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: **March 31, 2018**

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)

Vornado Realty Trust	**Maryland**	**22-1657560**
	(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
Vornado Realty L.P.	**Delaware**	**13-3925979**
	(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)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Vornado Realty Trust: Yes ☑ No ☐ Vornado Realty L.P.: Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
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," "non-accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Vornado Realty Trust:

☑ Large Accelerated Filer	☐ Accelerated Filer
☐ Non-Accelerated Filer (Do not check if smaller reporting company)	☐ Smaller Reporting Company
	☐ Emerging Growth Company

Vornado Realty L.P.:

☐ Large Accelerated Filer	☐ Accelerated Filer
☑ Non-Accelerated Filer (Do not check if smaller reporting company)	☐ 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 March 31, 2018, 190,169,168 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 March 31, 2018 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" 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 93.4% 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 units of limited partnership in 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 facility, 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 12. Redeemable Noncontrolling Interests/Redeemable Partnership Units
  - Note 20. (Loss) Income Per Share/(Loss) 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 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.

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)	March 31, 2018	December 31, 2017
ASSETS		
Real estate, at cost:		
Land	$ 3,170,158	$ 3,143,648
Buildings and improvements	9,946,225	9,898,605
Development costs and construction in progress	1,705,244	1,615,101
Leasehold improvements and equipment	104,710	98,941
Total	14,926,337	14,756,295
Less accumulated depreciation and amortization	(2,962,983)	(2,885,283)
Real estate, net	11,963,354	11,871,012
Cash and cash equivalents	1,327,384	1,817,655
Restricted cash	90,684	97,157
Marketable securities	149,766	182,752
Tenant and other receivables, net of allowance for doubtful accounts of $5,171 and $5,526	64,387	58,700
Investments in partially owned entities	1,033,228	1,056,829
Real estate fund investments	336,552	354,804
Receivable arising from the straight-lining of rents, net of allowance of $739 and $954	934,535	926,711
Deferred leasing costs, net of accumulated amortization of $194,078 and $191,827	405,209	403,492
Identified intangible assets, net of accumulated amortization of $157,062 and $150,837	152,834	159,260
Assets related to discontinued operations	275	1,357
Other assets	406,275	468,205
	$ 16,864,483	$ 17,397,934
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Mortgages payable, net	$ 8,102,238	$ 8,137,139
Senior unsecured notes, net	843,125	843,614
Unsecured term loan, net	749,114	748,734
Unsecured revolving credit facilities	80,000	—
Accounts payable and accrued expenses	431,094	415,794
Deferred revenue	200,648	227,069
Deferred compensation plan	109,525	109,177
Liabilities related to discontinued operations	1,176	3,620
Preferred shares redeemed on January 4 and 11, 2018	—	455,514
Other liabilities	465,659	464,635
Total liabilities	10,982,579	11,405,296
Commitments and contingencies		
Redeemable noncontrolling interests:		
Class A units - 12,653,821 and 12,528,899 units outstanding	851,598	979,509
Series D cumulative redeemable preferred units - 177,101 units outstanding	5,428	5,428
Total redeemable noncontrolling interests	857,026	984,937
Vornado's shareholders' equity:		
Preferred shares of beneficial interest: no par value per share; authorized 110,000,000 shares; issued and outstanding 36,799,573 shares	891,325	891,988
Common shares of beneficial interest: $0.04 par value per share; authorized 250,000,000 shares; issued and outstanding 190,169,168 and 189,983,858 shares	7,584	7,577
Additional capital	7,629,013	7,492,658
Earnings less than distributions	(4,198,088)	(4,183,253)
Accumulated other comprehensive income	30,258	128,682
Total Vornado shareholders' equity	4,360,092	4,337,652
Noncontrolling interests in consolidated subsidiaries	664,786	670,049
Total equity	5,024,878	5,007,701
	$ 16,864,483	$ 17,397,934

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 March 31,	
	2018	2017
REVENUES:		
Property rentals	$ 440,110	$ 414,892
Tenant expense reimbursements	60,310	59,033
Fee and other income	36,017	34,133
Total revenues	536,437	508,058
EXPENSES:		
Operating	237,602	220,659
Depreciation and amortization	108,686	105,128
General and administrative	43,633	47,237
(Income) expense from deferred compensation plan liability	(404)	2,469
Transaction related costs and other	13,156	752
Total expenses	402,673	376,245
Operating income	133,764	131,813
(Loss) income from partially owned entities	(9,904)	1,358
(Loss) income from real estate fund investments	(8,807)	268
Interest and other investment (loss) income, net	(24,384)	6,695
(Loss) income from deferred compensation plan assets	(404)	2,469
Interest and debt expense	(88,166)	(82,724)
Net gains on disposition of wholly owned and partially owned assets	—	501
Income before income taxes	2,099	60,380
Income tax expense	(1,454)	(1,851)
Income from continuing operations	645	58,529
(Loss) income from discontinued operations	(363)	15,318
Net income	282	73,847
Less net loss (income) attributable to noncontrolling interests in:		
Consolidated subsidiaries	8,274	(6,737)
Operating Partnership	1,124	(3,229)
Net income attributable to Vornado	9,680	63,881
Preferred share dividends	(13,035)	(16,129)
Preferred share issuance costs	(14,486)	—
NET (LOSS) INCOME attributable to common shareholders	$ (17,841)	$ 47,752
(LOSS) INCOME PER COMMON SHARE – BASIC:		
(Loss) income from continuing operations, net	$ (0.09)	$ 0.18
Income from discontinued operations, net	—	0.07
Net (loss) income per common share	$ (0.09)	$ 0.25
Weighted average shares outstanding	190,081	189,210
(LOSS) INCOME PER COMMON SHARE – DILUTED:		
(Loss) income from continuing operations, net	$ (0.09)	$ 0.18
Income from discontinued operations, net	—	0.07
Net (loss) income per common share	$ (0.09)	$ 0.25
Weighted average shares outstanding	190,081	190,372
DIVIDENDS PER COMMON SHARE	$ 0.63	$ 0.71

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(Amounts in thousands)	For the Three Months Ended March 31,	
	2018	2017
Net income	$ 282	$ 73,847
Other comprehensive income (loss):		
Increase in value of interest rate swaps	10,258	5,842
Pro rata share of other comprehensive income (loss) of nonconsolidated subsidiaries	346	(51)
Reduction in unrealized net gain on available-for-sale securities	—	(15,009)
Pro rata share of amounts reclassified from accumulated other comprehensive income of a nonconsolidated subsidiary	—	9,268
Comprehensive income	10,886	73,897
Less comprehensive loss (income) attributable to noncontrolling interests	8,744	(9,969)
Comprehensive income attributable to Vornado	$ 19,630	$ 63,928

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)

	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					
Balance, December 31, 2017	36,800	$ 891,988	189,984	$ 7,577	$ 7,492,658	$ (4,183,253)	$ 128,682	$ 670,049	$ 5,007,701
Cumulative effect of accounting change (see Note 3)	—	—	—	—	—	122,893	(108,374)	—	14,519
Net income attributable to Vornado	—	—	—	—	—	9,680	—	—	9,680
Net loss attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	—	(8,274)	(8,274)
Dividends on common shares	—	—	—	—	—	(119,764)	—	—	(119,764)
Dividends on preferred shares	—	—	—	—	—	(13,035)	—	—	(13,035)
Preferred share issuance costs	—	—	—	—	—	(14,486)	—	—	(14,486)
Common shares issued:									
Upon redemption of Class A units, at redemption value	—	—	118	5	8,387	—	—	—	8,392
Under employees' share option plan	—	—	55	2	3,432	—	—	—	3,434
Under dividend reinvestment plan	—	—	5	—	335	—	—	—	335
Contributions	—	—	—	—	—	—	—	8,370	8,370
Distributions:									
Real estate fund investments	—	—	—	—	—	—	—	(1,910)	(1,910)
Other	—	—	—	—	—	—	—	(3,450)	(3,450)
Preferred share issuance	—	(663)	—	—	—	—	—	—	(663)
Deferred compensation shares and options	—	—	7	—	298	(121)	—	—	177
Pro rata share of other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	—	346	—	346
Increase in value of interest rate swaps	—	—	—	—	—	—	10,258	—	10,258
Unearned 2015 Out-Performance Plan awards acceleration	—	—	—	—	9,046	—	—	—	9,046
Adjustments to carry redeemable Class A units at redemption value	—	—	—	—	114,856	—	—	—	114,856
Redeemable noncontrolling interests' share of above adjustments	—	—	—	—	—	—	(654)	—	(654)
Other	—	—	—	—	1	(2)	—	1	—
Balance, March 31, 2018	36,800	$ 891,325	190,169	$ 7,584	$ 7,629,013	$ (4,198,088)	$ 30,258	$ 664,786	$ 5,024,878

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	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					
Balance, December 31, 2016	42,825	$ 1,038,055	189,101	$ 7,542	$ 7,153,332	$ (1,419,382)	$ 118,972	$ 719,977	$ 7,618,496
Net income attributable to Vornado	—	—	—	—	—	63,881	—	—	63,881
Net income attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	—	6,737	6,737
Dividends on common shares	—	—	—	—	—	(134,332)	—	—	(134,332)
Dividends on preferred shares	—	—	—	—	—	(16,129)	—	—	(16,129)
Common shares issued:									
Upon redemption of Class A units, at redemption value	—	—	140	6	14,733	—	—	—	14,739
Under employees' share option plan	—	—	96	3	8,094	—	—	—	8,097
Under dividend reinvestment plan	—	—	3	—	387	—	—	—	387
Contributions	—	—	—	—	—	—	—	75	75
Distributions:									
Real estate fund investments	—	—	—	—	—	—	—	(4,528)	(4,528)
Other	—	—	—	—	—	—	—	(590)	(590)
Conversion of Series A preferred shares to common shares	—	(6)	—	—	6	—	—	—	—
Deferred compensation shares and options	—	—	3	—	575	(264)	—	—	311
Reduction in unrealized net gain on available-for-sale securities	—	—	—	—	—	—	(15,009)	—	(15,009)
Pro rata share of amounts reclassified related to a nonconsolidated subsidiary	—	—	—	—	—	—	9,268	—	9,268
Pro rata share of other comprehensive loss of nonconsolidated subsidiaries	—	—	—	—	—	—	(51)	—	(51)
Increase in value of interest rate swaps	—	—	—	—	—	—	5,842	—	5,842
Adjustments to carry redeemable Class A units at redemption value	—	—	—	—	6,197	—	—	—	6,197
Redeemable noncontrolling interests' share of above adjustments	—	—	—	—	—	—	(3)	—	(3)
Other	—	—	—	—	—	(10)	—	(51)	(61)
Balance, March 31, 2017	42,825	$ 1,038,049	189,343	$ 7,551	$ 7,183,324	$ (1,506,236)	$ 119,019	$ 721,620	$ 7,563,327

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Amounts in thousands)	For the Three Months Ended March 31,	
	2018	2017
Cash Flows from Operating Activities:		
Net income	$ 282	$ 73,847
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of deferred financing costs)	115,337	145,886
Decrease in fair value of marketable securities	32,986	—
Distributions of income from partially owned entities	20,559	18,226
Return of capital from real estate fund investments	14,966	—
Amortization of below-market leases, net	(10,581)	(11,459)
Equity in net loss (income) of partially owned entities	9,904	(1,445)
Straight-lining of rents	(7,430)	(15,522)
Net realized and unrealized losses on real estate fund investments	911	6,946
Net gains on sale of real estate and other	—	(2,267)
Net gains on disposition of wholly owned and partially owned assets	—	(501)
Other non-cash adjustments	14,736	17,535
Changes in operating assets and liabilities:		
Real estate fund investments	(2,950)	—
Tenant and other receivables, net	(5,702)	2,027
Prepaid assets	77,053	72,051
Other assets	(15,151)	(11,452)
Accounts payable and accrued expenses	19,835	(670)
Other liabilities	663	8,083
Net cash provided by operating activities	265,418	301,285
Cash Flows from Investing Activities:		
Development costs and construction in progress	(86,808)	(98,227)
Additions to real estate	(54,284)	(67,363)
Acquisitions of real estate and other	(44,095)	(1,171)
Investments in partially owned entities	(7,519)	(6,679)
Distributions of capital from partially owned entities	2,086	11,592
Proceeds from sales of real estate and related investments	—	5,180
Proceeds from repayments of mortgage loans receivable	—	14
Net cash used in investing activities	(190,620)	(156,654)

See notes to consolidated financial statements (unaudited).

(Amounts in thousands)	For the Three Months Ended March 31, 2018	2017
Cash Flows from Financing Activities:		
Redemption of preferred shares	$ (470,000)	$ —
Proceeds from borrowings	185,701	2,529
Repayments of borrowings	(144,822)	(6,987)
Dividends paid on common shares	(119,764)	(134,332)
Dividends paid on preferred shares	(16,628)	(16,129)
Distributions to noncontrolling interests	(13,266)	(14,281)
Contributions from noncontrolling interests	8,370	75
Proceeds received from exercise of employee share options and other	3,769	8,484
Debt issuance costs	(3,300)	(43)
Debt prepayment and extinguishment costs	(818)	—
Repurchase of shares related to stock compensation agreements and related tax withholdings and other	(784)	(264)
Net cash used in financing activities	(571,542)	(160,948)
Net decrease in cash and cash equivalents and restricted cash	(496,744)	(16,317)
Cash and cash equivalents and restricted cash at beginning of period	1,914,812	1,599,322
Cash and cash equivalents and restricted cash at end of period	$ 1,418,068	$ 1,583,005
Reconciliation of Cash and Cash Equivalents and Restricted Cash:		
Cash and cash equivalents at beginning of period	$ 1,817,655	$ 1,501,027
Restricted cash at beginning of period	97,157	95,032
Restricted cash included in discontinued operations at beginning of period	—	3,263
Cash and cash equivalents and restricted cash at beginning of period	$ 1,914,812	$ 1,599,322
Cash and cash equivalents at end of period	$ 1,327,384	$ 1,484,814
Restricted cash at end of period	90,684	93,463
Restricted cash included in discontinued operations at end of period	—	4,728
Cash and cash equivalents and restricted cash at end of period	$ 1,418,068	$ 1,583,005
Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest, excluding capitalized interest of $13,272 and $9,364	$ 84,566	$ 88,078
Cash payments for income taxes	$ 1,646	$ 1,512
Non-Cash Investing and Financing Activities:		
Adjustments to carry redeemable Class A units at redemption value	$ 114,856	$ 6,197
Accrued capital expenditures included in accounts payable and accrued expenses	51,431	57,993
Write-off of fully depreciated assets	(15,707)	(15,809)
Reduction in unrealized net gain on available-for-sale securities	—	(15,009)

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands, except unit amounts)	March 31, 2018	December 31, 2017
ASSETS		
Real estate, at cost:		
Land	$ 3,170,158	$ 3,143,648
Buildings and improvements	9,946,225	9,898,605
Development costs and construction in progress	1,705,244	1,615,101
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Total	14,926,337	14,756,295
Less accumulated depreciation and amortization	(2,962,983)	(2,885,283)
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Assets related to discontinued operations	275	1,357
Other assets	406,275	468,205
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LIABILITIES, REDEEMABLE PARTNERSHIP UNITS AND EQUITY		
Mortgages payable, net	$ 8,102,238	$ 8,137,139
Senior unsecured notes, net	843,125	843,614
Unsecured term loan, net	749,114	748,734
Unsecured revolving credit facilities	80,000	—
Accounts payable and accrued expenses	431,094	415,794
Deferred revenue	200,648	227,069
Deferred compensation plan	109,525	109,177
Liabilities related to discontinued operations	1,176	3,620
Preferred units redeemed on January 4 and 11, 2018	—	455,514
Other liabilities	465,659	464,635
Total liabilities	10,982,579	11,405,296
Commitments and contingencies		
Redeemable partnership units:		
Class A units - 12,653,821 and 12,528,899 units outstanding	851,598	979,509
Series D cumulative redeemable preferred units - 177,101 units outstanding	5,428	5,428
Total redeemable partnership units	857,026	984,937
Equity:		
Partners' capital	8,527,922	8,392,223
Earnings less than distributions	(4,198,088)	(4,183,253)
Accumulated other comprehensive income	30,258	128,682
Total Vornado Realty L.P. equity	4,360,092	4,337,652
Noncontrolling interests in consolidated subsidiaries	664,786	670,049
Total equity	5,024,878	5,007,701
	$ 16,864,483	$ 17,397,934

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 March 31,	
	2018	2017
REVENUES:		
Property rentals	$ 440,110	$ 414,892
Tenant expense reimbursements	60,310	59,033
Fee and other income	36,017	34,133
Total revenues	536,437	508,058
EXPENSES:		
Operating	237,602	220,659
Depreciation and amortization	108,686	105,128
General and administrative	43,633	47,237
(Income) expense from deferred compensation plan liability	(404)	2,469
Transaction related costs and other	13,156	752
Total expenses	402,673	376,245
Operating income	133,764	131,813
(Loss) income from partially owned entities	(9,904)	1,358
(Loss) income from real estate fund investments	(8,807)	268
Interest and other investment (loss) income, net	(24,384)	6,695
(Loss) income from deferred compensation plan assets	(404)	2,469
Interest and debt expense	(88,166)	(82,724)
Net gains on disposition of wholly owned and partially owned assets	—	501
Income before income taxes	2,099	60,380
Income tax expense	(1,454)	(1,851)
Income from continuing operations	645	58,529
(Loss) income from discontinued operations	(363)	15,318
Net income	282	73,847
Less net loss (income) attributable to noncontrolling interests in consolidated subsidiaries	8,274	(6,737)
Net income attributable to Vornado Realty L.P.	8,556	67,110
Preferred unit distributions	(13,084)	(16,178)
Preferred unit issuance costs	(14,486)	—
NET (LOSS) INCOME attributable to Class A unitholders	$ (19,014)	$ 50,932
(LOSS) INCOME PER CLASS A UNIT – BASIC:		
(Loss) income from continuing operations, net	$ (0.10)	$ 0.17
Income from discontinued operations, net	—	0.08
Net (loss) income per Class A unit	$ (0.10)	$ 0.25
Weighted average units outstanding	201,929	200,845
(LOSS) INCOME PER CLASS A UNIT – DILUTED:		
(Loss) income from continuing operations, net	$ (0.10)	$ 0.17
Income from discontinued operations, net	—	0.08
Net (loss) income per Class A unit	$ (0.10)	$ 0.25
Weighted average units outstanding	201,929	202,647
DISTRIBUTIONS PER CLASS A UNIT	$ 0.63	$ 0.71

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 March 31,	
	2018	**2017**
Net income	$ 282	$ 73,847
Other comprehensive income (loss):		
Increase in value of interest rate swaps	10,258	5,842
Pro rata share of other comprehensive income (loss) of nonconsolidated subsidiaries	346	(51)
Reduction in unrealized net gain on available-for-sale securities	—	(15,009)
Pro rata share of amounts reclassified from accumulated other comprehensive income of a nonconsolidated subsidiary	—	9,268
Comprehensive income	10,886	73,897
Less comprehensive loss (income) attributable to noncontrolling interests in consolidated subsidiaries	8,274	(6,737)
Comprehensive income attributable to Vornado L.P.	$ 19,160	$ 67,160

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)

	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				
Balance, December 31, 2017	36,800	$ 891,988	189,984	$ 7,500,235	$ (4,183,253)	$ 128,682	$ 670,049	$ 5,007,701
Cumulative effect of accounting change (see Note 3)	—	—	—	—	122,893	(108,374)	—	14,519
Net income attributable to Vornado Realty L.P.	—	—	—	—	8,556	—	—	8,556
Net income attributable to redeemable partnership units	—	—	—	—	1,124	—	—	1,124
Net loss attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	(8,274)	(8,274)
Distributions to Vornado	—	—	—	—	(119,764)	—	—	(119,764)
Distributions to preferred unitholders	—	—	—	—	(13,035)	—	—	(13,035)
Preferred unit issuance costs	—	—	—	—	(14,486)	—	—	(14,486)
Class A Units issued to Vornado:								
Upon redemption of redeemable Class A units, at redemption value	—	—	118	8,392	—	—	—	8,392
Under Vornado's employees' share option plan	—	—	55	3,434	—	—	—	3,434
Under Vornado's dividend reinvestment plan	—	—	5	335	—	—	—	335
Contributions	—	—	—	—	—	—	8,370	8,370
Distributions:								
Real estate fund investments	—	—	—	—	—	—	(1,910)	(1,910)
Other	—	—	—	—	—	—	(3,450)	(3,450)
Preferred unit issuance	—	(663)	—	—	—	—	—	(663)
Deferred compensation units and options	—	—	7	298	(121)	—	—	177
Pro rata share of other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	346	—	346
Increase in value of interest rate swaps	—	—	—	—	—	10,258	—	10,258
Unearned 2015 Out-Performance Plan awards acceleration	—	—	—	9,046	—	—	—	9,046
Adjustments to carry redeemable Class A units at redemption value	—	—	—	114,856	—	—	—	114,856
Redeemable partnership units' share of above adjustments	—	—	—	—	—	(654)	—	(654)
Other	—	—	—	1	(2)	—	1	—
Balance, March 31, 2018	36,800	$ 891,325	190,169	$ 7,636,597	$ (4,198,088)	$ 30,258	$ 664,786	$ 5,024,878

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)

	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				
Balance, December 31, 2016	42,825	$ 1,038,055	189,101	$ 7,160,874	$ (1,419,382)	$ 118,972	$ 719,977	$ 7,618,496
Net income attributable to Vornado Realty L.P.	—	—	—	—	67,110	—	—	67,110
Net income attributable to redeemable partnership units	—	—	—	—	(3,229)	—	—	(3,229)
Net income attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	6,737	6,737
Distributions to Vornado	—	—	—	—	(134,332)	—	—	(134,332)
Distributions to preferred unitholders	—	—	—	—	(16,129)	—	—	(16,129)
Class A Units issued to Vornado:								
Upon redemption of redeemable Class A units, at redemption value	—	—	140	14,739	—	—	—	14,739
Under Vornado's employees' share option plan	—	—	96	8,097	—	—	—	8,097
Under Vornado's dividend reinvestment plan	—	—	3	387	—	—	—	387
Contributions	—	—	—	—	—	—	75	75
Distributions:								
Real estate fund investments	—	—	—	—	—	—	(4,528)	(4,528)
Other	—	—	—	—	—	—	(590)	(590)
Conversion of Series A preferred units to Class A units	—	(6)	—	6	—	—	—	—
Deferred compensation units and options	—	—	3	575	(264)	—	—	311
Reduction in unrealized net gain on available-for-sale securities	—	—	—	—	—	(15,009)	—	(15,009)
Pro rata share of amounts reclassified related to a nonconsolidated subsidiary	—	—	—	—	—	9,268	—	9,268
Pro rata share of other comprehensive loss of nonconsolidated subsidiaries	—	—	—	—	—	(51)	—	(51)
Increase in value of interest rate swaps	—	—	—	—	—	5,842	—	5,842
Adjustments to carry redeemable Class A units at redemption value	—	—	—	6,197	—	—	—	6,197
Redeemable partnership units' share of above adjustments	—	—	—	—	—	(3)	—	(3)
Other	—	—	—	—	(10)	—	(51)	(61)
Balance, March 31, 2017	42,825	$ 1,038,049	189,343	$ 7,190,875	$ (1,506,236)	$ 119,019	$ 721,620	$ 7,563,327

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	For the Three Months Ended March 31,	
	2018	2017
Cash Flows from Operating Activities:		
Net income	$ 282	$ 73,847
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of deferred financing costs)	115,337	145,886
Decrease in fair value of marketable securities	32,986	—
Distributions of income from partially owned entities	20,559	18,226
Return of capital from real estate fund investments	14,966	—
Amortization of below-market leases, net	(10,581)	(11,459)
Equity in net loss (income) of partially owned entities	9,904	(1,445)
Straight-lining of rents	(7,430)	(15,522)
Net realized and unrealized losses on real estate fund investments	911	6,946
Net gains on sale of real estate and other	—	(2,267)
Net gains on disposition of wholly owned and partially owned assets	—	(501)
Other non-cash adjustments	14,736	17,535
Changes in operating assets and liabilities:		
Real estate fund investments	(2,950)	—
Tenant and other receivables, net	(5,702)	2,027
Prepaid assets	77,053	72,051
Other assets	(15,151)	(11,452)
Accounts payable and accrued expenses	19,835	(670)
Other liabilities	663	8,083
Net cash provided by operating activities	265,418	301,285
Cash Flows from Investing Activities:		
Development costs and construction in progress	(86,808)	(98,227)
Additions to real estate	(54,284)	(67,363)
Acquisitions of real estate and other	(44,095)	(1,171)
Investments in partially owned entities	(7,519)	(6,679)
Distributions of capital from partially owned entities	2,086	11,592
Proceeds from sales of real estate and related investments	—	5,180
Proceeds from repayments of mortgage loans receivable	—	14
Net cash used in investing activities	(190,620)	(156,654)

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	For the Three Months Ended March 31,	
	2018	2017
Cash Flows from Financing Activities:		
Redemption of preferred units	$ (470,000)	$ —
Proceeds from borrowings	185,701	2,529
Repayments of borrowings	(144,822)	(6,987)
Distributions to Vornado	(119,764)	(134,332)
Distributions to preferred unitholders	(16,628)	(16,129)
Distributions to redeemable security holders and noncontrolling interests in consolidated subsidiaries	(13,266)	(14,281)
Contributions from noncontrolling interests in consolidated subsidiaries	8,370	75
Proceeds received from exercise of Vornado stock options and other	3,769	8,484
Debt issuance costs	(3,300)	(43)
Debt prepayment and extinguishment costs	(818)	—
Repurchase of Class A units related to stock compensation agreements and related tax withholdings and other	(784)	(264)
Net cash used in financing activities	(571,542)	(160,948)
Net decrease in cash and cash equivalents and restricted cash	(496,744)	(16,317)
Cash and cash equivalents and restricted cash at beginning of period	1,914,812	1,599,322
Cash and cash equivalents and restricted cash at end of period	$ 1,418,068	$ 1,583,005
Reconciliation of Cash and Cash Equivalents and Restricted Cash:		
Cash and cash equivalents at beginning of period	$ 1,817,655	$ 1,501,027
Restricted cash at beginning of period	97,157	95,032
Restricted cash included in discontinued operations at beginning of period	—	3,263
Cash and cash equivalents and restricted cash at beginning of period	$ 1,914,812	$ 1,599,322
Cash and cash equivalents at end of period	$ 1,327,384	$ 1,484,814
Restricted cash at end of period	90,684	93,463
Restricted cash included in discontinued operations at end of period	—	4,728
Cash and cash equivalents and restricted cash at end of period	$ 1,418,068	$ 1,583,005
Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest, excluding capitalized interest of $13,272 and $9,364	$ 84,566	$ 88,078
Cash payments for income taxes	$ 1,646	$ 1,512
Non-Cash Investing and Financing Activities:		
Adjustments to carry redeemable Class A units at redemption value	$ 114,856	$ 6,197
Accrued capital expenditures included in accounts payable and accrued expenses	51,431	57,993
Write-off of fully depreciated assets	(15,707)	(15,809)
Reduction in unrealized net gain on available-for-sale securities	—	(15,009)

See 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., a Delaware limited partnership (the “Operating Partnership”). Vornado is the sole general partner of, and owned approximately 93.4% of the common limited partnership interest in, the Operating Partnership as of March 31, 2018. All references to the “Company,” “we,” “us,” and “our” mean collectively Vornado, the Operating Partnership and those entities/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 inter-company amounts have been eliminated. In our opinion, 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, 2017, 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 months ended March 31, 2018 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 period presentation. For the three months ended March 31, 2017, $2,469,000 of expense related to the mark-to-market of our deferred compensation plan liability was reclassified from "general and administrative expenses" to "(income) expense from deferred compensation plan liability" and $2,469,000 of income related to the mark-to-market of our deferred compensation plan assets was reclassified from "interest and other investment (loss) income, net" to "(loss) income from deferred compensation plan assets."

3. Recently Issued Accounting Literature

In May 2014, the Financial Accounting Standards Board (“FASB”) issued an update (“ASU 2014-09”) establishing Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers* (“ASC 606”). ASU 2014-09, as amended by subsequent ASUs on the topic, establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. This standard, which is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2017, requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and also requires certain additional disclosures. We adopted this standard effective January 1, 2018 using the modified retrospective method applied to all existing contracts not yet completed as of January 1, 2018 and recorded a $14,519,000 cumulative-effect adjustment to beginning accumulated deficit. The adoption of ASC 606 did not have a material impact on our financial statements (see Note 4 - *Revenue Recognition*).

3. Recently Issued Accounting Literature - continued

In January 2016, the FASB issued an update (“ASU 2016-01”) *Recognition and Measurement of Financial Assets and Financial Liabilities* to ASC Topic 825, *Financial Instruments*. ASU 2016-01 amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2017. We adopted this update effective January 1, 2018 using the modified retrospective approach. While the adoption of this update requires us to continue to measure "marketable securities" at fair value on each reporting date, the changes in fair value will be recognized in current period earnings as opposed to "other comprehensive income (loss)." As a result, on January 1, 2018 we recorded a decrease to beginning accumulated deficit of $111,225,000 to recognize the unrealized gains previously recorded in "accumulated other comprehensive income" on our consolidated balance sheets. Subsequent changes in the fair value of our marketable securities will be recorded to "interest and other investment (loss) income, net" on our consolidated income statements. For the three months ended March 31, 2018 we recorded a $32,986,000 decrease in the fair value of our marketable securities which is included in "interest and other investment (loss) income, net" on our consolidated statements of income.

In February 2016, the FASB issued an update ("ASU 2016-02") establishing ASC Topic 842, *Leases*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. ASU 2016-02 requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase. Lessees are required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. Lessees will recognize expense based on the effective interest method for finance leases or on a straight-line basis for operating leases. The accounting applied by the lessor is largely unchanged from that applied under the existing lease standard. We are currently evaluating the overall impact of the adoption of ASU 2016-02 on our consolidated financial statements and believe that the standard will more significantly impact the accounting for leases in which we are a lessee. We have a number of ground leases for which we will be required to record a right-of-use asset and lease liability equal to the present value of the remaining minimum lease payments, and will continue to recognize expense on a straight-line basis upon adoption of this standard. Under ASU 2016-02, initial direct costs for both lessees and lessors would include only those costs that are incremental to the arrangement and would not have been incurred if the lease had not been obtained. As a result, we will no longer be able to capitalize internal leasing costs and instead will be required to expense these costs as incurred. During the three months ended March 31, 2018 and 2017, we capitalized internal leasing costs of $1,348,000 and $974,000, respectively, excluding our former Washington, DC segment which was spun-off on July 17, 2017. ASU 2016-02 is effective for reporting periods beginning after December 15, 2018, with early adoption permitted. We will adopt this standard effective January 1, 2019 using the modified retrospective approach and will elect to use the practical expedients provided by this standard.

In February 2017, the FASB issued an update (“ASU 2017-05”) *Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets* to ASC Subtopic 610-20, *Other Income-Gains and Losses from the Derecognition of Nonfinancial Assets*. ASU 2017-05 clarifies the scope of recently established guidance on nonfinancial asset derecognition, as well as the accounting for partial sales of nonfinancial assets. This update conforms the derecognition guidance on nonfinancial assets with the model for transactions in ASC 606. ASU 2017-05 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2017. We adopted this update on January 1, 2018 using the modified retrospective approach to all contracts not yet completed. The adoption of this update did not have a material impact on our consolidated financial statements.

In May 2017, the FASB issued an update (“ASU 2017-09”) *Scope of Modification Accounting* to ASC Topic 718, *Compensation - Stock Compensation* ("ASC 718"). ASU 2017-09 provides guidance about which changes to the terms and conditions of a share-based payment award require an entity to apply modification accounting in ASC 718. ASU 2017-09 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2017. The adoption of this update on January 1, 2018 did not have a material impact on our consolidated financial statements.

In August 2017, the FASB issued an update (“ASU 2017-12”) *Targeted Improvements to Accounting for Hedging Activities* to ASC Topic 815, *Derivatives and Hedging* ("ASC 815"). ASU 2017-12 amends the hedge accounting recognition and presentation requirements in ASC 815. The update is intended to more closely align hedge accounting with companies’ risk management strategies, simplify the application of hedge accounting and increase transparency as to the scope and results of hedge programs. ASU 2017-12 requires subsequent changes in fair value of a hedging instrument that has been designated and qualifies as a cash flow hedge to be recognized as a component of "other comprehensive income (loss)." ASU 2017-12 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2018, with early adoption permitted. We early adopted ASU 2017-12 on January 1, 2018 using the modified retrospective approach. The adoption of this update did not have a material impact on our consolidated financial statements.

4. Revenue Recognition

On January 1, 2018, we adopted ASC 606 which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. This standard requires us to recognize for certain of our revenue sources the transfer of promised goods or services to customers in an amount that reflects the consideration we are entitled to in exchange for those goods or services. We adopted this standard effective January 1, 2018 using the modified retrospective method applied to all existing contracts not yet completed as of January 1, 2018 and recorded a $14,519,000 cumulative-effect adjustment to beginning accumulated deficit. The adoption of ASC 606 did not have a material impact on our consolidated financial statements.

Our revenues primarily consist of property rentals, tenant expense reimbursements, and fee and other income. We operate in two reportable segments: New York and Other, with a significant portion of our revenues included in the "New York" segment. We have the following revenue sources and revenue recognition policies:

- Base rent is revenue arising from tenant leases. These rents are recognized over the non-cancelable term of the related leases on a straight-line basis which includes the effects of rent steps and rent abatements. We commence rental revenue recognition when the tenant takes possession of the leased space and the leased space is substantially ready for its intended use. In addition, in circumstances where we provide a tenant improvement allowance for improvements that are owned by the tenant, we recognize the allowance as a reduction of rental revenue on a straight-line basis over the term of the lease.

- Hotel revenue arising from the operation of Hotel Pennsylvania consists of rooms revenue, food and beverage revenue, and banquet revenue. Room revenue is recognized when rooms are occupied. Food and beverage and banquet revenue are recognized when the services have been transferred.

- Trade shows revenue arising from the operation of trade shows is primarily booth rentals. This revenue is recognized upon the occurrence of the trade shows.

- Operating expense reimbursements is revenue arising from tenant leases which provide for the recovery of all or a portion of the operating expenses and real estate taxes of the common areas of our properties. Revenue is recognized in the same period as the related expenses are incurred.

- Tenant services is revenue arising from sub-metered electric, elevator, trash removal and other services provided to tenants at their request. This revenue is recognized as the services are transferred.

- Fee and other income includes management, leasing, and other revenue arising from contractual agreements with third parties or with partially owned entities, and includes Building Maintenance Service ("BMS") cleaning, engineering and security services. This revenue is recognized as the services are transferred. Fee and other income also includes lease termination fee income which is recognized immediately if a tenant vacates or is recognized on a straight-line basis over the shortened remaining lease term.

4. Revenue Recognition - continued

Below is a summary of our revenues by segment. Base rent, operating expense reimbursements and lease terminations represent revenues from leases and are recognized in accordance with ASC Topic 840, *Leases*. Revenues from Hotel Pennsylvania, trade shows, tenant services, BMS cleaning fees, management and leasing fees and other income represent revenues recognized in accordance with ASC 606. Additional financial information related to these reportable segments for the three months ended March 31, 2018 and 2017 is set forth in Note 22 - *Segment Information.*

(Amounts in thousands)	For the Three Months Ended March 31, 2018		
	Total	New York	Other
Base rent	$ 406,565	$ 344,674	$ 61,891
Trade shows	18,873	—	18,873
Hotel Pennsylvania	14,672	14,672	—
Property rentals	440,110	359,346	80,764
Operating expense reimbursements	47,846	44,719	3,127
Tenant services	12,464	9,771	2,693
Tenant expense reimbursements	60,310	54,490	5,820
BMS cleaning fees	28,355	30,153	(1,798)
Management and leasing fees	2,764	2,481	283
Lease termination fees	345	308	37
Other income	4,553	1,706	2,847
Fee and other income	36,017	34,648	1,369
Total consolidated revenues	$ 536,437	$ 448,484	$ 87,953

(Amounts in thousands)	For the Three Months Ended March 31, 2017		
	Total	New York	Other
Base rent	$ 383,843	$ 325,681	$ 58,162
Trade shows	18,408	—	18,408
Hotel Pennsylvania	12,641	12,641	—
Property rentals	414,892	338,322	76,570
Operating expense reimbursements	46,401	43,005	3,396
Tenant services	12,632	10,534	2,098
Tenant expense reimbursements	59,033	53,539	5,494
BMS cleaning fees	25,071	26,123	(1,052)
Management and leasing fees	2,275	2,027	248
Lease termination fees	3,850	3,727	123
Other income	2,937	2,501	436
Fee and other income	34,133	34,378	(245)
Total consolidated revenues	$ 508,058	$ 426,239	$ 81,819

5. Acquisition

On February 9, 2018, we acquired 537 West 26th Street, a 14,000 square foot commercial property adjacent to our 260 Eleventh Avenue office property and 55,000 square feet of additional zoning air rights, for $44,000,000.

6. 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, which had an initial eight-year term ending February 2019. On January 29, 2018, the Fund's term was extended to February 2023. 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.

We are also the general partner and investment manager of the Crowne Plaza Times Square Hotel Joint Venture (the "Crowne Plaza Joint Venture") and own a 57.1% interest in the joint venture which owns the 24.7% interest in the Crowne Plaza Times Square Hotel not owned by the Fund. The Crowne Plaza Joint Venture is also accounted for under ASC 946 and we consolidate the accounts of the joint venture into our consolidated financial statements, retaining the fair value basis of accounting.

On January 17, 2018, the Fund completed the sale of the retail condominium at 11 East 68th Street, a property located on Madison Avenue and 68th Street, for $82,000,000. From the inception of this investment through its disposition, the Fund realized a $46,259,000 net gain.

In March 2011, a joint venture (the "Joint Venture") owned 64.7% by the Fund, 30.3% by Vornado and 5.0% by a third party, acquired One Park Avenue for $394,000,000. In connection with the acquisition, the Joint Venture paid $3,000,000 of New York City real property transfer tax (the "Transfer Tax") and filed a Real Property Tax Return ("RPTR") with the New York City Department of Finance (the "Department of Finance"). The RPTR was audited by the Department of Finance in 2014 and an increased Transfer Tax was assessed. The Joint Venture appealed the increased Transfer Tax assessment and the Joint Venture's appeal was upheld by a New York City Administrative Law Judge ("ALJ") in January 2017. The Department of Finance appealed the ALJ's decision and on February 16, 2018 the New York City Tax Appeals Tribunal (the "Tax Tribunal") reversed the ALJ's decision and assessed $9,491,000 of additional Transfer Tax and $6,764,000 of interest. As a result of the Tax Tribunal's decision, we recorded an expense of $15,608,000, before noncontrolling interests, during the first quarter of 2018, which was subsequently paid on April 5, 2018, in order to permit us to appeal the Tax Tribunal's decision and stop the accrual of interest, of which $10,630,000 is included in "(loss) income from real estate fund investments" and $4,978,000 is included in "(loss) income from partially owned entities" (see Note *8 - Investments in Partially Owned Entities*) on our consolidated statements of income. We are appealing the Tax Tribunal's decision.

As of March 31, 2018, we had four real estate fund investments through the Fund and the Crowne Plaza Joint Venture with an aggregate fair value of $336,552,000, or $77,678,000 in excess of cost, and had remaining unfunded commitments of $114,872,000, of which our share was $33,513,000. At December 31, 2017, we had five real estate fund investments with an aggregate fair value of $354,804,000.

Below is a summary of income from the Fund and the Crowne Plaza Joint Venture for the three months ended March 31, 2018 and 2017.

(Amounts in thousands)	For the Three Months Ended March 31,	
	2018	**2017**
Net investment income	$ 2,734	$ 7,214
Transfer Tax	(10,630)	—
Net realized (loss) gain on exited investments	(911)	241
Net unrealized loss on held investments	—	(7,187)
(Loss) income from real estate fund investments	(8,807)	268
Less loss (income) attributable to noncontrolling interests in consolidated subsidiaries	5,369	(3,503)
Loss from real estate fund investments attributable to the Operating Partnership (2018 includes $4,252 of loss related to One Park Avenue potential additional transfer taxes and reduction in carried interest) [1]	(3,438)	(3,235)
Less loss attributable to noncontrolling interests in the Operating Partnership	212	202
Loss from real estate fund investments attributable to Vornado	$ (3,226)	$ (3,033)

(1) Excludes $440 and $1,000 of management and leasing fees for the three months ended March 31, 2018 and 2017, respectively, which are included as a component of "fee and other income" on our consolidated statements of income.

7. Marketable Securities

Our portfolio of marketable securities is comprised of equity securities that are presented on our consolidated balance sheets at fair value. On January 1, 2018, we adopted ASU 2016-01, which requires changes in the fair value of our marketable securities to be recorded in current period earnings. Previously, changes in the fair value of marketable securities were recognized in "accumulated other comprehensive income" on our consolidated balance sheets. As a result, on January 1, 2018 we recorded a decrease to beginning accumulated deficit of $111,225,000 to recognize the unrealized gains previously recorded in “accumulated other comprehensive income” on our consolidated balance sheets. Subsequent changes in the fair value of our marketable securities will be recorded to “interest and other investment (loss) income, net” on our consolidated income statements.

Below is a summary of our marketable securities portfolio as of March 31, 2018 and December 31, 2017.

(Amounts in thousands)	Fair Value at		Decrease in
	March 31, 2018	December 31, 2017	Fair Value[(1)]
Equity securities:			
Lexington Realty Trust	$ 145,351	$ 178,226	$ (32,875)
Other	4,415	4,526	(111)
	$ 149,766	$ 182,752	$ (32,986)

(1) Recognized as a component of "interest and other investment (loss) income, net" on our consolidated statements of income (see Note 18 - *Interest and Other Investment (Loss) Income, Net*).

8. Investments in Partially Owned Entities

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

As of March 31, 2018, we own 1,654,068 Alexander’s common shares, or approximately 32.4% of Alexander’s common equity. We manage, lease and develop Alexander’s properties pursuant to agreements which expire in March of each year and are automatically renewable.

As of March 31, 2018, 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 March 29, 2018 quarter ended closing share price of $381.23, was $630,580,000, or $514,502,000 in excess of the carrying amount on our consolidated balance sheet. As of March 31, 2018, the carrying amount of our investment in Alexander’s, excluding amounts owed to us, exceeds our share of the equity in the net assets of Alexander’s by approximately $39,317,000. The majority of this basis difference resulted from the excess of our purchase price for the Alexander’s common stock acquired over the book value of Alexander’s net assets. Substantially all of this basis difference was allocated, based on our estimates of the fair values of Alexander’s assets and liabilities, to real estate (land and buildings). We are amortizing the basis difference related to the buildings into earnings as additional depreciation expense over their estimated useful lives. This depreciation is not material to our share of equity in Alexander’s net income. The basis difference related to the land will be recognized upon disposition of our investment.

Alexander's paid $3,971,000 of Transfer Tax upon the November 2012 sale of its Kings Plaza Regional Shopping Center located in Brooklyn, New York. Alexander's accrued $23,797,000 of potential additional Transfer Tax and related interest based on the precedent established by the Tax Tribunal's decision regarding One Park Avenue (see Note 6 - *Real Estate Fund Investments* for details) during the first quarter of 2018 which was subsequently paid on April 5, 2018 in order to preserve Alexander's rights to continue litigation and stop accrual of interest, of which our 32.4% share is $7,708,000 and is included in "(loss) income from partially owned entities" on our consolidated statements of income.

Urban Edge Properties (“UE”) (NYSE: UE)

As of March 31, 2018, we own 5,717,184 UE operating partnership units, representing a 4.5% ownership interest in UE. We account for our investment in UE under the equity method and record our share of UE’s net income or loss on a one-quarter lag basis. In 2018 and 2017, we provided UE with information technology support. UE is providing us with leasing and property management services for (i) certain small retail properties that we plan to sell, and (ii) our affiliate, Alexander’s, Rego Park retail assets. As of March 31, 2018, the fair value of our investment in UE, based on UE’s March 29, 2018 quarter ended closing share price of $21.35, was $122,062,000, or $77,886,000 in excess of the carrying amount on our consolidated balance sheet.

8. Investments in Partially Owned Entities - continued

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

As of March 31, 2018, we own 6,250,000 PREIT operating partnership units, representing an 8.0% interest in PREIT. We account for our investment in PREIT under the equity method and record our share of PREIT's net income or loss on a one-quarter lag basis.

As of March 31, 2018, the market value ("fair value" pursuant to ASC 820) of our investment in PREIT, based on PREIT's March 29, 2018 quarter ended closing share price of $9.65, was $60,313,000 or $4,874,000 below the carrying amount on our consolidated balance sheet. As of March 31, 2018, the carrying amount of our investment in PREIT exceeds our share of the equity in the net assets of PREIT by approximately $33,976,000. The majority of this basis difference resulted from the excess of the fair value of the PREIT operating units received over our share of the book value of PREIT's net assets. Substantially all of this basis difference was allocated, based on our estimates of the fair values of PREIT's assets and liabilities, to real estate (land and buildings). We are amortizing the basis difference related to the buildings into earnings as additional depreciation expense over their estimated useful lives. This depreciation is not material to our share of equity in PREIT's net loss. The basis difference related to the land will be recognized upon disposition of our investment.

Independence Plaza

We have a 50.1% economic interest in a joint venture that owns Independence Plaza, a three-building 1,327 unit residential complex in the Tribeca submarket of Manhattan. The joint venture paid $1,730,000 of Transfer Tax upon its acquisition of the property in December 2012. The joint venture accrued $13,103,000 of potential additional Transfer Tax and related interest based on the precedent established by the Tax Tribunal's decision regarding One Park Avenue (see Note 6 - *Real Estate Fund Investments* for details) during the first quarter of 2018, which was subsequently paid on April 5, 2018, in order to preserve the joint venture's rights to continue litigation and stop accrual of interest. Because we consolidate the entity that incurred the potential additional Transfer Tax, $13,103,000 of expense is included in "transaction related costs and other" and $6,538,000 is allocated to "noncontrolling interests in consolidated subsidiaries" on our consolidated statements of income.

Toys "R" Us, Inc. ("Toys")

We own 32.5% of Toys. On September 18, 2017, Toys filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code. On March 15, 2018, Toys sought authorization to wind down its U.S. operations, including closing U.S. stores and liquidating all U.S. inventory, which relief was granted on an interim basis on March 22, 2018. We carry our Toys investment at zero. Further, we do not hold any debt of Toys and do not guarantee any of Toys' obligations. For income tax purposes, we carry our investment in Toys at approximately $420,000,000, which could result in a tax deduction in future periods.

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

(Amounts in thousands)	Percentage Ownership at	Balance as of	
	March 31, 2018	March 31, 2018	December 31, 2017
Investments:			
Partially owned office buildings/land [1]	Various	$ 497,735	$ 504,393
Alexander's	32.4%	116,078	126,400
PREIT	8.0%	65,187	66,572
UE	4.5%	44,176	46,152
Other investments [2]	Various	310,052	313,312
		$ 1,033,228	$ 1,056,829
330 Madison Avenue[3]	25.0%	$ (54,878)	$ (53,999)
7 West 34th Street [4]	53.0%	(47,582)	(47,369)
		$ (102,460)	$ (101,368)

(1) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 512 West 22nd Street, 85 Tenth Avenue, 61 Ninth Avenue and others.
(2) Includes interests in Independence Plaza, Fashion Centre Mall/Washington Tower, Rosslyn Plaza, 50-70 West 93rd Street, Moynihan Office Building, Toys (which has a carrying amount of zero), 666 Fifth Avenue Office Condominium and others.
(3) Our negative basis resulted from a refinancing distribution and is included in "other liabilities" on our consolidated balance sheets.
(4) Our negative basis resulted from a deferred gain from the sale of a 47.0% ownership interest in the property on May 27, 2016 and is included in "other liabilities" on our consolidated balance sheets.

8. Investments in Partially Owned Entities - continued

Below is a schedule of net (loss) income from partially owned entities.

(Amounts in thousands)	Percentage Ownership at March 31, 2018	For the Three Months Ended March 31, 2018	2017
Our share of net (loss) income:			
Partially owned office buildings[1]	Various	$ (4,283)	$ 810
Alexander's (see page 24 for details):			
Equity in net (loss) income[2]	32.4%	(3,209)	6,892
Management, leasing and development fees		1,208	1,509
		(2,001)	8,401
UE (see page 24 for details):			
Equity in net (loss) income	4.5%	(717)	1,091
Management, leasing and development fees		76	209
		(641)	1,300
PREIT (see page 25 for details):	8.0%	(429)	(2,830)
Other investments[3]	Various	(2,550)	(6,323)
		$ (9,904)	$ 1,358

(1) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 7 West 34th Street, 330 Madison Avenue, 512 West 22nd Street, 85 Tenth Avenue and others. 2018 includes our $4,978 share of potential additional Transfer Tax related to the March 2011 acquisition of One Park Avenue (see Note 6 - *Real Estate Fund Investments*).
(2) 2018 includes our $7,708 share of Alexander's potential additional Transfer Tax.
(3) Includes interests in Independence Plaza, Fashion Centre Mall/Washington Tower, Rosslyn Plaza, 50-70 West 93rd Street, 666 Fifth Avenue Office Condominium and others.

9. Dispositions

Discontinued Operations

The tables below set forth the assets and liabilities related to discontinued operations as of March 31, 2018 and December 31, 2017, and their combined results of operations and cash flows for the three months ended March 31, 2018 and 2017.

(Amounts in thousands)	Balance as of	
	March 31, 2018	December 31, 2017
Assets related to discontinued operations:		
Other assets	$ 275	$ 1,357
Liabilities related to discontinued operations:		
Other liabilities	$ 1,176	$ 3,620

(Amounts in thousands)	For the Three Months Ended March 31,	
	2018	2017
(Loss) income from discontinued operations:		
Total revenues	$ 354	$ 116,283
Total expenses	717	95,712
	(363)	20,571
JBG SMITH Properties spin-off transaction costs	—	(7,253)
Net gains on sale of real estate and other	—	2,354
Pretax (loss) income from discontinued operations	(363)	15,672
Income tax expense	—	(354)
(Loss) income from discontinued operations	$ (363)	$ 15,318

(Amounts in thousands)	For the Three Months Ended March 31,	
	2018	2017
Cash flows related to discontinued operations:		
Cash flows from operating activities	$ (1,725)	$ 41,306
Cash flows from investing activities	—	(25,210)

10. Identified Intangible Assets and Liabilities

The following summarizes our identified intangible assets (primarily above-market leases) and liabilities (primarily acquired below-market leases) as of March 31, 2018 and December 31, 2017.

(Amounts in thousands)	Balance as of	
	March 31, 2018	December 31, 2017
Identified intangible assets:		
Gross amount	$ 309,896	$ 310,097
Accumulated amortization	(157,062)	(150,837)
Total, net	$ 152,834	$ 159,260
Identified intangible liabilities (included in deferred revenue):		
Gross amount	$ 529,951	$ 530,497
Accumulated amortization	(336,049)	(324,897)
Total, net	$ 193,902	$ 205,600

Amortization of acquired below-market leases, net of acquired above-market leases, resulted in an increase to rental income of $10,581,000 and $11,116,000 for the three months ended March 31, 2018 and 2017, respectively. Estimated annual amortization of acquired below-market leases, net of acquired above-market leases, for each of the five succeeding years commencing January 1, 2019 is as follows:

(Amounts in thousands)	
2019	$ 30,529
2020	22,246
2021	17,475
2022	14,292
2023	11,590

Amortization of all other identified intangible assets (a component of depreciation and amortization expense) was $4,876,000 and $6,981,000 for the three months ended March 31, 2018 and 2017, respectively. Estimated annual amortization of all other identified intangible assets including acquired in-place leases, customer relationships, and third party contracts for each of the five succeeding years commencing January 1, 2019 is as follows:

(Amounts in thousands)	
2019	$ 15,169
2020	11,961
2021	10,981
2022	9,426
2023	9,295

We are a tenant under ground leases for certain properties. Amortization of these acquired below-market leases, net of above-market leases, resulted in an increase to rent expense (a component of operating expense) of $437,000 for the three months ended March 31, 2018 and 2017, respectively. Estimated annual amortization of these below-market leases, net of above-market leases, for each of the five succeeding years commencing January 1, 2019 is as follows:

(Amounts in thousands)	
2019	$ 1,747
2020	1,747
2021	1,747
2022	1,747
2023	1,747

11. Debt

On January 5, 2018, we completed a $100,000,000 refinancing of 33-00 Northern Boulevard (Center Building), a 471,000 square foot office building in Long Island City, New York. The seven-year loan is at LIBOR plus 1.80%, which was swapped to a fixed rate of 4.14%. We realized net proceeds of approximately $37,200,000 after repayment of the existing 4.43% $59,800,000 mortgage and closing costs.

The following is a summary of our debt:

(Amounts in thousands)	Interest Rate at March 31, 2018	Balance as of	
		March 31, 2018	December 31, 2017
Mortgages Payable:			
Fixed rate	3.53%	$ 5,012,026	$ 5,461,706
Variable rate	3.60%	3,152,692	2,742,133
Total	3.56%	8,164,718	8,203,839
Deferred financing costs, net and other		(62,480)	(66,700)
Total, net		$ 8,102,238	$ 8,137,139
Unsecured Debt:			
Senior unsecured notes	4.21%	$ 850,000	$ 850,000
Deferred financing costs, net and other		(6,875)	(6,386)
Senior unsecured notes, net		843,125	843,614
Unsecured term loan	3.02%	750,000	750,000
Deferred financing costs, net and other		(886)	(1,266)
Unsecured term loan, net		749,114	748,734
Unsecured revolving credit facilities	2.72%	80,000	—
Total, net		$ 1,672,239	$ 1,592,348

12. Redeemable Noncontrolling Interests/Redeemable Partnership Units

Redeemable noncontrolling interests on Vornado's consolidated balance sheets and redeemable partnership units on the consolidated balance sheets of the Operating Partnership 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.

(Amounts in thousands)		
Balance, December 31, 2016	$	1,278,446
Net income		3,229
Other comprehensive income		3
Distributions		(9,163)
Redemption of Class A units for Vornado common shares, at redemption value		(14,739)
Adjustments to carry redeemable Class A units at redemption value		(6,197)
Other, net		14,495
Balance, March 31, 2017	$	1,266,074
Balance, December 31, 2017	$	984,937
Net loss		(1,124)
Other comprehensive income		654
Distributions		(7,906)
Redemption of Class A units for Vornado common shares, at redemption value		(8,392)
Adjustments to carry redeemable Class A units at redemption value		(114,856)
Other, net		3,713
Balance, March 31, 2018	$	857,026

As of March 31, 2018 and December 31, 2017, the aggregate redemption value of redeemable Class A units of the Operating Partnership, which are those units held by third parties, was $851,598,000 and $979,509,000, respectively.

Redeemable noncontrolling interests/redeemable 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*, because of their possible settlement by issuing a variable number of Vornado common shares. Accordingly, the fair value of these units is included as a component of "other liabilities" on our consolidated balance sheets and aggregated $50,561,000 as of March 31, 2018 and December 31, 2017. Changes in the value from period to period, if any, are charged to "interest and debt expense" on our consolidated statements of income.

13. Shareholders' Equity/Partners' Capital

On January 4 and 11, 2018, we redeemed all of the outstanding 6.625% Series G and Series I cumulative redeemable preferred shares/units at their redemption price of $25.00 per share/unit, or $470,000,000 in the aggregate, plus accrued and unpaid dividends/distributions through the date of redemption, and expensed $14,486,000 of previously capitalized issuance costs.

14. Accumulated Other Comprehensive Income ("AOCI")

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

(Amounts in thousands)	Total	Marketable securities	Pro rata share of nonconsolidated subsidiaries' OCI	Interest rate swaps	Other
For the Three Months Ended March 31, 2018					
Balance as of December 31, 2017	$ 128,682	$ 109,554	$ 3,769	$ 23,542	$ (8,183)
Cumulative effect of accounting change (see Note 3)	(108,374)	(109,554)	(1,671)	2,851	—
Net current period OCI:					
OCI before reclassifications	9,950	—	346	10,258	(654)
Amounts reclassified from AOCI	—	—	—	—	—
	9,950	—	346	10,258	(654)
Balance as of March 31, 2018	$ 30,258	$ —	$ 2,444	$ 36,651	$ (8,837)
For the Three Months Ended March 31, 2017					
Balance as of December 31, 2016	$ 118,972	$ 130,505	$ (12,058)	$ 8,066	$ (7,541)
Net current period OCI:					
OCI before reclassifications	(9,221)	(15,009)	(51)	5,842	(3)
Amounts reclassified from AOCI	9,268	—	9,268 (1)	—	—
	47	(15,009)	9,217	5,842	(3)
Balance as of March 31, 2017	$ 119,019	$ 115,496	$ (2,841)	$ 13,908	$ (7,544)

(1) Reclassified upon receipt of proceeds related to the sale of an investment by a nonconsolidated subsidiary.

15. Variable Interest Entities ("VIEs")

Unconsolidated VIEs

As of March 31, 2018 and December 31, 2017, we have 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 8 – *Investments in Partially Owned Entities*). As of March 31, 2018 and December 31, 2017, the net carrying amount of our investments in these entities was $341,516,000 and $352,925,000, respectively, and our maximum exposure to loss in these entities is limited to our investments.

Consolidated VIEs

Our most significant consolidated VIEs are the Operating Partnership (for Vornado), real estate fund investments, and certain properties that have non-controlling interests. These entities are VIEs because the non-controlling interests do not have substantive kick-out or participating rights. We consolidate these entities because we control all of their significant business activities.

As of March 31, 2018, the total assets and liabilities of our consolidated VIEs, excluding the Operating Partnership, were $3,575,404,000 and $1,828,460,000, respectively. As of December 31, 2017, the total assets and liabilities of our consolidated VIEs, excluding the Operating Partnership, were $3,561,062,000 and $1,753,798,000, respectively.

16. Fair Value Measurements

ASC 820 defines fair value and establishes a framework for measuring fair value. The objective of fair value is to determine the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels: Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities; Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and Level 3 – unobservable inputs that are used when little or no market data is available. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as consider counterparty credit risk in our assessment of fair value. Considerable judgment is necessary to interpret Level 2 and 3 inputs in determining the fair value of our financial and non-financial assets and liabilities. Accordingly, our fair value estimates, which are made at the end of each reporting period, may be different than the amounts that may ultimately be realized upon sale or disposition of these assets.

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

Financial assets and liabilities that are measured at fair value on our consolidated balance sheets consist of (i) marketable securities, (ii) real estate fund investments, (iii) the assets in our deferred compensation plan (for which there is a corresponding liability on our consolidated balance sheets), (iv) interest rate swaps and (v) mandatorily redeemable instruments (Series G-1 through G-4 convertible preferred units, Series D-13 cumulative redeemable preferred units, and 6.625% Series G and Series I cumulative redeemable preferred units which were redeemed on January 4 and 11, 2018 (see Note 13 - *Shareholders' Equity/Partners' Capital*)). The tables below aggregate the fair values of these financial assets and liabilities by their levels in the fair value hierarchy at March 31, 2018 and December 31, 2017, respectively.

(Amounts in thousands)	As of March 31, 2018			
	Total	Level 1	Level 2	Level 3
Marketable securities	$ 149,766	$ 149,766	$ —	$ —
Real estate fund investments	336,552	—	—	336,552
Deferred compensation plan assets ($11,392 included in restricted cash and $98,133 in other assets)	109,525	70,040	—	39,485
Interest rate swaps (included in other assets)	36,678	—	36,678	—
Total assets	$ 632,521	$ 219,806	$ 36,678	$ 376,037
Mandatorily redeemable instruments (included in other liabilities)	$ 50,561	$ 50,561	$ —	$ —

(Amounts in thousands)	As of December 31, 2017			
	Total	Level 1	Level 2	Level 3
Marketable securities	$ 182,752	$ 182,752	$ —	$ —
Real estate fund investments	354,804	—	—	354,804
Deferred compensation plan assets ($11,545 included in restricted cash and $97,633 in other assets)	109,178	69,050	—	40,128
Interest rate swaps (included in other assets)	27,472	—	27,472	—
Total assets	$ 674,206	$ 251,802	$ 27,472	$ 394,932
Mandatorily redeemable instruments (included in other liabilities)	$ 520,561	$ 520,561	$ —	$ —
Interest rate swaps (included in other liabilities)	1,052	—	1,052	—
Total liabilities	$ 521,613	$ 520,561	$ 1,052	$ —

16. Fair Value Measurements - continued

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

Real Estate Fund Investments

As of March 31, 2018, we had four real estate fund investments with an aggregate fair value of $336,552,000, or $77,678,000 in excess of cost. These investments are classified as Level 3. We use a discounted cash flow valuation technique to estimate the fair value of each of these investments, which is updated quarterly by personnel responsible for the management of each investment and reviewed by senior management at each reporting period. The discounted cash flow valuation technique requires us to estimate cash flows for each investment over the anticipated holding period, which currently ranges from 0.8 to 4.8 years. Cash flows are derived from property rental revenue (base rents plus reimbursements) less operating expenses, real estate taxes and capital and other costs, plus projected sales proceeds in the year of exit. Property rental revenue is based on leases currently in place and our estimates for future leasing activity, which are based on current market rents for similar space plus a projected growth factor. Similarly, estimated operating expenses and real estate taxes are based on amounts incurred in the current period plus a projected growth factor for future periods. Anticipated sales proceeds at the end of an investment's expected holding period are determined based on the net cash flow of the investment in the year of exit, divided by a terminal capitalization rate, less estimated selling costs.

The fair value of each property is calculated by discounting the future cash flows (including the projected sales proceeds), using an appropriate discount rate and then reduced by the property's outstanding debt, if any, to determine the fair value of the equity in each investment. Significant unobservable quantitative inputs used in determining the fair value of each investment include capitalization rates and discount rates. These rates are based on the location, type and nature of each property, current and anticipated market conditions, industry publications and from the experience of our Acquisitions and Capital Markets departments. Significant unobservable quantitative inputs in the table below were utilized in determining the fair value of these real estate fund investments at March 31, 2018 and December 31, 2017.

	Range		Weighted Average (based on fair value of investments)	
Unobservable Quantitative Input	**March 31, 2018**	**December 31, 2017**	**March 31, 2018**	**December 31, 2017**
Discount rates	10.0% to 15.1%	2.0% to 14.9%	12.6%	11.9%
Terminal capitalization rates	4.7% to 5.8%	4.7% to 6.7%	5.6%	5.5%

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

The table below summarizes the changes in the fair value of real estate fund investments that are classified as Level 3, for the three months ended March 31, 2018 and 2017.

(Amounts in thousands)	For the Three Months Ended March 31,	
	2018	**2017**
Beginning balance	$ 354,804	$ 462,132
Dispositions	(20,291)	—
Purchases	2,950	—
Net realized (loss) gain on exited investments	(911)	241
Net unrealized loss on held investments	—	(7,187)
Other, net	—	(240)
Ending balance	$ 336,552	$ 454,946

16. Fair Value Measurements - continued

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

Deferred Compensation Plan Assets

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

The table below summarizes the changes in the fair value of deferred compensation plan assets that are classified as Level 3, for the three months ended March 31, 2018 and 2017.

(Amounts in thousands)	For the Three Months Ended March 31,	
	2018	2017
Beginning balance	$ 40,128	$ 57,444
Purchases	14	463
Sales	(1,635)	(2,737)
Realized and unrealized gains	678	1,075
Other, net	300	665
Ending balance	$ 39,485	$ 56,910

Fair Value Measurements on a Nonrecurring Basis

There were no assets measured at fair value on a nonrecurring basis on our consolidated balance sheets at March 31, 2018 and December 31, 2017.

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 values of cash equivalents and borrowings under our unsecured revolving credit facilities and unsecured term loan are classified as Level 1. The fair values of our secured and unsecured debt are classified as Level 2. The table below summarizes the carrying amounts and fair value of these financial instruments as of March 31, 2018 and December 31, 2017.

(Amounts in thousands)	As of March 31, 2018		As of December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash equivalents	$ 1,110,550	$ 1,111,000	$ 1,500,227	$ 1,500,000
Debt:				
Mortgages payable	$ 8,164,718	$ 8,124,000	$ 8,203,839	$ 8,194,000
Senior unsecured notes	850,000	853,000	850,000	878,000
Unsecured term loan	750,000	750,000	750,000	750,000
Unsecured revolving credit facilities	80,000	80,000	—	—
Total	$ 9,844,718 (1)	$ 9,807,000	$ 9,803,839 (1)	$ 9,822,000

(1) Excludes $70,241 and $74,352 of deferred financing costs, net and other as of March 31, 2018 and December 31, 2017, respectively.

17. Stock-based Compensation

Vornado's 2010 Omnibus Share Plan (the "Plan") provides the Compensation Committee of our Board of Trustees (the "Committee") the ability to grant incentive and non-qualified Vornado stock options, restricted stock, restricted Operating Partnership units, out-performance plan awards and appreciation-only long-term incentive plan units ("AO LTIP Units") to certain of our employees and officers. We account for all equity-based compensation in accordance with ASC 718. Equity-based compensation expense was $13,669,000 and $13,559,000 for the three months ended March 31, 2018 and 2017, respectively.

AO LTIP Units

On January 12, 2018, the Committee approved the issuance of AO LTIP Units pursuant to the Plan to certain of our officers and employees. In connection with the approval of AO LTIP Units, Vornado, in its capacity as sole general partner of the Operating Partnership, amended the Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership (the "Partnership Agreement") in order to establish the terms of the new class of partnership interests known as AO LTIP Units.

AO LTIP Units are a class of partnership interests in the Operating Partnership that are intended to qualify as "profits interests" for federal income tax purposes and generally only allow the recipient to realize value to the extent the fair market value of a Vornado common share exceeds the threshold level set at the time the AO LTIP Units are granted, subject to any vesting conditions applicable to the award. The threshold level is intended to be equal to 100% of the then fair market value of a Vornado common share on the date of grant. The value of vested AO LTIP Units is realized through conversion of the AO LTIP Units into Class A Operating Partnership units. The number of Class A Units into which vested AO LTIP Units may be converted is determined based on the quotient of (i) the excess of the conversion value on the conversion date over the threshold value designated at the time the AO LTIP Unit was granted, divided by (ii) the conversion value on the conversion date. The "conversion value" is the value of a Vornado common share on the conversion date multiplied by the Conversion Factor as defined in the Partnership Agreement, which is currently one. AO LTIP Units vest ratably over four years and have a term of ten years from the grant date. The fair value of the AO LTIP Units on the date of grant was $3,484,000, of which $622,000 was immediately expensed due to the acceleration of vesting for employees who are retirement eligible (have reached age 65 or age 60 with at least 20 years of service). The remaining $2,862,000 is being amortized into expense over a four-year period from the date of grant using a graded vesting attribution model.

Each holder will generally receive special income allocations in respect of an AO LTIP Unit equal to 10% (or such other percentage specified in the applicable award agreement) of the income allocated in respect of a Class A Unit. Upon conversion of AO LTIP Units to Class A Units, holders will be entitled to receive in respect of each such AO LTIP Unit, on a per unit basis, a special distribution equal to 10% (or such other percentage specified in the applicable award agreement) of the distributions received by a holder of an equivalent number of Class A Units during the period from the grant date of the AO LTIP Units through the date of conversion.

17. Stock-based Compensation - continued

2018 Outperformance Plan ("2018 OPP")

On March 15, 2018, the Committee approved the 2018 OPP, a multi-year, $35,000,000 performance-based equity compensation plan of which $27,354,000 was granted to senior executives. The fair value of the 2018 OPP granted was $10,283,000, of which $8,040,000 was immediately expensed due to the acceleration of vesting for employees who are retirement eligible (have reached age 65 or age 60 with at least 20 years of service). The remaining $2,243,000 is being amortized into expense over a five-year period from the date of grant using a graded vesting attribution model.

Under the 2018 OPP, participants have the opportunity to earn compensation payable in the form of equity awards if Vornado outperforms a predetermined total shareholder return ("TSR") and/or outperforms the market with respect to relative total TSR during the three-year performance period (the "Performance Period") from March 15, 2018 to March 15, 2021 (the "Measurement Date"). Specifically, awards under the 2018 OPP may potentially be earned if Vornado (i) achieves a TSR above a benchmark weighted index (the "Index") comprised 70% of the SNL US Office REIT Index and 30% of the SNL US Retail Index over the Performance Period (the "Relative Component"), and/or (ii) achieves a TSR greater than 21% over the Performance Period (the "Absolute Component"). The value of awards under the Relative Component and Absolute Component will be calculated separately and will each be subject to an aggregate $35,000,000 maximum award cap for all participants. The two components will be added together to determine the aggregate award size, which shall also be subject to the aggregate $35,000,000 maximum award cap for all participants. In the event awards are earned under the Absolute Component, but Vornado underperforms the Index by more than 200 basis points per annum over the Performance Period (600 basis points over the three years), the amount earned under the Absolute Component will be reduced (and potentially fully negated) based on the degree by which the Index exceeds Vornado's TSR. In the event awards are earned under the Relative Component, but Vornado fails to achieve a TSR of at least 3% per annum, awards earned under the Relative Component will be reduced on a ratable sliding scale based on Vornado's absolute TSR performance, with awards earned under the Relative Component being reduced by a maximum of 50% in the event Vornado's TSR during the Measurement Period is 0% or negative. If the designated performance objectives are achieved, awards under the 2018 OPP will vest ratably on the Measurement Date and the first and second anniversary of the Measurement Date. In addition, all of Vornado's Named Executive Officers (as defined in Vornado's Proxy Statement filed on Schedule 14A with the Securities and Exchange Commission on April 6, 2018) are required to hold any earned and vested awards for one year following each such vesting date. Dividends on awards granted under the 2018 OPP accrue during the Performance Period and are paid to participants if awards are ultimately earned based on the achievement of the designated performance objectives.

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

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

(Amounts in thousands)	For the Three Months Ended March 31,	
	2018	2017
Decrease in fair value of marketable securities (see Note 7 for details)	$ (32,986)	$ —
Dividends on marketable securities	3,353	3,307
Interest on loans receivable	743	743
Other, net	4,506	2,645
	$ (24,384)	$ 6,695

19. Interest and Debt Expense

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

(Amounts in thousands)	For the Three Months Ended March 31,	
	2018	2017
Interest expense	$ 94,788	$ 84,970
Amortization of deferred financing costs	8,104	8,569
Capitalized interest and debt expense	(14,726)	(10,815)
	$ 88,166	$ 82,724

20. (Loss) Income Per Share/(Loss) Income Per Class A Unit

Vornado Realty Trust

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

(Amounts in thousands, except per share amounts)	For the Three Months Ended March 31,	
	2018	2017
Numerator:		
Income from continuing operations, net of income attributable to noncontrolling interests	$ 10,021	$ 49,519
(Loss) income from discontinued operations, net of income attributable to noncontrolling interests	(341)	14,362
Net income attributable to Vornado	9,680	63,881
Preferred share dividends	(13,035)	(16,129)
Preferred share issuance costs	(14,486)	—
Net (loss) income attributable to common shareholders	(17,841)	47,752
Earnings allocated to unvested participating securities	(11)	(15)
Numerator for basic and diluted (loss) income per share	$ (17,852)	$ 47,737
Denominator:		
Denominator for basic (loss) income per share – weighted average shares	190,081	189,210
Effect of dilutive securities(1):		
Employee stock options and restricted share awards	—	1,162
Denominator for diluted (loss) income per share – weighted average shares and assumed conversions	190,081	190,372
(LOSS) INCOME PER COMMON SHARE – BASIC:		
(Loss) income from continuing operations, net	$ (0.09)	$ 0.18
Income from discontinued operations, net	—	0.07
Net (loss) income per common share	$ (0.09)	$ 0.25
(LOSS) INCOME PER COMMON SHARE – DILUTED:		
(Loss) income from continuing operations, net	$ (0.09)	$ 0.18
Income from discontinued operations, net	—	0.07
Net (loss) income per common share	$ (0.09)	$ 0.25

(1) The effect of dilutive securities for the three months ended March 31, 2018 and 2017 excludes an aggregate of 13,334 and 12,405 weighted average common share equivalents, respectively, as their effect was anti-dilutive.

20. (Loss) Income Per Share/(Loss) Income Per Class A Unit - continued

Vornado Realty L.P.

The following table provides a reconciliation of both net income and the number of Class A units used in the computation of (i) basic (loss) 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 (loss) income per Class A unit - which includes the weighted average Class A units and dilutive unit equivalents. Dilutive unit equivalents may include our Series A convertible preferred units, Vornado stock options, restricted unit awards and Out-Performance Plan awards.

(Amounts in thousands, except per unit amounts)	For the Three Months Ended March 31,	
	2018	2017
Numerator:		
Income from continuing operations, net of income attributable to noncontrolling interests	$ 8,919	$ 51,792
(Loss) income from discontinued operations	(363)	15,318
Net income attributable to Vornado Realty L.P.	8,556	67,110
Preferred unit distributions	(13,084)	(16,178)
Preferred unit issuance costs	(14,486)	—
Net (loss) income attributable to Class A unitholders	(19,014)	50,932
Earnings allocated to unvested participating securities	(771)	(1,018)
Numerator for basic and diluted (loss) income per Class A unit	$ (19,785)	$ 49,914
Denominator:		
Denominator for basic (loss) income per Class A unit – weighted average units	201,929	200,845
Effect of dilutive securities[(1)]:		
Vornado stock options and restricted unit awards	—	1,802
Denominator for diluted (loss) income per Class A unit – weighted average units and assumed conversions	201,929	202,647
(LOSS) INCOME PER CLASS A UNIT – BASIC:		
(Loss) income from continuing operations, net	$ (0.10)	$ 0.17
Income from discontinued operations, net	—	0.08
Net (loss) income per Class A unit	$ (0.10)	$ 0.25
(LOSS) INCOME PER CLASS A UNIT – DILUTED:		
(Loss) income from continuing operations, net	$ (0.10)	$ 0.17
Income from discontinued operations, net	—	0.08
Net (loss) income per Class A unit	$ (0.10)	$ 0.25

(1) The effect of dilutive securities for the three months ended March 31, 2018 and 2017 excludes an aggregate of 1,446 and 130 weighted average Class A unit equivalents, respectively, as their effect was anti-dilutive.

21. Commitments and Contingencies

Insurance

We maintain general liability insurance with limits of $300,000,000 per occurrence and per property, and all risk property and rental value insurance with limits of $2.0 billion per occurrence, with sub-limits for certain perils such as flood and earthquake. Our California properties have earthquake insurance with coverage of $180,000,000 per occurrence and in the aggregate, subject to a deductible in the amount of 5% of the value of the affected property. We maintain coverage for terrorism acts with limits of $4.0 billion per occurrence and in the aggregate, and $2.0 billion per occurrence and in the aggregate for terrorism involving nuclear, biological, chemical and radiological (“NBCR”) terrorism events, as defined by the Terrorism Risk Insurance Program Reauthorization Act of 2015, which expires in December 2020.

21. Commitments and Contingencies - continued

Insurance - continued

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 $1,601,000 and 18% 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.

We continue to monitor the state of the insurance market and the scope and cost of coverage for acts of terrorism. However, we cannot anticipate what coverage will be available on commercially reasonable terms in the future. We are responsible 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 which are generally non-recourse to us, senior unsecured notes and revolving credit agreements, contain customary covenants requiring us to maintain insurance. Although we believe that we have adequate insurance coverage for purposes of these agreements, we may not be able to obtain an equivalent amount of coverage at reasonable cost in the future. Further, if lenders insist on greater coverage than we are able to obtain, it could adversely affect our ability to finance our properties and expand our portfolio.

Other Commitments and Contingencies

We are from time to time involved in legal actions arising in the ordinary course of business. In our opinion, after consultation with legal counsel, the outcome of such matters is not 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 cost to us.

Generally, our mortgage loans are non-recourse to us. However, in certain cases we have provided guarantees or master leased tenant space. These guarantees and master leases terminate either upon the satisfaction of specified circumstances or repayment of the underlying loans. As of March 31, 2018, the aggregate dollar amount of these guarantees and master leases is approximately $647,000,000.

As of March 31, 2018, $8,921,000 of letters of credit was outstanding under one of our unsecured revolving credit facilities. Our unsecured revolving credit facilities contain financial covenants that require us to maintain minimum interest rate coverage and maximum debt to market capitalization ratios, and provide for higher interest rates in the event of a decline in our ratings below Baa3/BBB. Our unsecured revolving credit facilities also contain customary conditions precedent to borrowing, including representations and warranties, and also contain customary events of default that could give rise to accelerated repayment, including such items as failure to pay interest or principal.

In September 2016, our 50.1% joint venture with Related Companies ("Related") was designated by Empire State Development ("ESD"), an entity of New York State, to redevelop the historic Farley Post Office Building. The joint venture entered into a development agreement with ESD and a design-build contract with Skanska Moynihan Train Hall Builders. Under the development agreement with ESD, the joint venture is obligated to build the Moynihan Train Hall, with Vornado and Related each guaranteeing the joint venture’s obligations. Under the design-build agreement, Skanska Moynihan Train Hall Builders is obligated to fulfill all of the joint venture’s obligations. The obligations of Skanska Moynihan Train Hall Builders have been bonded by Skanska USA and bear a full guaranty from Skanska AB.

As of March 31, 2018, we expect to fund additional capital to certain of our partially owned entities aggregating approximately $52,000,000.

As of March 31, 2018, we have construction commitments aggregating approximately $389,000,000.

22. Segment Information

Net Operating Income ("NOI") represents total revenues less operating expenses. We consider NOI 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, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. NOI should not be considered a substitute for net income. NOI may not be comparable to similarly titled measures employed by other companies.

Below is a reconciliation of net income to NOI for the three months ended March 31, 2018 and 2017.

(Amounts in thousands)	For the Three Months Ended March 31,	
	2018	2017
Net income	$ 282	$ 73,847
Deduct:		
Loss (income) from partially owned entities	9,904	(1,358)
Loss (income) from real estate fund investments	8,807	(268)
Interest and other investment loss (income), net	24,384	(6,695)
Net gains on disposition of wholly owned and partially owned assets	—	(501)
Loss (income) from discontinued operations	363	(15,318)
NOI attributable to noncontrolling interests in consolidated subsidiaries	(17,312)	(16,338)
Add:		
Depreciation and amortization expense	108,686	105,128
General and administrative expense	43,633	47,237
Transaction related costs and other	13,156	752
NOI from partially owned entities	67,513	66,097
Interest and debt expense	88,166	82,724
Income tax expense	1,454	1,851
NOI at share	349,036	337,158
Non cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(17,948)	(20,481)
NOI at share - cash basis	$ 331,088	$ 316,677

22. Segment Information - continued

Below is a summary of NOI by segment for the three months ended March 31, 2018 and 2017.

(Amounts in thousands)	For the Three Months Ended March 31, 2018		
	Total	New York	Other
Total revenues	$ 536,437	$ 448,484	$ 87,953
Operating expenses	237,602	197,916	39,686
NOI - consolidated	298,835	250,568	48,267
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(17,312)	(11,745)	(5,567)
Add: Our share of NOI from partially owned entities	67,513	49,773	17,740
NOI at share	349,036	288,596	60,440
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(17,948)	(17,323)	(625)
NOI at share - cash basis	$ 331,088	$ 271,273	$ 59,815

(Amounts in thousands)	For the Three Months Ended March 31, 2017		
	Total	New York	Other
Total revenues	$ 508,058	$ 426,239	$ 81,819
Operating expenses	220,659	183,107	37,552
NOI - consolidated	287,399	243,132	44,267
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(16,338)	(11,439)	(4,899)
Add: Our share of NOI from partially owned entities	66,097	45,462	20,635
NOI at share	337,158	277,155	60,003
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(20,481)	(18,372)	(2,109)
NOI at share - cash basis	$ 316,677	$ 258,783	$ 57,894

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 March 31, 2018, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows, for the three-month periods ended March 31, 2018 and 2017, 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, 2017, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended; and in our report dated February 12, 2017, 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, 2017, 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

Parsippany, New Jersey
April 30, 2018

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 March 31, 2018, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows, for the three-month periods ended March 31, 2018 and 2017, 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, 2017, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended; and in our report dated February 12, 2017, 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, 2017, 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 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

Parsippany, New Jersey
April 30, 2018

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; and estimates of future capital expenditures, dividends to common and preferred shareholders and operating partnership distributions. Many of the factors that will determine the outcome of these and our other forward-looking statements are beyond our ability to control or predict. For further discussion of factors that could materially affect the outcome of our forward-looking statements, see "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017. 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 months ended March 31, 2018. 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 months ended March 31, 2018 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., a Delaware limited partnership (the “Operating Partnership”). Vornado is the sole general partner of, and owned approximately 93.4% of the common limited partnership interest in, the Operating Partnership as of March 31, 2018. All references to the “Company,” “we,” “us,” and “our” mean collectively Vornado, the Operating Partnership and those entities/subsidiaries consolidated by Vornado.

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

Vornado Realty Trust

Quarter Ended March 31, 2018 Financial Results Summary

Net loss attributable to common shareholders for the quarter ended March 31, 2018 was $17,841,000, or $0.09 per diluted share, compared to net income attributable to common shareholders of $47,752,000, or $0.25 per diluted share, for the prior year’s quarter. The quarters ended March 31, 2018 and 2017 include certain items that impact net (loss) income attributable to common shareholders, which are listed in the table below. The aggregate of these items, net of amounts attributable to noncontrolling interests, increased net loss attributable to common shareholders for the quarter ended March 31, 2018 by $74,229,000, or $0.39 per diluted share, and increased net income attributable to common shareholders for the quarter ended March 31, 2017 by $879,000, or $0.00 per diluted share.

Funds From Operations ("FFO") attributable to common shareholders plus assumed conversions for the quarter ended March 31, 2018 was $102,479,000, or $0.54 per diluted share, compared to $205,729,000, or $1.08 per diluted share, for the prior year’s quarter. FFO attributable to common shareholders plus assumed conversions for the quarters ended March 31, 2018 and 2017 include certain items that impact FFO, which are listed in the table below. 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 March 31, 2018 by $71,363,000, or $0.37 per diluted share, and increased FFO attributable to common shareholders plus assumed conversions for the quarter ended March 31, 2017 by $45,624,000, or $0.24 per diluted share.

(Amounts in thousands)	For the Three Months Ended March 31,	
	2018	2017
Certain expense (income) items that impact net (loss) income attributable to common shareholders:		
Decrease in fair value of marketable securities resulting from a new GAAP accounting standard effective January 1, 2018	$ 34,660	$ —
Our share of potential additional New York City transfer taxes based on a Tax Tribunal interpretation which Vornado is appealing	23,503	—
Preferred share issuance costs	14,486	—
666 Fifth Avenue Office Condominium (49.5% interest)	3,492	10,197
Our share of real estate fund investments (excluding our $4,252 share of One Park Avenue potential additional transfer taxes and reduction in carried interest)	(814)	3,235
Loss (income) from discontinued operations (primarily related to JBG SMITH Properties operating results and transaction costs through July 17, 2017 spin-off)	363	(15,318)
Other	3,420	949
	79,110	(937)
Noncontrolling interests' share of above adjustments	(4,881)	58
Total of certain expense (income) items that impact net (loss) income attributable to common shareholders	$ 74,229	$ (879)

Overview - continued

(Amounts in thousands)	For the Three Months Ended March 31,	
	2018	2017
Certain expense (income) items that impact FFO attributable to common shareholders plus assumed conversions:		
Decrease in fair value of marketable securities resulting from a new GAAP accounting standard effective January 1, 2018	$ 34,660	$ —
Our share of potential additional New York City transfer taxes based on a Tax Tribunal interpretation which Vornado is appealing	23,503	—
Preferred share issuance costs	14,486	—
Our share of real estate fund investments (excluding our $4,252 share of One Park Avenue potential additional transfer taxes and reduction in carried interest)	(814)	3,235
FFO from discontinued operations (primarily related to JBG SMITH Properties operating results and transaction costs through July 17, 2017 spin-off)	363	(48,093)
666 Fifth Avenue Office Condominium (49.5% interest)	137	(3,553)
Other	3,721	(249)
	76,056	(48,660)
Noncontrolling interests' share of above adjustments	(4,693)	3,036
Total of certain expense (income) items that impact FFO attributable to common shareholders plus assumed conversions	$ 71,363	$ (45,624)

Vornado Realty L.P.

Quarter Ended March 31, 2018 Financial Results Summary

Net loss attributable to Class A unitholders for the quarter ended March 31, 2018 was $19,014,000, or $0.10 per diluted Class A unit, compared to net income attributable to Class A unitholders of $50,932,000, or $0.25 per diluted Class A unit, for the prior year’s quarter. The quarters ended March 31, 2018 and 2017 include certain items that impact net (loss) income attributable to Class A unitholders, which are listed in the table below. The aggregate of these items increased net loss attributable to Class A unitholders for the quarter ended March 31, 2018 by $79,110,000, or $0.39 per diluted Class A unit, and increased net income attributable to Class A unitholders for the quarter ended March 31, 2017 by $937,000, or $0.00 per diluted Class A unit.

(Amounts in thousands)	For the Three Months Ended March 31,	
	2018	2017
Certain expense (income) items that impact net (loss) income attributable to Class A unitholders:		
Decrease in fair value of marketable securities resulting from a new GAAP accounting standard effective January 1, 2018	$ 34,660	$ —
Our share of potential additional New York City transfer taxes based on a Tax Tribunal interpretation which Vornado is appealing	23,503	—
Preferred unit issuance costs	14,486	—
666 Fifth Avenue Office Condominium (49.5% interest)	3,492	10,197
Our share of real estate fund investments (excluding our $4,252 share of One Park Avenue potential additional transfer taxes and reduction in carried interest)	(814)	3,235
Loss (income) from discontinued operations (primarily related to JBG SMITH Properties operating results and transaction costs through July 17, 2017 spin-off)	363	(15,318)
Other	3,420	949
Total of certain expense (income) items that impact net (loss) income attributable to Class A unitholders	$ 79,110	$ (937)

Overview - continued

Vornado Realty Trust and Vornado Realty L.P.

Same Store Net Operating Income ("NOI")

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

	New York	theMART	555 California Street
Same store NOI at share % increase (decrease):			
Three months ended March 31, 2018 compared to March 31, 2017	4.0 % (1)	3.4%	12.3%
Three months ended March 31, 2018 compared to December 31, 2017	(5.6)% (1)	10.7% (2)	12.6%
Same store NOI at share - cash basis % increase (decrease):			
Three months ended March 31, 2018 compared to March 31, 2017	5.6 % (1)	10.0%	13.3%
Three months ended March 31, 2018 compared to December 31, 2017	(4.5)% (1)	10.9% (2)	7.6%

(1)

	Increase (Decrease)
Excluding Hotel Pennsylvania - same store NOI at share % increase (decrease):	
Three months ended March 31, 2018 compared to March 31, 2017	3.7 %
Three months ended March 31, 2018 compared to December 31, 2017	(2.2)%
Excluding Hotel Pennsylvania - same store NOI at share - cash basis % increase (decrease):	
Three months ended March 31, 2018 compared to March 31, 2017	5.3 %
Three months ended March 31, 2018 compared to December 31, 2017	(0.8)%

(2) Excluding tradeshows seasonality, same store NOI at share and same store NOI at share - cash basis decreased by 0.7% and 0.5%, respectively.

Calculations of same store NOI, reconciliations of our net income to NOI, NOI - 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 the Financial Condition and Results of Operations.

Overview - continued

Acquisition

On February 9, 2018, we acquired 537 West 26th Street, a 14,000 square foot commercial property adjacent to our 260 Eleventh Avenue office property and 55,000 square feet of additional zoning air rights, for $44,000,000.

Disposition

On January 17, 2018, Vornado Capital Partners Real Estate Fund (the "Fund") completed the sale of the retail condominium at 11 East 68th Street, a property located on Madison Avenue and 68th Street, for $82,000,000. From the inception of this investment through its disposition, the Fund realized a $46,259,000 net gain.

Financings

On January 4 and 11, 2018, we redeemed all of the outstanding 6.625% Series G and Series I cumulative redeemable preferred shares/units at their redemption price of $25.00 per share/unit, or $470,000,000 in the aggregate, plus accrued and unpaid dividends/distributions through the date of redemption, and expensed $14,486,000 of previously capitalized issuance costs.

On January 5, 2018, we completed a $100,000,000 refinancing of 33-00 Northern Boulevard (Center Building), a 471,000 square foot office building in Long Island City, New York. The seven-year loan is at LIBOR plus 1.80%, which was swapped to a fixed rate of 4.14%. We realized net proceeds of approximately $37,200,000 after repayment of the existing 4.43% $59,800,000 mortgage and closing costs.

Critical Accounting Policies

A summary of our critical accounting policies is included in our Annual Report on Form 10-K for the year ended December 31, 2017 in Management's Discussion and Analysis of Financial Condition and Results of Operations. For the three months ended March 31, 2018, there were no material changes to these policies, other than the adoption of the Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, described in Note 3 to the unaudited consolidated financial statements in Part I, Item I of this Quarterly Report on Form 10-Q.

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.

Overview - continued

Leasing Activity

The leasing activity and related statistics in the table 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.

(Square feet in thousands)	New York		theMART	555 California Street
	Office	Retail		
Three Months Ended March 31, 2018				
Total square feet leased	424	77	119	89
Our share of square feet leased:	359	77	119	62
Initial rent[(1)]	$ 82.07	$ 212.03	$ 50.39	$ 85.89
Weighted average lease term (years)	10.5	4.5	5.7	7.1
Second generation relet space:				
Square feet	285	77	113	30
GAAP basis:				
Straight-line rent[(2)]	$ 85.11	$ 222.11	$ 51.08	$ 99.34
Prior straight-line rent	$ 52.39	$ 253.14	$ 37.40	$ 71.29
Percentage increase (decrease)	62.5% [(3)]	(12.3)% [(4)]	36.6%	39.3%
Cash basis:				
Initial rent[(1)]	$ 83.96	$ 212.03	$ 50.31	$ 96.68
Prior escalated rent	$ 55.87	$ 265.50	$ 39.31	$ 82.61
Percentage increase (decrease)	50.3% [(3)]	(20.1)% [(4)]	28.0%	17.0%
Tenant improvements and leasing commissions:				
Per square foot	$ 97.99	$ 63.26	$ 23.89	$ 82.65
Per square foot per annum	$ 9.33	$ 14.06	$ 4.19	$ 11.64
Percentage of initial rent	11.4%	6.6 %	8.3%	13.6%

(1) Represents the cash basis weighted average starting rent per square foot, which is generally indicative of market rents. Most leases include free rent and periodic step-ups in rent which are not included in the initial cash basis rent per square foot but are included in the GAAP basis straight-line rent per square foot.
(2) Represents the GAAP basis weighted average rent per square foot that is recognized over the term of the respective leases, and includes the effect of free rent and periodic step-ups in rent.
(3) Excluding a single lease at 770 Broadway for 77 square feet, the GAAP and cash basis mark-to-markets were positive 20.2% and 12.5%, respectively.
(4) Excluding a single lease at 435 Seventh Avenue for 43 square feet, the GAAP and cash basis mark-to-markets were positive 19.2% and 4.9%, respectively.

Overview - continued

Square Footage (in service) and Occupancy as of March 31, 2018

(Square feet in thousands)		Square Feet (in service)		
	Number of Properties	Total Portfolio	Our Share	Occupancy %
New York:				
Office	36	20,241	16,965	96.8%
Retail (includes retail properties that are in the base of our office properties)	72	2,671	2,421	96.7%
Residential - 1,696 units	11	1,568	835	96.9%
Alexander's, including 312 residential units	7	2,437	790	99.1%
Hotel Pennsylvania	1	1,400	1,400	
		28,317	22,411	96.9%
Other:				
theMART	3	3,693	3,684	99.1%
555 California Street	3	1,741	1,219	97.8%
Other	11	2,522	1,187	93.6%
		7,956	6,090	
Total square feet as of March 31, 2018		36,273	28,501	

Square Footage (in service) and Occupancy as of December 31, 2017

(Square feet in thousands)		Square Feet (in service)		
	Number of properties	Total Portfolio	Our Share	Occupancy %
New York:				
Office	36	20,256	16,982	97.1%
Retail (includes retail properties that are in the base of our office properties)	71	2,720	2,471	96.9%
Residential - 1,697 units	11	1,568	835	96.7%
Alexander's, including 312 residential units	7	2,437	790	99.3%
Hotel Pennsylvania	1	1,400	1,400	
		28,381	22,478	97.2%
Other:				
theMART	3	3,689	3,680	98.6%
555 California Street	3	1,741	1,219	94.2%
Other	11	2,525	1,188	93.6%
		7,955	6,087	
Total square feet as of December 31, 2017		36,336	28,565	

Net Operating Income by Segment for the Three Months Ended March 31, 2018 and 2017

Net Operating Income ("NOI") represents total revenues less operating expenses. We consider NOI 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, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. NOI should not be considered a substitute for net income. NOI may not be comparable to similarly titled measures employed by other companies.

Below is a summary of NOI by segment for the three months ended March 31, 2018 and 2017.

(Amounts in thousands)	For the Three Months Ended March 31, 2018		
	Total	New York	Other
Total revenues	$ 536,437	$ 448,484	$ 87,953
Operating expenses	237,602	197,916	39,686
NOI - consolidated	298,835	250,568	48,267
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(17,312)	(11,745)	(5,567)
Add: Our share of NOI from partially owned entities	67,513	49,773	17,740
NOI at share	349,036	288,596	60,440
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(17,948)	(17,323)	(625)
NOI at share - cash basis	$ 331,088	$ 271,273	$ 59,815

(Amounts in thousands)	For the Three Months Ended March 31, 2017		
	Total	New York	Other
Total revenues	$ 508,058	$ 426,239	$ 81,819
Operating expenses	220,659	183,107	37,552
NOI - consolidated	287,399	243,132	44,267
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(16,338)	(11,439)	(4,899)
Add: Our share of NOI from partially owned entities	66,097	45,462	20,635
NOI at share	337,158	277,155	60,003
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(20,481)	(18,372)	(2,109)
NOI at share - cash basis	$ 316,677	$ 258,783	$ 57,894

Net Operating Income by Segment for the Three Months Ended March 31, 2018 and 2017 - continued

The elements of our New York and Other NOI for the three months ended March 31, 2018 and 2017 are summarized below.

(Amounts in thousands)	For the Three Months Ended March 31,	
	2018	2017
New York:		
Office	$ 187,156	$ 174,724
Retail	87,909	89,048
Residential	6,141	6,278
Alexander's	11,575	11,743
Hotel Pennsylvania	(4,185)	(4,638)
Total New York	288,596	277,155
Other:		
theMART	26,875	25,889
555 California Street	13,511	12,034
Other investments	20,054	22,080
Total Other	60,440	60,003
NOI at share	$ 349,036	$ 337,158

The elements of our New York and Other NOI - cash basis for the three months ended March 31, 2018 and 2017 are summarized below.

(Amounts in thousands)	For the Three Months Ended March 31,	
	2018	2017
New York:		
Office	$ 178,199	$ 166,339
Retail	79,589	79,419
Residential	5,599	5,542
Alexander's	12,039	12,088
Hotel Pennsylvania	(4,153)	(4,605)
Total New York	271,273	258,783
Other:		
theMART	27,079	24,532
555 California Street	12,826	11,325
Other investments	19,910	22,037
Total Other	59,815	57,894
NOI at share - cash basis	$ 331,088	$ 316,677

Reconciliation of Net Income to Net Operating Income for the Three Months Ended March 31, 2018 and 2017

Below is a reconciliation of net income to NOI for the three months ended March 31, 2018 and 2017.

(Amounts in thousands)	For the Three Months Ended March 31,	
	2018	2017
Net income	$ 282	$ 73,847
Deduct:		
Loss (income) from partially owned entities	9,904	(1,358)
Loss (income) from real estate fund investments	8,807	(268)
Interest and other investment loss (income), net	24,384	(6,695)
Net gains on disposition of wholly owned and partially owned assets	—	(501)
Loss (income) from discontinued operations	363	(15,318)
NOI attributable to noncontrolling interests in consolidated subsidiaries	(17,312)	(16,338)
Add:		
Depreciation and amortization expense	108,686	105,128
General and administrative expense	43,633	47,237
Transaction related costs and other	13,156	752
NOI from partially owned entities	67,513	66,097
Interest and debt expense	88,166	82,724
Income tax expense	1,454	1,851
NOI at share	349,036	337,158
Non cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(17,948)	(20,481)
NOI at share - cash basis	$ 331,088	$ 316,677

NOI by Region

Below is a summary of the percentages of NOI by geographic region.

	For the Three Months Ended March 31,	
	2018	2017
Region:		
New York City metropolitan area	88%	88%
Chicago, IL	8%	8%
San Francisco, CA	4%	4%
	100%	100%

Results of Operations – Three Months Ended March 31, 2018 Compared to March 31, 2017

Revenues

Our revenues, which consist of property rentals, tenant expense reimbursements, and fee and other income, were $536,437,000 for the three months ended March 31, 2018 compared to $508,058,000 for the prior year's quarter, an increase of $28,379,000. Below are the details of the increase by segment:

(Amounts in thousands)	Total	New York	Other
Increase (decrease) due to:			
Property rentals:			
Acquisitions, dispositions and other	$ 2,816	$ 2,816	$ —
Development and redevelopment	(125)	(266)	141
Hotel Pennsylvania	1,757	1,757	—
Trade shows	391	—	391
Same store operations	20,379	16,717	3,662
	25,218	21,024	4,194
Tenant expense reimbursements:			
Acquisitions, dispositions and other	14	14	—
Development and redevelopment	140	(52)	192
Same store operations	1,123	989	134
	1,277	951	326
Fee and other income:			
BMS cleaning fees	3,284	4,030	(746)
Management and leasing fees	489	454	35
Lease termination fees	(3,505)	(3,419)	(86)
Other income	1,616	(795)	2,411
	1,884	270	1,614
Total increase in revenues	$ 28,379	$ 22,245	$ 6,134

Results of Operations – Three Months Ended March 31, 2018 Compared to March 31, 2017 - continued

Expenses

Our expenses, which consist of operating, depreciation and amortization, general and administrative, (income) expense from deferred compensation plan liability, and transaction related costs and other, were $402,673,000 for the three months ended March 31, 2018, compared to $376,245,000 for the prior year's quarter, an increase of $26,428,000. Below are the details of the increase (decrease) by segment:

(Amounts in thousands)	Total	New York	Other
Increase (decrease) due to:			
Operating:			
Acquisitions, dispositions and other	$ 366	$ 366	$ —
Development and redevelopment	384	(278)	662
Non-reimbursable expenses, including bad debt reserves	1,856	1,870	(14)
Hotel Pennsylvania	1,304	1,304	—
Trade shows	112	—	112
BMS expenses	2,591	3,307	(716)
Same store operations	10,330	8,240	2,090
	16,943	14,809	2,134
Depreciation and amortization:			
Acquisitions, dispositions and other	78	78	—
Development and redevelopment	3,185	3,150	35
Same store operations	295	(1,549)	1,844
	3,558	1,679	1,879
General and administrative	(3,604)	(1,127)	(2,477)
(Income) expense from deferred compensation plan liability	(2,873)	—	(2,873) [(1)]
Transaction related costs and other	12,404	13,103 [(2)]	(699)
Total increase (decrease) in expenses	$ 26,428	$ 28,464	$ (2,036)

(1) This decrease in expense is entirely offset by a corresponding increase in "(loss) income from deferred compensation plan assets" on our consolidated statements of income.
(2) Potential additional New York City real property transfer tax ("Transfer Tax") related to the December 2012 acquisition of Independence Plaza.

(Loss) Income from Partially Owned Entities

Below are the components of (loss) income from partially owned entities for the three months ended March 31, 2018 and 2017.

(Amounts in thousands)	Ownership Percentage at March 31, 2018	For the Three Months Ended March 31, 2018	2017
Equity in Net (Loss) Income:			
Partially owned office buildings[(1)]	Various	$ (4,283)	$ 810
Alexander's[(2)]	32.4%	(2,001)	8,401
Urban Edge Properties	4.5%	(641)	1,300
Pennsylvania Real Estate Investment Trust	8.0%	(429)	(2,830)
Other investments[(3)]	Various	(2,550)	(6,323)
		$ (9,904)	$ 1,358

(1) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 7 West 34th Street, 330 Madison Avenue, 512 West 22nd Street, 85 Tenth Avenue and others. 2018 includes our $4,978 share of potential additional Transfer Tax related to the March 2011 acquisition of One Park Avenue.
(2) 2018 includes our $7,708 share of Alexander's potential additional Transfer Tax.
(3) Includes interests in Independence Plaza, Fashion Centre Mall/Washington Tower, Rosslyn Plaza, 50-70 West 93rd Street, 666 Fifth Avenue Condominium and others.

Results of Operations – Three Months Ended March 31, 2018 Compared to March 31, 2017 - continued

(Loss) Income from Real Estate Fund Investments

Below are the components of the (loss) income from our real estate fund investments for the three months ended March 31, 2018 and 2017.

(Amounts in thousands)	For the Three Months Ended March 31, 2018	2017
Net investment income	$ 2,734	$ 7,214
Transfer Tax	(10,630)	—
Net realized (loss) gain on exited investments	(911)	241
Net unrealized loss on held investments	—	(7,187)
(Loss) income from real estate fund investments	(8,807)	268
Less loss (income) attributable to noncontrolling interests in consolidated subsidiaries	5,369	(3,503)
Loss from real estate fund investments attributable to the Operating Partnership (2018 includes $4,252 of loss related to One Park Avenue potential additional transfer taxes and reduction in carried interest) [(1)]	(3,438)	(3,235)
Less loss attributable to noncontrolling interests in the Operating Partnership	212	202
Loss from real estate fund investments attributable to Vornado	$ (3,226)	$ (3,033)

(1) Excludes $440 and $1,000 of management and leasing fees for the three months ended March 31, 2018 and 2017, respectively, which are included as a component of "fee and other income" on our consolidated statements of income.

Interest and Other Investment (Loss) Income, net

Below are the components of interest and other investment (loss) income, net for the three months ended March 31, 2018 and 2017.

(Amounts in thousands)	For the Three Months Ended March 31, 2018	2017
Decrease in fair value of marketable securities[(1)]	$ (32,986)	$ —
Dividends on marketable securities	3,353	3,307
Interest on loans receivable	743	743
Other, net	4,506	2,645
	$ (24,384)	$ 6,695

(1) On January 1, 2018, we adopted ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, which requires changes in the fair value of our marketable securities to be recorded in current period earnings. Previously, changes in the fair value of marketable securities were recognized in "accumulated other comprehensive income" on our consolidated balance sheets.

Interest and Debt Expense

Interest and debt expense was $88,166,000 for the three months ended March 31, 2018, compared to $82,724,000 in the prior year’s quarter, an increase of $5,442,000. This increase was primarily due to (i) $5,895,000 of higher interest expense relating to our variable rate loans, (ii) $2,827,000 of higher interest expense on our $750,000,000 delayed draw term loan which was fully drawn in October 2017, (iii) $1,231,000 of higher interest expense from the refinancing of 33-00 Northern Boulevard including prepayment expense, partially offset by (iv) $3,911,000 higher capitalized interest and debt expense.

Income Tax Expense

For the three months ended March 31, 2018, income tax expense was $1,454,000, compared to $1,851,000 for the prior year’s quarter, a decrease of $397,000.

Results of Operations – Three Months Ended March 31, 2018 Compared to March 31, 2017 - continued

(Loss) Income from Discontinued Operations

The table below sets forth the combined results of operations of assets related to discontinued operations for the three months ended March 31, 2018 and 2017, substantially all of which is related to our former Washington, DC business which was spun-off on July 17, 2017.

(Amounts in thousands)	For the Three Months Ended March 31,	
	2018	2017
Total revenues	$ 354	$ 116,283
Total expenses	717	95,712
	(363)	20,571
JBG SMITH Properties spin-off transaction costs	—	(7,253)
Net gains on sale of real estate, a lease position and other	—	2,354
Pretax (loss) income from discontinued operations	(363)	15,672
Income tax expense	—	(354)
(Loss) income from discontinued operations	$ (363)	$ 15,318

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

Net loss attributable to noncontrolling interests in consolidated subsidiaries was $8,274,000 for the three months ended March 31, 2018, compared to income of $6,737,000 for the prior year's quarter, a decrease in income of $15,011,000. This decrease resulted primarily from $6,538,000 of potential additional Transfer Tax allocated to the noncontrolling interests related to the December 2012 acquisition of Independence Plaza and $6,378,000 of potential additional Transfer Tax allocated to noncontrolling interests of our real estate fund investments related to the March 2011 acquisition of One Park Avenue.

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

Net loss attributable to noncontrolling interests in the Operating Partnership was $1,124,000 for the three months ended March 31, 2018, compared to income of $3,229,000 for the prior year's quarter, a decrease in income of $4,353,000. This decrease resulted primarily from lower net income subject to allocation to Class A unitholders.

Preferred Share Dividends of Vornado Realty Trust

Preferred share dividends were $13,035,000 for the three months ended March 31, 2018, compared to $16,129,000 for the prior year's quarter, a decrease of $3,094,000. The decrease is comprised of $7,288,000 of savings from the redemption of all of the outstanding 6.625% Series G and Series I cumulative redeemable preferred shares in January 2018, partially offset by a $4,194,000 increase due to the issuance of 5.25% Series M cumulative redeemable preferred shares in December 2017.

Preferred Unit Distributions of Vornado Realty L.P.

Preferred unit distributions were $13,084,000 for the three months ended March 31, 2018, compared to $16,178,000 for the prior year's quarter, a decrease of $3,094,000. The decrease is comprised of $7,288,000 of savings from the redemption of all the outstanding 6.625% Series G and Series I cumulative redeemable preferred units in January 2018, partially offset by a $4,194,000 increase due to the issuance of 5.25% Series M cumulative redeemable preferred units in December 2017.

Preferred Share/Unit Issuance Costs

In the three months ended March 31, 2018, we recognized a $14,486,000 expense in connection with the write-off of issuance costs upon the redemption of all the outstanding 6.625% Series G and Series I cumulative redeemable preferred shares/units in January 2018.

Results of Operations – Three Months Ended March 31, 2018 Compared to March 31, 2017 - continued

Same Store Net Operating Income

Same store NOI represents NOI from operations which are owned by us and in service in both the current and prior year reporting periods. Same store NOI - cash basis is NOI from operations before straight-line rental income and expense, amortization of acquired below and above market leases, net and other non-cash adjustments which are owned by us and in service in both the current and prior year reporting periods. 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 and same store NOI - cash basis should not be considered as an alternative to net income or cash flow from operations and may not be comparable to similarly titled measures employed by other companies.

Below are reconciliations of NOI to same store NOI for our New York segment, theMART and 555 California Street for the three months ended March 31, 2018 compared to March 31, 2017.

(Amounts in thousands)	New York	theMART	555 California Street
NOI at share for the three months ended March 31, 2018	$ 288,596	$ 26,875	$ 13,511
Less NOI at share from:			
Acquisitions	(350)	(85)	—
Dispositions	40	—	—
Development properties placed into and out of service	(412)	—	—
Lease termination income, net of straight-line and FAS 141 adjustments	(1,127)	—	—
Other non-operating income, net	(579)	—	—
Same store NOI at share for the three months ended March 31, 2018	$ 286,168	$ 26,790	$ 13,511
NOI at share for the three months ended March 31, 2017	$ 277,155	$ 25,889	$ 12,034
Less NOI at share from:			
Acquisitions	—	31	—
Dispositions	(228)	—	—
Development properties placed into and out of service	16	—	—
Lease termination income, net of straight-line and FAS 141 adjustments	(638)	(20)	—
Other non-operating income, net	(1,084)	—	—
Same store NOI at share for the three months ended March 31, 2017	$ 275,221	$ 25,900	$ 12,034
Increase in same store NOI at share for the three months ended March 31, 2018 compared to March 31, 2017	$ 10,947	$ 890	$ 1,477
% increase in same store NOI at share	4.0% (1)	3.4%	12.3%

(1) Excluding Hotel Pennsylvania, same store NOI at share increased by 3.7%.

Results of Operations – Three Months Ended March 31, 2018 Compared to March 31, 2017 - continued

Same Store Net Operating Income - continued

Below are reconciliations of NOI - cash basis to same store NOI - cash basis for our New York segment, theMART and 555 California Street for the three months ended March 31, 2018 compared to March 31, 2017.

(Amounts in thousands)	New York	theMART	555 California Street
NOI at share - cash basis for the three months ended March 31, 2018	$ 271,273	$ 27,079	$ 12,826
Less NOI at share - cash basis from:			
Acquisitions	(200)	(85)	—
Dispositions	40	—	—
Development properties placed into and out of service	(603)	—	—
Lease termination income	(1,061)	—	—
Other non-operating income, net	(579)	—	—
Same store NOI at share - cash basis for the three months ended March 31, 2018	$ 268,870	$ 26,994	$ 12,826
NOI at share - cash basis for the three months ended March 31, 2017	$ 258,783	$ 24,532	$ 11,325
Less NOI at share - cash basis from:			
Acquisitions	—	31	—
Dispositions	(228)	—	—
Development properties placed into and out of service	106	—	—
Lease termination income	(3,030)	(31)	—
Other non-operating income, net	(1,029)	—	—
Same store NOI at share - cash basis for the three months ended March 31, 2017	$ 254,602	$ 24,532	$ 11,325
Increase in same store NOI at share - cash basis for the three months ended March 31, 2018 compared to March 31, 2017	$ 14,268	$ 2,462	$ 1,501
% increase in same store NOI at share - cash basis	5.6% (1)	10.0%	13.3%

(1) Excluding Hotel Pennsylvania, same store NOI at share - cash basis increased by 5.3%.

SUPPLEMENTAL INFORMATION

Net Operating Income by Segment for the Three Months Ended March 31, 2018 and December 31, 2017

NOI represents total revenues less operating expenses. We consider NOI 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, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. NOI should not be considered a substitute for net income. NOI may not be comparable to similarly titled measures employed by other companies.

Below is a summary of NOI by segment for the three months ended March 31, 2018 and December 31, 2017.

(Amounts in thousands)	For the Three Months Ended March 31, 2018		
	Total	New York	Other
Total revenues	$ 536,437	$ 448,484	$ 87,953
Operating expenses	237,602	197,916	39,686
NOI - consolidated	298,835	250,568	48,267
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(17,312)	(11,745)	(5,567)
Add: Our share of NOI from partially owned entities	67,513	49,773	17,740
NOI at share	349,036	288,596	60,440
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(17,948)	(17,323)	(625)
NOI at share - cash basis	$ 331,088	$ 271,273	$ 59,815

(Amounts in thousands)	For the Three Months Ended December 31, 2017		
	Total	New York	Other
Total revenues	$ 536,226	$ 462,597	$ 73,629
Operating expenses	225,011	195,421	29,590
NOI - consolidated	311,215	267,176	44,039
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(16,533)	(11,648)	(4,885)
Add: Our share of NOI from partially owned entities	69,175	48,700	20,475
NOI at share	363,857	304,228	59,629
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(21,579)	(21,441)	(138)
NOI at share - cash basis	$ 342,278	$ 282,787	$ 59,491

SUPPLEMENTAL INFORMATION - CONTINUED

Net Operating Income by Segment for the Three Months Ended March 31, 2018 and December 31, 2017 - continued

The elements of our New York and Other NOI for the three months ended March 31, 2018 and December 31, 2017 are summarized below.

(Amounts in thousands)	For the Three Months Ended	
	March 31, 2018	December 31, 2017
New York:		
Office	$ 187,156	$ 189,481
Retail	87,909	90,853
Residential	6,141	5,920
Alexander's	11,575	11,656
Hotel Pennsylvania	(4,185)	6,318
Total New York	288,596	304,228
Other:		
theMART	26,875	24,249
555 California Street	13,511	12,003
Other investments	20,054	23,377
Total Other	60,440	59,629
NOI at share	$ 349,036	$ 363,857

The elements of our New York and Other NOI - cash basis for the three months ended March 31, 2018 and December 31, 2017 are summarized below.

(Amounts in thousands)	For the Three Months Ended	
	March 31, 2018	December 31, 2017
New York:		
Office	$ 178,199	$ 175,787
Retail	79,589	83,320
Residential	5,599	5,325
Alexander's	12,039	12,004
Hotel Pennsylvania	(4,153)	6,351
Total New York	271,273	282,787
Other:		
theMART	27,079	24,396
555 California Street	12,826	11,916
Other investments	19,910	23,179
Total Other	59,815	59,491
NOI at share - cash basis	$ 331,088	$ 342,278

SUPPLEMENTAL INFORMATION - CONTINUED

Reconciliation of Net Income to Net Operating Income for the Three Months Ended March 31, 2018 and December 31, 2017

Below is a reconciliation of net income to NOI for the three months ended March 31, 2018 and December 31, 2017.

(Amounts in thousands)	For the Three Months Ended	
	March 31, 2018	December 31, 2017
Net income	$ 282	$ 53,551
Deduct:		
Loss (income) from partially owned entities	9,904	(9,622)
Loss (income) from real estate fund investments	8,807	(4,889)
Interest and other investment loss (income), net	24,384	(8,294)
Loss (income) from discontinued operations	363	(1,273)
NOI attributable to noncontrolling interests in consolidated subsidiaries	(17,312)	(16,533)
Add:		
Depreciation and amortization expense	108,686	114,166
General and administrative expense	43,633	35,139
Transaction related costs and other	13,156	703
NOI from partially owned entities	67,513	69,175
Interest and debt expense	88,166	93,073
Income tax expense	1,454	38,661
NOI at share	349,036	363,857
Non cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(17,948)	(21,579)
NOI at share - cash basis	$ 331,088	$ 342,278

SUPPLEMENTAL INFORMATION - CONTINUED

Three Months Ended March 31, 2018 Compared to December 31, 2017

Same Store Net Operating Income

Same store NOI represents NOI from operations which are owned by us and in service in both the current and prior year reporting periods. Same store NOI - cash basis is NOI from operations before straight-line rental income and expense, amortization of acquired below and above market leases, net and other non-cash adjustments which are owned by us and in service in both the current and prior year reporting periods. 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 and same store NOI - cash basis should not be considered as an alternative to net income or cash flow from operations and may not be comparable to similarly titled measures employed by other companies.

Below are reconciliations of NOI to same store NOI for our New York segment, theMART and 555 California Street for the three months ended March 31, 2018 compared to December 31, 2017.

(Amounts in thousands)	New York	theMART	555 California Street
NOI at share for the three months ended March 31, 2018	$ 288,596	$ 26,875	$ 13,511
Less NOI at share from:			
Acquisitions	(109)	(85)	—
Dispositions	40	—	—
Development properties placed into and out of service	(412)	—	—
Lease termination income, net of straight-line and FAS 141 adjustments	(1,127)	—	—
Other non-operating income, net	(579)	—	—
Same store NOI at share for the three months ended March 31, 2018	$ 286,409	$ 26,790	$ 13,511
NOI at share for the three months ended December 31, 2017	$ 304,228	$ 24,249	$ 12,003
Less NOI at share from:			
Acquisitions	2	(46)	—
Dispositions	(8)	—	—
Development properties placed into and out of service	309	—	—
Lease termination income, net of straight-line and FAS 141 adjustments	(984)	—	—
Other non-operating income, net	(16)	—	—
Same store NOI at share for the three months ended December 31, 2017	$ 303,531	$ 24,203	$ 12,003
(Decrease) increase in same store NOI at share for the three months ended March 31, 2018 compared to December 31, 2017	$ (17,122)	$ 2,587	$ 1,508
% (decrease) increase in same store NOI at share	(5.6)% (1)	10.7% (2)	12.6%

(1) Excluding Hotel Pennsylvania, same store NOI at share decreased by 2.2%.
(2) Excluding tradeshows seasonality, same store NOI at share decreased by 0.7%.

Three Months Ended March 31, 2018 Compared to December 31, 2017 - continued

Same Store Net Operating Income - continued

Below are reconciliations of NOI - cash basis to same store NOI - cash basis for our New York segment, theMART and 555 California Street for the three months ended March 31, 2018 compared to December 31, 2017.

(Amounts in thousands)	New York	theMART	555 California Street
NOI at share - cash basis for the three months ended March 31, 2018	$ 271,273	$ 27,079	$ 12,826
Less NOI at share - cash basis from:			
Acquisitions	(109)	(85)	—
Dispositions	40	—	—
Development properties placed into and out of service	(603)	—	—
Lease termination income	(1,061)	—	—
Other non-operating income, net	(579)	—	—
Same store NOI at share - cash basis for the three months ended March 31, 2018	$ 268,961	$ 26,994	$ 12,826
NOI at share - cash basis for the three months ended December 31, 2017	$ 282,787	$ 24,396	$ 11,916
Less NOI at share - cash basis from:			
Acquisitions	2	(46)	—
Dispositions	(8)	—	—
Development properties placed into and out of service	253	—	—
Lease termination income	(1,393)	—	—
Other non-operating income, net	(16)	—	—
Same store NOI at share - cash basis for the three months ended December 31, 2017	$ 281,625	$ 24,350	$ 11,916
(Decrease) increase in same store NOI at share - cash basis for the three months ended March 31, 2018 compared to December 31, 2017	$ (12,664)	$ 2,644	$ 910
% (decrease) increase in same store NOI at share - cash basis	(4.5)% (1)	10.9% (2)	7.6%

(1) Excluding Hotel Pennsylvania, same store NOI at share - cash basis decreased by 0.8%.
(2) Excluding tradeshows seasonality, same store NOI at share - cash basis decreased by 0.5%.

Liquidity and Capital Resources

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

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

We may from time to time purchase or retire outstanding debt securities 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.

Cash Flows for the Three Months Ended March 31, 2018

Our cash and cash equivalents and restricted cash were $1,418,068,000 as of March 31, 2018, a $496,744,000 decrease from the balance at December 31, 2017. Our consolidated outstanding debt, net was $9,774,477,000 as of March 31, 2018, a $44,990,000 increase from the balance at December 31, 2017. As of March 31, 2018 and December 31, 2017, $80,000,000 and $0, respectively, was outstanding under our revolving credit facilities. During the remainder of 2018 and 2019, $0 and $210,033,000, respectively, of our outstanding debt matures; we may refinance this maturing debt as it comes due or choose to repay it.

<u>Net Cash Provided by Operating Activities</u>

Net cash provided by operating activities of $265,418,000 was comprised of (i) net income of $282,000, (ii) $155,863,000 of non-cash adjustments, which include depreciation and amortization expense, the decrease in the fair value of marketable securities, amortization of below-market leases, net, equity in net loss from partially owned entities, the effect of straight-lining of rents and net realized and unrealized losses on real estate fund investments, (iii) distributions of income from partially owned entities of $20,559,000, (iv) return of capital from real estate fund investments of $14,966,000 and (v) the net change in operating assets and liabilities of $73,748,000.

<u>Net Cash Used in Investing Activities</u>

Net cash used in investing activities of $190,620,000 was comprised of (i) $86,808,000 of development costs and construction in progress, (ii) $54,284,000 of additions to real estate, (iii) $44,095,000 of acquisitions of real estate and other and (iv) $7,519,000 of investments in partially owned entities, partially offset by (v) $2,086,000 of capital distributions from partially owned entities.

<u>Net Cash Used in Financing Activities</u>

Net cash used in financing activities of Vornado Realty Trust of $571,542,000 was primarily comprised of (i) $470,000,000 for the redemption of preferred shares, (ii) $144,822,000 of repayments of borrowings, (iii) $119,764,000 of dividends paid on common shares, (iv) $16,628,000 of dividends paid on preferred shares, (v) $13,266,000 of distributions to noncontrolling interests, (vi) $3,300,000 of debt issuance costs and (vii) $818,000 of debt prepayment and extinguishment costs, partially offset by (viii) $185,701,000 of proceeds from borrowings, (ix) $8,370,000 of contributions from noncontrolling interests and (x) $3,769,000 of proceeds received from the exercise of employee share options and other.

Net cash used in financing activities of the Operating Partnership of $571,542,000 was primarily comprised of (i) $470,000,000 for the redemption of preferred units, (ii) $144,822,000 of repayments of borrowings, (iii) $119,764,000 of distributions to Vornado, (iv) $16,628,000 of distributions to preferred unitholders, (v) $13,266,000 of distributions to redeemable security holders and noncontrolling interests in consolidated subsidiaries, (vi) $3,300,000 of debt issuance costs and (vii) $818,000 of debt prepayment and extinguishment costs, partially offset by (viii) $185,701,000 of proceeds from borrowings, (ix) $8,370,000 of contributions from noncontrolling interests in consolidated subsidiaries and (x) $3,769,000 of proceeds received from the exercise of Vornado stock options and other.

Liquidity and Capital Resources - continued

Capital Expenditures for the Three Months Ended March 31, 2018

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

Below is a summary of capital expenditures, leasing commissions and a reconciliation of total expenditures on an accrual basis to the cash expended for the three months ended March 31, 2018.

(Amounts in thousands)	Total	New York	theMART	555 California Street
Expenditures to maintain assets	$ 18,087	$ 11,965	$ 2,651	$ 3,471
Tenant improvements	24,102	20,836	2,433	833
Leasing commissions	11,590	10,973	254	363
Non-recurring capital expenditures	12,283	8,182	156	3,945
Total capital expenditures and leasing commissions (accrual basis)	66,062	51,956	5,494	8,612
Adjustments to reconcile to cash basis:				
Expenditures in the current period applicable to prior periods	23,534	20,524	2,044	966
Expenditures to be made in future periods for the current period	(30,352)	(27,227)	(2,977)	(148)
Total capital expenditures and leasing commissions (cash basis)	$ 59,244	$ 45,253	$ 4,561	$ 9,430
Tenant improvements and leasing commissions:				
Per square foot per annum	*$ 8.66*	*$ 9.73*	*$ 4.19*	*$ 11.64*
Percentage of initial rent	*9.4%*	*9.3%*	*8.3%*	*13.6%*

Development and Redevelopment Expenditures for the Three Months Ended March 31, 2018

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

We are constructing a residential condominium tower containing 397,000 salable square feet at 220 Central Park South. The development cost of this project (exclusive of land cost of $515.4 million) is estimated to be approximately $1.4 billion, of which $970.0 million has been expended as of March 31, 2018.

We are developing a 173,000 square foot Class A office building, located along the western edge of the High Line at 512 West 22nd Street in the West Chelsea submarket of Manhattan (55.0% interest). The development cost of this project is estimated to be approximately $130,000,000, of which our share is $72,000,000. As of March 31, 2018, $80,947,000 has been expended, of which our share is $44,521,000.

We are developing a 170,000 square foot office and retail building at 61 Ninth Avenue, located on the southwest corner of Ninth Avenue and 15th Street in the West Chelsea submarket of Manhattan (45.1% interest). The development cost of this project is estimated to be approximately $152,000,000, of which our share is $69,000,000. As of March 31, 2018, $114,913,000 has been expended, of which our share is $51,826,000.

Development and Redevelopment Expenditures for the Three Months Ended March 31, 2018 - continued

We are developing a 34,000 square foot office and retail building at 606 Broadway, located on the northeast corner of Broadway and Houston Street in Manhattan (50.0% interest). The development cost of this project is estimated to be approximately $60,000,000, of which our share is $30,000,000. As of March 31, 2018, $38,390,000 has been expended, of which our share is $19,195,000.

A joint venture with the Related Companies ("Related") in which we have a 50.1% ownership interest is redeveloping the historic Farley Post Office building which will include a new Moynihan Train Hall and approximately 850,000 rentable square feet of commercial space, comprised of approximately 730,000 square feet of office space and approximately 120,000 square feet of retail space. As of March 31, 2018, $290,628,000 has been expended, of which our share is $145,605,000. The joint venture has also entered into a development agreement with Empire State Development ("ESD") and a design-build contract with Skanska Moynihan Train Hall Builders. Under the development agreement with ESD, the joint venture is obligated to build the Moynihan Train Hall, with Vornado and Related each guaranteeing the joint venture's obligations. Under the design-build agreement, Skanska Moynihan Train Hall Builders is obligated to fulfill all of the joint venture's obligations. The obligations of Skanska Moynihan Train Hall Builders have been bonded by Skanska USA and bear a full guaranty from Skanska AB.

We are redeveloping a 64,000 square foot Class A office building at 345 Montgomery Street, a part of our 555 California Street complex in San Francisco (70.0% interest) located at the corner of California and Pine Street. The development cost of this project is estimated to be approximately $46,000,000, of which our share is $32,000,000. As of March 31, 2018, $4,510,000 has been expended, of which our share is $3,157,000.

We are redeveloping a 165,000 square foot office building at 825 Seventh Avenue, located at the corner of 53rd Street and Seventh Avenue (50.0% interest). The redevelopment cost of this project is estimated to be approximately $30,000,000, of which our share is $15,000,000. As of March 31, 2018, $2,207,000 has been expended, of which our share is $1,103,000.

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

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

Below is a summary of development and redevelopment expenditures incurred for the three months ended March 31, 2018. These expenditures include interest of $14,726,000, payroll of $1,709,000 and other soft costs (primarily architectural and engineering fees, permits, real estate taxes and professional fees) aggregating $9,756,000, which were capitalized in connection with the development and redevelopment of these projects.

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
220 Central Park South	$ 75,239	$ —	$ —	$ —	$ 75,239
606 Broadway	4,791	4,791	—	—	—
345 Montgomery Street	2,196	—	—	2,196	—
Penn Plaza	1,218	1,218	—	—	—
Other	3,364	2,806	265	134	159
	$ 86,808	$ 8,815	$ 265	$ 2,330	$ 75,398

Liquidity and Capital Resources - continued

Cash Flows for the Three Months Ended March 31, 2017

Our cash and cash equivalents and restricted cash were $1,583,005,000 at March 31, 2017, a $16,317,000 decrease from the balance at December 31, 2016. The decrease is due to cash flows used in investing and financing activities, partially offset by cash flows provided by operating activities, as discussed below.

Net Cash Provided by Operating Activities

Net cash provided by operating activities of $301,285,000 was comprised of (i) net income of $73,847,000, (ii) $139,173,000 of non-cash adjustments, which include depreciation and amortization expense, the effect of straight-lining of rents, amortization of below-market leases, net, net realized and unrealized losses on real estate fund investments, net gains on sale of real estate and other, equity in net income from partially owned entities and net gains on disposition of wholly owned and partially owned assets, (iii) distributions of income from partially owned entities of $18,226,000 and (iv) the net change in operating assets and liabilities of $70,039,000.

Net Cash Used in Investing Activities

Net cash used in investing activities of $156,654,000 was primarily comprised of (i) $98,227,000 of development costs and construction in progress, (ii) $67,363,000 of additions to real estate and (iii) $6,679,000 of investments in partially owned entities, partially offset by (iv) $11,592,000 of capital distributions from partially owned entities and (v) $5,180,000 of proceeds from sales of real estate and related investments.

Net Cash Used in Financing Activities

Net cash used in financing activities of Vornado Realty Trust of $160,948,000 was primarily comprised of (i) $134,332,000 of dividends paid on common shares, (ii) $16,129,000 of dividends paid on preferred shares, (iii) $14,281,000 of distributions to noncontrolling interests and (iv) $6,987,000 for the repayments of borrowings, partially offset by (v) $8,484,000 of proceeds received from exercise of employee share options and other and (vi) $2,529,000 of proceeds from borrowings.

Net cash used in financing activities of the Operating Partnership of $160,948,000 was primarily comprised of (i) $134,332,000 of distributions to Vornado, (ii) $16,129,000 of distributions to preferred unitholders, (iii) $14,281,000 of distributions to redeemable security holders and noncontrolling interests in consolidated subsidiaries and (iv) $6,987,000 for the repayments of borrowings, partially offset by (v) $8,484,000 of proceeds received from exercise of Vornado stock options and other and (vi) $2,529,000 of proceeds from borrowings.

Liquidity and Capital Resources - continued

Capital Expenditures for the Three Months Ended March 31, 2017

Below is a summary of capital expenditures, leasing commissions and a reconciliation of total expenditures on an accrual basis to the cash expended for the three months ended March 31, 2017.

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
Expenditures to maintain assets	$ 23,867	$ 17,830	$ 584	$ 968	$ 4,485
Tenant improvements	45,801	9,041	4,762	3,454	28,544
Leasing commissions	10,267	3,889	834	768	4,776
Non-recurring capital expenditures	22,327	20,916	86	60	1,265
Total capital expenditures and leasing commissions (accrual basis)	102,262	51,676	6,266	5,250	39,070
Adjustments to reconcile to cash basis:					
Expenditures in the current period applicable to prior periods	33,810	13,940	2,254	6,967	10,649
Expenditures to be made in future periods for the current period	(58,120)	(27,379)	(4,268)	3,529	(30,002)
Total capital expenditures and leasing commissions (cash basis)	$ 77,952	$ 38,237	$ 4,252	$ 15,746	$ 19,717 (1)
Tenant improvements and leasing commissions:					
Per square foot per annum	*$ 8.72*	*$ 11.26*	*$ 6.99*	*$ 8.30*	*n/a*
Percentage of initial rent	*11.7%*	*14.1%*	*14.7%*	*9.6%*	*n/a*

(1) Effective July 17, 2017, the date of the spin-off of our Washington, DC segment, capital expenditures and leasing commissions by our former Washington, DC segment have been reclassified to the Other segment. We have reclassified the prior period capital expenditures and leasing commissions to conform to the current period presentation.

Development and Redevelopment Expenditures for the Three Months Ended March 31, 2017

Below is a summary of development and redevelopment expenditures incurred for the three months ended March 31, 2017. These expenditures include interest of $11,270,000, payroll of $2,105,000, and other soft costs (primarily architectural and engineering fees, permits, real estate taxes and professional fees) aggregating $7,380,000, which were capitalized in connection with the development and redevelopment of these projects.

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
220 Central Park South	$ 66,284	$ —	$ —	$ —	$ 66,284
90 Park Avenue	3,447	3,447	—	—	—
606 Broadway	2,765	2,765	—	—	—
304 Canal Street	2,128	2,128	—	—	—
Penn Plaza	1,274	1,274	—	—	—
Marriott Marquis Times Square - retail and signage	1,266	1,266	—	—	—
640 Fifth Avenue	1,090	1,090	—	—	—
theMART	1,034	—	1,034	—	—
Other	18,939	847	101	3,294	14,697 (1)
	$ 98,227	$ 12,817	$ 1,135	$ 3,294	$ 80,981

(1) Effective July 17, 2017, the date of the spin-off of our Washington, DC segment, capital expenditures and leasing commissions by our former Washington, DC segment have been reclassified to the Other segment. We have reclassified the prior period capital expenditures and leasing commissions to conform to the current period presentation.

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 cost to us.

Generally, our mortgage loans are non-recourse to us. However, in certain cases we have provided guarantees or master leased tenant space. These guarantees and master leases terminate either upon the satisfaction of specified circumstances or repayment of the underlying loans. As of March 31, 2018, the aggregate dollar amount of these guarantees and master leases is approximately $647,000,000.

As of March 31, 2018, $8,921,000 of letters of credit was outstanding under one of our unsecured revolving credit facilities. Our unsecured revolving credit facilities contain financial covenants that require us to maintain minimum interest rate coverage and maximum debt to market capitalization ratios, and provide for higher interest rates in the event of a decline in our ratings below Baa3/BBB. Our unsecured revolving credit facilities also contain customary conditions precedent to borrowing, including representations and warranties, and also contain customary events of default that could give rise to accelerated repayment, including such items as failure to pay interest or principal.

In September 2016, our 50.1% joint venture with Related was designated by ESD, an entity of New York State, to redevelop the historic Farley Post Office Building. The joint venture entered into a development agreement with ESD and a design-build contract with Skanska Moynihan Train Hall Builders. Under the development agreement with ESD, the joint venture is obligated to build the Moynihan Train Hall, with Vornado and Related each guaranteeing the joint venture's obligations. Under the design-build agreement, Skanska Moynihan Train Hall Builders is obligated to fulfill all of the joint venture's obligations. The obligations of Skanska Moynihan Train Hall Builders have been bonded by Skanska USA and bear a full guaranty from Skanska AB.

As of March 31, 2018, we expect to fund additional capital to certain of our partially owned entities aggregating approximately $52,000,000.

As of March 31, 2018, we have construction commitments aggregating approximately $389,000,000.

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 depreciated real estate assets, real estate impairment losses, depreciation and amortization expense from real estate assets and other specified non-cash items, including the pro rata share of such adjustments of unconsolidated subsidiaries. FFO and FFO per diluted share are non-GAAP financial measures used by management, investors and analysts to facilitate meaningful comparisons of operating performance between periods and among our peers because it excludes the effect of real estate depreciation and amortization and net gains on sales, which are based on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions. FFO does not represent cash generated from operating activities and is not necessarily indicative of cash available to fund cash requirements and should not be considered as an alternative to net income as a performance measure or cash 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 20 – *(Loss) Income Per Share/(Loss) Income Per Class A Unit*, in our consolidated financial statements on page 37 of this Quarterly Report on Form 10-Q.

FFO attributable to common shareholders plus assumed conversions was $102,479,000, or $0.54 per diluted share for the three months ended March 31, 2018, compared to $205,729,000, or $1.08 per diluted share, for the prior year's three months. Details of certain adjustments to FFO are discussed in the financial results summary of our "Overview".

(Amounts in thousands, except per share amounts)	For the Three Months Ended March 31,	
	2018	**2017**
Reconciliation of our net (loss) income attributable to common shareholders to FFO attributable to common shareholders plus assumed conversions:		
Net (loss) income attributable to common shareholders	$ (17,841)	$ 47,752
Per diluted share	$ (0.09)	$ 0.25
FFO adjustments:		
Depreciation and amortization of real property	$ 100,410	$ 130,469
Net gains on sale of real estate	—	(2,267)
Proportionate share of adjustments to equity in net (loss) income of partially owned entities to arrive at FFO:		
Depreciation and amortization of real property	28,106	39,074
Net gains on sale of real estate	(305)	(1,853)
Real estate impairment losses	4	3,051
	128,215	168,474
Noncontrolling interests' share of above adjustments	(7,911)	(10,517)
FFO adjustments, net	$ 120,304	$ 157,957
FFO attributable to common shareholders	$ 102,463	$ 205,709
Convertible preferred share dividends	16	20
FFO attributable to common shareholders plus assumed conversions	$ 102,479	$ 205,729
Per diluted share	$ 0.54	$ 1.08
Reconciliation of Weighted Average Shares		
Weighted average common shares outstanding	190,081	189,210
Effect of dilutive securities:		
Employee stock options and restricted share awards	938	1,162
Convertible preferred shares	38	40
Denominator for FFO attributable to common shareholders plus assumed conversions per diluted share	191,057	190,412

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)	2018			2017	
	March 31, Balance	Weighted Average Interest Rate	Effect of 1% Change In Base Rates	December 31, Balance	Weighted Average Interest Rate
Consolidated debt:					
Variable rate	$ 3,982,692	3.47%	$ 39,827	$ 3,492,133	3.19%
Fixed rate	5,862,026	3.63%	—	6,311,706	3.72%
	$ 9,844,718	3.56%	39,827	$ 9,803,839	3.53%
Pro rata share of debt of non-consolidated entities (non-recourse):					
Variable rate – excluding Toys "R" Us, Inc.	$ 1,415,799	3.54%	14,158	$ 1,395,001	3.24%
Variable rate – Toys "R" Us, Inc.	1,077,782	9.29%	10,778	1,269,522	8.20%
Fixed rate - excluding Toys "R" Us, Inc.	2,043,856	4.75%	—	2,035,888	4.89%
Fixed rate - Toys "R" Us, Inc.	595,946	10.10%	—	587,865	10.31%
	$ 5,133,383	5.99%	24,936	$ 5,288,276	5.85%
Noncontrolling interests' share of consolidated subsidiaries			(1,477)		
Total change in annual net income attributable to the Operating Partnership			63,286		
Noncontrolling interests' share of the Operating Partnership			(3,905)		
Total change in annual net income attributable to Vornado			$ 59,381		
Total change in annual net income attributable to the Operating Partnership per diluted Class A unit			$ 0.31		
Total change in annual net income attributable to Vornado per diluted share			$ 0.31		

We may utilize various financial instruments to mitigate the impact of interest rate fluctuations on our cash flows and earnings, including hedging strategies, depending on our analysis of the interest rate environment and the costs and risks of such strategies. As of March 31, 2018, we have an interest rate swap on a $375,000,000 mortgage loan on 888 Seventh Avenue that swapped the rate from LIBOR plus 1.60% (3.26% as of March 31, 2018) to a fixed rate of 3.15% through December 2020 and an interest rate swap on a $700,000,000 mortgage loan on 770 Broadway that swapped the rate from LIBOR plus 1.75% (3.45% as of March 31, 2018) to a fixed rate of 2.56% through September 2020.

In connection with the $100,000,000 refinancing of 33-00 Northern Boulevard, we entered into an interest rate swap from LIBOR plus 1.80% (3.52% as of March 31, 2018) to a fixed rate of 4.14% through January 2025.

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 March 31, 2018, the estimated fair value of our consolidated debt was $9,807,000,000.

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 March 31, 2018, 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 such term is defined in Rule 13a-15(f) under the Securities and 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 March 31, 2018, 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 such term is defined in Rule 13a-15(f) under the Securities and 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, 2017.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Vornado Realty Trust

None.

Vornado Realty L.P.

During the quarter ended March 31, 2018, we issued 312,505 Class A units in connection with equity awards issued pursuant to Vornado's omnibus share plan, including with respect to grants of restricted Vornado common shares and restricted units of the Operating Partnership and upon conversion, surrender or exchange of the Operating Partnership's units or Vornado stock options, and consideration received included $3,798,660 in cash proceeds. Such units were issued in reliance on an exemption from registration under Section 4(2) of the Securities Act of 1933, as amended.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibits required by Item 601 of Regulation S-K are filed herewith or incorporated herein by reference and are listed in the attached Exhibit Index.

EXHIBIT INDEX

Exhibit No.			
10.35	**	—	Form of Vornado Realty Trust 2018 Outperformance Plan Award Agreement dated as of March 15, 2018
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.INS		—	XBRL Instance Document of Vornado Realty Trust and Vornado Realty L.P.
101.SCH		—	XBRL Taxonomy Extension Schema of Vornado Realty Trust and Vornado Realty L.P.
101.CAL		—	XBRL Taxonomy Extension Calculation Linkbase of Vornado Realty Trust and Vornado Realty L.P.
101.DEF		—	XBRL Taxonomy Extension Definition Linkbase of Vornado Realty Trust and Vornado Realty L.P.
101.LAB		—	XBRL Taxonomy Extension Label Linkbase of Vornado Realty Trust and Vornado Realty L.P.
101.PRE		—	XBRL Taxonomy Extension Presentation Linkbase of Vornado Realty Trust and Vornado Realty L.P.

** Management contract or compensatory agreement.

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: April 30, 2018	By:	/s/ Matthew Iocco
		Matthew Iocco, 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: April 30, 2018	By:	/s/ Matthew Iocco
		Matthew Iocco, Chief Accounting Officer of Vornado Realty Trust, sole General Partner of Vornado Realty L.P. (duly authorized officer and principal accounting officer)

VORNADO REALTY TRUST
2018 OUTPERFORMANCE PLAN
AWARD AGREEMENT

2018 OUTPERFORMANCE PLAN AWARD AGREEMENT made as of the date set forth on Schedule A hereto between VORNADO REALTY TRUST, a Maryland real estate investment trust (the "**Company**"), its subsidiary VORNADO REALTY L.P., a Delaware limited partnership and the entity through which the Company conducts substantially all of its operations (the "**Partnership**"), and the party listed on Schedule A (the "**Grantee**").

RECITALS

A. The Grantee is an employee or trustee of, or a consultant or advisor to, the Company or one of its Affiliates and provides services to the Partnership.

B. The Compensation Committee (the "**Committee**") of the Board of Trustees of the Company (the "**Board**") approved this and other 2018 outperformance plan ("**2018 OPP**") awards pursuant to the Company's 2010 Omnibus Share Plan, as amended (as amended, restated and supplemented from time to time, the "**2010 Plan**") to provide certain trustees, consultants, advisors, officers and key employees of the Company or its Affiliates, including the Grantee, in connection with their employment or other service relationship with the incentive compensation described in this Award Agreement (this "**Agreement**") and thereby provide additional incentive for them to promote the progress and success of the business of the Company and its Affiliates, including the Partnership. 2018 OPP awards were approved by the Committee pursuant to authority delegated to it by the Board, including authority to make grants of equity interests in the Partnership which may, under certain circumstances, become exchangeable for the Company's Common Shares reserved for issuance under the 2010 Plan, or in the event the 2010 Plan has been replaced by a successor equity plan prior to the date of issuance of such Common Shares, under such successor equity plan (the 2010 Plan and any such successor plan, as each may be amended, modified or supplemented from time to time, are collectively referred to herein as the "**Share Plan**"). This Agreement evidences one award (this "**Award**") in a series of substantially identical 2018 OPP awards and is subject to the terms and conditions set forth herein and in the Partnership Agreement (as defined herein).

C. The Committee, effective as of the grant date specified in Schedule A hereto, awarded to the Grantee the 2018 OPP participation percentage in the various outperformance pools provided herein set forth in Schedule A.

NOW, THEREFORE, the Company, the Partnership and the Grantee agree as follows:

1. Administration. This Award and all other 2018 OPP awards shall be administered by the Committee, which in the administration of the 2018 OPP awards and this Award shall have all the powers and authority it has in the administration of the Share Plan as set forth in the Share Plan; provided that all powers of the Committee hereunder can be exercised by the full Board if the Board so elects. The Committee, in its sole and absolute discretion, may make at any time any provision for lapse of forfeiture restrictions and/or accelerated vesting under this

Agreement of some or all of the Grantee's unvested Award OPP Units that have not previously been forfeited.

2. Definitions. Capitalized terms used herein without definitions shall have the meanings given to those terms in the Share Plan.

"**2018 OPP Units**" means those Partnership Units issued pursuant to this and all other 2018 OPP awards.

"**Additional Share Baseline Value**" means, with respect to each Additional Share, the gross proceeds received by the Company or the Partnership upon the issuance of such Additional Share, which amount shall be deemed to equal, as applicable: (A) if such Additional Share is issued for cash in a public offering or private placement, the gross price to the public or to the purchaser(s); (B) if such Additional Share is issued in exchange for assets or securities of another Person or upon the acquisition of another Person, the cash value imputed to such Additional Share for purposes of such transaction by the parties thereto, as determined by the Committee, or, if no such value was imputed, the mean between the high and low sale prices of a Common Share on the national securities exchange or established securities market on which the Common Shares are listed on the date of issuance of such Additional Share, or, if no sale of Common Shares is reported on such date, on the next preceding day on which any sale shall have been reported; and (C) if such Additional Share is issued upon conversion or exchange of equity or debt securities of the Company, the Partnership or any other Subsidiary, which securities were not previously counted as either Initial Shares or Additional Shares, the conversion or exchange price in effect as of the date of conversion or exchange pursuant to the terms of the security being exchanged or converted.

"**Additional Shares**" means (without double-counting), as of a particular date of determination, the sum of: (A) the number of Common Shares; plus (B) the Shares Amount for all of the Units (assuming that such Units were converted, exercised, exchanged or redeemed for Partnership Units as of such date of determination at the applicable conversion, exercise, exchange or redemption rate (or rate deemed applicable by the Committee if there is no such stated rate) and such Partnership Units were then tendered to the Partnership for redemption pursuant to Section 8.6 of the Partnership Agreement as of such date), other than those held by the Company, but only, in the case of each (A) and (B), to the extent such Common Shares or Units are issued after the Effective Date, and on or before such date of determination: (i) in a capital raising transaction; (ii) in exchange for assets or securities or upon the acquisition of another Person; (iii) upon conversion or exchange of equity or debt securities of the Company, the Partnership or any other Subsidiary of the Company, which securities were not previously counted as either Initial Shares or Additional Shares; or (iv) through the reinvestment of dividends or other distributions. For the avoidance of doubt, "Additional Shares" shall exclude, without limitation: (w) Common Shares issued after the Effective Date upon exercise of stock options or upon the exchange (directly or indirectly) of LTIP Units, OPP Units or other Units issued to employees, non-employee trustees, consultants, advisors or other persons or entities as incentive or other compensation; (x) Common Shares awarded after the Effective Date to employees, non-employee trustees, consultants, advisors or other persons or entities as incentive or other compensation for services provided or to be provided to the Company or any of its Affiliates; (y) LTIP Units, OPP Units or other Units awarded after the Effective Date to employees, non-employee trustees, consultants, advisors or other persons or entities as incentive or other compensation; and (z) any securities included in "Initial Shares."

"**Affiliate**" means, with respect to the Company, any company or other trade or business that controls, is controlled by or is under common control with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including, without limitation, any Subsidiary.

"**Averaging Period**" means a period of thirty (30) consecutive trading days ending on, and including, the date as of which the Common Share Price, the Index Return Percentage, the Threshold Return Percentage or the TRS Percentage, as applicable, is determined (or, if such date is not a trading day, the most recent trading day immediately preceding such date).

"**Award OPP Units**" has the meaning set forth in Section 3.

"**Award Partnership Units**" has the meaning set forth in Section 7.

"**Baseline Value**" means $68.62.

"**Buyback Shares**" means (without double-counting), as of a particular date of determination: (A) Common Shares; and (B) the Shares Amount for Units (assuming that such Units were converted, exercised, exchanged or redeemed for Partnership Units as of such date at the applicable conversion, exercise, exchange or redemption rate (or rate deemed applicable by the Committee if there is no such stated rate) and such Partnership Units were then tendered to the Partnership for redemption pursuant to Section 8.6 of the Partnership Agreement as of such date), other than those held by the Company, but only, in the case of each (A) and (B), to the extent repurchased or redeemed by the Company after the Effective Date and on or before such date of determination in a stock buyback transaction or in a redemption of Units for cash pursuant to Section 8.6 of the Partnership Agreement.

"**Cause**" for termination of the Grantee's Continuous Service for purposes of Section 3 and Section 4 means: (A) if the Grantee is a party to a Service Agreement immediately prior to such termination, and "cause" is defined therein, then "cause" shall have the meaning set forth in such Service Agreement; or (B) if the Grantee is not party to a Service Agreement immediately prior to such termination or the Grantee's Service Agreement does not define "cause" or a substantially equivalent term, then "cause" shall mean: (i) conviction of, or plea of guilty or *nolo contender* to, a felony pertaining or otherwise relating to his or her employment with the Company or an Affiliate; or (ii) willful misconduct that is materially economically injurious to the Company or any of its Affiliates, in each case as determined in the Company's sole discretion.

"**Change in Control**" means:

(i) individuals who, on the Effective Date, constitute the Board (the "**Incumbent Trustees**") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a trustee subsequent to the Effective Date whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Trustees then on the Board (either by a specific vote or by approval of the proxy statement of the

Company in which such person is named as a nominee for trustee, without objection to such nomination) shall be an Incumbent Trustee; provided, however, that no individual initially elected or nominated as a trustee of the Company as a result of an actual or threatened election contest with respect to trustees or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Trustee; or

(ii) any "person" (as such term is defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes, after the Effective Date, a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board (the "**Company Voting Securities**"); provided, however, that an event described in this paragraph (ii) shall not be deemed to be a Change in Control if any of following becomes such a beneficial owner: (A) the Company or any majority-owned subsidiary of the Company (provided that this exclusion applies solely to the ownership levels of the Company or the majority-owned subsidiary), (B) any tax-qualified, broad-based employee benefit plan sponsored or maintained by the Company or any such majority-owned subsidiary, (C) any underwriter temporarily holding securities pursuant to an offering of such securities, (D) any person pursuant to a Non-Qualifying Transaction (as defined in paragraph (iii)), or (E) (I) any of the partners (as of the Effective Date) in Interstate Properties ("**Interstate**") including immediate family members and family trusts or family-only partnerships and any charitable foundations of such partners (the "**Interstate Partners**"), (II) any entities the majority of the voting interests of which are beneficially owned by the Interstate Partners, or (III) any "group" (as described in Rule 13d-5(b)(i) under the Exchange Act) including the Interstate Partners (the persons in (I), (II) and (III) shall be individually and collectively referred to herein as, "**Interstate Holders**"); or

(iii) the consummation of a merger, consolidation, share exchange or similar form of transaction involving the Company or any of its subsidiaries, or the sale of all or substantially all of the Company's assets (a "**Business Transaction**"), unless immediately following such Business Transaction (A) more than 50% of the total voting power of the entity resulting from such Business Transaction or the entity acquiring the Company's assets in such Business Transaction (the "**Surviving Corporation**") is beneficially owned, directly or indirectly, by the Interstate Holders or the Company's shareholders immediately prior to any such Business Transaction, and (B) no person (other than the persons set forth in clauses (A), (B), (C), or (E) of paragraph (ii) above or any tax-qualified, broad-based employee benefit plan of the Surviving Corporation or its affiliates) beneficially owns, directly or indirectly, 30% or more of the total voting power of the Surviving Corporation (a "**Non-Qualifying Transaction**"); or

(iv) Board approval of a liquidation or dissolution of the Company, unless the common equity interests of an ongoing entity (other than a liquidating trust) are beneficially owned, directly or indirectly, by the Company's shareholders in substantially the same proportions as such shareholders owned the Company's Company Voting Securities immediately prior to such liquidation and such ongoing entity assumes all existing obligations of the Company to the Grantee under this Agreement.

"**Class A Units**" has the meaning set forth in the Partnership Agreement.

"**CoC Fraction**" means, for application pursuant to the *proviso* clauses in the definitions of "Final Absolute Baseline" and "Final Hurdle Rate," the number of calendar days that have elapsed since (but excluding) the Effective Date to (and including) the date as of which a Change in Control is consummated (or, with respect to a Transactional Change in Control, the date of the Public Announcement of such Transactional Change in Control), divided by 1,096.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Common Shares**" means the Company's common shares of beneficial interest, par value $0.04 per share.

"**Common Share Price**" means, as of a particular date, the average of the Fair Market Value of one Common Share over the applicable Averaging Period; provided, however, that if such date is the date of the Public Announcement of a Transactional Change in Control, the Common Share Price as of such date shall be equal to the fair market value, as determined by the Committee, of the total consideration payable in the transaction that ultimately results in the Transactional Change in Control for one Common Share.

"**Continuous Service**" means the continuous service, without interruption or termination, as an employee, director, trustee, manager or member of, or with the approval of the Committee, consultant or advisor to the Company or an Affiliate. Continuous Service shall not be considered interrupted in the case of: (A) any approved leave of absence; (B) transfers among the Company and any Affiliate, or any successor, in any capacity of trustee, director, employee, manager, member, or with the approval of the Committee, consultant or advisor; or (C) any change in status as long as the individual remains in the service of the Company or any Affiliate of the Company in any capacity of employee, director, trustee, manager, member or similar function of, or (if the Committee specifically agrees that the Continuous Service is not uninterrupted) a consultant or advisor. An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave. Subject to the preceding sentence, whether a termination of Continuous Service shall have occurred for purposes of this Agreement shall be determined by the Committee, which determination shall be final, binding and conclusive.

"**Disability**" means: (A) if the Grantee is a party to a Service Agreement immediately prior to the applicable event, and "disability" is defined therein, then "disability" shall have the meaning set forth in such definition; or (B) if the Grantee is not party to a Service Agreement immediately prior to such event or the Grantee's Service Agreement does not define "disability" or a substantially equivalent term, then "disability" shall mean a disability which renders the Grantee incapable of performing all of his or her material duties for a period of at least 180 consecutive or non-consecutive days during any consecutive twelve-month period.

"**Dividend Payment**" means, as of a particular date, for each distribution declared and paid on one Class A Unit between the Effective Date and such date (excluding dividends and distributions paid in the form of additional Common Shares and Class A Units unless adjustment is otherwise made pursuant to Section 8 hereof) the amount of such distribution.

"**Effective Date**" means March 15, 2018.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**Ex-Dividend Common Share Price**” means, as of an “ex-dividend” date with respect to a Common Share, (A) the average of the high and low price of the Common Shares as reported by New York Stock Exchange, The NASDAQ Stock Market, Inc. or another national securities exchange or an established securities market, on which the Common Shares are listed, as applicable (if there is more than one such exchange or market, the Committee shall determine the appropriate exchange or market), on such “ex-dividend” date (or if there is no such reported high and low price, the Ex-Dividend Common Share Price shall be the average of the highest bid and lowest asked prices on such “ex-dividend” date) or, if no sale of Common Shares is reported for such trading day, on the next preceding day on which any sale shall have been reported; or (B) if the Common Shares are not listed on such an exchange, quoted on such system or traded on such a market, Ex-Dividend Common Share Price of the Common Share shall be the value of the Common Shares as determined by the Committee in good faith in a manner consistent with Code Section 409A.

“**Fair Market Value**” means, as of any given date, the fair market value of a security determined by the Committee using any reasonable method and in good faith (such determination will be made in a manner that satisfies Section 409A of the Code and in good-faith as required by Section 422(c)(1) of the Code); provided that with respect to a Common Share “Fair Market Value” means the value of such Common Share determined as follows: (A) if on the determination date the Common Shares are listed on the New York Stock Exchange, The NASDAQ Stock Market, Inc. or another national securities exchange or is publicly traded on an established securities market, the Fair Market Value of a Common Share shall be the closing price of the Common Shares on such exchange or in such market (if there is more than one such exchange or market, the Committee shall determine the appropriate exchange or market) on the determination date (or if there is no such reported closing price, the Fair Market Value shall be the mean between the highest bid and lowest asked prices or between the high and low sale prices on such trading day) or, if no sale of Common Shares is reported for such trading day, on the next preceding day on which any sale shall have been reported; or (B) if the Common Shares are not listed on such an exchange, quoted on such system or traded on such a market, Fair Market Value of the Common Share shall be the value of the Common Shares as determined by the Committee in good faith in a manner consistent with Code Section 409A.

“**Family Member**” means a person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of the Grantee, any person sharing the Grantee’s household (other than a tenant or employee), a trust in which any one or more of these persons have more than fifty percent (50%) of the beneficial interest, a foundation in which any one or more of these persons (or the Grantee) control the management of assets, and any other entity in which one or more of these persons (or the Grantee) own more than fifty percent (50%) of the voting interests.

“**Final Absolute Baseline**” means, as of the Final Valuation Date, an amount representing (without double-counting) the sum of:

(A) the Baseline Value multiplied by:

(i) the difference between (x) the Initial Shares and (y) all Buyback Shares repurchased or redeemed between the Effective Date and the Final Valuation Date; <u>and then multiplied by</u>

(ii) the sum of (x) one hundred percent (100%) <u>plus</u> (y) the Target Final Absolute Return Percentage; <u>plus</u>

(B) with respect to each Additional Share issued after the Effective Date, the Additional Share Baseline Value of such Additional Share, <u>multiplied by</u>: the sum of:

(i) one hundred percent (100%); <u>plus</u>

(ii) the product of the Target Final Absolute Return Percentage <u>multiplied by</u> a fraction (x) the numerator of which is the number of days from (but excluding) the issuance of such Additional Share to (and including) the Final Valuation Date and (y) the denominator of which is the number of days from (but excluding) the Effective Date to (and including) the Final Valuation Date; <u>plus</u>

(C) with respect to each Buyback Share repurchased or redeemed after the Effective Date, the Baseline Value, <u>multiplied by</u> the sum of:

(i) one hundred percent (100%); <u>plus</u>

(ii) the product of the Target Final Absolute Return Percentage <u>multiplied by</u> a fraction (x) the numerator of which is the number of days from the Effective Date to and including the date such Buyback Share was repurchased or redeemed and (y) the denominator of which is the number of days from (but excluding) the Effective Date to (and including) the Final Valuation Date;

<u>provided</u> that if the Final Valuation Date occurs prior to March 15, 2021 as a result of a Change in Control, then for purposes of this definition in connection with the calculation of the Final Absolute TRS Pool as of the Final Valuation Date, then the Target Final Absolute Return Percentage to be used in such calculation shall be reduced to twenty-one percent (21%), <u>multiplied by</u> the CoC Fraction. If the Company consummates multiple issuances of Additional Shares and/or repurchases of Buyback Shares during any one monthly or quarterly period, such that it would be impractical to track the precise issuance date and issuance price of each individual Additional Share and/or repurchase or redemption date of each individual Buyback Share, the Compensation Committee may in its discretion approve timing and calculation conventions (such as net-at-end-of-period or average-during-the-period) reasonably designed to simplify the administration of this Award.

“**Final Absolute TRS Pool**” means, as of the Final Valuation Date, a dollar amount calculated as follows (or, if the resulting amount is a negative number, zero (0)): (A) subtract the Final Absolute Baseline from the Final Total Return, in each case as of the Final Valuation Date; and (B) <u>multiply</u> the resulting amount by two percent (2%); <u>provided</u> that in no event shall the Final Absolute TRS Pool exceed the Maximum Final Outperformance Pool Amount.

“**Final Adjustment Factor**” means a factor carried out to the sixth decimal determined by a straight-line interpolation between: (A) one-half (0.5) if the Final Hurdle Rate is zero percent (0%) or a negative factor; and (B) one (1) if the Final Hurdle Rate is nine percent (9%) or more.

“**Final Hurdle Rate**” means a percentage consisting of the TRS Percentage; <u>provided</u> that if the Final Valuation Date occurs prior to March 15, 2021 as a result of a Change in Control, then for purposes of determining the Final Adjustment Factor to be used in calculating the Final Relative TRS Pool as of the Final Valuation Date, the Final Hurdle Rate shall instead be: (A) the TRS Percentage as of the date of the Change in Control (or, with respect to a Transactional Change in Control, the date of the Public Announcement of such Transactional Change in Control); <u>divided</u> by (B) the CoC Fraction.

“**Final OPP Unit Equivalent**” has the meaning set forth in <u>Section 3</u>.

“**Final Relative Adjusted Return**” a dollar amount, calculated as of the Final Valuation Date, using the same definition as for the “Final Relative Baseline,” except that in clauses (A)(ii), (B)(ii) and (C)(ii) thereof instead of the Index Return Percentage for the applicable period, the Threshold Return Percentage shall be used.

“**Final Relative Baseline**” means, as of the Final Valuation Date, an amount representing (without double-counting) the sum of:

(A) the Baseline Value <u>multiplied by</u>:

(i) the difference between (x) the Initial Shares and (y) all Buyback Shares repurchased or redeemed between the Effective Date and the Final Valuation Date, and <u>then multiplied by</u>

(ii) the sum of one hundred percent (100%) <u>plus</u> the Index Return Percentage for the period beginning on the Effective Date and ending on the Final Valuation Date; <u>plus</u>

(B) with respect to each Additional Share issued after the Effective Date, the Additional Share Baseline Value of such Additional Share multiplied by the sum of:

(i) one hundred percent (100%) plus

(ii) the Index Return Percentage for the period beginning on the date of issuance of such Additional Share and ending on the Final Valuation Date; plus

(C) with respect to each Buyback Share repurchased or redeemed after the Effective Date, the Baseline Value multiplied by the sum of:

(i) one hundred percent (100%) plus

(ii) the Index Return Percentage for the period beginning on the Effective Date and ending on the date such Buyback Share was repurchased or redeemed.

If the Company consummates multiple issuances of Additional Shares and/or repurchases of Buyback Shares during any one monthly or quarterly period, such that it would be impractical to track the precise issuance date and issuance price of each individual Additional Share and/or repurchase or redemption date of each individual Buyback Share, the Compensation Committee may in its discretion approve timing and calculation conventions (such as net-at-end-of-period or average-during-the-period) reasonably designed to simplify the administration of this Award.

"**Final Relative Offset Amount**" means, if the Final Total Return as of the Final Valuation Date is less than the Final Relative Adjusted Return, an amount equal to two percent (2%) of the difference between the Final Total Return and the Final Relative Adjusted Return as of the Final Valuation Date. For the avoidance of doubt, the Final Relative Offset Amount will always be a negative amount (unless it is zero).

"**Final Relative TRS Pool**" means, as of the Final Valuation Date, a dollar amount (or, if the resulting amount is a negative number, zero (0)) calculated as follows: (A) subtract the Final Relative Baseline from the Final Total Return, in each case as of the Final Valuation Date; (B) multiply the resulting amount by two percent (2%); and (C) multiply the lesser of (i) the resulting amount or (ii) $35,000,000 by the Final Adjustment Factor; provided that in no event shall the Final Relative TRS Pool exceed the Maximum Final Outperformance Pool Amount.

"**Final Total Outperformance Pool**" means, as of the Final Valuation Date, a dollar amount calculated as follows: take the algebraic sum of (i) the Final Absolute TRS Pool (either zero or a positive amount), (ii) the Final Relative TRS Pool (either zero or a positive amount), and (iii) the Final Relative Offset Amount (either zero or a negative amount); provided that if the resulting amount is a negative number, then the Final Total Outperformance Pool shall be zero; and provided, further, that in no event shall the Final Total Outperformance Pool exceed the Maximum Final Outperformance Pool Amount, it being understood that Final Total Outperformance Pool excludes the amounts which are calculated pursuant to Section 3(c) which are not subject to a cap.

"**Final Total Return**" means (without double-counting), as of the Final Valuation Date, an amount equal to the sum of: (A) the Final Total Shares multiplied by the highest Common Share Price among those calculated for every Averaging Period ending on a day within the period of one hundred and twenty (120) consecutive days immediately preceding the Final Valuation Date; plus (B) an amount equal to the sum of the total dividends and other distributions actually declared or paid between the Effective Date and the Final Valuation Date (excluding dividends and distributions paid in the form of additional Common Shares or Units) so long as the "ex-dividend" date with respect thereto falls prior to the Final Valuation Date, in respect of Common Shares and Class A Units (it being understood, for the avoidance of doubt, that such total dividends and distributions shall be calculated by multiplying the amount of each per share dividend or distribution declared by the actual number of securities outstanding as of each record date with respect to the applicable dividend or distribution payment date, and not by multiplying the aggregate amount of distributions paid on one Partnership Unit that was outstanding as of the Effective Date between the Effective Date and the Final Valuation Date by the number of Final Total Shares).

“**Final Total Shares**” means (without double-counting), as of the Final Valuation Date, the algebraic sum of: (A) the Initial Shares, minus (B) all Buyback Shares repurchased or redeemed between the Effective Date and the Final Valuation Date, plus (C) all Additional Shares issued between the Effective Date and the Final Valuation Date.

“**Final Valuation Date**” means the earliest of: (A) March 15, 2021; or (B) in the event of a Change in Control that is not a Transactional Change in Control, the date on which such Change in Control shall occur; or (C) in the event of a Transactional Change in Control and subject to the consummation of such Transactional Change in Control, the date of the Public Announcement of such Transactional Change in Control.

“**Good Reason**” for termination of the Grantee’s employment for purposes of Section 3 and Section 4 means: (A) if the Grantee is a party to a Service Agreement immediately prior to such termination, and “good reason” is defined therein, then “good reason” shall have the meaning set forth in such Service Agreement, or (B) if the Grantee is not party to a Service Agreement immediately prior to such termination or the Grantee’s Service Agreement does not define “good reason” or a substantially equivalent term, then “good reason” shall mean: (i) the assignment to the Grantee of duties materially and adversely inconsistent with the Grantee’s status as of the Effective Date or a material and adverse alteration in the nature of the Grantee’s duties, responsibilities or authority; (ii) a reduction in the Grantee’s base salary; or (iii) a relocation of the Grantee’s own office location to a location more than thirty (30) miles from its location as of the Effective Date.

“**Index Return Percentage**” means:

(A) for any period that ends on the Valuation Date, a percentage return calculated as follows:

(i) 70% of the total percentage return for the SNL US Office REIT Index calculated by comparing (x) the value of the SNL US Office REIT Index on the Effective Date to (y) the average daily value of the SNL US Office REIT Index over the same Averaging Period used to calculate the Common Share Price for determining the Final Total Return; and

(ii) 30% of the total percentage return for the SNL US Retail REIT Index calculated by comparing (x) the value of the SNL US Retail REIT Index on the Effective Date to (y) the average daily value of the SNL US Retail REIT Index over the same Averaging Period used to calculate the Common Share Price for determining the Final Total Return; and

(B) for any period that ends on a date other than the Final Valuation Date, a percentage return calculated in the same manner as set forth in clause (A) above from the start of such period to the end of such period in such a way as to be consistent with the calculation of the Final Total Return, in either case as calculated by a consultant engaged by the Committee and as approved by the Committee in its reasonable discretion for purposes of calculating the Final Relative Baseline.

For the avoidance of doubt, the intent of the Committee is that the Index Return Percentage over the applicable performance period be calculated using a methodology analogous in all material respects to that used for the calculation of Final Total Return over the same period to produce a weighted average total return percentage that weighs the total percentage return for the SNL US Office REIT Index over the period at 70% and the total percentage return for the SNL US Retail REIT Index over the period at 30%. The Committee may compute the Index Return Percentage in a manner different from that set forth above to the extent deemed to be appropriate by the Committee in order to ensure such comparability and the intended weighting of the two indices and is authorized to delegate to a valuation or other expert the performance of adjusted calculations to carry out the foregoing intent.

"**Initial Shares**" means 202,063,765 Common Shares, which includes: (A) 190,167,582 Common Shares outstanding as of the Effective Date (other than currently unvested restricted Common Shares previously granted to employees or other persons or entities in exchange for services provided to the Company); plus (B) 11,179,247 Common Shares representing the Shares Amount for all of the Partnership Units (other than LTIP Units or OPP Units and excluding Partnership Units held by the Company) outstanding as of the Effective Date assuming that all of such Partnership Units were tendered to the Partnership for redemption pursuant to Section 8.6 of the Partnership Agreement as of such date; plus (C) 716,936 Common Shares representing the Shares Amount for all of the Partnership Units into which all LTIP Units and Prior OPP Units outstanding as of the Effective Date could be converted without regard to the book capital account associated with them (but only to the extent such LTIP Units or Prior OPP Units are currently vested, and excluding all 2018 OPP Units), assuming that all of such Partnership Units were tendered to the Partnership for redemption pursuant to Section 8.6 of the Partnership Agreement as of such date. For the avoidance of doubt, Initial Shares (i) includes (x) currently vested restricted Common Shares and (y) currently vested LTIP Units and prior OPP Units previously granted to employees or other persons or entities in exchange for services provided to the Company, and (ii) excludes (x) all Common Shares issuable upon exercise of stock options or upon the exchange (directly or indirectly) of unvested LTIP Units, unvested Prior OPP Units, 2018 OPP Units and other unvested Units issued to employees, non-employee trustees, consultants, advisors or other persons or entities as incentive compensation, and (y) currently unvested restricted Common Shares previously granted to employees, non-employee trustees, consultants, advisors or other persons or entities in exchange for services provided to the Company.

"**LTIP Units**" means LTIP Units, as such term is defined in the Partnership Agreement.

"**Maximum Final Outperformance Pool Amount**" means $35,000,000.

"**OPP Units**" means collectively all Prior OPP Units and all 2018 OPP Units.

"**Participation Percentage**" means the percentage set forth opposite such term on Schedule A hereto.

"**Partnership Agreement**" means the Second Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of October 20, 1997, among the Company, as general partner, and the limited partners who are parties thereto, as amended from time to time.

"**Prior OPPs**" means the Company's 2006 Outperformance Plan under the Company's 2002 Omnibus Share Plan, as amended ("2002 Plan"), the Company's 2008 Outperformance

Plan under the 2002 Plan, the Company’s 2012 Outperformance Plan under the 2010 Plan, the Company’s 2013 Outperformance Plan under the 2010 Plan, the Company’s 2014 Outperformance Plan under the 2010 Plan, the Company’s 2015 Outperformance Plan under the 2010 Plan, the Company’s 2016 Outperformance Plan under the 2010 Plan, and the Company’s 2017 Outperformance Plan under the 2010 Plan.

“**Prior OPP Units**” means those Partnership Units issued pursuant to the Prior OPPs.

“**Partnership Units**” has the meaning set forth in the Partnership Agreement.

“**Person**” means an individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization, other entity or “group” (as defined in the Exchange Act).

“**Public Announcement**” means, with respect to a Transactional Change in Control, the earliest press release, filing with the SEC or other publicly available or widely disseminated communication issued by the Company or another Person who is a party to such transaction which discloses the consideration payable in and other material terms of the transaction that ultimately results in the Transactional Change in Control; provided, however, that if such consideration is subsequently increased or decreased, then the term “Public Announcement” shall be deemed to refer to the most recent such press release, filing or communication disclosing a change in consideration whereby the final consideration and material terms of the transaction that ultimately results in the Transactional Change in Control are announced. For the avoidance of doubt, the foregoing definition is intended to provide the Committee in the application of the *proviso* clause in the definition of “Common Share Price” with the information required to determine the fair market value of the consideration payable in the transaction that ultimately results in the Transactional Change in Control as of the earliest time when such information is publicly disseminated, particularly if the transaction consists of an unsolicited tender offer or a contested business combination where the terms of the transaction change over time.

“**Qualified Termination**” has the meaning set forth in Section 4.

“**Retirement**” means: (A) if the Grantee is a party to a Service Agreement immediately prior to such event, and “Retirement” is defined therein, then “Retirement” shall have the meaning set forth in such Service Agreement, or (B) if the Grantee is not party to a Service Agreement immediately prior to such event and/or the Grantee’s Service Agreement does not define “Retirement” or a substantially equivalent term, then “Retirement” shall mean the Grantee’s termination of his or her Continuous Service with the Company and its Subsidiaries after attainment of age 65 or attainment of age 60 and completion of twenty (20) years of employment with the Company and/or a Subsidiary.

“**SEC**” means the U.S. Securities and Exchange Commission.

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Service Agreement**” means, as of a particular date, any employment, consulting or similar service agreement (including without limitation a separation, severance or similar agreement if any) then in effect between the Grantee, on the one hand, and the Company or one of its Affiliates, on the other hand, as amended or supplemented through such date.

"**Shares Amount**" has the meaning set forth in the Partnership Agreement.

"**SNL US Office REIT Index**" means the SNL US Office REIT Index as published from time to time (or a successor index including a comparable universe of publicly traded U.S. real estate investment trusts), provided that if (A) the SNL US Office REIT Index ceases to exist or be published prior to the Final Valuation Date and the Committee determines that there is no successor to such index, or (B) the Committee reasonably determines that the SNL US Office REIT Index is no longer suitable for the purposes of this Agreement, then the Committee in its good faith reasonable discretion shall select for subsequent periods, or if the Committee in its reasonable good faith discretion so determines, for any portion of or the entire period from the Effective Date to the Final Valuation Date, a substitute comparable index for purposes of calculating the Final Relative Baseline.

"**SNL US Retail REIT Index**" means the SNL US Retail REIT Index as published from time to time (or a successor index including a comparable universe of publicly traded U.S. real estate investment trusts), provided that if (A) the SNL US Retail REIT Index ceases to exist or be published prior to the Final Valuation Date and the Committee determines that there is no successor to such index, or (B) the Committee reasonably determines that the SNL US Retail REIT Index is no longer suitable for the purposes of this Agreement, then the Committee in its good faith reasonable discretion shall select for subsequent periods, or if the Committee in its reasonable good faith discretion so determines, for any portion of or the entire period from the Effective Date to the Final Valuation Date, a substitute comparable index for purposes of calculating the Final Relative Baseline.

"**Subsidiary**" means any "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code.

"**Target Final Absolute Return Percentage**" means twenty-one percent (21%), except as otherwise defined for purposes of the definition of Final Absolute Baseline in certain circumstances, as described in the *proviso* clause of such definition.

"**Threshold Return Percentage**" means for any period the applicable Index Return Percentage for such period reduced by an annualized 200 basis points from the start of such period to the end of such period, as calculated by a consultant engaged by the Committee and as approved by the Committee in its reasonable discretion. For the avoidance of doubt, if the calculation period were three years, the reduction in the Index Return Percentage to arrive at the Threshold Return Percentage would be 600 basis points, whereas if the calculation period were 219 days, the reduction would be 120 basis points.

"**Transactional Change in Control**" means (A) a Change in Control described in clause (ii) of the definition thereof where the "person" or "group" makes a tender offer for Common Shares, or (B) a Change in Control described in clause (iii) of the definition thereof where the Company is not the Surviving Corporation; provided that if the applicable definition of "Change in Control" (or similar term) in the applicable Service Agreement does not track such clauses (ii) or (iii), then the term "Transactional Change in Control" shall mean a Change in Control meeting the substantive criteria set forth in such clauses, as reasonably determined in good faith by the Committee.

"**Transfer**" has the meaning set forth in Section 7.

"**TRS Percentage**" means the total percentage return per share achieved by one Common Share calculated by comparing (A) the Baseline Value to (B) the Common Share Price over the same Averaging Period used to calculate the Common Share Price for determining the Final Total Return, as calculated by a consultant engaged by the Committee and as approved by the Committee in its reasonable discretion for purposes of calculating the Final Adjustment Factor. For the avoidance of doubt, the intent of the Committee is that the TRS Percentage over the performance period be calculated using a methodology analogous in all material respects to those used for the calculation of the Index Return Percentage. The Committee may compute the TRS Percentage in a manner different from that set forth above to the extent deemed to be appropriate by the Committee in order to ensure such comparability and is authorized to delegate to a valuation or other expert the performance of adjusted calculations to carry out the foregoing intent.

"**Units**" means all Partnership Units (as defined in the Partnership Agreement), including LTIP Units, with economic attributes substantially similar to Partnership Units as determined by the Committee that are outstanding or are issuable upon the conversion, exercise, exchange or redemption of any securities of any kind convertible, exercisable, exchangeable or redeemable for Partnership Units; provided that all Units that are not convertible into or exchangeable for Class A Units shall be excluded from the definition of "Units."

3. Outperformance Award; Vesting; Change in Control.

(a) The Grantee is hereby granted this Award consisting of the number of 2018 OPP Units set forth on Schedule A hereto (the "Award OPP Units"), which (i) will be subject to forfeiture to the extent provided in this Section 3 and (ii) will be subject to vesting as provided in Sections 3(d) hereof. At any time prior to the Final Valuation Date, the Committee may grant additional 2018 OPP awards to the extent that the sum of all the 2018 OPP grantees' Participation Percentages is less than one hundred percent (100%) as a result of either reservation of a portion of the 2018 OPP Participation Percentage for future awards or forfeiture of granted 2018 OPP awards. At any time prior to or in connection with the calculation of the Final OPP Unit Equivalent, the Partnership may issue additional LTIP Units to the Grantee as provided in this Section 3 that shall also be considered Award OPP Units and subject to all of the terms and conditions of this Agreement; provided that such issuance will be subject to the Grantee executing and delivering such documents comparable to the documents executed and delivered in connection with this Agreement, as the Company and/or the Partnership may reasonably request in order to comply with all applicable legal requirements, including, without limitation, federal and state securities laws. The Award OPP Units shall be eligible for vesting over a five-year period, except as otherwise provided in Section 4 hereof, based on a combination of (I) the Company's performance over a three-year period (or a shorter period in certain circumstances as provided herein) as indicated by the calculations required by this Section 3 and (II) the passage of time (five years or a shorter period in certain circumstances as provided herein) as provided in

Section 3(d). Vesting will occur at the times, in the amounts and upon the conditions set forth in this Section 3 and in Section 4, provided that, except as otherwise expressly set forth in this Agreement, the Continuous Service of the Grantee continues through and on the each applicable vesting date.

(b) As soon as practicable following the Final Valuation Date, but as of the Final Valuation Date, the Committee will:

(i) determine the Final Absolute TRS Pool (if any);

(ii) determine the Final Relative TRS Pool (if any);

(iii) determine the Final Relative Offset Amount (if any);

(iv) determine the Final Total Outperformance Pool (if any);

(v) multiply (x) the Final Total Outperformance Pool calculated as of the Final Valuation Date by (y) the Grantee's Participation Percentage as of the Final Valuation Date; and

(vi) divide the resulting amount by the highest Common Share Price among those calculated for every Averaging Period ending on a day within the period of one hundred and twenty (120) consecutive days immediately preceding the Final Valuation Date (appropriately adjusted to the extent that the Shares Amount for one Partnership Unit is greater or less than one Common Share); provided, however, that if the Final Total Outperformance Pool equals the Maximum Final Outperformance Pool Amount, then the divisor shall instead be the lowest Fair Market Value of one Common Share (determined without regard to the *proviso* clause of the definition of "Fair Market Value") that could have caused the Final Total Outperformance Pool to equal the Maximum Final Outperformance Pool Amount.

The resulting number is hereafter referred to as the "Final OPP Unit Equivalent." If the Final OPP Unit Equivalent is smaller than the number of Award OPP Units previously issued to the Grantee, then the Grantee, as of the Final Valuation Date, shall forfeit a number of Award OPP Units equal to the difference, and thereafter the term Award OPP Units will refer only to the remaining Award OPP Units that were not so forfeited. If the Final OPP Unit Equivalent is greater than the number of Award OPP Units previously issued to the Grantee, then, upon the performance of the calculations set forth in this Section 3(b): (A) the Company shall cause the Partnership to issue to the Grantee, as of the Final Valuation Date, a number of additional LTIP Units equal to the difference; (B) such additional LTIP Units shall be added to the Award OPP Units previously issued, if any, and thereby become part of this Award; (C) the Company and the Partnership shall take such corporate and Partnership action as is necessary to accomplish the grant of such additional LTIP Units; and (D) thereafter the term Award OPP Units will refer collectively to the Award OPP Units, if any, issued prior to such additional grant plus such additional LTIP Units; provided that such issuance will be subject to the Grantee executing and delivering such documents, comparable to the documents executed and delivered in connection with this Agreement, as the Company and/or the Partnership reasonably request in order to comply with all applicable legal requirements, including, without limitation, federal and state securities laws. If the Final OPP Unit Equivalent is the same as the number of Award OPP Units previously issued to the Grantee, then there will be no change to the number of Award OPP Units under this Award pursuant to this Section 3.

(c) If the Grantee earns any Award OPP Units as of the Final Valuation Date pursuant to the calculations set forth in Section 3(b) hereof, then, as of the date on which such Award OPP Units are earned, the Grantee will also earn an additional number of Award OPP Units equal to the sum of the following calculations, which will be performed by the Committee:

(I) For each Dividend Payment between the Effective Date and the date as of which such Award OPP units are earned, calculate the following number of additional Award OPP Units:

$$\frac{(W*X)}{Z}$$

Where:

W = the number of Award OPP Units earned as of such date pursuant to Section 3(b) hereof (appropriately adjusted to the extent that the Shares Amount for one partnership Unit is greater or less than one Common Share);

X = 90% of the Dividend Payment; and

Z = The Ex-Dividend Common Share Price on the “ex-dividend” date for such Dividend Payment.

(II) Add all the amounts calculated pursuant to (I) above together.

The resulting number of Award OPP Units earned pursuant to the calculation set forth in this Section 3(c) shall be added to the Final OPP Unit Equivalent and be subject to vesting pursuant to Section 3(d) hereof and to all of the provisions of Section 4 hereof applicable to the other Award OPP Units that have been earned pursuant to the calculations set forth in Section 3(b) hereof. If the total number of Award OPP Units so earned is greater than the number of Award OPP Units previously issued to the Grantee, then, upon the performance of the calculations set forth in this Section 3(c): (A) the Company shall cause the Partnership to issue to the Grantee, as of the Final Valuation Date, a number of additional LTIP Units equal to the difference; (B) such additional LTIP Units shall be added to the Award OPP Units previously issued, if any, and thereby become part of this Award; (C) the Company and the Partnership shall take such corporate and Partnership action as is necessary to accomplish the grant of such additional LTIP Units; and (D) thereafter the term Award OPP Units will refer collectively to the Award OPP Units, if any, issued prior to such additional grant plus such additional LTIP Units; provided that such issuance will be subject to the Grantee executing and delivering such documents, comparable to the documents executed and delivered in connection with this Agreement, as the Company and/or the Partnership may reasonably request in order to comply with all applicable legal requirements, including, without limitation, federal and state securities laws.

(d) If any of the Award OPP Units have been earned based on performance as provided in Section 3(b), subject to Section 4 hereof, the Final OPP Unit Equivalent shall become vested in the following amounts and at the following times, provided that the Continuous Service of the Grantee continues through and on the applicable vesting date or the accelerated vesting date provided in Section 4 hereof, as applicable:

(i) thirty-three and one-third percent (33.33%) of the Final OPP Unit Equivalent shall become vested on March 15, 2021;

(ii) thirty-three and one-third percent (33.33%) of the Final OPP Unit Equivalent shall become vested on March 15, 2022; and

(iii) thirty-three and one-third percent (33.34%) of the Final OPP Unit Equivalent shall become vested on March 15, 2023.

To the extent that Schedule A provides for amounts or schedules of vesting that conflict with the provisions of this Section 3(d), the provisions of Schedule A will govern.

(e) Any Award OPP Units that do not become vested pursuant to this Section 3 or Section 4 hereof shall, without payment of any consideration by the Partnership, automatically and without notice be forfeited and be and become null and void, and neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such unvested Award OPP Units.

(f) Upon the occurrence of a Change in Control and the termination of employment of the Grantee with the Company or its Affiliates within twenty-four (24) months of such Change in Control by the Company (or its successor) without Cause or by the Grantee with Good Reason, then:

(i) the calculations set forth in Section 3(b)(i)-(iv) required in connection with such Change in Control shall be made to determine the Final Total Outperformance Pool;

(ii) the Final Total Outperformance Pool to be used for determining the Final OPP Unit Equivalent pursuant to Section 3(b)(v)-(vi) shall be the greater of (A) the amount determined pursuant to such calculations or (B) $14,500,000; and

(iii) the Award OPP Units that have been earned based on performance as determined pursuant to this Section 3 shall vest immediately (except to the extent that Award OPP Units have been previously forfeited).

(g) In the event of a Change in Control, the Committee will make any determinations and certifications required by this Agreement and any provisions necessary with respect to the lapse of forfeiture restrictions and/or acceleration of vesting of this Award within a period of time that enables (i) the Grantee to exercise election, voting or other rights in connection with such Change in Control on the same basis as a Class A Unit holder and (ii) the Company to take any action or make any deliveries or payments it is obligated to make hereunder or under the Partnership Agreement not later than the date of consummation of the Change in Control. For avoidance of doubt, in the event of a Change in Control, the performance of all calculations and actions pursuant to Section 3(b) hereof and the exercise of any election, voting or other rights pursuant to this Section 3(g) shall be conditioned upon the final consummation of such Change in Control.

4. Termination of Grantee's Continuous Service; Death and Disability.

(a) If the Grantee is a party to a Service Agreement and his or her Continuous Service terminates, the provisions of Sections 4(b), 4(c), 4(d), 4(e), 4(f) and 4(g) hereof shall govern the treatment of the Grantee's Award OPP Units exclusively, unless the Service Agreement contains provisions that expressly refer to this Section 4(a) and provides that those provisions of the Service Agreement shall instead govern the treatment of the Grantee's Award OPP Units upon such termination. The foregoing sentence will be deemed an amendment to any applicable Service Agreement to the extent required to apply its terms consistently with this Section 4, such that, by way of illustration, any provisions of the Service Agreement with respect to accelerated vesting or payout or the lapse of forfeiture restrictions relating to the Grantee's incentive or other compensation awards in the event of certain types of termination of the Grantee's Continuous Service with the Company (such as, for example, termination at the end of the term, termination without Cause by the employer or termination for Good Reason by the employee) shall not be interpreted as requiring that any calculations set forth in Section 3 hereof be performed, or vesting occur with respect to this Award other than as specifically provided in this Section 4. In the event that an entity to which the Grantee provides services ceases to be an Affiliate of the Company, such action shall be deemed to be a termination of the Grantee's Continuous Service for purposes of this Agreement, provided that the Committee, in its sole and absolute discretion, may make provision in such circumstances for the lapse of forfeiture restrictions and/or accelerated vesting of some or all of the Grantee's unvested Award OPP Units that have not previously been forfeited, effective immediately prior to such event, or determine that the Grantee's Continuous Service to the Company or any other of its Affiliates has not been terminated. Notwithstanding any of the foregoing, in the event of any conflict between the provisions of the Grantee's Service Agreement, if any, and the provisions of this Section 4 with respect to death or Disability, the provisions of such Service Agreement shall govern the treatment of the Grantee's Award OPP Units in the event of death or Disability.

(b) In the event of termination of the Grantee's Continuous Service by (i) the Company without Cause, (ii) the Grantee for Good Reason, or (iii) the Grantee upon Retirement (each a "Qualified Termination") prior to the Final Valuation Date, then the Grantee will not forfeit the Award OPP Units upon such termination, but the following provisions of this Section 4(b) shall modify the calculations required to determine the Final OPP Unit Equivalent and/or the vesting of the Final OPP Unit Equivalent, as applicable, with respect to the Grantee only:

(i) the calculations provided in Section 3(b) hereof shall be performed as of the Final Valuation Date as if the Qualified Termination had not occurred; and

(ii) the Grantee's Final OPP Unit Equivalent shall no longer be subject to forfeiture pursuant to Section 3(d) hereof; provided that, notwithstanding that no Continuous Service requirement pursuant to Section 3(d) hereof will apply to the Grantee after the effective date of a Qualified Termination, the Grantee will not have the right to Transfer (as defined in Section 7 hereof) his or her Award OPP Units or request redemption of his or her Award Partnership Units under the Partnership Agreement until such dates as of which his or her Final OPP Unit Equivalent, as adjusted pursuant to Section 4(b)(ii) above, would have become vested pursuant to Section 3(d) hereof absent a Qualified Termination. For the avoidance of doubt, the purpose of this Section 4(b)(iii) is to prevent a situation where grantees of 2018 OPP awards who have had a Qualified Termination would be able to realize the value of their Award OPP Units or Award Partnership Units (through Transfer or redemption) before other grantees of 2018 OPP awards whose Continuous Service continues through the applicable vesting dates set forth in Section 3(d) hereof.

(c) In the event of Qualified Termination on or after the Final Valuation Date, then all of the Grantee's unvested Award OPP Units that have not previously been forfeited pursuant to the calculations set forth in Section 3(b) hereof, but remain subject to time-based vesting pursuant to Section 3(d) hereof as of the time of such Qualified Termination shall no longer be subject to forfeiture pursuant to Section 3(d) hereof; provided that, notwithstanding that no Continuous Service requirement pursuant to Section 3(d) hereof will apply to the Grantee after the effective date of a Qualified Termination, the Grantee will not have the right to Transfer (as defined in Section 7 hereof) his or her Award OPP Units or request redemption of his or her Award Partnership Units under the Partnership Agreement until such dates as of which his or her Final OPP Unit Equivalent would have become vested pursuant to Section 3(d) absent a Qualified Termination. For the avoidance of doubt, the purpose of this Section 4(c) is to prevent a situation where grantees of 2018 OPP awards who have had a Qualified Termination would be able to realize the value of their Award OPP Units or Award Partnership Units (through Transfer or redemption) before other grantees of OPP awards whose Continuous Service continues through the applicable vesting dates set forth in Section 3(d) hereof.

(d) Notwithstanding the foregoing, in the event any payment to be made hereunder after giving effect to this Section 4 is determined to constitute "nonqualified deferred compensation" subject to Section 409A of the Code, then, to the extent the Grantee is a "specified employee" under Section 409A of the Code subject to the six-month delay thereunder, any such payments to be made during the six-month period commencing on the Grantee's "separation from service" (as defined in Section 409A of the Code) shall be delayed until the expiration of such six-month period.

(e) In the event of a termination of the Grantee's Continuous Service as a result of his or her death or Disability prior to the Final Valuation Date, the Grantee will not forfeit the Award OPP Units, but the following provisions of this Section 4(e) shall apply:

(i) the calculations provided in Section 3(b) hereof shall be performed as of the Final Valuation Date as if the Grantee's death or Disability had not occurred; and

(ii) 100% of the Grantee's Final OPP Unit Equivalent as adjusted pursuant to Section 4(e)(ii) above shall no longer be subject to forfeiture pursuant to Section 3(d) hereof and shall automatically and immediately vest as of the Final Valuation Date.

(f) In the event of a termination of the Grantee's Continuous Service as a result of his or her death or Disability after the Final Valuation Date, 100% of the Grantee's Final OPP Unit Equivalent shall no longer be subject to forfeiture pursuant to Section 3(d) hereof and shall automatically and immediately vest as of such termination date.

(g) In the event of a termination of the Grantee's Continuous Service other than a Qualified Termination or by reason of death or Disability, all Award OPP Units except for those that, as of the date at such termination, both (i) have ceased to be subject to forfeiture pursuant to Sections 3(b) hereof, and (ii) have vested pursuant to Section 3(d) hereof shall, without payment of any consideration by the Partnership, automatically and without notice terminate, be forfeited and be and become null and void, and neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such Award OPP Units.

5. Payments by Award Recipients; Status as Partner. No amount shall be payable to the Company or the Partnership by the Grantee at any time in respect of this Agreement. The Grantee shall have no rights with respect to this Agreement (and the Award evidenced hereby) unless he or she shall have accepted this Agreement by (i) signing and delivering to the Partnership a copy of this Agreement and (ii) unless the Grantee is already a Partner (as defined in the Partnership Agreement), signing, as a Limited Partner, and delivering to the Partnership a counterpart signature page to the Partnership Agreement (attached hereto as Exhibit A). Upon acceptance of this Agreement by the Grantee, the Partnership Agreement shall be amended to reflect the issuance to the Grantee of the LTIP Units so accepted. Thereupon, the Grantee shall have all the rights of a Limited Partner of the Partnership with respect to the number of 2018 OPP Units specified on Schedule A hereto, as set forth in the Partnership Agreement, subject, however, to the restrictions and conditions specified herein. Award OPP Units constitute and shall be treated for all purposes as the property of the Grantee, subject to the terms of this Agreement and the Partnership Agreement.

6. Distributions.

(a) The holder of the Award OPP Units shall be entitled to receive distributions with respect to such Award OPP Units to the extent provided for in the Partnership Agreement as modified hereby.

(b) The Distribution Participation Date (as defined in the Partnership Agreement) for the Final OPP Unit Equivalent (to the extent provided in Section 6(c) below) shall be the Final Valuation Date, except that if the provisions of Section 4(b) hereof become applicable to the Grantee, the Distribution Participation Date for the Grantee shall be accelerated to the date the calculations provided in Section 3 hereof are performed with respect to the Award OPP Units that are no longer subject to forfeiture pursuant to Section 4(b) hereof.

(c) Following each applicable Distribution Participation Date, the Grantee shall be entitled to receive one hundred percent (100%) of the same distributions payable with respect to Class A Units on the Final OPP Unit Equivalent.

(d) Each Award OPP Unit shall be considered a Special LTIP Unit (as defined in the Partnership Agreement) and as such the: (i) LTIP Unit Initial Sharing Percentage (as defined in the Partnership Agreement) shall be ten percent (10%) and (ii) the Award OPP Units shall not be entitled to receive distributions prior to the applicable Distribution Participation Date. On the applicable Distribution Participation Date, Award OPP Units shall be entitled to a Special LTIP Unit Distribution (as defined in the Partnership Agreement) to the extent provided in the Partnership Agreement. The Distribution Measurement Date (as defined in the Partnership Agreement) with respect to the Award OPP Units shall be the Effective Date and all of the Award OPP Units granted pursuant to this Agreement shall be deemed to have been issued as part of the Same Award (as defined in the Partnership Agreement).

(e) For the avoidance of doubt, after the applicable Distribution Participation Date, Award OPP Units, both vested and (until and unless forfeited pursuant to Section 3(d) and 4(g) hereof) unvested, shall be entitled to receive the same distributions payable with respect to Class A Units if the payment date for such distributions is after the applicable Distribution Participation Date, even though the record date for such distributions is before the applicable Distribution Participation Date.

(f) All distributions paid with respect to Award OPP Units, whether at the rate provided in Sections 6(d) hereof prior to the applicable Distribution Participation Date or at the rate provided in Sections 6(c) hereof after the applicable Distribution Participation Date, shall be fully vested and non-forfeitable when paid, regardless of the fact that the underlying 2018 OPP Units may be subject to forfeiture or have not yet become, or never become, vested pursuant to Sections 3 and 4 hereof.

7. Restrictions on Transfer. Except as otherwise permitted by the Committee, none of the Award OPP Units granted hereunder nor any of the Partnership Units of the Partnership into which such Award OPP Units may be converted (the "**Award Partnership Units**") shall be sold, assigned, transferred, pledged, hypothecated, given away or in any other manner disposed of, encumbered, whether voluntarily or by operation of law (each such action a "**Transfer**"), and the Redemption Right (as defined in the Partnership Agreement) may not be exercised with respect to the Award Partnership Units, provided that, at any time after the date that (a) is one year after the Award OPP Units have become vested and (b) is at least two (2) years after the Effective Date, (i) Award OPP Units or Award Partnership Units may be Transferred to the Grantee's Family Members by gift or pursuant to domestic relations order in settlement of marital property rights; (ii) Award OPP Units or Award Partnership Units may be Transferred to an entity in which fifty percent (50%) of the voting interests are owned by Family Members (or the Grantee) in exchange for an interest in such entity; and (iii) the Redemption Right may be exercised with respect to Award Partnership Units, and Award Partnership Units may be Transferred to the Partnership or the Company in connection with the exercise of the Redemption Right, in accordance with and to the extent otherwise permitted by the terms of the Partnership Agreement. Additionally, the transferee must agree in writing with the Company and the Partnership to be bound by all the terms and conditions of this Agreement and that

subsequent transfers shall be prohibited except those in accordance with this Section 7 and all Transfers of Award OPP Units or Award Partnership Units must be in compliance with all applicable securities laws (including, without limitation, the Securities Act) and the applicable terms and conditions of the Partnership Agreement. In connection with any Transfer of Award OPP Units or Award Partnership Units, the Partnership may require the Grantee to provide an opinion of counsel, satisfactory to the Partnership, that such Transfer is in compliance with all federal and state securities laws (including, without limitation, the Securities Act). Any attempted Transfer of Award OPP Units or Award Partnership Units not in accordance with the terms and conditions of this Section 7 shall be null and void, and the Partnership shall not reflect on its records any change in record ownership of any Award OPP Units or Award Partnership Units as a result of any such Transfer, shall otherwise refuse to recognize any such Transfer and shall not in any way give effect to any such Transfer of any Award OPP Units or Award Partnership Units. Except as provided expressly in this Section 7, this Agreement is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution.

8. Changes in Capital Structure. If (i) the Company shall at any time be involved in a merger, consolidation, dissolution, liquidation, reorganization, exchange of shares, sale of all or substantially all of the assets or stock of the Company, spin-off of a Subsidiary, business unit or significant portion of its assets or other transaction similar thereto, (ii) any stock dividend, stock split, reverse stock split, stock combination, reclassification, recapitalization, significant repurchases of stock, or other similar change in the capital stock of the Company or any other event that constitutes a change in stock under the terms of the Share Plan shall occur, (iii) any extraordinary dividend or other distribution to holders of Common Shares or Class A Units shall be declared and paid other than in the ordinary course, or (iv) any other event shall occur that in each case in the good faith judgment of the Committee necessitates action by way of appropriate equitable or proportionate adjustment in the terms of this Award, this Agreement or the 2018 OPP Units to avoid distortion in the value of this Award, then the Committee shall take such action as it deems necessary to maintain the Grantee's rights hereunder so that they are substantially proportionate to the rights existing under this Award and the terms of the 2018 OPP Units prior to such event, including, without limitation: (A) interpretations of or modifications to any defined term in this Agreement; (B) adjustments in any calculations provided for in this Agreement, and (C) substitution of other awards under the Share Plan or otherwise.

9. Miscellaneous.

(a) Amendment. This Agreement may be amended or modified only with the consent of the Company and the Partnership acting through the Committee; provided that any such amendment or modification materially and adversely affecting the rights of the Grantee hereunder must be consented to by the Grantee to be effective as against him. Notwithstanding the foregoing, this Agreement may be amended in writing signed only by the Company and the Partnership to correct any errors or ambiguities in this Agreement and/or to make such changes that do not materially adversely affect the Grantee's rights hereunder. This grant shall in no way affect the Grantee's participation or benefits under any other plan or benefit program maintained or provided by the Company or the Partnership.

(b) Incorporation of Share Plan; Committee Determinations. The provisions of the Share Plan are hereby incorporated by reference as if set forth herein. In the event of a conflict between this Agreement and the Share Plan, the Share Plan shall govern. The Committee will make the determinations and certifications required by this Award as promptly as reasonably practicable following the occurrence of the event or events necessitating such determinations or certifications.

(c) Status of 2018 OPP Units under the Share Plan. This Award and the other 2018 OPP awards constitute awards of OP Units (as defined in the 2010 Plan) by the Company under the 2010 Plan. The Award OPP Units are interests in the Partnership. The number of Common Shares reserved for issuance under the Share Plan underlying outstanding Award OPP Units will be determined by the Committee in light of all applicable circumstances, including calculations made or to be made under Section 3 hereof, vesting, capital account allocations and/or balances under the Partnership Agreement, the conversion ratio in effect between LTIP Units and Class A Units and the exchange ratio in effect between Class A Units and Common Shares. The Company will have the right at its option, as set forth in the Partnership Agreement, to issue Common Shares in exchange for Award Partnership Units in accordance with the Partnership Agreement, subject to certain limitations set forth in the Partnership Agreement, and such Common Shares, if issued, will be issued under the Share Plan. The Grantee must be eligible to receive the Award OPP Units in compliance with applicable federal and state securities laws and to that effect is required to complete, execute and deliver certain covenants, representations and warranties (attached as Exhibit B). The Grantee acknowledges that the Grantee will have no right to approve or disapprove such determination by the Committee.

(d) Legend. The records of the Partnership evidencing the Award OPP Units shall bear an appropriate legend, as determined by the Partnership in its sole discretion, to the effect that such 2018 OPP Units are subject to restrictions as set forth herein, in the Share Plan, and in the Partnership Agreement.

(e) Compliance With Law. The Partnership and the Grantee will make reasonable efforts to comply with all applicable securities laws. In addition, notwithstanding any provision of this Agreement to the contrary, no 2018 OPP Units will become vested or be paid at a time that such vesting or payment would result in a violation of any such law.

(f) Investment Representations; Registration. The Grantee hereby makes the covenants, representations and warranties set forth on Exhibit B attached hereto. All of such covenants, warranties and representations shall survive the execution and delivery of this Agreement by the Grantee. The Partnership will have no obligation to register under the Securities Act any 2018 OPP Units or any other securities issued pursuant to this Agreement or upon conversion or exchange of 2018 OPP Units. The Grantee agrees that any resale of the shares of Common Shares received upon the exchange of Units into which 2018 OPP Units may be converted shall not occur during the “blackout periods” forbidding sales of Company securities, as set forth in the then applicable Company employee manual or insider trading policy. In addition, any resale shall be made in compliance with the registration requirements of the Securities Act or an applicable exemption therefrom, including, without limitation, the exemption provided by Rule 144 promulgated thereunder (or any successor rule).

(g) Section 83(b) Election. In connection with each separate issuance of LTIP Units under this Award pursuant to Section 3 hereof the Grantee hereby agrees to make an election to include in gross income in the year of transfer the applicable Award OPP Units pursuant to Section 83(b) of the Code substantially in the form attached hereto as Exhibit C and to supply the necessary information in accordance with the regulations promulgated thereunder. The Grantee agrees to file the election (or to permit the Partnership to file such election on the Grantee's behalf) within thirty (30) days after the award of the 2018 OPP Units hereunder with the IRS Service Center at which such Grantee files his personal income tax returns, and to file a copy of such election with the Grantee's U.S. federal income tax return for the taxable year in which the 2018 OPP Units are awarded to the Grantee.

(h) Severability. If, for any reason, any provision of this Agreement is held invalid, such invalidity shall not affect any other provision of this Agreement not so held invalid, and each such other provision shall to the full extent consistent with law continue in full force and effect. If any provision of this Agreement shall be held invalid in part, such invalidity shall in no way affect the rest of such provision not held so invalid, and the rest of such provision, together with all other provisions of this Agreement, shall to the full extent consistent with law continue in full force and effect.

(i) Governing Law. This Agreement is made under, and will be construed in accordance with, the laws of State of New York, without giving effect to the principles of conflict of laws of such State.

(j) No Obligation to Continue Position as an Employee, Consultant or Advisor. Neither the Company nor any Affiliate is obligated by or as a result of this Agreement to continue to have the Grantee as an employee, consultant or advisor and this Agreement shall not interfere in any way with the right of the Company or any Affiliate to terminate the Grantee's Continuous Service at any time.

(k) Notices. Any notice to be given to the Company shall be addressed to the Secretary of the Company at 888 Seventh Avenue, New York, New York 10019 and any notice to be given the Grantee shall be addressed to the Grantee at the Grantee's address as it appears on the employment records of the Company, or at such other address as the Company or the Grantee may hereafter designate in writing to the other.

(l) Withholding and Taxes. No later than the date as of which an amount first becomes includible in the gross income of the Grantee for income tax purposes or subject to the Federal Insurance Contributions Act withholding with respect to this Award, the Grantee will pay to the Company or, if appropriate, any of its Affiliates, or make arrangements satisfactory to the Committee regarding the payment of, any United States federal, state or local or foreign taxes of any kind required by law to be withheld with respect to such amount; provided, however, that if any Award OPP Units or Award Partnership Units are withheld (or returned), the number of Award OPP Units or Award Partnership Units so withheld (or returned) shall be limited to a number which has a fair market value on the date of withholding equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income. The obligations of the Company under this Agreement will be conditional on such payment or arrangements, and the Company and its Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Grantee.

(m) Headings. The headings of paragraphs hereof are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

(n) Counterparts. This Agreement may be executed in multiple counterparts with the same effect as if each of the signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

(o) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and any successors to the Company and the Partnership, on the one hand, and any successors to the Grantee, on the other hand, by will or the laws of descent and distribution, but this Agreement shall not otherwise be assignable or otherwise subject to hypothecation by the Grantee.

(p) Section 409A. This Agreement shall be construed, administered and interpreted in accordance with a good faith interpretation of Section 409A of the Code. Any provision of this Agreement that is inconsistent with Section 409A of the Code, or that may result in penalties under Section 409A of the Code, shall be amended, with the reasonable cooperation of the Grantee, the Company and the Partnership, to the extent necessary to exempt it from, or bring it into compliance with Section 409A of the Code.

[signature page follows]

IN WITNESS WHEREOF, the undersigned have caused this Award Agreement to be executed as of the 15th day of March, 2018.

VORNADO REALTY TRUST

By: ______________________________

Joseph Macnow
Executive Vice President - Finance
Chief Administrative Officer

VORNADO REALTY L.P.

By: Vornado Realty Trust, its general partner

By: ______________________________

Joseph Macnow
Executive Vice President - Finance
Chief Administrative Officer

GRANTEE

____

Name:

EXHIBIT A

FORM OF LIMITED PARTNER SIGNATURE PAGE

The Grantee, desiring to become one of the within named Limited Partners of Vornado Realty L.P., hereby accepts all of the terms and conditions of (including, without limitation, the Section 15.11 “Power of Attorney” thereof), and becomes a party to, the Second Amended and Restated Agreement of Limited Partnership, dated as of October 20, 1997, of Vornado Realty L.P., as amended (the “**Partnership Agreement**”). The Grantee agrees that this signature page may be attached to any counterpart of the Partnership Agreement and further agrees as follows (where the term “**Limited Partner**” refers to the Grantee):

1. The Limited Partner hereby confirms that it has reviewed the terms of the Partnership Agreement and affirms and agrees that it is bound by each of the terms and conditions of the Partnership Agreement, including, without limitation, the provisions thereof relating to limitations and restrictions on the transfer of Partnership Units (as defined in the Partnership Agreement).

2. The Limited Partner hereby confirms that it is acquiring the Partnership Units for its own account as principal, for investment and not with a view to resale or distribution, and that the Partnership Units may not be transferred or otherwise disposed of by the Limited Partner otherwise than in a transaction pursuant to a registration statement filed by the Partnership (which it has no obligation to file) or that is exempt from the registration requirements of the Securities Act of 1933, as amended (the “**Securities Act**”), and all applicable state and foreign securities laws, and the General Partner (as defined in the Partnership Agreement) may refuse to transfer any Partnership Units as to which evidence of such registration or exemption from registration satisfactory to the General Partner is not provided to it, which evidence may include the requirement of a legal opinion regarding the exemption from such registration. If the General Partner delivers to the Limited Partner Common Shares of Beneficial Interest of the General Partner (“**Common Shares**”) upon redemption of any Partnership Units, the Common Shares will be acquired for the Limited Partner’s own account as principal, for investment and not with a view to resale or distribution, and the Common Shares may not be transferred or otherwise disposed of by the Limited Partner otherwise than in a transaction pursuant to a registration statement filed by the General Partner with respect to such Common Shares (which it has no obligation under the Partnership Agreement to file) or that is exempt from the registration requirements of the Securities Act and all applicable state and foreign securities laws, and the General Partner may refuse to transfer any Common Shares as to which evidence of such registration or exemption from such registration satisfactory to the General Partner is not provided to it, which evidence may include the requirement of a legal opinion regarding the exemption from such registration.

3. The Limited Partner hereby affirms that it has appointed the General Partner, any Liquidator (as defined in the Partnership Agreement) and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead, in accordance with Section 15.11 of the Partnership Agreement, which section is hereby incorporated by reference. The foregoing power of attorney is hereby declared to be irrevocable

and a power coupled with an interest, and it shall survive and not be affected by the death, incompetency, dissolution, disability, incapacity, bankruptcy or termination of the Limited Partner and shall extend to the Limited Partner's heirs, executors, administrators, legal representatives, successors and assigns.

4. The Limited Partner hereby confirms that, notwithstanding any provisions of the Partnership Agreement to the contrary, the Award OPP Units shall not be redeemable by the Limited Partner pursuant to Section 8.6 of the Partnership Agreement.

5. (a) The Limited Partner hereby irrevocably consents in advance to any amendment to the Partnership Agreement, as may be recommended by the General Partner, intended to avoid the Partnership being treated as a publicly-traded partnership within the meaning of Section 7704 of the Internal Revenue Code, including, without limitation, (x) any amendment to the provisions of Section 8.6 of the Partnership Agreement intended to increase the waiting period between the delivery of a Notice of Redemption (as defined in the Partnership Agreement) and the Specified Redemption Date (as defined in the Partnership Agreement) and/or the Valuation Date (as defined in the Partnership Agreement) to up to sixty (60) days or (y) any other amendment to the Partnership Agreement intended to make the redemption and transfer provisions, with respect to certain redemptions and transfers, more similar to the provisions described in Treasury Regulations Section 1.7704-1(f).

(b) The Limited Partner hereby appoints the General Partner, any Liquidator and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead, to execute and deliver any amendment referred to in the foregoing paragraph 5(a) on the Limited Partner's behalf. The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive and not be affected by the death, incompetency, dissolution, disability, incapacity, bankruptcy or termination of the Limited Partner and shall extend to the Limited Partner's heirs, executors, administrators, legal representatives, successors and assigns.

6. The Limited Partner agrees that it will not transfer any interest in the Partnership Units (x) through (i) a national, non-U.S., regional, local or other securities exchange, or (ii) an over-the-counter market (including an interdealer quotation system that regularly disseminates firm buy or sell quotations by identified brokers or dealers by electronic means or otherwise) or (y) to or through (a) a person, such as a broker or dealer, that makes a market in, or regularly quotes prices for, interests in the Partnership or (b) a person that regularly makes available to the public (including customers or subscribers) bid or offer quotes with respect to any interests in the Partnership and stands ready to effect transactions at the quoted prices for itself or on behalf of others.

7. The Limited Partner acknowledges that the General Partner shall be a third party beneficiary of the representations, covenants and agreements set forth in Sections 4 and 6 hereof. The Limited Partner agrees that it will transfer, whether by assignment or otherwise, Partnership Units only to the General Partner or to transferees that provide the Partnership and the General Partner with the representations and covenants set forth in Sections 4 and 6 hereof.

8. This Acceptance shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

Signature Line for Limited Partner:

Name: ______________________

Date: __________ __, 2018

Address of Limited Partner:

____

____

EXHIBIT B

GRANTEE’S COVENANTS, REPRESENTATIONS AND WARRANTIES

The Grantee hereby represents, warrants and covenants as follows:

(a) The Grantee has received and had an opportunity to review the following documents (the “**Background Documents**”):

(i) The Company’s latest Annual Report to Stockholders;

(ii) The Company’s Proxy Statement for its most recent Annual Meeting of Stockholders;

(iii) The Company’s Report on Form 10-K for the fiscal year most recently ended;

(iv) The Company’s Form 10-Q, if any, for the most recently ended quarter if one has been filed by the Company with the Securities and Exchange Commission since the filing of the Form 10-K described in clause (iii) above;

(v) Each of the Company’s Current Report(s) on Form 8-K, if any, filed since the end of the fiscal year most recently ended for which a Form 10-K has been filed by the Company;

(vi) The Partnership Agreement;

(vii) The Share Plan; and

(viii) The Company’s Declaration of Trust, as amended.

The Grantee also acknowledges that any delivery of the Background Documents and other information relating to the Company and the Partnership prior to the determination by the Partnership of the suitability of the Grantee as a holder of LTIP Units shall not constitute an offer of LTIP Units until such determination of suitability shall be made.

(b) The Grantee hereby represents and warrants that

(i) The Grantee either (A) is an “accredited investor” as defined in Rule 501(a) under the Securities Act of 1933, as amended (the “**Securities Act**”), or (B) by reason of the business and financial experience of the Grantee, together with the business and financial experience of those persons, if any, retained by the Grantee to represent or advise him with respect to the grant to him of LTIP Units, the potential conversion of LTIP Units into Class A Units of the Partnership (“**Common Units**”) and the potential redemption of such Common Units for the Company’s Common Shares (“**REIT Shares**”), has such knowledge, sophistication and experience in financial and business matters and in making investment decisions of this type that the Grantee (I) is capable of evaluating the merits and risks of an investment in the Partnership and potential investment in the Company and of making an informed investment decision, (II) is capable of protecting his own interest or has engaged representatives or advisors to assist him in protecting his interests, and (III) is capable of bearing the economic risk of such investment.

(ii) The Grantee, after due inquiry, hereby certifies that for purposes of Rule 506(d) and Rule 506(e) of the Securities Act, he is not subject to any felony or misdemeanor conviction related to any securities matter; any federal or state order, judgment, decree or injunction related to any securities, insurance, banking or U.S. Postal Service matter; any SEC disciplinary or cease and desist order; or any suspension, expulsion or bar related to a registered national securities exchange, national or affiliated securities association or member thereof, whether it occurred or was issued before, on or after September 23, 2013, and agrees that he will notify the Company immediately upon becoming aware that the foregoing is not, or is no longer, complete and accurate in every material respect, including as a result of events occurring after the date hereof.

(iii) The Grantee understands that (A) the Grantee is responsible for consulting his own tax advisors with respect to the application of the U.S. federal income tax laws, and the tax laws of any state, local or other taxing jurisdiction to which the Grantee is or by reason of the award of LTIP Units may become subject, to his particular situation; (B) the Grantee has not received or relied upon business or tax advice from the Company, the Partnership or any of their respective employees, agents, consultants or advisors, in their capacity as such; (C) the Grantee provides or will provide services to the Partnership on a regular basis and in such capacity has access to such information, and has such experience of and involvement in the business and operations of the Partnership, as the Grantee believes to be necessary and appropriate to make an informed decision to accept this Award of LTIP Units; and (D) an investment in the Partnership and/or the Company involves substantial risks. The Grantee has been given the opportunity to make a thorough investigation of matters relevant to the LTIP Units and has been furnished with, and has reviewed and understands, materials relating to the Partnership and the Company and their respective activities (including, but not limited to, the Background Documents). The Grantee has been afforded the opportunity to obtain any additional information (including any exhibits to the Background Documents) deemed necessary by the Grantee to verify the accuracy of information conveyed to the Grantee. The Grantee confirms that all documents, records, and books pertaining to his receipt of LTIP Units which were requested by the Grantee have been made available or delivered to the Grantee. The Grantee has had an opportunity to ask questions of and receive answers from the Partnership and the Company, or from a person or persons acting on their behalf, concerning the terms and conditions of the LTIP Units. **The Grantee has relied upon, and is making its decision solely upon, the Background Documents and other written information provided to the Grantee by the Partnership or the Company.**

(iv) The LTIP Units to be issued, the Common Units issuable upon conversion of the LTIP Units and any REIT Shares issued in connection with the redemption of any such Common Units will be acquired for the account of the Grantee for investment only and not with a current view to, or with any intention of, a distribution or resale thereof, in whole or in part, or the grant of any participation therein, without prejudice, however, to the Grantee’s right (subject to the terms of the LTIP Units, the Share Plan and this Agreement) at all times to sell or otherwise dispose of all or any part of his LTIP Units, Common Units or REIT Shares in compliance with the Securities Act, and applicable state securities laws, and subject, nevertheless, to the disposition of his assets being at all times within his control.

(v) The Grantee acknowledges that (A) neither the LTIP Units to be issued, nor the Common Units issuable upon conversion of the LTIP Units, have been registered under the Securities Act or state securities laws by reason of a specific exemption or exemptions from registration under the Securities Act and applicable state securities laws and, if such LTIP Units or Common Units are represented by certificates, such certificates will bear a legend to such effect, (B) the reliance by the Partnership and the Company on such exemptions is predicated in part on the accuracy and completeness of the representations and warranties of the Grantee contained herein, (C) such LTIP Units or Common Units, therefore, cannot be resold unless registered under the Securities Act and applicable state securities laws, or unless an exemption from registration is available, (D) there is no public market for such LTIP Units and Common Units and (E) neither the Partnership nor the Company has any obligation or intention to register such LTIP Units or the Common Units issuable upon conversion of the LTIP Units under the Securities Act or any state securities laws or to take any action that would make available any exemption from the registration requirements of such laws, except, that, upon the redemption of the Common Units for REIT Shares, the Company may issue such REIT Shares under the Share Plan and pursuant to a Registration Statement on Form S-8 under the Securities Act, to the extent that (I) the Grantee is eligible to receive such REIT Shares under the Share Plan at the time of such issuance, (II) the Company has filed a Form S-8 Registration Statement with the Securities and Exchange Commission registering the issuance of such REIT Shares and (III) such Form S-8 is effective at the time of the issuance of such REIT Shares. The Grantee hereby acknowledges that because of the restrictions on transfer or assignment of such LTIP Units acquired hereby and the Common Units issuable upon conversion of the LTIP Units which are set forth in the Partnership Agreement or this Agreement, the Grantee may have to bear the economic risk of his ownership of the LTIP Units acquired hereby and the Common Units issuable upon conversion of the LTIP Units for an indefinite period of time.

(vi) The Grantee has determined that the LTIP Units are a suitable investment for the Grantee.

(vii) No representations or warranties have been made to the Grantee by the Partnership or the Company, or any officer, trustee, shareholder, agent, or Affiliate of any of them, and the Grantee has received no information relating to an investment in the Partnership or the LTIP Units except the information specified in paragraph (b) above.

(c) So long as the Grantee holds any LTIP Units, the Grantee shall disclose to the Partnership in writing such information as may be reasonably requested with respect to ownership of LTIP Units as the Partnership may deem reasonably necessary to ascertain and to establish compliance with provisions of the Code, applicable to the Partnership or to comply with requirements of any other appropriate taxing authority.

(d) The address set forth on the signature page of this Agreement is the address of the Grantee's principal residence, and the Grantee has no present intention of becoming a resident of any country, state or jurisdiction other than the country and state in which such residence is sited.

SCHEDULE A TO 2018 OUTPERFORMANCE PLAN AWARD AGREEMENT

Date of Award Agreement:	
Name of Grantee:	
Participation Percentage:	
Number of LTIP Units Subject to Grant:	
Grant Date:	

Initials of Company representative: _________

Initials of Grantee: _________

EXHIBIT 15.1

April 30, 2018

Vornado Realty Trust
New York, New York

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited consolidated interim financial information of Vornado Realty Trust and subsidiaries for the three-month periods ended March 31, 2018, and 2017, and have issued our report dated April 30, 2018. As indicated in our report, because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, is incorporated by reference in the following Registration Statements of Vornado Realty Trust:

Amendment No.1 to Registration Statement No. 333-36080 on Form S-3
Registration Statement No. 333-64015 on Form S-3
Amendment No.1 to Registration Statement No. 333-50095 on Form S-3
Registration Statement No. 333-52573 on Form S-8
Registration Statement No. 333-76327 on Form S-3
Amendment No.1 to Registration Statement No. 333-89667 on Form S-3
Amendment No.1 to Registration Statement No. 333-102215 on Form S-3
Amendment No.1 to Registration Statement No. 333-102217 on Form S-3
Registration Statement No. 333-105838 on Form S-3
Registration Statement No. 333-107024 on Form S-3
Registration Statement No. 333-109661 on Form S-3
Registration Statement No. 333-114146 on Form S-3
Registration Statement No. 333-114807 on Form S-3
Registration Statement No. 333-121929 on Form S-3
Amendment No.1 to Registration Statement No. 333-120384 on Form S-3
Registration Statement No. 333-126963 on Form S-3
Registration Statement No. 333-139646 on Form S-3
Registration Statement No. 333-141162 on Form S-3
Registration Statement No. 333-150592 on Form S-3
Registration Statement No. 333-166856 on Form S-3
Registration Statement No. 333-172880 on Form S-8
Registration Statement No. 333-191865 on Form S-4

and in the following joint registration statement of Vornado Realty Trust and Vornado Realty L.P.:

Registration Statement No. 333-224104 on Form S-3

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey

EXHIBIT 15.2

April 30, 2018

Vornado Realty L.P.
New York, New York

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited consolidated interim financial information of Vornado Realty L.P. and subsidiaries for the periods ended March 31, 2018, and 2017, and have issued our report dated April 30, 2018. As indicated in our report, because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, is incorporated by reference in the joint Registration Statement No. 333-224104 on Form S-3 of Vornado Realty Trust and Vornado Realty L.P.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey

EXHIBIT 31.1

CERTIFICATION

I, Steven Roth, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vornado Realty Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure control and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

April 30, 2018

/s/ Steven Roth

Steven Roth
Chairman of the Board and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Joseph Macnow, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vornado Realty Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure control and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 30, 2018

/s/ Joseph Macnow

Joseph Macnow

Executive Vice President – Chief Financial Officer and
Chief Administrative Officer

EXHIBIT 31.3

CERTIFICATION

I, Steven Roth, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vornado Realty L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure control and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 30, 2018

/s/ Steven Roth

Steven Roth

Chairman of the Board and Chief Executive Officer
of Vornado Realty Trust, sole General Partner of Vornado Realty L.P.

EXHIBIT 31.4

CERTIFICATION

I, Joseph Macnow, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vornado Realty L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure control and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 30, 2018

/s/ Joseph Macnow

Joseph Macnow

Executive Vice President – Chief Financial Officer and
Chief Administrative Officer of Vornado Realty Trust,
sole General Partner of Vornado Realty L.P.

EXHIBIT 32.1

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsection (a) and (b) of Section 1350 of Chapter 63 of Title 18 of the United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350 of Chapter 63 of Title 18 of the United States Code), the undersigned officer of Vornado Realty Trust (the “Company”), hereby certifies, to such officer’s knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (the “Report”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 30, 2018		/s/ Steven Roth
	Name:	Steven Roth
	Title:	Chairman of the Board and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsection (a) and (b) of Section 1350 of Chapter 63 of Title 18 of the United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350 of Chapter 63 of Title 18 of the United States Code), the undersigned officer of Vornado Realty Trust (the "Company"), hereby certifies, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 30, 2018		/s/ Joseph Macnow
	Name:	Joseph Macnow
	Title:	Executive Vice President – Chief Financial Officer and Chief Administrative Officer

EXHIBIT 32.3

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsection (a) and (b) of Section 1350 of Chapter 63 of Title 18 of the United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350 of Chapter 63 of Title 18 of the United States Code), the undersigned officer of Vornado Realty L.P. (the “Company”), hereby certifies, to such officer’s knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (the “Report”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 30, 2018		/s/ Steven Roth
	Name:	Steven Roth
	Title:	Chairman of the Board and Chief Executive Officer of Vornado Realty Trust, sole General Partner of Vornado Realty L.P.

EXHIBIT 32.4

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsection (a) and (b) of Section 1350 of Chapter 63 of Title 18 of the United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350 of Chapter 63 of Title 18 of the United States Code), the undersigned officer of Vornado Realty L.P. (the "Company"), hereby certifies, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 30, 2018		/s/ Joseph Macnow
	Name:	Joseph Macnow
	Title:	Executive Vice President – Chief Financial Officer and Chief Administrative Officer of Vornado Realty Trust, sole General Partner of Vornado Realty L.P.