable rate debt subject to interest rate cap arrangements with a total notional amount of \$2,009,119, of which \$682,059 is attributable to noncontrolling interests. The interest rate cap arrangements have a weighted average strike rate of 4.17% and a weighted average remaining term of 7 months. These amounts exclude the 1.00% SOFR interest rate cap we entered into in June 2023 for the \$950,000 1290 Avenue of the Americas mortgage loan, in which we have a 70% controlling interest, which is effective November 2023. See the following page for details on the forward cap arrangement.

(4) Includes variable rate debt subject to interest rate cap arrangements with a total notional amount of \$668,305 at our pro rata share. The interest rate cap arrangements have a weighted average strike rate of 4.59% and a weighted average remaining term of 10 months.

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 September 30, 2023, the estimated fair value of our consolidated debt was \$8,006,000,000.

Item 3. Quantitative and Qualitative Disclosures About Market Risk - continued

Derivatives and Hedging

We 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. The following table summarizes our consolidated hedging instruments, all of which hedge variable rate debt, as of September 30, 2023 and December 31, 2022.

(Amounts in thousands)

	As of September 30, 2023				As of December 31, 2022
	Notional Amount	All-In Swapped Rate	Swap/Cap Expiration Date	Fair Value Asset	Fair Value Asset
Interest rate swaps:					
555 California Street mortgage loan:					
In-place swap	\$ 840,000 ⁽¹⁾	2.29%	05/24	\$ 26,672	\$ 49,888
Forward swap (effective 05/24)	840,000 ⁽¹⁾	6.03%	05/26	6,627	—
770 Broadway mortgage loan	700,000	4.98%	07/27	40,782	29,226
PENN 11 mortgage loan	500,000	2.22%	03/24	11,305	26,587
Unsecured revolving credit facility	575,000	3.87%	08/27	34,358	24,457
Unsecured term loan ⁽²⁾	800,000	4.04%	(2)	27,249	21,024
100 West 33rd Street mortgage loan	480,000	5.06%	06/27	16,907	6,886
888 Seventh Avenue mortgage loan	200,000 ⁽³⁾	4.76%	09/27	10,293	6,544
4 Union Square South mortgage loan	98,650 ⁽⁴⁾	3.74%	01/25	3,552	4,050
Interest rate caps:					
1290 Avenue of the Americas mortgage loan	950,000	(5)	11/25	70,599	7,590
One Park Avenue mortgage loan	525,000	(6)	03/25	10,169	5,472
Various mortgage loans				2,234	2,080
				<u>\$ 260,747</u>	<u>\$ 183,804</u>

(1) Represents our 70.0% share of the \$1.2 billion mortgage loan. In March 2023, we entered into the forward swap arrangement detailed above.

(2) Represents the aggregate fair value of various interest rate swap arrangements to hedge interest payments on our unsecured term loan. In February 2023, we entered into a forward interest rate swap arrangement for \$150,000 of the \$800,000 unsecured term loan. The unsecured term loan, which matures in December 2027, is subject to various interest rate swap arrangements through August 2027, which are detailed below:

	Swapped Balance	All-In Swapped Rate	Unswapped Balance (bears interest at S+129)
Through 10/23	\$ 800,000	4.04%	\$ —
10/23 through 07/25	700,000	4.52%	100,000
07/25 through 10/26	550,000	4.35%	250,000
10/26 through 08/27	50,000	4.03%	750,000

(3) The remaining \$63,400 amortizing mortgage loan balance bears interest at a floating rate of SOFR plus 1.80% (7.13% as of September 30, 2023).

(4) The remaining \$21,350 mortgage loan balance bears interest at a floating rate of SOFR plus 1.50% (6.83% as of September 30, 2023).

(5) Current SOFR cap strike rate of 3.89%. In June 2023, we entered into a forward cap arrangement which is effective upon the November 2023 expiration of the current in-place cap and expires in November 2025. The forward cap has a SOFR strike rate of 1.00%. In connection with the arrangement, we made a \$63,100 up-front payment, of which \$18,930 is attributable to noncontrolling interests. See Note 10 - Debt in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information.

(6) Current SOFR cap strike rate of 3.89%. In March 2023, we entered into a forward cap arrangement which is effective upon the March 2024 expiration of the current in-place cap and expires in March 2025. The forward cap has a SOFR strike rate of 3.89%.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures (Vornado Realty Trust)

Disclosure Controls and Procedures: Our management, with the participation of Vornado's 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 report. Based on such evaluation, Vornado's Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2023, such disclosure controls and procedures were 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 Exchange Act of 1934, as amended) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Evaluation of Disclosure Controls and Procedures (Vornado Realty L.P.)

Disclosure Controls and Procedures: Vornado Realty L.P.'s management, with the participation of Vornado's 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 report. Based on such evaluation, Vornado's Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2023, such disclosure controls and procedures were 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 Exchange Act of 1934, as amended) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. 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 currently expected to have a material adverse effect on our financial position, results of operations or cash flows.

Item 1A. Risk Factors

There were no material changes to the Risk Factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

Vornado Realty Trust

(a) Recent sales of unregistered securities:

During the quarter ended September 30, 2023, Vornado issued 80,217 of its common shares for the redemption of Class A units by certain limited partners of Vornado Realty L.P. Such shares were issued in reliance on an exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended. There were no cash proceeds associated with these issuances.

(b) Use of Proceeds from Sales of Registered Securities: Not applicable.

(c) Issuer Purchases of Equity Securities:

On April 26, 2023, the Company's Board of Trustees authorized the repurchase of up to \$200,000,000 of its outstanding common shares under a newly established share repurchase program.

Share repurchases may be made from time to time in the open market, through privately negotiated transactions or through other means as permitted by federal securities laws, including through block trades, accelerated share repurchase transactions and/or trading plans intended to qualify under Rule 10b5-1. The timing, manner, price and amount of any repurchases will be determined in Vornado's discretion depending on business, economic and market conditions, corporate and regulatory requirements, prevailing prices for Vornado's common shares, alternative uses for capital and other considerations. The program does not have an expiration date and may be suspended or discontinued at any time and does not obligate Vornado to make any repurchases of its common shares.

Period	Total Number of Shares Repurchased	Average Price Paid Per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
July 1, 2023 - July 31, 2023	302,200	\$ 19.61	302,200	\$ 170,857,099
August 1, 2023 - August 31, 2023	—	—	—	170,857,099
September 1, 2023 - September 30, 2023	—	—	—	170,857,099

(1) Average price paid per share excludes costs associated with the repurchases.

Vornado Realty L.P.

(a) Recent sales of unregistered securities:

During the quarter ended September 30, 2023, Vornado Realty L.P. issued 5,744 Class A units to satisfy conversions of restricted Operating Partnership units ("LTIP Units"). There were no cash proceeds associated with the issuances. These securities were issued in reliance on an exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended.

(b) Use of Proceeds from Sales of Registered Securities: Not applicable.

(c) Issuer Purchases of Equity Securities: Vornado Realty L.P. repurchased Class A units from Vornado Realty Trust equivalent to the number and price of common shares repurchased by Vornado Realty Trust during the three months ended September 30, 2023, as disclosed in the table above.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The documents listed below are filed herewith or incorporated herein by reference and numbered in accordance with Item 601 of Regulation S-K.

Exhibit Number	Exhibit Description
15.1	— Letter regarding Unaudited Interim Financial Information of Vornado Realty Trust
15.2	— Letter regarding Unaudited Interim Financial Information of Vornado Realty L.P.
31.1	— Rule 13a-14 (a) Certification of the Chief Executive Officer of Vornado Realty Trust
31.2	— Rule 13a-14 (a) Certification of the Chief Financial Officer of Vornado Realty Trust
31.3	— Rule 13a-14 (a) Certification of the Chief Executive Officer of Vornado Realty L.P.
31.4	— Rule 13a-14 (a) Certification of the Chief Financial Officer of Vornado Realty L.P.
32.1	— Section 1350 Certification of the Chief Executive Officer of Vornado Realty Trust
32.2	— Section 1350 Certification of the Chief Financial Officer of Vornado Realty Trust
32.3	— Section 1350 Certification of the Chief Executive Officer of Vornado Realty L.P.
32.4	— Section 1350 Certification of the Chief Financial Officer of Vornado Realty L.P.
101	— The following financial information from Vornado Realty Trust and Vornado Realty L.P. Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 formatted in Inline Extensible Business Reporting Language (iXBRL) includes: (i) consolidated balance sheets, (ii) consolidated statements of income, (iii) consolidated statements of comprehensive income, (iv) consolidated statements of changes in equity, (v) consolidated statements of cash flows, and (vi) the notes to consolidated financial statements.
104	— The cover page from the Vornado Realty Trust and Vornado Realty L.P. Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, formatted as iXBRL and contained in Exhibit 101.

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: October 30, 2023

By: /s/ Deirdre Maddock

Deirdre Maddock, Chief Accounting Officer
(duly authorized officer and principal accounting officer)

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 L.P.

(Registrant)

Date: October 30, 2023

By: /s/ Deirdre Maddock

Deirdre Maddock, Chief Accounting Officer of Vornado Realty Trust, sole General Partner of Vornado Realty L.P.
(duly authorized officer and principal accounting officer)