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

(Mark one)

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

For the quarterly period ended: **September 30, 2019**

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit 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	☐ Smaller Reporting Company
	☐ Emerging Growth Company

Vornado Realty L.P.:

☐ Large Accelerated Filer	☐ Accelerated Filer
☑ Non-Accelerated Filer	☐ Smaller Reporting Company
	☐ Emerging Growth Company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Vornado Realty Trust: Yes ☐ No ☑ Vornado Realty L.P.: Yes ☐ No ☑

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

Registrant	**Title of each class**	**Trading Symbol(s)**	**Name of each exchange on which registered**
Vornado Realty Trust	Common Shares of beneficial interest, $.04 par value per share	VNO	New York Stock Exchange
	Cumulative Redeemable Preferred Shares of beneficial interest, liquidation preference $25.00 per share		
Vornado Realty Trust	5.70% Series K	VNO/PK	New York Stock Exchange
Vornado Realty Trust	5.40% Series L	VNO/PL	New York Stock Exchange
Vornado Realty Trust	5.25% Series M	VNO/PM	New York Stock Exchange

As of September 30, 2019, 190,850,321 of Vornado Realty Trust's common shares of beneficial interest are outstanding.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended September 30, 2019 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 93.1% limited partner of the Operating Partnership. As the sole general partner of the Operating Partnership, Vornado has exclusive control of the Operating Partnership's day-to-day management.

Under the limited partnership agreement of the Operating Partnership, unitholders may present their Class A units for redemption at any time (subject to restrictions agreed upon at the time of issuance of the units that may restrict such right for a period of time). Class A units may be tendered for redemption to the Operating Partnership for cash; Vornado, at its option, may assume that obligation and pay the holder either cash or Vornado common shares on a one-for-one basis. Because the number of Vornado common shares outstanding at all times equals the number of Class A units owned by Vornado, the redemption value of each Class A unit is equivalent to the market value of one Vornado common share, and the quarterly distribution to a Class A unitholder is equal to the quarterly dividend paid to a Vornado common shareholder. This one-for-one exchange ratio is subject to specified adjustments to prevent dilution. Vornado generally expects that it will elect to issue its common shares in connection with each such presentation for redemption rather than having the Operating Partnership pay cash. With each such exchange or redemption, Vornado's percentage ownership in the Operating Partnership will increase. In addition, whenever Vornado issues common shares other than to acquire Class A units of the Operating Partnership, Vornado must contribute any net proceeds it receives to the Operating Partnership and the Operating Partnership must issue to Vornado an equivalent number of Class A units of the Operating Partnership. This structure is commonly referred to as an umbrella partnership REIT, or UPREIT.

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

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

The Company believes it is important to understand the few differences between Vornado and the Operating Partnership in the context of how Vornado and the Operating Partnership operate as a consolidated company. The financial results of the Operating Partnership are consolidated into the financial statements of Vornado. Vornado does not have any significant assets, liabilities or operations, other than its investment in the Operating Partnership. The Operating Partnership, not Vornado, generally executes all significant business relationships other than transactions involving the securities of Vornado. The Operating Partnership holds substantially all of the assets of Vornado. The Operating Partnership conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for the net proceeds from equity offerings by Vornado, which are contributed to the capital of the Operating Partnership in exchange for Class A units of partnership in the Operating Partnership, and the net proceeds of debt offerings by Vornado, which are contributed to the Operating Partnership in exchange for debt securities of the Operating Partnership, as applicable, the Operating Partnership generates all remaining capital required by the Company's business. These sources may include working capital, net cash provided by operating activities, borrowings under the revolving credit 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 13. Shareholders' Equity/Partners' Capital
  - Note 20. Income Per Share/Income Per Class A Unit
- Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations includes information specific to each entity, where applicable.

This report also includes separate Part I, Item 4. Controls and Procedures 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)	September 30, 2019	December 31, 2018
ASSETS		
Real estate, at cost:		
Land	$ 2,602,039	$ 3,306,280
Buildings and improvements	7,888,950	10,110,992
Development costs and construction in progress	1,805,846	2,266,491
Moynihan Train Hall development expenditures	791,703	445,693
Leasehold improvements and equipment	121,164	108,427
Total	13,209,702	16,237,883
Less accumulated depreciation and amortization	(2,945,107)	(3,180,175)
Real estate, net	10,264,595	13,057,708
Right-of-use assets	370,604	—
Cash and cash equivalents	1,132,491	570,916
Restricted cash	113,065	145,989
Marketable securities	35,751	152,198
Tenant and other receivables	99,499	73,322
Investments in partially owned entities	4,023,820	858,113
Real estate fund investments	306,596	318,758
220 Central Park South condominium units ready for sale	288,135	99,627
Receivable arising from the straight-lining of rents	743,646	935,131
Deferred leasing costs, net of accumulated amortization of $191,299 and $207,529	360,608	400,313
Identified intangible assets, net of accumulated amortization of $99,623 and $172,114	30,773	136,781
Other assets	446,516	431,938
	$ 18,216,099	$ 17,180,794
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Mortgages payable, net	$ 5,640,895	$ 8,167,798
Senior unsecured notes, net	445,668	844,002
Unsecured term loan, net	745,585	744,821
Unsecured revolving credit facilities	655,000	80,000
Lease liabilities	490,978	—
Moynihan Train Hall obligation	791,703	445,693
Accounts payable and accrued expenses	453,331	430,976
Deferred revenue	62,583	167,730
Deferred compensation plan	99,677	96,523
Other liabilities	266,090	311,806
Total liabilities	9,651,510	11,289,349
Commitments and contingencies		
Redeemable noncontrolling interests:		
Class A units - 13,346,927 and 12,544,477 units outstanding	849,798	778,134
Series D cumulative redeemable preferred units - 141,401 and 177,101 units outstanding	4,535	5,428
Total redeemable noncontrolling interests	854,333	783,562
Shareholders' equity:		
Preferred shares of beneficial interest: no par value per share; authorized 110,000,000 shares; issued and outstanding 36,797,280 and 36,798,580 shares	891,256	891,294
Common shares of beneficial interest: $0.04 par value per share; authorized 250,000,000 shares; issued and outstanding 190,850,321 and 190,535,499 shares	7,613	7,600
Additional capital	7,872,597	7,725,857
Earnings less than distributions	(1,649,035)	(4,167,184)
Accumulated other comprehensive (loss) income	(47,359)	7,664
Total shareholders' equity	7,075,072	4,465,231
Noncontrolling interests in consolidated subsidiaries	635,184	642,652
Total equity	7,710,256	5,107,883
	$ 18,216,099	$ 17,180,794

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(Amounts in thousands, except per share amounts)	For the Three Months Ended September 30, 2019	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2019	For the Nine Months Ended September 30, 2018
REVENUES:				
Rental revenues	$ 427,638	$ 503,947	$ 1,348,814	$ 1,507,274
Fee and other income	38,323	38,101	114,918	113,029
Total revenues	465,961	542,048	1,463,732	1,620,303
EXPENSES:				
Operating	(226,359)	(235,575)	(694,006)	(709,158)
Depreciation and amortization	(96,437)	(113,169)	(326,181)	(333,701)
General and administrative	(33,237)	(31,977)	(130,129)	(108,937)
Expense from deferred compensation plan liability	(974)	(1,861)	(7,722)	(3,534)
Transaction related costs, impairment losses and other	(1,576)	(2,510)	(103,315)	(16,683)
Total expenses	(358,583)	(385,092)	(1,261,353)	(1,172,013)
Income from partially owned entities	25,946	7,206	56,139	6,059
Income (loss) from real estate fund investments	2,190	(190)	(13,780)	(37,973)
Interest and other investment income, net	3,045	2,893	15,930	9,401
Income from deferred compensation plan assets	974	1,861	7,722	3,534
Interest and debt expense	(61,448)	(88,951)	(226,940)	(264,774)
Net gain on transfer to Fifth Avenue and Times Square JV	—	—	2,571,099	—
Net gains on disposition of wholly owned and partially owned assets	309,657	141,269	641,664	164,828
Income before income taxes	387,742	221,044	3,254,213	329,365
Income tax expense	(23,885)	(1,943)	(80,542)	(4,964)
Income from continuing operations	363,857	219,101	3,173,671	324,401
(Loss) income from discontinued operations	(8)	61	(85)	381
Net income	363,849	219,162	3,173,586	324,782
Less net (income) loss attributable to noncontrolling interests in:				
Consolidated subsidiaries	(5,774)	(3,312)	(34,045)	31,137
Operating Partnership	(22,637)	(12,671)	(197,354)	(18,992)
Net income attributable to Vornado	335,438	203,179	2,942,187	336,927
Preferred share dividends	(12,532)	(12,534)	(37,598)	(38,103)
Preferred share issuance costs	—	—	—	(14,486)
NET INCOME attributable to common shareholders	$ 322,906	$ 190,645	$ 2,904,589	$ 284,338
INCOME PER COMMON SHARE – BASIC:				
Net income per common share	$ 1.69	$ 1.00	$ 15.22	$ 1.50
Weighted average shares outstanding	190,814	190,245	190,762	190,176
INCOME PER COMMON SHARE – DILUTED:				
Net income per common share	$ 1.69	$ 1.00	$ 15.20	$ 1.49
Weighted average shares outstanding	191,024	191,327	191,027	191,292

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(Amounts in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Net income	$ 363,849	$ 219,162	$ 3,173,586	$ 324,782
Other comprehensive income (loss):				
Other comprehensive income (loss) of nonconsolidated subsidiaries	11	253	(949)	989
(Reduction) increase in value of interest rate swaps and other	(9,954)	623	(55,495)	13,789
Amount reclassified from accumulated other comprehensive loss relating to a nonconsolidated subsidiary	—	—	(2,311)	—
Comprehensive income	353,906	220,038	3,114,831	339,560
Less comprehensive (income) loss attributable to noncontrolling interests	(27,761)	(16,037)	(227,667)	11,232
Comprehensive income attributable to Vornado	$ 326,145	$ 204,001	$ 2,887,164	$ 350,792

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 Loss	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Shares	Amount	Shares	Amount					
For the Three Months Ended September 30, 2019:									
Balance, June 30, 2019	36,797	$ 891,256	190,813	$ 7,611	$ 7,845,748	$ (1,845,995)	$ (38,066)	$ 635,590	$ 7,496,144
Net income attributable to Vornado	—	—	—	—	—	335,438	—	—	335,438
Net income attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	—	5,774	5,774
Dividends on common shares ($0.66 per share)	—	—	—	—	—	(125,947)	—	—	(125,947)
Dividends on preferred shares (see Note 13 for dividends per share amounts)	—	—	—	—	—	(12,532)	—	—	(12,532)
Common shares issued:									
Upon redemption of Class A units, at redemption value	—	—	31	1	1,998	—	—	—	1,999
Under dividend reinvestment plan	—	—	6	1	356	—	—	—	357
Contributions:									
Other	—	—	—	—	—	—	—	908	908
Distributions:									
Real estate fund investments	—	—	—	—	—	—	—	(6)	(6)
Other	—	—	—	—	—	—	—	(7,086)	(7,086)
Deferred compensation shares and options	—	—	—	—	266	—	—	—	266
Other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	—	11	—	11
Reduction in value of interest rate swaps	—	—	—	—	—	—	(9,953)	—	(9,953)
Adjustments to carry redeemable Class A units at redemption value	—	—	—	—	24,228	—	—	—	24,228
Redeemable noncontrolling interests' share of above adjustments	—	—	—	—	—	—	650	—	650
Other	—	—	—	—	1	1	(1)	4	5
Balance, September 30, 2019	36,797	$ 891,256	190,850	$ 7,613	$ 7,872,597	$ (1,649,035)	$ (47,359)	$ 635,184	$ 7,710,256

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					
For the Three Months Ended September 30, 2018:									
Balance, June 30, 2018	36,800	$ 891,325	190,238	$ 7,587	$ 7,555,993	$ (4,206,381)	$ 33,351	$ 661,712	$ 4,943,587
Net income attributable to Vornado	—	—	—	—	—	203,179	—	—	203,179
Net income attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	—	3,312	3,312
Dividends on common shares ($0.63 per share)	—	—	—	—	—	(119,862)	—	—	(119,862)
Dividends on preferred shares (see Note 13 for dividends per share amounts)	—	—	—	—	—	(12,534)	—	—	(12,534)
Common shares issued:									
Upon redemption of Class A units, at redemption value	—	—	25	1	1,842	—	—	—	1,843
Under employees' share option plan	—	—	16	—	440	—	—	—	440
Under dividend reinvestment plan	—	—	5	1	350	—	—	—	351
Contributions:									
Real estate fund investments	—	—	—	—	—	—	—	1,595	1,595
Other	—	—	—	—	—	—	—	366	366
Distributions:									
Real estate fund investments	—	—	—	—	—	—	—	(2,419)	(2,419)
Other	—	—	—	—	—	—	—	(4,972)	(4,972)
Conversion of Series A preferred shares to common shares	(1)	(31)	2	—	31	—	—	—	—
Deferred compensation shares and options	—	—	—	—	286	—	—	—	286
Other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	—	253	—	253
Increase in value of interest rate swaps	—	—	—	—	—	—	623	—	623
Adjustments to carry redeemable Class A units at redemption value	—	—	—	—	21,520	—	—	—	21,520
Redeemable noncontrolling interests' share of above adjustments	—	—	—	—	—	—	(54)	—	(54)
Other	—	—	—	—	1	(4)	—	(2)	(5)
Balance, September 30, 2018	36,799	$ 891,294	190,286	$ 7,589	$ 7,580,463	$ (4,135,602)	$ 34,173	$ 659,592	$ 5,037,509

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 (Loss)	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Shares	Amount	Shares	Amount					
For the Nine Months Ended September 30, 2019:									
Balance, December 31, 2018	36,800	$ 891,294	190,535	$ 7,600	$ 7,725,857	$ (4,167,184)	$ 7,664	$ 642,652	$ 5,107,883
Net income attributable to Vornado	—	—	—	—	—	2,942,187	—	—	2,942,187
Net income attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	—	34,045	34,045
Dividends on common shares ($1.98 per share)	—	—	—	—	—	(377,750)	—	—	(377,750)
Dividends on preferred shares (see Note 13 for dividends per share amounts)	—	—	—	—	—	(37,598)	—	—	(37,598)
Common shares issued:									
Upon redemption of Class A units, at redemption value	—	—	123	5	8,123	—	—	—	8,128
Under employees' share option plan	—	—	165	7	1,338	(8,692)	—	—	(7,347)
Under dividend reinvestment plan	—	—	16	1	1,057	—	—	—	1,058
Contributions:									
Real estate fund investments	—	—	—	—	—	—	—	3,384	3,384
Other	—	—	—	—	—	—	—	5,839	5,839
Distributions:									
Real estate fund investments	—	—	—	—	—	—	—	(6)	(6)
Other	—	—	—	—	—	—	—	(39,290)	(39,290)
Conversion of Series A preferred shares to common shares	(2)	(38)	3	—	38	—	—	—	—
Deferred compensation shares and options	—	—	8	—	829	—	—	—	829
Amount reclassified related to a nonconsolidated subsidiary	—	—	—	—	—	—	(2,311)	—	(2,311)
Other comprehensive loss of nonconsolidated subsidiaries	—	—	—	—	—	—	(949)	—	(949)
Reduction in value of interest rate swaps	—	—	—	—	—	—	(55,497)	—	(55,497)
Unearned 2016 Out-Performance Plan awards acceleration	—	—	—	—	11,720	—	—	—	11,720
Adjustments to carry redeemable Class A units at redemption value	—	—	—	—	123,635	—	—	—	123,635
Redeemable noncontrolling interests' share of above adjustments	—	—	—	—	—	—	3,732	—	3,732
Deconsolidation of partially owned entity	—	—	—	—	—	—	—	(11,441)	(11,441)
Other	(1)	—	—	—	—	2	2	1	5
Balance, September 30, 2019	36,797	$ 891,256	190,850	$ 7,613	$ 7,872,597	$ (1,649,035)	$ (47,359)	$ 635,184	$ 7,710,256

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					
For the Nine Months Ended September 30, 2018:									
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	—	—	—	—	—	122,893	(108,374)	—	14,519
Net income attributable to Vornado	—	—	—	—	—	336,927	—	—	336,927
Net loss attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	—	(31,137)	(31,137)
Dividends on common shares ($1.89 per share)	—	—	—	—	—	(359,456)	—	—	(359,456)
Dividends on preferred shares (see Note 13 for dividends per share amounts)	—	—	—	—	—	(38,103)	—	—	(38,103)
Preferred share issuance costs	—	(663)	—	—	—	(14,486)	—	—	(15,149)
Common shares issued:									
Upon redemption of Class A units, at redemption value	—	—	201	8	14,081	—	—	—	14,089
Under employees' share option plan	—	—	77	3	4,223	—	—	—	4,226
Under dividend reinvestment plan	—	—	15	1	1,035	—	—	—	1,036
Contributions:									
Real estate fund investments	—	—	—	—	—	—	—	46,942	46,942
Other	—	—	—	—	—	—	—	14,577	14,577
Distributions:									
Real estate fund investments	—	—	—	—	—	—	—	(12,665)	(12,665)
Other	—	—	—	—	—	—	—	(28,173)	(28,173)
Conversion of Series A preferred shares to common shares	(1)	(31)	2	—	31	—	—	—	—
Deferred compensation shares and options	—	—	7	—	871	(121)	—	—	750
Pro rata share of other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	—	989	—	989
Increase in value of interest rate swaps	—	—	—	—	—	—	13,789	—	13,789
Unearned 2015 Out-Performance Plan awards acceleration	—	—	—	—	9,046	—	—	—	9,046
Adjustments to carry redeemable Class A units at redemption value	—	—	—	—	57,970	—	—	—	57,970
Redeemable noncontrolling interests' share of above adjustments	—	—	—	—	—	—	(913)	—	(913)
Other	—	—	—	—	548	(3)	—	(1)	544
Balance, September 30, 2018	36,799	$ 891,294	190,286	$ 7,589	$ 7,580,463	$ (4,135,602)	$ 34,173	$ 659,592	$ 5,037,509

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Amounts in thousands)	For the Nine Months Ended September 30, 2019	2018
Cash Flows from Operating Activities:		
Net income	$ 3,173,586	$ 324,782
Adjustments to reconcile net income to net cash provided by operating activities:		
Net gain on transfer to Fifth Avenue and Times Square JV	(2,571,099)	—
Net gains on disposition of wholly owned and partially owned assets	(641,664)	(164,828)
Depreciation and amortization (including amortization of deferred financing costs)	341,951	353,761
Non-cash impairment loss on 608 Fifth Avenue right-of-use asset	75,220	—
Distributions of income from partially owned entities	66,252	61,782
Equity in net income of partially owned entities	(56,139)	(6,059)
Stock-based compensation expense	48,045	26,190
Real estate impairment losses	26,140	—
Prepayment penalty on redemption of senior unsecured notes due 2022	22,058	—
Net realized and unrealized loss on real estate fund investments	16,162	33,709
Amortization of below-market leases, net	(15,561)	(31,480)
Straight-lining of rents	8,446	(10,279)
Decrease in fair value of marketable securities	3,095	24,801
Return of capital from real estate fund investments	—	20,291
Other non-cash adjustments	19,894	2,242
Changes in operating assets and liabilities:		
Real estate fund investments	(4,000)	(68,950)
Tenant and other receivables, net	(28,110)	(11,662)
Prepaid assets	(74,502)	74,322
Other assets	(10,195)	(122,925)
Accounts payable and accrued expenses	1,496	(3,810)
Other liabilities	(3,104)	(13,849)
Net cash provided by operating activities	397,971	488,038
Cash Flows from Investing Activities:		
Proceeds from transfer of interest in Fifth Avenue and Times Square JV (net of $35,562 of transaction costs and $10,899 of deconsolidated cash and restricted cash)	1,248,743	—
Proceeds from sale of condominium units at 220 Central Park South	1,039,493	—
Proceeds from redemption of 640 Fifth Avenue preferred equity	500,000	—
Development costs and construction in progress	(448,281)	(274,147)
Moynihan Train Hall expenditures	(352,211)	—
Proceeds from sale of real estate and related investments	255,534	219,731
Additions to real estate	(189,579)	(163,546)
Proceeds from sales of marketable securities	168,314	—
Distributions of capital from partially owned entities	24,880	98,609
Investments in partially owned entities	(16,480)	(32,728)
Acquisitions of real estate and other	(3,260)	(500,225)
Proceeds from repayments of loans receivable	1,395	—
Net cash provided by (used in) investing activities	2,228,548	(652,306)

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	For the Nine Months Ended September 30,	
	2019	2018
Cash Flows from Financing Activities:		
Repayments of borrowings	$ (2,635,028)	$ (264,482)
Proceeds from borrowings	1,107,852	312,763
Purchase of marketable securities in connection with defeasance of mortgage payable	(407,126)	—
Dividends paid on common shares	(377,750)	(359,456)
Moynihan Train Hall reimbursement from Empire State Development	352,211	—
Distributions to noncontrolling interests	(65,084)	(63,110)
Dividends paid on preferred shares	(37,598)	(42,582)
Prepayment penalty on redemption of senior unsecured notes due 2022	(22,058)	—
Debt issuance costs	(15,328)	(7,451)
Contributions from noncontrolling interests	9,223	59,924
Repurchase of shares related to stock compensation agreements and related tax withholdings and other	(8,692)	(784)
Proceeds received from exercise of employee share options and other	2,403	5,262
Redemption of preferred shares	(893)	(470,000)
Debt prepayment and extinguishment costs	—	(818)
Net cash used in financing activities	(2,097,868)	(830,734)
Net increase (decrease) in cash and cash equivalents and restricted cash	528,651	(995,002)
Cash and cash equivalents and restricted cash at beginning of period	716,905	1,914,812
Cash and cash equivalents and restricted cash at end of period	$ 1,245,556	$ 919,810
Reconciliation of Cash and Cash Equivalents and Restricted Cash:		
Cash and cash equivalents at beginning of period	$ 570,916	$ 1,817,655
Restricted cash at beginning of period	145,989	97,157
Cash and cash equivalents and restricted cash at beginning of period	$ 716,905	$ 1,914,812
Cash and cash equivalents at end of period	$ 1,132,491	$ 772,524
Restricted cash at end of period	113,065	147,286
Cash and cash equivalents and restricted cash at end of period	$ 1,245,556	$ 919,810
Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest, excluding capitalized interest of $55,186 and $45,292	$ 227,310	$ 245,628
Cash payments for income taxes	$ 47,345	$ 61,047
Non-Cash Investing and Financing Activities:		
Investments received in exchange for transfer to Fifth Avenue and Times Square JV:		
Preferred equity	$ 2,327,750	$ —
Common equity	1,449,495	—
Reclassification of condominium units from "development costs and construction in progress" to "220 Central Park South condominium units ready for sale"	825,520	307,552
Lease liabilities arising from the recognition of right-of-use assets	526,866	—
Marketable securities transferred in connection with the defeasance of mortgage payable	(407,126)	—
Defeased mortgage payable	390,000	—
Adjustments to carry redeemable Class A units at redemption value	123,635	57,970
Accrued capital expenditures included in accounts payable and accrued expenses	117,205	74,185
Write-off of fully depreciated assets	(113,261)	(61,120)
Amounts related to our investment in Pennsylvania Real Estate Investment Trust reclassified from "investments in partially owned entities" and "accumulated other comprehensive (loss) income" to "marketable securities" upon conversion of operating partnership units to common shares	54,962	—

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands, except unit amounts)	September 30, 2019	December 31, 2018
ASSETS		
Real estate, at cost:		
Land	$ 2,602,039	$ 3,306,280
Buildings and improvements	7,888,950	10,110,992
Development costs and construction in progress	1,805,846	2,266,491
Moynihan Train Hall development expenditures	791,703	445,693
Leasehold improvements and equipment	121,164	108,427
Total	13,209,702	16,237,883
Less accumulated depreciation and amortization	(2,945,107)	(3,180,175)
Real estate, net	10,264,595	13,057,708
Right-of-use assets	370,604	—
Cash and cash equivalents	1,132,491	570,916
Restricted cash	113,065	145,989
Marketable securities	35,751	152,198
Tenant and other receivables	99,499	73,322
Investments in partially owned entities	4,023,820	858,113
Real estate fund investments	306,596	318,758
220 Central Park South condominium units ready for sale	288,135	99,627
Receivable arising from the straight-lining of rents	743,646	935,131
Deferred leasing costs, net of accumulated amortization of $191,299 and $207,529	360,608	400,313
Identified intangible assets, net of accumulated amortization of $99,623 and $172,114	30,773	136,781
Other assets	446,516	431,938
	$ 18,216,099	$ 17,180,794
LIABILITIES, REDEEMABLE PARTNERSHIP UNITS AND EQUITY		
Mortgages payable, net	$ 5,640,895	$ 8,167,798
Senior unsecured notes, net	445,668	844,002
Unsecured term loan, net	745,585	744,821
Unsecured revolving credit facilities	655,000	80,000
Lease liabilities	490,978	—
Moynihan Train Hall obligation	791,703	445,693
Accounts payable and accrued expenses	453,331	430,976
Deferred revenue	62,583	167,730
Deferred compensation plan	99,677	96,523
Other liabilities	266,090	311,806
Total liabilities	9,651,510	11,289,349
Commitments and contingencies		
Redeemable partnership units:		
Class A units - 13,346,927 and 12,544,477 units outstanding	849,798	778,134
Series D cumulative redeemable preferred units - 141,401 and 177,101 units outstanding	4,535	5,428
Total redeemable partnership units	854,333	783,562
Partners' equity:		
Partners' capital	8,771,466	8,624,751
Earnings less than distributions	(1,649,035)	(4,167,184)
Accumulated other comprehensive (loss) income	(47,359)	7,664
Total partners' equity	7,075,072	4,465,231
Noncontrolling interests in consolidated subsidiaries	635,184	642,652
Total equity	7,710,256	5,107,883
	$ 18,216,099	$ 17,180,794

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands, except per unit amounts)	For the Three Months Ended September 30, 2019	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2019	For the Nine Months Ended September 30, 2018
REVENUES:				
Rental revenues	$ 427,638	$ 503,947	$ 1,348,814	$ 1,507,274
Fee and other income	38,323	38,101	114,918	113,029
Total revenues	465,961	542,048	1,463,732	1,620,303
EXPENSES:				
Operating	(226,359)	(235,575)	(694,006)	(709,158)
Depreciation and amortization	(96,437)	(113,169)	(326,181)	(333,701)
General and administrative	(33,237)	(31,977)	(130,129)	(108,937)
Expense from deferred compensation plan liability	(974)	(1,861)	(7,722)	(3,534)
Transaction related costs, impairment losses and other	(1,576)	(2,510)	(103,315)	(16,683)
Total expenses	(358,583)	(385,092)	(1,261,353)	(1,172,013)
Income from partially owned entities	25,946	7,206	56,139	6,059
Income (loss) from real estate fund investments	2,190	(190)	(13,780)	(37,973)
Interest and other investment income, net	3,045	2,893	15,930	9,401
Income from deferred compensation plan assets	974	1,861	7,722	3,534
Interest and debt expense	(61,448)	(88,951)	(226,940)	(264,774)
Net gain on transfer to Fifth Avenue and Times Square JV	—	—	2,571,099	—
Net gains on disposition of wholly owned and partially owned assets	309,657	141,269	641,664	164,828
Income before income taxes	387,742	221,044	3,254,213	329,365
Income tax expense	(23,885)	(1,943)	(80,542)	(4,964)
Income from continuing operations	363,857	219,101	3,173,671	324,401
(Loss) income from discontinued operations	(8)	61	(85)	381
Net income	363,849	219,162	3,173,586	324,782
Less net (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(5,774)	(3,312)	(34,045)	31,137
Net income attributable to Vornado Realty L.P.	358,075	215,850	3,139,541	355,919
Preferred unit distributions	(12,574)	(12,582)	(37,722)	(38,248)
Preferred unit issuance costs	—	—	—	(14,486)
NET INCOME attributable to Class A unitholders	$ 345,501	$ 203,268	$ 3,101,819	$ 303,185
INCOME PER CLASS A UNIT – BASIC:				
Net income per Class A unit	$ 1.69	$ 1.00	$ 15.21	$ 1.49
Weighted average units outstanding	203,009	202,103	202,903	202,033
INCOME PER CLASS A UNIT – DILUTED:				
Net income per Class A unit	$ 1.69	$ 0.99	$ 15.18	$ 1.48
Weighted average units outstanding	203,550	203,594	203,416	203,400

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Net income	$ 363,849	$ 219,162	$ 3,173,586	$ 324,782
Other comprehensive income (loss):				
Other comprehensive income (loss) of nonconsolidated subsidiaries	11	253	(949)	989
(Reduction) increase in value of interest rate swaps and other	(9,954)	623	(55,495)	13,789
Amount reclassified from accumulated other comprehensive loss relating to a nonconsolidated subsidiary	—	—	(2,311)	—
Comprehensive income	353,906	220,038	3,114,831	339,560
Less comprehensive (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(5,774)	(3,312)	(34,045)	31,137
Comprehensive income attributable to Vornado Realty L.P.	$ 348,132	$ 216,726	$ 3,080,786	$ 370,697

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 Loss	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Units	Amount	Units	Amount				
For the Three Months Ended September 30, 2019:								
Balance, June 30, 2019	36,797	$ 891,256	190,813	$ 7,853,359	$ (1,845,995)	$ (38,066)	$ 635,590	$ 7,496,144
Net income attributable to Vornado Realty L.P.	—	—	—	—	358,075	—	—	358,075
Net income attributable to redeemable partnership units	—	—	—	—	(22,637)	—	—	(22,637)
Net income attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	5,774	5,774
Distributions to Vornado ($0.66 per unit)	—	—	—	—	(125,947)	—	—	(125,947)
Distributions to preferred unitholders (see Note 13 for distributions per unit amounts)	—	—	—	—	(12,532)	—	—	(12,532)
Class A units issued to Vornado:								
Upon redemption of redeemable Class A units, at redemption value	—	—	31	1,999	—	—	—	1,999
Under Vornado's dividend reinvestment plan	—	—	6	357	—	—	—	357
Contributions:								
Other	—	—	—	—	—	—	908	908
Distributions:								
Real estate fund investments	—	—	—	—	—	—	(6)	(6)
Other	—	—	—	—	—	—	(7,086)	(7,086)
Conversion of Series A preferred units to Class A units	—	—	—	—	—	—	—	—
Deferred compensation units and options	—	—	—	266	—	—	—	266
Other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	11	—	11
Reduction in value of interest rate swaps	—	—	—	—	—	(9,953)	—	(9,953)
Adjustments to carry redeemable Class A units at redemption value	—	—	—	24,228	—	—	—	24,228
Redeemable partnership units' share of above adjustments	—	—	—	—	—	650	—	650
Deconsolidation of partially owned entity	—	—	—	—	—	—	—	—
Other	—	—	—	1	1	(1)	4	5
Balance, September 30, 2019	36,797	$ 891,256	190,850	$ 7,880,210	$ (1,649,035)	$ (47,359)	$ 635,184	$ 7,710,256

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				
For the Three Months Ended September 30, 2018:								
Balance, June 30, 2018	36,800	$ 891,325	190,238	$ 7,563,580	$ (4,206,381)	$ 33,351	$ 661,712	$ 4,943,587
Net income attributable to Vornado Realty L.P.	—	—	—	—	215,850	—	—	215,850
Net income attributable to redeemable partnership units	—	—	—	—	(12,671)	—	—	(12,671)
Net loss attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	3,312	3,312
Distributions to Vornado ($0.63 per unit)	—	—	—	—	(119,862)	—	—	(119,862)
Distributions to preferred unitholders (see Note 13 for distributions per unit amounts)	—	—	—	—	(12,534)	—	—	(12,534)
Class A units issued to Vornado:								
Upon redemption of redeemable Class A units, at redemption value	—	—	25	1,843	—	—	—	1,843
Under Vornado's employees' share option plan	—	—	16	440	—	—	—	440
Under Vornado's dividend reinvestment plan	—	—	5	351	—	—	—	351
Contributions:								
Real estate fund investments	—	—	—	—	—	—	1,595	1,595
Other	—	—	—	—	—	—	366	366
Distributions:								
Real estate fund investments	—	—	—	—	—	—	(2,419)	(2,419)
Other	—	—	—	—	—	—	(4,972)	(4,972)
Conversion of Series A preferred units to Class A units	(1)	(31)	2	31	—	—	—	—
Deferred compensation units and options	—	—	—	286	—	—	—	286
Other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	253	—	253
Increase in value of interest rate swaps	—	—	—	—	—	623	—	623
Adjustments to carry redeemable Class A units at redemption value	—	—	—	21,520	—	—	—	21,520
Redeemable partnership units' share of above adjustments	—	—	—	—	—	(54)	—	(54)
Other	—	—	—	1	(4)	—	(2)	(5)
Balance, September 30, 2018	36,799	$ 891,294	190,286	$ 7,588,052	$ (4,135,602)	$ 34,173	$ 659,592	$ 5,037,509

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 (Loss)	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Units	Amount	Units	Amount				
For the Nine Months Ended September 30, 2019:								
Balance, December 31, 2018	36,800	$ 891,294	190,535	$ 7,733,457	$ (4,167,184)	$ 7,664	$ 642,652	$ 5,107,883
Net income attributable to Vornado Realty L.P.	—	—	—	—	3,139,541	—	—	3,139,541
Net income attributable to redeemable partnership units	—	—	—	—	(197,354)	—	—	(197,354)
Net income attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	34,045	34,045
Distributions to Vornado ($1.98 per unit)	—	—	—	—	(377,750)	—	—	(377,750)
Distributions to preferred unitholders (see Note 13 for distributions per unit amounts)	—	—	—	—	(37,598)	—	—	(37,598)
Class A units issued to Vornado:								
Upon redemption of redeemable Class A units, at redemption value	—	—	123	8,128	—	—	—	8,128
Under Vornado's employees' share option plan	—	—	165	1,345	(8,692)	—	—	(7,347)
Under Vornado's dividend reinvestment plan	—	—	16	1,058	—	—	—	1,058
Contributions:								
Real estate fund investments	—	—	—	—	—	—	3,384	3,384
Other	—	—	—	—	—	—	5,839	5,839
Distributions:								
Real estate fund investments	—	—	—	—	—	—	(6)	(6)
Other	—	—	—	—	—	—	(39,290)	(39,290)
Preferred unit issuance	(2)	(38)	3	38	—	—	—	—
Deferred compensation units and options	—	—	8	829	—	—	—	829
Amount reclassified related to a nonconsolidated subsidiary	—	—	—	—	—	(2,311)	—	(2,311)
Other comprehensive loss of nonconsolidated subsidiaries	—	—	—	—	—	(949)	—	(949)
Reduction in value of interest rate swaps	—	—	—	—	—	(55,497)	—	(55,497)
Unearned 2016 Out-Performance Plan awards acceleration	—	—	—	11,720	—	—	—	11,720
Adjustments to carry redeemable Class A units at redemption value	—	—	—	123,635	—	—	—	123,635
Redeemable partnership units' share of above adjustments	—	—	—	—	—	3,732	—	3,732
Deconsolidation of partially owned entity	—	—	—	—	—	—	(11,441)	(11,441)
Other	(1)	—	—	—	2	2	1	5
Balance, September 30, 2019	36,797	$ 891,256	190,850	$ 7,880,210	$ (1,649,035)	$ (47,359)	$ 635,184	$ 7,710,256

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				
For the Nine Months Ended September 30, 2018:								
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	—	—	—	—	122,893	(108,374)	—	14,519
Net income attributable to Vornado Realty L.P.	—	—	—	—	355,919	—	—	355,919
Net income attributable to redeemable partnership units	—	—	—	—	(18,992)	—	—	(18,992)
Net loss attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	(31,137)	(31,137)
Distributions to Vornado ($1.89 per unit)	—	—	—	—	(359,456)	—	—	(359,456)
Distributions to preferred unitholders (see Note 13 for distributions per unit amounts)	—	—	—	—	(38,103)	—	—	(38,103)
Preferred unit issuance costs	—	(663)	—	—	(14,486)	—	—	(15,149)
Class A units issued to Vornado:								
Upon redemption of redeemable Class A units, at redemption value	—	—	201	14,089	—	—	—	14,089
Under Vornado's employees' share option plan	—	—	77	4,226	—	—	—	4,226
Under Vornado's dividend reinvestment plan	—	—	15	1,036	—	—	—	1,036
Contributions:								
Real estate fund investments	—	—	—	—	—	—	46,942	46,942
Other	—	—	—	—	—	—	14,577	14,577
Distributions:								
Real estate fund investments	—	—	—	—	—	—	(12,665)	(12,665)
Other	—	—	—	—	—	—	(28,173)	(28,173)
Conversion of Series A preferred units to Class A units	(1)	(31)	2	31	—	—	—	—
Deferred compensation units and options	—	—	7	871	(121)	—	—	750
Pro rata share of other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	989	—	989
Increase in value of interest rate swaps	—	—	—	—	—	13,789	—	13,789
Unearned 2015 Out-Performance Plan awards acceleration	—	—	—	9,046	—	—	—	9,046
Adjustments to carry redeemable Class A units at redemption value	—	—	—	57,970	—	—	—	57,970
Redeemable partnership units' share of above adjustments	—	—	—	—	—	(913)	—	(913)
Other	—	—	—	548	(3)	—	(1)	544
Balance, September 30, 2018	36,799	$ 891,294	190,286	$ 7,588,052	$ (4,135,602)	$ 34,173	$ 659,592	$ 5,037,509

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	For the Nine Months Ended September 30, 2019	2018
Cash Flows from Operating Activities:		
Net income	$ 3,173,586	$ 324,782
Adjustments to reconcile net income to net cash provided by operating activities:		
Net gain on transfer to Fifth Avenue and Times Square JV	(2,571,099)	—
Net gains on disposition of wholly owned and partially owned assets	(641,664)	(164,828)
Depreciation and amortization (including amortization of deferred financing costs)	341,951	353,761
Non-cash impairment loss on 608 Fifth Avenue right-of-use asset	75,220	—
Distributions of income from partially owned entities	66,252	61,782
Equity in net income of partially owned entities	(56,139)	(6,059)
Stock-based compensation expense	48,045	26,190
Real estate impairment losses	26,140	—
Prepayment penalty on redemption of senior unsecured notes due 2022	22,058	—
Net realized and unrealized loss on real estate fund investments	16,162	33,709
Amortization of below-market leases, net	(15,561)	(31,480)
Straight-lining of rents	8,446	(10,279)
Decrease in fair value of marketable securities	3,095	24,801
Return of capital from real estate fund investments	—	20,291
Other non-cash adjustments	19,894	2,242
Changes in operating assets and liabilities:		
Real estate fund investments	(4,000)	(68,950)
Tenant and other receivables, net	(28,110)	(11,662)
Prepaid assets	(74,502)	74,322
Other assets	(10,195)	(122,925)
Accounts payable and accrued expenses	1,496	(3,810)
Other liabilities	(3,104)	(13,849)
Net cash provided by operating activities	397,971	488,038
Cash Flows from Investing Activities:		
Proceeds from transfer of interest in Fifth Avenue and Times Square JV (net of $35,562 of transaction costs and $10,899 of deconsolidated cash and restricted cash)	1,248,743	—
Proceeds from sale of condominium units at 220 Central Park South	1,039,493	—
Proceeds from redemption of 640 Fifth Avenue preferred equity	500,000	—
Development costs and construction in progress	(448,281)	(274,147)
Moynihan Train Hall expenditures	(352,211)	—
Proceeds from sale of real estate and related investments	255,534	219,731
Additions to real estate	(189,579)	(163,546)
Proceeds from sales of marketable securities	168,314	—
Distributions of capital from partially owned entities	24,880	98,609
Investments in partially owned entities	(16,480)	(32,728)
Acquisitions of real estate and other	(3,260)	(500,225)
Proceeds from repayments of loans receivable	1,395	—
Net cash provided by (used in) investing activities	2,228,548	(652,306)

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	For the Nine Months Ended September 30,	
	2019	2018
Cash Flows from Financing Activities:		
Repayments of borrowings	$ (2,635,028)	$ (264,482)
Proceeds from borrowings	1,107,852	312,763
Purchase of marketable securities in connection with defeasance of mortgage payable	(407,126)	—
Distributions to Vornado	(377,750)	(359,456)
Moynihan Train Hall reimbursement from Empire State Development	352,211	—
Distributions to redeemable security holders and noncontrolling interests in consolidated subsidiaries	(65,084)	(63,110)
Distributions to preferred unitholders	(37,598)	(42,582)
Prepayment penalty on redemption of senior unsecured notes due 2022	(22,058)	—
Debt issuance costs	(15,328)	(7,451)
Contributions from noncontrolling interests in consolidated subsidiaries	9,223	59,924
Repurchase of Class A units related to stock compensation agreements and related tax withholdings and other	(8,692)	(784)
Proceeds received from exercise of Vornado stock options and other	2,403	5,262
Redemption of preferred units	(893)	(470,000)
Debt prepayment and extinguishment costs	—	(818)
Net cash used in financing activities	(2,097,868)	(830,734)
Net increase (decrease) in cash and cash equivalents and restricted cash	528,651	(995,002)
Cash and cash equivalents and restricted cash at beginning of period	716,905	1,914,812
Cash and cash equivalents and restricted cash at end of period	$ 1,245,556	$ 919,810
Reconciliation of Cash and Cash Equivalents and Restricted Cash:		
Cash and cash equivalents at beginning of period	$ 570,916	$ 1,817,655
Restricted cash at beginning of period	145,989	97,157
Cash and cash equivalents and restricted cash at beginning of period	$ 716,905	$ 1,914,812
Cash and cash equivalents at end of period	$ 1,132,491	$ 772,524
Restricted cash at end of period	113,065	147,286
Cash and cash equivalents and restricted cash at end of period	$ 1,245,556	$ 919,810
Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest, excluding capitalized interest of $55,186 and $45,292	$ 227,310	$ 245,628
Cash payments for income taxes	$ 47,345	$ 61,047
Non-Cash Investing and Financing Activities:		
Investments received in exchange for transfer to Fifth Avenue and Times Square JV:		
Preferred equity	$ 2,327,750	$ —
Common equity	1,449,495	—
Reclassification of condominium units from "development costs and construction in progress" to "220 Central Park South condominium units ready for sale"	825,520	307,552
Lease liabilities arising from the recognition of right-of-use assets	526,866	—
Marketable securities transferred in connection with the defeasance of mortgage payable	(407,126)	—
Defeased mortgage payable	390,000	—
Adjustments to carry redeemable Class A units at redemption value	123,635	57,970
Accrued capital expenditures included in accounts payable and accrued expenses	117,205	74,185
Write-off of fully depreciated assets	(113,261)	(61,120)
Amounts related to our investment in Pennsylvania Real Estate Investment Trust reclassified from "investments in partially owned entities" and "accumulated other comprehensive (loss) income" to "marketable securities" upon conversion of operating partnership units to common shares	54,962	—

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 93.1% of the common limited partnership interest in the Operating Partnership as of September 30, 2019. 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 and 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, 2018, as filed with the SEC.

We have made estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The results of operations for the three and nine months ended September 30, 2019 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 and nine months ended September 30, 2018, "property rentals" of $437,560,000 and $1,322,265,000, respectively, and "tenant expense reimbursements" of $66,387,000 and $185,009,000, respectively, were grouped into "rental revenues" on our consolidated statements of income in accordance with Accounting Standards Codification ("ASC") Topic 205, *Presentation of Financial Statements.*

3. Recently Issued Accounting Literature

In February 2016, the Financial Accounting Standards Board ("FASB") issued an update (“ASU 2016-02”) establishing ASC Topic 842, *Leases* ("ASC 842"), as amended by subsequent ASUs on the topic, 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 two-method 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 ("ROU") asset and a lease liability for all leases with a term of greater than 12 months. Lease liabilities equal the present value of future lease payments. Right-of-use assets equal the lease liabilities adjusted for accrued rent expense, initial direct costs, lease incentives and prepaid lease payments. Leases with a term of 12 months or less will be accounted for similar to the previously existing lease guidance under ASC Topic 840, *Leases* ("ASC 840"). Lease expense is recognized 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 ASC 840. We adopted this standard effective January 1, 2019. We have completed our evaluation of the overall impact of the adoption of ASU 2016-02 on our consolidated financial statements and accounting policies. In transitioning to ASC 842, we elected to use the practical expedient package available to us and did not elect to use hindsight. As of January 1, 2019, we had 12 ground leases classified as operating leases, for which we were required to record a right-of-use asset and a lease liability equal to the present value of the future lease payments. We will continue to recognize expense on a straight-line basis for these leases. We recorded an aggregate of $526,866,000 of ROU assets and a corresponding $526,866,000 of lease liabilities as a result of the adoption of this standard (see Note 21 - *Leases*).

3. Recently Issued Accounting Literature - continued

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, beginning January 1, 2019, we no longer capitalize internal leasing costs and instead expense these costs as incurred, as a component of "general and administrative" expense on our consolidated statements of income. For the three and nine months ended September 30, 2018, we capitalized $1,444,000 and $3,883,000, respectively, of internal leasing costs. In addition, we have made changes to our provision policy for lease receivables. Under ASC 842, we must assess on an individual lease basis whether it is probable that we will collect the future lease payments. We consider the tenant's payment history and current credit status when assessing collectability. When collectability is not deemed probable we write-off the tenant's receivables, including straight-line rent receivable, and limit lease income to cash received. Changes to the collectability of our operating leases are recorded as adjustments to "rental revenues" on our consolidated statements of income, which resulted in a decrease in income of $1,106,000 and $16,488,000 for the three and nine months ended September 30, 2019, respectively.

In February 2016, the FASB issued an update (“ASU 2016-13”) *Measurement of Credit Losses on Financial Instruments* establishing ASC Topic 326, *Financial Instruments - Credit Losses*, as amended by subsequent ASUs on the topic. ASU 2016-13 changes how entities will account for credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The guidance replaces the current “incurred loss” model with an “expected loss” model that requires consideration of a broader range of information to estimate expected credit losses over the lifetime of the financial asset. ASU 2016-13 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2019. We are currently evaluating the impact of the adoption of ASU 2016-13 on our consolidated financial statements, but do not believe the adoption of this standard will have a material impact on our consolidated financial statements.

In August 2018, the FASB issued an update (“ASU 2018-13”) *Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement* to ASC Topic 820, *Fair Value Measurement* (“ASC 820”). ASU 2018-13 modifies the disclosure requirements for fair value measurements by removing, modifying, and/or adding certain disclosures. ASU 2018-13 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2019. We elected to early adopt ASU 2018-13 effective January 1, 2019. The adoption of this update did not have a material impact on our consolidated financial statements and disclosures.

In October 2018, the FASB issued an update ("ASU 2018-16") *Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes* to ASC Topic 815, *Derivatives and Hedging*. ASU 2018-16 expands the list of U.S. benchmark interest rates permitted in the application of hedge accounting by adding the OIS rate based on SOFR as an eligible benchmark interest rate. ASU 2018-16 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2018. We adopted this update effective January 1, 2019. The adoption of this update did not have an impact on our consolidated financial statements.

4. Revenue Recognition

Our revenues primarily consist of rental revenues 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:

- Rental revenues include revenues from the leasing of space at our properties to tenants, lease termination income, revenues from the Hotel Pennsylvania, trade shows and tenant services.
    - Revenues from the leasing of space at our properties to tenants includes (i) lease components, including fixed and variable lease payments, and nonlease components which include reimbursement of common area maintenance expenses, and (ii) reimbursement of real estate taxes and insurance expenses. As lessor, we have elected to combine the lease and nonlease components of our operating lease agreements and account for the components as a single lease component in accordance with ASC 842. Lease revenues and reimbursement of common area maintenance, real estate taxes and insurance are presented on the following page as "property rentals." Revenues derived from fixed lease payments are recognized on a straight-line basis over the non-cancelable period of the lease, together with renewal options that are reasonably certain of being exercised. We commence rental revenue recognition when the underlying asset is available for use by the lessee. Revenue derived from the reimbursement of real estate taxes, insurance expenses and common area maintenance expenses are generally recognized in the same period as the related expenses are incurred.
    - Lease termination income is recognized immediately if a tenant vacates or is recognized on a straight-line basis over the shortened remaining lease term in accordance with ASC 842.
    - Hotel revenue arising from the operation of Hotel Pennsylvania consists of room revenue, food and beverage revenue, and banquet revenue. Room revenue is recognized when the rooms are made available for the guest, in accordance with ASC 842.
    - 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 when the trade show booths are made available for use by the exhibitors, in accordance with ASC 842.
    - Tenant services revenue arises 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 in accordance with ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606").
- 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 in accordance with ASC 606.

4. Revenue Recognition - continued

Below is a summary of our revenues by segment. Additional financial information related to these reportable segments for the three and nine months ended September 30, 2019 and 2018 is set forth in Note 23 - *Segment Information.*

(Amounts in thousands)	For the Three Months Ended September 30, 2019			For the Three Months Ended September 30, 2018		
	Total	New York	Other	Total	New York	Other
Property rentals	$ 381,740	$ 308,933	$ 72,807	$ 453,789	$ 387,300	$ 66,489
Hotel Pennsylvania	24,499	24,499	—	26,088	26,088	—
Trade shows	8,104	—	8,104	8,443	—	8,443
Lease revenues	414,343	333,432	80,911	488,320	413,388	74,932
Tenant services	13,295	9,342	3,953	15,627	11,696	3,931
Rental revenues	427,638	342,774	84,864	503,947	425,084	78,863
BMS cleaning fees	30,677	32,787	(2,110) [1]	28,873	31,328	(2,455) [1]
Management and leasing fees	3,326	3,746	(420)	4,734	4,439	295
Other income	4,320	1,261	3,059	4,494	1,595	2,899
Fee and other income	38,323	37,794	529	38,101	37,362	739
Total revenues	$ 465,961	$ 380,568	$ 85,393	$ 542,048	$ 462,446	$ 79,602

(1) Represents the elimination of theMART and 555 California Street BMS cleaning fees which are included as income in the New York segment.

(Amounts in thousands)	For the Nine Months Ended September 30, 2019			For the Nine Months Ended September 30, 2018		
	Total	New York	Other	Total	New York	Other
Property rentals	$ 1,211,641	$ 995,661	$ 215,980	$ 1,358,932	$ 1,160,140	$ 198,792
Hotel Pennsylvania	62,633	62,633	—	67,842	67,842	—
Trade shows	36,607	—	36,607	38,903	—	38,903
Lease revenues	1,310,881	1,058,294	252,587	1,465,677	1,227,982	237,695
Tenant services	37,933	27,904	10,029	41,597	31,854	9,743
Rental revenues	1,348,814	1,086,198	262,616	1,507,274	1,259,836	247,438
BMS cleaning fees	93,032	99,488	(6,456) [1]	88,095	94,888	(6,793) [1]
Management and leasing fees	10,063	10,469	(406)	10,205	9,384	821
Other income	11,823	4,079	7,744	14,729	5,374	9,355
Fee and other income	114,918	114,036	882	113,029	109,646	3,383
Total revenues	$ 1,463,732	$ 1,200,234	$ 263,498	$ 1,620,303	$ 1,369,482	$ 250,821

(1) Represents the elimination of theMART and 555 California Street BMS cleaning fees which are included as income in the New York segment.

5. Real Estate Fund Investments

We are the general partner and investment manager of Vornado Capital Partners Real Estate Fund (the “Fund”) and own a 25.0% interest in the Fund, 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.

As of September 30, 2019, we have four real estate fund investments through the Fund and the Crowne Plaza Joint Venture with an aggregate fair value of $306,596,000, or $22,968,000 below our cost, and had remaining unfunded commitments of $44,194,000, of which our share was $13,969,000. As of December 31, 2018, we had four real estate fund investments with an aggregate fair value of $318,758,000.

Below is a summary of income (loss) from the Fund and the Crowne Plaza Joint Venture for the three and nine months ended September 30, 2019 and 2018.

(Amounts in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Net investment income	$ 2,190	$ 3,093	$ 2,382	$ 6,366
Net unrealized loss on held investments	—	(3,283)	(16,162)	(32,796)
Net realized loss on exited investments	—	—	—	(913)
New York City real property transfer tax (the "Transfer Tax")	—	—	—	(10,630) (1)
Income (loss) from real estate fund investments	2,190	(190)	(13,780)	(37,973)
Less (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(735)	(558)	(8,427)	34,338
Income (loss) from real estate fund investments attributable to the Operating Partnership	1,455	(748)	(22,207)	(3,635)
Less (income) loss attributable to noncontrolling interests in the Operating Partnership	(95)	46	1,403	224
Income (loss) from real estate fund investments attributable to Vornado	$ 1,360	$ (702)	$ (20,804)	$ (3,411)

(1) Due to the disputed additional Transfer Tax related to the March 2011 acquisition of One Park Avenue which was recorded as a result of the New York City Tax Appeals Tribunal (the "Tax Tribunal") decision in the first quarter of 2018. We appealed the Tax Tribunal's decision to the New York State Supreme Court, Appellate Division, First Department ("Appellate Division"). Our appeal was heard on April 2, 2019, and on April 25, 2019 the Appellate Division entered a unanimous decision and order that confirmed the decision of the Tax Tribunal and dismissed our appeal. On June 20, 2019, we filed a motion to reargue the Appellate Division's decision with the appellate court.

6. Marketable Securities

Lexington Realty Trust ("Lexington") (NYSE: LXP)

On March 1, 2019, we sold all of our 18,468,969 common shares of Lexington, realizing net proceeds of $167,698,000. We recorded a $16,068,000 mark-to-market increase in the fair value of our common shares for the period from January 1, 2019 through the date of sale, which is included in "interest and other investment income, net" on our consolidated statements of income for the nine months ended September 30, 2019.

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

On March 12, 2019 (the "Conversion Date"), we converted all of our 6,250,000 PREIT operating partnership units into common shares and began accounting for our investment as a marketable security in accordance with ASC Topic 321, *Investments - Equity Securities* ("ASC 321"). Prior to the Conversion Date, we accounted for our investment under the equity method. For the three and nine months ended September 30, 2019, we recorded a decrease of $4,875,000 and $19,211,000, respectively, in the value of our investment based on PREIT's September 30, 2019 quarter ended closing share price, which is included in "interest and other investment income, net" on our consolidated statements of income.

The table below summarizes the changes to our marketable securities portfolio for the nine months ended September 30, 2019.

(Amounts in thousands)	For the Nine Months Ended September 30, 2019			
	Total	Lexington Realty Trust	PREIT	Other
Beginning balance, December 31, 2018	$ 152,198	$ 151,630	$ —	$ 568
Sale of marketable securities	(168,314)	(167,698)	—	(616)
Transfer of PREIT investment balance at Conversion Date	54,962	—	54,962	—
(Decrease) increase in fair value of marketable securities[(1)]	(3,095)	16,068	(19,211)	48
Ending balance, September 30, 2019	$ 35,751	$ —	$ 35,751	$ —

(1) Included in "interest and other investment income, net" on our consolidated statements of income (see Note 18 - *Interest and Other Investment Income, Net*).

7. Investments in Partially Owned Entities

Fifth Avenue and Times Square JV

On April 18, 2019 (the “Closing Date”), we entered into a transaction agreement (the “Transaction Agreement”) with a group of institutional investors (the “Investors”). The Transaction Agreement provides for a series of transactions (collectively, the “Transaction”) pursuant to which (i) prior to the Closing Date, we contributed our interests in properties located at 640 Fifth Avenue, 655 Fifth Avenue, 666 Fifth Avenue, 689 Fifth Avenue, 697-703 Fifth Avenue, 1535 Broadway and 1540 Broadway (collectively, the “Properties”) to subsidiaries of a newly formed joint venture (“Fifth Avenue and Times Square JV”) and (ii) on the Closing Date, transferred a 48.5% common interest in Fifth Avenue and Times Square JV to the Investors. The 48.5% common interest in the joint venture represents an effective 47.2% interest in the Properties (of which 45.4% was transferred from Vornado). The Properties include approximately 489,000 square feet of retail space, 327,000 square feet of office space, signage associated with 1535 and 1540 Broadway, the parking garage at 1540 Broadway and the theater at 1535 Broadway.

We retained the remaining 51.5% common interest in Fifth Avenue and Times Square JV which represents an effective 51.0% interest in the Properties and an aggregate $1.828 billion of preferred equity interests in certain of the properties. We also provided $500,000,000 of temporary preferred equity on 640 Fifth Avenue until May 23, 2019 when mortgage financing was completed. All of the preferred equity has an annual coupon of 4.25% for the first five years, increasing to 4.75% for the next five years and thereafter at a formulaic rate. It can be redeemed under certain conditions on a tax deferred basis.

Net cash proceeds from the Transaction were $1.179 billion, after (i) deductions for the defeasance of a $390,000,000 mortgage loan on 666 Fifth Avenue and the repayment of a $140,000,000 mortgage loan on 655 Fifth Avenue, (ii) proceeds from a $500,000,000 mortgage loan on 640 Fifth Avenue, described below, (iii) approximately $23,000,000 used to purchase noncontrolling investors' interests and (iv) approximately $53,000,000 of transaction costs (including $17,000,000 of costs related to the defeasance of the 666 Fifth Avenue mortgage loan).

We continue to manage and lease the Properties. We share control with the Investors over major decisions of the joint venture, including decisions regarding leasing, operating and capital budgets, and refinancings. Accordingly, we no longer hold a controlling financial interest in the Properties which has been transferred to the joint venture. As a result, our investment in Fifth Avenue and Times Square JV is accounted for under the equity method from the date of transfer. The Transaction valued the Properties at $5,556,000,000 resulting in a financial statement net gain of $2,571,099,000, before noncontrolling interest of $11,945,000, including the related step-up in our basis of the retained portion of the assets to fair value. The net gain is included in "net gain on transfer to Fifth Avenue and Times Square JV" on our consolidated statements of income for the nine months ended September 30, 2019. The gain for tax purposes was approximately $735,000,000.

On May 23, 2019, we received $500,000,000 from the redemption of our temporary preferred equity in 640 Fifth Avenue. The temporary preferred equity was redeemed from the proceeds of a $500,000,000 mortgage financing that was completed on the property. The five year loan, which is guaranteed by us, is interest only at LIBOR plus 1.01%. The interest rate was swapped for four years to a fixed rate of 3.07%.

Related Party Transactions

We provide various services to Fifth Avenue and Times Square JV in accordance with management, development, leasing and other agreements, as described below.

We receive an annual fee for managing the Properties equal to 2% of the gross revenues from the Properties. In addition, we are entitled to a development fee of 5% of development costs, plus reimbursement of certain costs, for development projects performed by us. We are entitled to 1.5% of development costs, plus reimbursement of certain costs, as a supervisory fee for development projects not performed by us. We provide leasing services for fees calculated based on a percentage of rents, less any commissions paid to third-party real estate brokers, if applicable. We jointly provide leasing services for the retail space with Crown Acquisitions Inc. ("Crown"), and exclusively provide leasing services for the office space. During the three and nine months ended September 30, 2019, we recognized $1,104,000 and $1,934,000, respectively, of property management fee income which is included in "fee and other income" on our consolidated statements of income.

BMS, our wholly-owned subsidiary, supervises cleaning, security and engineering services at certain of the Properties. During the three and nine months ended September 30, 2019, we recognized $1,161,000 and $1,952,000, respectively, of income for these services which is included in "fee and other income" on our consolidated statements of income.

We believe, based on comparable fees charged by other real estate companies, that the fees described above are at fair market value.

Haim Chera, Executive Vice President - Head of Retail, has an investment in Crown, a company controlled by Mr. Chera's family. Crown has a nominal minority interest in Fifth Avenue and Times Square JV. Additionally, we have other investments with Crown.

7. Investments in Partially Owned Entities - continued

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

As of September 30, 2019, 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 September 30, 2019, the market value ("fair value" pursuant to ASC 820) of our investment in Alexander's, based on Alexander's September 30, 2019 quarter ended closing share price of $348.41, was $576,294,000, or $475,066,000 in excess of the carrying amount on our consolidated balance sheet. As of September 30, 2019, 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 $38,882,000. 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.

61 Ninth Avenue

On January 28, 2019, a joint venture, in which we have a 45.1% interest, completed a $167,500,000 refinancing of 61 Ninth Avenue, a 166,000 square foot office and retail property in the Meatpacking district of Manhattan which is fully leased to Aetna and Starbucks. The seven-year interest only loan carries a rate of LIBOR plus 1.35% (3.40% as of September 30, 2019) and matures in January 2026. We realized net proceeds of approximately $31,000,000. The loan replaces the previous $90,000,000 construction loan that bore interest at LIBOR plus 3.05% and was scheduled to mature in 2021.

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

On March 4, 2019, we converted to common shares and sold all of our 5,717,184 partnership units of UE, realizing net proceeds of $108,512,000. The sale resulted in a net gain of $62,395,000 which is included in "net gains on disposition of wholly owned and partially owned assets" on our consolidated statements of income for the nine months ended September 30, 2019.

512 West 22nd Street

On June 28, 2019, a joint venture, in which we have a 55% interest, completed a $145,700,000 refinancing of 512 West 22nd Street, a 173,000 square foot office building in the West Chelsea submarket of Manhattan, of which $106,425,000 was outstanding as of September 30, 2019. The four-year interest only loan carries a rate of LIBOR plus 2.00% (4.05% as of September 30, 2019) and matures in June 2023 with a one-year extension option. The loan replaces the previous $126,000,000 construction loan that bore interest at LIBOR plus 2.65% and was scheduled to mature in 2019.

330 Madison Avenue

On July 11, 2019, we sold our 25% interest in 330 Madison Avenue to our joint venture partner. We received net proceeds of approximately $100,000,000 after deducting our share of the existing $500,000,000 mortgage loan resulting in a financial statement net gain of $159,292,000. The net gain is included in "net gains on disposition of wholly owned and partially owned assets" on our consolidated statements of income for the three and nine months ended September 30, 2019. The gain for tax purposes was approximately $139,000,000.

825 Seventh Avenue

On July 25, 2019, a joint venture, in which we have a 50% interest, completed a $60,000,000 refinancing of 825 Seventh Avenue, a 165,000 square foot office building on the corner of 53rd Street and Seventh Avenue, of which $28,882,000 was outstanding as of September 30, 2019. The interest-only loan carries a rate of LIBOR plus 1.65% (3.78% as of September 30, 2019) and matures in 2022 with a one-year extension option. The loan replaces the previous $20,500,000 loan that bore interest at LIBOR plus 1.40% and was scheduled to mature in September 2019.

7. Investments in Partially Owned Entities - continued

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

On September 18, 2017, Toys filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code. In the second quarter of 2018, Toys ceased U.S. operations. On February 1, 2019, the plan of reorganization for Toys, in which we owned a 32.5% interest, was declared effective and our stock in Toys was canceled. As of December 31, 2018, we carried our Toys investment at zero. The canceling of our stock in Toys resulted in a $420,000,000 capital loss deduction for tax purposes in 2019 (which if not offset by capital gains will result in a capital loss carry over available for five years).

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

(Amounts in thousands)	Percentage Ownership at September 30, 2019	Balance as of September 30, 2019	Balance as of December 31, 2018
Investments:			
Fifth Avenue and Times Square JV (see page 30 for details)	51.5%	$ 3,308,363	$ —
Partially owned office buildings/land[1]	Various	467,787	499,005
Alexander's	32.4%	101,228	107,983
PREIT[2]	N/A	—	59,491
UE[3]	N/A	—	45,344
Other investments[4]	Various	146,442	146,290
		$ 4,023,820	$ 858,113
Investments in partially owned entities included in other liabilities[5]:			
330 Madison Avenue[6]	N/A	$ —	$ (58,117)
7 West 34th Street	53.0%	(52,222)	(51,579)
85 Tenth Avenue	49.9%	(5,814)	—
		$ (58,036)	$ (109,696)

(1) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 512 West 22nd Street, 61 Ninth Avenue and others.
(2) On March 12, 2019, we converted all of our PREIT operating partnership units into common shares and began accounting for our investment as a marketable security in accordance with ASC 321 (see Note 6 - *Marketable Securities*).
(3) Sold on March 4, 2019 (see page 31 for details).
(4) Includes interests in Independence Plaza, Fashion Centre Mall/Washington Tower, Rosslyn Plaza, 50-70 West 93rd Street and others.
(5) Our negative basis results from distributions in excess of our investment.
(6) Sold on July 11, 2019 (see page 31 for details).

7. Investments in Partially Owned Entities - continued

Below is a schedule of income from partially owned entities.

(Amounts in thousands)	Percentage Ownership at September 30, 2019	For the Three Months Ended September 30, 2019	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2019	For the Nine Months Ended September 30, 2018
Our share of net income (loss):					
Fifth Avenue and Times Square JV (see page 30 for details):					
Equity in net income	51.5%	$ 9,891	$ —	$ 21,108	$ —
Return on preferred equity, net of our share of the expense		9,545	—	18,131	—
		19,436	—	39,239	—
Alexander's (see page 31 for details):					
Equity in net income(1)	32.4%	5,393	4,278	14,707	7,215
Management, leasing and development fees		1,299	1,149	3,478	3,378
		6,692	5,427	18,185	10,593
Partially owned office buildings(2)	Various	(186)	735	(1,531)	(1,546)
Other investments(3)	Various	4	1,044	246	(2,988)
		$ 25,946	$ 7,206	$ 56,139	$ 6,059

(1) The nine months ended September 30, 2018 includes our $7,708 share of Alexander's disputed additional Transfer Tax related to the November 2012 sale of Kings Plaza Regional Shopping Center. Alexander's recorded this expense based on the precedent established by the Tax Tribunal's decision regarding One Park Avenue (see Note 5 - *Real Estate Fund Investments*).

(2) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 7 West 34th Street, 330 Madison Avenue (sold on July 11, 2019), 512 West 22nd Street, 61 Ninth Avenue, 85 Tenth Avenue and others. The nine months ended September 30, 2019 includes a $1,079 reduction in income from the non-cash write-off of straight-line rent receivable related to The Four Seasons Restaurant at 280 Park Avenue. The nine months ended September 30, 2018 includes our $4,978 share of disputed additional Transfer Tax related to the March 2011 acquisition of One Park Avenue (see Note 5 - *Real Estate Fund Investments*).

(3) Includes interests in Independence Plaza, Fashion Centre Mall/Washington Tower, Rosslyn Plaza, 50-70 West 93rd Street, 666 Fifth Avenue Office Condominium (sold on August 3, 2018), UE (sold on March 4, 2019), PREIT (accounted as a marketable security from March 12, 2019) and others.

8. 220 Central Park South ("220 CPS")

We are constructing a residential condominium tower containing 397,000 salable square feet at 220 CPS. The development cost of this project (exclusive of land cost) is estimated to be approximately $1.4 billion, of which $1.3 billion has been expended as of September 30, 2019.

During the three months ended September 30, 2019, we closed on the sale of 14 condominium units at 220 CPS for net proceeds aggregating $348,759,000 resulting in a financial statement net gain of $130,888,000 which is included in "net gains on disposition of wholly owned and partially owned assets" on our consolidated statements of income. In connection with these sales, $21,853,000 of income tax expense was recognized on our consolidated statements of income. During the nine months ended September 30, 2019, we closed on the sale of 37 condominium units at 220 CPS for net proceeds of $1,039,493,000 resulting in a financial statement net gain of $400,500,000 which is included in "net gains on disposition of wholly owned and partially owned assets" on our consolidated statements of income. In connection with these sales, $71,590,000 of income tax expense was recognized on our consolidated statements of income. From inception to September 30, 2019, we closed on the sale of 48 units for aggregate net proceeds of $1,254,269,000. During the third quarter of 2019, we repaid the remaining $48,883,000 of the $950,000,000 220 CPS loan. Of the condominium units closed, one was sold to a limited liability company owned by the spouse of a related party, David Mandelbaum, a Trustee of Vornado and a Director of Alexander’s, and another was sold to Mr. Mandelbaum's brother. The net proceeds were $23,357,000 and $16,099,000, respectively.

9. Dispositions

On September 18, 2019, we completed the $49,750,000 sale of 3040 M Street, a 44,000 square foot retail building in Washington, DC, which resulted in a net gain of $19,477,000 which is included in “net gains on disposition of wholly owned and partially owned assets” on our consolidated statements of income for the three and nine months ended September 30, 2019. The gain for tax purposes was approximately $19,000,000.

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 September 30, 2019 and December 31, 2018.

(Amounts in thousands)	Balance as of	
	September 30, 2019	December 31, 2018
Identified intangible assets:		
Gross amount	$ 130,396	$ 308,895
Accumulated amortization	(99,623)	(172,114)
Total, net	$ 30,773	$ 136,781
Identified intangible liabilities (included in deferred revenue):		
Gross amount	$ 321,838	$ 503,373
Accumulated amortization	(265,388)	(341,779)
Total, net	$ 56,450	$ 161,594

Amortization of acquired below-market leases, net of acquired above-market leases, resulted in an increase to rental revenues of $4,393,000 and $10,373,000 for the three months ended September 30, 2019 and 2018, respectively, and $15,561,000 and $31,480,000 for the nine months ended September 30, 2019 and 2018, 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, 2020 is as follows:

(Amounts in thousands)	
2020	$ 16,643
2021	11,934
2022	8,792
2023	6,261
2024	2,518

Amortization of all other identified intangible assets (a component of depreciation and amortization expense) was $1,597,000 and $4,822,000 for the three months ended September 30, 2019 and 2018, respectively, and $7,077,000 and $14,557,000 for the nine months ended September 30, 2019 and 2018, respectively. Estimated annual amortization of all other identified intangible assets including acquired in-place leases for each of the five succeeding years commencing January 1, 2020 is as follows:

(Amounts in thousands)	
2020	$ 6,300
2021	4,763
2022	3,050
2023	2,964
2024	2,351

11. Debt

On February 4, 2019, we completed a $95,700,000 refinancing of 435 Seventh Avenue, a 43,000 square foot Manhattan retail property. The interest-only loan carries a rate of LIBOR plus 1.30% (3.37% as of September 30, 2019) and matures in 2024. The recourse loan replaces the previous $95,700,000 loan that bore interest at LIBOR plus 2.25% and was scheduled to mature in August 2019.

On February 12, 2019, we completed a $580,000,000 refinancing of 100 West 33rd Street, a 1.1 million square foot Manhattan property comprised of 859,000 square feet of office space and the 256,000 square foot Manhattan Mall. The interest-only loan carries a rate of LIBOR plus 1.55% (3.62% as of September 30, 2019) and matures in April 2024, with two one-year extension options. The loan replaces the previous $580,000,000 loan that bore interest at LIBOR plus 1.65% and was scheduled to mature in July 2020.

On May 24, 2019, we extended our $375,000,000 mortgage loan on 888 Seventh Avenue, a 886,000 square foot Manhattan office building, from December 2020 to December 2025. The interest rate on the extended mortgage loan is LIBOR plus 1.70% (3.73% as of September 30, 2019). Pursuant to an existing swap agreement, the interest rate on the $375,000,000 mortgage loan has been swapped to 3.25% through December 2020.

On September 5, 2019, a consolidated joint venture, in which we have a 50% interest, completed a $75,000,000 refinancing of 606 Broadway, a 35,000 square foot office and retail building on the northeast corner of Broadway and Houston Street in Manhattan, of which $67,500,000 was outstanding as of September 30, 2019. The interest-only loan carries a rate of LIBOR plus 1.80% (3.85% as of September 30, 2019) and matures in 2024. In connection therewith, the joint venture purchased an interest rate cap that caps LIBOR at a rate of 4.00%. The loan replaces the previous $65,000,000 construction loan. The construction loan bore interest at LIBOR plus 3.00% and was scheduled to mature in May 2021.

On September 27, 2019, we repaid the $575,000,000 mortgage loan on PENN2 with proceeds from our unsecured revolving credit facilities. The mortgage loan was scheduled to mature in December 2021, as fully extended. PENN2 is a 1,795,000 square foot office building located on the west side of 7th Avenue between 31st and 33rd Street currently under redevelopment.

Senior Unsecured Notes

On March 1, 2019, we called for redemption all of our $400,000,000 5.00% senior unsecured notes. The notes, which were scheduled to mature in January 2022, were redeemed on April 1, 2019 at a redemption price of 105.51% of the principal amount plus accrued interest. In connection therewith, we expensed $22,540,000 relating to debt prepayment costs which is included in "interest and debt expense" on our consolidated statements of income for the nine months ended September 30, 2019.

Unsecured Revolving Credit Facility

On March 26, 2019, we increased to $1.5 billion (from $1.25 billion) and extended to March 2024 (as fully extended) from February 2022 one of our two unsecured revolving credit facilities. The interest rate on the extended facility was lowered from LIBOR plus 1.00% to LIBOR plus 0.90%. The facility fee remains unchanged at 20 basis points.

The following is a summary of our debt:

(Amounts in thousands)	Weighted Average Interest Rate at September 30, 2019	Balance as of September 30, 2019	Balance as of December 31, 2018
Mortgages Payable:			
Fixed rate	3.52%	$ 4,605,475	$ 5,003,465
Variable rate	3.65%	1,068,196	3,212,382
Total	3.55%	5,673,671	8,215,847
Deferred financing costs, net and other		(32,776)	(48,049)
Total, net		$ 5,640,895	$ 8,167,798
Unsecured Debt:			
Senior unsecured notes	3.50%	$ 450,000	$ 850,000
Deferred financing costs, net and other		(4,332)	(5,998)
Senior unsecured notes, net		445,668	844,002
Unsecured term loan	3.87%	750,000	750,000
Deferred financing costs, net and other		(4,415)	(5,179)
Unsecured term loan, net		745,585	744,821
Unsecured revolving credit facilities	2.96%	655,000	80,000
Total, net		$ 1,846,253	$ 1,668,823

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)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Beginning balance	$ 862,062	$ 938,041	$ 783,562	$ 984,937
Net income	22,637	12,671	197,354	18,992
Other comprehensive (loss) income	(650)	54	(3,732)	913
Distributions	(8,852)	(7,976)	(25,788)	(23,867)
Redemption of Class A units for Vornado common shares, at redemption value	(1,999)	(1,843)	(8,128)	(14,089)
Adjustments to carry redeemable Class A units at redemption value	(24,228)	(21,520)	(123,635)	(57,970)
Other, net	5,363	5,155	34,700	15,666
Ending balance	$ 854,333	$ 924,582	$ 854,333	$ 924,582

As of September 30, 2019 and December 31, 2018, the aggregate redemption value of redeemable Class A units of the Operating Partnership, which are those units held by third parties, was $849,798,000 and $778,134,000, 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 September 30, 2019 and December 31, 2018. 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

The following table sets forth the details of our dividends/distributions per common share/Class A unit and dividends/distributions per share/unit for each class of preferred shares/units of beneficial interest for the three and nine months ended September 30, 2019 and 2018.

(Per share/unit)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Shares/Units:				
Common shares/Class A units held by Vornado: authorized 250,000,000 shares/units	$ 0.66	$ 0.63	$ 1.98	$ 1.89
Convertible Preferred[(1)]:				
6.5% Series A: authorized 83,977 shares/units[(2)]	0.8125	0.8125	2.4375	2.4375
Cumulative Redeemable Preferred[(1)]:				
5.70% Series K: authorized 12,000,000 shares/units[(3)]	0.3563	0.3563	1.0689	1.0689
5.40% Series L: authorized 12,000,000 shares/units[(3)]	0.3375	0.3375	1.0125	1.0125
5.25% Series M: authorized 12,780,000 shares/units[(3)]	0.3281	0.3281	0.9843	0.9843

(1) Dividends on preferred shares and distributions on preferred units are cumulative and are payable quarterly in arrears.
(2) Redeemable at the option of Vornado under certain circumstances, at a redemption price of 1.9531 common shares/Class A units per Series A preferred share/unit plus accrued and unpaid dividends/distributions through the date of redemption, or convertible at any time at the option of the holder for 1.9531 common shares/ Class A units per Series A preferred share/unit.
(3) Redeemable at Vornado's option at a redemption price of $25.00 per share/unit, plus accrued and unpaid dividends/distributions through the date of redemption.

Accumulated Other Comprehensive (Loss) Income

The following tables set forth the changes in accumulated other comprehensive (loss) 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 September 30, 2019:					
Balance, June 30, 2019	$ (38,066)	$ —	$ (18)	$ (33,785)	$ (4,263)
Net current period other comprehensive (loss) income	(9,293)	—	11	(9,953)	649
Balance, September 30, 2019	$ (47,359)	$ —	$ (7)	$ (43,738)	$ (3,614)
For the three months ended September 30, 2018:					
Balance, June 30, 2018	$ 33,351	$ —	$ 2,834	$ 39,559	$ (9,042)
Net current period other comprehensive income (loss)	822	—	253	623	(54)
Balance, September 30, 2018	$ 34,173	$ —	$ 3,087	$ 40,182	$ (9,096)
For the nine months ended September 30, 2019:					
Balance, December 31, 2018	$ 7,664	$ —	$ 3,253	$ 11,759	$ (7,348)
Net current period other comprehensive (loss) income	(52,712)	—	(949)	(55,497)	3,734
Amount reclassified from AOCI [(1)]	(2,311)	—	(2,311)	—	—
Balance, September 30, 2019	$ (47,359)	$ —	$ (7)	$ (43,738)	$ (3,614)
For the nine months ended September 30, 2018:					
Balance, December 31, 2017	$ 128,682	$ 109,554	$ 3,769	$ 23,542	$ (8,183)
Cumulative effect of accounting change	(108,374)	(109,554)	(1,671)	2,851	—
Net current period other comprehensive income (loss)	13,865	—	989	13,789	(913)
Balance, September 30, 2018	$ 34,173	$ —	$ 3,087	$ 40,182	$ (9,096)

(1) Amount reclassified related to the conversion of our PREIT operating partnership units into common shares.

14. Variable Interest Entities ("VIEs")

Unconsolidated VIEs

As of September 30, 2019 and December 31, 2018, 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 7 – *Investments in Partially Owned Entities*). As of September 30, 2019 and December 31, 2018, the net carrying amount of our investments in these entities was $216,276,000 and $257,882,000, respectively. Our maximum exposure to loss in these entities is limited to the carrying amount of our investments.

Consolidated VIEs

Our most significant consolidated VIEs are the Operating Partnership (for Vornado), the Fund and the Crowne Plaza Joint Venture, the Farley joint venture 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 significant business activities.

As of September 30, 2019, the total assets and liabilities of our consolidated VIEs, excluding the Operating Partnership, were $4,898,971,000 and $2,612,681,000, respectively. As of December 31, 2018, the total assets and liabilities of our consolidated VIEs, excluding the Operating Partnership, were $4,445,436,000 and $2,533,753,000, respectively.

15. Fair Value Measurements

ASC 820 defines fair value and establishes a framework for measuring fair value. The objective of fair value is to determine the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels: Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities; 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 and Series D-13 cumulative redeemable preferred units). The tables below aggregate the fair values of these financial assets and liabilities by their levels in the fair value hierarchy as of September 30, 2019 and December 31, 2018, respectively.

(Amounts in thousands)	As of September 30, 2019			
	Total	Level 1	Level 2	Level 3
Marketable securities	$ 35,751	$ 35,751	$ —	$ —
Real estate fund investments	306,596	—	—	306,596
Deferred compensation plan assets ($18,079 included in restricted cash and $81,599 in other assets)	99,678	72,501	—	27,177
Interest rate swaps (included in other assets)	5,901	—	5,901	—
Total assets	$ 447,926	$ 108,252	$ 5,901	$ 333,773
Mandatorily redeemable instruments (included in other liabilities)	$ 50,561	$ 50,561	$ —	$ —
Interest rate swaps (included in other liabilities)	49,539	—	49,539	—
Total liabilities	$ 100,100	$ 50,561	$ 49,539	$ —

(Amounts in thousands)	As of December 31, 2018			
	Total	Level 1	Level 2	Level 3
Marketable securities	$ 152,198	$ 152,198	$ —	$ —
Real estate fund investments	318,758	—	—	318,758
Deferred compensation plan assets ($8,402 included in restricted cash and $88,122 in other assets)	96,524	58,716	—	37,808
Interest rate swaps (included in other assets)	27,033	—	27,033	—
Total assets	$ 594,513	$ 210,914	$ 27,033	$ 356,566
Mandatorily redeemable instruments (included in other liabilities)	$ 50,561	$ 50,561	$ —	$ —
Interest rate swaps (included in other liabilities)	15,236	—	15,236	—
Total liabilities	$ 65,797	$ 50,561	$ 15,236	$ —

15. Fair Value Measurements - continued

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

Real Estate Fund Investments

As of September 30, 2019, we have four real estate fund investments with an aggregate fair value of $306,596,000, or $22,968,000 below our cost. These investments are classified as Level 3.

Significant unobservable quantitative inputs used in determining the fair value of each investment include capitalization rates and discount rates. These rates are based on the location, type and nature of each property, current and anticipated market conditions, industry publications and from the experience of our Acquisitions and Capital Markets departments. Significant unobservable quantitative inputs in the table below were utilized in determining the fair value of these real estate fund investments as of September 30, 2019 and December 31, 2018.

	Range		Weighted Average (based on fair value of investments)	
Unobservable Quantitative Input	**September 30, 2019**	**December 31, 2018**	**September 30, 2019**	**December 31, 2018**
Discount rates	10.0% to 15.0%	10.0% to 15.0%	13.5%	13.4%
Terminal capitalization rates	5.1% to 7.6%	5.4% to 7.7%	5.5%	5.7%

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 and nine months ended September 30, 2019 and 2018.

(Amounts in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Beginning balance	$ 306,596	$ 373,039	$ 318,758	$ 354,804
Purchases/additional fundings	—	—	4,000	68,950
Net unrealized loss on held investments	—	(3,283)	(16,162)	(32,796)
Dispositions	—	—	—	(20,291)
Net realized loss on exited investments	—	—	—	(913)
Other, net	—	11	—	13
Ending balance	$ 306,596	$ 369,767	$ 306,596	$ 369,767

15. 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 period of time over which these underlying assets are expected to be liquidated is unknown. The third party administrator does not adjust these values in determining our share of the net assets and we do not adjust these values when reported in our consolidated financial statements.

The table below summarizes the changes in the fair value of deferred compensation plan assets that are classified as Level 3, for the three and nine months ended September 30, 2019 and 2018.

(Amounts in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Beginning balance	$ 21,991	$ 39,870	$ 37,808	$ 40,128
Sales	(652)	(3,304)	(20,807)	(6,813)
Purchases	5,437	1,576	8,314	3,209
Realized and unrealized gains	116	180	854	892
Other, net	285	466	1,008	1,372
Ending balance	$ 27,177	$ 38,788	$ 27,177	$ 38,788

Fair Value Measurements on a Nonrecurring Basis

Assets measured at fair value on a nonrecurring basis on our consolidated balance sheets consist primarily of real estate assets required to be measured for impairment as of December 31, 2018. The fair value of real estate assets required to be measured for impairment were determined using comparable sales activity. There were no assets measured at fair value on a nonrecurring basis on our consolidated balance sheet as of September 30, 2019.

(Amounts in thousands)	As of December 31, 2018			
	Total	Level 1	Level 2	Level 3
Real estate assets	$ 14,971	$ —	$ —	$ 14,971

15. Fair Value Measurements - continued

Financial Assets and Liabilities not Measured at Fair Value

Financial assets and liabilities that are not measured at fair value on our consolidated balance sheets include cash equivalents (primarily money market funds, which invest in obligations of the United States government), 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 September 30, 2019 and December 31, 2018.

(Amounts in thousands)	As of September 30, 2019		As of December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash equivalents	$ 979,060	$ 979,000	$ 261,981	$ 262,000
Debt:				
Mortgages payable	$ 5,673,671	$ 5,725,000	$ 8,215,847	$ 8,179,000
Senior unsecured notes	450,000	465,000	850,000	847,000
Unsecured term loan	750,000	750,000	750,000	750,000
Unsecured revolving credit facilities	655,000	655,000	80,000	80,000
Total	$ 7,528,671 (1)	$ 7,595,000	$ 9,895,847 (1)	$ 9,856,000

(1) Excludes $41,523 and $59,226 of deferred financing costs, net and other as of September 30, 2019 and December 31, 2018, respectively.

16. Stock-based Compensation

On January 14, 2019, the Compensation Committee of the Board (the “Committee”) approved the issuance of performance conditioned appreciation-only long-term incentive plan units ("Performance Conditioned AO LTIP Units") pursuant to the 2010 Omnibus Share Plan to our named executive officers ("NEOs") in our 2019 proxy statement. Performance Conditioned AO LTIP Units are AO LTIP Units that require the achievement of certain performance conditions by a specified date or they are forfeited. The performance-based condition is met if Vornado common shares trade at or above 110% of the $64.48 grant price per share for any 20 consecutive days on or before the fourth anniversary following the date of grant. If the performance conditions are not met, the awards are forfeited. If the performance conditions are met, once vested, the awards may be converted into Class A Operating Partnership units in the same manner as AO LTIP Units until ten years from the date of grant. The fair value of the Performance Conditioned AO LTIP Units on the date of grant was $8,983,000, of which $7,481,000 was immediately expensed due to the acceleration of vesting for employees who are retirement eligible. The remaining $1,502,000 is being amortized into expense over a four-year period from the date of grant using a graded vesting attribution model.

On May 16, 2019, our shareholders approved the 2019 Omnibus Share Plan (the “Plan"), which replaces the 2010 Omnibus Share Plan. Under the Plan, the Committee may grant incentive and non-qualified Vornado stock options, restricted stock, restricted Operating Partnership units ("OP units"), out-performance plan awards ("OPPs"), appreciation-only long-term incentive plan units (“AO LTIP Units”) and Performance Conditioned AO LTIP Units to certain of our employees and officers. Awards may be granted up to a maximum 5,500,000 shares, if all awards granted are Full Value awards, as defined in the Plan, and up to 11,000,000 shares, if all of the awards granted are Not Full Value Awards, as defined in the Plan. Full Value Awards are awards of securities, such as restricted shares, that, if all vesting requirements are met, do not require the payment of an exercise price or strike price to acquire the securities. Not Full Value Awards are awards of securities, such as options, that do require the payment of an exercise price or strike price.

We account for all equity-based compensation in accordance with ASC Topic 718, *Compensation - Stock Compensation*. Stock-based compensation expense, a component of "general and administrative" expense on our consolidated statements of income, was $5,871,000 and $5,545,000 for the three months ended September 30, 2019 and 2018, respectively, and $48,045,000 and $26,190,000 for the nine months ended September 30, 2019 and 2018, respectively.

Stock-based compensation expense for the three months ended March 31, 2019 included $16,211,000 from the accelerated vesting of previously issued OP units and Vornado restricted stock due to the removal of the time-based vesting requirement for participants who have reached 65 years of age. The right to sell such awards remains subject to original terms of grant. The increase in expense in the first quarter of 2019 was partially offset by lower stock-based compensation expense of $2,578,000 in each of the second and third quarter of 2019; and will be completely offset by lower stock-based compensation expense of $2,578,000 in the fourth quarter of 2019 and $8,477,000 thereafter.

Stock-based compensation expense also includes $1,413,000 and $6,729,000 for the three and nine months ended September 30, 2019, respectively, for OP units granted outside of the Plan to an executive officer in connection with his employment in reliance on the employment inducement exception to shareholder approval provided under the New York Stock Exchange Listing Rule 303A.08; and $988,000 and $1,317,000 for the three and nine months ended September 30, 2019, respectively, for OP units granted under the Plan to certain executive officers as a result of promotions. The award granted outside of the Plan has a grant date fair value of $25,500,000 and vests 20% on the grant date, 40% on the three-year anniversary of the date of grant, and 40% on the four-year anniversary of the date of grant. The awards granted under the Plan have an aggregate grant date fair value of $15,000,000 and cliff vest after four years. Compensation expense related to OP unit grants are recognized ratably over the vesting period. Additional non-cash expense associated with these awards will be $2,401,000 in the fourth quarter of 2019, $9,603,000 in each of 2020 and 2021, $7,718,000 in 2022 and $2,655,000 in 2023.

17. Transaction Related Costs, Impairment Losses and Other

The following table sets forth the details of transaction related costs, impairment losses and other:

(Amounts in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Transaction related costs	$ 1,576	$ 2,510	$ 1,955	$ 3,580
Non-cash impairment losses, substantially 608 Fifth Avenue (see below)	—	—	101,360	—
Transfer tax(1)	—	—	—	13,103
	$ 1,576	$ 2,510	$ 103,315	$ 16,683

(1) Disputed additional Transfer Tax recorded in the first quarter 2018 related to the December 2012 acquisition of Independence Plaza. The joint venture, in which we have a 50.1% economic interest, that owns Independence Plaza recorded this expense based on the precedent established by the Tax Tribunal's decision regarding One Park Avenue (see Note 5 - *Real Estate Fund Investments).*

608 Fifth Avenue

During the second quarter of 2019, Arcadia Group US Ltd ("Arcadia Group"), the operator of Topshop, our retail tenant at 608 Fifth Avenue, filed for Chapter 15 bankruptcy protection in the United States. On June 28, 2019, Arcadia Group closed all of its stores in the United States. 608 Fifth Avenue is subject to a land and building lease which expires in 2033. The non-recourse lease calls for fixed lease payments through the term, plus payments for real estate taxes, insurance and operating expenses. Based on current market rental rates, the cash flows of the property would not be sufficient to cover the operating expenses, including the fixed lease payments. Consequently, we concluded that the carrying amount of the property, which includes our right-of-use asset, was not recoverable resulting in a write-down to zero. Our estimate of fair value of the property was derived from a discounted cash flow model based upon market conditions and expectations of growth. We recognized a $93,860,000 non-cash impairment loss on our consolidated statements of income in the second quarter of 2019, of which $75,220,000 resulted from the impairment of our right-of-use asset. As of September 30, 2019, a $72,088,000 lease liability remains, which will be recognized as income when the non-recourse lease is terminated. In August 2019, we delivered the required nine month notice to the ground lessor that we will terminate the lease in May 2020.

18. Interest and Other Investment Income, Net

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

(Amounts in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
(Decrease) increase in fair value of marketable securities:				
PREIT (see page 29 for details)	$ (4,875)	$ —	$ (19,211)	$ —
Lexington (see page 29 for details)	—	(7,942)	16,068	(24,934)
Other	7	243	48	133
	(4,868)	(7,699)	(3,095)	(24,801)
Interest on cash and cash equivalents and restricted cash	4,060	4,306	8,753	12,370
Interest on loans receivable(1)	1,604	2,004	4,845	8,952
Dividends on marketable securities	1,312	3,354	2,625	10,060
Other, net	937	928	2,802	2,820
	$ 3,045	$ 2,893	$ 15,930	$ 9,401

(1) The three and nine months ended September 30, 2018 include $1,250 and $6,707, respectively, of profit participation in connection with an investment in a mezzanine loan which was previously repaid to us.

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 September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Interest expense(1)	$ 72,345	$ 98,841	$ 266,597	$ 290,006
Capitalized interest and debt expense	(16,047)	(18,238)	(59,184)	(49,718)
Amortization of deferred financing costs	5,150	8,348	19,527	24,486
	$ 61,448	$ 88,951	$ 226,940	$ 264,774

(1) The nine months ended September 30, 2019 includes $22,540 debt prepayment costs in connection with the redemption of $400,000 5.00% senior unsecured notes which were scheduled to mature in January 2022.

20. Income Per Share/Income Per Class A Unit

Vornado Realty Trust

The following table presents the calculations of (i) basic income per common share which includes the weighted average number of common shares outstanding without regard to dilutive potential common shares and (ii) diluted income per common share which includes the weighted average common shares and dilutive share equivalents. Unvested share-based payment awards that contain non-forfeitable rights to dividends, whether paid or unpaid, are accounted for as participating securities. Earnings are allocated to participating securities, which include restricted stock awards, based on the two-class method. Other potential dilutive share equivalents such as our employee stock options, OP Units, OPPs, AO LTIP Units and Performance Conditioned AO LTIP Units are included in the computation of diluted Earnings Per Share ("EPS") using the treasury stock method, while the dilutive effect of our Series A convertible preferred shares is reflected in diluted EPS by application of the if-converted method.

(Amounts in thousands, except per share amounts)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Numerator:				
Income from continuing operations, net of income attributable to noncontrolling interests	$ 335,445	$ 203,122	$ 2,942,267	$ 336,570
(Loss) income from discontinued operations, net of income attributable to noncontrolling interests	(7)	57	(80)	357
Net income attributable to Vornado	335,438	203,179	2,942,187	336,927
Preferred share dividends	(12,532)	(12,534)	(37,598)	(38,103)
Preferred share issuance costs	—	—	—	(14,486)
Net income attributable to common shareholders	322,906	190,645	2,904,589	284,338
Earnings allocated to unvested participating securities	(33)	(17)	(291)	(33)
Numerator for basic income per share	322,873	190,628	2,904,298	284,305
Impact of assumed conversions:				
Convertible preferred share dividends	14	15	43	47
Earnings allocated to Out-Performance Plan units	—	—	9	127
Numerator for diluted income per share	$ 322,887	$ 190,643	$ 2,904,350	$ 284,479
Denominator:				
Denominator for basic income per share – weighted average shares	190,814	190,245	190,762	190,176
Effect of dilutive securities[(1)]:				
Employee stock options and restricted stock awards	176	1,045	227	972
Convertible preferred shares	34	37	35	38
Out-Performance Plan units	—	—	3	106
Denominator for diluted income per share – weighted average shares and assumed conversions	191,024	191,327	191,027	191,292
INCOME PER COMMON SHARE – BASIC:				
Income from continuing operations, net	$ 1.69	$ 1.00	$ 15.22	$ 1.50
Net income per common share	$ 1.69	$ 1.00	$ 15.22	$ 1.50
INCOME PER COMMON SHARE – DILUTED:				
Income from continuing operations, net	$ 1.69	$ 1.00	$ 15.20	$ 1.49
Net income per common share	$ 1.69	$ 1.00	$ 15.20	$ 1.49

(1) The effect of dilutive securities excludes an aggregate of 13,431 and 12,372 weighted average common share equivalents, for the three months ended September 30, 2019 and 2018, respectively, and 13,067 and 12,220 weighted average common share equivalents for the nine months ended September 30, 2019 and 2018, respectively, as their effect was anti-dilutive.

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

Vornado Realty L.P.

The following table presents the calculations of (i) basic income per Class A unit which includes the weighted average number of Class A units outstanding without regard to dilutive potential Class A units and (ii) diluted income per Class A unit which includes the weighted average Class A unit and dilutive Class A unit equivalents. Unvested share-based payment awards that contain non-forfeitable rights to dividends, whether paid or unpaid, are accounted for as participating securities. Earnings are allocated to participating securities, which include Vornado restricted stock awards, OP Units and OPPs, based on the two-class method. Other potential dilutive share equivalents such as Vornado stock options, AO LTIP Units and Performance Conditioned AO LTIP Units are included in the computation of diluted income per share using the treasury stock method, while the dilutive effect of our Series A convertible preferred shares is reflected in diluted EPS by application of the if-converted method.

(Amounts in thousands, except per unit amounts)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Numerator:				
Income from continuing operations, net of income attributable to noncontrolling interests in consolidated subsidiaries	$ 358,083	$ 215,789	$ 3,139,626	$ 355,538
(Loss) income from discontinued operations	(8)	61	(85)	381
Net income attributable to Vornado Realty L.P.	358,075	215,850	3,139,541	355,919
Preferred unit distributions	(12,574)	(12,582)	(37,722)	(38,248)
Preferred unit issuance costs	—	—	—	(14,486)
Net income attributable to Class A unitholders	345,501	203,268	3,101,819	303,185
Earnings allocated to unvested participating securities	(2,449)	(997)	(14,807)	(2,259)
Numerator for basic income per Class A unit	343,052	202,271	3,087,012	300,926
Impact of assumed conversions:				
Convertible preferred unit distributions	14	15	43	47
Numerator for diluted income per Class A unit	$ 343,066	$ 202,286	$ 3,087,055	$ 300,973
Denominator:				
Denominator for basic income per Class A unit – weighted average units	203,009	202,103	202,903	202,033
Effect of dilutive securities(1):				
Vornado stock options, Vornado restricted stock awards, OP Units and OPPs	507	1,454	478	1,329
Convertible preferred units	34	37	35	38
Denominator for diluted income per Class A unit – weighted average units and assumed conversions	203,550	203,594	203,416	203,400
INCOME PER CLASS A UNIT – BASIC:				
Income from continuing operations, net	$ 1.69	$ 1.00	$ 15.21	$ 1.49
Net income per Class A unit	$ 1.69	$ 1.00	$ 15.21	$ 1.49
INCOME PER CLASS A UNIT – DILUTED:				
Income from continuing operations, net	$ 1.69	$ 0.99	$ 15.18	$ 1.48
Net income per Class A unit	$ 1.69	$ 0.99	$ 15.18	$ 1.48

(1) The effect of dilutive securities excludes an aggregate of 905 and 105 weighted average Class A unit equivalents, for the three months ended September 30, 2019 and 2018 respectively, and 678 and 112 weighted average Class A unit equivalents for the nine months ended September 30, 2019 and 2018, respectively, as their effect was anti-dilutive.

21. Leases

As lessor

We lease space to tenants under operating leases. Most of the leases provide for the payment of fixed base rent payable monthly in advance. Office building leases generally require tenants to reimburse us for operating costs and real estate taxes above their base year costs. Certain leases provide for pass-through to tenants for their share of real estate taxes, insurance and common area maintenance. Certain leases also require additional variable rent payments based on a percentage of the tenants' sales. None of our tenants accounted for more than 10% of total revenues for the three and nine months ended September 30, 2019 and 2018. We have elected to account for lease revenues (including base and variable rent) and the reimbursement of common area maintenance expenses as a single lease component recorded as "rental revenues" on our consolidated statements of income. As of September 30, 2019, under ASC 842, future undiscounted cash flows under non-cancelable operating leases were as follows:

(Amounts in thousands)	As of September 30, 2019
For the remainder of 2019	$ 327,246
For the year ended December 31,	
2020	1,263,818
2021	1,241,049
2022	1,174,436
2023	1,060,495
2024	885,891
Thereafter	4,336,649

As of December 31, 2018, under ASC 840, future undiscounted cash flows under non-cancelable operating leases were as follows:

(Amounts in thousands)	As of December 31, 2018
For the year ended December 31,	
2019	$ 1,547,162
2020	1,510,097
2021	1,465,024
2022	1,407,615
2023	1,269,141
Thereafter	5,832,467

The components of lease revenues for the three and nine months ended September 30, 2019 were as follows:

(Amounts in thousands)	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Fixed lease revenues	$ 351,426	$ 1,159,037
Variable lease revenues	62,917	151,844
Lease revenues	$ 414,343	$ 1,310,881

21. Leases - continued

As lessee

We have a number of ground leases which are classified as operating leases. On January 1, 2019, we recorded $526,866,000 of ROU assets and lease liabilities. Our ROU assets were reduced by $37,269,000 of accrued rent expense reclassified from "other liabilities" and $4,267,000 of acquired above-market lease liabilities, net, reclassified from "deferred revenue" and increased by $23,665,000 of acquired below-market lease assets, net, reclassified from "identified intangible assets, net of accumulated amortization" and $1,584,000 of prepaid lease payments reclassified from "other assets." As of September 30, 2019, our ROU assets and lease liabilities were $370,604,000 and $490,978,000, respectively.

The discount rate applied to measure each ROU asset and lease liability is based on our incremental borrowing rate ("IBR"). We consider the general economic environment and our credit rating and factor in various financing and asset specific adjustments to ensure the IBR is appropriate to the intended use of the underlying lease. As we did not elect to apply hindsight, lease term assumptions determined under ASC 840 were carried forward and applied in calculating the lease liabilities recorded under ASC 842. Certain of our ground leases offer renewal options which we assess against relevant economic factors to determine whether we are reasonably certain of exercising or not exercising the option. Lease payments associated with renewal periods that we are reasonably certain will be exercised are included in the measurement of the corresponding lease liability and ROU asset.

The following table sets forth information related to the measurement of our lease liabilities as of September 30, 2019:

(Amounts in thousands)	As of September 30, 2019
Weighted average remaining lease term (in years)	40.89
Weighted average discount rate	4.85%
Cash paid for operating leases	$ 20,289

We recognize rent expense as a component of "operating" expenses on our consolidated statements of income. Rent expense is comprised of fixed and variable lease payments. Variable lease payments include percentage rent and rent resets based on an index or rate. The following table sets forth the details of rent expense for the three and nine months ended September 30, 2019:

(Amounts in thousands)	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Fixed rent expense	$ 7,237	$ 26,552
Variable rent expense	472	1,626
Rent expense	$ 7,709	$ 28,178

As of September 30, 2019, future lease payments under operating ground leases were as follows:

(Amounts in thousands)	As of September 30, 2019
For the remainder of 2019	$ 6,431
For the year ended December 31,	
2020	28,739
2021	29,133
2022	30,033
2023	30,448
2024	30,882
Thereafter	1,046,349
Total undiscounted cash flows	1,202,015
Present value discount	(711,037)
Lease liabilities	$ 490,978

21. Leases - continued

As lessee - continued

As of December 31, 2018, under ASC 840, future lease payments under operating ground leases were as follows:

(Amounts in thousands)	As of December 31, 2018
For the year ended December 31,	
2019	$ 46,147
2020	45,258
2021	42,600
2022	43,840
2023	44,747
Thereafter	1,612,627

Certain of our ground leases are subject to fair market rent resets based on a percentage of the appraised value of the underlying assets at specified future dates. Fair market rent resets do not give rise to remeasurement of the related right-of-use assets and lease liabilities. Fair market rent resets, which may be material, will be recognized in the periods in which they are incurred.

Farley Office and Retail Building

The future lease payments detailed previously exclude the ground and building lease at the Farley Office and Retail Building (the "Project"). We have a 95.0% ownership interest in a joint venture with the Related Companies ("Related") which was designated by Empire State Development ("ESD"), an entity of New York State, to develop the Project. The Project will include a new Moynihan Train Hall and approximately 845,000 rentable square feet of commercial space, comprised of approximately 725,000 square feet of office space and approximately 120,000 square feet of retail space. The joint venture has a 99-year triple-net lease with ESD for the commercial space at the Project. The lease has not yet commenced since construction of the Project is ongoing.

The joint venture has entered into a development agreement with ESD to build the adjacent Moynihan Train Hall, with Vornado and Related each guaranteeing the joint venture's obligations. The joint venture has entered into a design-build contract with Skanska Moynihan Train Hall Builders pursuant to which they will build the Moynihan Train Hall, thereby fulfilling all of the joint venture's obligations to ESD. The obligations of Skanska Moynihan Train Hall Builders have been bonded by Skanska USA and bear a full guaranty from Skanska AB. As a result of our involvement in the construction of the asset, we have been deemed the accounting owner of the property in accordance with ASC 842-40-55. Future undiscounted cash flows for the lease, including fixed payments in lieu of real estate taxes, as of September 30, 2019 were as follows:

(Amounts in thousands)	As of September 30, 2019
For the remainder of 2019	$ —
For the year ended December 31,	
2020	10,402
2021	7,229
2022	7,444
2023	7,809
2024	8,330
Thereafter	519,048

22. Commitments and Contingencies

Insurance

For our properties except the Farley Office and Retail Building, 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 $350,000,000 per occurrence and in the aggregate, subject to a deductible in the amount of 5% of the value of the affected property. We maintain coverage for certified terrorism acts with limits of $4.0 billion per occurrence and in the aggregate (as limited below), $760,000,000 for non-certified acts of terrorism, 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.

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 $1,456,071 and 19% 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.

For the Farley Office and Retail Building, we maintain general liability insurance with limits of $100,000,000 per occurrence, and builder's risk insurance including coverage for existing property and development activities of $2.8 billion per occurrence and in the aggregate. We maintain coverage for certified and non-certified terrorism acts with limits of $1.0 billion per occurrence and in the aggregate.

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, 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 a 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 or refinance our properties and expand our portfolio.

22. Commitments and Contingencies - continued

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.

Our mortgage loans are non-recourse to us, except for the mortgage loans secured by 640 Fifth Avenue, 7 West 34th Street and 435 Seventh Avenue, which we guaranteed and therefore are part of our tax basis. 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 September 30, 2019, the aggregate dollar amount of these guarantees and master leases is approximately $978,000,000.

As of September 30, 2019, $15,880,000 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 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.

The joint venture in which we own a 95.0% ownership interest was designated by ESD, an entity of New York State, to develop the Farley Office and Retail 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 September 30, 2019, we expect to fund additional capital to certain of our partially owned entities aggregating approximately $15,400,000.

As of September 30, 2019, we have construction commitments aggregating approximately $746,000,000.

23. Segment Information

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

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 at share and NOI at share - cash basis by segment for the three and nine months ended September 30, 2019 and 2018.

(Amounts in thousands)	For the Three Months Ended September 30, 2019		
	Total	New York	Other
Total revenues	$ 465,961	$ 380,568	$ 85,393
Operating expenses	226,359	188,159	38,200
NOI - consolidated	239,602	192,409	47,193
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(18,096)	(9,574)	(8,522)
Add: NOI from partially owned entities	86,024	82,649	3,375
NOI at share	307,530	265,484	42,046
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	(4,037)	(5,560)	1,523
NOI at share - cash basis	$ 303,493	$ 259,924	$ 43,569

(Amounts in thousands)	For the Three Months Ended September 30, 2018		
	Total	New York	Other
Total revenues	$ 542,048	$ 462,446	$ 79,602
Operating expenses	235,575	200,949	34,626
NOI - consolidated	306,473	261,497	44,976
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(16,943)	(11,348)	(5,595)
Add: NOI from partially owned entities	60,094	47,179	12,915
NOI at share	349,624	297,328	52,296
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	(8,743)	(9,125)	382
NOI at share - cash basis	$ 340,881	$ 288,203	$ 52,678

(Amounts in thousands)	For the Nine Months Ended September 30, 2019		
	Total	New York	Other
Total revenues	$ 1,463,732	$ 1,200,234	$ 263,498
Operating expenses	694,006	574,073	119,933
NOI - consolidated	769,726	626,161	143,565
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(51,915)	(31,011)	(20,904)
Add: NOI from partially owned entities	236,400	211,394	25,006
NOI at share	954,211	806,544	147,667
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	530	(3,741)	4,271
NOI at share - cash basis	$ 954,741	$ 802,803	$ 151,938

(Amounts in thousands)	For the Nine Months Ended September 30, 2018		
	Total	New York	Other
Total revenues	$ 1,620,303	$ 1,369,482	$ 250,821
Operating expenses	709,158	599,768	109,390
NOI - consolidated	911,145	769,714	141,431
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(51,415)	(34,653)	(16,762)
Add: NOI from partially owned entities	193,359	146,730	46,629
NOI at share	1,053,089	881,791	171,298
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(39,172)	(39,161)	(11)
NOI at share - cash basis	$ 1,013,917	$ 842,630	$ 171,287

23. Segment Information - continued

Below is a reconciliation of net income, the most directly comparable GAAP financial measure, to NOI at share and NOI at share - cash basis for the three and nine months ended September 30, 2019 and 2018.

(Amounts in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Net income	$ 363,849	$ 219,162	$ 3,173,586	$ 324,782
Depreciation and amortization expense	96,437	113,169	326,181	333,701
General and administrative expense	33,237	31,977	130,129	108,937
Transaction related costs, impairment losses and other	1,576	2,510	103,315	16,683
Income from partially owned entities	(25,946)	(7,206)	(56,139)	(6,059)
(Income) loss from real estate fund investments	(2,190)	190	13,780	37,973
Interest and other investment income, net	(3,045)	(2,893)	(15,930)	(9,401)
Interest and debt expense	61,448	88,951	226,940	264,774
Net gain on transfer to Fifth Avenue and Times Square JV	—	—	(2,571,099)	—
Net gains on disposition of wholly owned and partially owned assets	(309,657)	(141,269)	(641,664)	(164,828)
Income tax expense	23,885	1,943	80,542	4,964
Loss (income) from discontinued operations	8	(61)	85	(381)
NOI from partially owned entities	86,024	60,094	236,400	193,359
NOI attributable to noncontrolling interests in consolidated subsidiaries	(18,096)	(16,943)	(51,915)	(51,415)
NOI at share	307,530	349,624	954,211	1,053,089
Non cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(4,037)	(8,743)	530	(39,172)
NOI at share - cash basis	$ 303,493	$ 340,881	$ 954,741	$ 1,013,917

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated balance sheet of Vornado Realty Trust and subsidiaries (the "Company") as of September 30, 2019, the related consolidated statements of income, comprehensive income, and changes in equity for the three-month and nine-month periods ended September 30, 2019 and 2018, and cash flows, for the nine-month periods ended September 30, 2019 and 2018, 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, 2018, 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 11, 2019, 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, 2018, 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 review 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
October 28, 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners of Vornado Realty L.P.

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated balance sheet of Vornado Realty L.P. and subsidiaries (the "Partnership") as of September 30, 2019, the related consolidated statements of income, comprehensive income, and changes in equity for the three-month and nine-month periods ended September 30, 2019 and 2018, and cash flows, for the nine-month periods ended September 30, 2019 and 2018, 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, 2018, 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 11, 2019, 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, 2018, 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 review 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
October 28, 2019

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 Part I of our Annual Report on Form 10-K for the year ended December 31, 2018. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q or the date of any document incorporated by reference. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to our forward-looking statements to reflect events or circumstances occurring after the date of this Quarterly Report on Form 10-Q.

Management's Discussion and Analysis of Financial Condition and Results of Operations includes a discussion of our consolidated financial statements for the three and nine months ended September 30, 2019. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The results of operations for the three and nine months ended September 30, 2019 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 93.1% of the common limited partnership interest in the Operating Partnership as of September 30, 2019. 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 Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2018 for additional information regarding these factors.

Vornado Realty Trust

Quarter Ended September 30, 2019 Financial Results Summary

Net income attributable to common shareholders for the quarter ended September 30, 2019 was $322,906,000, or $1.69 per diluted share, compared to $190,645,000, or $1.00 per diluted share, for the prior year's quarter. The quarters ended September 30, 2019 and 2018 include certain items that impact the comparability of period to period net income attributable to common shareholders, which are listed in the table on page 59. The aggregate of these items, net of amounts attributable to noncontrolling interests, increased net income attributable to common shareholders for the quarter ended September 30, 2019 by $270,282,000, or $1.41 per diluted share, and $125,839,000, or $0.66 per diluted share, for the quarter ended September 30, 2018.

Funds From Operations ("FFO") attributable to common shareholders plus assumed conversions for the quarter ended September 30, 2019 was $279,509,000, or $1.46 per diluted share, compared to $189,987,000, or $0.99 per diluted share, for the prior year's quarter. FFO attributable to common shareholders plus assumed conversions for the quarters ended September 30, 2019 and 2018 include certain items that impact the comparability of period to period FFO, which are listed in the table on page 60. The aggregate of these items, net of amounts attributable to noncontrolling interests, increased FFO attributable to common shareholders plus assumed conversions for the quarter ended September 30, 2019 by $108,543,000, or $0.57 per diluted share, and $5,707,000, or $0.03 per diluted share, for the quarter ended September 30, 2018.

Overview - continued

Nine Months Ended September 30, 2019 Financial Results Summary

Net income attributable to common shareholders for the nine months ended September 30, 2019 was $2,904,589,000, or $15.20 per diluted share, compared to $284,338,000, or $1.49 per diluted share, for the nine months ended September 30, 2018. The nine months ended September 30, 2019 and 2018 include certain items that impact the comparability of period to period net income attributable to common shareholders, which are listed in the table on the following page. The aggregate of these items, net of amounts attributable to noncontrolling interests, increased net income attributable to common shareholders for the nine months ended September 30, 2019 by $2,784,217,000, or $14.57 per diluted share, and $95,031,000, or $0.50 per diluted share for the nine months ended September 30, 2018.

The increase in net income attributable to common shareholders was partially offset by (i) $8,986,000, or $0.04 per diluted share, of our share of the non-cash write-off of straight-line rent receivables, (ii) $8,046,000, or $0.04 per diluted share, of non-cash expense for the time-based equity compensation granted in connection with the new leadership group announced in April 2019 and (iii) $11,055,000, or $0.05 per share, of non-cash expense for the accelerated vesting of previously issued OP Units and Vornado restricted stock due to the removal of the time-based vesting requirement for participants who have reached 65 years of age.

FFO attributable to common shareholders plus assumed conversions for the nine months ended September 30, 2019 was $691,522,000, or $3.62 per diluted share, compared to $519,640,000, or $2.72 per diluted share, for the nine months ended September 30, 2018. FFO attributable to common shareholders plus assumed conversions for the nine months ended September 30, 2019 and 2018 include certain items that impact the comparability of period to period FFO, which are listed in the table page 60. The aggregate of these items, net of amounts attributable to noncontrolling interests, increased FFO attributable to common shareholders plus assumed conversions for the nine months ended September 30, 2019 by $196,586,000, or $1.03 per diluted share, and decreased FFO attributable to common shareholders plus assumed conversions for the nine months ended September 30, 2018 by $23,891,000, or $0.12 per diluted share.

The increase in FFO attributable to common shareholders was partially offset by (i) $8,986,000, or $0.04 per diluted share, of our share of the non-cash write-off of straight-line rent receivables, (ii) $8,046,000, or $0.04 per diluted share, of non-cash expense for the time-based equity compensation granted in connection with the new leadership group announced in April 2019 and (iii) $11,055,000, or $0.05 per share, of non-cash expense for the accelerated vesting of previously issued OP Units and Vornado restricted stock due to the removal of the time-based vesting requirement for participants who have reached 65 years of age.

Overview - continued

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

(Amounts in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Certain (income) expense items that impact net income attributable to common shareholders:				
Net gains on sale of real estate (primarily our 25% interest in 330 Madison Avenue in 2019)	$ (178,769)	$ (3,350)	$ (178,769)	$ (27,786)
After-tax net gain on sale of 220 Central Park South ("220 CPS") condominium units	(109,035)	—	(328,910)	—
Mark-to-market decrease in Pennsylvania Real Estate Investment Trust ("PREIT") common shares (accounted for as a marketable security from March 12, 2019)	4,875	—	19,211	—
Our share of (income) loss from real estate fund investments	(1,455)	748	22,207	(617)
Net gain on sale of our ownership interests in 666 Fifth Avenue Office Condominium	—	(134,032)	—	(134,032)
Mark-to-market decrease (increase) in Lexington Realty Trust ("Lexington") common shares (sold on March 1, 2019)	—	7,942	(16,068)	24,934
Previously capitalized internal leasing costs[(1)]	—	(1,444)	—	(3,883)
Net gain on transfer to Fifth Avenue and Times Square retail JV, net of $11,945 attributable to noncontrolling interests	—	—	(2,559,154)	—
Non-cash impairment losses and related write-offs, substantially 608 Fifth Avenue	—	—	108,592	—
Net gain from sale of Urban Edge Properties ("UE") common shares (sold on March 4, 2019)	—	—	(62,395)	—
Prepayment penalty in connection with redemption of $400 million 5.00% senior unsecured notes due January 2022	—	—	22,540	—
Our share of disputed additional New York City transfer taxes	—	—	—	23,503
Preferred share issuance costs	—	—	—	14,486
Other	(4,811)	(4,035)	(857)	2,061
	(289,195)	(134,171)	(2,973,603)	(101,334)
Noncontrolling interests' share of above adjustments	18,913	8,332	189,386	6,303
Total of certain (income) expense items that impact net income attributable to common shareholders	$ (270,282)	$ (125,839)	$ (2,784,217)	$ (95,031)

(1) The three and nine months ended September 30, 2018 have been reduced by $1,444 and $3,883, respectively, for previously capitalized internal leasing costs to present 2018 "as adjusted" financial results on a comparable basis with the current year as a result of the January 1, 2019 adoption of a new GAAP accounting standard under which internal leasing costs can no longer be capitalized.

Overview - continued

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

(Amounts in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Certain (income) expense items that impact FFO attributable to common shareholders plus assumed conversions:				
After-tax net gain on sale of 220 CPS condominium units	$ (109,035)	$ —	$ (328,910)	$ —
Our share of (income) loss from real estate fund investments	(1,455)	748	22,207	(617)
Previously capitalized internal leasing costs[1]	—	(1,444)	—	(3,883)
Non-cash impairment loss and related write-offs on 608 Fifth Avenue	—	—	77,156	—
Prepayment penalty in connection with redemption of $400 million 5.00% senior unsecured notes due January 2022	—	—	22,540	—
Our share of disputed additional New York City transfer taxes	—	—	—	23,503
Preferred share issuance costs	—	—	—	14,486
Other	(5,229)	(5,389)	(2,931)	(7,854)
	(115,719)	(6,085)	(209,938)	25,635
Noncontrolling interests' share of above adjustments	7,176	378	13,352	(1,744)
Total of certain (income) expense items that impact FFO attributable to common shareholders plus assumed conversions, net	$ (108,543)	$ (5,707)	$ (196,586)	$ 23,891

(1) The three and nine months ended September 30, 2018 have been reduced by $1,444 and $3,883, respectively, for previously capitalized internal leasing costs to present 2018 "as adjusted" financial results on a comparable basis with the current year as a result of the January 1, 2019 adoption of a new GAAP accounting standard under which internal leasing costs can no longer be capitalized.

Vornado Realty Trust and Vornado Realty L.P.

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

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

	Total	New York[1]	theMART	555 California Street
Same store NOI at share % increase (decrease):				
Three months ended September 30, 2019 compared to September 30, 2018	0.9 %	0.5 %	(2.8)%	13.9 %
Nine months ended September 30, 2019 compared to September 30, 2018	0.6 %	(0.2)%	2.2 %	11.9 %
Three months ended September 30, 2019 compared to June 30, 2019	(0.8)%	1.9 %	(21.2)%	(1.1)%
Same store NOI at share - cash basis % increase (decrease):				
Three months ended September 30, 2019 compared to September 30, 2018	1.0 %	0.3 %	(1.0)%	17.7 %
Nine months ended September 30, 2019 compared to September 30, 2018	2.7 %	1.6 %	5.5 %	15.7 %
Three months ended September 30, 2019 compared to June 30, 2019	(2.7)%	(0.4)%	(19.3)%	(2.2)%

	Increase
(1) Excluding Hotel Pennsylvania, same store NOI at share % increase:	
Three months ended September 30, 2019 compared to September 30, 2018	1.2 %
Nine months ended September 30, 2019 compared to September 30, 2018	0.4 %
Three months ended September 30, 2019 compared to June 30, 2019	2.4 %
Excluding Hotel Pennsylvania, same store NOI at share - cash basis % increase:	
Three months ended September 30, 2019 compared to September 30, 2018	1.0 %
Nine months ended September 30, 2019 compared to September 30, 2018	2.4 %
Three months ended September 30, 2019 compared to June 30, 2019	0.1 %

Calculations of same store NOI at share, reconciliations of our net income to NOI at share, NOI at share - cash basis and FFO and the reasons we consider these non-GAAP financial measures useful are provided in the following pages of Management's Discussion and Analysis of the Financial Condition and Results of Operations.

Overview - continued

Dispositions

220 CPS

During the three months ended September 30, 2019, we closed on the sale of 14 condominium units at 220 CPS for net proceeds aggregating $348,759,000 resulting in a financial statement net gain of $130,888,000 which is included in "net gains on disposition of wholly owned and partially owned assets" on our consolidated statements of income. In connection with these sales, $21,853,000 of income tax expense was recognized on our consolidated statements of income. During the nine months ended September 30, 2019, we closed on the sale of 37 condominium units at 220 CPS for net proceeds of $1,039,493,000 resulting in a financial statement net gain of $400,500,000 which is included in "net gains on disposition of wholly owned and partially owned assets" on our consolidated statements of income. In connection with these sales, $71,590,000 of income tax expense was recognized on our consolidated statements of income. From inception to September 30, 2019, we closed on the sale of 48 units for aggregate net proceeds of $1,254,269,000. During the third quarter of 2019, we repaid the remaining $48,883,000 of the $950,000,000 220 CPS loan.

Lexington

On March 1, 2019, we sold all of our 18,468,969 common shares of Lexington, realizing net proceeds of $167,698,000. We recorded a $16,068,000 mark-to-market increase in the fair value of our common shares for the period from January 1, 2019 through the date of sale, which is included in "interest and other investment income, net" on our consolidated statements of income for the nine months ended September 30, 2019.

UE

On March 4, 2019, we converted to common shares and sold all of our 5,717,184 partnership units of UE, realizing net proceeds of $108,512,000. The sale resulted in a net gain of $62,395,000 which is included in "net gains on disposition of wholly owned and partially owned assets" on our consolidated statements of income for the nine months ended September 30, 2019.

Fifth Avenue and Times Square JV

On April 18, 2019 (the “Closing Date”), we entered into a transaction agreement (the “Transaction Agreement”) with a group of institutional investors (the “Investors”). The Transaction Agreement provides for a series of transactions (collectively, the “Transaction”) pursuant to which (i) prior to the Closing Date, we contributed our interests in properties located at 640 Fifth Avenue, 655 Fifth Avenue, 666 Fifth Avenue, 689 Fifth Avenue, 697-703 Fifth Avenue, 1535 Broadway and 1540 Broadway (collectively, the “Properties”) to subsidiaries of a newly formed joint venture (“Fifth Avenue and Times Square JV”) and (ii) on the Closing Date, transferred a 48.5% common interest in Fifth Avenue and Times Square JV to the Investors. The 48.5% common interest in the joint venture represents an effective 47.2% interest in the Properties (of which 45.4% was transferred from Vornado). The Properties include approximately 489,000 square feet of retail space, 327,000 square feet of office space, signage associated with 1535 and 1540 Broadway, the parking garage at 1540 Broadway and the theater at 1535 Broadway.

We retained the remaining 51.5% common interest in Fifth Avenue and Times Square JV which represents an effective 51.0% interest in the Properties and an aggregate $1.828 billion of preferred equity interests in certain of the properties. We also provided $500,000,000 of temporary preferred equity on 640 Fifth Avenue until May 23, 2019 when mortgage financing was completed. All of the preferred equity has an annual coupon of 4.25% for the first five years, increasing to 4.75% for the next five years and thereafter at a formulaic rate. It can be redeemed under certain conditions on a tax deferred basis.

Net cash proceeds from the Transaction were $1.179 billion, after (i) deductions for the defeasance of a $390,000,000 mortgage loan on 666 Fifth Avenue and the repayment of a $140,000,000 mortgage loan on 655 Fifth Avenue, (ii) proceeds from a $500,000,000 mortgage loan on 640 Fifth Avenue, described below, (iii) approximately $23,000,000 used to purchase noncontrolling investors' interests and (iv) approximately $53,000,000 of transaction costs (including $17,000,000 of costs related to the defeasance of the 666 Fifth Avenue mortgage loan).

We continue to manage and lease the Properties. We share control with the Investors over major decisions of the joint venture, including decisions regarding leasing, operating and capital budgets, and refinancings. Accordingly, we no longer hold a controlling financial interest in the Properties which has been transferred to the joint venture. As a result, our investment in Fifth Avenue and Times Square JV is accounted for under the equity method from the date of transfer. The Transaction valued the Properties at $5,556,000,000 resulting in a financial statement net gain of $2,571,099,000, before noncontrolling interest of $11,945,000, including the related step-up in our basis of the retained portion of the assets to fair value. The net gain is included in "net gain on transfer to Fifth Avenue and Times Square JV" on our consolidated statements of income for the nine months ended September 30, 2019. The gain for tax purposes was approximately $735,000,000.

Overview - continued

Dispositions - continued

Fifth Avenue and Times Square JV - continued

On May 23, 2019, we received $500,000,000 from the redemption of our temporary preferred equity in 640 Fifth Avenue. The temporary preferred equity was redeemed from the proceeds of a $500,000,000 mortgage financing that was completed on the property. The five year loan, which is guaranteed by us, is interest only at LIBOR plus 1.01%. The interest rate was swapped for four years to a fixed rate of 3.07%.

330 Madison Avenue

On July 11, 2019, we sold our 25% interest in 330 Madison Avenue to our joint venture partner. We received net proceeds of approximately $100,000,000 after deducting our share of the existing $500,000,000 mortgage loan resulting in a financial statement net gain of $159,292,000. The net gain is included in "net gains on disposition of wholly owned and partially owned assets" on our consolidated statements of income for the three and nine months ended September 30, 2019. The gain for tax purposes was approximately $139,000,000.

3040 M Street

On September 18, 2019, we completed the $49,750,000 sale of 3040 M Street, a 44,000 square foot retail building in Washington, DC, which resulted in a net gain of $19,477,000 which is included in “net gains on disposition of wholly owned and partially owned assets” on our consolidated statements of income for the three and nine months ended September 30, 2019. The gain for tax purposes was approximately $19,000,000.

Financings

On January 28, 2019, a joint venture, in which we have a 45.1% interest, completed a $167,500,000 refinancing of 61 Ninth Avenue, a 166,000 square foot office and retail property in the Meatpacking district of Manhattan which is fully leased to Aetna and Starbucks. The seven-year interest only loan carries a rate of LIBOR plus 1.35% (3.40% as of September 30, 2019) and matures in January 2026. We realized net proceeds of approximately $31,000,000. The loan replaces the previous $90,000,000 construction loan that bore interest at LIBOR plus 3.05% and was scheduled to mature in 2021.

On February 4, 2019, we completed a $95,700,000 refinancing of 435 Seventh Avenue, a 43,000 square foot Manhattan retail property. The interest-only loan carries a rate of LIBOR plus 1.30% (3.37% as of September 30, 2019) and matures in 2024. The recourse loan replaces the previous $95,700,000 loan that bore interest at LIBOR plus 2.25% and was scheduled to mature in August 2019.

On February 12, 2019, we completed a $580,000,000 refinancing of 100 West 33rd Street, a 1.1 million square foot Manhattan property comprised of 859,000 square feet of office space and the 256,000 square foot Manhattan Mall. The interest-only loan carries a rate of LIBOR plus 1.55% (3.62% as of September 30, 2019) and matures in April 2024, with two one-year extension options. The loan replaces the previous $580,000,000 loan that bore interest at LIBOR plus 1.65% and was scheduled to mature in July 2020.

On March 1, 2019, we called for redemption all of our $400,000,000 5.00% senior unsecured notes. The notes, which were scheduled to mature in January 2022, were redeemed on April 1, 2019 at a redemption price of 105.51% of the principal amount plus accrued interest. In connection therewith, we expensed $22,540,000 relating to debt prepayment costs which is included in "interest and debt expense" on our consolidated statements of income for the nine months ended September 30, 2019.

On March 26, 2019, we increased to $1.5 billion (from $1.25 billion) and extended to March 2024 (as fully extended) from February 2022 one of our two unsecured revolving credit facilities. The interest rate on the extended facility was lowered from LIBOR plus 1.00% to LIBOR plus 0.90%. The facility fee remains unchanged at 20 basis points.

On May 24, 2019, we extended our $375,000,000 mortgage loan on 888 Seventh Avenue, a 886,000 square foot Manhattan office building, from December 2020 to December 2025. The interest rate on the extended mortgage loan is LIBOR plus 1.70% (3.73% as of September 30, 2019). Pursuant to an existing swap agreement, the interest rate on the $375,000,000 mortgage loan has been swapped to 3.25% through December 2020.

On June 28, 2019, a joint venture, in which we have a 55% interest, completed a $145,700,000 refinancing of 512 West 22nd Street, a 173,000 square foot office building in the West Chelsea submarket of Manhattan, of which $106,425,000 was outstanding as of September 30, 2019. The four-year interest only loan carries a rate of LIBOR plus 2.00% (4.05% as of September 30, 2019) and matures in June 2023 with a one-year extension option. The loan replaces the previous $126,000,000 construction loan that bore interest at LIBOR plus 2.65% and was scheduled to mature in 2019.

Overview - continued

Financings - continued

On July 25, 2019, a joint venture, in which we have a 50% interest, completed a $60,000,000 refinancing of 825 Seventh Avenue, a 165,000 square foot office building on the corner of 53rd Street and Seventh Avenue, of which $28,882,000 was outstanding as of September 30, 2019. The interest-only loan carries a rate of LIBOR plus 1.65% (3.78% as of September 30, 2019) and matures in 2022 with a one-year extension option. The loan replaces the previous $20,500,000 loan that bore interest at LIBOR plus 1.40% and was scheduled to mature in September 2019.

On September 5, 2019, a consolidated joint venture, in which we have a 50% interest, completed a $75,000,000 refinancing of 606 Broadway, a 35,000 square foot office and retail building on the northeast corner of Broadway and Houston Street in Manhattan, of which $67,500,000 was outstanding as of September 30, 2019. The interest-only loan carries a rate of LIBOR plus 1.80% (3.85% as of September 30, 2019) and matures in 2024. In connection therewith, the joint venture purchased an interest rate cap that caps LIBOR at a rate of 4.00%. The loan replaces the previous $65,000,000 construction loan. The construction loan bore interest at LIBOR plus 3.00% and was scheduled to mature in May 2021.

On September 27, 2019, we repaid the $575,000,000 mortgage loan on PENN2 with proceeds from our unsecured revolving credit facilities. The mortgage loan was scheduled to mature in December 2021, as fully extended. PENN2 is a 1,795,000 square foot office building located on the west side of 7th Avenue between 31st and 33rd Street currently under redevelopment.

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 September 30, 2019				
Total square feet leased	197	26	45	50
Our share of square feet leased:	171	24	45	35
Initial rent[(1)]	$ 80.44	$ 145.54	$ 48.54	$ 96.54
Weighted average lease term (years)	6.5	5.4	5.5	8.5
Second generation relet space:				
Square feet	108	17	43	29
GAAP basis:				
Straight-line rent[(2)]	$ 77.33	$ 135.49	$ 46.46	$ 108.38
Prior straight-line rent	$ 60.16	$ 117.16	$ 40.42	$ 65.87
Percentage increase	28.5%	15.6%	14.9%	64.5%
Cash basis:				
Initial rent[(1)]	$ 78.77	$ 131.49	$ 47.87	$ 97.41
Prior escalated rent	$ 64.22	$ 123.82	$ 44.88	$ 69.94
Percentage increase	22.7%	6.2%	6.7%	39.3%
Tenant improvements and leasing commissions:				
Per square foot	$ 85.35	$ 44.85	$ 55.67	$ 84.46
Per square foot per annum	$ 13.13	$ 8.31	$ 10.12	$ 9.94
Percentage of initial rent	16.3%	5.7%	20.9%	10.3%

See notes on following page.

Overview - continued

Leasing Activity - continued

(Square feet in thousands)	New York			
	Office	Retail	theMART	555 California Street
Nine Months Ended September 30, 2019				
Total square feet leased	814	144	234	141
Our share of square feet leased:	676	134	234	99
Initial rent[1]	$ 78.81	$ 143.61	$ 49.24	$ 87.56
Weighted average lease term (years)	7.9	11.7	6.3	6.3
Second generation relet space:				
Square feet	499	119	230	93
GAAP basis:				
Straight-line rent[2]	$ 74.22	$ 149.93	$ 48.22	$ 92.50
Prior straight-line rent	$ 69.48	$ 117.94	$ 42.83	$ 58.57
Percentage increase	6.8%	27.1%	12.6%	57.9%
Cash basis:				
Initial rent[1]	$ 75.62	$ 137.36	$ 49.08	$ 87.29
Prior escalated rent	$ 71.28	$ 126.86	$ 46.18	$ 66.31
Percentage increase	6.1%	8.3%	6.3%	31.6%
Tenant improvements and leasing commissions:				
Per square foot	$ 82.88	$ 51.02	$ 35.42	$ 57.71
Per square foot per annum	$ 10.49	$ 4.36	$ 5.62	$ 9.16
Percentage of initial rent	13.3%	3.0%	11.4%	10.5%

(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.

Overview - continued

Square Footage (in service) and Occupancy as of September 30, 2019

(Square feet in thousands)	Number of Properties	Square Feet (in service) Total Portfolio	Square Feet (in service) Our Share	Occupancy %
New York:				
Office	35	19,060	16,192	96.8%
Retail (includes retail properties that are in the base of our office properties)	69	2,404	1,959	95.9%
Residential - 1,679 units	10	1,526	793	96.8%
Alexander's, Inc. ("Alexander's") including 312 residential units	7	2,254	730	99.5%
Hotel Pennsylvania	1	1,400	1,400	
		26,644	21,074	96.8%
Other:				
theMART	3	3,693	3,684	95.0%
555 California Street	3	1,741	1,218	100.0%
Other	10	2,527	1,192	92.9%
		7,961	6,094	
Total square feet as of September 30, 2019		34,605	27,168	

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

(Square feet in thousands)	Number of properties	Square Feet (in service) Total Portfolio	Square Feet (in service) Our Share	Occupancy %
New York:				
Office	36	19,858	16,632	97.2%
Retail (includes retail properties that are in the base of our office properties)	71	2,648	2,419	97.3%
Residential - 1,687 units	10	1,533	800	96.6%
Alexander's, including 312 residential units	7	2,437	790	91.4%
Hotel Pennsylvania	1	1,400	1,400	
		27,876	22,041	97.0%
Other:				
theMART	3	3,694	3,685	94.7%
555 California Street	3	1,743	1,220	99.4%
Other	10	2,522	1,187	92.8%
		7,959	6,092	
Total square feet as of December 31, 2018		35,835	28,133	

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, 2018. For the nine months ended September 30, 2019, there were no material changes to these policies, other than the adoption of Accounting Standards Codification Topic 842, *Leases*, described in Note 3 - *Recently Issued Accounting Literature* and Note 21 - *Leases* 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.

Net Operating Income At Share by Segment for the Three Months Ended September 30, 2019 and 2018

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 at share and NOI at share - cash basis by segment for the three months ended September 30, 2019 and 2018.

(Amounts in thousands)	For the Three Months Ended September 30, 2019		
	Total	New York [(1)]	Other
Total revenues	$ 465,961	$ 380,568	$ 85,393
Operating expenses	226,359	188,159	38,200
NOI - consolidated	239,602	192,409	47,193
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(18,096)	(9,574)	(8,522)
Add: NOI from partially owned entities	86,024	82,649	3,375
NOI at share	307,530	265,484	42,046
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	(4,037)	(5,560)	1,523
NOI at share - cash basis	$ 303,493	$ 259,924	$ 43,569

(1) Reflects the transfer of 45.4% of common equity in the properties contributed to the Fifth Avenue and Times Square JV on April 18, 2019.

(Amounts in thousands)	For the Three Months Ended September 30, 2018		
	Total	New York	Other
Total revenues	$ 542,048	$ 462,446	$ 79,602
Operating expenses	235,575	200,949	34,626
NOI - consolidated	306,473	261,497	44,976
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(16,943)	(11,348)	(5,595)
Add: NOI from partially owned entities	60,094	47,179	12,915
NOI at share	349,624	297,328	52,296
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	(8,743)	(9,125)	382
NOI at share - cash basis	$ 340,881	$ 288,203	$ 52,678

Net Operating Income At Share by Segment for the Three Months Ended September 30, 2019 and 2018 - continued

The elements of our New York and Other NOI at share for the three months ended September 30, 2019 and 2018 are summarized below.

(Amounts in thousands)	For the Three Months Ended September 30,	
	2019	2018
New York:		
Office[1]	$ 177,469	$ 184,146
Retail[1]	68,159	92,858
Residential	5,575	5,202
Alexander's	11,269	10,626
Hotel Pennsylvania	3,012	4,496
Total New York	265,484	297,328
Other:		
theMART	24,862	25,257
555 California Street	15,265	13,515
Other investments[2]	1,919	13,524
Total Other	42,046	52,296
NOI at share	$ 307,530	$ 349,624

(1) Reflects the transfer of 45.4% of common equity in the properties contributed to the Fifth Avenue and Times Square JV on April 18, 2019.
(2) The three months ended September 30, 2018 includes $1,737 from 666 Fifth Avenue Office Condominium (sold on August 3, 2018), $5,119 from PREIT (accounted for as a marketable security beginning March 12, 2019) and $2,859 from UE (sold on March 4, 2019).

The elements of our New York and Other NOI at share - cash basis for the three months ended September 30, 2019 and 2018 are summarized below.

(Amounts in thousands)	For the Three Months Ended September 30,	
	2019	2018
New York:		
Office[1]	$ 174,796	$ 181,575
Retail[1]	65,636	84,976
Residential	5,057	5,358
Alexander's	11,471	11,774
Hotel Pennsylvania	2,964	4,520
Total New York	259,924	288,203
Other:		
theMART	26,588	26,234
555 California Street	15,325	13,070
Other investments[2]	1,656	13,374
Total Other	43,569	52,678
NOI at share - cash basis	$ 303,493	$ 340,881

(1) Reflects the transfer of 45.4% of common equity in the properties contributed to the Fifth Avenue and Times Square JV on April 18, 2019.
(2) The three months ended September 30, 2018 includes $1,704 from 666 Fifth Avenue Office Condominium (sold on August 3, 2018), $5,157 from PREIT (accounted for as a marketable security beginning March 12, 2019) and $2,553 from UE (sold on March 4, 2019).

Reconciliation of Net Income to Net Operating Income At Share for the Three Months Ended September 30, 2019 and 2018

Below is a reconciliation of net income to NOI at share and NOI at share - cash basis for the three months ended September 30, 2019 and 2018.

(Amounts in thousands)	For the Three Months Ended September 30, 2019	2018
Net income	$ 363,849	$ 219,162
Depreciation and amortization expense	96,437	113,169
General and administrative expense	33,237	31,977
Transaction related costs, impairment losses and other	1,576	2,510
Income from partially owned entities	(25,946)	(7,206)
(Income) loss from real estate fund investments	(2,190)	190
Interest and other investment income, net	(3,045)	(2,893)
Interest and debt expense	61,448	88,951
Net gains on disposition of wholly owned and partially owned assets	(309,657)	(141,269)
Income tax expense	23,885	1,943
Loss (income) from discontinued operations	8	(61)
NOI from partially owned entities	86,024	60,094
NOI attributable to noncontrolling interests in consolidated subsidiaries	(18,096)	(16,943)
NOI at share	307,530	349,624
Non cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(4,037)	(8,743)
NOI at share - cash basis	$ 303,493	$ 340,881

NOI At Share by Region

Below is a summary of the percentages of NOI at share by geographic region for the three months ended September 30, 2019 and 2018.

	For the Three Months Ended September 30, 2019	2018
Region:		
New York City metropolitan area	87%	88%
Chicago, IL	8%	8%
San Francisco, CA	5%	4%
	100%	100%

Results of Operations – Three Months Ended September 30, 2019 Compared to September 30, 2018

Revenues

Our revenues, which consist of rental revenues and fee and other income, were $465,961,000 for the three months ended September 30, 2019 compared to $542,048,000 for the prior year's quarter, a decrease of $76,087,000. Below are the details of the (decrease) increase by segment:

(Amounts in thousands)	Total	New York	Other
(Decrease) increase due to:			
Rental revenues:			
Acquisitions, dispositions and other	$ 5,453	$ 5,750	$ (297)
Development and redevelopment	(8,108)	(8,197)	89
Hotel Pennsylvania	(1,371)	(1,371)	—
Trade shows	(246)	—	(246)
Properties transferred to Fifth Avenue and Times Square JV	(76,383)	(76,383)	—
Same store operations	4,346	(2,109)	6,455
	(76,309)	(82,310)	6,001
Fee and other income:			
BMS cleaning fees	1,804	1,459	345
Management and leasing fees	(1,408)	(693)	(715)
Properties transferred to Fifth Avenue and Times Square JV	(300)	(300)	—
Other income	126	(34)	160
	222	432	(210)
Total (decrease) increase in revenues	$ (76,087)	$ (81,878)	$ 5,791

Expenses

Our expenses, which consist of operating, depreciation and amortization, general and administrative, expense from deferred compensation plan liability, and transaction related costs, impairment losses and other, were $358,583,000 for the three months ended September 30, 2019, compared to $385,092,000 for the prior year's quarter, a decrease of $26,509,000. Below are the details of the (decrease) increase by segment:

(Amounts in thousands)	Total	New York	Other
(Decrease) increase due to:			
Operating:			
Acquisitions, dispositions and other	$ 270	$ (455)	$ 725
Development and redevelopment	(2,011)	(2,079)	68
Non-reimbursable expenses	(1,536)	(1,417)	(119)
Hotel Pennsylvania	112	112	—
Trade shows	55	—	55
BMS expenses	1,443	1,443	—
Properties transferred to Fifth Avenue and Times Square JV	(11,741)	(11,741)	—
Same store operations	4,192	1,347	2,845
	(9,216)	(12,790)	3,574
Depreciation and amortization:			
Acquisitions, dispositions and other	(671)	(671)	—
Development and redevelopment	(918)	(978)	60
Properties transferred to Fifth Avenue and Times Square JV	(21,044)	(21,044)	—
Same store operations	5,901	5,708	193
	(16,732)	(16,985)	253
General and administrative	1,260	3,129	(1,869)
Expense from deferred compensation plan liability	(887)	—	(887)
Transaction related costs, impairment losses and other	(934)	—	(934)
Total (decrease) increase in expenses	$ (26,509)	$ (26,646)	$ 137

Results of Operations – Three Months Ended September 30, 2019 Compared to September 30, 2018 - continued

Income from Partially Owned Entities

Below are the components of income from partially owned entities for the three months ended September 30, 2019 and 2018.

(Amounts in thousands)	Ownership Percentage at September 30, 2019	For the Three Months Ended September 30, 2019	2018
Our share of net income (loss):			
Fifth Avenue and Times Square JV[1]:			
Equity in net income	51.5%	$ 9,891	$ —
Return on preferred equity, net of our share of the expense		9,545	—
		19,436	—
Alexander's	32.4%	6,692	5,427
Partially owned office buildings[2]	Various	(186)	735
Other investments[3]	Various	4	1,044
		$ 25,946	$ 7,206

(1) The three months ended September 30, 2019 includes our 51.5% ownership in the Fifth Avenue and Times Square JV. See Note 7 - *Investments in Partially Owned Entities* to the unaudited consolidated financial statements in Part I, Item I of this Quarterly Report on Form 10-Q for additional information.

(2) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 7 West 34th Street, 330 Madison Avenue (sold on July 11, 2019), 512 West 22nd Street, 61 Ninth Avenue, 85 Tenth Avenue and others.

(3) Includes interests in Independence Plaza, Fashion Centre Mall/Washington Tower, Rosslyn Plaza, 50-70 West 93rd Street, 666 Fifth Avenue Office Condominium (sold on August 3, 2018), UE (sold on March 4, 2019), PREIT (accounted as a marketable security from March 12, 2019) and others.

Income (loss) from Real Estate Fund Investments

Below are the components of the income (loss) from our real estate fund investments for the three months ended September 30, 2019 and 2018.

(Amounts in thousands)	For the Three Months Ended September 30, 2019	2018
Net investment income	$ 2,190	$ 3,093
Net unrealized loss on held investments	—	(3,283)
Income (loss) from real estate fund investments	2,190	(190)
Less income attributable to noncontrolling interests in consolidated subsidiaries	(735)	(558)
Income (loss) from real estate fund investments attributable to the Operating Partnership	1,455	(748)
Less (income) loss attributable to noncontrolling interests in the Operating Partnership	(95)	46
Income (loss) from real estate fund investments attributable to Vornado	$ 1,360	$ (702)

Interest and Other Investment Income, net

Below are the components of interest and other investment income, net for the three months ended September 30, 2019 and 2018.

(Amounts in thousands)	For the Three Months Ended September 30, 2019	2018
Decrease in fair value of marketable securities	$ (4,868)	$ (7,699)
Interest on cash and cash equivalents and restricted cash	4,060	4,306
Interest on loans receivable[1]	1,604	2,004
Dividends on marketable securities	1,312	3,354
Other, net	937	928
	$ 3,045	$ 2,893

(1) 2018 includes $1,250 of profit participation in connection with an investment in a mezzanine loan which was previously repaid to us.

Results of Operations – Three Months Ended September 30, 2019 Compared to September 30, 2018 - continued

Interest and Debt Expense

Interest and debt expense for the three months ended September 30, 2019 was $61,448,000 compared to $88,951,000 for the prior year's quarter, a decrease of $27,503,000. This decrease was primarily due to (i) $9,906,000 of lower interest expense resulting from paydowns of the 220 CPS loan, (ii) $9,867,000 of lower interest expense resulting from the deconsolidation of mortgages payable on the properties contributed to Fifth Avenue and Times Square JV, (iii) $5,045,000 of lower interest from the redemption of our $400,000,000 5.00% senior unsecured notes, and (iv) $4,135,000 of lower capital lease interest, partially offset by (v) $2,191,000 of lower capitalized interest and debt expense, and (vi) $1,237,000 of higher interest attributable to the interest rate swap on our $750,000,000 unsecured term loan.

Net Gains on Disposition of Wholly Owned and Partially Owned Assets

Net gains on disposition of wholly owned and partially owned assets of $309,657,000 for the three months ended September 30, 2019 consist of (i) a $159,292,000 net gain on sale of our 25% interest in 330 Madison Avenue, (ii) $130,888,000 of net gains on sale of 220 CPS condominium units, and (iii) a $19,477,000 net gain on sale of 3040 M Street. Net gains of $141,269,000 for the three months ended September 30, 2018 primarily consist of (i) a $134,032,000 net gain on the sale of our 49.5% interests in 666 Fifth Avenue Office Condominium and (ii) a $7,308,000 net gain from the repayment of our interest in the mortgage loan held by us on 666 Fifth Avenue Office Condominium.

Income Tax Expense

Income tax expense for the three months ended September 30, 2019 was $23,885,000 compared to $1,943,000 for the prior year's quarter, an increase of $21,942,000. This increase resulted primarily from $21,853,000 of income tax expense on the sale of 220 CPS condominium units in the three months ended September 30, 2019.

(Loss) Income from Discontinued Operations

Loss from discontinued operations for the three months ended September 30, 2019 was $8,000 compared to income of $61,000 for the prior year's quarter, a decrease in income of $69,000.

Net Income Attributable to Noncontrolling Interests in Consolidated Subsidiaries

Net income attributable to noncontrolling interests in consolidated subsidiaries was $5,774,000 for the three months ended September 30, 2019, compared to $3,312,000 for the prior year's quarter, an increase of $2,462,000. The increase resulted primarily from income allocated to the noncontrolling interest in the Farley Office and Retail Building for its share of the development fee income.

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

Net income attributable to noncontrolling interests in the Operating Partnership was $22,637,000 for the three months ended September 30, 2019, compared to $12,671,000 for the prior year's quarter, an increase of $9,966,000. This increase resulted primarily from higher net income subject to allocation to unitholders.

Preferred Share Dividends of Vornado Realty Trust

Preferred share dividends were $12,532,000 for the three months ended September 30, 2019, compared to $12,534,000 for the prior year's quarter, a decrease of $2,000.

Preferred Unit Distributions of Vornado Realty L.P.

Preferred unit distributions were $12,574,000 for the three months ended September 30, 2019, compared to $12,582,000 for the prior year's quarter, a decrease of $8,000.

Results of Operations – Three Months Ended September 30, 2019 Compared to September 30, 2018 - continued

Same Store Net Operating Income At Share

Same store NOI at share represents NOI at share from property operations which are owned by us and in service in both the current and prior year reporting periods. Same store NOI at share - cash basis is NOI at share 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 at share and same store NOI at share - 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 at share to same store NOI at share for our New York segment, theMART, 555 California Street and other investments for the three months ended September 30, 2019 compared to September 30, 2018.

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
NOI at share for the three months ended September 30, 2019	$ 307,530	$ 265,484	$ 24,862	$ 15,265	$ 1,919
Less NOI at share from:					
Acquisitions	(5)	(5)	—	—	—
Dispositions	(650)	(650)	—	—	—
Development properties	(14,704)	(14,704)	—	—	—
Lease termination income, net of write-offs of straight-line receivables and acquired below-market leases, net	(627)	(107)	(520)	—	—
Other non-same store (income) expense, net	(10,222)	(8,410)	(12)	119	(1,919)
Same store NOI at share for the three months ended September 30, 2019	$ 281,322	$ 241,608	$ 24,330	$ 15,384	$ —
NOI at share for the three months ended September 30, 2018	$ 349,624	$ 297,328	$ 25,257	$ 13,515	$ 13,524
Less NOI at share from:					
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(28,972)	(28,972)	—	—	—
Dispositions	(3,317)	(3,317)	—	—	—
Development properties	(23,256)	(23,242)	—	(14)	—
Lease termination income, net of write-offs of straight-line receivables and acquired below-market leases, net	1,578	1,797	(219)	—	—
Other non-same store (income) expense, net	(16,767)	(3,248)	5	—	(13,524)
Same store NOI at share for the three months ended September 30, 2018	$ 278,890	$ 240,346	$ 25,043	$ 13,501	$ —
Increase (decrease) in same store NOI at share for the three months ended September 30, 2019 compared to September 30, 2018	$ 2,432	$ 1,262	$ (713)	$ 1,883	$ —
% increase (decrease) in same store NOI at share	0.9%	0.5% (1)	(2.8)%	13.9%	—%

(1) Excluding Hotel Pennsylvania, same store NOI at share increased by 1.2%.

Results of Operations – Three Months Ended September 30, 2019 Compared to September 30, 2018 - continued

Same Store Net Operating Income At Share - continued

Below are reconciliations of NOI at share - cash basis to same store NOI at share - cash basis for our New York segment, theMART, 555 California Street and other investments for the three months ended September 30, 2019 compared to September 30, 2018.

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
NOI at share - cash basis for the three months ended September 30, 2019	$ 303,493	$ 259,924	$ 26,588	$ 15,325	$ 1,656
Less NOI at share - cash basis from:					
Acquisitions	(5)	(5)	—	—	—
Dispositions	(690)	(690)	—	—	—
Development properties	(20,306)	(20,306)	—	—	—
Lease termination income	(1,016)	(157)	(859)	—	—
Other non-same store (income) expense, net	(11,280)	(9,658)	(12)	46	(1,656)
Same store NOI at share - cash basis for the three months ended September 30, 2019	$ 270,196	$ 229,108	$ 25,717	$ 15,371	$ —
NOI at share - cash basis for the three months ended September 30, 2018	$ 340,881	$ 288,203	$ 26,234	$ 13,070	$ 13,374
Less NOI at share - cash basis from:					
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(27,452)	(27,452)	—	—	—
Dispositions	(3,370)	(3,370)	—	—	—
Development properties	(25,061)	(25,047)	—	(14)	—
Lease termination income	(268)	(8)	(260)	—	—
Other non-same store (income) expense, net	(17,319)	(3,950)	5	—	(13,374)
Same store NOI at share - cash basis for the three months ended September 30, 2018	$ 267,411	$ 228,376	$ 25,979	$ 13,056	$ —
Increase (decrease) in same store NOI at share - cash basis for the three months ended September 30, 2019 compared to September 30, 2018	$ 2,785	$ 732	$ (262)	$ 2,315	$ —
% increase (decrease) in same store NOI at share - cash basis	1.0%	0.3% (1)	(1.0)%	17.7%	—%

(1) Excluding Hotel Pennsylvania, same store NOI at share - cash basis increased by 1.0%.

Net Operating Income At Share by Segment for the Nine Months Ended September 30, 2019 and 2018

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 at share and NOI at share - cash basis by segment for the nine months ended September 30, 2019 and 2018.

(Amounts in thousands)	For the Nine Months Ended September 30, 2019		
	Total	New York[(1)]	Other
Total revenues	$ 1,463,732	$ 1,200,234	$ 263,498
Operating expenses	694,006	574,073	119,933
NOI - consolidated	769,726	626,161	143,565
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(51,915)	(31,011)	(20,904)
Add: NOI from partially owned entities	236,400	211,394	25,006
NOI at share	954,211	806,544	147,667
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	530	(3,741)	4,271
NOI at share - cash basis	$ 954,741	$ 802,803	$ 151,938

(1) Reflects the transfer of 45.4% of common equity in the properties contributed to the Fifth Avenue and Times Square JV on April 18, 2019.

(Amounts in thousands)	For the Nine Months Ended September 30, 2018		
	Total	New York	Other
Total revenues	$ 1,620,303	$ 1,369,482	$ 250,821
Operating expenses	709,158	599,768	109,390
NOI - consolidated	911,145	769,714	141,431
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(51,415)	(34,653)	(16,762)
Add: NOI from partially owned entities	193,359	146,730	46,629
NOI at share	1,053,089	881,791	171,298
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(39,172)	(39,161)	(11)
NOI at share - cash basis	$ 1,013,917	$ 842,630	$ 171,287

Net Operating Income At Share by Segment for the Nine Months Ended September 30, 2019 and 2018 - continued

The elements of our New York and Other NOI at share for the nine months ended September 30, 2019 and 2018 are summarized below.

(Amounts in thousands)	For the Nine Months Ended September 30,	
	2019	2018
New York:		
Office[(1)]	$ 540,601	$ 556,169
Retail [(1)]	213,489	267,876
Residential	17,528	17,681
Alexander's	33,699	34,110
Hotel Pennsylvania	1,227	5,955
Total New York	806,544	881,791
Other:		
theMART	79,359	79,948
555 California Street	45,124	40,686
Other investments[(2)]	23,184	50,664
Total Other	147,667	171,298
NOI at share	$ 954,211	$ 1,053,089

(1) Reflects the transfer of 45.4% of common equity in the properties contributed to the Fifth Avenue and Times Square JV on April 18, 2019.
(2) The nine months ended September 30, 2018 includes $12,145 from 666 Fifth Avenue Office Condominium (sold on August 3, 2018), $15,349 from PREIT (accounted for as a marketable security beginning March 12, 2019) and $8,624 from UE (sold on March 4, 2019).

The elements of our New York and Other NOI at share - cash basis for the nine months ended September 30, 2019 and 2018 are summarized below.

(Amounts in thousands)	For the Nine Months Ended September 30,	
	2019	2018
New York:		
Office[(1)]	$ 537,972	$ 540,484
Retail[(1)]	213,298	243,704
Residential	16,131	16,420
Alexander's	34,320	35,911
Hotel Pennsylvania	1,082	6,111
Total New York	802,803	842,630
Other:		
theMART	83,484	81,312
555 California Street	45,665	39,704
Other investments[(2)]	22,789	50,271
Total Other	151,938	171,287
NOI at share - cash basis	$ 954,741	$ 1,013,917

(1) Reflects the transfer of 45.4% of common equity in the properties contributed to the Fifth Avenue and Times Square JV on April 18, 2019.
(2) The nine months ended September 30, 2018 includes $12,025 from 666 Fifth Avenue Office Condominium (sold on August 3, 2018), $15,155 from PREIT (accounted for as a marketable security beginning March 12, 2019) and $8,108 from UE (sold on March 4, 2019).

Reconciliation of Net Income to Net Operating Income At Share for the Nine Months Ended September 30, 2019 and 2018

Below is a reconciliation of net income to NOI at share and NOI at share - cash basis for the nine months ended September 30, 2019 and 2018.

(Amounts in thousands)	For the Nine Months Ended September 30,	
	2019	2018
Net income	$ 3,173,586	$ 324,782
Depreciation and amortization expense	326,181	333,701
General and administrative expense	130,129	108,937
Transaction related costs, impairment losses and other	103,315	16,683
Income from partially owned entities	(56,139)	(6,059)
Loss from real estate fund investments	13,780	37,973
Interest and other investment income, net	(15,930)	(9,401)
Interest and debt expense	226,940	264,774
Net gain on transfer to Fifth Avenue and Times Square JV	(2,571,099)	—
Net gains on disposition of wholly owned and partially owned assets	(641,664)	(164,828)
Income tax expense	80,542	4,964
Loss (income) from discontinued operations	85	(381)
NOI from partially owned entities	236,400	193,359
NOI attributable to noncontrolling interests in consolidated subsidiaries	(51,915)	(51,415)
NOI at share	954,211	1,053,089
Non cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	530	(39,172)
NOI at share - cash basis	$ 954,741	$ 1,013,917

NOI At Share by Region

Below is a summary of the percentages of NOI at share by geographic region for the nine months ended September 30, 2019 and 2018.

	For the Nine Months Ended September 30,	
	2019	2018
Region:		
New York City metropolitan area	86%	88%
Chicago, IL	9%	8%
San Francisco, CA	5%	4%
	100%	100%

Results of Operations – Nine Months Ended September 30, 2019 Compared to September 30, 2018

Revenues

Our revenues, which consist of rental revenues and fee and other income, were $1,463,732,000 for the nine months ended September 30, 2019, compared to $1,620,303,000 for the prior year's nine months, a decrease of $156,571,000. Below are the details of the (decrease) increase by segment:

(Amounts in thousands)	Total	New York	Other
(Decrease) increase due to:			
Rental revenues:			
Acquisitions, dispositions and other	$ (5,015)	$ (4,671)	$ (344)
Development and redevelopment	(12,879)	(13,128)	249
Hotel Pennsylvania	(4,733)	(4,733)	—
Trade shows	(1,965)	—	(1,965)
Properties transferred to Fifth Avenue and Times Square JV	(139,013)	(139,013)	—
Same store operations	5,145	(12,093) [(1)]	17,238
	(158,460)	(173,638)	15,178
Fee and other income:			
BMS cleaning fees	4,937	4,600	337
Management and leasing fees	(142)	1,085	(1,227)
Properties transferred to Fifth Avenue and Times Square JV	(532)	(532)	—
Other income	(2,374)	(763)	(1,611)
	1,889	4,390	(2,501)
Total (decrease) increase in revenues	$ (156,571)	$ (169,248)	$ 12,677

(1) Includes a $5,967 reduction in income from the non-cash write-off of straight-line rent receivables related to Topshop at 478-486 Broadway in the second quarter of 2019.

Results of Operations – Nine Months Ended September 30, 2019 Compared to September 30, 2018 - continued

Expenses

Our expenses, which consist of operating, depreciation and amortization, general and administrative, expense from deferred compensation plan liability, and transaction related costs, impairment losses and other, were $1,261,353,000 for the nine months ended September 30, 2019, compared to $1,172,013,000 for the prior year's nine months, an increase of $89,340,000. Below are the details of the increase by segment:

(Amounts in thousands)	Total	New York	Other
Increase (decrease) due to:			
Operating:			
Acquisitions, dispositions and other	$ 1,980	$ 386	$ 1,594
Development and redevelopment	(2,655)	(3,091)	436
Non-reimbursable expenses	(10,522)	(9,487)	(1,035)
Hotel Pennsylvania	5	5	—
Trade shows	548	—	548
BMS expenses	4,073	4,073	—
Properties transferred to Fifth Avenue and Times Square JV	(27,458)	(27,458)	—
Same store operations	18,877	9,877	9,000
	(15,152)	(25,695)	10,543
Depreciation and amortization:			
Acquisitions, dispositions and other	1,452	1,444	8
Development and redevelopment	(5,523)	(5,640)	117
Properties transferred to Fifth Avenue and Times Square JV	(37,094)	(37,094)	—
Same store operations	33,645	31,835	1,810
	(7,520)	(9,455)	1,935
General and administrative	21,192 (1)	15,116	6,076
Expense from deferred compensation plan liability	4,188	—	4,188
Transaction related costs, impairment losses and other	86,632	88,257 (2)	(1,625)
Total increase in expenses	$ 89,340	$ 68,223	$ 21,117

(1) 2019 includes (i) $11,055 of non-cash stock-based compensation expense for the accelerated vesting of previously issued OP Units and Vornado restricted stock due to the removal of the time-based vesting requirement for participants who have reached 65 years of age, and (ii) $8,046 of non-cash stock-based compensation expense for the time-based equity compensation granted in connection with the new leadership group announced in April 2019 (additional non-cash expense associated with these awards will be $2,401 in the fourth quarter of 2019, $9,603 in each of 2020 and 2021, $7,718 in 2022 and $2,655 in 2023).

(2) 2019 includes $101,360 of non-cash impairment losses, substantially 608 Fifth Avenue, partially offset by $13,103 disputed additional New York City real property transfer tax ("Transfer Tax") recorded in the first quarter of 2018 related to the December 2012 acquisition of Independence Plaza. The joint venture, in which we have a 50.1% economic interest, that owns Independence Plaza recorded this expense based on the precedent established by the New York City Tax Appeals Tribunal (the "Tax Tribunal") decision regarding One Park Avenue. See Note 5 - *Real Estate Fund Investments* to the unaudited consolidated financial statements in Part I, Item I of this Quarterly Report on Form 10-Q for additional information regarding this matter.

Results of Operations – Nine Months Ended September 30, 2019 Compared to September 30, 2018 - continued

Income from Partially Owned Entities

Below are the components of income from partially owned entities for the nine months ended September 30, 2019 and 2018.

(Amounts in thousands)	Percentage Ownership at September 30, 2019	For the Nine Months Ended September 30, 2019	2018
Our share of net income (loss):			
Fifth Avenue and Times Square JV[1]:			
Equity in net income	51.5%	$ 21,108	$ —
Return on preferred equity, net of our share of the expense		18,131	—
		39,239	—
Alexander's[2]	32.4%	18,185	10,593
Partially owned office buildings[3]	Various	(1,531)	(1,546)
Other investments[4]	Various	246	(2,988)
		$ 56,139	$ 6,059

(1) The nine months ended September 30, 2019 includes our 51.5% ownership in the Fifth Avenue and Times Square JV. See Note 7 - *Investments in Partially Owned Entities* to the unaudited consolidated financial statements in Part I, Item I of this Quarterly Report on Form 10-Q for additional information.

(2) 2018 includes our $7,708 share of Alexander's disputed additional Transfer Tax related to the November 2012 sale of Kings Plaza Regional Shopping Center. Alexander's recorded this expense based on the precedent established by the Tax Tribunal's decision regarding One Park Avenue. See Note 5 - *Real Estate Fund Investments* to the unaudited consolidated financial statements in Part I, Item I of this Quarterly Report on Form 10-Q for additional information regarding this matter.

(3) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 7 West 34th Street, 330 Madison Avenue (sold on July 11, 2019), 512 West 22nd Street, 61 Ninth Avenue, 85 Tenth Avenue and others. 2019 includes a $1,079 reduction in income from the non-cash write-off of straight-line rent receivable related to The Four Seasons Restaurant at 280 Park Avenue. 2018 includes our $4,978 share of disputed additional Transfer Tax related to the March 2011 acquisition of One Park Avenue. See Note 5 - *Real Estate Fund Investments* to the unaudited consolidated financial statements in Part I, Item I of this Quarterly Report on Form 10-Q for additional information regarding this matter.

(4) Includes interests in Independence Plaza, Fashion Centre Mall/Washington Tower, Rosslyn Plaza, 50-70 West 93rd Street, 666 Fifth Avenue Office Condominium (sold on August 3, 2018), UE (sold on March 4, 2019), PREIT (accounted as a marketable security from March 12, 2019) and others.

Loss from Real Estate Fund Investments

Below are the components of the loss from our real estate fund investments for the nine months ended September 30, 2019 and 2018.

(Amounts in thousands)	For the Nine Months Ended September 30, 2019	2018
Net investment income	$ 2,382	$ 6,366
Net unrealized loss on held investments	(16,162)	(32,796)
Net realized loss on exited investments	—	(913)
Transfer tax	—	(10,630)
Loss from real estate fund investments	(13,780)	(37,973)
Less (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(8,427)	34,338
Loss from real estate fund investments attributable to the Operating Partnership	(22,207)	(3,635)
Less loss attributable to noncontrolling interests in the Operating Partnership	1,403	224
Loss from real estate fund investments attributable to Vornado	$ (20,804)	$ (3,411)

Results of Operations – Nine Months Ended September 30, 2019 Compared to September 30, 2018 - continued

Interest and Other Investment Income, net

Below are the components of interest and other investment income, net for the nine months ended September 30, 2019 and 2018.

(Amounts in thousands)	For the Nine Months Ended September 30,	
	2019	2018
Interest on cash and cash equivalents and restricted cash	$ 8,753	$ 12,370
Interest on loans receivable[(1)]	4,845	8,952
Decrease in fair value of marketable securities[(2)]	(3,095)	(24,801)
Dividends on marketable securities	2,625	10,060
Other, net	2,802	2,820
	$ 15,930	$ 9,401

(1) 2018 includes $6,707 of of profit participation in connection with an investment in a mezzanine loan which was previously repaid to us.
(2) 2019 includes a $19,211 decrease in the value of our investment in PREIT, partially offset by a $16,068 mark-to-market increase in fair value of our Lexington common shares through March 1, 2019, the date of sale of our investment.

Interest and Debt Expense

Interest and debt expense was $226,940,000 for the nine months ended September 30, 2019, compared to $264,774,000 for the prior year's nine months, a decrease of $37,834,000. This decrease was primarily due to (i) $20,956,000 of lower interest expense resulting from paydowns of the 220 CPS loan, (ii) $19,253,000 of lower interest expense resulting from the deconsolidation of mortgages payable on the properties contributed to Fifth Avenue and Times Square JV, (iii) $13,040,000 of lower capital lease interest, (iv) $10,091,000 of lower interest from the redemption of our $400,000,000 5.00% senior unsecured notes, and (v) $9,466,000 of higher capitalized interest and debt expense, partially offset by (vi) $22,540,000 of debt prepayment costs relating to redemption of our $400,000,000 5.00% senior unsecured notes, (vii) $6,811,000 of higher interest expense resulting from higher average interest rates on our variable rate loans, (viii) $4,795,000 of higher interest attributable to the interest rate swap on our $750,000,000 unsecured term loan, and (ix) $2,599,000 of higher interest expense for revolver borrowings.

Net Gain on Transfer to Fifth Avenue and Times Square JV

During the nine months ended September 30, 2019, we recognized a $2,571,099,000 net gain from the transfer of common equity in the properties contributed to Fifth Avenue and Times Square JV, including the related step-up in our basis of the retained portion of the assets to fair value.

Net Gains on Disposition of Wholly Owned and Partially Owned Assets

Net gains on disposition of wholly owned and partially owned assets of $641,664,000 for the nine months ended September 30, 2019 consist of (i) $400,500,000 of net gains on sale of 220 CPS condominium units, (ii) a $159,292,000 net gain on sale of our 25% interest in 330 Madison Avenue, (iii) a $62,395,000 net gain from the sale of all our UE partnership units, and (iv) a $19,477,000 net gain on sale of 3040 M Street. Net gains of $164,828,000 for the nine months ended September 30, 2018 primarily consist of (i) a $134,032,000 net gain on the sale of our 49.5% interests in 666 Fifth Avenue Office Condominium, (ii) a $23,559,000 net gain on sale of 27 Washington Square North, and (iii) a $7,308,000 net gain from the repayment of our interest on the mortgage loan held by us on 666 Fifth Avenue Office Condominium.

Income Tax Expense

Income tax expense for the nine months ended September 30, 2019 was $80,542,000 compared to $4,964,000 for the prior year's nine months, an increase of $75,578,000. This increase resulted primarily from $71,590,000 of income tax expense on the sale of 220 CPS condominium units.

Loss (Income) from Discontinued Operations

Loss from discontinued operations for the nine months ended September 30, 2019 was $85,000 compared to income of $381,000 for the prior year's nine months, a decrease in income of $466,000.

Results of Operations – Nine Months Ended September 30, 2019 Compared to September 30, 2018 - continued

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

Net income attributable to noncontrolling interests in consolidated subsidiaries was $34,045,000 for the nine months ended September 30, 2019, compared to a loss of $31,137,000 for the prior year's nine months, an increase in income of $65,182,000. This increase resulted primarily from (i) $42,765,000 increase from the lower net loss subject to allocation to the noncontrolling interest of our real estate fund, (ii) $11,945,000 resulting from the net gain on transfer to Fifth Avenue and Times Square JV attributable to noncontrolling interests for the nine months ended September 30, 2019, and (iii) $6,538,000 of disputed additional Transfer Tax allocated to noncontrolling interests related to the December 2012 acquisition of Independence Plaza for the nine months ended September 30, 2018.

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

Net income attributable to noncontrolling interests in the Operating Partnership was $197,354,000 for the nine months ended September 30, 2019, compared to $18,992,000 for the prior year's nine months, an increase of $178,362,000. The increase resulted primarily from higher net income subject to allocation to Class A unitholders due to the net gain on transfer to Fifth Avenue and Times Square JV.

Preferred Share Dividends of Vornado Realty Trust

Preferred share dividends were $37,598,000 for the nine months ended September 30, 2019, compared to $38,103,000 for the prior year's nine months, a decrease of $505,000.

Preferred Unit Distributions of Vornado Realty L.P.

Preferred unit distributions were $37,722,000 for the nine months ended September 30, 2019, compared to $38,248,000 for the prior year's nine months, a decrease of $526,000.

Preferred Share/Unit Issuance Costs

Preferred share/unit issuance cost for the nine months ended September 30, 2018 were $14,486,000 representing the write-off of issuance cost upon redemption of all the outstanding Series G and Series I cumulative redeemable preferred shares/units in January 2018.

Results of Operations – Nine Months Ended September 30, 2019 Compared to September 30, 2018 - continued

Same Store Net Operating Income At Share

Below are reconciliations of NOI at share to same store NOI at share for our New York segment, theMART, 555 California Street and other investments for the nine months ended September 30, 2019 compared to September 30, 2018.

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
NOI at share for the nine months ended September 30, 2019	$ 954,211	$ 806,544	$ 79,359	$ 45,124	$ 23,184
Less NOI at share from:					
Acquisitions	(225)	(225)	—	—	—
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(5,479)	(5,479)	—	—	—
Dispositions	(7,277)	(7,277)	—	—	—
Development properties	(37,806)	(37,806)	—	—	—
Lease termination income, net of write-offs of straight-line receivables and acquired below-market leases, net	4,362	4,882	(520)	—	—
Other non-same store (income) expense, net	(28,711)	(3,983)	(1,943)	399	(23,184)
Same store NOI at share for the nine months ended September 30, 2019	$ 879,075	$ 756,656	$ 76,896	$ 45,523	$ —
NOI at share for the nine months ended September 30, 2018	$ 1,053,089	$ 881,791	$ 79,948	$ 40,686	$ 50,664
Less NOI at share from:					
Acquisitions	(124)	(124)	—	—	—
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(55,337)	(55,337)	—	—	—
Dispositions	(10,288)	(10,288)	—	—	—
Development properties	(53,394)	(53,380)	—	(14)	—
Lease termination income, net of write-offs of straight-line receivables and acquired below-market leases, net	2,394	2,655	(261)	—	—
Other non-same store income, net	(62,284)	(7,188)	(4,432)	—	(50,664)
Same store NOI at share for the nine months ended September 30, 2018	$ 874,056	$ 758,129	$ 75,255	$ 40,672	$ —
Increase (decrease) in same store NOI at share for the nine months ended September 30, 2019 compared to September 30, 2018	$ 5,019	$ (1,473)	$ 1,641	$ 4,851	$ —
% increase (decrease) in same store NOI at share	0.6%	(0.2)% (1)	2.2%	11.9%	—%

(1) Excluding Hotel Pennsylvania, same store NOI at share increased by 0.4%.

Results of Operations – Nine Months Ended September 30, 2019 Compared to September 30, 2018 - continued

Same Store Net Operating Income At Share - continued

Below are reconciliations of NOI at share - cash basis to same store NOI at share - cash basis for our New York segment, theMART, 555 California Street and other investments for the nine months ended September 30, 2019 compared to September 30, 2018.

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
NOI at share - cash basis for the nine months ended September 30, 2019	$ 954,741	$ 802,803	$ 83,484	$ 45,665	$ 22,789
Less NOI at share - cash basis from:					
Acquisitions	(226)	(226)	—	—	—
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(5,183)	(5,183)	—	—	—
Dispositions	(7,716)	(7,716)	—	—	—
Development properties	(47,597)	(47,597)	—	—	—
Lease termination income	(2,943)	(2,084)	(859)	—	—
Other non-same store (income) expense, net	(39,399)	(14,919)	(1,942)	251	(22,789)
Same store NOI at share - cash basis for the nine months ended September 30, 2019	$ 851,677	$ 725,078	$ 80,683	$ 45,916	$ —
NOI at share - cash basis for the nine months ended September 30, 2018	$ 1,013,917	$ 842,630	$ 81,312	$ 39,704	$ 50,271
Less NOI at share - cash basis from:					
Acquisitions	(124)	(124)	—	—	—
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(52,184)	(52,184)	—	—	—
Dispositions	(9,933)	(9,933)	—	—	—
Development properties	(57,495)	(57,481)	—	(14)	—
Lease termination income	(1,491)	(1,069)	(422)	—	—
Other non-same store income, net	(63,227)	(8,524)	(4,432)	—	(50,271)
Same store NOI at share - cash basis for the nine months ended September 30, 2018	$ 829,463	$ 713,315	$ 76,458	$ 39,690	$ —
Increase in same store NOI at share - cash basis for the nine months ended September 30, 2019 compared to September 30, 2018	$ 22,214	$ 11,763	$ 4,225	$ 6,226	$ —
% increase in same store NOI at share - cash basis	2.7%	1.6% (1)	5.5%	15.7%	—%

(1) Excluding Hotel Pennsylvania, same store NOI at share - cash basis increased by 2.4%.

SUPPLEMENTAL INFORMATION

Net Operating Income At Share by Segment for the Three Months Ended September 30, 2019 and June 30, 2019

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 at share and NOI at share - cash basis by segment for the three months ended September 30, 2019 and June 30, 2019.

(Amounts in thousands)	For the Three Months Ended September 30, 2019		
	Total	New York	Other
Total revenues	$ 465,961	$ 380,568	$ 85,393
Operating expenses	226,359	188,159	38,200
NOI - consolidated	239,602	192,409	47,193
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(18,096)	(9,574)	(8,522)
Add: NOI from partially owned entities	86,024	82,649	3,375
NOI at share	307,530	265,484	42,046
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	(4,037)	(5,560)	1,523
NOI at share - cash basis	$ 303,493	$ 259,924	$ 43,569

(Amounts in thousands)	For the Three Months Ended June 30, 2019		
	Total	New York	Other
Total revenues	$ 463,103	$ 376,381	$ 86,722
Operating expenses	220,752	187,819	32,933
NOI - consolidated	242,351	188,562	53,789
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(16,416)	(10,030)	(6,386)
Add: NOI from partially owned entities	82,974	79,170	3,804
NOI at share	308,909	257,702	51,207
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	9,748	8,437	1,311
NOI at share - cash basis	$ 318,657	$ 266,139	$ 52,518

SUPPLEMENTAL INFORMATION - CONTINUED

Net Operating Income At Share by Segment for the Three Months Ended September 30, 2019 and June 30, 2019 - continued

The elements of our New York and Other NOI at share for the three months ended September 30, 2019 and June 30, 2019 are summarized below.

(Amounts in thousands)	For the Three Months Ended	
	September 30, 2019	June 30, 2019
New York:		
Office	$ 177,469	$ 179,592
Retail	68,159	57,063
Residential	5,575	5,908
Alexander's	11,269	11,108
Hotel Pennsylvania	3,012	4,031
Total New York	265,484	257,702
Other:		
theMART	24,862	30,974
555 California Street	15,265	15,358
Other investments	1,919	4,875
Total Other	42,046	51,207
NOI at share	$ 307,530	$ 308,909

The elements of our New York and Other NOI at share - cash basis for the three months ended September 30, 2019 and June 30, 2019 are summarized below.

(Amounts in thousands)	For the Three Months Ended	
	September 30, 2019	June 30, 2019
New York:		
Office	$ 174,796	$ 178,806
Retail	65,636	66,726
Residential	5,057	5,303
Alexander's	11,471	11,322
Hotel Pennsylvania	2,964	3,982
Total New York	259,924	266,139
Other:		
theMART	26,588	31,984
555 California Street	15,325	15,595
Other investments	1,656	4,939
Total Other	43,569	52,518
NOI at share - cash basis	$ 303,493	$ 318,657

SUPPLEMENTAL INFORMATION - CONTINUED

Reconciliation of Net Income to Net Operating Income At Share for the Three Months Ended September 30, 2019 and June 30, 2019

(Amounts in thousands)	For the Three Months Ended	
	September 30, 2019	June 30, 2019
Net income	$ 363,849	$ 2,596,693
Depreciation and amortization expense	96,437	113,035
General and administrative expense	33,237	38,872
Transaction related costs, impairment losses and other	1,576	101,590
Income from partially owned entities	(25,946)	(22,873)
(Income) loss from real estate fund investments	(2,190)	15,803
Interest and other investment income, net	(3,045)	(7,840)
Interest and debt expense	61,448	63,029
Net gain on transfer to Fifth Avenue and Times Square JV	—	(2,571,099)
Net gains on disposition of wholly owned and partially owned assets	(309,657)	(111,713)
Income tax expense	23,885	26,914
Loss (income) from discontinued operations	8	(60)
NOI from partially owned entities	86,024	82,974
NOI attributable to noncontrolling interests in consolidated subsidiaries	(18,096)	(16,416)
NOI at share	307,530	308,909
Non cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(4,037)	9,748
NOI at share - cash basis	$ 303,493	$ 318,657

SUPPLEMENTAL INFORMATION - CONTINUED

Three Months Ended September 30, 2019 Compared to June 30, 2019

Same Store Net Operating Income At Share

Below are reconciliations of NOI at share to same store NOI at share for our New York segment, theMART, 555 California Street and other investments for the three months ended September 30, 2019 compared to June 30, 2019.

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
NOI at share for the three months ended September 30, 2019	$ 307,530	$ 265,484	$ 24,862	$ 15,265	$ 1,919
Less NOI at share from:					
Acquisitions	(5)	(5)	—	—	—
Dispositions	(650)	(650)	—	—	—
Development properties	(14,704)	(14,704)	—	—	—
Lease termination income, net of write-offs of straight-line receivables and acquired below-market leases, net	(627)	(107)	(520)	—	—
Other non-same store (income) expense, net	(10,220)	(8,408)	(12)	119	(1,919)
Same store NOI at share for the three months ended September 30, 2019	$ 281,324	$ 241,610	$ 24,330	$ 15,384	$ —
NOI at share for the three months ended June 30, 2019	$ 308,909	$ 257,702	$ 30,974	$ 15,358	$ 4,875
Less NOI at share from:					
Acquisitions	(5)	(5)	—	—	—
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(5,479)	(5,479)	—	—	—
Dispositions	(3,401)	(3,401)	—	—	—
Development properties	(19,698)	(19,698)	—	—	—
Lease termination income, net of write-offs of straight-line receivables and acquired below-market leases, net	2,933	2,933	—	—	—
Other non-same store expense (income), net	214	4,983	(98)	204	(4,875)
Same store NOI at share for the three months ended June 30, 2019	$ 283,473	$ 237,035	$ 30,876	$ 15,562	$ —
(Decrease) increase in same store NOI at share for the three months ended September 30, 2019 compared to June 30, 2019	$ (2,149)	$ 4,575	$ (6,546)	$ (178)	$ —
% (decrease) increase in same store NOI at share	(0.8)%	1.9% (1)	(21.2)%	(1.1)%	—%

(1) Excluding Hotel Pennsylvania, same store NOI at share increased by 2.4%.

SUPPLEMENTAL INFORMATION - CONTINUED

Three Months Ended September 30, 2019 Compared to June 30, 2019 - continued

Same Store Net Operating Income At Share - continued

Below are reconciliations of NOI at share - cash basis to same store NOI at share - cash basis for our New York segment, theMART, 555 California Street and other investments for the three months ended September 30, 2019 compared to June 30, 2019.

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
NOI at share - cash basis for the three months ended September 30, 2019	$ 303,493	$ 259,924	$ 26,588	$ 15,325	$ 1,656
Less NOI at share - cash basis from:					
Acquisitions	(5)	(5)	—	—	—
Dispositions	(690)	(690)	—	—	—
Development properties	(20,306)	(20,306)	—	—	—
Lease termination income	(1,016)	(157)	(859)	—	—
Other non-same store (income) expense, net	(11,280)	(9,658)	(12)	46	(1,656)
Same store NOI at share - cash basis for the three months ended September 30, 2019	$ 270,196	$ 229,108	$ 25,717	$ 15,371	$ —
NOI at share - cash basis for the three months ended June 30, 2019	$ 318,657	$ 266,139	$ 31,984	$ 15,595	$ 4,939
Less NOI at share - cash basis from:					
Acquisitions	(5)	(5)	—	—	—
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(5,183)	(5,183)	—	—	—
Dispositions	(3,600)	(3,600)	—	—	—
Development properties	(22,438)	(22,438)	—	—	—
Lease termination income	(247)	(247)	—	—	—
Other non-same store (income) expense, net	(9,613)	(4,705)	(98)	129	(4,939)
Same store NOI at share - cash basis for the three months ended June 30, 2019	$ 277,571	$ 229,961	$ 31,886	$ 15,724	$ —
Decrease in same store NOI at share - cash basis for the three months ended September 30, 2019 compared to June 30, 2019	$ (7,375)	$ (853)	$ (6,169)	$ (353)	$ —
% decrease in same store NOI at share - cash basis	(2.7)%	(0.4)% (1)	(19.3)%	(2.2)%	—%

(1) Excluding Hotel Pennsylvania, same store NOI at share - cash basis increased by 0.1%.

Liquidity and Capital Resources

Rental revenue 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 loans 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 expect to generate net cash of approximately $2 billion resulting from the sales of 100% of the 220 CPS condominium units, including $1 billion of after-tax net gain, of which $396,246,000 was recognized in our consolidated statements of income from inception to September 30, 2019.

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 Nine Months Ended September 30, 2019 and 2018

Our cash flow activities for the nine months ended September 30, 2019 and 2018 are summarized as follows:

(Amounts in thousands)	For the Nine Months Ended September 30,		(Decrease) Increase in Cash Flow
	2019	2018	
Net cash provided by operating activities	$ 397,971	$ 488,038	$ (90,067)
Net cash provided by (used in) investing activities	2,228,548	(652,306)	2,880,854
Net cash used in financing activities	(2,097,868)	(830,734)	(1,267,134)

Cash and cash equivalents and restricted cash was $1,245,556,000 as of September 30, 2019, a $528,651,000 increase from the balance as of December 31, 2018.

Net cash provided by operating activities of $397,971,000 for the nine months ended September 30, 2019 was comprised of $516,386,000 of cash from operations, including distributions of income from partially owned entities of $66,252,000, and a net decrease of $118,415,000 in cash due to the timing of cash receipts and payments related to changes in operating assets and liabilities.

The following table details the cash provided by (used in) investing activities for the nine months ended September 30, 2019 and 2018:

(Amounts in thousands)	For the Nine Months Ended September 30,		Increase (Decrease) in Cash Flow
	2019	2018	
Proceeds from transfer of interest in Fifth Avenue and Times Square JV (net of $35,562 of transaction costs and $10,899 of deconsolidated cash and restricted cash)	$ 1,248,743	$ —	$ 1,248,743
Proceeds from sale of condominium units at 220 Central Park South	1,039,493	—	1,039,493
Proceeds from redemption of 640 Fifth Avenue preferred equity	500,000	—	500,000
Development costs and construction in progress	(448,281)	(274,147)	(174,134)
Moynihan Train Hall expenditures	(352,211)	—	(352,211)
Proceeds from sale of real estate and related investments	255,534	219,731	35,803
Additions to real estate	(189,579)	(163,546)	(26,033)
Proceeds from sales of marketable securities	168,314	—	168,314
Distributions of capital from partially owned entities	24,880	98,609	(73,729)
Investments in partially owned entities	(16,480)	(32,728)	16,248
Acquisitions of real estate and other	(3,260)	(500,225)	496,965
Proceeds from repayments of loans receivable	1,395	—	1,395
Net cash provided by (used in) investing activities	$ 2,228,548	$ (652,306)	$ 2,880,854

Liquidity and Capital Resources - continued

Cash Flows for the Nine Months Ended September 30, 2019 and 2018 - continued

The following table details the cash used in financing activities for the nine months ended September 30, 2019 and 2018:

(Amounts in thousands)	For the Nine Months Ended September 30, 2019	2018	(Decrease) Increase in Cash Flow
Repayments of borrowings	$ (2,635,028)	$ (264,482)	$ (2,370,546)
Proceeds from borrowings	1,107,852	312,763	795,089
Purchase of marketable securities in connection with defeasance of mortgage payable	(407,126)	—	(407,126)
Dividends paid on common shares/Distributions to Vornado	(377,750)	(359,456)	(18,294)
Moynihan Train Hall reimbursement from Empire State Development	352,211	—	352,211
Distributions to redeemable security holders and noncontrolling interests in consolidated subsidiaries	(65,084)	(63,110)	(1,974)
Dividends paid on preferred shares/Distributions to preferred unitholders	(37,598)	(42,582)	4,984
Prepayment penalty on redemption of senior unsecured notes due 2022	(22,058)	—	(22,058)
Debt issuance costs	(15,328)	(7,451)	(7,877)
Contributions from noncontrolling interests in consolidated subsidiaries	9,223	59,924	(50,701)
Repurchase of shares/Class A units related to stock compensation agreements and related tax withholdings and other	(8,692)	(784)	(7,908)
Proceeds received from exercise of Vornado stock options and other	2,403	5,262	(2,859)
Redemption of preferred shares/units	(893)	(470,000)	469,107
Debt prepayment and extinguishment costs	—	(818)	818
Net cash used in financing activities	$ (2,097,868)	$ (830,734)	$ (1,267,134)

Capital Expenditures for the Nine Months Ended September 30, 2019

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 amounts paid for capital expenditures and leasing commissions for the nine months ended September 30, 2019.

(Amounts in thousands)	Total	New York	theMART	555 California Street
Expenditures to maintain assets	$ 75,190	$ 66,061	$ 6,720	$ 2,409
Tenant improvements	78,738	67,503	8,021	3,214
Leasing commissions	17,051	15,251	714	1,086
Recurring tenant improvements, leasing commissions and other capital expenditures	170,979	148,815	15,455	6,709
Non-recurring capital expenditures	26,393	24,588	166	1,639
Total capital expenditures and leasing commissions	$ 197,372	$ 173,403	$ 15,621	$ 8,348

Liquidity and Capital Resources - continued

Development and Redevelopment Expenditures for the Nine Months Ended September 30, 2019

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 estimates below include initial leasing costs, which are reflected as non-recurring capital expenditures in the table on the previous page.

We are constructing a residential condominium tower containing 397,000 salable square feet at 220 CPS. The development cost of this project (exclusive of land cost of $515.4 million) is estimated to be approximately $1.4 billion, of which $1.3 billion has been expended as of September 30, 2019.

We are redeveloping a 78,000 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 $32,200,000. As of September 30, 2019, $39,760,000 has been expended, of which our share is $27,832,000.

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 September 30, 2019, $22,623,000 has been expended, of which our share is $11,311,000.

We are redeveloping PENN1, a 2,544,000 square foot office building located on 34th Street between Seventh and Eighth Avenue. The development cost of this project is estimated to be $325,000,000, of which $57,355,000 has been expended as of September 30, 2019.

We are redeveloping PENN2, a 1,795,000 square foot office building located on the west side of 7th Avenue between 31st and 33rd Street. The development cost of this project is estimated to be $750,000,000, of which $34,372,000 has been expended as of September 30, 2019.

We recently entered into a development agreement with Metropolitan Transportation Authority to oversee the development of the Long Island Rail Road 33rd Street entrance at Penn Station, which Skanska USA Civil Northeast, Inc. will construct under a fixed price contract for $120,805,000.

Farley Office and Retail Building and Moynihan Train Hall

Our 95.0% joint venture (the remaining 5.0% is owned by the Related Companies ("Related")) is developing the Farley Office and Retail Building (the "Project"), which will include approximately 845,000 rentable square feet of commercial space, comprised of approximately 725,000 square feet of office space and approximately 120,000 square feet of retail space. The total development cost of the Project is estimated to be approximately $1,030,000,000. As of September 30, 2019, $528,080,000 has been expended.

The joint venture has entered into a development agreement with Empire State Development ("ESD"), an entity of New York State, to build the adjacent Moynihan Train Hall, with Vornado and Related each guaranteeing the joint venture's obligations. The joint venture has entered into a design-build contract with Skanska Moynihan Train Hall Builders pursuant to which they will build the Moynihan Train Hall, thereby fulfilling all of the joint venture's obligations to ESD. The obligations of Skanska Moynihan Train Hall Builders have been bonded by Skanska USA and bear a full guaranty from Skanska AB. The development expenditures for the Moynihan Train Hall are estimated to be approximately $1.6 billion, which will be funded by governmental agencies. Pursuant to Accounting Standards Codification 842-40-55, the joint venture, which we consolidate on our consolidated balance sheets, is required to recognize all development expenditures for the Moynihan Train Hall. Accordingly, the development expenditures paid for by governmental agencies through September 30, 2019 and December 31, 2018 of $791,703,000 and $445,693,000, respectively, are shown as "Moynihan Train Hall development expenditures" with a corresponding obligation recorded in "Moynihan Train Hall obligation" on our consolidated balance sheets. Upon completion of the development, the "Moynihan Train Hall development expenditures" and the offsetting "Moynihan Train Hall obligation" will be removed from our consolidated balance sheets.

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

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

Liquidity and Capital Resources - continued

Development and Redevelopment Expenditures for the Nine Months Ended September 30, 2019 - continued

Below is a summary of amounts paid for development and redevelopment expenditures for the nine months ended September 30, 2019. These expenditures include interest and debt expense of $59,184,000, payroll of $12,673,000 and other soft costs (primarily architectural and engineering fees, permits, real estate taxes and professional fees) aggregating $51,587,000, which were capitalized in connection with the development and redevelopment of these projects.

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
Farley Office and Retail Building	$ 190,991	$ 190,991	$ —	$ —	$ —
220 CPS	142,439	—	—	—	142,439
PENN1	34,476	34,476	—	—	—
345 Montgomery Street	18,844	—	—	18,844	—
PENN2	17,404	17,404	—	—	—
606 Broadway	7,181	7,181	—	—	—
1535 Broadway	1,031	1,031	—	—	—
Other	35,915	30,488	1,610	3,817	—
	$ 448,281	$ 281,571	$ 1,610	$ 22,661	$ 142,439

Capital Expenditures for the Nine Months Ended September 30, 2018

Below is a summary of amounts paid for capital expenditures and leasing commissions for the nine months ended September 30, 2018.

(Amounts in thousands)	Total	New York	theMART	555 California Street
Expenditures to maintain assets	$ 66,167	$ 48,227	$ 10,232	$ 7,708
Tenant improvements	67,972	49,423	10,855	7,694
Leasing commissions	27,389	24,683	413	2,293
Recurring tenant improvements, leasing commissions and other capital expenditures	161,528	122,333	21,500	17,695
Non-recurring capital expenditures	28,882	20,579	82	8,221
Total capital expenditures and leasing commissions	$ 190,410	$ 142,912	$ 21,582	$ 25,916

Development and Redevelopment Expenditures for the Nine Months Ended September 30, 2018

Below is a summary of amounts paid for development and redevelopment expenditures for the nine months ended September 30, 2018. These expenditures include interest and debt expense of $49,718,000, payroll of $7,996,000, and other soft costs (primarily architectural and engineering fees, permits, real estate taxes and professional fees) aggregating $32,969,000, 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 CPS	$ 204,727	$ —	$ —	$ —	$ 204,727
606 Broadway	13,141	13,141	—	—	—
345 Montgomery Street	10,497	—	—	10,497	—
1535 Broadway	7,558	7,558	—	—	—
PENN2	4,793	4,793	—	—	—
PENN1	3,901	3,901	—	—	—
Other	29,530	18,439	8,421	430	2,240
	$ 274,147	$ 47,832	$ 8,421	$ 10,927	$ 206,967

Liquidity and Capital Resources - continued

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.

Our mortgage loans are non-recourse to us, except for the mortgage loans secured by 640 Fifth Avenue, 7 West 34th Street and 435 Seventh Avenue, which we guaranteed and therefore are part of our tax basis. 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 September 30, 2019, the aggregate dollar amount of these guarantees and master leases is approximately $978,000,000.

As of September 30, 2019, $15,880,000 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 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.

The joint venture in which we own a 95.0% ownership interest was designated by ESD, an entity of New York State, to develop the Farley Office and Retail 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 September 30, 2019, we expect to fund additional capital to certain of our partially owned entities aggregating approximately $15,400,000.

As of September 30, 2019, we have construction commitments aggregating approximately $746,000,000.

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 depreciable real estate assets, real estate impairment losses, depreciation and amortization expense from real estate assets and other specified items, including the pro rata share of such adjustments of unconsolidated subsidiaries. FFO and FFO per diluted share are non-GAAP financial measures used by management, investors and analysts to facilitate meaningful comparisons of operating performance between periods and among our peers because it excludes the effect of real estate depreciation and amortization and net gains on sales, which are based on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions. 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 – *Income Per Share/Income Per Class A Unit*, in our consolidated financial statements on page 45 of this Quarterly Report on Form 10-Q.

In accordance with the NAREIT December 2018 restated definition of FFO, we have elected to exclude the mark-to-market adjustments of marketable equity securities from the calculation of FFO. FFO for the three months ended September 30, 2018 has been adjusted to exclude the $7,966,000, or $0.04 per share, decrease in fair value of marketable equity securities previously reported. FFO for the nine months ended September 30, 2018 has been adjusted to exclude the $26,602,000, or $0.13 per share, decrease in fair value of marketable equity securities previously reported.

FFO attributable to common shareholders plus assumed conversions was $279,509,000, or $1.46 per diluted share for the three months ended September 30, 2019, compared to $189,987,000, or $0.99 per diluted share, for the prior year's three months. FFO attributable to common shareholders plus assumed conversions was $691,522,000, or $3.62 per diluted share for the nine months ended September 30, 2019, compared to $519,640,000, or $2.72 per diluted share, for the prior year's nine months. Details of certain adjustments to FFO are discussed in the financial results summary of our "Overview".

Funds From Operations (“FFO”) - continued

Below is a reconciliation of net income attributable to common shareholders to FFO attributable to common shareholders plus assumed conversions for the three and nine months ended September 30, 2019 and 2018.

(Amounts in thousands, except per share amounts)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Reconciliation of our net income attributable to common shareholders to FFO attributable to common shareholders plus assumed conversions:				
Net income attributable to common shareholders	$ 322,906	$ 190,645	$ 2,904,589	$ 284,338
Per diluted share	$ 1.69	$ 1.00	$ 15.20	$ 1.49
FFO adjustments:				
Depreciation and amortization of real property	$ 89,479	$ 105,015	$ 303,415	$ 309,024
Net gains on sale of real estate	(178,769)	(133,961)	(178,769)	(158,138)
Real estate impairment losses	—	—	31,436	—
Net gain on transfer to Fifth Avenue and Times Square JV, net of $11,945 attributable to noncontrolling interests	—	—	(2,559,154)	—
Net gain from sale of UE common shares (sold on March 4, 2019)	—	—	(62,395)	—
Decrease (increase) in fair value of marketable securities:				
PREIT	4,875	—	19,211	—
Lexington (sold on March 1, 2019)	—	7,942	(16,068)	24,934
Other	(7)	(243)	(48)	(133)
Proportionate share of adjustments to equity in net income of partially owned entities to arrive at FFO:				
Depreciation and amortization of real property	37,696	23,688	97,317	77,282
Net gains on sale of real estate	—	(3,421)	—	(3,998)
Decrease in fair value of marketable securities	291	267	1,988	1,801
	(46,435)	(713)	(2,363,067)	250,772
Noncontrolling interests' share of above adjustments	3,024	40	149,957	(15,517)
FFO adjustments, net	$ (43,411)	$ (673)	$ (2,213,110)	$ 235,255
FFO attributable to common shareholders	$ 279,495	$ 189,972	$ 691,479	$ 519,593
Convertible preferred share dividends	14	15	43	47
FFO attributable to common shareholders plus assumed conversions	$ 279,509	$ 189,987	$ 691,522	$ 519,640
Per diluted share	$ 1.46	$ 0.99	$ 3.62	$ 2.72
Reconciliation of Weighted Average Shares				
Weighted average common shares outstanding	190,814	190,245	190,762	190,176
Effect of dilutive securities:				
Employee stock options and restricted share awards	176	1,045	227	972
Convertible preferred shares	34	37	35	38
Denominator for FFO per diluted share	191,024	191,327	191,024	191,186

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)	2019			2018	
	September 30, Balance	Weighted Average Interest Rate	Effect of 1% Change In Base Rates	December 31, Balance	Weighted Average Interest Rate
Consolidated debt:					
Variable rate	$ 1,723,196	3.39%	$ 17,232	$ 3,292,382	4.31%
Fixed rate	5,805,475	3.57%	—	6,603,465	3.65%
	$ 7,528,671	3.53%	17,232	$ 9,895,847	3.87%
Pro rata share of debt of non-consolidated entities[(1)(2)]:					
Variable rate	$ 1,479,819	3.68%	14,798	$ 1,237,388	4.06%
Fixed rate	1,327,368	4.08%	—	1,382,068	4.19%
	$ 2,807,187	3.87%	14,798	$ 2,619,456	4.13%
Noncontrolling interests' share of consolidated subsidiaries			(338)		
Total change in annual net income attributable to the Operating Partnership			31,692		
Noncontrolling interests' share of the Operating Partnership			(2,073)		
Total change in annual net income attributable to Vornado			$ 29,619		
Total change in annual net income attributable to the Operating Partnership per diluted Class A unit			$ 0.16		
Total change in annual net income attributable to Vornado per diluted share			$ 0.16		

(1) As a result of Toys "R" Us ("Toys") filing a voluntary petition under chapter 11 of the United States Bankruptcy Code, we determined the Company no longer has the ability to exercise significant influence over Toys. Accordingly, we have excluded our share of Toys debt in 2018. The voluntary petition was declared effective in 2019 and our stock was canceled. As a result, we no longer hold an investment in Toys.

(2) Our pro rata share of debt of non-consolidated entities as of September 30, 2019 and December 31, 2018 is net of our $63,409 share of Alexander's participation in its Rego Park II shopping center mortgage loan which is considered partially extinguished as the participation interest is a reacquisition of debt.

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 September 30, 2019, we have an interest rate swap on a $375,000,000 mortgage loan on 888 Seventh Avenue that swapped the rate from LIBOR plus 1.70% (3.73% as of September 30, 2019) to a fixed rate of 3.25% through December 2020; an interest rate swap on a $700,000,000 mortgage loan on 770 Broadway that swapped the rate from LIBOR plus 1.75% (3.79% as of September 30, 2019) to a fixed rate of 2.56% through September 2020; an interest rate swap on a $100,000,000 mortgage loan on 33-00 Northern Boulevard that swapped the rate from LIBOR plus 1.80% (3.85% as of September 30, 2019) to a fixed rate of 4.14% through January 2025; and an interest rate swap on our $750,000,000 unsecured term loan that swapped the rate from LIBOR plus 1.00% (3.04% as of September 30, 2019) to a fixed rate of 3.87% through October 2023.

Fair Value of Debt

The estimated fair value of our consolidated debt is calculated based on current market prices and discounted cash flows at the current rate at which similar loans would be made to borrowers with similar credit ratings for the remaining term of such debt. As of September 30, 2019, the estimated fair value of our consolidated debt was $7,595,000,000.

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 September 30, 2019, 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 September 30, 2019, 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, 2018.

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

Vornado Realty Trust

None.

Vornado Realty L.P.

During the quarter ended September 30, 2019, we issued 5,876 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 $356,820 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.		
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. - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		VORNADO REALTY TRUST
		(Registrant)
Date: October 28, 2019	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: October 28, 2019	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)