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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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: June 30, 2007

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**

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

22-1657560

(I.R.S. Employer Identification Number)

888 Seventh Avenue, New York, New York

(Address of principal executive offices)

10019

(Zip Code)

(212) 894-7000

(Registrant's telephone number, including area code)

N/A

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, or a non-accelerated filer. See definitions of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer     Accelerated Filer     Non-Accelerated Filer

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

Yes  No

As of June 30, 2007, 152,007,909 of the registrant's common shares of beneficial interest are outstanding.

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VORNADO REALTY TRUST  
CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

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

| ASSETS  | June 30,<br>2007     | December 31,<br>2006 |
|---|----------------------|----------------------|
| Real estate, at cost:   |                      |                      |
| Land  | \$ 4,507,532         | \$ 2,773,136         |
| Buildings and improvements  | 12,819,785           | 9,967,415            |
| Development costs and construction in progress  | 572,518              | 417,671              |
| Leasehold improvements and equipment  | 395,911              | 372,432              |
| Total   | 18,295,746           | 13,530,654           |
| Less accumulated depreciation and amortization  | (2,190,858)          | (1,968,678)          |
| Real estate, net  | 16,104,888           | 11,561,976           |
| Cash and cash equivalents   | 743,506              | 2,233,317            |
| Escrow deposits and restricted cash   | 355,074              | 140,351              |
| Marketable securities   | 416,810              | 316,727              |
| Accounts receivable, net of allowance for doubtful accounts of \$19,401 and \$17,727  | 251,002              | 230,908              |
| Investments and advances to partially owned entities, including Alexander's of \$99,613 and \$82,114  | 1,151,879            | 1,135,669            |
| Investment in Toys "R" Us   | 353,384              | 317,145              |
| Notes and mortgage loans receivable   | 658,863              | 561,164              |
| Receivable arising from the straight-lining of rents, net of allowance of \$2,117 and \$2,334   | 485,722              | 441,345              |
| Due from officers   | 13,187               | 15,197               |
| Assets related to discontinued operations   | 223,908              | 24,604               |
| Other assets  | 1,380,673            | 975,878              |
|   | <u>\$ 22,138,896</u> | <u>\$ 17,954,281</u> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                      |                      |
| Notes and mortgages payable   | \$ 8,932,484         | \$ 6,886,884         |
| Convertible senior debentures   | 2,355,587            | 980,083              |
| Senior unsecured notes  | 698,347              | 1,196,600            |
| Exchangeable senior debentures  | 492,044              | 491,231              |
| Revolving credit facility debt  | 94,000               | —                    |
| Accounts payable and accrued expenses   | 487,188              | 531,977              |
| Deferred credit   | 923,542              | 331,760              |
| Officers' compensation payable  | 65,679               | 60,955               |
| Deferred tax liabilities  | 130,975              | 30,341               |
| Liabilities related to discontinued operations  | 42,533               | 15,161               |
| Other liabilities   | 167,553              | 150,315              |
| Total liabilities   | 14,389,932           | 10,675,307           |
| Minority interest, including unitholders in the Operating Partnership   | 1,538,116            | 1,128,204            |
| Commitments and contingencies   |                      |                      |
| Shareholders' equity:   |                      |                      |
| Preferred shares of beneficial interest: no par value per share; authorized 110,000,000 shares; issued and outstanding 33,983,977 and 34,051,635 shares   | 825,276              | 828,660              |
| Common shares of beneficial interest: \$.04 par value per share; authorized 200,000,000 shares; issued and outstanding 152,007,909 and 151,093,373 shares | 6,120                | 6,083                |
| Additional capital  | 5,331,692            | 5,287,923            |
| Earnings less than distributions  | (22,862)             | (69,188)             |
| Accumulated other comprehensive income  | 68,004               | 92,963               |
| Deferred compensation shares earned but not yet delivered   | 2,618                | 4,329                |
| Total shareholders' equity  | 6,210,848            | 6,150,770            |
|   | <u>\$ 22,138,896</u> | <u>\$ 17,954,281</u> |

See notes to consolidated financial statements.

**VORNADO REALTY TRUST**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(UNAUDITED)**

|  | For The Three<br>Months Ended June 30, |                   | For The Six<br>Months Ended June 30, |                   |
|--|--|-------------------|--------------------------------------|-------------------|
|  | 2007                                   | 2006              | 2007                                 | 2006              |
| (Amounts in thousands, except per share amounts)   |  |                   |                                      |                   |
| <b>REVENUES:</b>   |  |                   |                                      |                   |
| Property rentals   | \$ 484,763                             | \$ 393,476        | \$ 920,130                           | \$ 761,579        |
| Temperature Controlled Logistics   | 206,474                                | 187,047           | 406,567                              | 382,897           |
| Tenant expense reimbursements  | 77,370                                 | 60,920            | 149,903                              | 122,647           |
| Fee and other income   | 24,850                                 | 21,589            | 53,913                               | 43,246            |
| Total revenues   | <u>793,457</u>                         | <u>663,032</u>    | <u>1,530,513</u>                     | <u>1,310,369</u>  |
| <b>EXPENSES:</b>   |  |                   |                                      |                   |
| Operating  | 392,757                                | 319,851           | 763,701                              | 651,766           |
| Depreciation and amortization  | 132,457                                | 98,880            | 241,263                              | 189,185           |
| General and administrative   | 59,555                                 | 51,715            | 112,439                              | 96,447            |
| Costs of acquisitions not consummated  | —                                      | —                 | 8,807                                | —                 |
| Total expenses   | <u>584,769</u>                         | <u>470,446</u>    | <u>1,126,210</u>                     | <u>937,398</u>    |
| Operating income   | 208,688                                | 192,586           | 404,303                              | 372,971           |
| Income applicable to Alexander's   | 9,484                                  | 14,750            | 23,003                               | 11,155            |
| (Loss) income applicable to Toys "R" Us  | (20,029)                               | (7,884)           | 38,632                               | 44,876            |
| Income from partially owned entities   | 8,593                                  | 14,635            | 17,698                               | 20,686            |
| Interest and other investment income   | 120,513                                | 16,623            | 174,992                              | 39,098            |
| Interest and debt expense (including amortization of deferred financing costs of \$3,845 and \$3,559 in each three month period, respectively, and \$7,996 and \$7,134 in each six month period, respectively) | (156,179)                              | (120,822)         | (303,192)                            | (224,716)         |
| Net gain on disposition of wholly owned and partially owned assets other than depreciable real estate  | 15,778                                 | 56,947            | 16,687                               | 57,495            |
| Minority interest of partially owned entities  | 4,349                                  | 3,118             | 8,232                                | 2,844             |
| Income before income taxes   | 191,197                                | 169,953           | 380,355                              | 324,409           |
| Provision for income taxes   | (3,566)                                | (848)             | (3,767)                              | (1,980)           |
| Income from continuing operations  | 187,631                                | 169,105           | 376,588                              | 322,429           |
| (Loss) income from discontinued operations, net of minority interest   | (40)                                   | 16,762            | (71)                                 | 33,497            |
| Income before allocation to minority limited partners  | 187,591                                | 185,867           | 376,517                              | 355,926           |
| Minority limited partners' interest in the Operating Partnership   | (16,852)                               | (17,324)          | (34,029)                             | (33,198)          |
| Perpetual preferred unit distributions of the Operating Partnership  | (4,819)                                | (5,374)           | (9,637)                              | (10,347)          |
| Net income   | 165,920                                | 163,169           | 332,851                              | 312,381           |
| Preferred share dividends  | (14,295)                               | (14,404)          | (28,591)                             | (28,811)          |
| <b>NET INCOME applicable to common shares</b>  | <u>\$ 151,625</u>                      | <u>\$ 148,765</u> | <u>\$ 304,260</u>                    | <u>\$ 283,570</u> |
| <b>INCOME PER COMMON SHARE – BASIC:</b>  |  |                   |                                      |                   |
| Income from continuing operations  | \$ 1.00                                | \$ 0.93           | \$ 2.01                              | \$ 1.77           |
| Income from discontinued operations  | —                                      | 0.12              | —                                    | 0.24              |
| Net income per common share  | <u>\$ 1.00</u>                         | <u>\$ 1.05</u>    | <u>\$ 2.01</u>                       | <u>\$ 2.01</u>    |
| <b>INCOME PER COMMON SHARE – DILUTED:</b>  |  |                   |                                      |                   |
| Income from continuing operations  | \$ 0.96                                | \$ 0.88           | \$ 1.92                              | \$ 1.68           |
| Income from discontinued operations  | —                                      | 0.11              | —                                    | 0.22              |
| Net income per common share  | <u>\$ 0.96</u>                         | <u>\$ 0.99</u>    | <u>\$ 1.92</u>                       | <u>\$ 1.90</u>    |
| <b>DIVIDENDS PER COMMON SHARE</b>  | <u>\$ 0.85</u>                         | <u>\$ 0.80</u>    | <u>\$ 1.70</u>                       | <u>\$ 1.60</u>    |

See notes to consolidated financial statements.

**VORNADO REALTY TRUST**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

| (Amounts in thousands)   | For The Six Months<br>Ended June 30, |            |
|--|--------------------------------------|------------|
|  | 2007                                 | 2006       |
| <b>Cash Flows from Operating Activities:</b>   |                                      |            |
| Net income   | \$ 332,851                           | \$ 312,381 |
| Adjustments to reconcile net income to net cash provided by operating activities:                          |                                      |            |
| Depreciation and amortization (including amortization of debt issuance costs)                              | 249,259                              | 200,353    |
| Net (gains) losses from derivative positions   | (81,454)                             | 5,076      |
| Equity in income of partially owned entities, including Alexander's and Toys                               | (79,333)                             | (76,717)   |
| Straight-lining of rental income   | (42,128)                             | (30,182)   |
| Amortization of below market leases, net   | (34,322)                             | (8,471)    |
| Minority limited partners' interest in the Operating Partnership   | 34,022                               | 33,198     |
| Net gains on dispositions of wholly owned and partially owned assets<br>other than depreciable real estate | (16,687)                             | (57,495)   |
| Distributions of income from partially owned entities  | 11,767                               | 19,318     |
| Perpetual preferred unit distributions of the Operating Partnership  | 9,637                                | 10,347     |
| Costs of acquisitions not consummated  | 8,707                                | —          |
| Minority interest of partially owned entities  | (8,232)                              | (2,844)    |
| Loss on early extinguishment of debt and write-off of unamortized financing costs                          | 5,969                                | —          |
| Other non-cash adjustments   | 10,481                               | —          |
| Net gains on sale of real estate   | —                                    | (33,769)   |
| Changes in operating assets and liabilities:   |                                      |            |
| Accounts receivable, net   | 4,744                                | 44,364     |
| Accounts payable and accrued expenses  | (78,829)                             | (69,495)   |
| Other assets   | (31,288)                             | (13,545)   |
| Other liabilities  | 4,274                                | 26,722     |
| Net cash provided by operating activities  | 299,438                              | 359,241    |
| <b>Cash Flows from Investing Activities:</b>   |                                      |            |
| Acquisitions of real estate  | (2,585,928)                          | (244,938)  |
| Investments in partially owned entities  | (166,611)                            | (89,584)   |
| Investments in notes and mortgage loans receivable   | (204,914)                            | (260,667)  |
| Purchases of marketable securities   | (151,024)                            | (57,992)   |
| Development costs and construction in progress   | (140,253)                            | (112,650)  |
| Proceeds received from repayment of notes and mortgage loans receivable                                    | 113,291                              | 20,248     |
| Additions to real estate   | (76,164)                             | (90,443)   |
| Proceeds from sales of, and return of investment in, marketable securities                                 | 36,253                               | 132,898    |
| Deposits in connection with real estate acquisitions, including pre-acquisition costs                      | (20,691)                             | (44,163)   |
| Cash restricted, including mortgage escrows  | 18,473                               | (40,752)   |
| Distributions of capital from partially owned entities   | 8,997                                | 29,703     |
| Proceeds received from Officer loan repayment  | 2,000                                | —          |
| Proceeds from sales of real estate   | —                                    | 110,388    |
| Proceeds received on settlement of derivatives (primarily Sears Holdings)                                  | —                                    | 135,028    |
| Net cash used in investing activities  | (3,166,571)                          | (512,924)  |

See notes to consolidated financial statements.

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

|   | For The Six Months<br>Ended June 30, |                   |
|---|--------------------------------------|-------------------|
|   | 2007                                 | 2006              |
| (Amounts in thousands)  |                                      |                   |
| <b>Cash Flows from Financing Activities:</b>  |                                      |                   |
| Proceeds from borrowings  | 2,510,217                            | 1,401,291         |
| Repayments of borrowings  | (714,873)                            | (786,519)         |
| Dividends paid on common shares   | (257,943)                            | (226,310)         |
| Purchase of marketable securities in connection with the legal defeasance of mortgage notes payable | (86,653)                             | —                 |
| Distributions to minority partners  | (41,929)                             | (41,265)          |
| Dividends paid on preferred shares  | (28,645)                             | (28,853)          |
| Debt issuance costs   | (8,156)                              | (8,077)           |
| Proceeds from exercise of share options and other   | 5,304                                | 9,157             |
| Proceeds from issuance of preferred shares and units  | —                                    | 34,145            |
| Net cash provided by financing activities   | <u>1,377,322</u>                     | <u>353,569</u>    |
| Net (decrease) increase in cash and cash equivalents  | <u>(1,489,811)</u>                   | <u>199,886</u>    |
| Cash and cash equivalents at beginning of period  | 2,233,317                            | 294,504           |
| Cash and cash equivalents at end of period  | <u>\$ 743,506</u>                    | <u>\$ 494,390</u> |

**Supplemental Disclosure of Cash Flow Information:**

|   |                   |                   |
|---|-------------------|-------------------|
| Cash payments for interest (including capitalized interest of \$24,188 and \$6,094) | <u>\$ 289,832</u> | <u>\$ 216,824</u> |
|---|-------------------|-------------------|

**Non-Cash Transactions:**

|   |              |            |
|---|--------------|------------|
| Financing assumed in acquisitions   | \$ 1,296,398 | \$ 272,846 |
| Marketable securities transferred in connection with the legal defeasance of mortgage notes payable   | 86,653       | —          |
| Mortgage notes payable legally defeased   | 83,542       | —          |
| Conversion of Class A Operating Partnership units to common shares  | 30,885       | 3,560      |
| Unrealized net (loss) gain on securities available for sale   | (26,970)     | 15,173     |
| Operating partnership units issued in connection with acquisitions  | 22,382       | —          |
| Increases in assets and liabilities resulting from the consolidation of our 50% investment in H Street partially owned entities upon acquisition of the remaining 50% interest on April 30, 2007: |              |            |
| Real estate, net  | 342,764      | —          |
| Restricted cash   | 369          | —          |
| Other assets  | 11,648       | —          |
| Notes and mortgages payable   | 55,272       | —          |
| Accounts payable and accrued expenses   | 3,101        | —          |
| Deferred credit   | 2,407        | —          |
| Deferred tax liabilities  | 112,797      | —          |
| Other liabilities   | 71           | —          |

See notes to consolidated financial statements.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**1. Organization**

Vornado Realty Trust is a fully-integrated real estate investment trust ("REIT") and conducts its business through Vornado Realty L.P., a Delaware limited partnership (the "Operating Partnership"). All references to "our," "we," "us," the "Company" and "Vornado" refer to Vornado Realty Trust and its consolidated subsidiaries. We are the sole general partner of, and owned approximately 89.9% of the common limited partnership interest in, the Operating Partnership at June 30, 2007.

Substantially all of Vornado Realty Trust's assets are held through subsidiaries of the Operating Partnership. Accordingly, Vornado Realty Trust's cash flow and ability to pay dividends to its shareholders is dependent upon the cash flow of the Operating Partnership and the ability of its direct and indirect subsidiaries to first satisfy their obligations to creditors.

**2. Basis of Presentation**

The accompanying consolidated financial statements are unaudited. In our opinion, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and changes in cash flows have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These condensed consolidated financial statements 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, 2006, as filed with the Securities and Exchange Commission. The results of operations for the three and six months ended June 30, 2007, are not necessarily indicative of the operating results for the full year.

The accompanying consolidated financial statements include the accounts of Vornado and the Operating Partnership, as well as certain partially owned entities in which we own more than 50% unless a partner has shared board and management representation and substantive participation rights on all significant business decisions, or 50% or less when (i) we are the primary beneficiary and the entity qualifies as a variable interest entity under Financial Accounting Standards Board ("FASB") Interpretation No. 46 (Revised) – *Consolidation of Variable Interest Entities* ("FIN 46R"), or (ii) when we are a general partner that meets the criteria under Emerging Issues Task Force ("EITF") Issue No. 04-5. We consolidate our 47.6% investment in AmeriCold Realty Trust because we have the contractual right to appoint three out of five members of its Board of Trustees, and therefore determined that we have a controlling interest. All significant inter-company amounts have been eliminated. Equity interests in partially owned entities are accounted for under the equity method of accounting when they do not meet the criteria for consolidation and our ownership interest is greater than 20%. When partially owned investments are in partnership form, the 20% threshold for equity method accounting is generally reduced to 3% to 5%, based on our ability to influence the operating and financial policies of the partnership. Investments accounted for under the equity method are initially recorded at cost and subsequently adjusted for our share of the net income or loss and cash contributions and distributions to or from these entities. Investments in partially-owned entities that do not meet the criteria for consolidation or for equity method accounting are accounted for on the cost method.

We have made estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Certain prior year balances related to discontinued operations and provision for income taxes have been reclassified in order to conform to current year presentation.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**3. Recently Issued Accounting Literature**

In July 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 establishes new evaluation and measurement processes for all income tax positions taken. FIN 48 also requires expanded disclosures of income tax matters. The adoption of this standard on January 1, 2007 did not have a material effect on our consolidated financial statements.

In September 2006, the FASB issued Statement No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 provides guidance for using fair value to measure assets and liabilities. This statement clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing an asset or liability. SFAS No. 157 establishes a fair value hierarchy, giving the highest priority to quoted prices in active markets and the lowest priority to unobservable data. SFAS No. 157 applies whenever other standards require assets or liabilities to be measured at fair value. This statement is effective in fiscal years beginning after November 15, 2007. We believe that the adoption of this standard on January 1, 2008 will not have a material effect on our consolidated financial statements.

In September 2006, the FASB issued Statement No. 158, *Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of SFAS No. 87, 88, 106 and 132R* ("SFAS No. 158"). SFAS No. 158 requires an employer to (i) recognize in its statement of financial position an asset for a plan's over-funded status or a liability for a plan's under-funded status; (ii) measure a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year (with limited exceptions); and (iii) recognize changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur. Those changes will be reported in comprehensive income. The adoption of the requirement to recognize the funded status of a benefit plan and the disclosure requirements as of December 31, 2006 did not have a material effect on our consolidated financial statements. The requirement to measure plan assets and benefit obligations to determine the funded status as of the end of the fiscal year and to recognize changes in the funded status in the year in which the changes occur is effective for fiscal years ending after December 15, 2008. The adoption of the measurement date provisions of this standard is not expected to have a material effect on our consolidated financial statements.

In February 2007, the FASB issued Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS No. 159"). SFAS No. 159 expands opportunities to use fair value measurement in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value. This Statement is effective for fiscal years beginning after November 15, 2007. We have not decided if we will choose to measure any eligible financial assets and liabilities at fair value upon the adoption of this standard on January 1, 2008.

On July 25, 2007, the FASB authorized a FASB Staff Position (the "proposed FSP") that, if issued, would affect the accounting for our convertible and exchangeable senior debentures. If issued in the form expected, the proposed FSP would require that the initial debt proceeds from the sale of our convertible and exchangeable senior debentures be allocated between a liability component and an equity component. The resulting debt discount would be amortized over the period the debt is expected to be outstanding as additional interest expense. The proposed FSP is expected to be effective for fiscal years beginning after December 15, 2007, require retroactive application and result in approximately \$47,000,000 (\$42,000,000 net of minority interest) of additional interest expense per annum.



**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**4. Acquisitions**

*100 West 33<sup>rd</sup> Street, New York City (the "Manhattan Mall")*

On January 10, 2007, we acquired the Manhattan Mall for approximately \$689,000,000 in cash. This mixed-use property is located on the entire Sixth Avenue block-front between 32<sup>nd</sup> and 33<sup>rd</sup> Streets in Manhattan and contains approximately 1,000,000 square feet, including 812,000 square feet of office space and 164,000 square feet of retail space. Included as part of the transaction are 250,000 square feet of additional air rights. The property is adjacent to our 1,400,000 square foot Hotel Pennsylvania. At closing, we completed a \$232,000,000 financing secured by the property, which bears interest at LIBOR plus 0.55% (5.87% at June 30, 2007) and matures in two years with three one-year extension options. The operations of the office component of the property are included in the New York Office segment and the operations of the retail component are included in the Retail segment. We consolidate the accounts of this property into our consolidated financial statements from the date of acquisition.

*Bruckner Plaza, Bronx, New York*

On January 11, 2007, we acquired the Bruckner Plaza shopping center, and an adjacent parcel containing 114,000 square feet which is ground leased to a third party, for approximately \$165,000,000 in cash. The property is located on Bruckner Boulevard in the Bronx, New York and contains 386,000 square feet of retail space. We consolidate the accounts of this property into our consolidated financial statements from the date of acquisition.

*1290 Avenue of the Americas and 555 California Street*

On May 24, 2007, we acquired a 70% controlling interest in 1290 Avenue of the Americas, a 2,000,000 square foot Manhattan office building, located on the block-front between 51<sup>st</sup> and 52<sup>nd</sup> Street on Avenue of the Americas, and the 3-building 555 California Street complex ("555 California Street") containing 1,800,000 square feet, known as the Bank of America Center, located at California and Montgomery Streets in San Francisco's financial district. The purchase price for our 70% interest in the real estate was approximately \$1.8 billion, consisting of \$1.0 billion of cash and \$797,000,000 of existing debt. Our share of the debt is comprised of \$308,000,000 secured by 1290 Avenue of the Americas and \$489,000,000 secured by 555 California Street. Our 70% interest was acquired through the purchase of all of the shares of a group of foreign companies that own, through U.S. entities, the 1% sole general partnership interest and a 69% limited partnership interest in the partnerships that own the two properties. The remaining 30% limited partnership interest is owned by Donald J. Trump. We consolidate the accounts of these properties into our consolidated financial statements from the date of acquisition.

In August 2005, Mr. Trump brought a lawsuit in the New York State Supreme Court against, among others, the general partners of the partnerships referred to above. Mr. Trump's claims arose out of a dispute over the sale price of, and use of proceeds from, the sale of properties located on the former Penn Central rail yards between West 59th and 72nd Streets in Manhattan which were formerly owned by the partnerships. In decisions dated September 14, 2005 and July 24, 2006, the Court denied various of Mr. Trump's motions and ultimately dismissed all of Mr. Trump's claims, except for his claim seeking access to books and records, which remains pending. Mr. Trump has sought re-argument and renewal on, and filed a notice of appeal in connection with, his dismissed claims.

In connection with the acquisition, we agreed to indemnify the sellers for liabilities and expenses arising out of Mr. Trump's claim that the general partners of the partnerships we acquired did not sell the rail yards at a fair price or could have sold the rail yards for a greater price and any other claims asserted in the legal action; provided however, that if Mr. Trump prevails on certain claims involving partnership matters, other than claims relating to sale price, the sellers will be required to reimburse us for certain costs related to those claims. We believe that the claims relating to the sale price are without merit. All other allegations are not asserted as a basis for damages and regardless of merit would not be material to our consolidated financial statements.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**4. Acquisitions - continued**

*1290 Avenue of the Americas and 555 California Street - continued*

The following summarizes our allocation of the purchase price to the assets and liabilities acquired.

| (Amounts in thousands)   |                     |
|--|---------------------|
| Land   | \$ 652,144          |
| Building   | 1,219,968           |
| Acquired above-market leases   | 33,205              |
| Other assets   | 223,083             |
| Acquired in-place leases   | <u>173,922</u>      |
| Assets acquired  | <u>2,302,322</u>    |
| Mortgage debt  | 812,380             |
| Acquired below-market leases   | 223,764             |
| Other liabilities  | <u>40,784</u>       |
| Liabilities acquired   | <u>1,076,928</u>    |
| Net assets acquired (\$1.0 billion excluding net working capital acquired and closing costs) | <u>\$ 1,225,394</u> |

Our initial valuation of the assets and liabilities acquired (70% interest) is preliminary and subject to change within the one-year period from the date of closing, as additional valuation information becomes available.

The following table presents our pro forma condensed consolidated statements of income for the three and six months ended June 30, 2007 and 2006 as if the above transaction occurred on January 1, 2006. The unaudited pro forma information is not necessarily indicative of what our actual results would have been had the transaction been consummated on January 1, 2006, nor does it represent the results of operations for any future periods. In our opinion all adjustments necessary to reflect this transaction have been made.

| Condensed Consolidated<br>Statements of Income                      | Pro forma                                 |                   |                                      |                     |
|---|---|-------------------|--------------------------------------|---------------------|
|   | For the Three<br>Months<br>Ended June 30, |                   | For the Six Months<br>Ended June 30, |                     |
|   | 2007                                      | 2006              | 2007                                 | 2006                |
| (Amounts in thousands, except per share amounts)                    |   |                   |                                      |                     |
| Revenues  | <u>\$ 856,481</u>                         | <u>\$ 754,571</u> | <u>\$ 1,685,076</u>                  | <u>\$ 1,493,447</u> |
| Income before allocation to limited partners                        | \$ 173,612                                | \$ 174,936        | \$ 351,607                           | \$ 334,065          |
| Minority limited partners' interest in the Operating Partnership    | (16,547)                                  | (17,324)          | (33,724)                             | (33,198)            |
| Perpetual preferred unit distributions of the Operating Partnership | <u>(4,819)</u>                            | <u>(5,374)</u>    | <u>(9,637)</u>                       | <u>(10,347)</u>     |
| Net income  | 152,246                                   | 152,238           | 308,246                              | 290,520             |
| Preferred share dividends   | <u>(14,295)</u>                           | <u>(14,404)</u>   | <u>(28,591)</u>                      | <u>(28,811)</u>     |
| Net income applicable to common shares                              | <u>\$ 137,951</u>                         | <u>\$ 137,834</u> | <u>\$ 279,655</u>                    | <u>\$ 261,709</u>   |
| Net income per common share – basic                                 | <u>\$ 0.91</u>                            | <u>\$ 0.97</u>    | <u>\$ 1.84</u>                       | <u>\$ 1.85</u>      |
| Net income per common share - diluted                               | <u>\$ 0.87</u>                            | <u>\$ 0.92</u>    | <u>\$ 1.77</u>                       | <u>\$ 1.76</u>      |

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**4. Acquisitions - continued**

*H Street Building Corporation ("H Street")*

In July 2005, we acquired H Street, which owns a 50% interest in real estate assets located in Pentagon City, Virginia and Washington, DC. On April 30, 2007, we acquired the corporations that own the remaining 50% interest in these assets for approximately \$383,000,000, consisting of \$333,000,000 in cash and \$50,000,000 of existing mortgages. These assets include twin office buildings located in Washington, DC, containing 577,000 square feet, and assets located in Pentagon City, Virginia comprised of 34 acres of land leased to three residential and retail operators, a 1,670 unit high-rise apartment complex and 10 acres of vacant land. In conjunction with this acquisition all existing litigation has been dismissed. Beginning on April 30, 2007, we consolidate the accounts of these entities into our consolidated financial statements and no longer account for them on the equity method.

Further, we have agreed to sell approximately 19.6 of the 34 acres of land to one of the existing ground lessees in two closings over a two-year period for approximately \$220,000,000 in cash. The first closing was completed on May 11, 2007 for approximately \$104,000,000. Our net gain on sale of \$15,831,000 was deferred because the buyer's cash down payment was not sufficient for gain recognition pursuant to Statement of Financial Accounting Standards ("SFAS") No. 66 – *Accounting For Sales of Real Estate*, and will be recognized upon receipt of the remaining sale proceeds in the fourth quarter of 2007. In April 2007, we received letters from the two remaining ground lessees claiming a right of first offer on the sale of the land, one of which has since retracted its letter and reserved its rights under the lease.

Our total purchase price for 100% of the assets we will own, after the anticipated proceeds from the land sale, is \$409,000,000, consisting of \$286,000,000 in cash and \$123,000,000 of existing mortgages.

*Toys "R" Us Stores*

On May 31, 2007, we acquired four properties from Toys "R" Us ("Toys") for \$12,242,000 in cash, which completed our September 2006 agreement to acquire 43 stores that were closed as part of Toys' January 2006 store closing program. We consolidate the accounts of these properties into our consolidated financial statements from the date of acquisition. Our \$1,045,000 share of Toys net gain on this transaction was recorded as an adjustment to the basis of our investment in Toys and was not recorded as income.

*India Property Fund LP*

In 2005 and 2006, we invested \$94,200,000 in two joint ventures established to acquire, manage and develop real estate in India. On June 14, 2007, we committed to contribute \$95,000,000 to a third venture, the India Property Fund, LP (the "Fund"), also established to acquire, manage and develop real estate in India. We satisfied \$77,000,000 of our commitment by contributing our interest in one of the above mentioned joint ventures to the Fund. The Fund will seek to raise additional equity; as of June 30, 2007, we own 95% of the Fund and therefore consolidate the accounts of the Fund into our consolidated financial statements, pursuant to the requirements of FIN 46 (R) - *Consolidation of Variable Interest Entities*.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**4. Acquisitions - continued**

*Shopping Center Portfolio Acquisition*

On June 26, 2007, we entered into an agreement to acquire a 15 shopping center portfolio aggregating approximately 1.9 million square feet. The properties are located primarily in Northern New Jersey and Long Island, New York. The purchase price is approximately \$351,000,000, consisting of approximately \$120,000,000 of cash, \$89,000,000 of newly issued Vornado Realty L.P. redeemable preferred and common units and \$142,000,000 of existing debt. On June 28, 2007, we completed the acquisition of five of the shopping centers for \$116,561,000, consisting of \$94,179,000 in cash, \$15,993,000 in Vornado Realty L.P. preferred units and \$6,389,000 of Vornado Realty L.P. common units. We consolidate the accounts of these properties into our consolidated financial statements from the date of acquisition. The closing of the remaining shopping centers is expected to occur in two additional tranches and be completed by the end of 2007, subject to customary closing conditions.

**5. Derivative Instruments and Related Marketable Securities**

*Investment in McDonald's Corporation ("McDonalds") (NYSE: MCD)*

As of June 30, 2007, we own 858,000 common shares of McDonalds which we acquired in July 2005 for \$25,346,000, an average price of \$29.54 per share. These shares are recorded as marketable equity securities on our consolidated balance sheets and are classified as "available for sale." Appreciation or depreciation in the fair market value of these shares is recorded as an increase or decrease in "accumulated other comprehensive income" in the shareholders' equity section of our consolidated balance sheets and not recognized in income. At June 30, 2007, based on McDonalds' closing stock price of \$50.76 per share, \$18,207,000 of appreciation in the value of these shares was included in "accumulated other comprehensive income" on our consolidated balance sheet.

As of June 30, 2007, we own 13,696,000 McDonalds common shares ("option shares") through a series of privately negotiated transactions with a financial institution pursuant to which we purchased a call option and simultaneously sold a put option at the same strike price on McDonalds' common shares. The option shares have a weighted-average strike price of \$32.70 per share, or an aggregate of \$447,822,000, expire on various dates between July 30, 2007 and September 10, 2007 and provide for net cash settlement. Under these agreements, the strike price for each pair of options increases at an annual rate of LIBOR plus 45 basis points (up to 95 basis points under certain circumstances) and is credited for the dividends received on the shares. The options provide us with the same economic gain or loss as if we had purchased the underlying common shares and borrowed the aggregate purchase price at an annual rate of LIBOR plus 45 basis points. Because these options are derivatives and do not qualify for hedge accounting treatment, the gains or losses resulting from the mark-to-market of the options at the end of each reporting period are recognized as an increase or decrease in "interest and other investment income" on our consolidated statements of income.

For the three and six months ended June 30, 2007, we recognized net gains of \$71,390,000, and \$74,613,000, respectively, representing the mark-to-market of the option shares to \$50.76 per share, net of the expense resulting from the LIBOR charges. For the three and six months ended June 30, 2006, we recognized a net loss of \$14,515,000 and \$8,215,000, respectively, representing the mark-to-market of the option shares to \$33.60 per share, net of the expense resulting from the LIBOR charges.

Our aggregate net gain from inception of this investment in 2005 through June 30, 2007 is \$248,687,000.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**6. Investments in Partially Owned Entities**

*Toys "R" Us ("Toys")*

As of June 30, 2007, we own 32.8% of Toys. Below is a summary of Toys' latest available financial information.

(Amounts in thousands)

| Balance Sheet:    | As of May 5, 2007 | As of April 29, 2006 |
|-------------------|-------------------|----------------------|
| Total Assets      | \$ 11,265,800     | \$ 12,385,000        |
| Total Liabilities | \$ 10,155,700     | \$ 11,138,000        |
| Total Equity      | \$ 1,110,100      | \$ 1,247,000         |

| Income Statement: | For the Three Months Ended |                | For the Six Months Ended |                |
|-------------------|----------------------------|----------------|--------------------------|----------------|
|                   | May 5, 2007                | April 29, 2006 | May 5, 2007              | April 29, 2006 |
| Total Revenues    | \$ 2,581,000               | \$ 2,389,000   | \$ 8,260,000             | \$ 7,275,000   |
| Net (Loss) Income | \$ (61,800)                | \$ (34,000)    | \$ 111,100               | \$ 116,000     |

The business of Toys is highly seasonal. Historically, Toys' fourth quarter net income accounts for more than 80% of its fiscal year net income. Because Toys' fiscal year ends on the Saturday nearest January 31, we record our 32.8% share of Toys' net income or loss on a one-quarter lag basis.

*Alexander's (NYSE: ALX)*

As of June 30, 2007, we own 32.8% of the outstanding common stock of Alexander's. We manage, lease and develop Alexander's properties pursuant to agreements, which expire in March of each year and are automatically renewable. As of June 30, 2007, Alexander's owed us \$37,998,000 for fees under these agreements.

As of June 30, 2007, the market value of our investment in Alexander's was \$668,657,000, based on Alexander's June 29, 2007 closing share price of \$404.25.

*The Lexington Master Limited Partnership ("Lexington MLP")*

On December 31, 2006, Newkirk Realty Trust (NYSE: NKT) was acquired in a merger by Lexington Corporate Properties Trust ("Lexington") (NYSE: LXP), a real estate investment trust. We owned 10,186,991 limited partnership units (representing a 15.8% investment ownership interest) of Newkirk MLP, which was also acquired by Lexington as a subsidiary, and was renamed Lexington MLP. The units in Newkirk MLP, which we accounted for on the equity method, were converted on a 0.80 for 1 basis into limited partnership units of Lexington MLP, which we also account for on the equity method. The Lexington MLP units are exchangeable on a one-for-one basis into common shares of Lexington.

As of June 30, 2007, we own 8,149,593 limited partnership units of Lexington MLP, or a 7.1% ownership interest. We record our pro rata share of Lexington MLP's net income or loss on a one-quarter lag basis because we file our consolidated financial statements on Form 10-K and 10-Q prior to the time that Lexington files its financial statements. Accordingly, our "equity in net income or loss from partially owned entities" for the three and six months ended June 30, 2007 includes our share of Lexington MLP's net income for its first quarter ended March 31, 2007.

As of June 30, 2007, the market value of our investment in Lexington MLP was \$169,512,000, based on Lexington's June 29, 2007 closing share price of \$20.80.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**6. Investments in Partially Owned Entities - continued**

*GMH Communities L.P. ("GMH")*

As of June 30, 2007, we own 7,337,857 limited partnership units (which are exchangeable on a one-for-one basis into common shares of GMH Communities Trust ("GCT") (NYSE: GCT), a real estate investment trust that conducts its business through GMH and of which it is the sole general partner, and 2,517,247 common shares of GCT (1,817,247 shares were received upon exercise of our warrants discussed below), or 13.5% of the limited partnership interest of GMH. We account for our investment in GMH on the equity method and record our pro rata share of GMH's net income or loss on a one-quarter lag basis as we file our consolidated financial statements on Form 10-K and 10-Q prior to the time that GCT files its financial statements.

Our "equity in net income or loss from partially owned entities" for the three and six months ended June 30, 2006 did not include any income or loss related to GMH's fourth quarter of 2005 or first quarter of 2006 because GMH had delayed the filing of its annual report on Form 10-K for the year ended December 31, 2005 until July 31, 2006 and had delayed its quarterly report on Form 10-Q for the quarter ended March 31, 2006 until September 15, 2006.

As of June 30, 2007, the market value of our investment in GMH and GCT was \$95,496,000, based on GCT's June 29, 2007 closing share price of \$9.69.

*Downtown Crossing Joint Venture*

On January 26, 2007, a joint venture in which we have a 50% interest, acquired the Filene's property located in the Downtown Crossing district of Boston, Massachusetts for approximately \$100,000,000 in cash, of which our share was \$50,000,000. The venture plans to redevelop the property to include over 1,200,000 square feet, consisting of office, retail, condominium apartments and a hotel. The project is subject to governmental approvals. Our investment in the joint venture is accounted for under the equity method.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**6. Investments in Partially Owned Entities - continued**

The carrying amount of our investments in partially owned entities and income (loss) recognized from such investments are as follows:

| Investments:<br>(Amounts in thousands)               | As of<br>June 30, 2007 | As of<br>December 31, 2006 |
|--|------------------------|----------------------------|
| Toys   | \$ 353,384             | \$ 317,145                 |
| H Street non-consolidated subsidiaries (see page 11) | \$ 35,968              | \$ 207,353                 |
| Lexington MLP, formerly Newkirk MLP                  | 181,633                | 184,961                    |
| Partially Owned Office Buildings (1)                 | 162,197                | 150,954                    |
| Alexander's  | 99,613                 | 82,114                     |
| GMH (see page 14)                                    | 99,769                 | 103,302                    |
| India Real Estate Ventures                           | 98,775                 | 93,716                     |
| Beverly Connection Joint Venture                     | 86,595                 | 82,101                     |
| Other Equity Method Investments                      | 387,329                | 231,168                    |
|  | <u>\$ 1,151,879</u>    | <u>\$ 1,135,669</u>        |

**Our Share of Net Income (Loss):**  
(Amounts in thousands)

|  | For the Three Months<br>Ended June 30, |                         | For the Six Months<br>Ended June 30, |                         |
|--|--|-------------------------|--------------------------------------|-------------------------|
|  | 2007                                   | 2006                    | 2007                                 | 2006                    |
| <b>Toys:</b>   |  |                         |                                      |                         |
| 32.8% share of equity in net (loss) income   | \$ (21,324)                            | \$ (11,169)             | \$ 35,490                            | \$ 38,106               |
| Interest and other income  | 1,295                                  | 3,285                   | 3,142                                | 6,770                   |
|  | <u>\$ (20,029)</u>                     | <u>\$ (7,884)</u>       | <u>\$ 38,632</u>                     | <u>\$ 44,876</u>        |
| <b>Alexander's:</b>  |  |                         |                                      |                         |
| 32.8% in 2007 and 33.0% in 2006 share of:  |  |                         |                                      |                         |
| Equity in net income before net gain on sale of condominiums<br>and stock appreciation rights compensation expense | \$ 4,865                               | \$ 4,453                | \$ 10,981                            | \$ 8,596                |
| Stock appreciation rights compensation income (expense)  | 1,222                                  | 4,836                   | 5,916                                | (7,559)                 |
| Net gain on sale of condominiums   | —                                      | 2,722                   | —                                    | 4,580                   |
| Equity in net income   | 6,087                                  | 12,011                  | 16,897                               | 5,617                   |
| Management and leasing fees  | 2,129                                  | 2,545                   | 4,310                                | 5,133                   |
| Development and guarantee fees   | 1,268                                  | 194                     | 1,796                                | 405                     |
|  | <u>\$ 9,484</u>                        | <u>\$ 14,750</u>        | <u>\$ 23,003</u>                     | <u>\$ 11,155</u>        |
| <b>H Street Non-Consolidated Subsidiaries:</b>   |  |                         |                                      |                         |
| 50% share of equity in net income  | \$ 3,089 <sup>(2)</sup>                | \$ 4,311 <sup>(3)</sup> | \$ 5,923                             | \$ 4,311 <sup>(3)</sup> |
| <b>Beverly Connection:</b>   |  |                         |                                      |                         |
| 50% share of equity in net loss  | (1,062)                                | (2,056)                 | (2,389)                              | (6,023)                 |
| Interest and fee income  | 2,330                                  | 3,405                   | 4,607                                | 6,337                   |
|  | <u>1,268</u>                           | <u>1,349</u>            | <u>2,218</u>                         | <u>314</u>              |
| <b>GMH:</b>  |  |                         |                                      |                         |
| 13.5% in 2007 and 2006 share of equity in net income (loss)  | 31                                     | —                       | (281)                                | —                       |
| <b>Lexington MLP, formerly Newkirk MLP:</b>  |  |                         |                                      |                         |
| 7.1% in 2007 and 15.8% in 2006 share of equity in net (loss)<br>income   | (242)                                  | 4,370                   | (242)                                | 8,573                   |
| <b>Other</b>   | 4,447                                  | 4,605                   | 10,080                               | 7,488                   |
|  | <u>\$ 8,593</u>                        | <u>\$ 14,635</u>        | <u>\$ 17,698</u>                     | <u>\$ 20,686</u>        |

See notes on following page.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**6. Investments in Partially Owned Entities - continued**

**Notes to preceding tabular information:**

- (1) Includes interests in 330 Madison Avenue (25%), 825 Seventh Avenue (50%), Fairfax Square (20%), Kaempfer equity interests in three office buildings (2.5% to 5.0%), Rosslyn Plaza (46%) and West 57<sup>th</sup> Street properties (50%).
- (2) Represents our 50% share of equity in net income from January 1, 2007 through April 29, 2007. On April 30, 2007, we acquired the remaining 50% interest of these partially owned entities and began to consolidate the accounts into our consolidated financial statements and no longer account for this investment under the equity method on a one-quarter lag basis. For further details see footnote 4. Acquisitions.
- (3) Prior to the quarter ended June 30, 2006, two 50% owned entities that were contesting our acquisition of H Street impeded access to their financial information and accordingly, we were unable to record our pro rata share of their earnings. During the quarter ended June 30, 2006, we recognized equity in net income of \$4,311 from these entities of which \$2,731 was for the periods from July 20, 2005 (date of acquisition) to December 31, 2005 and \$1,580 was for the quarter ended March 31, 2006.



**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**6. Investments in Partially Owned Entities - continued**

Below is a summary of the debt of partially owned entities as of June 30, 2007 and December 31, 2006, none of which is guaranteed by us.

|  | 100% of<br>Partially Owned Entities Debt |                      |
|--|--|----------------------|
|  | June 30,<br>2007                         | December 31,<br>2006 |
| (Amounts in thousands)   |  |                      |
| Toys (32.8% interest):   |  |                      |
| \$1.3 billion senior credit facility, due 2008, LIBOR plus 3.00% (8.32% at June 30, 2007)  | \$ 1,300,000                             | \$ 1,300,000         |
| \$2.0 billion credit facility, due 2010, LIBOR plus 1.00% - 3.75%  | —  | 836,000              |
| \$804 million secured term loan facility, due 2012, LIBOR plus 4.25% (9.67% at June 30, 2007)  | 800,000                                  | 800,000              |
| Mortgage loan, due 2007, LIBOR plus 1.30% (6.62% at June 30, 2007)   | 800,000                                  | 800,000              |
| Senior U.K. real estate facility, due 2013, with interest at 5.02%   | 708,000                                  | 676,000              |
| 7.625% bonds, due 2011 (Face value – \$500,000)  | 479,000                                  | 477,000              |
| 7.875% senior notes, due 2013 (Face value – \$400,000)   | 371,000                                  | 369,000              |
| 7.375% senior notes, due 2018 (Face value – \$400,000)   | 330,000                                  | 328,000              |
| \$181 million unsecured loan facility, due 2013, LIBOR + 5.00% (10.32% at June 30, 2007)   | 180,000                                  | —                    |
| Toys "R" Us - Japan short-term borrowings, 2006, tiered rates (weighted average rate of 0.84% at June 30, 2007)  | 211,000                                  | 285,000              |
| 8.750% debentures, due 2021 (Face value – \$22,000)  | 21,000                                   | 193,000              |
| 4.51% Spanish real estate facility, due 2013   | 181,000                                  | 171,000              |
| Toys "R" Us - Japan bank loans, due 2007-2014, 1.30% - 2.80%   | 139,000                                  | 156,000              |
| 6.81% Junior U.K. real estate facility, due 2013   | 127,000                                  | 118,000              |
| 4.51% French real estate facility, due 2013  | 87,000                                   | 83,000               |
| Note at an effective cost of 2.23% due in semi-annual installments through 2008  | 31,000                                   | 50,000               |
| \$200 million asset sale facility, due 2008, LIBOR plus 3.00% - 4.00% (9.32% at June 30, 2007)   | 44,000                                   | 44,000               |
| Multi-currency revolving credit facility, due 2010, LIBOR plus 1.50% - 2.00%   | —  | 190,000              |
| Other  | 41,000                                   | 39,000               |
|  | <u>5,850,000</u>                         | <u>6,915,000</u>     |
| Alexander's (32.8% interest):  |  |                      |
| 731 Lexington Avenue mortgage note payable collateralized by the office space, due in February 2014, with interest at 5.33% (prepayable without penalty)                     | 388,487                                  | 393,233              |
| 731 Lexington Avenue mortgage note payable, collateralized by the retail space, due in July 2015, with interest at 4.93% (prepayable without penalty)                        | 320,000                                  | 320,000              |
| Kings Plaza Regional Shopping Center mortgage note payable, due in June 2011, with interest at 7.46% (prepayable with yield maintenance)                                     | 205,306                                  | 207,130              |
| Rego Park mortgage note payable, due in June 2009, with interest at 7.25% (prepayable without penalty after March 2009)  | 79,710                                   | 80,135               |
| Paramus mortgage note payable, due in October 2011, with interest at 5.92% (prepayable without penalty)  | 68,000                                   | 68,000               |
|  | <u>1,061,503</u>                         | <u>1,068,498</u>     |
| Lexington MLP (formerly Newkirk MLP) (7.1% interest in 2007 and 15.8% interest in 2006):   |  |                      |
| Portion of first mortgages collateralized by the partnership's real estate, due from 2007 to 2024, with a weighted average interest rate of 5.94% (various prepayment terms) | 2,188,402                                | 2,101,104            |
| GMH (13.5% interest):  |  |                      |
| Mortgage notes payable, collateralized by 71 properties, due from 2007 to 2024, with a weighted average interest rate of 5.56% (various prepayment terms)                    | 1,238,637                                | 957,788              |
| H Street non-consolidated entities (9.78% interest):   |  |                      |
| Mortgage notes payable, collateralized by 3 properties, due from 2007 to 2029, with a weighted average interest rate of 7.31% (various prepayment terms)                     | 238,407                                  | 351,584              |

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**6. Investments in Partially Owned Entities - continued**

| (Amounts in thousands)  | 100% of<br>Partially Owned Entities Debt |                      |
|---|--|----------------------|
|   | June 30,<br>2007                         | December 31,<br>2006 |
| Partially owned office buildings:   |  |                      |
| Kaempfer Properties (2.5% to 5.0% interests in two partnerships) mortgage notes payable, collateralized by the partnerships' real estate, due from 2011 to 2031, with a weighted average interest rate of 6.61% at June 30, 2007 (various prepayment terms) | \$ 144,980                               | \$ 145,640           |
| Fairfax Square (20% interest) mortgage note payable, due in August 2009, with interest at 7.50%   | 64,620                                   | 65,178               |
| 330 Madison Avenue (25% interest) mortgage note payable, due in April 2008, with interest at 6.52% (prepayable with yield maintenance)  | 60,000                                   | 60,000               |
| 825 Seventh Avenue (50% interest) mortgage note payable, due in October 2014, with interest at 8.07% (prepayable with yield maintenance)  | 21,987                                   | 22,159               |
| Rosslyn Plaza (46% interest) mortgage note payable, due in November 2007, with interest at 7.28% (prepayable without penalty)   | 57,038                                   | 57,396               |
| West 57 <sup>th</sup> Street (50% interest) mortgage note payable, due in October 2009, with interest at 4.94% (prepayable without penalty after July 2009)   | 29,000                                   | 29,000               |
| Verde Realty Master Limited Partnership (7.45% interest) mortgage notes payable, collateralized by the partnerships' real estate, due from 2007 to 2025, with a weighted average interest rate of 5.68% at June 30, 2007 (various prepayment terms)         | 332,068                                  | 311,133              |
| Monmouth Mall (50% interest) mortgage note payable, due in September 2015, with interest at 5.44% (prepayable with yield maintenance)   | 165,000                                  | 165,000              |
| Green Courte Real Estate Partners, LLC (8.3% interest) mortgage notes payable, collateralized by the partnerships' real estate, due from 2007 to 2015, with a weighted average interest rate of 5.58% (various prepayment terms)                            | 215,436                                  | 201,556              |
| San Jose, California Ground-up Development (45% interest) construction loan, due in March 2009, with a one-year extension option and interest at LIBOR plus 1.75% (7.13% at June 30, 2007)  | 57,099                                   | 50,659               |
| Beverly Connection (50% interest) mortgage and mezzanine loans payable, due in February 2008 and July 2008, with a weighted average interest rate of 10.02%, \$70,000 of which is due to Vornado (prepayable with yield maintenance)                        | 170,000                                  | 170,000              |
| TCG Urban Infrastructure Holdings (25% interest) mortgage notes payable, collateralized by the entity's real estate, due from 2007 to 2022, with a weighted average interest rate of 10.40% at June 30, 2007 (various prepayment terms)                     | 80,252                                   | 45,601               |
| 478-486 Broadway (50% interest) mortgage note payable, due October 2007, with interest at 8.53% (LIBOR plus 3.15%) (prepayable with yield maintenance)  | 20,000                                   | 20,000               |
| Wells/Kinzie Garage (50% interest) mortgage note payable, due in June 2009, with interest at 7.03%  | 14,592                                   | 14,756               |
| Orleans Hubbard Garage (50% interest) mortgage note payable, due in April 2009, with interest at 7.03%  | 9,153                                    | 9,257                |
| Other   | 36,272                                   | 23,656               |

Based on our ownership interest in the partially-owned entities above, our pro rata share of the debt of these partially-owned entities was \$2,989,235,000 and \$3,323,007,000 as of June 30, 2007 and December 31, 2006, respectively.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**7. Notes and Mortgage Loans Receivable**

*Blackstone/Equity Office Properties Loan*

On March 29, 2007, we acquired a 9.4% interest in a \$772,600,000 mezzanine loan for \$72,400,000 in cash. During April and May of 2007, we were repaid the \$72,400,000 outstanding balance of the mezzanine loan in multiple principal payments, together with accrued interest of \$506,000, which was recognized as "interest and other investment income" in the three months ended June 30, 2007.

*Fortress Loan*

In 2006, we acquired bonds for \$99,500,000 in cash, representing a 7% interest in two margin loans aggregating \$1.430 billion. On March 30, 2007, we were repaid \$35,348,000, together with accrued interest of \$2,205,000 and a prepayment premium of \$177,000, which was recognized as "interest and other investment income" in the three months ended March 31, 2007. On July 10, 2007, an additional \$13,221,000 was repaid, together with accrued interest of \$27,000. The remaining balance of our investment in the bonds of \$50,931,000, is due in December 2007.

*MPH Mezzanine Loans*

On June 5, 2007, we acquired a 42% interest in two mezzanine loans totaling \$158,700,000, for \$66,403,000 in cash. The loans bear interest at LIBOR plus 5.32% (10.64% at June 30, 2007) and mature in February 2008. The loans are subordinate to \$2.9 billion of other debt and are secured by the equity interests in four New York City properties: Worldwide Plaza, 1540 Broadway office condominium, 527 Madison Avenue and Tower 56.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**8. Identified Intangible Assets, Intangible Liabilities and Goodwill**

The following summarizes our identified intangible assets (acquired above-market leases and in-place leases), intangible liabilities (acquired below market leases) and goodwill as of June 30, 2007 and December 31, 2006.

| (Amounts in thousands)  | <u>June 30,<br/>2007</u> | <u>December 31,<br/>2006</u> |
|---|--------------------------|------------------------------|
| <b>Identified intangible assets (included in other assets):</b>         |                          |                              |
| Gross amount  | \$ 773,593               | \$ 395,109                   |
| Accumulated amortization  | (128,316)                | (90,857)                     |
| Net   | <u>\$ 645,277</u>        | <u>\$ 304,252</u>            |
| <b>Goodwill (included in other assets):</b>                             |                          |                              |
| Gross amount  | <u>\$ 7,280</u>          | <u>\$ 7,280</u>              |
| <b>Identified intangible liabilities (included in deferred credit):</b> |                          |                              |
| Gross amount  | \$ 987,805               | \$ 370,638                   |
| Accumulated amortization  | (110,152)                | (62,829)                     |
| Net   | <u>\$ 877,653</u>        | <u>\$ 307,809</u>            |

Amortization of acquired below market leases, net of acquired above market leases (a component of rental income) was \$20,317,000 and \$34,322,000 for the three and six months ended June 30, 2007 and \$3,672,000 and \$8,471,000 for the three and six months ended June 30, 2006. The estimated annual amortization of acquired below market leases, net of acquired above market leases for each of the five succeeding years is as follows:

| (Amounts in thousands) |           |
|------------------------|-----------|
| 2008                   | \$ 89,323 |
| 2009                   | 76,490    |
| 2010                   | 69,327    |
| 2011                   | 65,911    |
| 2012                   | 50,061    |

The estimated annual amortization of all other identified intangible assets (a component of depreciation and amortization expense) including acquired in-place leases, customer relationships, and third party contracts for each of the five succeeding years is as follows:

| (Amounts in thousands) |           |
|------------------------|-----------|
| 2008                   | \$ 61,752 |
| 2009                   | 60,387    |
| 2010                   | 58,286    |
| 2011                   | 56,176    |
| 2012                   | 50,952    |

We are a tenant under ground leases for certain properties acquired during 2006 and 2007. Amortization of these acquired below market leases net of acquired above market leases resulted in an increase to rent expense of \$393,000 and \$777,000 for the three and six months ended June 30, 2007. The estimated annual amortization of these below market leases for each of the five succeeding years is as follows:

| (Amounts in thousands) |          |
|------------------------|----------|
| 2008                   | \$ 1,577 |
| 2009                   | 1,577    |
| 2010                   | 1,577    |
| 2011                   | 1,577    |
| 2012                   | 1,577    |

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**9. Debt**

(Amounts in thousands)

| Notes and Mortgages Payable:   | Maturity    | Interest Rate<br>as of<br>June 30,<br>2007 | Balance as of    |                      |
|--|-------------|--|------------------|----------------------|
|  |             |  | June 30,<br>2007 | December 31,<br>2006 |
| <b>Fixed Interest:</b>   |             |  |                  |                      |
| NYC Office:  |             |  |                  |                      |
| 1290 Avenue of the Americas  | 09/12       | 5.97%                                      | \$ 458,237       | \$ —                 |
| 350 Park Avenue  | 01/12       | 5.48%                                      | 430,000          | 430,000              |
| 770 Broadway   | 03/16       | 5.65%                                      | 353,000          | 353,000              |
| 888 Seventh Avenue   | 01/16       | 5.71%                                      | 318,554          | 318,554              |
| Two Penn Plaza   | 02/11       | 4.97%                                      | 294,221          | 296,428              |
| 909 Third Avenue   | 04/15       | 5.64%                                      | 218,765          | 220,314              |
| Eleven Penn Plaza  | 12/14       | 5.20%                                      | 211,970          | 213,651              |
| 866 UN Plaza (1)   | N/A         | N/A  | —                | 45,467               |
| Washington DC Office:  |             |  |                  |                      |
| Skyline Place (2)  | 02/17       | 5.74%                                      | 678,000          | 155,358              |
| Warner Building  | 05/16       | 6.26%                                      | 292,700          | 292,700              |
| Crystal Gateway 1-4 and Crystal Square 5                                   | 07/12-07/19 | 6.75%-7.09%                                | 205,562          | 207,389              |
| Crystal Park 1-4 (3)   | 09/08-08/13 | 6.66%-7.08%                                | 151,947          | 201,012              |
| Crystal Square 2, 3 and 4  | 10/10-11/14 | 6.82%-7.08%                                | 134,900          | 136,317              |
| Bowen Building   | 06/16       | 6.14%                                      | 115,022          | 115,022              |
| H Street (4)   | 06/29       | 4.88%                                      | 110,974          | —                    |
| Reston Executive I, II and III   | 01/13       | 5.57%                                      | 93,000           | 93,000               |
| 1101 17 <sup>th</sup> , 1140 Connecticut, 1730 M and 1150 17 <sup>th</sup> | 08/10       | 6.74%                                      | 90,355           | 91,232               |
| Courthouse Plaza 1 and 2   | 01/08       | 7.05%                                      | 73,594           | 74,413               |
| Crystal Gateway N. and Arlington Plaza                                     | 11/07       | 6.77%                                      | 51,999           | 52,605               |
| 1750 Pennsylvania Avenue   | 06/12       | 7.26%                                      | 47,504           | 47,803               |
| Crystal Malls 1-4  | 12/11       | 6.91%                                      | 39,193           | 42,675               |
| Retail:  |             |  |                  |                      |
| Cross collateralized mortgages payable on 42 shopping centers              | 03/10       | 7.93%                                      | 459,589          | 463,135              |
| Springfield Mall (including present value of purchase option of \$70,133)  | 04/13       | 5.45%                                      | 260,495          | 262,391              |
| Green Acres Mall   | 02/08       | 6.75%                                      | 138,874          | 140,391              |
| Montehiedra Town Center  | 06/16       | 6.04%                                      | 120,000          | 120,000              |
| Broadway Mall  | 06/13       | 5.30%                                      | 98,104           | 99,154               |
| 828-850 Madison Avenue Condominium   | 06/18       | 5.29%                                      | 80,000           | 80,000               |
| Las Catalinas Mall   | 11/13       | 6.97%                                      | 62,671           | 63,403               |
| Other Retail Properties  | 05/09-10/18 | 4.00%-7.40%                                | 87,335           | 50,450               |
| Merchandise Mart:  |             |  |                  |                      |
| Merchandise Mart   | 12/16       | 5.57%                                      | 550,000          | 550,000              |
| High Point Complex   | 08/16       | 6.34%                                      | 221,329          | 220,000              |
| Boston Design Center   | 09/15       | 5.02%                                      | 72,000           | 72,000               |
| Washington Design Center   | 11/11       | 6.95%                                      | 46,005           | 46,328               |
| Temperature Controlled Logistics:  |             |  |                  |                      |
| Cross collateralized mortgages payable on 50 properties                    | 02/11-12/16 | 5.48%                                      | 1,055,746        | 1,055,712            |
| Other:   |             |  |                  |                      |
| 555 California Street  | 08/11       | 5.83%                                      | 689,023          | —                    |
| Industrial Warehouses  | 10/11       | 6.95%                                      | 46,837           | 47,179               |
| Total Fixed Interest Notes and Mortgages Payable                           |             | 5.93%                                      | <u>8,357,505</u> | <u>6,657,083</u>     |

See notes on page 23.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**9. Debt - continued**

(Amounts in thousands)

| Notes and Mortgages Payable:  | Maturity    | Spread over LIBOR | Interest Rate as of June 30, 2007 | Balance as of |                   |
|---|-------------|-------------------|-----------------------------------|---------------|-------------------|
|   |             |                   |                                   | June 30, 2007 | December 31, 2006 |
| <b>Variable Interest:</b>   |             |                   |                                   |               |                   |
| New York Office:  |             |                   |                                   |               |                   |
| 100 West 33 <sup>rd</sup> Street  | 02/09       | L+55              | 5.87%                             | \$ 232,000    | \$ —              |
| 866 UN Plaza (1)  | 05/09       | L+40              | 5.78%                             | 44,978        | —                 |
| Washington, DC Office:  |             |                   |                                   |               |                   |
| Commerce Executive III, IV and V  | 07/07       | L+70              | 6.02%                             | 50,272        | 50,523            |
| 1925 K Street (5)   | N/A         | N/A               | N/A                               | —             | 19,422            |
| Other:  |             |                   |                                   |               |                   |
| 220 Central Park South  | 11/08       | L+235-L+245       | 7.69%                             | 122,990       | 122,990           |
| India Property Fund \$82.5 million secured revolving credit facility  | 03/08       | Prime             | 8.25%                             | 80,000        | —                 |
| Other   | 07/07-04/10 | Various           | 7.50%                             | 44,739        | 36,866            |
| Total Variable Interest Notes and Mortgages Payable   |             |                   | 6.78%                             | 574,979       | 229,801           |
| Total Notes and Mortgages Payable   |             |                   | 5.98%                             | \$ 8,932,484  | \$ 6,886,884      |
| <b>Convertible Senior Debentures:</b>   |             |                   |                                   |               |                   |
| Due 2027 (6)  | 04/12 (8)   |                   | 2.85%                             | \$ 1,373,478  | \$ —              |
| Due 2026  | 11/11 (8)   |                   | 3.63%                             | 982,109       | 980,083           |
| Total Convertible Senior Debentures   |             |                   | 3.17%                             | \$ 2,355,587  | \$ 980,083        |
| <b>Senior Unsecured Notes:</b>  |             |                   |                                   |               |                   |
| Senior unsecured notes due 2009   | 08/09       |                   | 4.50%                             | \$ 249,174    | \$ 248,984        |
| Senior unsecured notes due 2010   | 12/10       |                   | 4.75%                             | 199,341       | 199,246           |
| Senior unsecured notes due 2011   | 02/11       |                   | 5.60%                             | 249,832       | 249,808           |
| Senior unsecured notes due 2007 at fair value (7)   | N/A         | N/A               | N/A                               | —             | 498,562           |
| Total senior unsecured notes  |             |                   | 4.96%                             | \$ 698,347    | \$ 1,196,600      |
| <b>Exchangeable Senior Debentures due 2025</b>  | 04/12 (8)   |                   | 3.88%                             | \$ 492,044    | \$ 491,231        |
| <b>\$1 billion unsecured revolving credit facility</b><br>(\$46,949 reserved for outstanding letters of credit)       |             |                   |                                   |               |                   |
|   | 06/10       | L+30              | 5.64%                             | \$ 94,000     | \$ —              |
| <b>AmeriCold \$30 million secured revolving credit facility</b> (\$18,444 reserved for outstanding letters of credit) |             |                   |                                   |               |                   |
|   | 10/08       | L+175             | N/A                               | \$ —          | \$ —              |

See notes on following page.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**9. Debt - continued**

**Notes to preceding tabular information:**

(\$ in thousands, except per share amounts)

- (1) On May 14, 2007, we completed a \$44,978 financing of our 866 UN Plaza property. This interest only loan bears interest at LIBOR plus 0.40% and matures in May 2009. The net proceeds were used to repay the existing loan and closing costs.
- (2) On January 26, 2007, we completed a \$678,000 financing of our Skyline Complex in Fairfax Virginia, consisting of eight office buildings containing 2,560,000 square feet. The loan bears interest only at 5.74% and matures in February 2017. We retained net proceeds of approximately \$515,000 after repaying existing loans and closing costs, including \$5,771 for prepayment penalties and defeasance costs which is included in "interest and debt expense" in the six months ended June 30, 2007.
- (3) On March 30, 2007, we repaid the \$47,011 balance of the Crystal Park 2 mortgage.
- (4) See Note 6. Investments in Partially Owned Entities for details.
- (5) On March 1, 2007, we repaid the \$19,394 balance of the 1925 K Street mortgage.
- (6) On March 21, 2007, Vornado Realty Trust sold \$1.4 billion aggregate principal amount of 2.85% convertible senior debentures due 2027, pursuant to an effective registration statement. The aggregate net proceeds from this offering, after underwriters' discounts and expenses, were approximately \$1.37 billion. The debentures are redeemable at our option beginning in 2012 for the principal amount plus accrued and unpaid interest. Holders of the debentures have the right to require us to repurchase their debentures in 2012, 2017, and 2022 and in certain other limited circumstances. The debentures are convertible, under certain circumstances, for cash and Vornado common shares at an initial conversion rate of 6.1553 common shares per \$1,000 of principal amount of debentures. The initial conversion price is \$162.46, which represents a premium of 30% over the March 21, 2007 closing price of \$124.97 for our common shares. The principal amount of debentures will be settled for cash and the amount in excess of the principal defined as the conversion value will be settled in cash or, at our election, Vornado common shares.

We are amortizing the underwriters' discount on a straight-line basis (which approximates the interest method) over the period from the date of issuance to the date of earliest redemption of April 1, 2012. Because the conversion option associated with the debentures when analyzed as a freestanding instrument meets the criteria to be classified as equity specified by paragraphs 12 to 32 of EITF 00-19 "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's own Common Stock," separate accounting for the conversion option under SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" is not appropriate.

The net proceeds of the offering were contributed to the Operating Partnership in the form of an inter-company loan and the Operating Partnership guaranteed the payment of the debentures.

- (7) On May 11, 2007, we redeemed our \$500,000 5.625% senior unsecured notes at the face amount plus accrued interest.
- (8) Represents the earliest date the bond holders can require us to repurchase the debentures.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**10. Fee and Other Income**

The following table sets forth the details of our fee and other income:

| (Amounts in thousands)      | For the Three Months<br>Ended June 30, |                  | For the Six Months<br>Ended June 30, |                  |
|-----------------------------|--|------------------|--------------------------------------|------------------|
|                             | 2007                                   | 2006             | 2007                                 | 2006             |
| Tenant cleaning fees        | \$ 10,527                              | \$ 7,511         | \$ 20,370                            | \$ 15,653        |
| Management and leasing fees | 2,804                                  | 2,534            | 10,003                               | 5,182            |
| Lease termination fees      | 1,294                                  | 5,907            | 4,735                                | 10,389           |
| Other income                | 10,225                                 | 5,637            | 18,805                               | 12,022           |
|                             | <u>\$ 24,850</u>                       | <u>\$ 21,589</u> | <u>\$ 53,913</u>                     | <u>\$ 43,246</u> |

Fee and other income above include management fee income from Interstate Properties, a related party, of \$205,000 and \$194,000 in the three months ended June 30, 2007 and 2006, respectively and \$410,000 and \$382,000 in the six months ended June 30, 2007 and 2006, respectively. The above table excludes fee income from partially owned entities, which is included in income from partially owned entities (see Note 6 – Investments in Partially-Owned Entities).

**11. Discontinued Operations**

The following table sets forth the assets and liabilities related to discontinued operations at June 30, 2007 and December 31, 2006. Assets related to discontinued operations consist primarily of the net book value of real estate. Liabilities related to discontinued operations consist primarily of below market lease intangibles and deferred tax liabilities established at acquisition.

| (Amounts in thousands)                   | Assets related to<br>Discontinued Operations<br>as of |                      | Liabilities related to<br>Discontinued Operations<br>as of |                      |
|--|---|----------------------|--|----------------------|
|  | June 30,<br>2007                                      | December 31,<br>2006 | June 30,<br>2007   | December 31,<br>2006 |
| H Street – land subject to ground leases | \$ 223,000  | \$ 23,696            | \$ 42,533  | \$ 15,161            |
| Vineland, New Jersey                     | 908   | 908                  | —  | —                    |
| Total                                    | <u>\$ 223,908</u>                                     | <u>\$ 24,604</u>     | <u>\$ 42,533</u>   | <u>\$ 15,161</u>     |

The following table sets forth the combined results of operations related to discontinued operations for the three and six months ended June 30, 2007 and 2006.

| (Amounts in thousands)  | For the Three Months<br>Ended June 30, |                  | For the Six Months<br>Ended June 30, |                  |
|---|--|------------------|--------------------------------------|------------------|
|   | 2007                                   | 2006             | 2007                                 | 2006             |
| Revenues  | \$ —                                   | \$ 266           | \$ 20                                | \$ 2,393         |
| Expenses  | 40                                     | 1,113            | 91                                   | 2,665            |
| Net loss  | (40)                                   | (847)            | (71)                                 | (272)            |
| Net gain on sale of 1919 South Eads Street                              | —                                      | 17,609           | —                                    | 17,609           |
| Net gain on sale of 424 Sixth Avenue                                    | —                                      | —                | —                                    | 9,218            |
| Net gain on sale of 33 North Dearborn Street                            | —                                      | —                | —                                    | 4,835            |
| Net gain on disposition of other real estate                            | —                                      | —                | —                                    | 2,107            |
| (Loss) income from discontinued operations,<br>net of minority interest | <u>\$ (40)</u>                         | <u>\$ 16,762</u> | <u>\$ (71)</u>                       | <u>\$ 33,497</u> |



**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**12. Income Per Share**

The following table provides a reconciliation of both net income and the number of common shares used in the computation of (i) basic income per common share - which utilizes 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 potentially dilutive share equivalents. Potentially dilutive share equivalents include our Series A convertible preferred shares, employee stock options and restricted share awards, exchangeable senior debentures due 2025 as well as Operating Partnership convertible preferred units.

| (Amounts in thousands, except per share amounts)  | For The Three Months<br>Ended June 30, |                   | For The Six Months<br>Ended June 30, |                   |
|---|--|-------------------|--------------------------------------|-------------------|
|   | 2007                                   | 2006              | 2007                                 | 2006              |
| <b>Numerator:</b>   |  |                   |                                      |                   |
| Income from continuing operations, net of minority interest in the Operating Partnership            | \$ 165,960                             | \$ 146,407        | \$ 332,922                           | \$ 278,884        |
| (Loss) income from discontinued operations, net of minority interest                                | (40)                                   | 16,762            | (71)                                 | 33,497            |
| Net income  | 165,920                                | 163,169           | 332,851                              | 312,381           |
| Preferred share dividends   | (14,295)                               | (14,404)          | (28,591)                             | (28,811)          |
| Numerator for basic income per share – net income applicable to common shares                       | 151,625                                | 148,765           | 304,260                              | 283,570           |
| Impact of assumed conversions:  |  |                   |                                      |                   |
| Interest on 3.875% exchangeable senior debentures   | 5,203                                  | 5,094             | 10,512                               | 10,188            |
| Convertible preferred share dividends   | 69                                     | 179               | 143                                  | 370               |
| Numerator for diluted income per share – net income applicable to common shares                     | <u>\$ 156,897</u>                      | <u>\$ 154,038</u> | <u>\$ 314,915</u>                    | <u>\$ 294,128</u> |
| <b>Denominator:</b>   |  |                   |                                      |                   |
| Denominator for basic income per share – weighted average shares                                    | 151,794                                | 141,418           | 151,612                              | 141,275           |
| Effect of dilutive securities (1):  |  |                   |                                      |                   |
| Employee stock options and restricted share awards  | 6,770                                  | 7,640             | 6,916                                | 7,529             |
| 3.875% exchangeable senior debentures   | 5,559                                  | 5,531             | 5,559                                | 5,531             |
| Convertible preferred shares  | 118                                    | 304               | 122                                  | 315               |
| Denominator for diluted income per share – adjusted weighted average shares and assumed conversions | <u>164,241</u>                         | <u>154,893</u>    | <u>164,209</u>                       | <u>154,650</u>    |
| <b>INCOME PER COMMON SHARE – BASIC:</b>   |  |                   |                                      |                   |
| Income from continuing operations   | \$ 1.00                                | \$ 0.93           | \$ 2.01                              | \$ 1.77           |
| Income from discontinued operations, net of minority interest                                       | —                                      | 0.12              | —                                    | 0.24              |
| Net income per common share   | <u>\$ 1.00</u>                         | <u>\$ 1.05</u>    | <u>\$ 2.01</u>                       | <u>\$ 2.01</u>    |
| <b>INCOME PER COMMON SHARE – DILUTED:</b>   |  |                   |                                      |                   |
| Income from continuing operations   | \$ 0.96                                | \$ 0.88           | \$ 1.92                              | \$ 1.68           |
| Income from discontinued operations, net of minority interest                                       | —                                      | 0.11              | —                                    | 0.22              |
| Net income per common share   | <u>\$ 0.96</u>                         | <u>\$ 0.99</u>    | <u>\$ 1.92</u>                       | <u>\$ 1.90</u>    |

(1) The effect of dilutive securities above excludes anti-dilutive weighted average common share equivalents. Substantially all of the anti-dilutive common share equivalents represent Class A common units of the Operating Partnership owned by minority partners. The three and six months ended June 30, 2007, exclude 16,511,521 and 16,600,981 weighted average common share equivalents, respectively. The three and six months ended June 30, 2006, exclude 16,443,457 and 16,551,507 weighted average common share equivalents, respectively.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**13. Comprehensive Income**

| (Amounts in thousands)   | For The Three Months<br>Ended June 30, |                   | For The Six Months<br>Ended June 30, |                   |
|--------------------------|--|-------------------|--------------------------------------|-------------------|
|                          | 2007                                   | 2006              | 2007                                 | 2006              |
|                          | Net income                             | \$ 165,920        | \$ 163,169                           | \$ 332,851        |
| Other comprehensive loss | (31,720)                               | (53,446)          | (24,959)                             | (38,260)          |
| Comprehensive income     | <u>\$ 134,200</u>                      | <u>\$ 109,723</u> | <u>\$ 307,892</u>                    | <u>\$ 274,121</u> |

Substantially all of other comprehensive loss for the three and six months ended June 30, 2007 and 2006 relates to the mark-to-market of marketable equity securities classified as available-for-sale.

**14. Stock-based Compensation**

Our Share Option Plan (the "Plan") provides for grants of incentive and non-qualified stock options, restricted stock, stock appreciation rights, performance shares and limited partnership units to certain of our employees and officers.

We account for stock-based compensation in accordance with SFAS No. 123: *Accounting for Stock-Based Compensation*, as amended by SFAS No. 148: *Accounting for Stock-Based Compensation - Transition and Disclosure* and as revised by SFAS No. 123R: *Share-Based Payment* ("SFAS No. 123R"). We adopted SFAS No. 123R, using the modified prospective application, on January 1, 2006. Stock based compensation expense for the three and six months ended June 30, 2007 and 2006 consists of stock option awards, restricted common share and Operating Partnership unit awards and our 2006 Out-Performance Plan awards.

During the three months ended June 30, 2007 and 2006, we recognized \$6,461,000 and \$2,873,000 of stock-based compensation expense, respectively and in the six months ended June 30, 2007 and 2006 we recognized \$12,620,000 and \$4,236,000 of stock-based compensation expense, respectively.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**15. Commitments and Contingencies**

At June 30, 2007, our \$1 billion revolving credit facility, which expires in June 2010, had a \$94,000,000 outstanding balance and \$46,949,000 reserved for outstanding letters of credit. This facility contains financial covenants, which require us to maintain minimum interest coverage and maximum debt to market capitalization ratios, and provides for higher interest rates in the event of a decline in our ratings below Baa3/BBB. At June 30, 2007, AmeriCold's \$30,000,000 revolving credit facility had a zero outstanding balance and \$18,444,000 reserved for outstanding letters of credit. This facility requires AmeriCold to maintain, on a trailing four-quarter basis, a minimum of \$30,000,000 of free cash flow, as defined. Both of these 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.

We have made acquisitions and investments in partially owned entities for which we are committed to fund additional capital aggregating \$171,655,000. Of this amount, \$95,000,000 relates to our equity commitment to the India Property Fund, LP, and \$23,500,000 relates to capital expenditures to be funded over the next five years at the Springfield Mall, in which we have a 97.5% interest.

On November 10, 2005, we committed to fund the junior portion of up to \$30,530,000 of a \$173,000,000 construction loan to an entity developing a mixed-use building complex in Boston, Massachusetts, at the north end of the Boston Harbor. We earn current-pay interest at 30-day LIBOR plus 11%. The loan matures in November 2008, with a one-year extension option. As of June 30, 2007, we have funded \$8,952,000 of this commitment.

Our debt instruments, consisting of mortgage loans secured by our properties (which are generally non-recourse to us), senior unsecured notes, exchangeable senior debentures, convertible senior debentures and revolving credit agreements, contain customary covenants requiring us to maintain insurance. Although we believe that we have adequate insurance coverage under these agreements, we may not be able to obtain an equivalent amount of coverage at reasonable costs in the future. Further, if lenders insist on greater coverage than we are able to obtain, or if the Terrorism Risk Insurance Extension Act of 2005 is not extended past 2007, it could adversely affect our ability to finance and/or refinance our properties and expand our portfolio.

Each of our properties has been subjected to varying degrees of environmental assessment at various times. The environmental assessments did not reveal any material environmental contamination. However, there can be no assurance that the identification of new areas of contamination, changes in the extent or known scope of contamination, the discovery of additional sites, or changes in cleanup requirements would not result in significant costs to us.

We enter into agreements for the purchase and resale of U.S. government obligations for periods of up to one week. The obligations purchased under these agreements are held in safekeeping in our name by various money center banks. We have the right to demand additional collateral or return of these invested funds at any time the collateral value is less than 102% of the invested funds plus any accrued earnings thereon. We had \$138,540,000 and \$219,990,000 of cash invested in these agreements at June 30, 2007 and December 31, 2006, respectively.

From time to time, we have disposed of substantial amounts of real estate to third parties for which, as to certain properties, we remain contingently liable for rent payments or mortgage indebtedness that cannot be quantified.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**15. Commitments and Contingencies - continued**

*Litigation*

*Stop & Shop*

On January 8, 2003, Stop & Shop filed a complaint with the United States District Court for the District of New Jersey claiming we had no right to reallocate and therefore continue to collect \$5,000,000 of annual rent from Stop & Shop pursuant to the Master Agreement and Guaranty. On May 17, 2005, we filed a motion for summary judgment. On July 15, 2005, Stop & Shop opposed our motion and filed a cross-motion for summary judgment. On December 13, 2005, the Court issued its decision denying the motions for summary judgment. Both parties appealed the Court's decision and on December 14, 2006, the Appellate Court division issued a decision affirming the Court's decision. On January 16, 2007 we filed a motion for the reconsideration of one aspect of the Appellate Court's decision which was denied on March 13, 2007. On April 16, 2007, the Court directed that discovery should be completed by December 2007, with a trial date to be determined thereafter. We intend to vigorously pursue our claims against Stop & Shop.

*1290 Avenue of the Americas and 555 California Street*

On May 24, 2007, we acquired a 70% controlling interest in 1290 Avenue of the Americas and 555 California Street. Our 70% interest was acquired through the purchase of all of the shares of a group of foreign companies that own, through U.S. entities, the 1% sole general partnership interest and a 69% limited partnership interest in the partnerships that own the two properties. The remaining 30% limited partnership interest is owned by Donald J. Trump.

In August 2005, Mr. Trump brought a lawsuit in the New York State Supreme Court against, among others, the general partners of the partnerships referred to above. Mr. Trump's claims arose out of a dispute over the sale price of, and use of proceeds from, the sale of properties located on the former Penn Central rail yards between West 59th and 72nd Streets in Manhattan which were formerly owned by the partnerships. In decisions dated September 14, 2005 and July 24, 2006, the Court denied various of Mr. Trump's motions and ultimately dismissed all of Mr. Trump's claims, except for his claim seeking access to books and records, which remains pending. Mr. Trump has sought re-argument and renewal on, and filed a notice of appeal in connection with, his dismissed claims.

In connection with the acquisition, we have agreed to indemnify the sellers for liabilities and expenses arising out of Mr. Trump's claim that the general partners of the partnerships we acquired did not sell the rail yards at a fair price or could have sold the rail yards for a greater price and any other claims asserted in the legal action; provided however, that if Mr. Trump prevails on certain claims involving partnership matters, other than claims relating to sale price, the sellers will be required to reimburse us for certain costs related to those claims. We believe that the claims relating to the sale price are without merit. All other allegations are not asserted as a basis for damages and regardless of merit would not be material to our consolidated financial statements.

There are various other legal actions against us in the ordinary course of business. In our opinion, after consultation with legal counsel, the outcome of such matters will not have a material effect on our financial condition, results of operations or cash flow.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**16. Retirement Plans**

The following table sets forth the components of net periodic benefit costs:

| (Amounts in thousands)         | For The Three Months<br>Ended June 30, |                | For The Six Months<br>Ended June 30, |                |
|--------------------------------|--|----------------|--------------------------------------|----------------|
|                                | 2007                                   | 2006           | 2007                                 | 2006           |
|                                | Service cost                           | \$ 231         | \$ 75                                | \$ 347         |
| Interest cost                  | 2,100                                  | 1,254          | 3,297                                | 2,460          |
| Expected return on plan assets | (2,889)                                | (1,474)        | (4,483)                              | (2,948)        |
| Amortization of net loss       | 73                                     | 108            | 140                                  | 181            |
| Net periodic benefit cost      | <u>\$ (485)</u>                        | <u>\$ (37)</u> | <u>\$ (699)</u>                      | <u>\$ (64)</u> |

*Employer Contributions*

We made contributions of \$982,000 and \$4,272,000 to the plans during the six months ended June 30, 2007 and 2006, respectively. We anticipate additional contributions of \$1,482,000 to the plans during the remainder of 2007.

**17. Costs of Acquisition Not Consummated**

In the first quarter of 2007, we wrote-off \$8,807,000 of costs associated with the Equity Office Properties Trust acquisition not consummated.

**18. Related Party Transactions**

*Transactions with Affiliates and Officers and Trustees of the Company*

On March 13, 2007, Michael Fascitelli, our President and President of Alexander's, exercised 350,000 of his Alexander's stock appreciation rights ("SARS"), which were scheduled to expire on March 14, 2007 and received \$144.18 for each SAR exercised, representing the difference between Alexander's stock price of \$388.01 (the average of the high and low market price) on the date of exercise and the exercise price of \$243.83.

On March 26, 2007, Joseph Macnow, Executive Vice President – Finance and Administration and Chief Financial Officer, repaid to the Company his \$2,000,000 outstanding loan which was scheduled to mature in June 2007.

Effective as of April 19, 2007, we entered into a new employment agreement with Mitchell Schear, the President of our Washington, DC Office Division. This agreement, which replaced his prior agreement, was approved by the Compensation Committee of our Board of Trustees and provides for a term of five years and is automatically renewable for one-year terms thereafter. The agreement also provides for a minimum salary of \$1,000,000 per year and bonuses and other customary benefits. Pursuant to the terms of the agreement, on April 19, 2007, the Compensation Committee granted an option to Mr. Schear to acquire 200,000 of our common shares at an exercise price of \$119.94 per share. These options vest ratably over three years beginning in 2010 and accelerate on a change of control or if we terminate his employment without cause or by him for breach by us. The agreement also provides that if we terminate Mr. Schear's employment without cause or by him for breach by us, he will receive a lump-sum payment equal to one time salary and bonus, up to a maximum of \$2,000,000.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**19. Segment Information**

Below is a summary of net income and a reconciliation of net income to EBITDA <sup>(1)</sup> by segment for the three months ended June 30, 2007 and 2006.

(Amounts in thousands)

|   | For the Three Months Ended June 30, 2007 |             |                   |           |                     |  |           |                      |            |
|---|--|-------------|-------------------|-----------|---------------------|--|-----------|----------------------|------------|
|   | Total                                    | Office      |                   | Retail    | Merchandise<br>Mart | Temperature<br>Controlled<br>Logistics | Toys      | Other <sup>(2)</sup> |            |
|   |  | New<br>York | Washington,<br>DC |           |                     |  |           |                      |            |
| Property rentals  | \$ 442,793                               | \$ 152,850  | \$ 113,054        | \$ 80,070 | \$ 60,701           | \$ —                                   | \$ —      | \$ —                 | \$ 36,118  |
| Straight-line rents:  |  |             |                   |           |                     |  |           |                      |            |
| Contractual rent increases  | 11,156                                   | 4,526       | 2,915             | 2,911     | 619                 | —                                      | —         | —                    | 185        |
| Amortization of free rent   | 10,497                                   | 5,726       | 3,760             | 239       | 560                 | —                                      | —         | —                    | 212        |
| Amortization of acquired below-market leases, net   | 20,317                                   | 10,387      | 1,150             | 7,608     | 90                  | —                                      | —         | —                    | 1,082      |
| Total rentals   | 484,763                                  | 173,489     | 120,879           | 90,828    | 61,970              | —                                      | —         | —                    | 37,597     |
| Temperature Controlled Logistics  | 206,474                                  | —           | —                 | —         | —                   | 206,474                                | —         | —                    | —          |
| Tenant expense reimbursements   | 77,370                                   | 29,642      | 10,772            | 28,887    | 5,526               | —                                      | —         | —                    | 2,543      |
| Fee and other income:   |  |             |                   |           |                     |  |           |                      |            |
| Tenant cleaning fees  | 10,527                                   | 13,062      | —                 | —         | —                   | —                                      | —         | —                    | (2,535)    |
| Management and leasing fees   | 2,804                                    | 974         | 1,972             | 580       | (19)                | —                                      | —         | —                    | (703)      |
| Lease termination fees  | 1,294                                    | 100         | 130               | 902       | 162                 | —                                      | —         | —                    | —          |
| Other   | 10,225                                   | 4,242       | 3,911             | 301       | 2,441               | —                                      | —         | —                    | (670)      |
| Total revenues  | 793,457                                  | 221,509     | 137,664           | 121,498   | 70,080              | 206,474                                | —         | —                    | 36,232     |
| Operating expenses  | 392,757                                  | 93,287      | 44,961            | 41,688    | 33,279              | 163,768                                | —         | —                    | 15,774     |
| Depreciation and amortization   | 132,457                                  | 36,744      | 29,219            | 22,109    | 11,391              | 20,412                                 | —         | —                    | 12,582     |
| General and administrative  | 59,555                                   | 5,502       | 6,034             | 6,329     | 6,983               | 9,757                                  | —         | —                    | 24,950     |
| Total expenses  | 584,769                                  | 135,533     | 80,214            | 70,126    | 51,653              | 193,937                                | —         | —                    | 53,306     |
| Operating income (loss)   | 208,688                                  | 85,976      | 57,450            | 51,372    | 18,427              | 12,537                                 | —         | —                    | (17,074)   |
| Income applicable to Alexander's  | 9,484                                    | 190         | —                 | 164       | —                   | —                                      | —         | —                    | 9,130      |
| Loss applicable to Toys "R" Us  | (20,029)                                 | —           | —                 | —         | —                   | —                                      | —         | (20,029)             | —          |
| Income from partially owned entities  | 8,593                                    | 1,111       | 3,743             | 2,093     | 448                 | 398                                    | —         | —                    | 800        |
| Interest and other investment income  | 120,513                                  | 469         | 742               | 117       | 93                  | 820                                    | —         | —                    | 118,272    |
| Interest and debt expense   | (156,179)                                | (32,113)    | (30,149)          | (19,775)  | (13,048)            | (16,257)                               | —         | —                    | (44,837)   |
| Net gain on disposition of wholly owned and partially owned assets other than depreciable real estate | 15,778                                   | —           | —                 | —         | —                   | —                                      | —         | —                    | 15,778     |
| Minority interest of partially owned entities   | 4,349                                    | (569)       | —                 | 11        | —                   | 3,003                                  | —         | —                    | 1,904      |
| Income (loss) before income taxes   | 191,197                                  | 55,064      | 31,786            | 33,982    | 5,920               | 501                                    | (20,029)  | —                    | 83,973     |
| Provision for income taxes  | (3,566)                                  | —           | (1,825)           | (182)     | (241)               | (1,058)                                | —         | —                    | (260)      |
| Income (loss) from continuing operations  | 187,631                                  | 55,064      | 29,961            | 33,800    | 5,679               | (557)                                  | (20,029)  | —                    | 83,713     |
| (Loss) income from discontinued operations, net   | (40)                                     | —           | —                 | (44)      | —                   | —                                      | —         | —                    | 4          |
| Income (loss) before allocation to minority limited partners  | 187,591                                  | 55,064      | 29,961            | 33,756    | 5,679               | (557)                                  | (20,029)  | —                    | 83,717     |
| Minority limited partners' interest in the Operating Partnership                                      | (16,852)                                 | —           | —                 | —         | —                   | —                                      | —         | —                    | (16,852)   |
| Perpetual preferred unit distributions of the Operating Partnership                                   | (4,819)                                  | —           | —                 | —         | —                   | —                                      | —         | —                    | (4,819)    |
| Net income (loss)   | 165,920                                  | 55,064      | 29,961            | 33,756    | 5,679               | (557)                                  | (20,029)  | —                    | 62,046     |
| Interest and debt expense <sup>(1)</sup>  | 202,843                                  | 31,831      | 32,095            | 22,478    | 13,264              | 7,735                                  | 40,984    | —                    | 54,456     |
| Depreciation and amortization <sup>(1)</sup>  | 165,990                                  | 36,600      | 32,831            | 22,912    | 11,525              | 9,740                                  | 33,303    | —                    | 19,079     |
| Income tax (benefit) expense <sup>(1)</sup>   | (8,071)                                  | 1,100       | 3,789             | 182       | 241                 | 504                                    | (14,934)  | —                    | 1,047      |
| EBITDA  | \$ 526,682                               | \$ 124,595  | \$ 98,676         | \$ 79,328 | \$ 30,709           | \$ 17,422                              | \$ 39,324 | \$ —                 | \$ 136,628 |

Other segment EBITDA includes a \$72,074 net gain on mark-to-market of derivative instruments, a \$15,778 net gain on sale of marketable equity securities and \$1,677 of expense for our share of India Property Fund LP organization costs.

See notes on page 34.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**19. Segment Information – continued**

(Amounts in thousands)

For the Three Months Ended June 30, 2006

|   | Office            |                  |                   |                  |                  |                                  |                  | Toys             | Other <sup>(2)</sup> |
|---|-------------------|------------------|-------------------|------------------|------------------|----------------------------------|------------------|------------------|----------------------|
|   | Total             | New York         | Washington, DC    | Retail           | Merchandise Mart | Temperature Controlled Logistics |                  |                  |                      |
| Property rentals  | \$ 372,192        | \$ 120,115       | \$ 103,010        | \$ 64,541        | \$ 61,885        | \$ —                             | \$ —             | \$ 22,641        |                      |
| Straight-line rents:  |                   |                  |                   |                  |                  |                                  |                  |                  |                      |
| Contractual rent increases  | 7,991             | 1,994            | 2,320             | 2,101            | 1,597            | —                                | —                | (21)             |                      |
| Amortization of free rent   | 9,621             | 1,927            | 6,089             | 1,263            | 342              | —                                | —                | —                |                      |
| Amortization of acquired below-market leases, net   | 3,672             | (11)             | 946               | 2,338            | (93)             | —                                | —                | 492              |                      |
| <b>Total rentals</b>  | <b>393,476</b>    | <b>124,025</b>   | <b>112,365</b>    | <b>70,243</b>    | <b>63,731</b>    | <b>—</b>                         | <b>—</b>         | <b>23,112</b>    |                      |
| Temperature Controlled Logistics  | 187,047           | —                | —                 | —                | —                | 187,047                          | —                | —                |                      |
| Tenant expense reimbursements   | 60,920            | 23,805           | 6,511             | 25,059           | 4,915            | —                                | —                | 630              |                      |
| Fee and other income:   |                   |                  |                   |                  |                  |                                  |                  |                  |                      |
| Tenant cleaning fees  | 7,511             | 9,819            | —                 | —                | —                | —                                | —                | (2,308)          |                      |
| Management and leasing fees   | 2,534             | 258              | 1,885             | 360              | 31               | —                                | —                | —                |                      |
| Lease termination fees  | 5,907             | 5,388            | 5                 | —                | 514              | —                                | —                | —                |                      |
| Other   | 5,637             | 2,296            | 1,920             | 80               | 1,341            | —                                | —                | —                |                      |
| <b>Total revenues</b>   | <b>663,032</b>    | <b>165,591</b>   | <b>122,686</b>    | <b>95,742</b>    | <b>70,532</b>    | <b>187,047</b>                   | <b>—</b>         | <b>21,434</b>    |                      |
| Operating expenses  | 319,851           | 72,046           | 36,494            | 31,688           | 22,514           | 145,896                          | —                | 11,213           |                      |
| Depreciation and amortization   | 98,880            | 22,917           | 29,902            | 12,407           | 11,104           | 17,921                           | —                | 4,629            |                      |
| General and administrative  | 51,715            | 4,140            | 7,846             | 5,294            | 7,045            | 9,606                            | —                | 17,784           |                      |
| <b>Total expenses</b>   | <b>470,446</b>    | <b>99,103</b>    | <b>74,242</b>     | <b>49,389</b>    | <b>40,663</b>    | <b>173,423</b>                   | <b>—</b>         | <b>33,626</b>    |                      |
| <b>Operating income (loss)</b>  | <b>192,586</b>    | <b>66,488</b>    | <b>48,444</b>     | <b>46,353</b>    | <b>29,869</b>    | <b>13,624</b>                    | <b>—</b>         | <b>(12,192)</b>  |                      |
| Income applicable to Alexander's  | 14,750            | 186              | —                 | 178              | —                | —                                | —                | 14,386           |                      |
| Loss applicable to Toys "R" Us  | (7,884)           | —                | —                 | —                | —                | —                                | (7,884)          | —                |                      |
| Income from partially owned entities  | 14,635            | 1,166            | 5,058             | 2,188            | 445              | 369                              | —                | 5,409            |                      |
| Interest and other investment income  | 16,623            | 180              | 378               | 353              | 66               | 1,364                            | —                | 14,282           |                      |
| Interest and debt expense   | (120,822)         | (20,848)         | (26,187)          | (24,131)         | (3,542)          | (18,452)                         | —                | (27,662)         |                      |
| Net gain on disposition of wholly owned and partially owned assets other than depreciable real estate | 56,947            | —                | —                 | —                | —                | —                                | —                | 56,947           |                      |
| Minority interest of partially owned entities   | 3,118             | —                | —                 | 29               | 1                | 2,847                            | —                | 241              |                      |
| <b>Income (loss) before income taxes</b>  | <b>169,953</b>    | <b>47,172</b>    | <b>27,693</b>     | <b>24,970</b>    | <b>26,839</b>    | <b>(248)</b>                     | <b>(7,884)</b>   | <b>51,411</b>    |                      |
| Provision for income taxes  | (848)             | —                | (602)             | —                | (78)             | (168)                            | —                | —                |                      |
| <b>Income (loss) from continuing operations</b>   | <b>169,105</b>    | <b>47,172</b>    | <b>27,091</b>     | <b>24,970</b>    | <b>26,761</b>    | <b>(416)</b>                     | <b>(7,884)</b>   | <b>51,411</b>    |                      |
| Income (loss) from discontinued operations, net   | 16,762            | —                | 16,807            | (42)             | (3)              | —                                | —                | —                |                      |
| <b>Income (loss) before allocation to minority limited partners</b>                                   | <b>185,867</b>    | <b>47,172</b>    | <b>43,898</b>     | <b>24,928</b>    | <b>26,758</b>    | <b>(416)</b>                     | <b>(7,884)</b>   | <b>51,411</b>    |                      |
| Minority limited partners' interest in the Operating Partnership                                      | (17,324)          | —                | —                 | —                | —                | —                                | —                | (17,324)         |                      |
| Perpetual preferred unit distributions of the Operating Partnership                                   | (5,374)           | —                | —                 | —                | —                | —                                | —                | (5,374)          |                      |
| <b>Net income (loss)</b>  | <b>163,169</b>    | <b>47,172</b>    | <b>43,898</b>     | <b>24,928</b>    | <b>26,758</b>    | <b>(416)</b>                     | <b>(7,884)</b>   | <b>28,713</b>    |                      |
| Interest and debt expense <sup>(1)</sup>  | 171,778           | 21,523           | 30,315            | 27,118           | 3,762            | 8,779                            | 44,348           | 35,933           |                      |
| Depreciation and amortization <sup>(1)</sup>  | 133,377           | 23,850           | 34,724            | 13,320           | 11,245           | 8,553                            | 32,522           | 9,163            |                      |
| Income tax (benefit) expense <sup>(1)</sup>   | (28,642)          | —                | 3,620             | —                | 78               | 81                               | (32,522)         | 101              |                      |
| <b>EBITDA</b>   | <b>\$ 439,682</b> | <b>\$ 92,545</b> | <b>\$ 112,557</b> | <b>\$ 65,366</b> | <b>\$ 41,843</b> | <b>\$ 16,997</b>                 | <b>\$ 36,464</b> | <b>\$ 73,910</b> |                      |

Washington, DC office segment EBITDA includes net gains on sale of real estate of \$17,609. In addition, the Other Segment EBITDA includes a \$55,438 net gain on sale of marketable equity securities and \$10,410 net loss on mark-to-market of derivative instruments.

See notes on page 34.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**19. Segment Information – continued**

(Amounts in thousands)

For the Six Months Ended June 30, 2007

|   | Office       |             |                   |            | Retail     | Merchandise<br>Mart | Temperature<br>Controlled<br>Logistics | Toys       | Other <sup>(2)</sup> |
|---|--------------|-------------|-------------------|------------|------------|---------------------|--|------------|----------------------|
|   | Total        | New<br>York | Washington,<br>DC |            |            |                     |  |            |                      |
| Property rentals  | \$ 843,680   | \$ 290,498  | \$ 216,233        | \$ 157,791 | \$ 124,809 | \$ —                | \$ —                                   | \$ 54,349  |                      |
| Straight-line rents:  |              |             |                   |            |            |                     |  |            |                      |
| Contractual rent increases  | 18,681       | 7,879       | 3,394             | 5,808      | 1,273      | —                   | —                                      | 327        |                      |
| Amortization of free rent   | 23,447       | 13,185      | 8,609             | 511        | 930        | —                   | —                                      | 212        |                      |
| Amortization of acquired below-market leases, net   | 34,322       | 17,679      | 2,123             | 12,847     | 120        | —                   | —                                      | 1,553      |                      |
| Total rentals   | 920,130      | 329,241     | 230,359           | 176,957    | 127,132    | —                   | —                                      | 56,441     |                      |
| Temperature Controlled Logistics  | 406,567      | —           | —                 | —          | —          | 406,567             | —                                      | —          |                      |
| Tenant expense reimbursements   | 149,903      | 58,350      | 19,705            | 57,584     | 10,809     | —                   | —                                      | 3,455      |                      |
| Fee and other income:   |              |             |                   |            |            |                     |  |            |                      |
| Tenant cleaning fees  | 20,370       | 25,148      | —                 | —          | —          | —                   | —                                      | (4,778)    |                      |
| Management and leasing fees   | 10,003       | 1,829       | 8,533             | 924        | 3          | —                   | —                                      | (1,286)    |                      |
| Lease termination fees  | 4,735        | 1,898       | 225               | 2,407      | 205        | —                   | —                                      | —          |                      |
| Other   | 18,805       | 8,023       | 6,738             | 655        | 4,003      | —                   | —                                      | (614)      |                      |
| Total revenues  | 1,530,513    | 424,489     | 265,560           | 238,527    | 142,152    | 406,567             | —                                      | 53,218     |                      |
| Operating expenses  | 763,701      | 181,539     | 83,720            | 82,205     | 66,325     | 321,296             | —                                      | 28,616     |                      |
| Depreciation and amortization   | 241,263      | 66,549      | 54,567            | 39,392     | 23,067     | 39,835              | —                                      | 17,853     |                      |
| General and administrative  | 112,439      | 9,448       | 14,362            | 13,331     | 14,485     | 22,217              | —                                      | 38,596     |                      |
| Costs of acquisition not consummated  | 8,807        | —           | —                 | —          | —          | —                   | —                                      | 8,807      |                      |
| Total expenses  | 1,126,210    | 257,536     | 152,649           | 134,928    | 103,877    | 383,348             | —                                      | 93,872     |                      |
| Operating income (loss)   | 404,303      | 166,953     | 112,911           | 103,599    | 38,275     | 23,219              | —                                      | (40,654)   |                      |
| Income applicable to Alexander's  | 23,003       | 378         | —                 | 373        | —          | —                   | —                                      | 22,252     |                      |
| Income applicable to Toys "R" Us  | 38,632       | —           | —                 | —          | —          | —                   | 38,632                                 | —          |                      |
| Income from partially owned entities  | 17,698       | 2,398       | 7,435             | 3,388      | 787        | 808                 | —                                      | 2,882      |                      |
| Interest and other investment income  | 174,992      | 1,142       | 1,059             | 192        | 188        | 1,791               | —                                      | 170,620    |                      |
| Interest and debt expense   | (303,192)    | (61,581)    | (64,464)          | (39,783)   | (25,895)   | (32,779)            | —                                      | (78,690)   |                      |
| Net gain on disposition of wholly owned and partially owned assets other than depreciable real estate | 16,687       | —           | —                 | —          | —          | —                   | —                                      | 16,687     |                      |
| Minority interest of partially owned entities   | 8,232        | (569)       | —                 | 58         | —          | 6,536               | —                                      | 2,207      |                      |
| Income (loss) before income taxes   | 380,355      | 108,721     | 56,941            | 67,827     | 13,355     | (425)               | 38,632                                 | 95,304     |                      |
| Provision for income taxes  | (3,767)      | —           | (1,584)           | (182)      | (571)      | (1,170)             | —                                      | (260)      |                      |
| Income (loss) from continuing operations  | 376,588      | 108,721     | 55,357            | 67,645     | 12,784     | (1,595)             | 38,632                                 | 95,044     |                      |
| (Loss) income from discontinued operations, net   | (71)         | —           | —                 | (78)       | —          | —                   | —                                      | 7          |                      |
| Income (loss) before allocation to minority limited partners  | 376,517      | 108,721     | 55,357            | 67,567     | 12,784     | (1,595)             | 38,632                                 | 95,051     |                      |
| Minority limited partners' interest in the Operating Partnership                                      | (34,029)     | —           | —                 | —          | —          | —                   | —                                      | (34,029)   |                      |
| Perpetual preferred unit distributions of the Operating Partnership                                   | (9,637)      | —           | —                 | —          | —          | —                   | —                                      | (9,637)    |                      |
| Net income (loss)   | 332,851      | 108,721     | 55,357            | 67,567     | 12,784     | (1,595)             | 38,632                                 | 51,385     |                      |
| Interest and debt expense <sup>(1)</sup>  | 401,614      | 61,969      | 68,003            | 45,275     | 26,328     | 15,596              | 87,618                                 | 96,825     |                      |
| Depreciation and amortization <sup>(1)</sup>  | 329,141      | 67,342      | 61,090            | 41,198     | 23,347     | 19,008              | 88,699                                 | 28,457     |                      |
| Income tax expense <sup>(1)</sup>   | 47,513       | 1,100       | 5,404             | 182        | 571        | 557                 | 38,463                                 | 1,236      |                      |
| EBITDA  | \$ 1,111,119 | \$ 239,132  | \$ 189,854        | \$ 154,222 | \$ 63,030  | \$ 33,566           | \$ 253,412                             | \$ 177,903 |                      |

Other segment EBITDA includes an \$81,451 net gain on mark-to-market of derivative instruments, a \$16,687 net gain on sale of marketable equity securities, \$8,807 of expense for costs of an acquisition not consummated and \$1,677 of expense for our share of India Property Fund LP organization costs.

See notes on page 34.



**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**19. Segment Information – continued**

(Amounts in thousands)

For the Six Months Ended June 30, 2006

|   | Office            |                   |                   |                   |                  | Merchandise<br>Mart | Temperature<br>Controlled<br>Logistics | Toys             | Other <sup>(2)</sup> |
|---|-------------------|-------------------|-------------------|-------------------|------------------|---------------------|--|------------------|----------------------|
|   | Total             | New<br>York       | Washington,<br>DC | Retail            |                  |                     |  |                  |                      |
| Property rentals  | \$ 722,926        | \$ 239,817        | \$ 202,873        | \$ 125,525        | \$ 115,845       | \$ —                | \$ —                                   | \$ 38,866        |                      |
| Straight-line rents:  |                   |                   |                   |                   |                  |                     |  |                  |                      |
| Contractual rent increases  | 13,251            | 2,154             | 3,869             | 4,085             | 3,192            | —                   | —                                      | (49)             |                      |
| Amortization of free rent   | 16,931            | 3,794             | 9,623             | 2,621             | 893              | —                   | —                                      | —                |                      |
| Amortization of acquired below-market leases, net   | 8,471             | (22)              | 2,130             | 4,547             | 22               | —                   | —                                      | 1,794            |                      |
| <b>Total rentals</b>  | <b>761,579</b>    | <b>245,743</b>    | <b>218,495</b>    | <b>136,778</b>    | <b>119,952</b>   | <b>—</b>            | <b>—</b>                               | <b>40,611</b>    |                      |
| Temperature Controlled Logistics  | 382,897           | —                 | —                 | —                 | —                | 382,897             | —                                      | —                |                      |
| Tenant expense reimbursements   | 122,647           | 48,352            | 14,356            | 48,610            | 9,869            | —                   | —                                      | 1,460            |                      |
| Fee and other income:   |                   |                   |                   |                   |                  |                     |  |                  |                      |
| Tenant cleaning fees  | 15,653            | 19,830            | —                 | —                 | —                | —                   | —                                      | (4,177)          |                      |
| Management and leasing fees   | 5,182             | 488               | 3,930             | 720               | 44               | —                   | —                                      | —                |                      |
| Lease termination fees  | 10,389            | 9,159             | 66                | 371               | 793              | —                   | —                                      | —                |                      |
| Other   | 12,022            | 4,846             | 3,045             | 951               | 3,179            | —                   | —                                      | 1                |                      |
| <b>Total revenues</b>   | <b>1,310,369</b>  | <b>328,418</b>    | <b>239,892</b>    | <b>187,430</b>    | <b>133,837</b>   | <b>382,897</b>      | <b>—</b>                               | <b>37,895</b>    |                      |
| Operating expenses  | 651,766           | 146,133           | 71,505            | 60,164            | 50,919           | 300,228             | —                                      | 22,817           |                      |
| Depreciation and amortization   | 189,185           | 45,678            | 55,014            | 22,814            | 22,199           | 34,990              | —                                      | 8,490            |                      |
| General and administrative  | 96,447            | 8,013             | 15,763            | 10,217            | 13,025           | 19,008              | —                                      | 30,421           |                      |
| <b>Total expenses</b>   | <b>937,398</b>    | <b>199,824</b>    | <b>142,282</b>    | <b>93,195</b>     | <b>86,143</b>    | <b>354,226</b>      | <b>—</b>                               | <b>61,728</b>    |                      |
| <b>Operating income (loss)</b>  | <b>372,971</b>    | <b>128,594</b>    | <b>97,610</b>     | <b>94,235</b>     | <b>47,694</b>    | <b>28,671</b>       | <b>—</b>                               | <b>(23,833)</b>  |                      |
| Income applicable to Alexander's  | 11,155            | 399               | —                 | 358               | —                | —                   | —                                      | 10,398           |                      |
| Income applicable to Toys "R" Us  | 44,876            | —                 | —                 | —                 | —                | —                   | 44,876                                 | —                |                      |
| Income from partially owned entities  | 20,686            | 1,810             | 5,724             | 2,230             | 779              | 764                 | —                                      | 9,379            |                      |
| Interest and other investment income  | 39,098            | 368               | 693               | 473               | 126              | 1,996               | —                                      | 35,442           |                      |
| Interest and debt expense   | (224,716)         | (41,122)          | (49,037)          | (43,792)          | (7,069)          | (32,714)            | —                                      | (50,982)         |                      |
| Net gain on disposition of wholly owned and partially owned assets other than depreciable real estate | 57,495            | —                 | —                 | —                 | —                | —                   | —                                      | 57,495           |                      |
| Minority interest of partially owned entities   | 2,844             | —                 | —                 | 29                | 4                | 2,379               | —                                      | 432              |                      |
| <b>Income before income taxes</b>   | <b>324,409</b>    | <b>90,049</b>     | <b>54,990</b>     | <b>53,533</b>     | <b>41,534</b>    | <b>1,096</b>        | <b>44,876</b>                          | <b>38,331</b>    |                      |
| Provision for income taxes  | (1,980)           | —                 | (835)             | —                 | (119)            | (1,026)             | —                                      | —                |                      |
| <b>Income from continuing operations</b>  | <b>322,429</b>    | <b>90,049</b>     | <b>54,155</b>     | <b>53,533</b>     | <b>41,415</b>    | <b>70</b>           | <b>44,876</b>                          | <b>38,331</b>    |                      |
| Income from discontinued operations, net  | 33,497            | —                 | 16,356            | 9,298             | 5,736            | 2,107               | —                                      | —                |                      |
| <b>Income before allocation to minority limited partners</b>  | <b>355,926</b>    | <b>90,049</b>     | <b>70,511</b>     | <b>62,831</b>     | <b>47,151</b>    | <b>2,177</b>        | <b>44,876</b>                          | <b>38,331</b>    |                      |
| Minority limited partners' interest in the Operating Partnership                                      | (33,198)          | —                 | —                 | —                 | —                | —                   | —                                      | (33,198)         |                      |
| Perpetual preferred unit distributions of the Operating Partnership                                   | (10,347)          | —                 | —                 | —                 | —                | —                   | —                                      | (10,347)         |                      |
| <b>Net income (loss)</b>  | <b>312,381</b>    | <b>90,049</b>     | <b>70,511</b>     | <b>62,831</b>     | <b>47,151</b>    | <b>2,177</b>        | <b>44,876</b>                          | <b>(5,214)</b>   |                      |
| Interest and debt expense <sup>(1)</sup>  | 342,239           | 42,434            | 54,399            | 49,456            | 7,511            | 15,565              | 105,449                                | 67,425           |                      |
| Depreciation and amortization <sup>(1)</sup>  | 258,808           | 47,214            | 61,385            | 26,566            | 22,481           | 16,701              | 66,686                                 | 17,775           |                      |
| Income tax (benefit) expense <sup>(1)</sup>   | (2,904)           | —                 | 3,853             | —                 | 119              | 489                 | (7,556)                                | 191              |                      |
| <b>EBITDA</b>   | <b>\$ 910,524</b> | <b>\$ 179,697</b> | <b>\$ 190,148</b> | <b>\$ 138,853</b> | <b>\$ 77,262</b> | <b>\$ 34,932</b>    | <b>\$ 209,455</b>                      | <b>\$ 80,177</b> |                      |

EBITDA includes net gains on sale of real estate of \$33,769, of which \$17,609 is included in the Washington, DC segment \$9,218 is included in the Retail segment, \$4,835 is included in the Merchandise Mart segment and \$2,107 is included in the Temperature Controlled Logistics segment. In addition, the Other Segment EBITDA includes a \$55,438 net gain on sale of marketable equity securities and a \$5,974 net loss on mark-to-market of derivative instruments.

See notes on the following page.

**VORNADO REALTY TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**19. Segment Information – continued**

**Notes to preceding tabular information**

- (1) EBITDA represents "Earnings Before Interest, Taxes, Depreciation and Amortization." We consider EBITDA a supplemental measure for making decisions and assessing the un-levered 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 a multiple of EBITDA, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. EBITDA should not be considered a substitute for net income. EBITDA may not be comparable to similarly titled measures employed by other companies.
- (2) Other EBITDA is comprised of:

| (Amounts in thousands)  | For the Three Months<br>Ended June 30, |                  | For the Six Months<br>Ended June 30, |                  |
|---|--|------------------|--------------------------------------|------------------|
|   | 2007                                   | 2006             | 2007                                 | 2006             |
| Alexander's   | \$ 17,166                              | \$ 21,970        | \$ 37,499                            | \$ 25,506        |
| Hotel Pennsylvania  | 11,177                                 | 7,872            | 14,781                               | 10,559           |
| 555 California Street   | 6,349                                  | —                | 6,349                                | —                |
| Lexington MLP   | 5,984                                  | 8,467            | 5,984                                | 16,737           |
| GMH   | 4,177                                  | —                | 8,345                                | —                |
| Industrial warehouses   | 823                                    | 1,509            | 2,196                                | 3,021            |
| Other investments   | <u>1,841</u>                           | <u>3,789</u>     | <u>5,752</u>                         | <u>6,403</u>     |
|   | 47,517                                 | 43,607           | 80,906                               | 62,226           |
| Investment income and other   | 131,772                                | 69,490           | 182,834                              | 89,497           |
| Corporate general and administrative expenses                       | (20,990)                               | (16,489)         | (33,364)                             | (28,001)         |
| Minority limited partners' interest in the Operating Partnership    | (16,852)                               | (17,324)         | (34,029)                             | (33,198)         |
| Perpetual preferred unit distributions of the Operating Partnership | (4,819)                                | (5,374)          | (9,637)                              | (10,347)         |
| Costs of acquisition not consummated                                | —                                      | —                | (8,807)                              | —                |
|   | <u>\$ 136,628</u>                      | <u>\$ 73,910</u> | <u>\$ 177,903</u>                    | <u>\$ 80,177</u> |

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Shareholders and Board of Trustees  
Vornado Realty Trust  
New York, New York

We have reviewed the accompanying consolidated balance sheet of Vornado Realty Trust as of June 30, 2007, and the related consolidated statements of income for the three-month and six-month periods ended June 30, 2007 and 2006 and of cash flows for the six-month periods ended June 30, 2007 and 2006. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards of the Public Company Accounting Oversight Board (United States). 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 standards of the Public Company Accounting Oversight Board (United States), 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.

Based on our reviews, we are not aware of any material modifications that should be made to such consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Vornado Realty Trust as of December 31, 2006, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 27, 2007, we expressed an unqualified opinion on those consolidated financial statements. We also audited the adjustments described in Note 11 that were applied to reclassify the December 31, 2006 consolidated balance sheet of Vornado Realty Trust (not presented herein) for discontinued operations. In our opinion, such adjustments are appropriate and have been properly applied to the previously issued consolidated balance sheet in deriving the accompanying retrospectively adjusted balance sheet as of December 31, 2006.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey  
July 31, 2007

## Item 2.

### Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements contained herein 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 involve risks, uncertainties and assumptions. 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 similar expressions in this quarterly report on Form 10-Q. These forward-looking statements are subject to numerous assumptions, risks and uncertainties. Many of the factors that will determine these items are beyond our ability to control or predict. Factors that may cause actual results to differ materially from those contemplated by the forward-looking statements include, but are not limited to, those set forth in our Annual Report on Form 10-K for the year ended December 31, 2006 under "Forward Looking Statements" and "Item 1. Business – Certain Factors That May Adversely Affect Our Business and Operations." 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. We expressly disclaim any responsibility to update forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, investors should use caution in relying on forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.

Management's Discussion and Analysis of Financial Condition and Results of Operations include a discussion of our consolidated financial statements for the three and six months ended June 30, 2007. 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.

#### *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, 2006 in Management's Discussion and Analysis of Financial Condition. There have been no significant changes to our policies during 2007.

## Overview

### Business Objective and Operating Strategy

Our business objective is to maximize shareholder value. We measure our success in meeting this objective by our total return to shareholders. Below is a table comparing our performance to the Morgan Stanley REIT Index ("RMS") for the following periods ending June 30, 2007:

|             | Total Return <sup>(1)</sup> |        |
|-------------|-----------------------------|--------|
|             | Vornado                     | RMS    |
| One-year    | 16.4%                       | 12.1%  |
| Three-years | 116.8%                      | 78.2%  |
| Five-years  | 203.8%                      | 134.0% |
| Ten-years   | 413.0%                      | 240.0% |

(1) Past performance is not necessarily indicative of how we will perform in the future.

We intend to achieve our business objective by continuing to pursue our investment philosophy and executing our operating strategies through:

- Maintaining a superior team of operating and investment professionals and an entrepreneurial spirit;
- Investing in properties in select markets, such as New York City and Washington, DC, where we believe there is a high likelihood of capital appreciation;
- Acquiring quality properties at a discount to replacement cost and where there is a significant potential for higher rents;
- Investing in retail properties in select under-stored locations such as the New York City metropolitan area;
- Investing in fully-integrated operating companies that have a significant real estate component;
- Developing and redeveloping our existing properties to increase returns and maximize value; and
- Providing specialty financing to real estate related companies.

### Competition

We compete with a large number of real estate property owners and developers. Principal factors of competition are rent charged, attractiveness of location and quality and breadth of services provided. Our success depends upon, among other factors, trends of the national and local economies, 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 and population trends. Economic growth has been fostered, in part, by low interest rates, Federal tax cuts, and increases in government spending. To the extent economic growth stalls, we may experience lower occupancy rates, which may lead to lower initial rental rates, higher leasing costs and a corresponding decrease in our net income, funds from operations and cash flow. Alternatively, if economic growth is sustained, we may experience higher occupancy rates leading to higher initial rents and higher interest rates causing an increase in our weighted average cost of capital and a corresponding effect on our net income, funds from operations and cash flow. Our net income and funds from operations will also be affected by the seasonality of Toys' business and competition from discount and mass merchandisers.

## Overview (continued)

### Quarter Ended June 30, 2007 Financial Results Summary

Net income applicable to common shares for the quarter ended June 30, 2007 was \$151,625,000, or \$0.96 per diluted share, versus \$148,765,000, or \$0.99 per diluted share, for the quarter ended June 30, 2006. Net income for the quarters ended June 30, 2007 and 2006 includes certain items that affect comparability which are listed in the table on page 40. Net income for the quarter ended June 30, 2006 also includes \$17,609,000 for our share of the net gain on sale of 1919 South Eads Street. The aggregate of these items, net of minority interest, increased net income applicable to common shares for the quarter ended June 30, 2007 by \$63,589,000, or \$0.39 per diluted share and increased net income for the quarter ended June 30, 2006 by \$55,828,000, or \$0.36 per diluted share.

Funds from operations applicable to common shares plus assumed conversions ("FFO") for the quarter ended June 30, 2007 was \$281,741,000, or \$1.72 per diluted share, compared to \$230,430,000, or \$1.49 per diluted share, for the prior year's quarter. FFO for the quarters ended June 30, 2007 and 2006 includes certain items that affect comparability which are listed in the table on page 40. The aggregate of these items, net of minority interest, increased FFO for the quarter ended June 30, 2007 by \$63,141,000, or \$0.39 per diluted share and increased FFO for the quarter ended June 30, 2006 by \$39,908,000, or \$0.26 per diluted share.

Net income per diluted share and FFO per diluted share for the quarter ended June 30, 2007 were negatively impacted by an increase in weighted average common shares outstanding over the prior year's quarter of 9,348,000.

We did not recognize income on certain assets with an aggregate carrying amount of approximately \$986,000,000 during the quarter ended June 30, 2007, because they were out of service for redevelopment. Assets under development include all or portions of the Bergen Town Center, 2101 L Street, Crystal Mall Two, Crystal Plaza Two, 1925 K Street, 220 Central Park South, 40 East 66<sup>th</sup> Street, and investments in joint ventures including our Beverly Connection and Wasserman ventures.

The percentage increase (decrease) in the same-store Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") of our operating segments for the quarter ended June 30, 2007 over the quarter ended June 30, 2006 and the trailing quarter ended December 31, 2006 are summarized below.

| Quarter Ended:                   | Office   |                   |          | Merchandise<br>Mart | Temperature<br>Controlled<br>Logistics |
|----------------------------------|----------|-------------------|----------|---------------------|--|
|                                  | New York | Washington,<br>DC | Retail   |                     |  |
| June 30, 2007 vs. June 30, 2006  | 9.0%     | 5.0%              | 2.0% (1) | (2.5%)              | (0.7%)                                 |
| June 30, 2007 vs. March 31, 2007 | 2.5%     | 3.7%              | 2.5%     | 2.5%                | (1.4%)                                 |

(1) The same store increase would be 4.6% exclusive of the effect of tenants vacating 47,550 square feet of New York City retail space in December 2006, at an average rent of \$61.00 per square foot. As of June 30, 2007, 10,600 of this square feet has been re-leased at an initial rent of \$204.00 per square foot.

Calculations of same-store EBITDA, reconciliations of net income to EBITDA and FFO and the reasons we consider these 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)**Six Months Ended June 30, 2007 Financial Results Summary

Net income applicable to common shares for the six months ended June 30, 2007 was \$304,260,000, or \$1.92 per diluted share, versus \$283,570,000, or \$1.90 per diluted share, for the six months ended June 30, 2006. Net income for the six months ended June 30, 2007 and 2006 includes certain items that affect comparability which are listed in the table on the following page. Net income for the six months ended June 30, 2006 also includes \$33,769,000 for our share of net gains on sale of real estate. The aggregate of these items, net of minority interest, increased net income applicable to common shares for the six months ended June 30, 2007 by \$61,299,000, or \$0.37 per diluted share and increased net income for the six months ended June 30, 2006 by \$62,547,000, or \$0.40 per diluted share.

Funds from operations applicable to common shares plus assumed conversions ("FFO") for the six months ended June 30, 2007 was \$551,906,000, or \$3.36 per diluted share, compared to \$442,346,000, or \$2.86 per diluted share, for the prior year's six months. FFO for the six months ended June 30, 2007 and 2006 include certain items that affect comparability which are listed in the table on the following page. The aggregate of these items, net of minority interest, increased FFO for the six months ended June 30, 2007 by \$60,851,000, or \$0.37 per diluted share and increased FFO for the six months ended June 30, 2006 by \$33,040,000, or \$0.21 per diluted share.

Net income per diluted share and FFO per diluted share for the six months ended June 30, 2007 were negatively impacted by an increase in weighted average common shares outstanding over the prior year's six months of 9,559,000.

The percentage increase (decrease) in the same-store EBITDA of our operating segments for the six months ended June 30, 2007 over the six months ended June 30, 2006 is summarized below.

| Six months Ended:               | Office   |                   |      | Retail | Merchandise<br>Mart | Temperature<br>Controlled<br>Logistics |
|---------------------------------|----------|-------------------|------|--------|---------------------|--|
|                                 | New York | Washington,<br>DC |      |        |                     |  |
| June 30, 2007 vs. June 30, 2006 | 9.3%     | 5.6%              | 1.8% | (1)    | (2.8%)              | (0.7%)                                 |

(1) The same store increase would be 4.2% exclusive of the effect of tenants vacating 47,550 square feet of New York City retail space in December 2006, at an average rent of \$61.00 per square foot. As of June 30, 2007, 10,600 of this square feet has been re-leased at an initial rent of \$204.00 per square foot.

Overview (continued)

| (Amounts in thousands)  | For the Three Months<br>Ended June 30, |             | For the Six Months<br>Ended June 30, |             |
|---|--|-------------|--------------------------------------|-------------|
|   | 2007                                   | 2006        | 2007                                 | 2006        |
| <b>Items that affect comparability (income)/expense:</b>          |  |             |                                      |             |
| Derivatives:  |  |             |                                      |             |
| McDonalds common shares   | \$ (71,390)                            | \$ 14,515   | \$ (74,613)                          | \$ 8,215    |
| Sears Holdings common shares                                      | —                                      | —           | —                                    | (18,611)    |
| GMH warrants  | —                                      | (4,105)     | —                                    | 16,370      |
| Other   | (684)                                  | —           | (6,841)                              | —           |
| Alexander's:  |  |             |                                      |             |
| Stock appreciation rights   | (1,222)                                | (4,836)     | (5,916)                              | 7,559       |
| Net gain on sale of 731 Lexington Avenue condominiums             | —                                      | (2,722)     | —                                    | (4,580)     |
| Other:  |  |             |                                      |             |
| India Property Fund LP – organization costs                       | 1,677                                  | —           | 1,677                                | —           |
| Costs of acquisition not consummated                              | —                                      | —           | 8,807                                | —           |
| Prepayment penalties and write-off of unamortized financing costs | —                                      | 4,933       | 5,861                                | 4,933       |
| H Street litigation costs   | —                                      | 2,093       | 1,891                                | 3,561       |
| Net gain on sale of Sears Canada common shares                    | —                                      | (55,438)    | —                                    | (55,438)    |
| Other, net  | 2,131                                  | 1,415       | 2,131                                | 1,415       |
|   | (69,488)                               | (44,145)    | (67,003)                             | (36,576)    |
| Minority limited partners' share of above adjustments             | 6,347                                  | 4,237       | 6,152                                | 3,536       |
| Total items that affect comparability                             | \$ (63,141)                            | \$ (39,908) | \$ (60,851)                          | \$ (33,040) |



## Overview (continued)

### 2007 Acquisitions and Significant Investments

#### *100 West 33<sup>rd</sup> Street, New York City (the "Manhattan Mall")*

On January 10, 2007, we acquired the Manhattan Mall for approximately \$689,000,000 in cash. This mixed-use property is located on the entire Sixth Avenue block-front between 32<sup>nd</sup> and 33<sup>rd</sup> Streets in Manhattan and contains approximately 1,000,000 square feet, including 812,000 square feet of office space and 164,000 square feet of retail space. Included as part of the transaction are 250,000 square feet of additional air rights. The property is adjacent to our 1,400,000 square foot Hotel Pennsylvania. At closing, we completed a \$232,000,000 financing secured by the property, which bears interest at LIBOR plus 0.55% (5.87% at June 30, 2007) and matures in two years with three one-year extension options. The operations of the office component of the property are included in the New York Office segment and the operations of the retail component are included in the Retail segment. We consolidate the accounts of this property into our consolidated financial statements from the date of acquisition.

#### *Bruckner Plaza, Bronx, New York*

On January 11, 2007, we acquired the Bruckner Plaza shopping center, and an adjacent parcel containing 114,000 square feet which is ground leased to a third party, for approximately \$165,000,000 in cash. The property is located on Bruckner Boulevard in the Bronx, New York and contains 386,000 square feet of retail space. We consolidate the accounts of this property into our consolidated financial statements from the date of acquisition.

#### *1290 Avenue of the Americas and 555 California Street*

On May 24, 2007, we acquired a 70% controlling interest in 1290 Avenue of the Americas, a 2,000,000 square foot Manhattan office building, located on the block-front between 51<sup>st</sup> and 52<sup>nd</sup> Street on Avenue of the Americas, and the 3-building 555 California Street complex ("555 California Street") containing 1,800,000 square feet, known as the Bank of America Center, located at California and Montgomery Streets in San Francisco's financial district. The purchase price for our 70% interest in the real estate was approximately \$1.8 billion, consisting of \$1.0 billion of cash and \$797,000,000 of existing debt. Our share of the debt is comprised of \$308,000,000 secured by 1290 Avenue of the Americas and \$489,000,000 secured by 555 California Street. Our 70% interest was acquired through the purchase of all of the shares of a group of foreign companies that own, through U.S. entities, the 1% sole general partnership interest and a 69% limited partnership interest in the partnerships that own the two properties. The remaining 30% limited partnership interest is owned by Donald J. Trump. We consolidate the accounts of these properties into our consolidated financial statements from the date of acquisition.

In August 2005, Mr. Trump brought a lawsuit in the New York State Supreme Court against, among others, the general partners of the partnerships referred to above. Mr. Trump's claims arose out of a dispute over the sale price of, and use of proceeds from, the sale of properties located on the former Penn Central rail yards between West 59th and 72nd Streets in Manhattan which were formerly owned by the partnerships. In decisions dated September 14, 2005 and July 24, 2006, the Court denied various of Mr. Trump's motions and ultimately dismissed all of Mr. Trump's claims, except for his claim seeking access to books and records, which remains pending. Mr. Trump has sought re-argument and renewal on, and filed a notice of appeal in connection with, his dismissed claims.

In connection with the acquisition, we agreed to indemnify the sellers for liabilities and expenses arising out of Mr. Trump's claim that the general partners of the partnerships we acquired did not sell the rail yards at a fair price or could have sold the rail yards for a greater price and any other claims asserted in the legal action; provided however, that if Mr. Trump prevails on certain claims involving partnership matters, other than claims relating to sale price, the sellers will be required to reimburse us for certain costs related to those claims. We believe that the claims relating to the sale price are without merit. All other allegations are not asserted as a basis for damages and regardless of merit would not be material to our consolidated financial statements.

**Overview (continued)**

1290 Avenue of the Americas and 555 California Street - continued

The following summarizes our allocation of the purchase price to the assets and liabilities acquired.

| (Amounts in thousands)   |                     |
|--|---------------------|
| Land   | \$ 652,144          |
| Building   | 1,219,968           |
| Acquired above-market leases   | 33,205              |
| Other assets   | 223,083             |
| Acquired in-place leases   | <u>173,922</u>      |
| Assets acquired  | <u>2,302,322</u>    |
| Mortgage debt  | 812,380             |
| Acquired below-market leases   | 223,764             |
| Other liabilities  | <u>40,784</u>       |
| Liabilities acquired   | <u>1,076,928</u>    |
| Net assets acquired (\$1.0 billion excluding net working capital acquired and closing costs) | <u>\$ 1,225,394</u> |

Our initial valuation of the assets and liabilities acquired (70% interest) is preliminary and subject to change within the one-year period from the date of closing, as additional valuation information becomes available.

The following table presents our pro forma condensed consolidated statements of income for the three and six months ended June 30, 2007 and 2006 as if the above transaction occurred on January 1, 2006. The unaudited pro forma information is not necessarily indicative of what our actual results would have been had the transaction been consummated on January 1, 2006, nor does it represent the results of operations for any future periods. In our opinion all adjustments necessary to reflect this transaction have been made.

| Condensed Consolidated Statements of Income<br>(Amounts in thousands, except per share amounts) | Pro forma                                 |                   |                                      |                     |
|---|---|-------------------|--------------------------------------|---------------------|
|   | For the Three<br>Months<br>Ended June 30, |                   | For the Six Months<br>Ended June 30, |                     |
|   | 2007                                      | 2006              | 2007                                 | 2006                |
| Revenues  | <u>\$ 856,481</u>                         | <u>\$ 754,571</u> | <u>\$ 1,685,076</u>                  | <u>\$ 1,493,447</u> |
| Income before allocation to limited partners  | \$ 173,612                                | \$ 174,936        | \$ 351,607                           | \$ 334,065          |
| Minority limited partners' interest in the Operating Partnership                                | (16,547)                                  | (17,324)          | (33,724)                             | (33,198)            |
| Perpetual preferred unit distributions of the Operating Partnership                             | (4,819)                                   | (5,374)           | (9,637)                              | (10,347)            |
| Net income  | <u>152,246</u>                            | <u>152,238</u>    | <u>308,246</u>                       | <u>290,520</u>      |
| Preferred share dividends   | <u>(14,295)</u>                           | <u>(14,404)</u>   | <u>(28,591)</u>                      | <u>(28,811)</u>     |
| Net income applicable to common shares  | <u>\$ 137,951</u>                         | <u>\$ 137,834</u> | <u>\$ 279,655</u>                    | <u>\$ 261,709</u>   |
| Net income per common share – basic   | <u>\$ 0.91</u>                            | <u>\$ 0.97</u>    | <u>\$ 1.84</u>                       | <u>\$ 1.85</u>      |
| Net income per common share - diluted   | <u>\$ 0.87</u>                            | <u>\$ 0.92</u>    | <u>\$ 1.77</u>                       | <u>\$ 1.76</u>      |

## Overview (continued)

### *H Street Building Corporation ("H Street")*

In July 2005, we acquired H Street, which owns a 50% interest in real estate assets located in Pentagon City, Virginia and Washington, DC. On April 30, 2007, we acquired the corporations that own the remaining 50% interest in these assets for approximately \$383,000,000, consisting of \$333,000,000 in cash and \$50,000,000 of existing mortgages. These assets include twin office buildings located in Washington, DC, containing 577,000 square feet, and assets located in Pentagon City, Virginia comprised of 34 acres of land leased to three residential and retail operators, a 1,670 unit high-rise apartment complex and 10 acres of vacant land. In conjunction with this acquisition all existing litigation has been dismissed. Beginning on April 30, 2007, we consolidate the accounts of these entities into our consolidated financial statements and no longer account for them on the equity method.

Further, we have agreed to sell approximately 19.6 of the 34 acres of land to one of the existing ground lessees in two closings over a two-year period for approximately \$220,000,000 in cash. The first closing was completed on May 11, 2007 for approximately \$104,000,000. Our net gain on sale of \$15,831,000 was deferred because the buyer's cash down payment was not sufficient for gain recognition pursuant to Statement of Financial Accounting Standards ("SFAS") No. 66 – *Accounting For Sales of Real Estate*, and will be recognized upon receipt of the remaining sale proceeds in the fourth quarter of 2007. In April 2007, we received letters from the two remaining ground lessees claiming a right of first offer on the sale of the land, one of which has since retracted its letter and reserved its rights under the lease. Discussions with both lessees are on-going.

Our total purchase price for 100% of the assets we will own, after the anticipated proceeds from the land sale, is \$409,000,000, consisting of \$286,000,000 in cash and \$123,000,000 of existing mortgages.

### *Toys "R" Us Stores*

On May 31, 2007, we acquired four properties from Toys "R" Us ("Toys") for \$12,242,000 in cash, which completed our September 2006 agreement to acquire 43 stores that were closed as part of Toys' January 2006 store closing program. We consolidate the accounts of these properties into our consolidated financial statements from the date of acquisition. Our \$1,045,000 share of Toys net gain on this transaction was recorded as an adjustment to the basis of our investment in Toys and was not recorded as income.

### *India Property Fund LP*

In 2005 and 2006, we invested \$94,200,000 in two joint ventures established to acquire, manage and develop real estate in India. On June 14, 2007, we committed to contribute \$95,000,000 to a third venture, the India Property Fund, LP (the "Fund"), also established to acquire, manage and develop real estate in India. We satisfied \$77,000,000 of our commitment by contributing our interest in one of the above mentioned joint ventures to the Fund. The Fund will seek to raise additional equity; as of June 30, 2007, we own 95% of the Fund and therefore consolidate the accounts of the Fund into our consolidated financial statements, pursuant to the requirements of FIN 46 (R) - *Consolidation of Variable Interest Entities*.

## Overview (continued)

### *Shopping Center Portfolio Acquisition*

On June 26, 2007, we entered into an agreement to acquire a 15 shopping center portfolio aggregating approximately 1.9 million square feet. The properties are located primarily in Northern New Jersey and Long Island, New York. The purchase price is approximately \$351,000,000, consisting of approximately \$120,000,000 of cash, \$89,000,000 of newly issued Vornado Realty L.P. redeemable preferred and common units and \$142,000,000 of existing debt. On June 28, 2007, we completed the acquisition of five of the shopping centers for \$116,561,000, consisting of \$94,179,000 in cash, \$15,993,000 in Vornado Realty L.P. preferred units and \$6,389,000 of Vornado Realty L.P. common units. We consolidate the accounts of these properties into our consolidated financial statements from the date of acquisition. The closing of the remaining shopping centers is expected to occur in two additional tranches and be completed by the end of 2007, subject to customary closing conditions.

### 2007 Mezzanine Loan Activity:

#### *Blackstone/Equity Office Properties Loan*

On March 29, 2007, we acquired a 9.4% interest in a \$772,600,000 mezzanine loan for \$72,400,000 in cash. During April and May of 2007, we were repaid the \$72,400,000 outstanding balance of the mezzanine loan in multiple principal payments, together with accrued interest of \$506,000, which was recognized as "interest and other investment income" in the three months ended June 30, 2007.

#### *Fortress Loan*

In 2006, we acquired bonds for \$99,500,000 in cash, representing a 7% interest in two margin loans aggregating \$1.430 billion. On March 30, 2007, we were repaid \$35,348,000, together with accrued interest of \$2,205,000 and a prepayment premium of \$177,000, which was recognized as "interest and other investment income" in the three months ended March 31, 2007. On July 10, 2007, an additional \$13,221,000 was repaid, together with accrued interest of \$27,000. The remaining balance of our investment in the bonds of \$50,931,000, is due in December 2007.

#### *MPH Mezzanine Loans*

On June 5, 2007, we acquired a 42% interest in two mezzanine loans totaling \$158,700,000, for \$66,403,000 in cash. The loans bear interest at LIBOR plus 5.32% (10.64% at June 30, 2007) and mature in February 2008. The loans are subordinate to \$2.9 billion of other debt and are secured by the equity interests in four New York City properties: Worldwide Plaza, 1540 Broadway office condominium, 527 Madison Avenue and Tower 56.

### Other Investments:

#### *The Lexington Master Limited Partnership ("Lexington MLP")*

On December 31, 2006, Newkirk Realty Trust (NYSE: NKT) was acquired in a merger by Lexington Corporate Properties Trust ("Lexington") (NYSE: LXP), a real estate investment trust. We owned 10,186,991 limited partnership units (representing a 15.8% investment ownership interest) of Newkirk MLP, which was also acquired by Lexington as a subsidiary, and was renamed Lexington MLP. The units in Newkirk MLP, which we accounted for on the equity method, were converted on a 0.80 for 1 basis into limited partnership units of Lexington MLP, which we also account for on the equity method. The Lexington MLP units are exchangeable on a one-for-one basis into common shares of Lexington. We record our pro rata share of Lexington MLP's net income or loss on a one-quarter lag basis because we file our consolidated financial statements on Form 10-K and 10-Q prior to the time that Lexington files its financial statements.

## Overview (continued)

### *Downtown Crossing Joint Venture*

On January 26, 2007, a joint venture in which we have a 50% interest, acquired the Filene's property located in the Downtown Crossing district of Boston, Massachusetts for approximately \$100,000,000 in cash, of which our share was \$50,000,000. The venture plans to redevelop the property to include over 1,200,000 square feet, consisting of office, retail, condominium apartments and a hotel. The project is subject to governmental approvals. Our investment in the joint venture is accounted for under the equity method.

### *Investment in McDonald's Corporation ("McDonalds") (NYSE: MCD)*

As of June 30, 2007, we own 858,000 common shares of McDonalds which we acquired in July 2005 for \$25,346,000, an average price of \$29.54 per share. These shares are recorded as marketable equity securities on our consolidated balance sheets and are classified as "available for sale." Appreciation or depreciation in the fair market value of these shares is recorded as an increase or decrease in "accumulated other comprehensive income" in the shareholders' equity section of our consolidated balance sheets and not recognized in income. At June 30, 2007, based on McDonalds' closing stock price of \$50.76 per share, \$18,207,000 of appreciation in the value of these shares was included in "accumulated other comprehensive income" on our consolidated balance sheet.

As of June 30, 2007, we own 13,696,000 McDonalds common shares ("option shares") through a series of privately negotiated transactions with a financial institution pursuant to which we purchased a call option and simultaneously sold a put option at the same strike price on McDonalds' common shares. The option shares have a weighted-average strike price of \$32.70 per share, or an aggregate of \$447,822,000, expire on various dates between July 30, 2007 and September 10, 2007 and provide for net cash settlement. Under these agreements, the strike price for each pair of options increases at an annual rate of LIBOR plus 45 basis points (up to 95 basis points under certain circumstances) and is credited for the dividends received on the shares. The options provide us with the same economic gain or loss as if we had purchased the underlying common shares and borrowed the aggregate purchase price at an annual rate of LIBOR plus 45 basis points. Because these options are derivatives and do not qualify for hedge accounting treatment, the gains or losses resulting from the mark-to-market of the options at the end of each reporting period are recognized as an increase or decrease in "interest and other investment income" on our consolidated statements of income.

For the three and six months ended June 30, 2007, we recognized net gains of \$71,390,000, and \$74,613,000, respectively, representing the mark-to-market of the option shares to \$50.76 per share, net of the expense resulting from the LIBOR charges. For the three and six months ended June 30, 2006, we recognized a net loss of \$14,515,000 and \$8,215,000, respectively, representing the mark-to-market of the option shares to \$33.60 per share, net of the expense resulting from the LIBOR charges.

Our aggregate net gain from inception of this investment in 2005 through June 30, 2007 is \$248,687,000.

## Overview (continued)

### 2007 Financings:

On January 26, 2007, we completed a \$678,000,000 financing of our Skyline Complex in Fairfax Virginia, consisting of eight office buildings containing 2,560,000 square feet. This loan bears interest only at 5.74% and matures in February 2017. We retained net proceeds of approximately \$515,000,000 after repaying existing loans and closing costs, including \$5,771,000 for prepayment penalties and defeasance costs which is included in "interest and debt expense" in the quarter ended June 30, 2007.

On May 11, 2007, we redeemed our \$500,000,000 5.625% senior unsecured notes at the face amount plus accrued interest.

On May 14, 2007, we completed a \$45,000,000 financing of our 866 UN Plaza property. The loan bears interest at LIBOR plus 0.40% and matures in May 2009. The net proceeds were used to repay the existing loan and closing costs.

#### *2.85% Convertible Senior Debentures due 2027*

On March 21, 2007, Vornado Realty Trust sold \$1.4 billion aggregate principal amount of 2.85% convertible senior debentures due 2027, pursuant to an effective registration statement. The aggregate net proceeds from this offering, after underwriters' discounts and expenses, were approximately \$1.37 billion. The debentures are redeemable at our option beginning in 2012 for the principal amount plus accrued and unpaid interest. Holders of the debentures have the right to require us to repurchase their debentures in 2012, 2017, and 2022 and in certain other limited circumstances. The debentures are convertible, under certain circumstances, for cash and Vornado common shares at an initial conversion rate of 6.1553 common shares per \$1,000 of principal amount of debentures. The initial conversion price is \$162.46, which represents a premium of 30% over the March 21, 2007 closing price of \$124.97 for our common shares. The principal amount of debentures will be settled for cash and the amount in excess of the principal defined as the conversion value will be settled in cash or, at our election, Vornado common shares.

We are amortizing the underwriters' discount on a straight-line basis (which approximates the interest method) over the period from the date of issuance to the date of earliest redemption of April 1, 2012. Because the conversion option associated with the debentures when analyzed as a freestanding instrument meets the criteria to be classified as equity specified by paragraphs 12 to 32 of EITF 00-19 "*Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's own Common Stock*," separate accounting for the conversion option under SFAS No. 133 "*Accounting for Derivative Instruments and Hedging Activities*" is not appropriate.

The net proceeds of the offering were contributed to the Operating Partnership in the form of an inter-company loan and the Operating Partnership guaranteed the payment of the debentures. The Operating Partnership used the net proceeds primarily for acquisitions and investments and for general corporate purposes.

On July 25, 2007, the FASB authorized a FASB Staff Position (the "proposed FSP") that, if issued, would affect the accounting for our convertible and exchangeable senior debentures. If issued in the form expected, the proposed FSP would require that the initial debt proceeds from the sale of our convertible and exchangeable senior debentures be allocated between a liability component and an equity component. The resulting debt discount would be amortized over the period the debt is expected to be outstanding as additional interest expense. The proposed FSP is expected to be effective for fiscal years beginning after December 15, 2007, require retroactive application and result in approximately \$47,000,000 (\$42,000,000 net of minority interest) of additional interest expense per annum.

## Overview (continued)

The following table sets forth certain information for the properties we own directly or indirectly, including leasing activity. Tenant improvements and leasing commissions are presented below based on square feet leased during the period and on a per annum basis based on the weighted average term of the leases.

(Square feet and cubic feet in thousands)

|  | Office      |                   |           | Merchandise Mart |          | Temperature<br>Controlled<br>Logistics |
|--|-------------|-------------------|-----------|------------------|----------|--|
|  | New<br>York | Washington,<br>DC | Retail    | Office           | Showroom |  |
| <b>As of June 30, 2007:</b>  |             |                   |           |                  |          |  |
| Square feet/ cubic feet  | 15,962      | 17,900            | 21,053    | 2,756            | 6,330    | 18,940/497,700                         |
| Number of properties   | 28          | 84                | 175       | 9                | 9        | 91                                     |
| Occupancy rate   | 97.8%       | 93.2%             | 93.4%     | 96.3%            | 91.3%    | 70.4%                                  |
| <b>Leasing Activity:</b>   |             |                   |           |                  |          |  |
| <b>Quarter Ended June 30, 2007:</b>  |             |                   |           |                  |          |  |
| Square feet  | 202         | 767               | 239       | 138              | 268      |  |
| Initial rent (1)   | \$ 75.10    | \$ 33.37          | \$ 30.24  | \$ 23.18         | \$ 26.27 |  |
| Weighted average lease terms (years)                                       | 6.4         | 5.4               | 9.7       | 13.0             | 5.0      |  |
| Rent per square foot – relet space:  |             |                   |           |                  |          |  |
| Square feet  | 154         | 647               | 69        | 138              | 259      |  |
| Initial Rent (1)   | \$ 81.53    | \$ 33.29          | \$ 35.30  | \$ 23.18         | \$ 26.29 |  |
| Prior escalated rent   | \$ 48.77    | \$ 31.83          | \$ 29.06  | \$ 25.61         | \$ 25.28 |  |
| Percentage increase (decrease):  |             |                   |           |                  |          |  |
| Cash basis   | 67.2%(2)    | 4.6%              | 21.5%     | (9.5%)           | 4.0%     |  |
| GAAP basis   | 63.8%(2)    | 4.8%              | 27.2%     | 20.0%            | 15.9%    |  |
| Rent per square foot – vacant space:                                       |             |                   |           |                  |          |  |
| Square feet  | 48          | 120               | 170       | —                | 9        |  |
| Initial rent (1)   | \$ 54.47    | \$ 33.82          | \$ 28.16  | \$ —             | \$ 25.83 |  |
| Tenant improvements and leasing commissions:                               |             |                   |           |                  |          |  |
| Per square foot  | \$ 40.06    | \$ 10.73          | \$ 11.24  | \$ 67.97         | \$ 10.91 |  |
| Per square foot per annum  | \$ 6.23     | \$ 1.99           | \$ 1.15   | \$ 5.23          | \$ 2.18  |  |
| Percentage of initial rent   | 8.3%        | 6.0%              | 3.8%      | 22.6%            | 8.3%     |  |
| <b>Six Months Ended June 30, 2007:</b>                                     |             |                   |           |                  |          |  |
| Square feet  | 447         | 1,421             | 462       | 144              | 591      |  |
| Initial rent (1)   | \$ 66.91    | \$ 35.62          | \$ 35.02  | \$ 23.77         | \$ 25.44 |  |
| Weighted average lease terms (years)                                       | 7.0         | 6.2               | 8.9       | 12.8             | 4.8      |  |
| Rent per square foot – relet space:  |             |                   |           |                  |          |  |
| Square feet  | 390         | 1,058             | 189       | 144              | 581      |  |
| Initial Rent (1)   | \$ 68.98    | \$ 33.68          | \$ 46.78  | \$ 23.77         | \$ 25.44 |  |
| Prior escalated rent   | \$ 46.84    | \$ 32.59          | \$ 28.19  | \$ 25.88         | \$ 24.97 |  |
| Percentage increase (decrease):  |             |                   |           |                  |          |  |
| Cash basis   | 47.3%       | 3.3%              | 65.9% (2) | (8.1%)           | 1.9%     |  |
| GAAP basis   | 55.1%       | 4.0%              | 41.6% (2) | 20.2%            | 13.0%    |  |
| Rent per square foot – vacant space:                                       |             |                   |           |                  |          |  |
| Square feet  | 57          | 364               | 273       | —                | 9        |  |
| Initial rent (1)   | \$ 52.75    | \$ 41.25          | \$ 26.67  | \$ —             | \$ 25.83 |  |
| Tenant improvements and leasing commissions:                               |             |                   |           |                  |          |  |
| Per square foot  | \$ 40.95    | \$ 12.38          | \$ 11.68  | \$ 66.00         | \$ 7.54  |  |
| Per square foot per annum  | \$ 5.85     | \$ 2.00           | \$ 1.32   | \$ 5.16          | \$ 1.57  |  |
| Percentage of initial rent   | 8.7%        | 5.6%              | 3.8%      | 21.7%            | 6.2%     |  |
| Retail space contained in office buildings of the New York Office segment: |             |                   |           |                  |          |  |
| Square feet/cubic feet   | 9           |                   |           |                  |          |  |
| Initial Rent   | \$ 103      |                   |           |                  |          |  |
| Percentage increase over prior escalated rent for relet space              | 110.6%      |                   |           |                  |          |  |

The information above does not include 555 California Street, in which we acquired a 70% interest on May 24, 2007, because its operations are included in the "Other" for segment reporting purposes. 555 California Street, located in San Francisco's financial district, aggregates 1.8 million square feet and is 94.6% occupied as of June 30, 2007.

See notes on following page.

**Overview (continued)**

(Square feet and cubic feet in thousands)

|                                 | Office   |                   |        | Merchandise Mart |          | Temperature<br>Controlled<br>Logistics |
|---------------------------------|----------|-------------------|--------|------------------|----------|--|
|                                 | New York | Washington,<br>DC | Retail | Office           | Showroom |  |
| <b>As of March 31, 2007:</b>    |          |                   |        |                  |          |  |
| Square feet/ cubic feet         | 14,553   | 17,032            | 20,158 | 2,731            | 6,366    | 18,940/497,700                         |
| Number of properties            | 27       | 81                | 163    | 9                | 9        | 91                                     |
| Occupancy rate                  | 97.9%    | 92.0%             | 93.5%  | 96.5%            | 92.4%    | 73.0%                                  |
| <b>As of December 31, 2006:</b> |          |                   |        |                  |          |  |
| Square feet/ cubic feet         | 13,692   | 17,017            | 19,264 | 2,714            | 6,370    | 18,941/497,800                         |
| Number of properties            | 25       | 81                | 158    | 9                | 9        | 91                                     |
| Occupancy rate                  | 97.5%    | 92.2%             | 92.7%  | 97.4%            | 93.6%    | 77.4%                                  |
| <b>As of June 30, 2006:</b>     |          |                   |        |                  |          |  |
| Square feet/ cubic feet         | 13,122   | 17,649            | 17,558 | 2,701            | 6,366    | 17,417/442,200                         |
| Number of properties            | 24       | 85                | 119    | 9                | 9        | 85                                     |
| Occupancy rate                  | 96.5%    | 92.2%             | 95.1%  | 97.4%            | 91.9%    | 73.7%                                  |

(1) Most leases include periodic step-ups in rent, which are not reflected in the initial rent per square foot leased.

(2) Because generally accepted accounting principles require tenant leases to be marked to fair value when they are acquired, the cash basis increase is greater than the GAAP basis rent increase when the acquired space is relet.



## Reconciliation of Net Income and EBITDA – Three Months Ended June 30, 2007 and 2006

Below is a summary of net income and a reconciliation of net income to EBITDA <sup>(1)</sup> by segment for the three months ended June 30, 2007 and 2006.

(Amounts in thousands)

|   | For the Three Months Ended June 30, 2007 |            |                |           |                  |                                  |           |                      |
|---|--|------------|----------------|-----------|------------------|----------------------------------|-----------|----------------------|
|   | Total                                    | Office     |                | Retail    | Merchandise Mart | Temperature Controlled Logistics | Toys      | Other <sup>(2)</sup> |
|   |  | New York   | Washington, DC |           |                  |                                  |           |                      |
| Property rentals  | \$ 442,793                               | \$ 152,850 | \$ 113,054     | \$ 80,070 | \$ 60,701        | \$ —                             | \$ —      | \$ 36,118            |
| Straight-line rents:  |  |            |                |           |                  |                                  |           |                      |
| Contractual rent increases  | 11,156                                   | 4,526      | 2,915          | 2,911     | 619              | —                                | —         | 185                  |
| Amortization of free rent   | 10,497                                   | 5,726      | 3,760          | 239       | 560              | —                                | —         | 212                  |
| Amortization of acquired below-market leases, net   | 20,317                                   | 10,387     | 1,150          | 7,608     | 90               | —                                | —         | 1,082                |
| Total rentals   | 484,763                                  | 173,489    | 120,879        | 90,828    | 61,970           | —                                | —         | 37,597               |
| Temperature Controlled Logistics  | 206,474                                  | —          | —              | —         | —                | 206,474                          | —         | —                    |
| Tenant expense reimbursements   | 77,370                                   | 29,642     | 10,772         | 28,887    | 5,526            | —                                | —         | 2,543                |
| Fee and other income:   |  |            |                |           |                  |                                  |           |                      |
| Tenant cleaning fees  | 10,527                                   | 13,062     | —              | —         | —                | —                                | —         | (2,535)              |
| Management and leasing fees   | 2,804                                    | 974        | 1,972          | 580       | (19)             | —                                | —         | (703)                |
| Lease termination fees  | 1,294                                    | 100        | 130            | 902       | 162              | —                                | —         | —                    |
| Other   | 10,225                                   | 4,242      | 3,911          | 301       | 2,441            | —                                | —         | (670)                |
| Total revenues  | 793,457                                  | 221,509    | 137,664        | 121,498   | 70,080           | 206,474                          | —         | 36,232               |
| Operating expenses  | 392,757                                  | 93,287     | 44,961         | 41,688    | 33,279           | 163,768                          | —         | 15,774               |
| Depreciation and amortization   | 132,457                                  | 36,744     | 29,219         | 22,109    | 11,391           | 20,412                           | —         | 12,582               |
| General and administrative  | 59,555                                   | 5,502      | 6,034          | 6,329     | 6,983            | 9,757                            | —         | 24,950               |
| Costs of acquisition not consummated  | —  | —          | —              | —         | —                | —                                | —         | —                    |
| Total expenses  | 584,769                                  | 135,533    | 80,214         | 70,126    | 51,653           | 193,937                          | —         | 53,306               |
| Operating income (loss)   | 208,688                                  | 85,976     | 57,450         | 51,372    | 18,427           | 12,537                           | —         | (17,074)             |
| Income applicable to Alexander's  | 9,484                                    | 190        | —              | 164       | —                | —                                | —         | 9,130                |
| Loss applicable to Toys "R" Us  | (20,029)                                 | —          | —              | —         | —                | —                                | (20,029)  | —                    |
| Income from partially owned entities  | 8,593                                    | 1,111      | 3,743          | 2,093     | 448              | 398                              | —         | 800                  |
| Interest and other investment income  | 120,513                                  | 469        | 742            | 117       | 93               | 820                              | —         | 118,272              |
| Interest and debt expense   | (156,179)                                | (32,113)   | (30,149)       | (19,775)  | (13,048)         | (16,257)                         | —         | (44,837)             |
| Net gain on disposition of wholly owned and partially owned assets other than depreciable real estate | 15,778                                   | —          | —              | —         | —                | —                                | —         | 15,778               |
| Minority interest of partially owned entities   | 4,349                                    | (569)      | —              | 11        | —                | 3,003                            | —         | 1,904                |
| Income (loss) before income taxes   | 191,197                                  | 55,064     | 31,786         | 33,982    | 5,920            | 501                              | (20,029)  | 83,973               |
| Provision for income taxes  | (3,566)                                  | —          | (1,825)        | (182)     | (241)            | (1,058)                          | —         | (260)                |
| Income (loss) from continuing operations  | 187,631                                  | 55,064     | 29,961         | 33,800    | 5,679            | (557)                            | (20,029)  | 83,713               |
| (Loss) income from discontinued operations, net   | (40)                                     | —          | —              | (44)      | —                | —                                | —         | 4                    |
| Income (loss) before allocation to minority limited partners  | 187,591                                  | 55,064     | 29,961         | 33,756    | 5,679            | (557)                            | (20,029)  | 83,717               |
| Minority limited partners' interest in the Operating Partnership                                      | (16,852)                                 | —          | —              | —         | —                | —                                | —         | (16,852)             |
| Perpetual preferred unit distributions of the Operating Partnership                                   | (4,819)                                  | —          | —              | —         | —                | —                                | —         | (4,819)              |
| Net income (loss)   | 165,920                                  | 55,064     | 29,961         | 33,756    | 5,679            | (557)                            | (20,029)  | 62,046               |
| Interest and debt expense <sup>(1)</sup>  | 202,843                                  | 31,831     | 32,095         | 22,478    | 13,264           | 7,735                            | 40,984    | 54,456               |
| Depreciation and amortization <sup>(1)</sup>  | 165,990                                  | 36,600     | 32,831         | 22,912    | 11,525           | 9,740                            | 33,303    | 19,079               |
| Income tax expense <sup>(1)</sup>   | (8,071)                                  | 1,100      | 3,789          | 182       | 241              | 504                              | (14,934)  | 1,047                |
| EBITDA  | \$ 526,682                               | \$ 124,595 | \$ 98,676      | \$ 79,328 | \$ 30,709        | \$ 17,422                        | \$ 39,324 | \$ 136,628           |

Other segment EBITDA includes a \$72,074 net gain on mark-to-market of derivative instruments, a \$15,778 net gain on sale of marketable equity securities and \$1,677 of expense for our share of India Property Fund LP organization costs.

See notes on page 51.

**Reconciliation of Net Income and EBITDA – Three Months Ended June 30, 2007 and 2006 (continued)**

(Amounts in thousands)

**For the Three Months Ended June 30, 2006**

|   | For the Three Months Ended June 30, 2006 |            |                |           |                  |                                  |           |                      |
|---|--|------------|----------------|-----------|------------------|----------------------------------|-----------|----------------------|
|   | Total                                    | Office     |                | Retail    | Merchandise Mart | Temperature Controlled Logistics | Toys      | Other <sup>(2)</sup> |
|   |  | New York   | Washington, DC |           |                  |                                  |           |                      |
| Property rentals  | \$ 372,192                               | \$ 120,115 | \$ 103,010     | \$ 64,541 | \$ 61,885        | \$ —                             | \$ —      | \$ 22,641            |
| Straight-line rents:  |  |            |                |           |                  |                                  |           |                      |
| Contractual rent increases  | 7,991                                    | 1,994      | 2,320          | 2,101     | 1,597            | —                                | —         | (21)                 |
| Amortization of free rent   | 9,621                                    | 1,927      | 6,089          | 1,263     | 342              | —                                | —         | —                    |
| Amortization of acquired below-market leases, net   | 3,672                                    | (11)       | 946            | 2,338     | (93)             | —                                | —         | 492                  |
| Total rentals   | 393,476                                  | 124,025    | 112,365        | 70,243    | 63,731           | —                                | —         | 23,112               |
| Temperature Controlled Logistics  | 187,047                                  | —          | —              | —         | —                | 187,047                          | —         | —                    |
| Tenant expense reimbursements   | 60,920                                   | 23,805     | 6,511          | 25,059    | 4,915            | —                                | —         | 630                  |
| Fee and other income:   |  |            |                |           |                  |                                  |           |                      |
| Tenant cleaning fees  | 7,511                                    | 9,819      | —              | —         | —                | —                                | —         | (2,308)              |
| Management and leasing fees   | 2,534                                    | 258        | 1,885          | 360       | 31               | —                                | —         | —                    |
| Lease termination fees  | 5,907                                    | 5,388      | 5              | —         | 514              | —                                | —         | —                    |
| Other   | 5,637                                    | 2,296      | 1,920          | 80        | 1,341            | —                                | —         | —                    |
| Total revenues  | 663,032                                  | 165,591    | 122,686        | 95,742    | 70,532           | 187,047                          | —         | 21,434               |
| Operating expenses  | 319,851                                  | 72,046     | 36,494         | 31,688    | 22,514           | 145,896                          | —         | 11,213               |
| Depreciation and amortization   | 98,880                                   | 22,917     | 29,902         | 12,407    | 11,104           | 17,921                           | —         | 4,629                |
| General and administrative  | 51,715                                   | 4,140      | 7,846          | 5,294     | 7,045            | 9,606                            | —         | 17,784               |
| Total expenses  | 470,446                                  | 99,103     | 74,242         | 49,389    | 40,663           | 173,423                          | —         | 33,626               |
| Operating income (loss)   | 192,586                                  | 66,488     | 48,444         | 46,353    | 29,869           | 13,624                           | —         | (12,192)             |
| Income applicable to Alexander's  | 14,750                                   | 186        | —              | 178       | —                | —                                | —         | 14,386               |
| Loss applicable to Toys "R" Us  | (7,884)                                  | —          | —              | —         | —                | —                                | (7,884)   | —                    |
| Income from partially owned entities  | 14,635                                   | 1,166      | 5,058          | 2,188     | 445              | 369                              | —         | 5,409                |
| Interest and other investment income  | 16,623                                   | 180        | 378            | 353       | 66               | 1,364                            | —         | 14,282               |
| Interest and debt expense   | (120,822)                                | (20,848)   | (26,187)       | (24,131)  | (3,542)          | (18,452)                         | —         | (27,662)             |
| Net gain on disposition of wholly owned and partially owned assets other than depreciable real estate | 56,947                                   | —          | —              | —         | —                | —                                | —         | 56,947               |
| Minority interest of partially owned entities   | 3,118                                    | —          | —              | 29        | 1                | 2,847                            | —         | 241                  |
| Income (loss) before income taxes   | 169,953                                  | 47,172     | 27,693         | 24,970    | 26,839           | (248)                            | (7,884)   | 51,411               |
| Provision for income taxes  | (848)                                    | —          | (602)          | —         | (78)             | (168)                            | —         | —                    |
| Income (loss) from continuing operations  | 169,105                                  | 47,172     | 27,091         | 24,970    | 26,761           | (416)                            | (7,884)   | 51,411               |
| Income (loss) from discontinued operations, net   | 16,762                                   | —          | 16,807         | (42)      | (3)              | —                                | —         | —                    |
| Income (loss) before allocation to minority limited partners  | 185,867                                  | 47,172     | 43,898         | 24,928    | 26,758           | (416)                            | (7,884)   | 51,411               |
| Minority limited partners' interest in the Operating Partnership                                      | (17,324)                                 | —          | —              | —         | —                | —                                | —         | (17,324)             |
| Perpetual preferred unit distributions of the Operating Partnership                                   | (5,374)                                  | —          | —              | —         | —                | —                                | —         | (5,374)              |
| Net income (loss)   | 163,169                                  | 47,172     | 43,898         | 24,928    | 26,758           | (416)                            | (7,884)   | 28,713               |
| Interest and debt expense <sup>(1)</sup>  | 171,778                                  | 21,523     | 30,315         | 27,118    | 3,762            | 8,779                            | 44,348    | 35,933               |
| Depreciation and amortization <sup>(1)</sup>  | 133,377                                  | 23,850     | 34,724         | 13,320    | 11,245           | 8,553                            | 32,522    | 9,163                |
| Income tax (benefit) expense <sup>(1)</sup>   | (28,642)                                 | —          | 3,620          | —         | 78               | 81                               | (32,522)  | 101                  |
| EBITDA  | \$ 439,682                               | \$ 92,545  | \$ 112,557     | \$ 65,366 | \$ 41,843        | \$ 16,997                        | \$ 36,464 | \$ 73,910            |

Washington, DC office EBITDA includes a net gain on sale of real estate of \$17,609. In addition, the Other segment EBITDA includes a \$55,438 net gain on sale of marketable equity securities and a \$10,410 net loss on mark-to-market of derivative instruments.

See notes on following page.

**Reconciliation of Net Income and EBITDA – Three Months Ended June 30, 2007 and 2006 (continued)**

**Notes to preceding tabular information:**

(1) EBITDA represents “Earnings Before Interest, Taxes, Depreciation and Amortization.” We consider EBITDA a supplemental measure for making decisions and assessing the un-levered 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 a multiple of EBITDA, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. EBITDA should not be considered a substitute for net income. EBITDA may not be comparable to similarly titled measures employed by other companies.

(2) Other EBITDA is comprised of:

| (Amounts in thousands)  | For the Three Months<br>Ended June 30, |                  |
|---|--|------------------|
|   | 2007                                   | 2006             |
| Alexander's (see page 55)   | \$ 17,166                              | \$ 21,970        |
| Hotel Pennsylvania  | 11,177                                 | 7,872            |
| 555 California Street   | 6,349                                  | —                |
| Lexington MLP, formerly Newkirk MLP (see page 44)                   | 5,984                                  | 8,467            |
| GMH   | 4,177                                  | — (1)            |
| Industrial warehouses   | 823                                    | 1,509            |
| Other investments   | <u>1,841</u>                           | <u>3,789</u>     |
|   | 47,517                                 | 43,607           |
| Investment income and other   | 131,772                                | 69,490           |
| Corporate general and administrative expenses                       | (20,990)                               | (16,489)         |
| Minority limited partners' interest in the Operating Partnership    | (16,852)                               | (17,324)         |
| Perpetual preferred unit distributions of the Operating Partnership | <u>(4,819)</u>                         | <u>(5,374)</u>   |
|   | <u>\$ 136,628</u>                      | <u>\$ 73,910</u> |

(1) Does not include any income or loss as GMH had delayed the filing of its Form 10-Q until after we filed our Form 10-Q for the quarter ended June 30, 2006. See page 55 for further details.

**Results of Operations – Three Months Ended June 30, 2007 and 2006**
**Revenues**

Our revenues, which consist of property rentals, tenant expense reimbursements, Temperature Controlled Logistics revenues, hotel revenues, trade shows revenues, amortization of acquired below market leases, net of above market leases pursuant to SFAS No. 141 and 142, and fee income, were \$793,457,000 for the three months ended June 30, 2007, compared to \$663,032,000 for the prior year's three months, an increase of \$130,425,000. Below are the details of the increase (decrease) by segment:

(Amounts in thousands)

|   | Office     |                        |                   |           |                        |                       | Temperature<br>Controlled<br>Logistics | Other |
|---|------------|------------------------|-------------------|-----------|------------------------|-----------------------|--|-------|
|   | Total      | New<br>York            | Washington,<br>DC | Retail    | Merchandise<br>Mart    |                       |  |       |
| <b>Property rentals:</b>  |            |                        |                   |           |                        |                       |  |       |
| Increase (decrease) due to:   |            |                        |                   |           |                        |                       |  |       |
| Acquisitions:   |            |                        |                   |           |                        |                       |  |       |
| Manhattan Mall  | \$ 13,094  | \$ 8,833               | \$ —              | \$ 4,261  | \$ —                   | \$ —                  | \$ —                                   |       |
| 555 California Street   | 10,519     | —                      | —                 | —         | —                      | —                     | 10,519                                 |       |
| 1290 Avenue of the Americas   | 10,403     | 10,403                 | —                 | —         | —                      | —                     | —                                      |       |
| H Street – (consolidated from<br>May 1, 2007, vs. equity method<br>prior) | 9,685      | —                      | 9,685             | —         | —                      | —                     | —                                      |       |
| 350 Park Avenue   | 8,065      | 8,065                  | —                 | —         | —                      | —                     | —                                      |       |
| Former Toys "R" Us stores   | 5,386      | —                      | —                 | 5,386     | —                      | —                     | —                                      |       |
| Bruckner Plaza  | 1,854      | —                      | —                 | 1,854     | —                      | —                     | —                                      |       |
| 1540 Broadway   | 1,700      | 193                    | —                 | 1,507     | —                      | —                     | —                                      |       |
| Other   | 7,192      | —                      | (10)              | 2,180     | 5,059                  | —                     | (37)                                   |       |
| Development/Redevelopment:  |            |                        |                   |           |                        |                       |  |       |
| 2101 L Street – taken out of service                                      | (2,208)    | —                      | (2,208)           | —         | —                      | —                     | —                                      |       |
| Crystal Mall 2 – taken out of service                                     | (2,054)    | —                      | (2,054)           | —         | —                      | —                     | —                                      |       |
| Bergen Town Center – partially taken<br>out of service                    | (187)      | —                      | —                 | (187)     | —                      | —                     | —                                      |       |
| Springfield Mall – partially taken out<br>of service                      | (294)      | —                      | —                 | (294)     | —                      | —                     | —                                      |       |
| Other   | (142)      | —                      | (17)              | (125)     | —                      | —                     | —                                      |       |
| Amortization of acquired below market<br>leases, net                      | 16,645     | 10,398                 | 204               | 5,270     | 183                    | —                     | 590                                    |       |
| Operations:   |            |                        |                   |           |                        |                       |  |       |
| Hotel Pennsylvania  | 3,944      | —                      | —                 | —         | —                      | —                     | 3,944 <sup>(1)</sup>                   |       |
| Trade shows   | (6,599)    | —                      | —                 | —         | (6,599) <sup>(2)</sup> | —                     | —                                      |       |
| Leasing activity (see page 47)  | 14,284     | 11,572                 | 2,914             | 733       | (404)                  | —                     | (531)                                  |       |
| Total increase (decrease) in property rentals                             | 91,287     | 49,464                 | 8,514             | 20,585    | (1,761)                | —                     | 14,485                                 |       |
| <b>Temperature Controlled Logistics:</b>                                  |            |                        |                   |           |                        |                       |  |       |
| Increase due to acquisitions<br>(ConAgra warehouses)                      | 6,936      | —                      | —                 | —         | —                      | 6,936                 | —                                      |       |
| Increase due to operations  | 12,491     | —                      | —                 | —         | —                      | 12,491 <sup>(3)</sup> | —                                      |       |
| Total increase  | 19,427     | —                      | —                 | —         | —                      | 19,427                | —                                      |       |
| <b>Tenant expense reimbursements:</b>                                     |            |                        |                   |           |                        |                       |  |       |
| Increase due to:  |            |                        |                   |           |                        |                       |  |       |
| Acquisitions/development  | 8,906      | 4,890                  | 644               | 1,997     | —                      | —                     | 1,375                                  |       |
| Operations  | 7,544      | 947                    | 3,617             | 1,831     | 611                    | —                     | 538                                    |       |
| Total increase in tenant expense<br>reimbursements                        | 16,450     | 5,837                  | 4,261             | 3,828     | 611                    | —                     | 1,913                                  |       |
| <b>Fee and other income:</b>  |            |                        |                   |           |                        |                       |  |       |
| Increase (decrease) in:   |            |                        |                   |           |                        |                       |  |       |
| Lease cancellation fee income   | (4,613)    | (5,288) <sup>(4)</sup> | 125               | 902       | (352)                  | —                     | —                                      |       |
| Management and leasing fees   | 270        | 716                    | 87                | 220       | (50)                   | —                     | (703)                                  |       |
| BMS Cleaning fees   | 3,016      | 3,243                  | —                 | —         | —                      | —                     | (227)                                  |       |
| Other   | 4,588      | 1,946                  | 1,991             | 221       | 1,100                  | —                     | (670)                                  |       |
| Total increase (decrease) in fee and<br>other income                      | 3,261      | 617                    | 2,203             | 1,343     | 698                    | —                     | (1,600)                                |       |
| Total increase (decrease) in revenues                                     | \$ 130,425 | \$ 55,918              | \$ 14,978         | \$ 25,756 | \$ (452)               | \$ 19,427             | \$ 14,798                              |       |

See Notes on the following page.

**Results of Operations – Three Months Ended June 30, 2007 and 2006 (continued)**

**Notes to the preceding tabular information:**

- (1) Revenue per available room ("REVPAR") was \$139.21 for the three months ended June 30, 2007 compared to \$114.61 for the prior year's quarter.
- (2) The prior year's three months includes \$7,264 for two trade shows which were held in the first quarter of 2007.
- (3) Primarily from (i) a \$9,213 increase in transportation operations resulting from new transportation business in connection with the acquisition of the ConAgra warehouses in the fourth quarter of 2006, and (ii) a \$3,031 increase in managed warehouse operations (resulting in a \$112 increase in EBITDA) as a result of a new management contract beginning in March 2007. See page 54 for a discussion of AmeriCold's gross margin.
- (4) Primarily due to lease termination fee income received from MONY Life Insurance Company in connection with the termination of their 289,000 square foot lease at 1740 Broadway in 2006.

**Results of Operations – Three Months Ended June 30, 2007 and 2006 (continued)**
**Expenses**

Our expenses, which consist of operating, depreciation and amortization and general and administrative expenses, were \$584,769,000 for the three months ended June 30, 2007, compared to \$470,446,000 for the prior year's three months, an increase of \$114,323,000. Below are the details of the increase (decrease) by segment:

(Amounts in thousands)

|  | Office            |                  |                   |                  |                        |                        |                        | Temperature<br>Controlled<br>Logistics | Other |
|--|-------------------|------------------|-------------------|------------------|------------------------|------------------------|------------------------|--|-------|
|  | Total             | New<br>York      | Washington,<br>DC | Retail           | Merchandise<br>Mart    |                        |                        |  |       |
| <b>Operating:</b>  |                   |                  |                   |                  |                        |                        |                        |  |       |
| Increase (decrease) due to:  |                   |                  |                   |                  |                        |                        |                        |  |       |
| Acquisitions:  |                   |                  |                   |                  |                        |                        |                        |  |       |
| Manhattan Mall   | \$ 6,149          | \$ 3,594         | \$ —              | \$ 2,555         | \$ —                   | \$ —                   | \$ —                   | \$ —                                   |       |
| 1290 Avenue of the Americas  | 5,247             | 5,247            | —                 | —                | —                      | —                      | —                      | —                                      |       |
| H Street – (consolidated from May 1, 2007 vs. equity method prior) | 5,022             | —                | 5,022             | —                | —                      | —                      | —                      | —                                      |       |
| 350 Park Avenue  | 4,201             | 4,201            | —                 | —                | —                      | —                      | —                      | —                                      |       |
| Former Toys stores   | 3,805             | —                | —                 | 3,805            | —                      | —                      | —                      | —                                      |       |
| 555 California Street  | 3,771             | —                | —                 | —                | —                      | —                      | —                      | —                                      | 3,771 |
| 1540 Broadway  | 1,103             | 311              | —                 | 792              | —                      | —                      | —                      | —                                      | —     |
| Bruckner Plaza   | 860               | —                | —                 | 860              | —                      | —                      | —                      | —                                      | —     |
| Other  | 16,151            | —                | (132)             | 1,163            | 7,914                  | 7,240                  | 7,240                  | (34)                                   |       |
| Development/Redevelopment:   |                   |                  |                   |                  |                        |                        |                        |  |       |
| Springfield Mall – partially taken out of service                  | (1,021)           | —                | —                 | (1,021)          | —                      | —                      | —                      | —                                      | —     |
| 2101 L Street – taken out of service                               | (1,073)           | —                | (1,073)           | —                | —                      | —                      | —                      | —                                      | —     |
| Crystal Mall 2 – taken out of service                              | (414)             | —                | (414)             | —                | —                      | —                      | —                      | —                                      | —     |
| Bergen Town Center – partially taken out of service                | (775)             | —                | —                 | (775)            | —                      | —                      | —                      | —                                      | —     |
| Other  | (2,535)           | —                | (6)               | (77)             | —                      | (2,452)                | (2,452)                | —                                      | —     |
| Hotel activity   | 986               | —                | —                 | —                | —                      | —                      | —                      | —                                      | 986   |
| Trade shows activity   | (2,473)           | —                | —                 | —                | (2,473) <sup>(1)</sup> | —                      | —                      | —                                      | —     |
| Operations   | 33,902            | 7,888            | 5,070             | 2,698            | 5,324                  | 13,084 <sup>(2)</sup>  | 13,084 <sup>(2)</sup>  | (162)                                  |       |
| <b>Total increase in operating expenses</b>                        | <b>72,906</b>     | <b>21,241</b>    | <b>8,467</b>      | <b>10,000</b>    | <b>10,765</b>          | <b>17,872</b>          | <b>17,872</b>          | <b>4,561</b>                           |       |
| <b>Depreciation and amortization:</b>                              |                   |                  |                   |                  |                        |                        |                        |  |       |
| Increase (decrease) due to:  |                   |                  |                   |                  |                        |                        |                        |  |       |
| Acquisitions/Development   | 25,165            | 10,724           | 1,052             | 8,009            | —                      | 1,589                  | 1,589                  | 3,791                                  |       |
| Operations (due to additions to buildings and improvements)        | 8,412             | 3,103            | (1,735)           | 1,693            | 287                    | 902                    | 902                    | 4,162                                  |       |
| <b>Total increase (decrease) in depreciation and amortization</b>  | <b>33,577</b>     | <b>13,827</b>    | <b>(683)</b>      | <b>9,702</b>     | <b>287</b>             | <b>2,491</b>           | <b>2,491</b>           | <b>7,953</b>                           |       |
| <b>General and administrative:</b>                                 |                   |                  |                   |                  |                        |                        |                        |  |       |
| Increase (decrease) due to:  |                   |                  |                   |                  |                        |                        |                        |  |       |
| Acquisitions/Development and Other                                 | 6,223             | 977              | 329               | 715              | —                      | 2,452                  | 2,452                  | 1,750 <sup>(3)</sup>                   |       |
| Operations   | 1,617             | 385              | (2,141)           | 320              | (62)                   | (2,301) <sup>(4)</sup> | (2,301) <sup>(4)</sup> | 5,416 <sup>(5)</sup>                   |       |
| <b>Total increase (decrease) in general and administrative</b>     | <b>7,840</b>      | <b>1,362</b>     | <b>(1,812)</b>    | <b>1,035</b>     | <b>(62)</b>            | <b>151</b>             | <b>151</b>             | <b>7,166</b>                           |       |
| <b>Total increase in expenses</b>                                  | <b>\$ 114,323</b> | <b>\$ 36,430</b> | <b>\$ 5,972</b>   | <b>\$ 20,737</b> | <b>\$ 10,990</b>       | <b>\$ 20,514</b>       | <b>\$ 20,514</b>       | <b>\$ 19,680</b>                       |       |

(1) The prior year's three months includes \$2,295 for two trade shows which were held in the first quarter of 2007.

(2) AmeriCold's gross margin from comparable warehouses was \$37,565 or 33.7%, for the quarter ended June 30, 2007, compared to \$37,841 or 33.5% for the quarter ended June 30, 2006, a decrease of \$276. Gross margin from transportation management services, managed warehouses and other non-warehouse activities was \$4,660 for the quarter ended June 30, 2007, compared to \$4,560 for the quarter ended June 30, 2006, and increase of \$100.

(3) Primarily from India Property Fund organization costs in the current quarter.

(4) Primarily from a higher bonus accrual in the prior year's quarter.

(5) Primarily from a \$3,170 increase in amortization of stock-based compensation, including \$1,493 from the 2006 Out-Performance Plan and \$500 of expense from an adjustment to outstanding stock option awards for special dividends paid.

## Results of Operations – Three Months Ended June 30, 2007 and 2006 (continued)

### Income Applicable to Alexander's

Our 32.8% share of Alexander's net income (comprised of equity in net income or loss, management, leasing, development and commitment fees) was \$9,484,000 for the three months ended June 30, 2007, compared to \$14,750,000 for the prior year's three months, a decrease of \$5,266,000. This decrease was primarily due to \$1,222,000 for our share of income in the current quarter for the reversal of accrued stock appreciation rights compensation expense as compared to \$4,836,000 of income in the prior year's quarter, \$2,722,000 for our share of Alexander's net gain on sale of 731 Lexington Avenue condominiums in the prior year's quarter, partially offset by an increase of \$1,074,000 in development fees in the current quarter.

### Loss Applicable to Toys

Our 32.8% share of Toys' financial results (comprised of our share of Toys' net loss, interest income on loans receivable, and management fees) for the three months ended June 30, 2007 and June 30, 2006 are for Toys fiscal quarters ended May 5, 2007 and April 29, 2006, respectively. In the three months ended June 30, 2007, our loss applicable to Toys was \$20,029,000, or \$34,963,000 before our share of Toys' income tax benefit, as compared to \$7,884,000, or \$40,405,000 before our share of Toys' income tax benefit in the prior year's three months. The decrease in our loss applicable to Toys' before income tax benefit of \$5,442,000 results primarily from (i) an increase in Toys' net sales due to improvements in comparable store sales across all divisions and benefits in foreign currency translation (comparable store sales increases were 5.1% for Toys "R" Us – U.S., 3.9% for Toys "R" Us – International, and 2.8% for Babies "R" Us), (ii) a charge in the prior year's quarter for the write off of deferred financing costs resulting from the prepayment of debt, partially offset by, (iii) an increase in selling, general and administrative expenses as a result of higher store support center expenses, payroll expenses and advertising expenses, which as a percentage of net sales were 30.7% and 30.8% for the quarters ended May 5, 2007 and April 29, 2006, respectively.

## Results of Operations – Three Months Ended June 30, 2007 and 2006 (continued)

### Income from Partially Owned Entities

Summarized below are the components of income from partially owned entities for the three months ended June 30, 2007 and 2006.

| Equity in Net Income (Loss):<br>(Amounts in thousands)                  | For The Three Months<br>Ended June 30, |              |
|---|--|--------------|
|   | 2007                                   | 2006         |
| H Street non-consolidated subsidiaries:                                 |  |              |
| 50% share of equity in net income (1)                                   | \$ 3,089                               | \$ 4,311 (2) |
| Beverly Connection:   |  |              |
| 50% share of equity in net loss   | (1,062)                                | (2,056)      |
| Interest and fee income   | 2,330                                  | 3,405        |
|   | 1,268                                  | 1,349        |
| GMH Communities L.P.:   |  |              |
| 13.5% in 2007 and 11.3% in 2006 share of equity in net income (3)       | 31                                     | — (3)        |
| Lexington MLP, formerly Newkirk MLP:                                    |  |              |
| 7.1% in 2007 and 15.8% in 2006 share of equity in net (loss) income (4) | (242) (5)                              | 4,370        |
| Other (6)   | 4,447                                  | 4,605        |
|   | \$ 8,593                               | \$ 14,635    |

- (1) On April 30, 2007, we acquired the corporations that own the remaining 50% interest in these assets and we now consolidate the accounts of these entities into our consolidated financial statements and no longer account for them under the equity method on a one-quarter lag basis. See page 43 for details.
- (2) Prior to the quarter ended June 30, 2006, two 50% owned entities that were contesting our acquisition of H Street impeded access to their financial information and accordingly, we were unable to record our pro rata share of their earnings. During the quarter ended June 30, 2006, we recognized equity in net income of \$4,311 from these entities of which \$2,731 was for the periods from July 20, 2005 (date of acquisition) to December 31, 2005 and \$1,580 was for the quarter ended March 31, 2006.
- (3) We record our pro rata share of GMH's net income or loss on a one-quarter lag basis because we file our consolidated financial statements on Form 10-K and 10-Q prior to the time that GCT files its financial statements. Our "equity in net income or loss from partially owned entities" for the three months ended June 30, 2006 did not include any income or loss related to GMH's first quarter of 2006 because GMH had delayed the filing of its quarterly report on Form 10-Q for the quarter ended March 31, 2006 until September 15, 2006.
- (4) Beginning on January 1, 2007, we record our pro rata share of Lexington MLP's net income or loss on a one-quarter lag basis because we file our consolidated financial statements on Form 10-K and 10-Q prior to the time that Lexington files its financial statements. Prior to the January 1, 2007, we recorded our pro rata share of Newkirk MLP's (Lexington MLP's predecessor) quarterly earnings current in our same quarter. Accordingly, our "equity in net income or loss from partially owned entities" for the three months ended June 30, 2007 includes our share of Lexington MLP's net income or loss for its first quarter ended March 31, 2007.
- (5) The variance from the prior year's quarter is primarily due to higher depreciation expense and amortization of above market lease intangibles in the current quarter as a result of Lexington's purchase price accounting adjustments in connection with the merger of Newkirk MLP on December 31, 2006.
- (6) Includes our equity in net earnings of partially owned entities including, partially owned office buildings in New York and Washington, DC, the Monmouth Mall, Dune Capital LP, Verde Group LLC, and others.



## Results of Operations – Three Months Ended June 30, 2007 and 2006 (continued)

### Interest and Other Investment Income

Interest and other investment income (mark-to-market of derivative positions, interest income on mortgage loans receivable, other interest income and dividend income) was \$120,513,000 for the three months ended June 30, 2007, compared to \$16,623,000 for the prior year's three months, an increase of \$103,890,000. This increase resulted primarily from:

(Amounts in thousands)

|  |                   |
|--|-------------------|
| McDonalds derivative position – net gain of \$71,390 this quarter compared to a net loss of \$14,515 in the prior year's quarter                     | \$ 85,905         |
| Increase in interest income from higher average cash balances<br>(\$1,670,000 this quarter, compared to \$550,000 in the prior year's quarter)       | 15,361            |
| GMH warrants derivative position – net gain of \$4,105 in the prior year's quarter<br>(converted to GCT common shares in the second quarter of 2006) | (4,105)           |
| Other, net – primarily due to interest income on higher average loans receivable   | 6,729             |
|  | <u>\$ 103,890</u> |

### Interest and Debt Expense

Interest and debt expense was \$156,179,000 for the three months ended June 30, 2007, compared to \$120,822,000 for the prior year's three months, an increase of \$35,357,000. This increase was primarily due to (i) \$32,476,000 from a \$3.0 billion increase in outstanding mortgage debt due to property acquisitions, new property financings and refinancings, (ii) \$21,249,000 from the November 20, 2006 issuance of \$1 billion convertible senior debentures and the March 21, 2007 issuance of \$1.4 billion convertible senior debentures, partially offset by (iii) a \$11,422,000 increase in the amount of capitalized interest in connection with properties under development and (iv) \$7,046,000 of expense arising from the prepayment of debt in the prior year's quarter.

### Net Gain on Disposition of Wholly Owned and Partially Owned Assets Other than Depreciable Real Estate

Net gain on disposition of wholly owned and partially owned assets other than depreciable real estate was \$15,778,000 and \$56,947,000 for the three months ended June 30, 2007, and 2006, respectively, and represent net gains on sale of marketable securities in each period.

### Minority Interest of Partially Owned Entities

Minority interest of partially owned entities was income of \$4,349,000 for the three months ended June 30, 2007, compared to \$3,118,000 of income for the prior year's three months and represents the minority partners' pro rata share of the net income or loss of consolidated partially owned entities, including 1290 Avenue of the Americas, the 555 California Street complex, AmeriCold, 220 Central Park South, Wasserman and the Springfield Mall.

### Provision for Income Taxes

Provision for income taxes was \$3,566,000 for the three months ended June 30, 2007, compared to \$848,000 for the prior year's three months, an increase of \$2,718,000. This increase results primarily from \$1,318,000 from two H Street corporations which we consolidate as of April 30, 2007, the date we acquired the remaining 50% of these corporations we did not previously own (we previously accounted for our 50% interest on the equity method). Beginning on January 1, 2008, these corporations will elect to be treated as real estate investment trusts under Sections 856-860 of the Internal Revenue Code of 1986, as amended, which will eliminate their Federal income tax provision to the extent that 100% of their taxable income is distributed to shareholders.

### (Loss) Income From Discontinued Operations

The combined results of operations of the assets related to discontinued operations for the three months ended June 30, 2007 and 2006 include the operating expenses of our Vineland, New Jersey property; and 1919 South Eads Street in Arlington, Virginia, which was sold on June 22, 2006.

| (Amounts in thousands)                     | For the Three Months<br>Ended June 30, |                  |
|--|--|------------------|
|  | 2007                                   | 2006             |
| Revenues                                   | \$ —                                   | \$ 266           |
| Expenses                                   | 40                                     | 1,113            |
| Net loss                                   | (40)                                   | (847)            |
| Net gain on sale of 1919 South Eads Street | —                                      | 17,609           |
| (Loss) income from discontinued operations | <u>\$ (40)</u>                         | <u>\$ 16,762</u> |

**Results of Operations – Three Months Ended June 30, 2007 and 2006 (continued)**
**EBITDA by Segment**

Below are the details of the changes in EBITDA by segment for the three months ended June 30, 2007 from the three months ended June 30, 2006.

| (Amounts in thousands)  | Total      | Office     |                |                     | Merchandise Mart      | Temperature Controlled Logistics | Toys      | Other      |
|---|------------|------------|----------------|---------------------|-----------------------|----------------------------------|-----------|------------|
|   |            | New York   | Washington, DC | Retail              |                       |                                  |           |            |
| Three Months ended June 30, 2006                                  | \$ 439,682 | \$ 92,545  | \$ 112,557     | \$ 65,366           | \$ 41,843             | \$ 16,997                        | \$ 36,464 | \$ 73,910  |
| 2007 Operations:  |            |            |                |                     |                       |                                  |           |            |
| Same store operations <sup>(1)</sup>                              |            | 8,357      | 4,166          | 1,222               | (1,038)               | (148)                            |           |            |
| Acquisitions, dispositions and non-same store income and expenses |            | 23,693     | (18,047)       | 12,740              | (10,096)              | 573                              |           |            |
| Three Months ended June 30, 2007                                  | \$ 526,682 | \$ 124,595 | \$ 98,676      | \$ 79,328           | \$ 30,709             | \$ 17,422                        | \$ 39,324 | \$ 136,628 |
| % increase (decrease) in same store operations                    |            | 9.0%       | 5.0%           | 2.0% <sup>(2)</sup> | (2.5%) <sup>(3)</sup> | (0.7%)                           |           |            |

- (1) Represents the increase (decrease) in property-level operations which were owned for the same period in each year and excludes the effect of property acquisitions, dispositions and other non-operating items that affect comparability, including divisional general and administrative expenses. We utilize this measure to make decisions on whether to buy or sell properties as well as to compare the performance of our properties to that of our peers. Same store operations may not be comparable to similarly titled measures employed by other companies.
- (2) The same store increase would be 4.6% exclusive of the effect of tenants vacating 47,550 square feet of New York City retail space in December 2006, at an average rent of \$61.00 per square foot. As of June 30, 2007, 10,600 of this square feet has been re-leased at an initial rent of \$204.00 per square foot.
- (3) Reflects income of \$1,900 in 2006 from the reversal of a reserve for bad debts on receivables arising from the straight-lining of rents. The same store operations increased by 2.2% exclusive of this item.

## Reconciliation of Net Income and EBITDA – Six Months Ended June 30, 2007 and 2006

Below is a summary of net income and a reconciliation of net income to EBITDA <sup>(1)</sup> by segment for the six months ended June 30, 2007 and 2006.

(Amounts in thousands)

|   | For the Six Months Ended June 30, 2007 |            |                |            |                  |                                  |            |                      |
|---|--|------------|----------------|------------|------------------|----------------------------------|------------|----------------------|
|   | Total                                  | Office     |                | Retail     | Merchandise Mart | Temperature Controlled Logistics | Toys       | Other <sup>(2)</sup> |
|   |  | New York   | Washington, DC |            |                  |                                  |            |                      |
| Property rentals  | \$ 843,680                             | \$ 290,498 | \$ 216,233     | \$ 157,791 | \$ 124,809       | \$ —                             | \$ —       | \$ 54,349            |
| Straight-line rents:  |  |            |                |            |                  |                                  |            |                      |
| Contractual rent increases  | 18,681                                 | 7,879      | 3,394          | 5,808      | 1,273            | —                                | —          | 327                  |
| Amortization of free rent   | 23,447                                 | 13,185     | 8,609          | 511        | 930              | —                                | —          | 212                  |
| Amortization of acquired below-market leases, net   | 34,322                                 | 17,679     | 2,123          | 12,847     | 120              | —                                | —          | 1,553                |
| Total rentals   | 920,130                                | 329,241    | 230,359        | 176,957    | 127,132          | —                                | —          | 56,441               |
| Temperature Controlled Logistics  | 406,567                                | —          | —              | —          | —                | 406,567                          | —          | —                    |
| Tenant expense reimbursements   | 149,903                                | 58,350     | 19,705         | 57,584     | 10,809           | —                                | —          | 3,455                |
| Fee and other income:   |  |            |                |            |                  |                                  |            |                      |
| Tenant cleaning fees  | 20,370                                 | 25,148     | —              | —          | —                | —                                | —          | (4,778)              |
| Management and leasing fees   | 10,003                                 | 1,829      | 8,533          | 924        | 3                | —                                | —          | (1,286)              |
| Lease termination fees  | 4,735                                  | 1,898      | 225            | 2,407      | 205              | —                                | —          | —                    |
| Other   | 18,805                                 | 8,023      | 6,738          | 655        | 4,003            | —                                | —          | (614)                |
| Total revenues  | 1,530,513                              | 424,489    | 265,560        | 238,527    | 142,152          | 406,567                          | —          | 53,218               |
| Operating expenses  | 763,701                                | 181,539    | 83,720         | 82,205     | 66,325           | 321,296                          | —          | 28,616               |
| Depreciation and amortization   | 241,263                                | 66,549     | 54,567         | 39,392     | 23,067           | 39,835                           | —          | 17,853               |
| General and administrative  | 112,439                                | 9,448      | 14,362         | 13,331     | 14,485           | 22,217                           | —          | 38,596               |
| Costs of acquisition not consummated  | 8,807                                  | —          | —              | —          | —                | —                                | —          | 8,807                |
| Total expenses  | 1,126,210                              | 257,536    | 152,649        | 134,928    | 103,877          | 383,348                          | —          | 93,872               |
| Operating income (loss)   | 404,303                                | 166,953    | 112,911        | 103,599    | 38,275           | 23,219                           | —          | (40,654)             |
| Income applicable to Alexander's  | 23,003                                 | 378        | —              | 373        | —                | —                                | —          | 22,252               |
| Income applicable to Toys "R" Us  | 38,632                                 | —          | —              | —          | —                | —                                | 38,632     | —                    |
| Income from partially owned entities  | 17,698                                 | 2,398      | 7,435          | 3,388      | 787              | 808                              | —          | 2,882                |
| Interest and other investment income  | 174,992                                | 1,142      | 1,059          | 192        | 188              | 1,791                            | —          | 170,620              |
| Interest and debt expense   | (303,192)                              | (61,581)   | (64,464)       | (39,783)   | (25,895)         | (32,779)                         | —          | (78,690)             |
| Net gain on disposition of wholly owned and partially owned assets other than depreciable real estate | 16,687                                 | —          | —              | —          | —                | —                                | —          | 16,687               |
| Minority interest of partially owned entities   | 8,232                                  | (569)      | —              | 58         | —                | 6,536                            | —          | 2,207                |
| Income (loss) before income taxes   | 380,355                                | 108,721    | 56,941         | 67,827     | 13,355           | (425)                            | 38,632     | 95,304               |
| Provision for income taxes  | (3,767)                                | —          | (1,584)        | (182)      | (571)            | (1,170)                          | —          | (260)                |
| Income (loss) from continuing operations  | 376,588                                | 108,721    | 55,357         | 67,645     | 12,784           | (1,595)                          | 38,632     | 95,044               |
| (Loss) income from discontinued operations, net   | (71)                                   | —          | —              | (78)       | —                | —                                | —          | 7                    |
| Income (loss) before allocation to minority limited partners  | 376,517                                | 108,721    | 55,357         | 67,567     | 12,784           | (1,595)                          | 38,632     | 95,051               |
| Minority limited partners' interest in the Operating Partnership                                      | (34,029)                               | —          | —              | —          | —                | —                                | —          | (34,029)             |
| Perpetual preferred unit distributions of the Operating Partnership                                   | (9,637)                                | —          | —              | —          | —                | —                                | —          | (9,637)              |
| Net income (loss)   | 332,851                                | 108,721    | 55,357         | 67,567     | 12,784           | (1,595)                          | 38,632     | 51,385               |
| Interest and debt expense <sup>(1)</sup>  | 401,614                                | 61,969     | 68,003         | 45,275     | 26,328           | 15,596                           | 87,618     | 96,825               |
| Depreciation and amortization <sup>(1)</sup>  | 329,141                                | 67,342     | 61,090         | 41,198     | 23,347           | 19,008                           | 88,699     | 28,457               |
| Income tax expense <sup>(1)</sup>   | 47,513                                 | 1,100      | 5,404          | 182        | 571              | 557                              | 38,463     | 1,236                |
| EBITDA  | \$ 1,111,119                           | \$ 239,132 | \$ 189,854     | \$ 154,222 | \$ 63,030        | \$ 33,566                        | \$ 253,412 | \$ 177,903           |

Other segment EBITDA includes an \$81,451 net gain on mark-to-market of derivative instruments, a \$16,687 net gain on sale of marketable equity securities, \$8,807 of expense for costs of an acquisition not consummated and \$1,677 of expense for our share of India Property Fund LP organization costs.

See notes on page 61.

**Reconciliation of Net Income and EBITDA – Six Months Ended June 30, 2007 and 2006 (continued)**

(Amounts in thousands)

For the Six Months Ended June 30, 2006

|   | For the Six Months Ended June 30, 2006 |                    |                             |            |                     |  |            |                      |
|---|--|--------------------|-----------------------------|------------|---------------------|--|------------|----------------------|
|   | Total                                  | Office<br>New York | Office<br>Washington,<br>DC | Retail     | Merchandise<br>Mart | Temperature<br>Controlled<br>Logistics | Toys       | Other <sup>(2)</sup> |
| Property rentals  | \$ 722,926                             | \$ 239,817         | \$ 202,873                  | \$ 125,525 | \$ 115,845          | \$ —                                   | \$ —       | \$ 38,866            |
| Straight-line rents:  |  |                    |                             |            |                     |  |            |                      |
| Contractual rent increases  | 13,251                                 | 2,154              | 3,869                       | 4,085      | 3,192               | —                                      | —          | (49)                 |
| Amortization of free rent   | 16,931                                 | 3,794              | 9,623                       | 2,621      | 893                 | —                                      | —          | —                    |
| Amortization of acquired below-market leases, net   | 8,471                                  | (22)               | 2,130                       | 4,547      | 22                  | —                                      | —          | 1,794                |
| Total rentals   | 761,579                                | 245,743            | 218,495                     | 136,778    | 119,952             | —                                      | —          | 40,611               |
| Temperature Controlled Logistics  | 382,897                                | —                  | —                           | —          | —                   | 382,897                                | —          | —                    |
| Tenant expense reimbursements   | 122,647                                | 48,352             | 14,356                      | 48,610     | 9,869               | —                                      | —          | 1,460                |
| Fee and other income:   |  |                    |                             |            |                     |  |            |                      |
| Tenant cleaning fees  | 15,653                                 | 19,830             | —                           | —          | —                   | —                                      | —          | (4,177)              |
| Management and leasing fees   | 5,182                                  | 488                | 3,930                       | 720        | 44                  | —                                      | —          | —                    |
| Lease termination fees  | 10,389                                 | 9,159              | 66                          | 371        | 793                 | —                                      | —          | —                    |
| Other   | 12,022                                 | 4,846              | 3,045                       | 951        | 3,179               | —                                      | —          | 1                    |
| Total revenues  | 1,310,369                              | 328,418            | 239,892                     | 187,430    | 133,837             | 382,897                                | —          | 37,895               |
| Operating expenses  | 651,766                                | 146,133            | 71,505                      | 60,164     | 50,919              | 300,228                                | —          | 22,817               |
| Depreciation and amortization   | 189,185                                | 45,678             | 55,014                      | 22,814     | 22,199              | 34,990                                 | —          | 8,490                |
| General and administrative  | 96,447                                 | 8,013              | 15,763                      | 10,217     | 13,025              | 19,008                                 | —          | 30,421               |
| Total expenses  | 937,398                                | 199,824            | 142,282                     | 93,195     | 86,143              | 354,226                                | —          | 61,728               |
| Operating income (loss)   | 372,971                                | 128,594            | 97,610                      | 94,235     | 47,694              | 28,671                                 | —          | (23,833)             |
| Income applicable to Alexander's  | 11,155                                 | 399                | —                           | 358        | —                   | —                                      | —          | 10,398               |
| Income applicable to Toys "R" Us  | 44,876                                 | —                  | —                           | —          | —                   | —                                      | 44,876     | —                    |
| Income from partially owned entities  | 20,686                                 | 1,810              | 5,724                       | 2,230      | 779                 | 764                                    | —          | 9,379                |
| Interest and other investment income  | 39,098                                 | 368                | 693                         | 473        | 126                 | 1,996                                  | —          | 35,442               |
| Interest and debt expense   | (224,716)                              | (41,122)           | (49,037)                    | (43,792)   | (7,069)             | (32,714)                               | —          | (50,982)             |
| Net gain on disposition of wholly owned and partially owned assets other than depreciable real estate | 57,495                                 | —                  | —                           | —          | —                   | —                                      | —          | 57,495               |
| Minority interest of partially owned entities   | 2,844                                  | —                  | —                           | 29         | 4                   | 2,379                                  | —          | 432                  |
| Income before income taxes  | 324,409                                | 90,049             | 54,990                      | 53,533     | 41,534              | 1,096                                  | 44,876     | 38,331               |
| Provision for income taxes  | (1,980)                                | —                  | (835)                       | —          | (119)               | (1,026)                                | —          | —                    |
| Income from continuing operations   | 322,429                                | 90,049             | 54,155                      | 53,533     | 41,415              | 70                                     | 44,876     | 38,331               |
| Income from discontinued operations, net  | 33,497                                 | —                  | 16,356                      | 9,298      | 5,736               | 2,107                                  | —          | —                    |
| Income before allocation to minority limited partners   | 355,926                                | 90,049             | 70,511                      | 62,831     | 47,151              | 2,177                                  | 44,876     | 38,331               |
| Minority limited partners' interest in the Operating Partnership                                      | (33,198)                               | —                  | —                           | —          | —                   | —                                      | —          | (33,198)             |
| Perpetual preferred unit distributions of the Operating Partnership                                   | (10,347)                               | —                  | —                           | —          | —                   | —                                      | —          | (10,347)             |
| Net income (loss)   | 312,381                                | 90,049             | 70,511                      | 62,831     | 47,151              | 2,177                                  | 44,876     | (5,214)              |
| Interest and debt expense <sup>(1)</sup>  | 342,239                                | 42,434             | 54,399                      | 49,456     | 7,511               | 15,565                                 | 105,449    | 67,425               |
| Depreciation and amortization <sup>(1)</sup>  | 258,808                                | 47,214             | 61,385                      | 26,566     | 22,481              | 16,701                                 | 66,686     | 17,775               |
| Income tax (benefit) expense <sup>(1)</sup>   | (2,904)                                | —                  | 3,853                       | —          | 119                 | 489                                    | (7,556)    | 191                  |
| EBITDA  | \$ 910,524                             | \$ 179,697         | \$ 190,148                  | \$ 138,853 | \$ 77,262           | \$ 34,932                              | \$ 209,455 | \$ 80,177            |

EBITDA includes net gains on sale of real estate of \$33,769, of which \$17,609 is included in the Washington, DC segment, \$9,218 is included in the Retail segment, \$4,835 is included in the Merchandise Mart segment and \$2,107 is included in the Temperature Controlled Logistics segment. In addition, the Other segment EBITDA includes a \$55,438 net gain on sale of marketable equity securities and a \$5,974 net loss on mark-to-market of derivative instruments.

See notes on the following page.

**Reconciliation of Net Income and EBITDA – Six Months Ended June 30, 2007 and 2006 (continued)**

**Notes to preceding tabular information**

- (1) EBITDA represents “Earnings Before Interest, Taxes, Depreciation and Amortization.” We consider EBITDA a supplemental measure for making decisions and assessing the un-levered 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 a multiple of EBITDA, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. EBITDA should not be considered a substitute for net income. EBITDA may not be comparable to similarly titled measures employed by other companies.
- (2) Other EBITDA is comprised of:

| (Amounts in thousands)  | For the Six Months<br>Ended June 30, |                  |
|---|--------------------------------------|------------------|
|   | 2007                                 | 2006             |
| Alexander’s   | \$ 37,499                            | \$ 25,506        |
| Hotel Pennsylvania  | 14,781                               | 10,559           |
| GMH   | 8,345                                | — <sup>(1)</sup> |
| 555 California Street   | 6,349                                | —                |
| Lexington MLP, formerly Newkirk MLP                                 | 5,984                                | 16,737           |
| Industrial warehouses   | 2,196                                | 3,021            |
| Other investments   | 5,752                                | 6,403            |
|   | 80,906                               | 62,226           |
| Investment income and other   | 182,834                              | 89,497           |
| Corporate general and administrative expenses                       | (33,364)                             | (28,001)         |
| Minority limited partners’ interest in the Operating Partnership    | (34,029)                             | (33,198)         |
| Perpetual preferred unit distributions of the Operating Partnership | (9,637)                              | (10,347)         |
| Costs of acquisition not consummated                                | (8,807)                              | —                |
|   | <u>\$ 177,903</u>                    | <u>\$ 80,177</u> |

- (1) Does not include any income or loss as GMH had delayed the filing of its 2005 Form 10-K and first quarter 2006 Form 10-Q until after we filed our Form 10-Q for the quarter ended June 30, 2006.

**Results of Operations – Six Months Ended June 30, 2007 and 2006 (continued)**
**Revenues**

Our revenues, which consist of property rentals, tenant expense reimbursements, Temperature Controlled Logistics revenues, hotel revenues, trade shows revenues, amortization of acquired below market leases, net of above market leases pursuant to SFAS No. 141 and 142, and fee income, were \$1,530,513,000 for the six months ended June 30, 2007, compared to \$1,310,369,000 for the prior year's six months, an increase of \$220,144,000. Below are the details of the increase (decrease) by segment:

(Amounts in thousands)

|  | Total             | Office                 |                   | Retail           | Merchandise<br>Mart  | Temperature<br>Controlled<br>Logistics | Other                |
|--|-------------------|------------------------|-------------------|------------------|----------------------|--|----------------------|
|  |                   | New<br>York            | Washington,<br>DC |                  |                      |  |                      |
| <b>Property rentals:</b>   |                   |                        |                   |                  |                      |  |                      |
| Increase (decrease) due to:  |                   |                        |                   |                  |                      |  |                      |
| <b>Acquisitions:</b>   |                   |                        |                   |                  |                      |  |                      |
| Manhattan Mall   | \$ 24,801         | \$ 16,792              | \$ —              | \$ 8,009         | \$ —                 | \$ —                                   | \$ —                 |
| 350 Park Avenue  | 15,810            | 15,810                 | —                 | —                | —                    | —                                      | —                    |
| 555 California Street  | 10,519            | —                      | —                 | —                | —                    | —                                      | 10,519               |
| 1290 Avenue of the Americas  | 10,403            | 10,403                 | —                 | —                | —                    | —                                      | —                    |
| Former Toys "R" Us stores  | 9,834             | —                      | —                 | 9,834            | —                    | —                                      | —                    |
| H Street – (effect of consolidating<br>from May 1, 2007, vs. equity<br>method prior) | 9,685             | —                      | 9,685             | —                | —                    | —                                      | —                    |
| Bruckner Plaza   | 3,641             | —                      | —                 | 3,641            | —                    | —                                      | —                    |
| 1540 Broadway  | 3,442             | 386                    | —                 | 3,056            | —                    | —                                      | —                    |
| Other  | 12,505            | —                      | 1,645             | 3,673            | 7,187                | —                                      | —                    |
| <b>Development/Redevelopment:</b>  |                   |                        |                   |                  |                      |  |                      |
| 2101 L Street – taken out of service   | (4,942)           | —                      | (4,942)           | —                | —                    | —                                      | —                    |
| Crystal Mall 2 – taken out of service  | (3,996)           | —                      | (3,996)           | —                | —                    | —                                      | —                    |
| Bergen Town Center – partially taken<br>out of service                               | (304)             | —                      | —                 | (304)            | —                    | —                                      | —                    |
| Springfield Mall – partially taken out<br>of service                                 | 871               | —                      | —                 | 871              | —                    | —                                      | —                    |
| Other  | (251)             | —                      | 22                | (273)            | —                    | —                                      | —                    |
| Amortization of acquired below market<br>leases, net                                 | 25,851            | 17,701                 | (7)               | 8,300            | 98                   | —                                      | (241)                |
| <b>Operations:</b>   |                   |                        |                   |                  |                      |  |                      |
| Hotel Pennsylvania   | 5,404             | —                      | —                 | —                | —                    | —                                      | 5,404 <sup>(1)</sup> |
| Trade shows  | (388)             | —                      | —                 | —                | (388) <sup>(2)</sup> | —                                      | —                    |
| Leasing activity (see page 47)   | 35,666            | 22,406                 | 9,457             | 3,372            | 283                  | —                                      | 148                  |
| <b>Total increase in property rentals</b>  | <b>158,551</b>    | <b>83,498</b>          | <b>11,864</b>     | <b>40,179</b>    | <b>7,180</b>         | <b>—</b>                               | <b>15,830</b>        |
| <b>Temperature Controlled Logistics:</b>   |                   |                        |                   |                  |                      |  |                      |
| Increase due to acquisitions<br>(ConAgra warehouses)                                 | 12,992            | —                      | —                 | —                | —                    | 12,992                                 | —                    |
| Increase due to operations   | 10,678            | —                      | —                 | —                | —                    | 10,678 <sup>(3)</sup>                  | —                    |
| <b>Total increase</b>  | <b>23,670</b>     | <b>—</b>               | <b>—</b>          | <b>—</b>         | <b>—</b>             | <b>23,670</b>                          | <b>—</b>             |
| <b>Tenant expense reimbursements:</b>  |                   |                        |                   |                  |                      |  |                      |
| Increase due to:   |                   |                        |                   |                  |                      |  |                      |
| Acquisitions/development   | 13,857            | 7,177                  | 814               | 4,491            | —                    | —                                      | 1,375                |
| Operations   | 13,399            | 2,821                  | 4,535             | 4,483            | 940                  | —                                      | 620                  |
| <b>Total increase in tenant expense<br/>reimbursements</b>                           | <b>27,256</b>     | <b>9,998</b>           | <b>5,349</b>      | <b>8,974</b>     | <b>940</b>           | <b>—</b>                               | <b>1,995</b>         |
| <b>Fee and other income:</b>   |                   |                        |                   |                  |                      |  |                      |
| Increase (decrease) in:  |                   |                        |                   |                  |                      |  |                      |
| Lease cancellation fee income  | (5,654)           | (7,261) <sup>(4)</sup> | 159               | 2,036            | (588)                | —                                      | —                    |
| Management and leasing fees  | 4,821             | 1,341                  | 4,603             | 204              | (41)                 | —                                      | (1,286)              |
| BMS Cleaning fees  | 4,717             | 5,318                  | —                 | —                | —                    | —                                      | (601)                |
| Other  | 6,783             | 3,177                  | 3,693             | (296)            | 824                  | —                                      | (615)                |
| <b>Total increase (decrease) in fee and<br/>other income</b>                         | <b>10,667</b>     | <b>2,575</b>           | <b>8,455</b>      | <b>1,944</b>     | <b>195</b>           | <b>—</b>                               | <b>(2,502)</b>       |
| <b>Total increase in revenues</b>  | <b>\$ 220,144</b> | <b>\$ 96,071</b>       | <b>\$ 25,668</b>  | <b>\$ 51,097</b> | <b>\$ 8,315</b>      | <b>\$ 23,670</b>                       | <b>\$ 15,323</b>     |

See Notes on the following page.

**Results of Operations – Six Months Ended June 30, 2007 and 2006 (continued)**

**Notes to the preceding tabular information:**

- (1) Revenue per available room ("REVPAR") was \$114.31 for the six months ended June 30, 2007 compared to \$98.41 for the prior year's six months.
- (2) The prior year's six months includes \$595 for a trade show which will be held in August 2007.
- (3) Primarily from (i) a \$10,670 increase in transportation operations resulting from new transportation business in connection with the acquisition of the ConAgra warehouses in the fourth quarter of 2006, (ii) a \$2,930 increase in managed warehouse operations as a result of a new management contract beginning in March 2007, partially offset by (iii) a \$2,312 decrease in owned warehouse operations . See page 64 for a discussion of AmeriCold's gross margin.
- (4) Primarily due to lease termination fee income received from MONY Life Insurance Company in connection with the termination of their 289,000 square foot lease at 1740 Broadway in 2006.

**Results of Operations – Six Months Ended June 30, 2007 and 2006 (continued)**
**Expenses**

Our expenses, which consist of operating, depreciation and amortization and general and administrative expenses, were \$1,126,210,000 for the six months ended June 30, 2007, compared to \$937,398,000 for the prior year's six months, an increase of \$188,812,000. Below are the details of the increase (decrease) by segment:

(Amounts in thousands)

|  | Total             | Office           |                  | Retail           | Merchandise Mart | Temperature Controlled Logistics | Other                |
|--|-------------------|------------------|------------------|------------------|------------------|----------------------------------|----------------------|
|  |                   | New York         | Washington, DC   |                  |                  |                                  |                      |
| <b>Operating:</b>  |                   |                  |                  |                  |                  |                                  |                      |
| Increase (decrease) due to:  |                   |                  |                  |                  |                  |                                  |                      |
| Acquisitions:  |                   |                  |                  |                  |                  |                                  |                      |
| Manhattan Mall   | \$ 11,078         | \$ 6,518         | \$ —             | \$ 4,560         | \$ —             | \$ —                             | \$ —                 |
| 350 Park Avenue  | 8,334             | 8,334            | —                | —                | —                | —                                | —                    |
| Former Toys stores   | 7,265             | —                | —                | 7,265            | —                | —                                | —                    |
| 1290 Avenue of the Americas  | 5,247             | 5,247            | —                | —                | —                | —                                | —                    |
| H Street – (effect of consolidating from May 1, 2007, vs. equity method prior) | 5,022             | —                | 5,022            | —                | —                | —                                | —                    |
| 555 California Street  | 3,771             | —                | —                | —                | —                | —                                | 3,771                |
| 1540 Broadway  | 2,089             | 625              | —                | 1,464            | —                | —                                | —                    |
| Bruckner Plaza   | 1,443             | —                | —                | 1,443            | —                | —                                | —                    |
| Other  | 24,358            | —                | 840              | 1,486            | 9,292            | 12,740                           | —                    |
| Development/Redevelopment:   |                   |                  |                  |                  |                  |                                  |                      |
| Springfield Mall – partially taken out of service                              | 89                | —                | —                | 89               | —                | —                                | —                    |
| 2101 L Street – taken out of service   | (2,172)           | —                | (2,172)          | —                | —                | —                                | —                    |
| Crystal Mall 2 – taken out of service  | (743)             | —                | (743)            | —                | —                | —                                | —                    |
| Bergen Town Center – partially taken out of service                            | (907)             | —                | —                | (907)            | —                | —                                | —                    |
| Other  | (4,211)           | —                | (2)              | (53)             | —                | (4,156)                          | —                    |
| Hotel activity   | 1,446             | —                | —                | —                | —                | —                                | 1,446                |
| Trade shows activity   | (379)             | —                | —                | —                | (379)            | —                                | —                    |
| Operations   | 50,205            | 14,682           | 9,270            | 6,694            | 6,493            | 12,484 <sup>(1)</sup>            | 582                  |
| <b>Total increase in operating expenses</b>                                    | <b>111,935</b>    | <b>35,406</b>    | <b>12,215</b>    | <b>22,041</b>    | <b>15,406</b>    | <b>21,068</b>                    | <b>5,799</b>         |
| <b>Depreciation and amortization:</b>  |                   |                  |                  |                  |                  |                                  |                      |
| Increase (decrease) due to:  |                   |                  |                  |                  |                  |                                  |                      |
| Acquisitions/Development   | 38,552            | 17,092           | 1,072            | 13,522           | —                | 3,060                            | 3,806                |
| Operations (due to additions to buildings and improvements)                    | 13,526            | 3,779            | (1,519)          | 3,056            | 868              | 1,785                            | 5,557                |
| <b>Total increase (decrease) in depreciation and amortization</b>              | <b>52,078</b>     | <b>20,871</b>    | <b>(447)</b>     | <b>16,578</b>    | <b>868</b>       | <b>4,845</b>                     | <b>9,363</b>         |
| <b>General and administrative:</b>   |                   |                  |                  |                  |                  |                                  |                      |
| Increase (decrease) due to:  |                   |                  |                  |                  |                  |                                  |                      |
| Acquisitions/Development and Other   | 9,810             | 1,396            | 34               | 2,474            | —                | 4,156                            | 1,750 <sup>(2)</sup> |
| Operations   | 6,182             | 39               | (1,435)          | 640              | 1,460            | (947)                            | 6,425 <sup>(3)</sup> |
| <b>Total increase (decrease) in general and administrative</b>                 | <b>15,992</b>     | <b>1,435</b>     | <b>(1,401)</b>   | <b>3,114</b>     | <b>1,460</b>     | <b>3,209</b>                     | <b>8,175</b>         |
| <b>Costs of acquisition not consummated</b>                                    | <b>8,807</b>      | <b>—</b>         | <b>—</b>         | <b>—</b>         | <b>—</b>         | <b>—</b>                         | <b>8,807</b>         |
| <b>Total increase in expenses</b>  | <b>\$ 188,812</b> | <b>\$ 57,712</b> | <b>\$ 10,367</b> | <b>\$ 41,733</b> | <b>\$ 17,734</b> | <b>\$ 29,122</b>                 | <b>\$ 32,144</b>     |

(1) AmeriCold's gross margin from comparable warehouses was \$75,606 or 33.9%, for the six months ended June 30, 2007, compared to \$76,360 or 33.2% for the six months ended June 30, 2006, a decrease of \$754. Gross margin from transportation management services, managed warehouses and other non-warehouse activities was \$8,537 for the six months ended June 30, 2007, compared to \$9,004 for the six months ended June 30, 2006, a decrease of \$467, primarily due to the acquisition of three ConAgra managed warehouses during December 2006 and January 2007.

(2) Primarily from India Property Fund organization costs in the current year's six months.

(3) Primarily from an increase in the amortization of stock-based compensation, including \$3,802 for the 2006 Out-Performance Plan.



## Results of Operations – Six Months Ended June 30, 2007 and 2006 (continued)

### Income Applicable to Alexander's

Our 32.8% share of Alexander's net income (comprised of equity in net income or loss, management, leasing, development and commitment fees) was \$23,003,000 for the six months ended June 30, 2007, compared to \$11,155,000 for the prior year's six months, an increase of \$11,848,000. This increase was primarily due to (i) our \$5,916,000 share of income in the current six month period for the reversal of accrued stock appreciation rights compensation expense as compared to \$7,559,000 for our share of expense in the prior year's six months, (ii) an increase of \$2,857,000 in our equity in earnings of Alexander's before stock appreciation rights and net gains on sales of condominiums, (iii) an increase of \$1,391,000 in development fees in the current period, partially offset by (iv) our \$4,580,000 share of Alexander's net gain on sale of 731 Lexington Avenue condominiums in the prior year's six months.

### Income Applicable to Toys

Our 32.8% share of Toys' net income (comprised of equity in net income, interest income on loans receivable, and management fees) was \$38,632,000 for the six months ended June 30, 2007, compared to \$44,876,000 for the prior year's six months, a decrease of \$6,244,000.

### Income from Partially Owned Entities

Summarized below are the components of income from partially owned entities for the six months ended June 30, 2007 and 2006.

| Equity in Net Income (Loss):<br>(Amounts in thousands)                  | For The Six Months<br>Ended June 30, |              |
|---|--------------------------------------|--------------|
|   | 2007                                 | 2006         |
| H Street non-consolidated subsidiaries:                                 |                                      |              |
| 50% share of equity in net income (1)                                   | \$ 5,923                             | \$ 4,311 (2) |
| Beverly Connection:   |                                      |              |
| 50% share of equity in net loss   | (2,389)                              | (6,023)      |
| Interest and fee income   | 4,607                                | 6,337        |
|   | 2,218                                | 314          |
| GMH Communities L.P.:   |                                      |              |
| 13.5% in 2007 and 11.3% in 2006 share of equity in net loss (3)         | (281)                                | —            |
| Lexington MLP (see page 35):  |                                      |              |
| 7.1% in 2007 and 15.8% in 2006 share of equity in net (loss) income (4) | (242) (5)                            | 8,573        |
| Other (6)   | 10,080                               | 7,488        |
|   | \$ 17,698                            | \$ 20,686    |

- (1) On April 30, 2007, we acquired the corporations that own the remaining 50% interest in these assets and we now consolidate the accounts of these entities into our consolidated financial statements and no longer account for them under the equity method on a one-quarter lag basis.
- (2) Prior to the quarter ended June 30, 2006, two 50% owned entities that were contesting our acquisition of H Street impeded access to their financial information and accordingly, we were unable to record our pro rata share of their earnings. During the quarter ended June 30, 2006, we recognized equity in net income of \$4,311 from these entities of which \$2,731 was for the periods from July 20, 2005 (date of acquisition) to December 31, 2005 and \$1,580 was for the quarter ended March 31, 2006.
- (3) We record our pro rata share of GMH's net income or loss on a one-quarter lag basis because we file our consolidated financial statements on Form 10-K and 10-Q prior to the time that GCT files its financial statements. Our "equity in net income or loss from partially owned entities" for the six months ended June 30, 2006 did not include any income or loss related to GMH's fourth quarter of 2005 or first quarter 2006 because GMH had delayed the filing of its annual report on Form 10-K for the year ended December 31, 2005 until July 31, 2006 and had delayed its quarterly report on Form 10-Q for the quarter ended March 31, 2006 until September 15, 2006.
- (4) Beginning on January 1, 2007, we record our pro rata share of Lexington MLP's net income or loss on a one-quarter lag basis because we file our consolidated financial statements on Form 10-K and 10-Q prior to the time that Lexington files its financial statements. Prior to the January 1, 2007, we recorded our pro rata share of Newkirk MLP's (Lexington MLP's predecessor) quarterly earnings current in our same quarter. Accordingly, our "equity in net income or loss from partially owned entities" for the six months ended June 30, 2007 includes our share of Lexington MLP's net income or loss for its first quarter ended March 31, 2007.
- (5) The variance from the prior year's six months is primarily due to (i) the current year including our share of Lexington MLP's first quarter results (lag basis) compared to the prior year's six months including our share of Newkirk MLP's first and second quarter results and (ii) higher depreciation expense and amortization of above market lease intangibles in the current year as a result of Lexington's purchase price accounting adjustments in connection with the merger of Newkirk MLP on December 31, 2006.
- (6) Includes our equity in net earnings of partially owned entities including, partially owned office buildings in New York and Washington, DC, the Monmouth Mall, Dune Capital LP, Verde Group LLC, and others.

## Results of Operations – Six Months Ended June 30, 2007 and 2006 (continued)

### Interest and Other Investment Income

Interest and other investment income (mark-to-market of derivative positions, interest income on mortgage loans receivable, other interest income and dividend income) was \$174,992,000 for the six months ended June 30, 2007, compared to \$39,098,000 for the prior year's six months, an increase of \$135,894,000. This increase resulted primarily from:

(Amounts in thousands)

|   |                   |
|---|-------------------|
| McDonalds derivative position – net gain of \$74,613 in this year's six months compared to a net loss of \$8,215 in the prior year's six months                     | \$ 82,828         |
| Increase in interest income on higher average cash balances (\$1,700,000 through June 30, 2007, compared to \$440,000 for the prior year's six months)              | 34,313            |
| GMH warrants derivative position – net loss of \$16,370 in the prior year's six months (investment converted to common shares of GCT in the second quarter of 2006) | 16,370            |
| Sears Holdings derivative position – net gain of \$18,611 in the prior year's six months (investment sold in the first quarter of 2006)                             | (18,611)          |
| Other derivatives – net gain of \$6,841 in this year's six months   | 6,841             |
| Other, net – primarily due to interest earned on higher average loans receivable and from prepayment premiums received upon loan repayments                         | 14,153            |
|   | <u>\$ 135,894</u> |

### Interest and Debt Expense

Interest and debt expense was \$303,192,000 for the six months ended June 30, 2007, compared to \$224,716,000 for the prior year's six months, an increase of \$78,476,000. This increase was primarily due to (i) \$58,307,000 from a \$3.0 billion increase in outstanding mortgage debt due to property acquisitions, new property financings and refinancings and repayments, (ii) \$31,956,000 from the November 20, 2006 issuance of \$1 billion convertible senior debentures and the March 21, 2007 issuance of \$1.4 billion convertible senior debentures, partially offset by (iii) an \$18,094,000 increase in the amount of capitalized interest in connection with properties under development.

### Net Gain on Disposition of Wholly Owned and Partially Owned Assets Other than Depreciable Real Estate

Net gain on disposition of wholly owned and partially owned assets other than depreciable real estate was \$16,687,000 and \$57,495,000 for the six months ended June 30, 2007, and 2006, respectively, and represent net gains on sale of marketable securities in each period.

### Minority Interest of Partially Owned Entities

Minority interest of partially owned entities was income of \$8,232,000 for the six months ended June 30, 2007, compared to income of \$2,844,000 for the prior year's six months and represents the minority partners' pro rata share of the net income or loss of consolidated partially owned entities, including 1290 Avenue of the Americas, the 555 California Street complex, AmeriCold, 220 Central Park South, Wasserman and the Springfield Mall.

### Provision For Income Taxes

The provision for income taxes was \$3,767,000 for the six months ended June 30, 2007, compared to \$1,980,000 for the prior year's six months, an increase of \$1,787,000. This increase results primarily from \$1,318,000 of income taxes from two H Street corporations, which we consolidate as of April 30, 2007, the date we acquired the remaining 50% of these corporations we did not previously own (we previously accounted for our 50% investment on the equity method). Beginning on January 1, 2008, these corporations will elect to be treated as real estate investment trusts under Sections 856-860 of the Internal Revenue Code of 1986, as amended, which will eliminate their Federal income tax provision to the extent that 100% of their taxable income is distributed to shareholders.

**Results of Operations – Six Months Ended June 30, 2007 and 2006 (continued)**

(Loss) Income From Discontinued Operations

The combined results of operations of the assets related to discontinued operations for the six months ended June 30, 2007 and 2006 include the operating results of Vineland, New Jersey; 33 North Dearborn Street in Chicago, Illinois, which was sold on March 14, 2006; 424 Sixth Avenue in New York City, which was sold on March 13, 2006 and 1919 South Eads Street in Arlington, Virginia, which was sold on June 22, 2006.

| (Amounts in thousands)                     | For the Six Months<br>Ended June 30, |           |
|--|--------------------------------------|-----------|
|  | 2007                                 | 2006      |
| Revenues                                   | \$ 20                                | \$ 2,393  |
| Expenses                                   | 91                                   | 2,665     |
| Net loss                                   | (71)                                 | (272)     |
| Net gains on sale of real estate           | —                                    | 33,769    |
| (Loss) income from discontinued operations | \$ (71)                              | \$ 33,497 |

EBITDA by Segment

Below are the details of the changes in EBITDA by segment for the six months ended June 30, 2007 from the six months ended June 30, 2006.

| (Amounts in thousands)  | Total        | Office     |                   |                     | Retail                | Merchandise<br>Mart | Temperature<br>Controlled<br>Logistics | Toys       | Other |
|---|--------------|------------|-------------------|---------------------|-----------------------|---------------------|--|------------|-------|
|   |              | New York   | Washington,<br>DC |                     |                       |                     |  |            |       |
| Six Months ended<br>June 30, 2006                                       | \$ 910,524   | \$ 179,697 | \$ 190,148        | \$ 138,853          | \$ 77,262             | \$ 34,932           | \$ 209,455                             | \$ 80,177  |       |
| 2007 Operations:  |              |            |                   |                     |                       |                     |  |            |       |
| Same store operations <sup>(1)</sup>                                    |              | 16,896     | 9,303             | 2,163               | (2,323)               | (299)               |  |            |       |
| Acquisitions, dispositions and<br>non-same store<br>income and expenses |              | 42,539     | (9,597)           | 13,206              | (11,909)              | (1,067)             |  |            |       |
| Six Months ended<br>June 30, 2007                                       | \$ 1,111,119 | \$ 239,132 | \$ 189,854        | \$ 154,222          | \$ 63,030             | \$ 33,566           | \$ 253,412                             | \$ 177,903 |       |
| % increase (decrease) in<br>same store operations                       |              | 9.3%       | 5.6%              | 1.8% <sup>(2)</sup> | (2.8%) <sup>(3)</sup> | (0.7%)              |  |            |       |

- (1) Represents the increase (decrease) in property-level operations which were owned for the same period in each year and excludes the effect of property acquisitions, dispositions and other non-operating items that affect comparability, including divisional general and administrative expenses. We utilize this measure to make decisions on whether to buy or sell properties as well as to compare the performance of our properties to that of our peers. Same store operations may not be comparable to similarly titled measures employed by other companies.
- (2) The same store increase would be 4.2% exclusive of the effect of tenants vacating 47,550 square feet of New York City retail space in December 2006, at an average rent of \$61.00 per square foot. As of June 30, 2007, 10,600 of this square feet has been re-leased at an initial rent of \$204.00 per square foot.
- (3) Reflects income of \$1,900 in 2006 from the reversal of a reserve for bad debts on receivables arising from the straight-lining of rents. The same store operations decreased by 0.5% exclusive of this item.

## Liquidity and Capital Resources – Six Months ended June 30, 2007 and 2006

### *Cash Flows for the Six Months Ended June 30, 2007*

Our cash and cash equivalents was \$743,506,000 at June 30, 2007, a \$1,489,811,000 decrease over the balance at December 31, 2006. This decrease resulted from \$3,166,591,000 of net cash used in investing activities, partially offset by, \$1,377,322,000 of net cash provided by financing activities and \$299,438,000 of net cash provided by operating activities. Property rental income represents our primary source of net cash provided by operating activities. Our property rental income is primarily dependent upon the occupancy and rental rates of our properties. Other sources of liquidity to fund our cash requirements include proceeds from debt financings, including mortgage loans and corporate level unsecured borrowings; our \$1 billion revolving credit facility; proceeds from the issuance of common and preferred equity; and asset sales. Our cash requirements include property operating expenses, capital improvements, tenant improvements, leasing commissions, distributions to our common and preferred shareholders, as well as acquisition and development costs.

Our consolidated outstanding debt was \$12,572,462,000 at June 30, 2007, a \$3,017,664,000 increase over the balance at December 31, 2006. This increase resulted primarily from the issuance of \$1.4 billion of convertible senior debentures due 2026 and from mortgage debt associated with asset acquisitions and property refinancings during the current quarter. As of June 30, 2007 and December 31, 2006, our revolving credit facility had a \$94,000,000 balance and a zero outstanding balance, respectively. During 2007 and 2008, \$216,824,000 and \$486,547,000 of our outstanding debt matures, respectively. We may refinance such debt or choose to repay all or a portion, using existing cash balances or our revolving credit facility.

Our share of debt of unconsolidated subsidiaries was \$2,989,235,000 at June 30, 2007, a \$333,772,000 decrease from the balance at December 31, 2006. This decrease resulted primarily from our \$351,302,000 share of Toys' decrease in outstanding debt.

Cash flows provided by operating activities of \$299,438,000 was primarily comprised of (i) net income of \$332,851,000, after adjustments of \$55,919,000 for non-cash items, including depreciation and amortization expense, net gains from derivative positions, the effect of straight-lining of rental income, equity in net income of partially owned entities, minority interest expense, (ii) distributions of income from partially owned entities of \$11,767,000, partially offset by, (iii) the net change in operating assets and liabilities of \$101,099,000.

Net cash used in investing activities of \$3,166,571,000 was primarily comprised of (i) acquisitions of real estate of \$2,585,928,000, (ii) investments in notes and mortgage loans receivable of \$204,914,000, (iii) deposits in connection with real estate acquisitions and pre-acquisition costs of \$20,691,000, (iv) investments in partially owned entities of \$166,611,000, (v) development and redevelopment expenditures of \$140,253,000, (vi) investments in marketable securities of \$151,024,000, partially offset by, (vii) proceeds received from repayments on mortgage loans receivable of \$113,291,000.

Net cash provided by financing activities of \$1,377,322,000 was primarily comprised of (i) proceeds from borrowings of \$2,510,217,000, of which \$1,372,000,000 were proceeds received from the offering of the 2.85% convertible senior debentures due 2027, partially offset by, (ii) repayments of borrowings of \$714,873,000, (iii) dividends paid on common shares of \$257,943,000, (iv) purchases of marketable securities in connection with the legal defeasance of mortgage notes payable of \$86,653,000, (v) distributions to minority partners of \$41,929,000, and (vi) dividends paid on preferred shares of \$28,645,000.

### *Capital Expenditures*

Our capital expenditures consist of expenditures to maintain assets, tenant improvements and leasing commissions. Recurring capital improvements 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 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. Our development and redevelopment expenditures include all hard and soft costs associated with the development or redevelopment of a property, including tenant improvements, leasing commissions and capitalized interest and operating costs until the property is substantially complete and ready for its intended use.

**Liquidity and Capital Resources – Six Months ended June 30, 2007 and 2006 (continued)**

Below are the details of capital expenditures, leasing commissions and development and redevelopment expenditures and a reconciliation of total expenditures on an accrual basis to the cash expended in the six months ended June 30, 2007.

| (Amounts in thousands)   | Office            |                  |                   |                  |                     |                 |             | Temperature<br>Controlled<br>Logistics | Other |
|--|-------------------|------------------|-------------------|------------------|---------------------|-----------------|-------------|--|-------|
|  | Total             | New York         | Washington,<br>DC | Retail           | Merchandise<br>Mart |                 |             |  |       |
| <b>Capital Expenditures</b>  |                   |                  |                   |                  |                     |                 |             |  |       |
| (Accrual basis):   |                   |                  |                   |                  |                     |                 |             |  |       |
| Expenditures to maintain the assets:                                   |                   |                  |                   |                  |                     |                 |             |  |       |
| Recurring  | \$ 24,490         | \$ 4,571         | \$ 5,813          | \$ 192           | \$ 6,121            | \$ 7,793        | \$ —        | \$ —                                   |       |
| Non-recurring  | —                 | —                | —                 | —                | —                   | —               | —           | —                                      |       |
| <b>Total</b>   | <b>24,490</b>     | <b>4,571</b>     | <b>5,813</b>      | <b>192</b>       | <b>6,121</b>        | <b>7,793</b>    | <b>—</b>    | <b>—</b>                               |       |
| Tenant improvements:   |                   |                  |                   |                  |                     |                 |             |  |       |
| Recurring  | 39,299            | 11,619           | 14,330            | 1,722            | 11,628              | —               | —           | —                                      |       |
| Non-recurring  | 260               | —                | —                 | 260              | —                   | —               | —           | —                                      |       |
| <b>Total</b>   | <b>39,559</b>     | <b>11,619</b>    | <b>14,330</b>     | <b>1,982</b>     | <b>11,628</b>       | <b>—</b>        | <b>—</b>    | <b>—</b>                               |       |
| Leasing Commissions:   |                   |                  |                   |                  |                     |                 |             |  |       |
| Recurring  | 15,985            | 6,728            | 4,692             | 2,258            | 2,307               | —               | —           | —                                      |       |
| Non-recurring  | 111               | —                | —                 | 111              | —                   | —               | —           | —                                      |       |
| <b>Total</b>   | <b>16,096</b>     | <b>6,728</b>     | <b>4,692</b>      | <b>2,369</b>     | <b>2,307</b>        | <b>—</b>        | <b>—</b>    | <b>—</b>                               |       |
| Tenant improvements and leasing commissions:                           |                   |                  |                   |                  |                     |                 |             |  |       |
| Per square foot  | \$ 18.03          | \$ 40.95         | \$ 12.38          | \$ 11.68         | \$ 18.99            | \$ —            | \$ —        | \$ —                                   |       |
| Per square foot per annum  | \$ 2.52           | \$ 5.85          | \$ 2.00           | \$ 1.32          | \$ 2.27             | \$ —            | \$ —        | \$ —                                   |       |
| Total Capital Expenditures and Leasing Commissions (accrual basis)     |                   |                  |                   |                  |                     |                 |             |  |       |
|  | \$ 80,145         | \$ 22,918        | \$ 24,835         | \$ 4,543         | \$ 20,056           | \$ 7,793        | \$ —        | \$ —                                   |       |
| Adjustments to reconcile accrual basis to cash basis:                  |                   |                  |                   |                  |                     |                 |             |  |       |
| Expenditures in the current year applicable to prior periods           | 40,297            | 9,776            | 20,477            | 2,769            | 7,275               | —               | —           | —                                      |       |
| Expenditures to be made in future periods for the current period       | (45,597)          | (15,736)         | (14,973)          | (3,947)          | (10,941)            | —               | —           | —                                      |       |
| <b>Total Capital Expenditures and Leasing Commissions (Cash basis)</b> | <b>\$ 74,845</b>  | <b>\$ 16,958</b> | <b>\$ 30,339</b>  | <b>\$ 3,365</b>  | <b>\$ 16,390</b>    | <b>\$ 7,793</b> | <b>\$ —</b> | <b>\$ —</b>                            |       |
| <b>Development and Redevelopment Expenditures (1):</b>                 |                   |                  |                   |                  |                     |                 |             |  |       |
| Bergen Town Center   | \$ 32,747         | \$ —             | \$ —              | \$ 32,747        | \$ —                | \$ —            | \$ —        | \$ —                                   |       |
| Crystal Mall Two   | 18,663            | —                | 18,663            | —                | —                   | —               | —           | —                                      |       |
| Green Acres Mall   | 16,975            | —                | —                 | 16,975           | —                   | —               | —           | —                                      |       |
| 2101 L Street  | 15,502            | —                | 15,502            | —                | —                   | —               | —           | —                                      |       |
| North Bergen, New Jersey (Ground-up development)                       | 11,435            | —                | —                 | 11,435           | —                   | —               | —           | —                                      |       |
| Wasserman venture  | 9,605             | —                | —                 | —                | —                   | —               | —           | 9,605                                  |       |
| 220 Central Park South   | 7,251             | —                | —                 | —                | —                   | —               | —           | 7,251                                  |       |
| 1925 K Street  | 2,772             | —                | 2,772             | —                | —                   | —               | —           | —                                      |       |
| Springfield Mall   | 2,617             | —                | —                 | 2,617            | —                   | —               | —           | —                                      |       |
| Arlington Plaza  | 1,810             | —                | 1,810             | —                | —                   | —               | —           | —                                      |       |
| 1740 Broadway  | 1,204             | 1,204            | —                 | —                | —                   | —               | —           | —                                      |       |
| Other  | 19,672            | 2,163            | 6,377             | 6,518            | —                   | —               | —           | 4,614                                  |       |
|  | <b>\$ 140,253</b> | <b>\$ 3,367</b>  | <b>\$ 45,124</b>  | <b>\$ 70,292</b> | <b>\$ —</b>         | <b>\$ —</b>     | <b>\$ —</b> | <b>\$ 21,470</b>                       |       |

(1) Excludes development expenditures of partially owned, non-consolidated investments.

**Liquidity and Capital Resources – Six Months ended June 30, 2007 and 2006 (continued)**

**Cash Flows for the Six Months Ended June 30, 2006**

Cash flows provided by operating activities of \$359,241,000 was primarily comprised of (i) net income of \$312,381,000, (ii) adjustments for non-cash items of \$39,496,000, (iii) distributions of income from partially-owned entities of \$19,318,000, partially offset by, (iv) the net change in operating assets and liabilities of \$11,954,000. The adjustments for non-cash items are primarily comprised of (i) depreciation and amortization of \$200,353,000, (ii) allocation of income to minority limited partners of the Operating Partnership of \$33,198,000, (iii) perpetual preferred unit distributions of the Operating Partnership of \$10,347,000, partially offset by, (iv) net gains on disposition of wholly owned and partially owned assets other than depreciable real estate (primarily on the sale of Sears Canada common shares) of \$57,495,000, (v) equity in net income of partially-owned entities (including Toys and Alexander's) of \$76,717,000, (vi) net gains on sale of real estate of \$33,769,000, and (vii) the effect of straight-lining of rental income of \$30,182,000.

Net cash used in investing activities of \$512,924,000 was primarily comprised of (i) investments in notes and mortgage loans receivable of \$260,667,000, (ii) capital expenditures of \$90,443,000, (iii) development and redevelopment expenditures of \$112,650,000, (iv) investments in partially-owned entities of \$89,584,000, (v) acquisitions of real estate of \$244,938,000, (vi) investments in marketable securities of \$57,992,000, (vii) deposits in connection with real estate acquisitions, including pre-acquisition costs, of \$44,163,000, (viii) restricted cash, including mortgage escrows, of \$40,752,000, partially offset by, (ix) proceeds received on the settlement of derivatives (primarily Sears Holdings) of \$135,028,000, (x) proceeds from the sale of real estate of \$110,388,000, (xi) distributions of capital from partially-owned entities of \$29,703,000, (xii) proceeds from the sale of, and returns of investment in marketable securities, of \$132,898,000, and (xiii) proceeds from repayments on notes and mortgages receivable of \$20,248,000.

Net cash provided by financing activities of \$353,569,000 was primarily comprised of (i) proceeds from borrowings of \$1,401,291,000, (ii) proceeds from the issuance of preferred units of \$34,145,000, (iii) proceeds of \$9,157,000 from the exercise by employees of share options, partially offset by, (iv) dividends paid on common shares of \$226,310,000, (v) repayments of borrowings of \$786,519,000, (vi) dividends paid on preferred shares of \$28,853,000, (vii) distributions to minority partners of \$41,265,000 and (viii) debt issuance costs of \$8,077,000.

**Liquidity and Capital Resources – Six Months ended June 30, 2007 and 2006 (continued)**

Below are the details of capital expenditures, leasing commissions and development and redevelopment expenditures and a reconciliation of total expenditures on an accrual basis to the cash expended in the six months ended June 30, 2006.

| (Amounts in thousands)   | Total             | Office           |                  |                  | Retail           | Merchandise Mart | Temperature Controlled Logistics | Other |
|--|-------------------|------------------|------------------|------------------|------------------|------------------|----------------------------------|-------|
|  |                   | New York         | Washington, DC   |                  |                  |                  |                                  |       |
| <b>Capital Expenditures</b>  |                   |                  |                  |                  |                  |                  |                                  |       |
| (Accrual basis):   |                   |                  |                  |                  |                  |                  |                                  |       |
| Expenditures to maintain the assets:                               |                   |                  |                  |                  |                  |                  |                                  |       |
| Recurring  | \$ 22,725         | \$ 6,371         | \$ 7,424         | \$ 442           | \$ 3,951         | \$ 1,384         | \$ 3,153                         |       |
| Non-recurring  | —                 | —                | —                | —                | —                | —                | —                                |       |
| Total  | <u>22,725</u>     | <u>6,371</u>     | <u>7,424</u>     | <u>442</u>       | <u>3,951</u>     | <u>1,384</u>     | <u>3,153</u>                     |       |
| Tenant improvements:   |                   |                  |                  |                  |                  |                  |                                  |       |
| Recurring  | 57,151            | 31,333           | 15,145           | 3,229            | 7,444            | —                | —                                |       |
| Non-recurring  | 89                | —                | 89               | —                | —                | —                | —                                |       |
| Total  | <u>57,240</u>     | <u>31,333</u>    | <u>15,234</u>    | <u>3,229</u>     | <u>7,444</u>     | <u>—</u>         | <u>—</u>                         |       |
| Leasing Commissions:   |                   |                  |                  |                  |                  |                  |                                  |       |
| Recurring  | 20,636            | 15,319           | 3,273            | 1,315            | 729              | —                | —                                |       |
| Non-recurring  | 32                | —                | 32               | —                | —                | —                | —                                |       |
| Total  | <u>20,668</u>     | <u>15,319</u>    | <u>3,305</u>     | <u>1,315</u>     | <u>729</u>       | <u>—</u>         | <u>—</u>                         |       |
| Tenant improvements and leasing commissions:                       |                   |                  |                  |                  |                  |                  |                                  |       |
| Per square foot  | \$ 20.99          | \$ 38.22         | \$ 14.89         | \$ 8.12          | \$ 12.08         | \$ —             | \$ —                             |       |
| Per square foot per annum  | <u>\$ 2.40</u>    | <u>\$ 3.91</u>   | <u>\$ 2.10</u>   | <u>\$ 0.63</u>   | <u>\$ 1.76</u>   | <u>\$ —</u>      | <u>\$ —</u>                      |       |
| Total Capital Expenditures and Leasing Commissions (accrual basis) |                   |                  |                  |                  |                  |                  |                                  |       |
|  | \$ 100,633        | \$ 53,023        | \$ 25,963        | \$ 4,986         | \$ 12,124        | \$ 1,384         | \$ 3,153                         |       |
| Adjustments to reconcile accrual basis to cash basis:              |                   |                  |                  |                  |                  |                  |                                  |       |
| Expenditures in the current year applicable to prior periods       |                   |                  |                  |                  |                  |                  |                                  |       |
|  | 35,880            | 12,049           | 18,607           | 324              | 4,900            | —                | —                                |       |
| Expenditures to be made in future periods for the current period   |                   |                  |                  |                  |                  |                  |                                  |       |
|  | (61,446)          | (39,685)         | (13,754)         | (4,115)          | (3,892)          | —                | —                                |       |
| Total Capital Expenditures and Leasing Commissions (Cash basis)    |                   |                  |                  |                  |                  |                  |                                  |       |
|  | <u>\$ 75,067</u>  | <u>\$ 25,387</u> | <u>\$ 30,816</u> | <u>\$ 1,195</u>  | <u>\$ 13,132</u> | <u>\$ 1,384</u>  | <u>\$ 3,153</u>                  |       |
| <b>Development and Redevelopment Expenditures:</b>                 |                   |                  |                  |                  |                  |                  |                                  |       |
| North Bergen, New Jersey (Ground-up development)                   |                   |                  |                  |                  |                  |                  |                                  |       |
|  | \$ 25,614         | \$ —             | \$ —             | \$ 25,614        | \$ —             | \$ —             | \$ —                             |       |
| Green Acres Mall   | 15,143            | —                | —                | 15,143           | —                | —                | —                                |       |
| Bergen Town Center   | 9,815             | —                | —                | 9,815            | —                | —                | —                                |       |
| Crystal Plazas (PTO)   | 9,519             | —                | 9,519            | —                | —                | —                | —                                |       |
| 7 W. 34 <sup>th</sup> Street                                       | 7,286             | —                | —                | —                | 7,286            | —                | —                                |       |
| 1740 Broadway  | 4,953             | 4,953            | —                | —                | —                | —                | —                                |       |
| 640 Fifth Avenue   | 1,261             | 1,261            | —                | —                | —                | —                | —                                |       |
| Other  | 32,689            | 377              | 3,715            | 6,994            | —                | —                | 21,603                           |       |
|  | <u>\$ 106,280</u> | <u>\$ 6,591</u>  | <u>\$ 13,234</u> | <u>\$ 57,566</u> | <u>\$ 7,286</u>  | <u>\$ —</u>      | <u>\$ 21,603</u>                 |       |

**SUPPLEMENTAL INFORMATION**

**Three Months Ended June 30, 2007 vs. Three Months Ended March 31, 2007**

Below are the details of the changes in EBITDA by segment for the three months ended June 30, 2007 from the three months ended March 31, 2007.

| (Amounts in thousands)  | Total             | Office            |                  | Retail           | Merchandise Mart | Temperature Controlled Logistics | Toys              | Other             |
|---|-------------------|-------------------|------------------|------------------|------------------|----------------------------------|-------------------|-------------------|
|   |                   | New York          | Washington, DC   |                  |                  |                                  |                   |                   |
| For the three months ended March 31, 2007                         | \$ <u>584,437</u> | \$ 114,537        | \$ 91,178        | \$ 74,894        | \$ 32,321        | \$ 16,144                        | \$ <u>214,088</u> | \$ <u>41,275</u>  |
| 2007 Operations:  |                   |                   |                  |                  |                  |                                  |                   |                   |
| Same store operations <sup>(1)</sup>                              |                   | 2,969             | 3,302            | 1,779            | 1,014            | (297)                            |                   |                   |
| Acquisitions, dispositions and non-same store income and expenses |                   | 7,089             | 4,196            | 2,655            | (2,626)          | 1,575                            |                   |                   |
| For the three months ended June 30, 2007                          | \$ <u>526,682</u> | \$ <u>124,595</u> | \$ <u>98,676</u> | \$ <u>79,328</u> | \$ <u>30,709</u> | \$ <u>17,422</u>                 | \$ <u>39,324</u>  | \$ <u>136,628</u> |
| % increase (decrease) in same store operations                    |                   | 2.5%              | 3.7%             | 2.5%             | 2.5%             | (1.4%)                           |                   |                   |

(1) Represents the increase (decrease) in property-level operations which were owned for the same period in each year and excludes the effect of property acquisitions, dispositions and other non-operating items that affect comparability, including divisional general and administrative expenses. We utilize this measure to make decisions on whether to buy or sell properties as well as to compare the performance of our properties to that of our peers. Same store operations may not be comparable to similarly titled measures employed by other companies.

The following table reconciles Net income to EBITDA for the quarter ended March 31, 2007.

| (Amounts in thousands)                                      | Total             | Office            |                  | Retail           | Merchandise Mart | Temperature Controlled Logistics | Toys              | Other            |
|---|-------------------|-------------------|------------------|------------------|------------------|----------------------------------|-------------------|------------------|
|   |                   | New York          | Washington, DC   |                  |                  |                                  |                   |                  |
| Net income (loss) for the three months ended March 31, 2007 | \$ 166,931        | \$ 53,657         | \$ 25,396        | \$ 33,811        | \$ 7,105         | \$ (1,038)                       | \$ 58,661         | \$ (10,661)      |
| Interest and debt expense                                   | 198,771           | 30,138            | 35,908           | 22,797           | 13,064           | 7,861                            | 46,634            | 42,369           |
| Depreciation and amortization                               | 163,151           | 30,742            | 28,259           | 18,286           | 11,822           | 9,268                            | 55,396            | 9,378            |
| Income tax expense  | 55,584            | —                 | 1,615            | —                | 330              | 53                               | 53,397            | 189              |
| EBITDA for the three months ended March 31, 2007            | \$ <u>584,437</u> | \$ <u>114,537</u> | \$ <u>91,178</u> | \$ <u>74,894</u> | \$ <u>32,321</u> | \$ <u>16,144</u>                 | \$ <u>214,088</u> | \$ <u>41,275</u> |



## FUNDS FROM OPERATIONS ("FFO")

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 net income or loss determined in accordance with Generally Accepted Accounting Principles ("GAAP"), excluding extraordinary items as defined under GAAP and gains or losses from sales of previously depreciated operating real estate assets, plus specified non-cash items, such as real estate asset depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO does not represent cash generated from operating activities in accordance with GAAP and is not necessarily indicative of cash available to fund cash needs as disclosed in our Consolidated Statements of Cash Flows. FFO should not be considered as an alternative to net income as an indicator of our operating performance or as an alternative to cash flows as a measure of liquidity.

FFO and FFO per diluted share are used by management, investors and industry analysts as supplemental measures of operating performance of equity REITs. FFO and FFO per diluted share should be evaluated along with GAAP net income and income per diluted share (the most directly comparable GAAP measures), as well as cash flow from operating activities, investing activities and financing activities, in evaluating the operating performance of equity REITs. We believe that FFO and FFO per diluted share are helpful to investors as supplemental performance measures because these measures exclude the effect of depreciation, amortization and gains or losses from sales of real estate, all of which are based on historical costs which implicitly assumes that the value of real estate diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, these non-GAAP measures can facilitate comparisons of operating performance between periods and among other equity REITs.

The calculations of both the numerator and denominator used in the computation of income per share are disclosed in footnote 12 - Income Per Share, in the notes to our consolidated financial statements on page 25 of this Quarterly Report on Form 10-Q.

FFO applicable to common shares plus assumed conversions was \$281,741,000, or \$1.72 per diluted share for the three months ended June 30, 2007, compared to \$230,430,000, or \$1.49 per diluted share for the prior year's quarter. FFO applicable to common shares plus assumed conversions was \$551,906,000, or \$3.36 per diluted share for the six months ended June 30, 2007, compared to 442,346,000, or \$2.86 per diluted share for the prior years six months. Details of certain items that affect comparability are discussed in the financial results summary of our "Overview."

|   | For The Three<br>Months Ended June 30, |            | For The Six<br>Months Ended June 30, |            |
|---|--|------------|--------------------------------------|------------|
|   | 2007                                   | 2006       | 2007                                 | 2006       |
| (Amounts in thousands except per share amounts)   |  |            |                                      |            |
| <b>Reconciliation of Net Income to FFO:</b>   |  |            |                                      |            |
| Net income  | \$ 165,920                             | \$ 163,169 | \$ 332,851                           | \$ 312,381 |
| Depreciation and amortization of real property  | 114,511                                | 84,156     | 208,176                              | 160,599    |
| Net gains on sale of real estate  | —                                      | (17,609)   | —                                    | (33,769)   |
| Proportionate share of adjustments to equity in net income of Toys to arrive at FFO:                                      |  |            |                                      |            |
| Depreciation and amortization of real property  | 17,112                                 | 12,155     | 51,035                               | 27,923     |
| Net (gain) loss on sale of real estate  | (493)                                  | 658        | (493)                                | 329        |
| Income tax effect of above adjustments  | (5,807)                                | (4,928)    | (17,690)                             | (10,841)   |
| Proportionate share of adjustments to equity in net income of partially owned entities, excluding Toys, to arrive at FFO: |  |            |                                      |            |
| Depreciation and amortization of real property  | 13,403                                 | 10,856     | 22,464                               | 20,097     |
| Net (gain) loss on sale of real estate  | —                                      | —          | —                                    | —          |
| Minority limited partners' share of above adjustments   | (13,882)                               | (8,896)    | (26,500)                             | (16,120)   |
| FFO   | 290,764                                | 239,561    | 569,843                              | 460,599    |
| Preferred share dividends   | (14,295)                               | (14,404)   | (28,591)                             | (28,811)   |
| FFO applicable to common shares   | 276,469                                | 225,157    | 541,252                              | 431,788    |
| Interest on 3.875% exchangeable senior debentures   | 5,203                                  | 5,094      | 10,512                               | 10,188     |
| Series A convertible preferred dividends  | 69                                     | 179        | 142                                  | 370        |
| FFO applicable to common shares plus assumed conversions  | \$ 281,741                             | \$ 230,430 | \$ 551,906                           | \$ 442,346 |
| <b>Reconciliation of Weighted Average Shares:</b>   |  |            |                                      |            |
| Weighted average common shares outstanding  | 151,794                                | 141,418    | 151,612                              | 141,275    |
| Effect of dilutive securities:  |  |            |                                      |            |
| Employee stock options and restricted share awards  | 6,770                                  | 7,640      | 6,916                                | 7,529      |
| 3.875% exchangeable senior debentures   | 5,559                                  | 5,531      | 5,559                                | 5,531      |
| Series A convertible preferred shares   | 118                                    | 304        | 122                                  | 315        |
| Denominator for diluted FFO per share   | 164,241                                | 154,893    | 164,209                              | 154,650    |
| FFO applicable to common shares plus assumed conversions per diluted share  | \$ 1.72                                | \$ 1.49    | \$ 3.36                              | \$ 2.86    |

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have exposure to fluctuations in market interest rates. Market interest rates are highly 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 amounts)

|   | As at June 30, 2007  |                                |                                   | As at December 31, 2006 |                                |
|---|----------------------|--------------------------------|-----------------------------------|-------------------------|--------------------------------|
|   | Balance              | Weighted Average Interest Rate | Effect of 1% Change In Base Rates | Balance                 | Weighted Average Interest Rate |
| Consolidated debt:  |                      |                                |                                   |                         |                                |
| Variable rate   | \$ 668,978           | 6.57%                          | \$ 6,690                          | \$ 728,363              | 6.48%                          |
| Fixed rate  | 11,903,484           | 5.24%                          | —                                 | 8,826,435               | 5.56%                          |
|   | <u>\$ 12,572,462</u> | 5.32%                          | <u>6,690</u>                      | <u>\$ 9,554,798</u>     | 5.63%                          |
| Pro-rata share of debt of non-consolidated entities (non-recourse):               |                      |                                |                                   |                         |                                |
| Variable rate – excluding Toys  | \$ 132,193           | 7.41%                          | 1,322                             | \$ 162,254              | 7.31%                          |
| Variable rate – Toys  | 910,917              | 7.49%                          | 9,109                             | 1,213,479               | 7.03%                          |
| Fixed rate (including \$1,008,702, and \$1,057,422 of Toys debt in 2007 and 2006) | 1,946,125            | 6.87%                          | —                                 | 1,947,274               | 6.95%                          |
|   | <u>\$ 2,989,235</u>  | 7.08%                          | <u>10,431</u>                     | <u>\$ 3,323,007</u>     | 7.00%                          |
| Minority limited partners' share of above   |                      |                                | (1,712)                           |                         |                                |
| Total change in annual net income   |                      |                                | \$ 15,409                         |                         |                                |
| Per share-diluted   |                      |                                | \$ 0.09                           |                         |                                |

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. In addition, we have notes and mortgage loans receivables aggregating \$303,566,000, as of June 30, 2007, which are based on variable rates and partially mitigate our exposure to a change in interest rates.

#### Fair Value of Our Debt

The carrying amount of our debt exceeds its aggregate fair value, based on 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, by approximately \$493,627,000 at June 30, 2007.

#### Derivative Instruments

We have, and may in the future enter into, derivative positions that do not qualify for hedge accounting treatment, including our economic interest in McDonald's common shares. Because these derivatives do not qualify for hedge accounting treatment, the gains or losses resulting from their mark-to-market at the end of each reporting period are recognized as an increase or decrease in "interest and other investment income" on our consolidated statements of income. In addition, we are, and may in the future be, subject to additional expense based on the notional amount of the derivative positions and a specified spread over LIBOR. Because the market value of these instruments can vary significantly between periods, we may experience significant fluctuations in the amount of our investment income or expense. During the three and six months ended June 30, 2007, we recognized net gains aggregating approximately \$72,074,000 and \$81,454,000 respectively, from these positions, after all expenses and LIBOR charges.

**Item 4. Controls and Procedures**

Disclosure Controls and Procedures: The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's 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, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2007, such disclosure controls and procedures were effective.

Internal Control Over Financial Reporting: There have not been any changes in the Company's 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, the Company's 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, including the matters referred to below, are not expected to have a material adverse effect on our financial position, results of operations or cash flows.

The following updates the discussion set forth under "Item 3. Legal Proceedings" in our Annual Report on Form 10-K for the year ended December 31, 2006.

#### Stop & Shop

On January 8, 2003, Stop & Shop filed a complaint with the United States District Court for the District of New Jersey ("USDC-NJ") claiming we had no right to reallocate and therefore continue to collect \$5,000,000 of annual rent from Stop & Shop pursuant to the Master Agreement and Guaranty. Stop & Shop asserted that a prior order of the Bankruptcy Court for the Southern District of New York dated February 6, 2001, as modified on appeal to the District Court for the Southern District of New York on February 13, 2001, froze our right to re-allocate which effectively terminated our right to collect the additional rent from Stop & Shop. On March 3, 2003, after we moved to dismiss for lack of jurisdiction, Stop & Shop voluntarily withdrew its complaint. On March 26, 2003, Stop & Shop filed a new complaint in New York Supreme Court, asserting substantially the same claims as in its USDC-NJ complaint. We removed the action to the United States District Court for the Southern District of New York. In January 2005 that court remanded the action to the New York Supreme Court. On February 14, 2005, we served an answer in which we asserted a counterclaim seeking a judgment for all the unpaid additional rent accruing through the date of the judgment and a declaration that Stop & Shop will continue to be liable for the additional rent as long as any of the leases subject to the Master Agreement and Guaranty remain in effect. On May 17, 2005, we filed a motion for summary judgment. On July 15, 2005, Stop & Shop opposed our motion and filed a cross-motion for summary judgment. On December 13, 2005, the Court issued its decision denying the motions for summary judgment. Both parties appealed the Court's decision and on December 14, 2006, the Appellate Court division issued a decision affirming the Court's decision. On January 16, 2007 we filed a motion for the reconsideration of one aspect of the Appellate Court's decision which was denied on March 13, 2007. On April 16, 2007, the Court directed that discovery should be completed by December 2007, with a trial date to be determined thereafter. We intend to vigorously pursue our claims against Stop & Shop.

#### 1290 Avenue of the Americas and 555 California Street

On May 24, 2007, we acquired a 70% controlling interest in 1290 Avenue of the Americas and the 555 California Street complex. Our 70% interest was acquired through the purchase of all of the shares of a group of foreign companies that own, through U.S. entities, the 1% sole general partnership interest and a 69% limited partnership interest in the partnerships that own the two properties. The remaining 30% limited partnership interest is owned by Donald J. Trump.

In August 2005, Mr. Trump brought a lawsuit in the New York State Supreme Court against, among others, the general partners of the partnerships referred to above. Mr. Trump's claims arose out of a dispute over the sale price of, and use of proceeds from, the sale of properties located on the former Penn Central rail yards between West 59th and 72nd Streets in Manhattan which were formerly owned by the partnerships. In decisions dated September 14, 2005 and July 24, 2006, the Court denied various of Mr. Trump's motions and ultimately dismissed all of Mr. Trump's claims, except for his claim seeking access to books and records, which remains pending. Mr. Trump has sought re-argument and renewal on, and filed a notice of appeal in connection with, his dismissed claims.

In connection with the acquisition, we have agreed to indemnify the sellers for liabilities and expenses arising out of Mr. Trump's claim that the general partners of the partnerships we acquired did not sell the rail yards at a fair price or could have sold the rail yards for a greater price and any other claims asserted in the legal action; provided however, that if Mr. Trump prevails on certain claims involving partnership matters, other than claims relating to sale price, the sellers will be required to reimburse us for certain costs related to those claims. We believe that the claims relating to the sale price are without merit. All other allegations are not asserted as a basis for damages and regardless of merit would not be material to our consolidated financial statements.

**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, 2006.

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

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Submission of Matters to a Vote of Security Holders**

On May 17, 2007, we held our annual meeting of shareholders, which we continued and concluded on May 22, 2007. The shareholders voted on the following matters: (i) the election of three nominees to serve on the Board of Trustees for a three-year term and until their respective successors are duly elected and qualified, (ii) the ratification of the selection of independent auditors with regard to the current fiscal year and (iii) a shareholder proposal requesting that the Board of Trustees initiate the appropriate process to amend the Company's governance documents to provide that trustee nominees be elected by an affirmative vote of the majority of votes cast at the annual meeting of shareholders, with a plurality vote standard retained for contested trustee elections, that is, when the number of trustee nominees exceeds the number of board seats. The results of the voting are shown below:

|   | <u>Votes Cast for</u> | <u>Votes Cast Against<br/>or Withheld</u> | <u>Broker<br/>Non-Votes</u> | <u>Abstentions</u> |
|---|-----------------------|---|-----------------------------|--------------------|
| (i) Election of Trustees:   |                       |   |                             |                    |
| Robert P. Kogod   | 120,878,703           | 16,026,959                                | —                           | —                  |
| David Mandelbaum  | 133,687,423           | 3,218,239                                 | —                           | —                  |
| Dr. Richard R. West   | 133,860,597           | 3,045,065                                 | —                           | —                  |
| (ii) Ratification of selection of independent<br>auditors for the current fiscal year | 134,815,270           | 1,467,165                                 | —                           | 623,227            |
| (iii) Shareholder proposal regarding majority<br>voting in the election of trustees   | 66,772,865            | 58,136,453                                | 11,235,285                  | 761,059            |

In addition to the three Trustees re-elected, Steven Roth, Michael D. Fascitelli, Russell B. Wight, Jr., Robert H. Smith, Anthony W. Deering, Michael Lynne and Ronald G. Targan continue to serve as Trustees after the meeting.

**Item 5. Other Information**

On July 25, 2007, we amended our Amended and Restated Declaration of Trust to (i) increase the number of authorized shares of beneficial interest from 620,000,000 to 720,000,000, of which 110,000,000 are designated as preferred shares, 250,000,000 are designated as common shares and 360,000,000 shares are designated as excess shares, (ii) correct certain typographical errors, and (iii) reclassify certain series of preferred shares. Also on July 25, 2007, following these actions, we restated such Declaration of Trust. Copies of the relevant documents are included as exhibits to and filed with this Quarterly Report on Form 10-Q.

**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.

**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: July 31, 2007

By:           /s/ Joseph Macnow          

Joseph Macnow, Executive Vice President -  
Finance and Administration and  
Chief Financial Officer (duly authorized officer  
and principal financial and accounting officer)

## EXHIBIT INDEX

| <u>Exhibit No.</u> |   |   |
|--------------------|---|---|
| 3.1                | - Amended and Restated Declaration of Trust of Vornado Realty Trust, as filed with the State Department of Assessments and Taxation of Maryland on April 16, 1993 - Incorporated by reference to Exhibit 3(a) to Vornado Realty Trust's Registration Statement on Form S-4/A (File No. 33-60286), filed on April 15, 1993   | * |
| 3.2                | - Articles of Amendment of Declaration of Trust of Vornado Realty Trust, as filed with the State Department of Assessments and Taxation of Maryland on May 23, 1996 – Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 001-11954), filed on March 11, 2002                        | * |
| 3.3                | - Articles of Amendment of Declaration of Trust of Vornado Realty Trust, as filed with the State Department of Assessments and Taxation of Maryland on April 3, 1997 – Incorporated by reference to Exhibit 3.3 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 001-11954), filed on March 11, 2002                       | * |
| 3.4                | - Articles of Amendment of Declaration of Trust of Vornado Realty Trust, as filed with the State Department of Assessments and Taxation of Maryland on October 14, 1997 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust's Registration Statement on Form S-3 (File No. 333-36080), filed on May 2, 2000  | * |
| 3.5                | - Articles of Amendment of Declaration of Trust of Vornado Realty Trust, as filed with the State Department of Assessments and Taxation of Maryland on April 22, 1998 - Incorporated by reference to Exhibit 3.5 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (File No. 001-11954), filed on May 8, 2003                      | * |
| 3.6                | - Articles of Amendment of Declaration of Trust of Vornado Realty Trust, as filed with the State Department of Assessments and Taxation of Maryland on November 24, 1999 - Incorporated by reference to Exhibit 3.4 to Vornado Realty Trust's Registration Statement on Form S-3 (File No. 333-36080), filed on May 2, 2000   | * |
| 3.7                | - Articles of Amendment of Declaration of Trust of Vornado Realty Trust, as filed with the State Department of Assessments and Taxation of Maryland on April 20, 2000 - Incorporated by reference to Exhibit 3.5 to Vornado Realty Trust's Registration Statement on Form S-3 (File No. 333-36080), filed on May 2, 2000  | * |
| 3.8                | - Articles of Amendment of Declaration of Trust of Vornado Realty Trust, as filed with the State Department of Assessments and Taxation of Maryland on September 14, 2000 - Incorporated by reference to Exhibit 4.6 to Vornado Realty Trust's Registration Statement on Form S-8 (File No. 333-68462), filed on August 27, 2001  | * |
| 3.9                | - Articles of Amendment of Declaration of Trust of Vornado Realty Trust, dated May 31, 2002, as filed with the State Department of Assessments and Taxation of Maryland on June 13, 2002 - Incorporated by reference to Exhibit 3.9 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 (File No. 001-11954), filed on August 7, 2002 | * |

\* \_\_\_\_\_  
Incorporated by reference.

- 3.10 - Articles of Amendment of Declaration of Trust of Vornado Realty Trust, dated June 6, 2002, as filed with the State Department of Assessments and Taxation of Maryland on June 13, 2002 - Incorporated by reference to Exhibit 3.10 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 (File No. 001-11954), filed on August 7, 2002 \*
- 3.11 - Articles of Amendment of Declaration of Trust of Vornado Realty Trust, dated December 16, 2004, as filed with the State Department of Assessments and Taxation of Maryland on December 16, 2004 – Incorporated by reference to Exhibit 3.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on December 21, 2004 \*
- 3.12 - Articles Supplementary Classifying Vornado Realty Trust's \$3.25 Series A Convertible Preferred Shares of Beneficial Interest, liquidation preference \$50.00 per share - Incorporated by reference to Exhibit 3.11 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (File No. 001-11954), filed on May 8, 2003 \*
- 3.13 - Articles Supplementary Classifying Vornado Realty Trust's \$3.25 Series A Convertible Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share, as filed with the State Department of Assessments and Taxation of Maryland on December 15, 1997- Incorporated by reference to Exhibit 3.10 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 001-11954), filed on March 11, 2002 \*
- 3.14 - Articles Supplementary Classifying Vornado Realty Trust's Series D-6 8.25% Cumulative Redeemable Preferred Shares, liquidation preference \$25.00 per share, as filed with the State Department of Assessments and Taxation of Maryland on May 1, 2000 - Incorporated by reference to Exhibit 3.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed May 19, 2000 \*
- 3.15 - Articles Supplementary Classifying Vornado Realty Trust's Series D-8 8.25% Cumulative Redeemable Preferred Shares, liquidation preference \$25.00 per share - Incorporated by reference to Exhibit 3.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on December 28, 2000 \*
- 3.16 - Articles Supplementary Classifying Vornado Realty Trust's Series D-9 8.75% Preferred Shares, liquidation preference \$25.00 per share, as filed with the State Department of Assessments and Taxation of Maryland on September 25, 2001 – Incorporated by reference to Exhibit 3.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on October 12, 2001 \*
- 3.17 - Articles Supplementary Classifying Vornado Realty Trust's Series D-10 7.00% Cumulative Redeemable Preferred Shares, liquidation preference \$25.00 per share, as filed with the State Department of Assessments and Taxation of Maryland on November 17, 2003 – Incorporated by reference to Exhibit 3.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on November 18, 2003 \*
- 3.18 - Articles Supplementary Classifying Vornado Realty Trust's Series D-11 7.20% Cumulative Redeemable Preferred Shares, liquidation preference \$25.00 per share, as filed with the State Department of Assessments and Taxation of Maryland on May 27, 2004 - Incorporated by reference to Exhibit 99.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on June 14, 2004 \*

\* Incorporated by reference.



- 3.19 - Articles Supplementary Classifying Vornado Realty Trust's 7.00% Series E Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share - Incorporated by reference to Exhibit 3.27 to Vornado Realty Trust's Registration Statement on Form 8-A (File No. 001-11954), filed on August 20, 2004 \*
- 3.20 - Articles Supplementary Classifying Vornado Realty Trust's 6.75% Series F Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share - Incorporated by reference to Exhibit 3.28 to Vornado Realty Trust's Registration Statement on Form 8-A (File No. 001-11954), filed on November 17, 2004 \*
- 3.21 - Articles Supplementary Classifying Vornado Realty Trust's 6.55% Series D-12 Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on December 21, 2004 \*
- 3.22 - Articles Supplementary Classifying Vornado Realty Trust's 6.625% Series G Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share - Incorporated by reference to Exhibit 3.3 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on December 21, 2004 \*
- 3.23 - Articles Supplementary Classifying Vornado Realty Trust's 6.750% Series H Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share, no par value – Incorporated by reference to Exhibit 3.32 to Vornado Realty Trust's Registration Statement on Form 8-A (File No. 001-11954), filed on June 16, 2005 \*
- 3.24 - Articles Supplementary Classifying Vornado Realty Trust's 6.625% Series I Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share, no par value – Incorporated by reference to Exhibit 3.33 to Vornado Realty Trust's Registration Statement on Form 8-A (File No. 001-11954), filed on August 30, 2005 \*
- 3.25 - Articles Supplementary Classifying Vornado Realty Trust's Series D-14 6.75% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share - Incorporated by reference to Exhibit 3.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on September 14, 2005 \*
- 3.26 - Articles Supplementary Classifying Vornado Realty Trust's Series D-15 6.875% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share – Incorporated by reference to Exhibit 3.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on May 3, 2006, and Exhibit 3.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on August 23, 2006 \*
- 3.27 - Amended and Restated Bylaws of Vornado Realty Trust, as amended on March 2, 2000 - Incorporated by reference to Exhibit 3.12 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 001-11954), filed on March 9, 2000 \*
- 3.28 - Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of October 20, 1997 (the "Partnership Agreement") – Incorporated by reference to Exhibit 3.26 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (File No. 001-11954), filed on May 8, 2003 \*
- 3.29 - Amendment to the Partnership Agreement, dated as of December 16, 1997 – Incorporated by reference to Exhibit 3.27 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (File No. 001-11954), filed on May 8, 2003 \*

\* Incorporated by reference.

- 3.30 - Second Amendment to the Partnership Agreement, dated as of April 1, 1998 – Incorporated by reference to Exhibit 3.5 to Vornado Realty Trust's Registration Statement on Form S-3 (File No. 333-50095), filed on April 14, 1998 \*
- 3.31 - Third Amendment to the Partnership Agreement, dated as of November 12, 1998 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on November 30, 1998 \*
- 3.32 - Fourth Amendment to the Partnership Agreement, dated as of November 30, 1998 - Incorporated by reference to Exhibit 3.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on February 9, 1999 \*
- 3.33 - Fifth Amendment to the Partnership Agreement, dated as of March 3, 1999 - Incorporated by reference to Exhibit 3.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on March 17, 1999 \*
- 3.34 - Sixth Amendment to the Partnership Agreement, dated as of March 17, 1999 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on July 7, 1999 \*
- 3.35 - Seventh Amendment to the Partnership Agreement, dated as of May 20, 1999 - Incorporated by reference to Exhibit 3.3 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on July 7, 1999 \*
- 3.36 - Eighth Amendment to the Partnership Agreement, dated as of May 27, 1999 - Incorporated by reference to Exhibit 3.4 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on July 7, 1999 \*
- 3.37 - Ninth Amendment to the Partnership Agreement, dated as of September 3, 1999 - Incorporated by reference to Exhibit 3.3 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on October 25, 1999 \*
- 3.38 - Tenth Amendment to the Partnership Agreement, dated as of September 3, 1999 - Incorporated by reference to Exhibit 3.4 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on October 25, 1999 \*
- 3.39 - Eleventh Amendment to the Partnership Agreement, dated as of November 24, 1999 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on December 23, 1999 \*
- 3.40 - Twelfth Amendment to the Partnership Agreement, dated as of May 1, 2000 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on May 19, 2000 \*
- 3.41 - Thirteenth Amendment to the Partnership Agreement, dated as of May 25, 2000 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on June 16, 2000 \*
- 3.42 - Fourteenth Amendment to the Partnership Agreement, dated as of December 8, 2000 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on December 28, 2000 \*
- 3.43 - Fifteenth Amendment to the Partnership Agreement, dated as of December 15, 2000 - Incorporated by reference to Exhibit 4.35 to Vornado Realty Trust's Registration Statement on Form S-8 (File No. 333-68462), filed on August 27, 2001 \*

\* Incorporated by reference.



- 3.57 - Twenty-Ninth Amendment to the Partnership Agreement, dated June 17, 2005 - Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on June 21, 2005 \*
- 3.58 - Thirtieth Amendment to the Partnership Agreement, dated August 31, 2005 - Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on September 1, 2005 \*
- 3.59 - Thirty-First Amendment to the Partnership Agreement, dated September 9, 2005 - Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on September 14, 2005 \*
- 3.60 - Thirty-Second Amendment and Restated Agreement of Limited Partnership, dated as of December 19, 2005 – Incorporated by reference to Exhibit 3.59 to Vornado Realty L.P.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 (File No. 000-22685), filed on May 8, 2006 \*
- 3.61 - Thirty-Third Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of April 25, 2006 – Incorporated by reference to Exhibit 10.2 to Vornado Realty Trust's Form 8-K (File No. 001-11954), filed on May 1, 2006 \*
- 3.62 - Thirty-Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of May 2, 2006 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on May 3, 2006 \*
- 3.63 - Thirty-Fifth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of August 17, 2006 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Form 8-K (File No. 000-22685), filed on August 23, 2006 \*
- 3.64 - Thirty-Sixth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of October 2, 2006 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Form 8-K (File No. 000-22685), filed on January 22, 2007 \*
- 3.65 - Thirty-Seventh Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of June 28, 2007 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on June 27, 2007 \*
- 3.66 - Thirty-Eighth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of June 28, 2007 – Incorporated by reference to Exhibit 3.2 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on June 27, 2007 \*
- 3.67 - Thirty-Ninth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of June 28, 2007 – Incorporated by reference to Exhibit 3.3 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on June 27, 2007 \*
- 3.68 - Fortieth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of June 28, 2007 – Incorporated by reference to Exhibit 3.4 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on June 27, 2007 \*

\* Incorporated by reference.

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| 3.69 | -  | Vornado Realty Trust – Articles Supplementary, dated July 25, 2007   |   |
| 3.70 | -  | Vornado Realty Trust – Articles of Amendment of Declaration of Trust, dated July 25, 2007  |   |
| 3.71 | -  | Vornado Realty Trust – Certificate of Correction of Amendment of Declaration of Trust, dated July 25, 2007   |   |
| 3.72 | -  | Vornado Realty Trust – Certificate of Correction of Amendment of Declaration of Trust, dated July 25, 2007   |   |
| 3.73 | -  | Vornado Realty Trust – Certificate of Correction of Articles Supplementary, dated July 25, 2007  |   |
| 3.74 | -  | Vornado Realty Trust – Certificate of Correction of Articles Supplementary, dated July 25, 2007  |   |
| 3.75 | -  | Vornado Realty Trust – Articles of Restatement of Declaration of Trust, dated July 25, 2007  |   |
| 4.1  | -  | Indenture and Servicing Agreement, dated as of March 1, 2000, among Vornado Finance LLC, LaSalle Bank National Association, ABN Amro Bank N.V. and Midland Loan Services, Inc. - Incorporated by reference to Exhibit 10.48 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 001-11954), filed on March 9, 2000 | * |
| 4.2  | -  | Indenture, dated as of June 24, 2002, between Vornado Realty L.P. and The Bank of New York, as Trustee - Incorporated by reference to Exhibit 4.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on June 24, 2002   | * |
| 4.3  | -  | Indenture, dated as of November 25, 2003, between Vornado Realty L.P. and The Bank of New York, as Trustee - Incorporated by reference to Exhibit 4.10 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (File No. 001-11954), filed on April 28, 2005  | * |
| 4.4  | -  | Indenture, dated as of November 20, 2006, among Vornado Realty Trust, as Issuer, Vornado Realty L.P., as Guarantor and The Bank of New York, as Trustee – Incorporated by reference to Exhibit 4.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on November 27, 2006   | * |
|      |    | <i>Certain instruments defining the rights of holders of long-term debt securities of Vornado Realty Trust and its subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. Vornado Realty Trust hereby undertakes to furnish to the Securities and Exchange Commission, upon request, copies of any such instruments.</i>                      |   |
| 10.1 | ** | Vornado Realty Trust's 1993 Omnibus Share Plan - Incorporated by reference to Exhibit 4.1 to Vornado Realty Trust's Registration Statement on Form S-8 (File No. 331-09159), filed on July 30, 1996  | * |
| 10.2 | ** | Vornado Realty Trust's 1993 Omnibus Share Plan, as amended - Incorporated by reference to Exhibit 4.1 to Vornado Realty Trust's Registration Statement on Form S-8 (File No. 333-29011), filed on June 12, 1997  | * |
| 10.3 | -  | Master Agreement and Guaranty, between Vornado, Inc. and Bradlees New Jersey, Inc. dated as of May 1, 1992 - Incorporated by reference to Vornado, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 1992 (File No. 001-11954), filed May 8, 1992   | * |
|      | *  | Incorporated by reference.   |   |
|      | ** | Management contract or compensatory agreement.   |   |

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| 10.4  | ** | - | Employment Agreement between Vornado Realty Trust and Michael D. Fascitelli, dated December 2, 1996 - Incorporated by reference to Exhibit 10(C)(3) to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 1996 (File No. 001-11954), filed March 13, 1997  | * |
| 10.5  |    | - | Registration Rights Agreement between Vornado, Inc. and Steven Roth, dated December 29, 1992 - Incorporated by reference to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993  | * |
| 10.6  |    | - | Stock Pledge Agreement between Vornado, Inc. and Steven Roth dated December 29, 1992 - Incorporated by reference to Vornado, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993   | * |
| 10.7  |    | - | Management Agreement between Interstate Properties and Vornado, Inc. dated July 13, 1992 - Incorporated by reference to Vornado, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993   | * |
| 10.8  |    | - | Real Estate Retention Agreement between Vornado, Inc., Keen Realty Consultants, Inc. and Alexander's, Inc., dated as of July 20, 1992 - Incorporated by reference to Vornado, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993  | * |
| 10.9  |    | - | Amendment to Real Estate Retention Agreement between Vornado, Inc., Keen Realty Consultants, Inc. and Alexander's, Inc., dated February 6, 1995 - Incorporated by reference to Exhibit 10(F)(2) to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 001-11954), filed March 23, 1995  | * |
| 10.10 |    | - | Stipulation between Keen Realty Consultants Inc. and Vornado Realty Trust re: Alexander's Retention Agreement - Incorporated by reference to Exhibit 10(F)(2) to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 1993 (File No. 001-11954), filed March 24, 1994  | * |
| 10.11 | ** | - | Employment Agreement, dated as of April 15, 1997, by and among Vornado Realty Trust, The Mendik Company, L.P. and David R. Greenbaum - Incorporated by reference to Exhibit 10.4 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on April 30, 1997   | * |
| 10.12 |    | - | Consolidated and Restated Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of March 1, 2000, between Entities named therein (as Mortgagors) and Vornado (as Mortgagee) - Incorporated by reference to Exhibit 10.47 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 001-11954), filed on March 9, 2000 | * |
| 10.13 | ** | - | Promissory Note from Steven Roth to Vornado Realty Trust, dated December 23, 2005 – Incorporated by reference to Exhibit 10.15 to Vornado Realty Trust Annual Report on Form 10-K for the year ended December 31, 2005 (File No. 001-11954), filed on February 28, 2006   | * |
| 10.14 | ** | - | Letter agreement, dated November 16, 1999, between Steven Roth and Vornado Realty Trust - Incorporated by reference to Exhibit 10.51 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 001-11954), filed on March 9, 2000   | * |

\* Incorporated by reference.

\*\* Management contract or compensatory agreement.

- 10.15 - Agreement and Plan of Merger, dated as of October 18, 2001, by and among Vornado Realty Trust, Vornado Merger Sub L.P., Charles E. Smith Commercial Realty L.P., Charles E. Smith Commercial Realty L.L.C., Robert H. Smith, individually, Robert P. Kogod, individually, and Charles E. Smith Management, Inc. - Incorporated by reference to Exhibit 2.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on January 16, 2002 \*
- 10.16 - Registration Rights Agreement, dated January 1, 2002, between Vornado Realty Trust and the holders of the Units listed on Schedule A thereto - Incorporated by reference to Exhibit 10.2 to Vornado Realty Trust's Current Report on Form 8-K/A (File No. 1-11954), filed on March 18, 2002 \*
- 10.17 - Tax Reporting and Protection Agreement, dated December 31, 2001, by and among Vornado, Vornado Realty L.P., Charles E. Smith Commercial Realty L.P. and Charles E. Smith Commercial Realty L.L.C. - Incorporated by reference to Exhibit 10.3 to Vornado Realty Trust's Current Report on Form 8-K/A (File No. 1-11954), filed on March 18, 2002 \*
- 10.18 \*\* - Employment Agreement between Vornado Realty Trust and Michael D. Fascitelli, dated March 8, 2002 - Incorporated by reference to Exhibit 10.7 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002 (File No. 001-11954), filed on May 1, 2002 \*
- 10.19 \*\* - First Amendment, dated October 31, 2002, to the Employment Agreement between Vornado Realty Trust and Michael D. Fascitelli, dated March 8, 2002 - Incorporated by reference to Exhibit 99.6 to the Schedule 13D filed by Michael D. Fascitelli on November 8, 2002 \*
- 10.20 - Registration Rights Agreement, dated as of July 21, 1999, by and between Vornado Realty Trust and the holders of Units listed on Schedule A thereto - Incorporated by reference to Exhibit 10.2 to Vornado Realty Trust's Registration Statement on Form S-3 (File No. 333-102217), filed on December 26, 2002 \*
- 10.21 - Form of Registration Rights Agreement between Vornado Realty Trust and the holders of Units listed on Schedule A thereto - Incorporated by reference to Exhibit 10.3 to Vornado Realty Trust's Registration Statement on Form S-3 (File No. 333-102217), filed on December 26, 2002 \*
- 10.22 - Amendment to Real Estate Retention Agreement, dated as of July 3, 2002, by and between Alexander's, Inc. and Vornado Realty L.P. - Incorporated by reference to Exhibit 10(i)(E)(3) to Alexander's Inc.'s Quarterly Report for the quarter ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002 \*
- 10.23 - 59th Street Real Estate Retention Agreement, dated as of July 3, 2002, by and between Vornado Realty L.P., 731 Residential LLC and 731 Commercial LLC - Incorporated by reference to Exhibit 10(i)(E)(4) to Alexander's Inc.'s Quarterly Report for the quarter ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002 \*
- 10.24 - Amended and Restated Management and Development Agreement, dated as of July 3, 2002, by and between Alexander's, Inc., the subsidiaries party thereto and Vornado Management Corp. - Incorporated by reference to Exhibit 10(i)(F)(1) to Alexander's Inc.'s Quarterly Report for the quarter ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002 \*

\* Incorporated by reference.

\*\* Management contract or compensatory agreement.

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| 10.25 | -  | 59th Street Management and Development Agreement, dated as of July 3, 2002, by and between 731 Residential LLC, 731 Commercial LLC and Vornado Management Corp. - Incorporated by reference to Exhibit 10(i)(F)(2) to Alexander's Inc.'s Quarterly Report for the quarter ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002 | * |
| 10.26 | -  | Amendment dated May 29, 2002, to the Stock Pledge Agreement between Vornado Realty Trust and Steven Roth dated December 29, 1992 - Incorporated by reference to Exhibit 5 of Interstate Properties' Schedule 13D/A dated May 29, 2002 (File No. 005-44144), filed on May 30, 2002   | * |
| 10.27 | ** | Vornado Realty Trust's 2002 Omnibus Share Plan - Incorporated by reference to Exhibit 4.2 to Vornado Realty Trust's Registration Statement on Form S-8 (File No. 333-102216) filed December 26, 2002  | * |
| 10.28 | -  | Registration Rights Agreement by and between Vornado Realty Trust and Bel Holdings LLC dated as of November 17, 2003 – Incorporated by reference to Exhibit 10.68 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 001-11954), filed on March 3, 2004                                    | * |
| 10.29 | -  | Registration Rights Agreement, dated as of May 27, 2004, by and between Vornado Realty Trust and 2004 Realty Corp. – Incorporated by reference to Exhibit 10.75 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2004 (File No. 001-11954), filed on February 25, 2005                                  | * |
| 10.30 | -  | Registration Rights Agreement, dated as of December 17, 2004, by and between Vornado Realty Trust and Montebello Realty Corp. 2002 – Incorporated by reference to Exhibit 10.76 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2004 (File No. 001-11954), filed on February 25, 2005                  | * |
| 10.31 | ** | Form of Stock Option Agreement between the Company and certain employees – Incorporated by reference to Exhibit 10.77 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2004 (File No. 001-11954), filed on February 25, 2005  | * |
| 10.32 | ** | Form of Restricted Stock Agreement between the Company and certain employees – Incorporated by reference to Exhibit 10.78 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2004 (File No. 001-11954), filed on February 25, 2005  | * |
| 10.33 | ** | Employment Agreement between Vornado Realty Trust and Sandeep Mathrani, dated February 22, 2005 and effective as of January 1, 2005 – Incorporated by reference to Exhibit 10.76 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (File No. 001-11954), filed on April 28, 2005                 | * |
| 10.34 | -  | Contribution Agreement, dated May 12, 2005, by and among Robert Kogod, Vornado Realty L.P. and certain Vornado Realty Trust's affiliates – Incorporated by reference to Exhibit 10.49 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2005 (File No. 001-11954), filed on February 28, 2006            | * |
| 10.35 | ** | Amendment, dated March 17, 2006, to the Vornado Realty Trust Omnibus Share Plan – Incorporated by reference to Exhibit 10.50 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 (File No. 001-11954), filed on May 2, 2006  | * |

\* Incorporated by reference.

\*\* Management contract or compensatory agreement.



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| 10.36 | ** | - | Form of Vornado Realty Trust 2006 Out-Performance Plan Award Agreement, dated as of April 25, 2006 – Incorporated by reference to Exhibit 10.1 to Vornado Realty Trust's Form 8-K (File No. 001-11954), filed on May 1, 2006  | * |
| 10.37 | ** | - | Form of Vornado Realty Trust 2002 Restricted LTIP Unit Agreement – Incorporated by reference to Vornado Realty Trust's Form 8-K (Filed No. 001-11954), filed on May 1, 2006   | * |
| 10.38 | ** | - | Revolving Credit Agreement, dated as of June 28, 2006, among the Operating Partnership, the banks party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Bank of America, N.A. and Citicorp North America, Inc., as Syndication Agents, Deutsche Bank Trust Company Americas, Lasalle Bank National Association, and UBS Loan Finance LLC, as Documentation Agents and Vornado Realty Trust – Incorporated by reference to Exhibit 10.1 to Vornado Realty Trust's Form 8-K (File No. 001-11954), filed on June 28, 2006 | * |
| 10.39 | ** | - | Amendment No.2, dated May 18, 2006, to the Vornado Realty Trust Omnibus Share Plan – Incorporated by reference to Exhibit 10.53 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 (File No. 001-11954), filed on August 1, 2006   | * |
| 10.40 | ** | - | Amended and Restated Employment Agreement between Vornado Realty Trust and Joseph Macnow dated July 27, 2006 – Incorporated by reference to Exhibit 10.54 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 (File No. 001-11954), filed on August 1, 2006   | * |
| 10.41 |    | - | Guaranty, made as of June 28, 2006, by Vornado Realty Trust, for the benefit of JP Morgan Chase Bank – Incorporated by reference to Exhibit 10.53 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 (File No. 001-11954), filed on October 31, 2006  | * |
| 10.42 | ** | - | Amendment, dated October 26, 2006, to the Vornado Realty Trust Omnibus Share Plan – Incorporated by reference to Exhibit 10.54 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 (File No. 001-11954), filed on October 31, 2006   | * |
| 10.43 | ** | - | Amendment to Real Estate Retention Agreement, dated January 1, 2007, by and between Vornado Realty L.P. and Alexander's Inc. – Incorporated by reference to Exhibit 10.55 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 001-11954), filed on February 27, 2007  | * |
| 10.44 | ** | - | Amendment to 59 <sup>th</sup> Street Real Estate Retention Agreement, dated January 1, 2007, by and among Vornado Realty L.P., 731 Retail One LLC, 731 Restaurant LLC, 731 Office One LLC and 731 Office Two LLC. – Incorporated by reference to Exhibit 10.56 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 001-11954), filed on February 27, 2007   | * |
| 10.45 |    | - | Stock Purchase Agreement between the Sellers identified and Vornado America LLC, as the Buyer, dated as of March 5, 2007 – Incorporated by reference to Exhibit 10.45 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 (File No. 001-11954), filed on May 1, 2007, 2007   | * |

\* Incorporated by reference.

\*\* Management contract or compensatory agreement.

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| 10.46 | ** | - | Employment Agreement between Vornado Realty Trust and Mitchell Shear, as of April 19, 2007 – Incorporated by reference to Exhibit 10.46 to Vornado Realty Trust’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 (File No. 001-11954), filed on May 1, 2007, 2007 | * |
| 15.1  |    | - | Letter Regarded Unaudited Interim Financial Information   |   |
| 31.1  |    | - | Rule 13a-14 (a) Certification of the Chief Executive Officer  |   |
| 31.2  |    | - | Rule 13a-14 (a) Certification of the Chief Financial Officer  |   |
| 32.1  |    | - | Section 1350 Certification of the Chief Executive Officer   |   |
| 32.2  |    | - | Section 1350 Certification of the Chief Financial Officer   |   |
|       | *  |   | <hr style="width: 20%; margin-left: 0;"/> Incorporated by reference.  |   |
|       | ** |   | Management contract or compensatory agreement.  |   |

## CERTIFICATION

I, Steven Roth, certify that:

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

July 31, 2007

/s/ Steven Roth  
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Steven Roth  
Chief Executive Officer

## CERTIFICATION

I, Joseph Macnow, certify that:

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

July 31, 2007

/s/ Joseph Macnow

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Joseph Macnow  
Executive Vice President and Chief Financial  
Officer

CERTIFICATION

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

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

The Quarterly Report on Form 10-Q for quarter ended June 30, 2007 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 31, 2007

/s/ Steven Roth  
Name: Steven Roth  
Title: Chief Executive Officer

**CERTIFICATION**

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

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

The Quarterly Report on Form 10-Q for quarter ended June 30, 2007 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 31, 2007

/s/ Joseph Macnow  
Name: Joseph Macnow  
Title: Chief Financial Officer

VORNADO REALTY TRUST

## ARTICLES SUPPLEMENTARY

Vornado Realty Trust, a Maryland real estate investment trust (the "Trust"), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: Under a power contained in Article VI of the Amended and Restated Declaration of Trust of the Trust (the "Declaration") and pursuant to Section 8-203(b) of the Maryland REIT Law, the Board of Trustees of the Trust (the "Board"), by unanimous written consent, reclassified (i) 5,705,423 authorized but unissued \$3.25 Series A Convertible Preferred Shares, no par value per share, (ii) 3,500,000 authorized but unissued Series D-1 8.5% Cumulative Redeemable Preferred Shares, no par value per share, (iii) 549,336 authorized but unissued 8.375% Series D-2 Cumulative Redeemable Preferred Shares, no par value per share, (iv) 8,000,000 authorized but unissued Series D-3 8.25% Cumulative Redeemable Preferred Shares, no par value per share, (v) 5,000,000 authorized but unissued Series D-4 8.25% Cumulative Redeemable Preferred Shares, no par value per share, (vi) 7,480,000 authorized but unissued Series D-5 8.25% Cumulative Redeemable Preferred Shares, no par value per share, (vii) 1,000,000 authorized but unissued Series D-6 8.25% Cumulative Redeemable Preferred Shares, no par value per share, (viii) 7,200,000 authorized but unissued Series D-7 8.25% Cumulative Redeemable Preferred Shares, no par value per share, (ix) 360,000 authorized but unissued Series D-8 8.25% Cumulative Redeemable Preferred Shares, no par value per share, (x) 1,800,000 authorized but unissued Series D-9 8.25% Cumulative Redeemable Preferred Shares, no par value per share, (xi) 800,000 authorized but unissued Series D-11 7.2% Cumulative Redeemable Preferred Shares, no par value per share, (xii) 450,000 authorized but unissued 7.00% Series E Cumulative Redeemable Preferred Shares, no par value per share, (xiii) 1,200,000 authorized but unissued 6.625% Series G Cumulative Redeemable Preferred Shares, no par value per share, (xiv) 100,000 authorized but unissued 6.750% Series H Cumulative Redeemable Preferred Shares, no par value per share, and (xv) 1,250,000 authorized but unissued 6.625% Series I Cumulative Redeemable Preferred Shares, no par value per share (collectively, the "Shares"), as Preferred Stock, no par value per share (as defined in the Declaration), with the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, and terms and conditions of redemption of shares of the Trust's Preferred Stock as set forth in Article VI of the Declaration and in any other provisions of the Declaration relating to shares of beneficial interest of the Trust generally.

SECOND: The Shares have been reclassified by the Board under the authority granted to it in the Declaration.

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THIRD: After giving effect to these reclassifications, the total number of shares of beneficial interest which the Trust is authorized to issue is 620,000,000 shares, of which 110,000,000 are Preferred Stock (which includes, 83,977 Series A Convertible Preferred Shares; 4,800,000 Series D-10 7.00% Cumulative Redeemable Preferred Shares; 1,400,000 Series D-11 7.20% Cumulative Redeemable Preferred Shares; 800,000 Series D-12 6.55% Cumulative Redeemable Preferred Shares; 4,000,000 6.75% Series D-14 Cumulative Redeemable Preferred Shares; 1,800,000 6.875% Series D-15 Cumulative Redeemable Preferred Shares, 3,000,000 7.00% Series E Cumulative Redeemable Preferred Shares; 6,000,000 6.75% Series F Cumulative Redeemable Preferred Shares; 8,000,000 6.625% Series G Cumulative Redeemable Preferred Shares; 4,500,000 6.750% Series H Cumulative Redeemable Preferred Shares; and 10,800,000 6.625% Series I Cumulative Redeemable Preferred Shares); 200,000,000 shares of Common Stock (as defined in the Declaration), and 310,000,000 shares of Excess Stock (as defined in the Declaration).

FOURTH: These Articles Supplementary have been approved by the Board in the manner and by the vote required by law.

FIFTH: The undersigned Executive Vice President – Finance and Administration and Chief Financial Officer of the Trust acknowledges these Articles Supplementary to be the trust act of the Trust and, as to all matters or facts required to be verified under oath, the undersigned Executive Vice President – Finance and Administration and Chief Financial Officer acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**



IN WITNESS WHEREOF, the Trust has caused these Articles Supplementary to be executed in its name and on its behalf by its Executive Vice President – Finance and Administration and Chief Financial Officer and attested to by its Secretary on this 25<sup>th</sup> day of July, 2007.

VORNADO REALTY TRUST

/s/ Joseph Macnow

Joseph Macnow  
Executive Vice President – Finance and  
Administration and Chief Financial Officer

ATTEST:

/s/ Alan J. Rice

Alan J. Rice  
Secretary

VORNADO REALTY TRUST

## ARTICLES OF AMENDMENT OF DECLARATION OF TRUST

## THIS IS TO CERTIFY THAT:

**FIRST:** The Amended and Restated Declaration of Trust, as amended (the "Declaration of Trust"), of Vornado Realty Trust, a Maryland real estate investment trust (the "Trust"), is hereby amended by deleting Article VI, Section 6.1 of the Declaration of Trust in its entirety and replacing it with the following:

**"Section 6.1 Authorized Shares.** The total number of shares of beneficial interest which the Trust is authorized to issue is 720,000,000 shares, of which 110,000,000 shall be preferred shares of beneficial interest, no par value per share ("Preferred Stock") (including 83,977 \$3.25 Series A Convertible Preferred Shares of Beneficial Interest, liquidation preference \$50.00 per share; 4,800,000 Series D-10 7.00% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share; 1,400,000 Series D-11 7.20% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share; 800,000 Series D-12 6.55% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share; 4,000,000 6.75% Series D-14 Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share; 1,800,000 6.875% Series D-15 Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share; 3,000,000 7.00% Series E Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share; 6,000,000 6.75% Series F Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share; 8,000,000 6.625% Series G Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share; 4,500,000 6.750% Series H Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share; and 10,800,000 6.625% Series I Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share); 250,000,000 shares shall be common shares of beneficial interest, \$.04 par value per share ("Common Stock"), and 360,000,000 shares shall be excess shares of beneficial interest, \$.04 par value per share ("Excess Stock")."

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**SECOND:** The foregoing amendment has been approved by the Board of Trustees of the Trust as required by Section 8-203(a)(7) of the Maryland REIT Law and Article IX, Section 9.1(b) of the Declaration of Trust.

**THIRD:** The total number of shares of beneficial interest which the Trust had authority to issue immediately prior to this amendment was 620,000,000, consisting of 200,000,000 common shares of beneficial interest, \$.04 par value per share, 110,000,000 preferred shares of beneficial interest, no par value per share, and 310,000,000 excess shares of beneficial interest, \$.04 par value per share. The aggregate par value of all authorized shares of beneficial interest having par value was \$20,400,000.

**FOURTH:** The number of shares of beneficial interest which the Trust has authority to issue pursuant to the foregoing amendment is 720,000,000, consisting of 250,000,000 common shares of beneficial interest, \$.04 par value per share, 110,000,000 preferred shares of beneficial interest, no par value per share, and 360,000,000 excess shares of beneficial interest, \$.04 par value per share. The aggregate par value of all authorized shares of beneficial interest having par value is \$24,400,000.

**FIFTH:** The undersigned Executive Vice President – Finance and Administration and Chief Financial Officer of the Trust acknowledges these Articles of Amendment to be the trust act of the Trust and, as to all matters or facts required to be verified under oath, the undersigned Executive Vice President – Finance and Administration and Chief Financial Officer acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

**[THE REMAINDER OF THE PAGE IS INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the Trust has caused these Articles of Amendment to be executed in its name and on its behalf by its Executive Vice President – Finance and Administration and Chief Financial Officer and attested to by its Secretary on this 25<sup>th</sup> day of July, 2007.

VORNADO REALTY TRUST

/s/ Joseph Macnow

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Joseph Macnow  
Executive Vice President – Finance and  
Administration and Chief Financial Officer

ATTEST:

/s/ Alan J. Rice

\_\_\_\_\_  
Alan J. Rice  
Secretary

VORNADO REALTY TRUST

**CERTIFICATE OF CORRECTION**

THIS IS TO CERTIFY THAT:

FIRST: The title of the document being corrected is Amended and Restated Declaration of Trust (the "Declaration").

SECOND: The sole party to the Declaration is Vornado Realty Trust, a Maryland real estate investment trust (the "Trust").

THIRD: The Articles were filed with the State Department of Assessments and Taxation of Maryland ("SDAT") on April 16, 1993 at 3:00 p.m.

FOURTH: The provisions of the Declaration which are to be corrected and as previously filed with SDAT are the sections as set forth below:

1. Definition of "Adviser" in ARTICLE I, Section 1.5 of the Declaration which, as previously filed, reads as follows:

"**Adviser**" means the Person, if any, appointed employed or contracted with by the Trust pursuant to Section 4.1.

is corrected to read as follows:

"**Adviser**" means the Person, if any, appointed, employed or contracted with by the Trust pursuant to Section 4.1.

2. The third sentence of the last paragraph of ARTICLE II, Section 2.2 of the Declaration which, as previously filed, reads as follows:

Beginning with the annual meeting of Shareholders in the first year and at each succeeding annual meeting of Shareholders, the directors of the class of directors whose term expires at such meeting will be elected to hold office for a term expiring at the third succeeding annual meeting.

is corrected to read as follows:

Beginning with the annual meeting of Shareholders in the first year and at each succeeding annual meeting of Shareholders, the Trustees of the class of Trustees whose term expires at such

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meeting will be elected to hold office for a term expiring at the third succeeding annual meeting.

3. The first sentence of the definition of "Existing Holder Limit" in ARTICLE VI, Section 6.6(a) of the Declaration which, as previously filed, reads as follows:

"Existing Holder Limit" (i) for any Existing Holder who is an Existing Holder by virtue of clause (i) of the definition of "Existing Holder", shall mean, initially, the percentage of the outstanding Common Equity Stock Beneficially Owned by such Existing Holder on the Limitation Date, and after any adjustment pursuant to Section 6.6(i), shall mean the percentage of the outstanding Common Equity Stock as so adjusted; and (ii) for any Existing Holder who becomes such an Existing Holder by virtue of clause (ii) of the definition of "Existing Holder", shall mean, initially, the percentage of the outstanding Common Equity Stock Beneficially Owned by such Existing Holder at the time that such Existing Holder becomes an Existing Holder, provided, that such Person's Existing Holder Limit shall be the lower of the foregoing percentage and the highest percentage of Common Equity Stock that could be Beneficially Owned by such Person without resulting in the five largest then-existing Existing Holder Limits exceeding 49.9% of the Common Stock (or, if there are fewer than five then-existing Existing Holders, (i) all then-existing Existing Holder Limits plus (ii) the product of (x) the Ownership Limit and (b) five less the number of then-existing Existing Holders shall not exceed 49.9% of the Common Stock) and, after any adjustment pursuant to Section 6.6(i), shall mean such percentage of the outstanding Common Equity Stock as so adjusted.

is corrected to read as follows:

"Existing Holder Limit" (i) for any Existing Holder who is an Existing Holder by virtue of clause (i) of the definition of "Existing Holder", shall mean, initially, the percentage of the outstanding Common Equity Stock Beneficially Owned by such Existing Holder on the Limitation Date, and after any adjustment pursuant to Section 6.6(i), shall mean the percentage of the outstanding Common Equity Stock as so adjusted; and (ii) for any Existing Holder who becomes such an Existing Holder by virtue of clause (ii) of the definition of "Existing Holder", shall mean, initially, the percentage of the outstanding Common Equity Stock Beneficially Owned by such Existing Holder at the time that such Existing Holder becomes an Existing Holder, provided, that such Person's Existing Holder Limit shall be the lower of the foregoing percentage and the highest percentage of Common Equity Stock that could be Beneficially Owned by such Person without resulting in the five largest then-

existing Existing Holder Limits exceeding 49.9% of the Common Stock (or, if there are fewer than five then-existing Existing Holders, (i) all then-existing Existing Holder Limits plus (ii) the product of (x) the Ownership Limit and (y) five less the number of then-existing Existing Holders shall not exceed 49.9% of the Common Stock) and, after any adjustment pursuant to Section 6.6(i), shall mean such percentage of the outstanding Common Equity Stock as so adjusted.

4. ARTICLE VI, Section 6.6(f)(2) of the Declaration which, as previously filed, reads as follows:

(2) every Beneficial Owner of more than 2.0% of the outstanding shares of Common Stock on the Adoption Date shall, with 60 days of the Adoption Date, give written notice, a form for which will be made available by the Trust to those Persons that are Shareholders as of the Adoption Date, to the Trust stating the name and address of such Beneficial Owner, the number of shares of Common Stock Beneficially Owned, and a description of how such shares of Common Stock are held.

is corrected to read as follows:

(2) every Beneficial Owner of more than 2.0% of the outstanding shares of Common Stock on the Adoption Date shall, within 60 days of the Adoption Date, give written notice, a form for which will be made available by the Trust to those Persons that are Shareholders as of the Adoption Date, to the Trust stating the name and address of such Beneficial Owner, the number of shares of Common Stock Beneficially Owned, and a description of how such shares of Common Stock are held.

5. The second sentence of ARTICLE VI, Section 6.8(f) of the Declaration which, as previously filed, reads as follows:

The Trust shall have the right to accept such offer for a period of ninety days after the later of (i) the date of the purported Transfer or other event which resulted in an exchange of Shares for such Excess Stock and (ii) the date the Board of Trustees determines in good faith that a purported Transfer or other event resulting in an exchanges of Shares for such Excess Stock has occurred, if the Trust does not receive a notice of any such transfer pursuant to Section 5.6(e).

is corrected to read as follows:

The Trust shall have the right to accept such offer for a period of ninety days after the later of (i) the date of the purported Transfer or other event which resulted in an exchange of Shares for such Excess Stock and (ii) the date the Board of Trustees determines in good faith that a purported Transfer or other event resulting in an exchange of Shares for such Excess Stock has occurred, if the Trust does not receive a notice of any such transfer pursuant to Section 5.6(e).

6. The second sentence of ARTICLE VI, Section 6.9(b) of the Declaration which, as previously filed, reads as follows:

Each other Existing Constructive Holders shall, within 30 days of receiving such notice from the Trust, provide the Trust with written notice (a "Section 6.9(b) Notice") specifying, as a percentage, (i) where the Designated Tenant is a corporation, such Existing Constructive Holder's Constructive Ownership of the outstanding voting power and the total number of outstanding shares of such Designated Tenant, or (ii) where the Designated Tenant is not a corporation, such Existing Constructive Holder's Constructive Ownership of the assets and net profits of such Designated Tenant.

is corrected to read as follows:

Each other Existing Constructive Holder shall, within 30 days of receiving such notice from the Trust, provide the Trust with written notice (a "Section 6.9(b) Notice") specifying, as a percentage, (i) where the Designated Tenant is a corporation, such Existing Constructive Holder's Constructive Ownership of the outstanding voting power and the total number of outstanding shares of such Designated Tenant, or (ii) where the Designated Tenant is not a corporation, such Existing Constructive Holder's Constructive Ownership of the assets and net profits of such Designated Tenant.

7. The third sentence of ARTICLE VI, Section 6.9(d) of the Declaration which, as previously filed, reads as follows:

The Secretary of Trust shall notify the Existing Constructive Holders when the status of a Tenant as a Designated Tenant terminates.

is corrected to read as follows:



The Secretary of the Trust shall notify the Existing Constructive Holders when the status of a Tenant as a Designated Tenant terminates.

8. The last sentence of ARTICLE VI, Section 6.9(e)(2) of the Declaration which, as previously filed, reads as follows:

If the aggregate Constructive Ownership of the remaining Existing Constructive Holders continues to equal or exceed 10%, then the process described above shall be repeated.

is corrected to read as follows:

If the aggregate Constructive Ownership of the remaining Existing Constructive Holders continues to equal or exceed 10%, then the process described above shall be repeated.

9. ARTICLE VII, Section 7.2(b) of the Declaration which, as previously filed, reads as follows:

(b) amendment of this Declaration of Trust as provided in ( ) or in Section 9.1;

is corrected to read as follows:

(b) amendment of this Declaration of Trust as provided in Section 9.1;

FIFTH: The undersigned Executive Vice President – Finance and Administration and Chief Financial Officer acknowledges this Certificate of Correction to be the act of the Trust and, as to all matters or facts required to be verified under oath, the undersigned Executive Vice President – Finance and Administration and Chief Financial Officer acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the Trust has caused this Certificate of Correction to be executed in its name and on its behalf by its Executive Vice President – Finance and Administration and Chief Financial Officer and attested by its Secretary this 25<sup>th</sup> day of July, 2007.

VORNADO REALTY TRUST

/s/ Joseph Macnow  
Joseph Macnow  
Executive Vice President – Finance and  
Administration and Chief Financial Officer

ATTEST:

/s/ Alan J. Rice  
Alan J. Rice  
Secretary

**VORNADO REALTY TRUST**

**CERTIFICATE OF CORRECTION**

THIS IS TO CERTIFY THAT:

**FIRST:** The title of the document being corrected is Amendment of Declaration of Trust (the "Amendment").

**SECOND:** The sole party to the Amendment is Vornado Realty Trust, a Maryland real estate investment trust (the "Trust").

**THIRD:** The Amendment was filed with the State Department of Assessments and Taxation of Maryland ("SDAT") on May 23, 1996 at 3:02 p.m.

**FOURTH:** The provision of the Amendment which is to be corrected and as previously filed with SDAT is the section as set forth below:

1. The Amendment adding the following sentence to Article IX, Section 9.1(b) of the Declaration of Trust which, as previously filed, reads as follows:

The Board of Trustees, without any action by the shareholders of the Company, may amend the Amended and Restated Declaration of Trust from time to time to increase or decrease the aggregate number of shares of beneficial interest or the number of shares of beneficial interest of any class that the Company is authorized to issue.

is corrected to read as follows:

The Board of Trustees, without any action by the shareholders of the Trust, may amend the Amended and Restated Declaration of Trust from time to time to increase or decrease the aggregate number of shares of beneficial interest or the number of shares of beneficial interest of any class that the Trust is authorized to issue.

**FIFTH:** The undersigned Executive Vice President – Finance and Administration and Chief Financial Officer acknowledges this Certificate of Correction to be the act of the Trust and, as to all matters or facts required to be verified under oath, the undersigned Executive Vice President – Finance and Administration and Chief Financial Officer acknowledges that,

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to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Trust has caused this Certificate of Correction to be executed in its name and on its behalf by its Executive Vice President – Finance and Administration and Chief Financial Officer and attested by its Secretary this 25<sup>th</sup> day of July, 2007.

VORNADO REALTY TRUST

/s/ Joseph Macnow  
Joseph Macnow  
Executive Vice President – Finance and  
Administration and Chief Financial Officer

ATTEST:

/s/ Alan J. Rice  
Alan J. Rice  
Secretary

**VORNADO REALTY TRUST**

**CERTIFICATE OF CORRECTION**

THIS IS TO CERTIFY THAT:

**FIRST:** The title of the document being corrected is Articles Supplementary (the "Articles").

**SECOND:** The sole party to the Articles is Vornado Realty Trust, a Maryland real estate investment trust (the "Trust").

**THIRD:** The Articles were filed with the State Department of Assessments and Taxation of Maryland ("SDAT") on April 8, 1997 at 12:15 p.m.

**FOURTH:** The provisions of the Articles which are to be corrected and as previously filed with SDAT are the sections as set forth below:

1. The first sentence of the second paragraph of Section 5(c) of the Articles which, as previously filed, reads as follows:

Upon any redemption of Series A Preferred Shares, the Trust shall pay any accrued and unpaid dividends in arrears for any Dividend Period ending on or prior to the Redemption Date.

is corrected to read as follows:

Upon any redemption of Series A Preferred Shares, the Trust shall pay any accrued and unpaid dividends in arrears for any Dividend Period ending on or prior to the Redemption Date.

2. The second sentence of the second paragraph of Section 10 of the Articles which, as previously filed, reads as follows:

Whenever all arrears in dividends on the Series A Preferred Shares and the Voting Preferred Shares then outstanding shall have been paid and full dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series A Preferred Shares and the Voting Preferred Shares to elect such additional two trustees shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends), and the terms of

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office of all persons elected as trustees by the holders of the Series A Preferred Shares and the Voting Preferred Shares shall forthwith terminate and the number trustees constituting the Board of Trustees shall be reduced accordingly.

is corrected to read as follows:

Whenever all arrears in dividends on the Series A Preferred Shares and the Voting Preferred Shares then outstanding shall have been paid and full dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series A Preferred Shares and the Voting Preferred Shares to elect such additional two trustees shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends), and the terms of office of all persons elected as trustees by the holders of the Series A Preferred Shares and the Voting Preferred Shares shall forthwith terminate and the number of trustees constituting the Board of Trustees shall be reduced accordingly.

FIFTH: The undersigned Executive Vice President – Finance and Administration and Chief Financial Officer acknowledges this Certificate of Correction to be the act of the Trust and, as to all matters or facts required to be verified under oath, the undersigned Executive Vice President – Finance and Administration and Chief Financial Officer acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the Trust has caused this Certificate of Correction to be executed in its name and on its behalf by its Executive Vice President – Finance and Administration and Chief Financial Officer and attested by its Secretary this 25<sup>th</sup> day of July, 2007.

VORNADO REALTY TRUST

/s/ Joseph Macnow

\_\_\_\_\_  
Joseph Macnow  
Executive Vice President – Finance and  
Administration and Chief Financial Officer

ATTEST:

/s/ Alan J. Rice

\_\_\_\_\_  
Alan J. Rice  
Secretary

**VORNADO REALTY TRUST**

**CERTIFICATE OF CORRECTION**

THIS IS TO CERTIFY THAT:

FIRST: The title of the document being corrected is Articles Supplementary (the "Articles").

SECOND: The sole party to the Articles is Vornado Realty Trust, a Maryland real estate investment trust (the "Trust").

THIRD: The Articles were filed with the State Department of Assessments and Taxation of Maryland ("SDAT") on June 2, 2004 at 1:55 p.m.

FOURTH: The provision of the Articles which is to be corrected and as previously filed with SDAT is the section set forth below:

1. The first sentence of the fourth paragraph of Section 10 of the Articles which, as previously filed, reads as follows:

For purposes of the foregoing provisions of this Section 9, each Series D-11 Preferred Share shall have one (1) vote per share, except that when any other series of Preferred Stock shall have the right to vote with the Series D-11 Preferred Shares as a single class on any matter, then the Series D-11 Preferred Shares and such other series shall have with respect to such matters one (1) vote per \$50.00 of stated liquidation preference.

is corrected to read as follows:

For purposes of the foregoing provisions of this Section 10, each Series D-11 Preferred Share shall have one (1) vote per share, except that when any other series of Preferred Stock shall have the right to vote with the Series D-11 Preferred Shares as a single class on any matter, then the Series D-11 Preferred Shares and such other series shall have with respect to such matters one (1) vote per \$50.00 of stated liquidation preference.

FIFTH: The undersigned Executive Vice President – Finance and Administration and Chief Financial Officer acknowledges this Certificate of Correction to be the act of the Trust and, as to all matters or facts required to be verified under oath, the undersigned Executive Vice President – Finance and Administration and Chief Financial Officer acknowledges that,

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to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Trust has caused this Certificate of Correction to be executed in its name and on its behalf by its Executive Vice President – Finance and Administration and Chief Financial Officer and attested by its Secretary this 25<sup>th</sup> day of July, 2007.

VORNADO REALTY TRUST

/s/ Joseph Macnow  
Joseph Macnow  
Executive Vice President – Finance and  
Administration and Chief Financial Officer

ATTEST:

/s/ Alan J. Rice  
Alan J. Rice  
Secretary

July 31, 2007

Vornado Realty Trust  
New York, New York

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited interim financial information of Vornado Realty Trust for the periods ended June 30, 2007 and 2006, as indicated in our report dated July 31, 2007; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended June 30, 2007, is incorporated by reference in:

Registration Statement No. 333-68462 on Form S-8  
Amendment No. 1 to Registration Statement No. 333-36080 on Form S-3  
Registration Statement No. 333-64015 on Form S-3  
Amendment No.1 to Registration Statement No. 333-50095 on Form S-3  
Registration Statement No. 333-52573 on Form S-8  
Registration Statement No. 333-29011 on Form S-8  
Registration Statement No. 333-09159 on Form S-8  
Registration Statement No. 333-76327 on Form S-3  
Amendment No.1 to Registration Statement No. 333-89667 on Form S-3  
Registration Statement No. 333-81497 on Form S-8  
Registration Statement No. 333-102216 on Form S-8  
Amendment No.1 to Registration Statement No. 333-102215 on Form S-3  
Amendment No.1 to Registration Statement No. 333-102217 on Form S-3  
Registration Statement No. 333-105838 on Form S-3  
Registration Statement No. 333-107024 on Form S-3  
Registration Statement No. 333-109661 on Form S-3  
Registration Statement No. 333-114146 on Form S-3  
Registration Statement No. 333-114807 on Form S-3  
Registration Statement No. 333-121929 on Form S-3  
Registration Statement No. 333-120384 on Form S-3  
Registration Statement No. 333-126963 on Form S-3  
Registration Statement No. 333-139646 on Form S-3  
Registration Statement No. 333-141162 on Form S-3

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

Amendment No. 4 to Registration Statement No. 333-40787 on Form S-3  
Amendment No. 4 to Registration Statement No. 333-29013 on Form S-3  
Registration Statement No. 333-108138 on Form S-3  
Registration Statement No. 333-122306 on Form S-3  
Registration Statement No. 333-138367 on Form S-3

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

/s/ Deloitte & Touche LLP  
Parsippany, New Jersey

**VORNADO REALTY TRUST**

**ARTICLES OF RESTATEMENT**

**THIS IS TO CERTIFY THAT:**

**FIRST:** Vornado Realty Trust, a Maryland real estate investment trust (the "Trust"), desires to restate its Declaration of Trust as currently in effect.

**SECOND:** The following provisions and Exhibits A through K are all the provisions of the Declaration of Trust currently in effect.

**ARTICLE I**

**THE TRUST; DEFINITIONS**

SECTION 1.1 Name. The name of the trust (the "Trust") is:

Vornado Realty Trust

So far as may be practicable, the business of the Trust shall be conducted and transacted under that name, which name (and the word "Trust" wherever used in this Declaration of Trust, except where the context otherwise requires) shall refer to the Trustees collectively but not individually or personally and shall not refer to the Shareholders or to any officers, employees or agents of the Trust or of such Trustees.

Under circumstances in which the Trustees determine that the use of the name "Vornado Realty Trust" is not practicable, they may use any other designation or name for the Trust.

SECTION 1.2 Resident Agent. The name of the resident agent of the Trust in the State of Maryland is The Corporation Trust Incorporated, whose post office address is 300 East Lombard Street, Baltimore, Maryland 21202. The Trust may have such offices or places of business within or without the State of Maryland as the Trustees may from time to time determine.

SECTION 1.3 Nature of Trust. The Trust is a real estate investment trust within the meaning of Title 8. The Trust shall not be deemed to be a general partnership, limited partnership, joint venture, joint stock company or, except as provided in Section 11.4, a corporation (but nothing herein shall preclude the Trust from being treated for tax purposes as an association under the Code).

SECTION 1.4 Powers. The Trust shall have all of the powers granted to real estate investment trusts generally by Title 8 or any successor statute and shall have any other and

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further powers as are not inconsistent with and are appropriate to promote and attain the purposes set forth in this Declaration of Trust.

SECTION 1.5 Definitions. As used in this Declaration of Trust, the following terms shall have the following meanings unless the context otherwise requires:

**"Adviser"** means the Person, if any, appointed, employed or contracted with by the Trust pursuant to Section 4.1.

**"Affiliate"** or **"Affiliated"** means, as to any corporation, partnership, trust or other association (other than the Trust), any Person (i) that holds beneficially, directly or indirectly, 1% or more of the outstanding stock or equity interests thereof or (ii) who is an officer, director, partner or trustee thereof or of any Person which controls, is controlled by, or under common control with, such corporation, partnership, trust or other association or (iii) which controls, is controlled by, or under common control with, such corporation, partnership, trust or other association.

**"Mortgages"** means mortgages, deeds of trust or other security interests on or applicable to Real Property.

**"Person"** means an individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity, or any government or agency or political subdivision thereof, and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

**"Real Property"** or **"Real Estate"** means land, rights in land (including leasehold interests), and any buildings, structures, improvements, furnishings, fixtures and equipment located on or used in connection with land and rights or interests in land.

**"REIT Provisions of the Code"** means Sections 856 through 860 of the Code and any successor or other provisions of the Code relating to real estate investment trusts (including provisions as to the attribution of ownership of beneficial interests therein) and the regulations promulgated thereunder.

**"Securities"** means Shares, any stock, shares or other evidences of equity or beneficial or other interests, voting trust certificates, bonds, debentures, notes or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in, temporary or interim certificates for, receipts for, guarantees of, or warrants, options or rights to subscribe to, purchase or acquire, any of the foregoing.

**"Securities of the Trust"** means any Securities issued by the Trust.

**"Shareholders"** means holders of record of outstanding Shares.

"**Shares**" means shares of Preferred Stock, Common Stock or Excess Stock (all as defined in Section 6.1).

"**Trustees**" or "**Board of Trustees**" means, collectively, the individuals named in Section 2.2 of this Declaration of Trust so long as they continue in office and all other individuals who have been duly elected and qualify as trustees of the Trust hereunder.

"**Trust Property**" means any and all property, real, personal or otherwise, tangible or intangible, which is transferred or conveyed to the Trust or the Trustees (including all rents, income, profits and gains therefrom), which is owned or held by, or for the account of, the Trust of the Trustees.

## ARTICLE II

### TRUSTEES

SECTION 2.1 Number. The current number of Trustees is 10, which number may thereafter be increased or decreased by the Trustees then in office from time to time; however, the total number of Trustees shall be not more than 15. No reduction in the number of Trustees shall cause the removal of any Trustee from office prior to the expiration of his term.

SECTION 2.2 Board; Term. The names of the current Trustees who shall each serve until the annual meeting in the year next to his name or until his successor is duly elected and qualified are:

|                       |      |
|-----------------------|------|
| Steven Roth           | 2009 |
| Michael D. Fascitelli | 2009 |
| Anthony W. Deering    | 2008 |
| Robert P. Kogod       | 2010 |
| Michael Lynne         | 2008 |
| David Mandelbaum      | 2010 |
| Robert H. Smith       | 2008 |
| Ronald G. Targan      | 2008 |
| Dr. Richard R. West   | 2010 |
| Russell B. Wight, Jr. | 2009 |

At such point in time as there are five or more Trustees, the Trustees shall be divided into three classes, as nearly equal in number as possible, with the term of office of at least one class expiring each year. One class of Trustees shall hold office initially for a term expiring at the annual meeting of the Shareholders in the first year, another class shall hold office initially for a term expiring at the annual meeting of Shareholders in the second year and another class shall hold office initially for a term expiring at the annual meeting of Shareholders in the third year. Beginning with the annual meeting of Shareholders in the first year and at each succeeding annual meeting of Shareholders, the Trustees of the class of Trustees whose term expires at such meeting will be elected to hold office for a term expiring at the third succeeding annual meeting. Each Trustee will hold office for the term for which he is elected and until his successor is duly elected and qualifies.

SECTION 2.3 Resignation, Removal or Death. Any Trustee may resign by written notice to the remaining Trustees, effective upon execution and delivery to the Trust of such written notice or upon any future date specified in the notice. A Trustee may be removed, for cause only, at a meeting of the Shareholders called for that purpose, by the affirmative vote of the holders of not less than two-thirds of the Shares then outstanding and entitled to vote in the election of Trustees. Upon the resignation or removal of any Trustee, or his otherwise ceasing to be a Trustee, he shall automatically cease to have any right, title or interest in and to the Trust Property and shall execute and deliver such documents as the remaining Trustees require for the conveyance of any Trust Property held in his name, and shall account to the remaining Trustees as they require for all property which he holds as Trustee. Upon the incapacity or death of any Trustee, his legal representative shall perform those acts.

SECTION 2.4 Legal Title. Legal title to all Trust Property shall be vested in the Trustees, but they may cause legal title to any Trust Property to be held by or in the name of any Trustee, or the Trust, or any other Person as nominee. The right, title and interest of the Trustees in and to the Trust Property shall automatically vest in successor and additional Trustees upon their qualification and acceptance of election or appointment as Trustees, and they shall thereupon have all the rights and obligations of Trustees, whether or not conveyancing documents have been executed and delivered pursuant to Section 2.3 or otherwise. Written evidence of the qualification and acceptance of election or appointment of successor and additional Trustees may be filed with the records of the Trust and in such other offices, agencies or places as the Trustees may deem necessary or desirable.

### ARTICLE III

#### POWERS OF TRUSTEES

SECTION 3.1 General. Subject to the express limitations herein or in the Bylaws, (1) the business and affairs of the Trust shall be managed under the direction of the Board of Trustees and (2) the Trustees shall have full, exclusive and absolute power, control and authority over the Trust Property and over the business of the Trust as if they, in their own right, were the sole owners thereof. The Trustees may take any actions as in their sole judgment and discretion are necessary or desirable to conduct the business of the Trust. This Declaration of Trust shall be construed with a presumption in favor of the grant of power and authority to the Trustees. Any construction of this Declaration of Trust or determination made in good faith by the Trustees concerning their powers and authority hereunder shall be conclusive. The enumeration and definition of particular powers of the Trustees included in this Article III shall in no way be limited or restricted by reference to or inference from the terms of this or any other provision of this Declaration of Trust or construed or deemed by inference or otherwise in any manner to exclude or limit the powers conferred upon the Trustees under the general laws of the State of Maryland as now or hereafter in force.

SECTION 3.2 Specific Powers and Authority. Subject only to the express limitations herein, and in addition to all other powers and authority conferred by this Declaration or by law, the Trustees, without any vote, action or consent by the Shareholders, shall have and may exercise, at any time or times, in the name of the Trust or on its behalf the following powers and authorities:

(a) Investments. Subject to Section 8.5, to invest in, purchase or otherwise acquire and to hold real, personal or mixed, tangible or intangible, property of any kind wherever located, or rights or interests therein or in connection therewith, all without regard to whether such property, interests or rights are authorized by law for the investment of funds held by trustees or other fiduciaries, or whether obligations the Trust acquires have a term greater or lesser than the term of office of the Trustees or the possible termination of the Trust, for such consideration as the Trustees may deem proper (including cash, property of any kind or Securities of the Trust), provided, however, that the Trustees shall take such actions as they deem necessary and desirable to comply with any requirements of Title 8 relating to the types of assets held by the Trust.

(b) Sale, Disposition and Use of Property. Subject to Article V and Sections 8.5 and 9.3, to sell, rent, lease, hire, exchange, release, partition, assign, mortgage, grant security interests in, encumber, negotiate, dedicate, grant easements in and options with respect to, convey, transfer (including transfers to entities wholly or partially owned by the Trust or the Trustees) or otherwise dispose of any or all of the Trust Property by deeds (including deeds in lieu of foreclosure with or without consideration), trust deeds, assignments, bills of sale, transfers, leases, mortgages, financing statements, security agreements and other instruments for any of such purposes executed and delivered for and on behalf of the Trust or the Trustees by one or more of the Trustees or by a duly authorized officer, employee, agent or nominee of the Trust, on such terms as they deem appropriate; to give consents and make contracts relating to the Trust Property and its use or other property or matters; to develop, improve, manage, use, alter and otherwise deal with the Trust Property; and to rent, lease or hire from others property of any kind; provided, however, that the Trust may not use or apply land for any purposes not permitted by applicable law.

(c) Financings. To borrow or in any other manner raise money for the purposes and on the terms they determine, and to evidence the same by issuance of Securities of the Trust, which may have such provisions as the Trustees determine; to reacquire such Securities of the Trust; to enter into other contracts or obligations on behalf of the Trust; to guarantee, indemnify or act as surety with respect to payment or performance of obligations of any Person; to mortgage, pledge, assign, grant security interests in or otherwise encumber the Trust Property to secure any such Securities of the Trust, contracts or obligations (including guarantees, indemnifications and suretyships); and to renew, modify, release, compromise, extend, consolidate or cancel, in whole or in part, any obligation to or of the Trust or participate in any reorganization of obligors to the Trust.

(d) Loans. Subject to the provisions of Section 8.5, to lend money or other Trust Property on such terms, for such purposes and to such Persons as they may determine.

(e) Issuance of Securities. Subject to the provisions of Article VI, to create and authorize the issuance, in shares, units or amounts of one or more types, series or classes, of Securities of the Trust, which may have such voting rights, dividend or interest rates, preferences, subordination, conversion or redemption prices or rights, maturity dates, distribution, exchange, or liquidation rights or other rights as the Trustees may determine, without vote of or other action by the Shareholders; to issue any type of Securities of the Trust,

and any options, warrants, or rights to subscribe therefor, all without vote of or other action by the Shareholders, to such Persons for such consideration, at such time or times and in such manner and on such terms as the Trustees determine; to list any of the Securities of the Trust on any securities exchange; and to purchase or otherwise acquire, hold, cancel, reissue, sell and transfer any Securities of the Trust.

(f) Expenses and Taxes. To pay any charges, expenses or liabilities necessary or desirable, in the sole discretion of the Trustees, for carrying out the purposes of this Declaration of Trust and conduction the business of the Trust, including compensation or fees to Trustees, officers, employees and agents of the Trust, and to Persons contracting with the Trust, and any taxes, levies, charges and assessments of any kind imposed upon or chargeable against the Trust, the Trust Property, or the Trustees in connection therewith; and to prepare and file any tax returns, reports or other documents and take any other appropriate action relating to the payment of any such charges, expenses or liabilities.

(g) Collection and Enforcement. To collect, sue for and receive money or other property due to the Trust; to consent to extensions of the time for payment, or to the renewal, of any Securities or obligations; to engage or to intervene in, prosecute, defend, compound, enforce, compromise, release, abandon or adjust any actions, suits, proceedings, disputes, claims, demands, security interests, or things relating to the Trust, the Trust property, or the Trust's affairs; to exercise any rights and enter into any agreements, and take any other action necessary or desirable in connection with the foregoing.

(h) Deposits. To deposit funds or Securities constituting part of the Trust Property in banks, trust companies, savings and loan associations, financial institutions and other depositories, whether or not such deposits will draw interest, subject to withdrawal on such terms and in such manner as the Trustees determine.

(i) Allocation; Accounts. To determine whether moneys, profits or other assets of the Trust shall be charged or credited to, or allocated between, income and capital, including whether or not to amortize any premium or discount and to determine in what manner any expenses or disbursements are to be borne as between income and capital (regardless of how such items would normally or otherwise be charged to or allocated between income and capital without such determination); to treat any dividend or other distribution on any investment as, or apportion it between, income and capital; in their discretion to provide reserves for depreciation, amortization, obsolescence or other purposes in respect of any Trust Property in such amounts and by such methods as they determine; to determine what constitutes net earnings, profits or surplus; to determine the method or form in which the accounts and records of the Trust shall be maintained; and to allocate to the Shareholders equity account less than all of the consideration paid for Shares and to allocate the balance to paid-in capital or capital surplus.

(j) Valuation of Property. To determine the value of all or any part of the Trust Property and of any services, Securities, property or other consideration to be furnished to or acquired by the Trust, and to revalue all or any part of the Trust Property, all in accordance with such appraisals or other information as are reasonable, in their sole judgment.



(k) Ownership and Voting Powers. To exercise all of the rights, powers, options and privileges pertaining to the ownership of any Mortgages, Securities, Real Estate and other Trust Property to the same extent that an individual owner might, including without limitation to vote or give any consent, request, or notice or waive any notice, either in person or by proxy or power of attorney, which proxies and powers of attorney may be for any general or special meetings or action, and may include the exercise of discretionary powers.

(l) Officers, Etc.: Delegation of Powers. To elect, appoint or employ such officers for the Trust and such committees of the Board of Trustees with such powers and duties as the Trustees may determine or the Trust's Bylaws provide; to engage, employ or contract with and pay compensation to any Person (including, subject to Section 8.5, any Trustee and any Person who is an Affiliate of any Trustee) as agent, representative, Adviser, member of an advisory board, employee or independent contractor (including advisers, consultants, transfer agents, registrars, underwriters, accountants, attorneys at law, real estate agents, property and other managers, appraisers, brokers, architects, engineers, construction managers, general contractors or otherwise) in one or more capacities, to perform such services on such terms as the Trustees may determine; to delegate to one or more Trustees, officers or other Persons engaged or employed as aforesaid or to committees of Trustees or to the Adviser, the performance of acts or other things (including granting of consents), the making of decisions and the execution of such deeds, contracts or other instruments, either in the names of the Trust, the Trustees or as their attorneys or otherwise, as the Trustees may determine; and to establish such committees as they deem appropriate.

(m) Associations. Subject to Section 8.5, to cause the Trust to enter into joint ventures, general or limited partnerships, participation or agency arrangements or any other lawful combinations, relationships, or associations of any kind.

(n) Reorganizations, Etc. Subject to Sections 9.2 and 9.3, to cause to be organized or assist in organizing any Person under the laws of any jurisdiction to acquire all or any part of the Trust Property or carry on any business in which the Trust shall have an interest; to merge or consolidate the Trust with any Person; to sell, rent, lease, hire, convey, negotiate, assign, exchange or transfer all or any part of the Trust Property to or with any Person in exchange for Securities of such Person or otherwise; and to lend money to, subscribe for and purchase the Securities of, and enter into any contracts with, any Person in which the Trust holds, or is about to acquire, Securities or any other interests.

(o) Insurance. To purchase and pay for out of Trust Property insurance policies insuring the Trust and the Trust Property against any and all risks, and insuring the Shareholders, Trustees, officers, employees and agents of the Trust individually against all claims and liabilities of every nature arising by reason of holding or having held any such status, office or position or by reason of any action alleged to have been taken or omitted (including those alleged to constitute misconduct, gross negligence, reckless disregard of duty or bad faith) by any such Person in such capacity, whether or not the Trust would have the power to indemnify such Person against such claim or liability.

(p) Executive Compensation, Pension and Other Plans. To adopt and implement executive compensation, pension, profit sharing, stock option, stock bonus, stock

purchase, stock appreciation rights, savings, thrift, retirement, incentive or benefit plans, trusts or provisions, applicable to any or all Trustees, officers, employees or agents of the Trust, or to other Persons who have benefited the Trust, all on such terms and for such purposes as the Trustees may determine.

(q) Distributions. To declare and pay dividends or other distributions to Shareholders, subject to the provisions of Section 6.4.

(r) Indemnification. In addition to the indemnification provided for in Section 8.4, to indemnify any Person, including any Adviser or independent contractor, with whom the Trust has dealings.

(s) Charitable Contributions. To make donations for the public welfare or for community, charitable, religious, educational, scientific, civic or similar purposes, regardless of any direct benefit to the Trust.

(t) Discontinue Operations: Bankruptcy. To discontinue the operations of the Trust (subject to Section 10.2); to petition or apply for relief under any provision of federal or state bankruptcy, insolvency or reorganization laws or similar laws for the relief of debtors; to permit any Trust Property to be foreclosed upon without raising any legal or equitable defenses that may be available to the Trust or the Trustees or otherwise defending or responding to such foreclosure; to confess judgment against the Trust; or to take such other action with respect to indebtedness or other obligations of the Trustees, in such capacity, the Trust Property or the Trust as the Trustees in their discretion may determine.

(u) Termination of Status. To terminate the status of the Trust as a real estate investment trust under the REIT Provisions of the Code.

(v) Fiscal Year. Subject to the Code, to adopt, and from time to time change, a fiscal year for the Trust.

(w) Seal. To adopt and use a seal, but the use of a seal shall not be required for the execution of instruments or obligations of the Trust.

(x) Bylaws. To adopt, implement and from time to time amend Bylaws of the Trust relating to the business and organization of the Trust which are not inconsistent with the provisions of this Declaration of Trust.

(y) Voting Trust. To participate in, and accept Securities issued under or subject to, any voting trust.

(z) Proxies. To solicit proxies of the Shareholders at the expense of the Trust.

(aa) Further Powers. To do all other acts and things and execute and deliver all instruments incident to the foregoing powers, and to exercise all powers which they deem necessary, useful or desirable to carry on the business of the Trust or to carry out the provisions of this Declaration of Trust, even if such powers are not specifically provided hereby.

## ARTICLE IV

### ADVISER

SECTION 4.1 Appointment. The Trustees are responsible for setting the general policies of the Trust and for the general supervision of its business conducted by officers, agents, employees, advisers or independent contractors of the Trust. However, the Trustees are not required personally to conduct the business of the Trust, and they may (but need not) appoint, employ or contract with any Person (including a Person Affiliated with any Trustee) as an Adviser and may grant or delegate such authority to the Adviser as the Trustees may, in their sole discretion, deem necessary or desirable. The Trustees may determine the terms of retention and the compensation of the Adviser and may exercise broad discretion in allowing the Adviser to administer and regulate the operations of the Trust, to act as agent for the Trust, to execute documents on behalf of the Trust and to make executive decisions which conform to general policies and principles established by the Trustees.

SECTION 4.2 Affiliation and Functions. The Trustees, by resolution or in the Bylaws, may provide guidelines, provisions, or requirements concerning the affiliation and functions of the Adviser.

## ARTICLE V

### INVESTMENT POLICY

The fundamental investment policy of the Trust is to make investments in such a manner as to comply with the REIT Provisions of the Code and with the requirements of Title 8, with respect to the composition of the Trust's investments and the derivation of its income. Subject to Section 3.2(u), the Trustees will use their best efforts to carry out this fundamental investment policy and to conduct the affairs of the Trust in such a manner as to continue to qualify the Trust for the tax treatment provided in the REIT Provisions of the Code; however, no Trustee, officer, employee or agent of the Trust shall be liable for any act or omission resulting in the loss of tax benefits under the Code, except to the extent provided in Section 8.2. The Trustees may change from time to time by resolution or in the Bylaws of the Trust, such investment policies as they determine to be in the best interests of the Trust, including prohibitions or restrictions upon certain types of investments.

## ARTICLE VI

### SHARES

SECTION 6.1 Authorized Shares. The total number of shares of beneficial interest which the Trust is authorized to issue is 720,000,000 shares, of which 110,000,000 shall be preferred shares of beneficial interest, no par value per share ("Preferred Stock") (including 83,977 \$3.25 Series A Convertible Preferred Shares of Beneficial Interest, liquidation preference \$50.00 per share; 4,800,000 Series D-10 7.00% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share; 1,400,000 Series D-11 7.20% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00

per share; 800,000 Series D-12 6.55% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share; 4,000,000 6.75% Series D-14 Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share; 1,800,000 6.875% Series D-15 Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share; 3,000,000 7.00% Series E Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share; 6,000,000 6.75% Series F Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share; 8,000,000 6.625% Series G Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share; 4,500,000 6.750% Series H Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share; and 10,800,000 6.625% Series I Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share); 250,000,000 shares shall be common shares of beneficial interest, \$.04 par value per share ("Common Stock"), and 360,000,000 shares shall be excess shares of beneficial interest, \$.04 par value per share ("Excess Stock")."

SECTION 6.2 Common Stock.

(a) Dividend Rights. Subject to the preferential dividend rights of the Preferred Stock, if any, as may be determined by the Board of Trustees pursuant to Section 6.3, the holders of shares of the Common Stock shall be entitled to receive such dividends as may be declared by the Board of Trustees.

(b) Rights Upon Liquidation. Subject to the preferential rights of the Preferred Stock, if any, as may be determined by the Board of Trustees pursuant to Section 6.3 and the preferential rights of the Excess Preferred Stock (as defined in Section 6.6(a)), if any, in the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any distribution of the assets of, the Trust, each holder of shares of the Common Stock shall be entitled to receive, ratably with each other holder of Common Stock and Excess Common Stock (as defined in Section 6.6(a)), that portion of the assets of the Trust available for distribution to the holders of Common Stock or Excess Common Stock that bears the same relation to the total amount of such assets of the Trust as the number of shares of Common Stock held by such holder bears to the total number of shares of Common Stock and Excess Common Stock then outstanding.

(c) Voting Rights. The holders of shares of the Common Stock shall be entitled to vote on all matters (for which a common stockholder shall be entitled to vote thereon) at all meetings of the stockholders of the Trust, and shall be entitled to one vote for each share of the Common Stock entitled to vote at such meeting, voting together with the holders of the Preferred Stock who are entitled to vote (except as otherwise may be determined by the Board of Trustees pursuant to Section 6.3).

SECTION 6.3 Preferred Stock. With respect to the Preferred Stock, the Board of Trustees shall have the power from time to time (a) to classify or reclassify, in one or more series, any unissued shares of Preferred Stock and (b) to reclassify any unissued shares of any series of Preferred Stock, in the case of either (a) or (b) by setting or changing the number of shares constituting such series and the designation, preferences, conversion or other rights,

voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption of such shares and, in such event, the Trust shall file for record with the State Department of Assessments and Taxation of Maryland articles supplementary in substance and form as prescribed by Title 8.

SECTION 6.4 Dividends or Distributions. The Trustees may from time to time declare and pay to Shareholders such dividends or distributions in cash, property or other assets of the Trust or in Securities of the Trust or from any other source as the Trustees in their discretion shall determine. The Trustees shall endeavor to declare and pay such dividends and distributions as shall be necessary for the Trust to qualify as a real estate investment trust under the REIT Provisions of the Code; however, Shareholders shall have no right to any dividend or distribution unless and until declared by the Trustees. The exercise of the powers and rights of the Trustees pursuant to this section shall be subject to the provisions of any class or series of Shares at the time outstanding. The receipt by any Person in whose name any Shares are registered on the records of the Trust or by his duly authorized agent shall be a sufficient discharge for all dividends or distributions payable or deliverable in respect of such Shares and from all liability to see to the application thereof.

SECTION 6.5 General Nature of Shares. All Shares shall be personal property entitling the Shareholders only to those rights provided in this Declaration or in the resolution creating any class or series of Shares. The legal ownership of the Trust Property and the right to conduct the business of the Trust are vested exclusively in the Trustees; the Shareholders shall have no interest therein other than beneficial interest in the Trust conferred by their Shares and shall have no right to compel any partition, division, dividend or distribution of the Trust or any of the Trust Property. The death of a Shareholder shall not terminate the Trust or give his legal representative any rights against other Shareholders, the Trustees or the Trust Property, except the right, exercised in accordance with applicable provisions of the Bylaws, to receive a new certificate for Shares in exchange for the certificate held by the deceased Shareholder. Holders of Shares shall not have any preemptive rights to subscribe to any securities of the Trust.

SECTION 6.6 Restrictions on Ownership and Transfer; Exchange For Excess Stock.

(a) Definitions. For the purposes of Sections 6.6, 6.7, 6.8 and 6.9, the following terms shall have the following meanings:

“Adoption Date” shall mean the effective date of the merger of Vornado, Inc. into the Trust.

“Beneficial Ownership” shall mean ownership of Shares either directly or constructively through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code. The terms “Beneficial Owner,” “Beneficially Owns” and “Beneficially Owned” shall have the correlative meanings.

“Beneficiary” shall mean the beneficiary of the Special Trust as determined pursuant to Section 6.8(e).

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Common Equity Stock" shall mean outstanding Shares that are either Common Stock or Excess Common Stock.

"Constructive Ownership" shall mean ownership of Shares either directly or constructively through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code. The terms "Constructive Owner," "Constructively Owns" and "Constructively Owned" shall have the correlative meanings.

"Constructive Ownership Limit" shall mean 9.9% of the outstanding Equity Stock of any class.

"Equity Stock" shall mean outstanding Shares that are either Common Equity Stock or Preferred Equity Stock. Equity Stock of any particular class shall mean Common or Preferred Stock of that class and Excess Common or Preferred Stock that would, under Section 6.8(e)(1), automatically be exchanged for Common or Preferred Stock of that class in the event of a transfer of an interest in the Special Trust in which such Excess Stock is held.

"Excess Common Stock" shall mean Excess Stock that would, under Section 6.8(e)(1), automatically be exchanged for Common Stock in the event of a transfer of an interest in the Special Trust in which such Excess Stock is held.

"Excess Preferred Stock" shall mean Excess Stock that would, under Section 6.8(e)(1), automatically be exchanged for Preferred Stock in the event of a transfer of an interest in the Special Trust in which such Excess Stock is held.

"Existing Constructive Holder" shall mean any Person who (i) is the Constructive Owner of Shares in excess of the Constructive Ownership Limit on the Adoption Date, so long as, but only so long as, such Person (x) provides the certification requested by the Board of Trustees as to such Person's status as a tenant of the Trust or an owner, directly or indirectly, of a tenant of the Trust and such certification is and remains true, (y) Constructively Owns Shares in excess of the Constructive Ownership Limit and (z) is not a Disqualified Constructive Holder, or (ii) is designated by the Board of Trustees as an Existing Constructive Holder pursuant to the provisions of Section 6.6(l)(2), so long as, but only so long as, such Person (x) complies with any conditions or restrictions associated with such designation, (y) Constructively Owns Shares in excess of the Constructive Ownership Limit, and (z) is not a Designated Constructive Holder.

"Existing Holder" shall mean (i) any Person who is the Beneficial Owner of shares of Common Stock in excess of the Ownership Limit on the Adoption Date, so long as, but only so long as, such Person Beneficially Owns shares of Common Stock in excess of the Ownership Limit and (ii) any Person (other than another Existing Holder) to whom an Existing Holder Transfers Beneficial Ownership of shares of Common Stock causing such transferee to Beneficially Own shares of Common Stock in excess of the Ownership Limit but not in excess of such Person's Existing Holder Limit. Interstate Properties shall not be treated as an Existing Holder for purposes of Section 6.6(i)(1) hereof, instead, transfers of shares of Common Stock by

Interstate Properties shall be treated as transfers of shares of Common Stock by each of the partners of Interstate Properties in proportion to their interest in that partnership.

“Existing Holder Limit” (i) for any Existing Holder who is an Existing Holder by virtue of clause (i) of the definition of “Existing Holder”, shall mean, initially, the percentage of the outstanding Common Equity Stock Beneficially Owned by such Existing Holder on the Limitation Date, and after any adjustment pursuant to Section 6.6(i), shall mean the percentage of the outstanding Common Equity Stock as so adjusted; and (ii) for any Existing Holder who becomes such an Existing Holder by virtue of clause (ii) of the definition of “Existing Holder”, shall mean, initially, the percentage of the outstanding Common Equity Stock Beneficially Owned by such Existing Holder at the time that such Existing Holder becomes an Existing Holder, provided, that such Person’s Existing Holder Limit shall be the lower of the foregoing percentage and the highest percentage of Common Equity Stock that could be Beneficially Owned by such Person without resulting in the five largest then-existing Existing Holder Limits exceeding 49.9% of the Common Stock (or, if there are fewer than five then-existing Existing Holders, (i) all then-existing Existing Holder Limits plus (ii) the product of (x) the Ownership Limit and (y) five less the number of then-existing Existing Holders shall not exceed 49.9% of the Common Stock) and, after any adjustment pursuant to Section 6.6(i), shall mean such percentage of the outstanding Common Equity Stock as so adjusted. For purposes of making the determination required by the preceding sentence, an Existing Holder that is not treated as an individual for purposes of Section 542(a)(2) will not be treated as an Existing Holder if all of the shares of Common Stock Beneficially Owned by such Existing Holder are also treated as Beneficially Owned by Existing Holders that are treated as individuals for purposes of Section 542(a)(2) of the Code. From the Limitation Date and prior to the Ownership Limitation Termination Date, the secretary of the Trust shall maintain and, upon request, make available to each Existing Holder a schedule which sets forth the then current Existing Holder Limit for such Existing Holder. There shall be a single Existing Holder Limit for each “family”, as such term is defined in Section 544 of the Code.

“Limitation Date” shall mean the date on which the Trust issues at least 4.875 million shares of Common Stock, or such other date as may be specified by the Board of Trustees by Board action taken prior to the date of such an issuance.

“Market Price” shall mean the last reported sales price reported on the New York Stock Exchange of Shares of the relevant class on the trading day immediately preceding the relevant date, or if the Shares of the relevant class are not then traded on the New York Stock Exchange, the last reported sales price of Shares of the relevant class on the trading day immediately preceding the relevant date as reported on any exchange or quotation system over which the Shares of the relevant class may be traded, or if the Shares of the relevant class are not then traded over any exchange or quotation system, then the market price of the Shares of the relevant class on the relevant date as determined in good faith by the Board of Trustees of the Trust.

“Ownership Limit”, with respect to the Common Stock, shall initially mean 2.0% of the outstanding Common Equity Stock of the Trust, and, after an adjustment, as set forth in Section 6.6(j), shall mean such greater percentage (but not more than 9.9%) as so

adjusted, and, with respect to any class of Preferred Stock, shall mean 9.9% of the outstanding Preferred Equity Stock of such class.

"Ownership Limitation Termination Date" shall mean the first day after the date on which the Board of Trustees determines that it is no longer in the best interests of the Trust to attempt to, or continue to qualify as a REIT.

"Person" shall mean an individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity or any government or agency or political subdivision thereof and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, but does not include an underwriter which participates in a public offering of Shares for a period of 25 days following the purchase by such underwriter of those Shares.

"Preferred Equity Stock" shall mean outstanding Shares that are either Preferred Stock or Excess Preferred Stock. Preferred Equity Stock of any particular class shall mean Preferred Stock of that class and Excess Preferred Stock that would, under Section 6.8(e)(1), automatically be exchanged for Preferred Stock of that class in the event of a transfer of an interest in the Special Trust in which such Excess Preferred Stock is held.

"Purported Beneficial Holder" shall mean, with respect to any event other than a purported Transfer which results in Excess Stock, the person for whom the purported Record Holder of the Shares that were, pursuant to Section 6.6(c), automatically exchanged for Excess Stock upon the occurrence of such event held such Shares.

"Purported Beneficial Transferee" shall mean, with respect to any purported Transfer which results in Excess Stock, the purported beneficial transferee for whom the Purported Record Transferee would have acquired Shares, if such Transfer had been valid under Section 6.6(b).

"Purported Record Holder" shall mean, with respect to any event other than a purported Transfer which results in Excess Stock, the record holder of the Shares that were, pursuant to Section 6.6(c), automatically exchanged for Excess Stock upon the occurrence of such event.

"Purported Record Transferee" shall mean, with respect to any purported Transfer which results in Excess Stock, the record holder of the Shares if such Transfer had been valid under Section 6.6(b).

"REIT" shall mean a real estate investment trust under Section 856 of the Code.

"Special Trust" shall mean the trust created pursuant to Section 6.8(a).



"Tenant" shall mean any Person that leases (or subleases) real property of the Trust.

"Transfer" shall mean any sale, transfer, gift, assignment, devise or other disposition of Shares (including (i) the granting of any option or entering into any agreement for the sale, transfer or other disposition of Shares or (ii) the sale, transfer, assignment or other disposition of any securities or rights convertible into or exchangeable for Shares), whether voluntary or involuntary, whether of record or beneficially and whether by operation of law or otherwise.

"Trustee" shall mean, for purposes of Article VI only, the Trust as trustee for the Special Trust, and any successor trustee appointed by the Trust.

(b) Restrictions on Ownership and Transfer.

(1) Except as provided in Section 6.6(l), from the Adoption Date and prior to the Ownership Limitation Termination Date, no Person (other than, in the case of Common Stock, an Existing Holder) shall Beneficially Own Shares of any class in excess of the Ownership Limit for such class of Shares and no Person (other than an Existing Constructive Holder) shall Constructively Own Shares in excess of the Constructive Ownership Limit. In addition, except as provided in section 6.6(1), from the Limitation Date and prior to the Ownership Limitation Termination Date, no Existing Holder shall Beneficially Own shares of Common Stock in excess of the Existing Holder Limit for such Existing Holder.

(2) Except as provided in Section 6.6(l), from the Adoption Date and prior to the Ownership Limitation Termination Date, any Transfer that, if effective, would result in any Person (other than, in the case of a Transfer of Common Stock, an Existing Holder) Beneficially Owning Shares of any class in excess of the Ownership Limit with respect to Shares of such class shall be void ab initio as to the Transfer of such Shares which would be otherwise Beneficially Owned by such Person in excess of such Ownership Limit; and the intended transferee shall acquire no rights to such Shares.

(3) Except as provided in Section 6.6(l), from the Limitation Date and prior to the Ownership Limitation Termination Date, any Transfer that, if effective, would result in any Existing Holder Beneficially Owning shares of Common Stock in excess of the applicable Existing Holder Limit shall be void ab initio as to the Transfer of such shares of Common Stock which would be otherwise Beneficially Owned by such Existing Holder in excess of the applicable Existing Holder Limit; and such Existing Holder shall acquire no rights to such shares of Common Stock.

(4) From the Adoption Date and prior to the Ownership Limitation Termination Date, any Transfer that, if effective, would result in any Person (other than an Existing Constructive Holder) Constructively Owning Shares in excess of the Constructive Ownership Limit shall be void ab initio as to the Transfer of such Shares which would be otherwise Constructively Owned by such Person in excess of such amount; and the intended transferee shall acquire no rights in such Shares.

(5) From the Adoption Date and prior to the Ownership Limitation Termination Date, any Transfer that, if effective, would result in Shares being beneficially owned by less than 100 Persons (determined without reference to any rules of attribution) shall be void ab initio as to the Transfer of such Shares which would be otherwise beneficially owned by the transferee; and the intended transferee shall acquire no rights in such Shares.

(6) From the Adoption Date and prior to the Ownership Limitation Termination Date, any Transfer that, if effective, would result in the Trust being "closely held" within the meaning of Section 856(h) of the Code shall be void ab initio as to the Transfer of the Shares which would cause the Trust to be "closely held" within the meaning of Section 856(h) of the Code; and the intended transferee shall acquire no rights in such Shares.

(c) Exchange for Excess Stock.

(1) If, notwithstanding the other provisions contained in this Article VI, at any time from the Adoption Date and prior to the Ownership Limitation Termination Date, there is a purported Transfer such that any Person (other than, in the case of Common Stock, an Existing Holder) would Beneficially Own Shares of any class in excess of the applicable Ownership Limit with respect to such class, then, except as otherwise provided in Section 6.6(l)(1), such number of Shares in excess of such Ownership Limit (rounded up to the nearest whole Share) shall be automatically exchanged for an equal number of shares of Excess Stock. Such exchange shall be effective as of the close of business on the business day prior to the date of the Transfer.

(2) If, notwithstanding the other provisions contained in this Article VI, at any time from the Limitation Date and prior to the Ownership Limitation Termination Date, there is a purported transfer such that an Existing Holder would Beneficially Own shares of Common Stock in excess of the applicable Existing Holder Limit, then, except as otherwise provided in Section 6.6(l)(1), such number of shares of Common Stock in excess of such Existing Holder Limit (rounded up to the nearest whole Share) shall be automatically exchanged for an equal number of shares of Excess Stock. Such exchange shall be effective as of the close of business on the business day prior to the date of the Transfer.

(3) If, notwithstanding the other provisions contained in this Article VI, at any time from the Adoption Date and prior to the Ownership Limitation Termination Date, there is a purported Transfer such that any Person (other than an Existing Constructive Holder) Constructively Owns Shares in excess of the Constructive Ownership Limit, then such Shares in excess of such limit (rounded up to the nearest whole Share) shall be automatically exchanged for an equal number of shares of Excess Stock. Such exchange shall be effective as of the close of business on the business day prior to the date of the Transfer.

(4) If, notwithstanding the other provisions contained in this Article VI, at any time from the Adoption Date and prior to the Ownership Limitation Termination Date, there is a purported Transfer which, if effective, would cause the Trust to become "closely held" within the meaning of Section 856(h) of the Code, then the Shares being Transferred which would cause the Trust to be "closely held" within the meaning of Section

856(h) of the Code (rounded up to the nearest whole share) shall be automatically exchanged for an equal number of shares of Excess Stock. Such exchange shall be effective as of the close of business on the business day prior to the date of the Transfer.

(5) If, notwithstanding the other provisions contained in this Article VI, at any time from the Adoption Date and prior to the Ownership Limitation Termination Date, any Person other than, with respect to Common Stock, an Existing Holder (the "Purchaser") purchases or otherwise acquires an interest in a Person which Beneficially Owns Shares (the "Purchase") and, as a result, the Purchaser would Beneficially Own Shares of any class in excess of the applicable Ownership Limit with respect to such class, then, except as provided in Section 6.6(l)(1), such number of Shares in excess of such Ownership Limit (rounded up to the nearest whole Share) shall be automatically exchanged for an equal number of shares of Excess Stock. Such exchange shall be effective as of the close of business on the business day prior to the date of the Purchase. In determining which Shares are exchanged, Shares of the relevant class Beneficially Owned by the Purchaser prior to the Purchase shall be treated as exchanged before any Shares Beneficially Owned by the Person an interest in which is being so purchased or acquired are so treated.

(6) If, notwithstanding the other provisions contained in this Article VI, at any time from the Limitation Date and prior to the Ownership Limitation Termination Date, an Existing Holder purchases or otherwise acquires an interest in a Person which Beneficially Owns Shares (the "Purchase") and, as a result, such Existing Holder would Beneficially Own shares of Common Stock in excess of the applicable Existing Holder Limit, then, except as provided in Section 6.6(l)(1), such number of shares of Common Stock in excess of such Existing Holder Limit (rounded up to the nearest whole Share) shall be automatically exchanged for an equal number of shares of Excess Stock. Such exchange shall be effective as of the close of business on the business day prior to the date of the Purchase. In determining which shares of Common Stock are exchanged, shares of Common Stock Beneficially Owned by the purchasing Existing Holder prior to the Purchase shall be treated as exchanged before any shares of Common Stock Beneficially Owned by the Person an interest in which is being so purchased or acquired are so treated.

(7) If, notwithstanding the other provisions contained in this Article VI, at any time from the Adoption Date and prior to the Ownership Limitation Termination Date, any Person, other than an Existing Constructive Holder (the "Purchaser"), purchases or otherwise acquires an interest in a Person which Constructively Owns Shares (the "Purchase") and, as a result, the Purchaser would Constructively Own Shares in excess of the Constructive Ownership Limit, then such number of Shares in excess of the Constructive Ownership Limit (rounded up to the nearest whole Share) shall be automatically exchanged for an equal number of shares of Excess Stock. Such exchange shall be effective as of the close of business on the business day prior to the date of the Purchase. In determining which Shares are exchanged, Shares Constructively Owned by the Purchaser prior to the Purchase shall be treated as exchanged before any Shares Constructively Owned by the Person an interest in which is being so purchased or acquired are so treated.

(8) If, notwithstanding the other provisions contained in this Article VI, at any time from the Adoption Date and prior to the Ownership Limitation

Termination Date, there is a redemption, repurchase, restructuring or similar transaction with respect to a Person that Beneficially Owns Shares (the "Entity") and, as a result, a Person (other than, in the case of Common Stock, an Existing Holder) holding an interest in the Entity would Beneficially Own Shares in excess of the applicable Ownership Limit with respect to such class, then, except as provided in Section 6.6(l)(1), such number of Shares in excess of such Ownership Limit (rounded up to the nearest whole Share) shall be automatically exchanged for an equal number of shares of Excess Stock. Such exchange shall be effective as of the close of business on the business day prior to the date of the redemption, repurchase, restructuring or similar transaction. In determining which Shares are exchanged, Shares of the relevant class Beneficially Owned by the Entity shall be treated as exchanged before any Shares Beneficially Owned by the Person holding an interest in the Entity (independently of such Person's interest in the Entity) are so treated.

(9) If, notwithstanding the other provisions contained in this Article VI, at any time from the Limitation Date and prior to the Ownership Limitation Termination Date, there is a redemption, repurchase, restructuring or similar transaction with respect to a Person that Beneficially Owns shares of Common Stock (the "Entity") and, as a result, an Existing Holder would Beneficially Own shares of Common Stock in excess of the applicable Existing Holder Limit, then, except as provided in Section 6.6 (l)(1), such number of shares of Common Stock in excess of such Existing Holder Limit (rounded up to the nearest whole Share) shall be automatically exchanged for an equal number of Shares of Excess Stock. Such exchange shall be effective as of the close of business on the business day prior to the date of the transfer. In determining which shares of Common Stock are exchanged, shares of Common Stock Beneficially Owned by the Entity shall be treated as exchanged before any shares of Common Stock Beneficially Owned by the Existing Holder (independently of such Existing Holder's interest in the Entity) are so treated.

(10) If, notwithstanding the other provisions contained in this Article VI, at any time from the Adoption Date and prior to the Ownership Limitation Termination Date, there is a redemption, repurchase, restructuring or similar transaction with respect to a Person that Constructively Owns Shares (the "Entity") and, as a result, a Person (other than an Existing Constructive Holder) holding an interest in the Entity would Constructively Own Shares of any class in excess of the Constructive Ownership Limit, then such number of Shares in excess of the Constructive Ownership Limit (rounded up to the nearest whole Share) shall be automatically exchanged for an equal number of shares of Excess Stock. Such exchange shall be effective as of the close of business on the business day prior to the date of the transfer. In determining which Shares are exchanged, Shares Constructively Owned by the Entity shall be treated as exchanged before any Shares Constructively Owned by the Person holding an interest in the Entity (independently of such Person's interest in the Entity) are so treated.

(11) If, notwithstanding the other provisions contained in this Article VI, at any time from the Adoption Date and prior to the Ownership Limitation Termination Date, an event, other than an event described in Sections 6.6(c)(1) through (10), occurs which would, if effective, result in any Person (other than an Existing Constructive Holder) Constructively Owning Shares in excess of the Constructive Ownership Limit, then the

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smallest number of Shares Constructively Owned by such Person which, if exchanged for Excess Stock, would result in such Person's Constructive Ownership of Shares not being in excess of the Constructive Ownership Limit, shall be automatically exchanged for an equal number of shares of Excess Stock. Such exchange shall be effective as of the close of business on the business day prior to the date of the relevant event.

(12) If, notwithstanding the other provisions contained in this Article VI, at any time from the Adoption Date and prior to the Ownership Limitation Termination Date, an event, other than an event described in Sections 6.6(c)(1) through (10), occurs which would, if effective, result in any Person (other than, in the case of Common Stock, an Existing Holder) Beneficially Owning Shares in excess of the applicable Ownership Limit, then, except as provided in Section 6.6(l)(1), the smallest number of Shares Beneficially Owned by such Person which, if exchanged for Excess Stock, would result in such Person's Beneficial Ownership of Shares not being in excess of such Ownership Limit, shall be automatically exchanged for an equal number of shares of Excess Stock. Such exchange shall be effective as of the close of business on the business day prior to the date of the relevant event.

(13) Subject to the provisions of Section 6.6(c)(14), if, notwithstanding the other provisions contained in this Article VI, at any time from the Limitation Date and prior to the Ownership Limitation Termination Date, an event, other than an event described in Section 6.6(c)(1) through (10), occurs which would, if effective, result in any Existing Holder Beneficially Owning shares of Common Stock in excess of the applicable Existing Holder Limit, then, except as provided in Section 6.6(l)(1), the smallest number of shares of Common Stock Beneficially Owned by such Existing Holder which, if exchanged for Excess Stock, would result in such Existing Holder's Beneficial Ownership of Shares of Common Stock not being in excess of the such Existing Holder Limit, shall be automatically exchanged for an equal number of shares of Excess Stock. Such exchange shall be effective as of the close of business on the business day prior to the date of the relevant event. Any event which results in Beneficial Ownership on the Limitation Date by an Existing Holder of shares of Common Stock that were not Beneficially Owned by such Existing Holder on the Adoption Date shall be treated, for purposes of this Section 6.6(c)(13), as an event occurring on the day after the Limitation Date and such shares of Common Stock shall not be taken into account in determining such Existing Holder's Existing Holder Limit.

(14) In addition, if a Person (the "nonreporting Person") who Beneficially Owns more than 2.0% of the outstanding shares of Common Stock on the Adoption Date does not provide all of the information required by Section 6.6(f)(2) hereof and, as a result, five or fewer Persons would, but for the exchange required by this paragraph, Beneficially Own, in the aggregate, more than 49.9% of the outstanding shares of Common Stock, then, as of the day prior to the date on which such aggregate ownership would have come to exceed 49.9%, shares of Common Stock Beneficially Owned by such nonreporting Person in excess of 2.0% of the outstanding shares of Common Equity Stock, to the extent not described on the written notice, if any, provided by such nonreporting Person pursuant to Section 6.6(f)(2) hereof, shall be automatically exchanged for shares of Common Stock to the extent necessary to prevent such aggregate ownership from exceeding 49.9%.

(d) Remedies For Breach. If the Board of Trustees or its designees shall at any time determine in good faith that a Transfer has taken place in violation of Section 6.6(b) or that a Person intends to acquire or has attempted to acquire beneficial ownership (determined without reference to any rules of attribution), Beneficial Ownership or Constructive Ownership of any Shares in violation of Section 6.6(b), the Board of Trustees or its designees shall take such action as it deems advisable to refuse to give effect or to prevent such Transfer (or any Transfer related to such intent), including, but not limited to, refusing to give effect to such Transfer on the books of the Trust or instituting proceedings to enjoin such Transfer; provided, however, that any Transfers or attempted Transfers in violation of Sections 6.6(b)(2) through (4) or Section 6.6(b)(6) shall automatically result in the exchange described in Section 6.6(c), irrespective of any action (or non-action) by the Board of Trustees.

(e) Notice of Ownership or Attempted Ownership in Violation of Section 6.6(b). Any Person who acquires or attempts to acquire Beneficial or Constructive Ownership of Shares in violation of Section 6.6(b), shall immediately give written notice to the Trust of such event and shall provide to the Trust such other information as the Trust may request in order to determine the effect, if any, of such acquisition or attempted acquisition on the Trust's status as a REIT.

(f) Owners Required to Provide Information.

(1) From the Adoption Date and prior to the Ownership Limitation

Termination Date:

(a) every Beneficial Owner of more than 2.0% of the outstanding Equity Stock of any class shall, within 30 days after January 1 of each year, give written notice to the Trust stating the name and address of such Beneficial Owner, the number of Shares Beneficially Owned, and a description of how such Shares are held. Each such Beneficial Owner shall provide to the Trust such additional information as the Trust may request in order to determine the effect, if any, of such Beneficial Ownership on the Trust's status as a REIT.

(b) each Person who is a Beneficial Owner or Constructive Owner of Shares and each Person (including the shareholder of record) who is holding Shares for a Beneficial Owner or Constructive Owner shall provide to the Trust such information as the Trust may request, in good faith, in order to determine the Trust's status as a REIT or to comply with regulations promulgated under the REIT provisions of the Code.

(2) every Beneficial Owner of more than 2.0% of the outstanding shares of Common Stock on the Adoption Date shall, within 60 days of the Adoption Date, give written notice, a form for which will be made available by the Trust to those Persons that are Shareholders as of the Adoption Date, to the Trust stating the name and address of such Beneficial Owner, the number of shares of Common Stock Beneficially Owned, and a description of how such shares of Common Stock are held.

(g) Remedies Not Limited. Nothing contained in this Article VI shall limit the authority of the Board of Trustees to take such other action as it deems necessary or advisable to protect the Trust and the interests of its Shareholders by preservation of the Trust's status as a REIT.

(h) Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Article VI, including any definition contained in Section 6.6(a) and any ambiguity with respect to which Shares are to be exchanged for Excess Stock in a given situation, the Board of Trustees shall have the power to determine the application of the provisions of this Article VI with respect to any situation based on the facts known to it.

(i) Modification of Existing Holder Limits. The Existing Holder Limits may be modified as follows:

(1) Subject to the limitations provided in Section 6.6(k), any Existing Holder may Transfer shares of Common Stock to a Person who is already an Existing Holder up to the number of shares of Common Stock Beneficially Owned by such transferor Existing Holder in excess of the Ownership Limit with respect to Common Stock. Any such Transfer will decrease the Existing Holder Limit for such transferor Existing Holder and increase the Existing Holder Limit for such transferee Existing Holder by the percentage of the outstanding Common Equity Stock so Transferred. The transferor Existing Holder shall give the Board of Trustees of the Trust prior written notice of any such Transfer.

(2) Subject to the limitations provided in Section 6.6(k), the Board of Trustees may grant stock options which result in Beneficial Ownership of shares of Common Stock by an Existing Holder pursuant to a stock option plan approved by the Shareholders. Any such grant shall increase the Existing Holder Limit for the affected Existing Holder to the maximum extent possible under Section 6.6(k) to permit the Beneficial Ownership of the shares of Common Stock issuable upon the exercise of such stock option.

(3) The Board of Trustees may reduce the Existing Holder Limit for any Existing Holder, with the written consent of such Existing Holder, after any Transfer permitted in this Section 6.6 by such Existing Holder to a Person other than an Existing Holder or after the lapse (without exercise) of a stock option described in Section 6.6(i)(2).

(4) Upon the divorce of an Existing Holder, the Existing Holder Limits of the divorced couple shall be adjusted to reflect their Beneficial Ownership of shares of Common Stock after such divorce.

(j) Modifications of Ownership Limit. Subject to the limitations provided in Section 6.6(k), the Board of Trustees may from time to time increase the Ownership Limit with respect to a class of Shares.

(k) Limitations on Modifications.

(1) Neither the Ownership Limit with respect to a class of Shares nor any Existing Holder Limit may be increased (nor may any additional Existing Holder

Limit be created) if, after giving effect to such increase (or creation), five Beneficial Owners of Shares (including all of the then-existing Existing Holders) could Beneficially Own, in the aggregate, more than 49.9% of the outstanding Equity Stock of the class of Shares to which such Ownership Limit or Existing Holder Limit relates. For purposes of making the determination required by the preceding sentence, an Existing Holder that is not treated as an individual for purposes of Section 542(a)(2) will not be treated as an Existing Holder if all of the shares of Common Stock Beneficially Owned by such Existing Holder are also treated as Beneficially Owned by Existing Holders that are treated as individuals for purposes of Section 542(a)(3) of the Code.

(2) Prior to the modifications of any Existing Holder Limit or Ownership Limit pursuant to Section 6.6(i) or Section 6.6(j), the Board of Trustees may require such opinions of counsel, affidavits, undertakings or agreements as it may deem necessary or advisable in order to determine or ensure the Trust's status as a REIT.

(3) No Existing Holder Limit shall be reduced to a percentage which is less than the Ownership Limit for Common Stock.

(4) The Ownership Limit with respect to a class of Shares may not be increased to a percentage which is greater than 9.9%.

(l) Exceptions.

(1) The Board of Trustees, with a ruling from the Internal Revenue Service or an opinion of counsel, may exempt a Person from the Ownership Limit with respect to a class of Shares or an Existing Holder Limit, as the case may be, if the Board of Trustees obtains such representations and undertakings from such Person as are reasonably necessary to ascertain that no individual's Beneficial Ownership of Shares of such class will violate the Ownership Limit with respect to such class or any applicable Existing Holder Limit, in either case with respect to such individual, and such Person acknowledges and agrees that any violation or attempted violation will result in, to the extent necessary, the exchange of Shares held by such Person for Excess Stock in accordance with Section 6.6(c). In no event shall any exemption granted pursuant to this Section 6.6(l)(1) to a Person that is an individual for purposes of Section 542(a)(2) of the Code permit such individual to have Beneficial Ownership with respect to any class of Shares in excess of 9.9% of the outstanding Shares of such class.

(2) The Board of Trustees, with a ruling from the Internal Revenue Service or an opinion of counsel, may designate a Person as an Existing Constructive Holder, if such Person does not and represents that it will not own, directly or constructively (by virtue of the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code), more than a 9.9% interest (as set forth in Section 856(d)(2)(B)) in a Tenant (or such smaller interest as would, in conjunction with the direct or constructive holdings of the Existing Constructive Holders, cause the aggregate interest held by the Existing Constructive Holders and such Person to exceed 9.9%) and the Trust obtains such representations and undertakings from such Person as are reasonably necessary to ascertain this fact and such Person agrees that any violation or attempted violation will result in, to the extent necessary, the exchange of Shares



held by such Person in excess of the Constructive Ownership Limit for Excess Stock in accordance with Section 6.6(c) (as though the phrase "other than an Existing Constructive Holder" did not appear therein).

SECTION 6.7      Legend. (a) Each certificate for Common Stock shall bear the following legend:

"The shares of Common Stock represented by this certificate are subject to restrictions on ownership and transfer for the purpose of the Trust's maintenance of its status as a real estate investment trust under the Internal Revenue Code of 1986, as amended (the "Code"). No Person may Beneficially Own shares of Common Stock in excess of 2.0% (or such greater percentage as may be determined by the Board of Trustees) of the outstanding Common Equity Stock of the Trust (unless such Person is an Existing Holder) and no Person may Constructively Own shares of Common Stock in excess of 9.9% of the outstanding Common Equity Stock of the Trust (unless such person is an Existing Constructive Holder). Any Person who attempts to Beneficially Own or Constructively Own Shares in excess of the above limitations must immediately notify the Trust. All capitalized terms used in this legend have the meanings set forth in the Declaration of Trust, a copy of which, including the restrictions on ownership and transfer, will be sent without charge to each stockholder who so requests. If the restrictions on ownership and transfer are violated, the shares of Common Stock represented hereby will be automatically exchanged for shares of Excess Stock which will be held in trust by the Trust."

(b) Each certificate for Preferred Stock shall bear the following legend:

"The shares of Preferred Stock represented by this certificate are subject to restrictions on ownership and transfer for the purpose of the Trust's maintenance of its status as a real estate investment trust under the Internal Revenue Code of 1986, as amended (the "Code"). No Person may Beneficially Own shares of Preferred Stock of any class in excess of 9.9% of the outstanding Preferred Equity Stock of such class and no Person may Constructively Own Preferred Stock of any class in excess of 9.9% of the outstanding Preferred Equity Stock of such class (unless such person is an Existing Constructive Holder). Any Person who attempts to Beneficially Own or Constructively Own Shares in excess of the above limitations must immediately notify the Trust. All capitalized terms used in this legend have the meanings set forth in the Declaration of Trust, a copy of which, including the restrictions on ownership and transfer, will be sent without charge to each stockholder who so requests. If the restrictions on ownership and transfer are violated, the shares of Preferred Stock

represented hereby will be automatically exchanged for shares of Excess Stock which will be held in trust by the Trust.”

SECTION 6.8 Excess Stock.

(a) Ownership in Trust. Upon any purported Transfer or other event that results in an exchange of Shares for Excess Stock pursuant to Section 6.6(c), such Excess Stock shall be deemed to have been transferred to the Trust, as Trustee of a Special Trust for the exclusive benefit of the Beneficiary or Beneficiaries to whom an interest in such Excess Stock may later be transferred pursuant to Section 6.8(e). Shares of Excess Stock so held in trust shall be issued and outstanding stock of the Trust. The Purported Record Transferee or Purported Record Holder shall have no rights in such Excess Stock except as provided in Section 6.8(e). Where a Transfer or other event results in both an automatic exchange of Shares of more than one class for Excess Stock, then separate Special Trusts shall be deemed to have been established for the Excess Stock attributable to the Shares of each such class.

(b) Dividend Rights. Excess Stock shall not be entitled to any dividends. Any dividend or distribution paid prior to the discovery by the Trust that the Shares with respect to which the dividend or distribution was made had been exchanged for Excess Stock shall be repaid to the Trust upon demand.

(c) Rights Upon Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any distribution of the assets of, the Trust, (i) subject to the preferential rights of the Preferred Stock, if any, as may be determined by the Board of Trustees of the Trust pursuant to Section 6.3 and the preferential rights of the Excess Preferred Stock, if any, each holder of shares of Excess Common Stock shall be entitled to receive, ratably with each other holder of Common Stock and Excess Common Stock, that portion of the assets of the Trust available for distribution to the holders of Common Stock or Excess Common Stock which bears the same relation to the total amount of such assets of the Trust as the number of shares of the Excess Common Stock held by such holder bears to the total number of shares of Common Stock and Excess Common Stock then outstanding and (ii) each holder of shares of Excess Preferred Stock shall be entitled to receive that portion of the assets of the Trust which a holder of the Preferred Stock that was exchanged for such Excess Preferred Stock would have been entitled to receive had such Preferred Stock remained outstanding. The Trust, as holder of the Excess Stock in trust, or if the Trust shall have been dissolved, any trustee appointed by the Trust prior to its dissolution, shall distribute ratably to the Beneficiaries of the Special Trust, when determined, any such assets received in respect of the Excess Stock in any liquidation, dissolution or winding up of, or any distribution of the assets or the Trust.

(d) Voting Rights. The holders of shares of Excess Stock shall not be entitled to vote on any matters (except as required by law).

(e) Restrictions On Transfer; Designation of Beneficiary.

(1) Excess Stock shall not be transferrable. The Purported Record Transferee or Purported Record Holder may freely designate a Beneficiary of an interest in the Special Trust (representing the number of shares of Excess Stock held by the Special Trust attributable to a purported Transfer or other event that resulted in the Excess Stock), if (i) the shares of Excess Stock held in the Special Trust would not be Excess Stock in the hands of such Beneficiary and (ii) the Purported Beneficial Transferee or Purported Beneficial Holder does not receive a price, as determined on a Share-by-Share basis, for designating such Beneficiary that reflects a price for such Excess Stock that, in the case of a Purported Beneficial Transferee, exceeds (x) the price such Purported Beneficial Transferee paid for the Shares in the purported Transfer that resulted in the exchanges of Shares for Excess Stock, or (y) if the Purported Beneficial Transferee did not give value for such Shares (through a gift, devise or other transaction), a price per share equal to the Market Price of such Shares on the date of the purported Transfer that resulted in the exchange of Shares for Excess Stock or, in the case of a Purported Beneficial Holder, exceeds the Market Price of the Shares that were automatically exchanged for such Excess Stock on the date of such exchange. Upon such a transfer of an interest in the Special Trust, the corresponding shares of Excess Stock in the Special Trust shall be automatically exchanged for an equal number of shares of Common Stock or shares of a class of Preferred Stock (depending upon the type and class of Shares that were originally exchanged for such Excess Stock) and such shares of Common Stock or Preferred Stock shall be transferred of record to the transferee of the interest in the Special Trust if such Common Stock or Preferred Stock would not be Excess Stock in the hands of such transferee. Prior to any transfer of any interest in the Special Trust, the Purported Record Transferee or Purported Record Holder, as the case may be, must give advance notice to the Trust of the intended transfer and the Trust must have waived in writing its purchase rights under Section 6.8(f).

(2) Notwithstanding the foregoing, if a Purported Beneficial Transferee or Purported Beneficial Holder receives a price for designating a Beneficiary of an interest in the Special Trust that exceeds the amounts allowable under Section 6.8(e)(1), such Purported Beneficial Transferee or Purported Beneficial Holder shall pay, or cause such Beneficiary to pay, such excess to the Trust.

(f) Purchase Right in Excess Stock. Shares of Excess Stock shall be deemed to have been offered for sale to the Trust, or its designee, at a price per share equal to, in the case of Excess Stock resulting from a purported Transfer, the lesser of (i) the price per share in the transaction that created such Excess Stock (or, in the case of a devise or gift) the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Trust, or its designee, accepts such offer or, in the case of Excess Stock created by any other event, the lesser of (i) the Market Price of the Shares originally exchanged for the Excess Stock on the date of such exchange or (ii) the Market Price of such Shares on the date the Trust, or its designee, accepts such offer. The Trust shall have the right to accept such offer for a period of ninety days after the later of (i) the date of the purported Transfer or other event which resulted in an exchange of Shares for such Excess Stock and (ii) the date the Board of Trustees determines in good faith that a purported Transfer or other event resulting in an exchange of Shares for such Excess Stock has occurred, if the Trust does not receive a notice of any such transfer pursuant to Section 5.6(e).

SECTION 6.9 Tenant Ownership Limitation.

(a) Notice Requirement. An Existing Constructive Holder shall, immediately upon the occurrence of an event causing such Existing Constructive Holder to Constructively Own 2.0% or more of (i) in the case of a Tenant that is a corporation, the outstanding voting power or the total number of outstanding shares of such Tenant, or (ii) in the case of a Tenant that is not a corporation, the assets or net profits of such Tenant, give written notice to the Trust of its Constructive Ownership interests in such Tenant. Such notice shall specify, as a percentage, (i) in the case of a Tenant that is a corporation, such Existing Constructive Holder's Constructive Ownership of the outstanding voting power and the total number of outstanding shares of such Tenant, or (ii) in the case of a Tenant that is not a corporation, such Existing Constructive Holder's Constructive Ownership of the assets and net profits of such Tenant. Existing Constructive Holders that Constructively Own such an interest in a Tenant on the Adoption Date shall so notify the Trust within 30 days after the Adoption Date.

(b) Ownership Registration. Upon receipt of a notice described in Section 6.9(a) (a "Section 6.9(a) Notice"), the Trust shall immediately notify the other Existing Constructive Holders of the name of the Tenant subject to the Section 6.9(a) Notice (the "Designated Tenant"). Each other Existing Constructive Holder shall, within 30 days of receiving such notice from the Trust, provide the Trust with written notice (a "Section 6.9(b) Notice") specifying, as a percentage, (i) where the Designated Tenant is a corporation, such Existing Constructive Holder's Constructive Ownership of the outstanding voting power and the total number of outstanding shares of such Designated Tenant, or (ii) where the Designated Tenant is not a corporation, such Existing Constructive Holder's Constructive Ownership of the assets and net profits of such Designated Tenant.

(c) Notice of Changes in Ownership. While a Tenant is a Designated Tenant, each Existing Constructive Holder shall, within 20 days of any event causing a change in the percentage levels of such Existing Constructive Holder's Constructive Ownership of such Designated Tenant, notify the Trust of changes in the information contained in such Existing Constructive Holder's Section 6.9(a) Notice or Section 6.9(b) Notice with respect to such Designated Tenant (or any update of such information pursuant to this Section 6.9(c)).

(d) Recordkeeping. The Secretary of the Trust shall maintain a record of the aggregate Constructive Ownership of each Designated Tenant by the Existing Constructive Holders and shall make such record available to an Existing Constructive Holder upon request. A Designated Tenant shall remain a Designated Tenant for so long as there is an Existing Constructive Holder which Constructively Owns 2.0% or more of (i) in the case of a Designated Tenant that is a corporation, the outstanding voting power of the total number of outstanding shares of such Designated Tenant, or (ii) in the case of a Designated Tenant that is not a corporation, the assets or net profits of such Designated Tenant. The Secretary of the Trust shall notify the Existing Constructive Holders when the status of a Tenant as a Designated Tenant terminates. An Existing Constructive Holder's status as a Disqualified Existing Constructive Holder will terminate when the status of the Tenant with respect to which such disqualified status arose as a Designated Tenant terminates.

(e) Excess Ownership. If, at any time from the Limitation Date to the Ownership Limitation Termination Date, the aggregate Constructive Ownership of a Tenant (the "Related Party Tenant") by the Existing Constructive Holders equals or exceeds 10.0% of (i) in the case of a Tenant that is a corporation, the outstanding voting power or the total number of outstanding shares of such Tenant, or (ii) in the case of a Tenant that is not a corporation, the assets or net profits of such Tenant, then, provided that the amounts received by the Trust from leases of real property rented by such Related Party Tenant exceeded \$100,000 in the immediately preceding fiscal year (the "De Minimis Level"), one or more of the Existing Constructive Holders shall be a Disqualified Constructive Holder, in accordance with the rules set forth below. The De Minimis level for a particular Related Party Tenant shall be adjusted in the event that (i) there are pre-existing Designated Tenants which are Related Party Tenants and (ii) the amounts received by the Trust from leases of real property rented by such Designated Tenants do not exceed the De Minimis level in the absence of such adjustment.

(1) Excess Ownership of a Non-Designated Tenant. If the Related Party Tenant is not a Designated Tenant, then each Existing Constructive Holder whose Constructive Ownership of interests in such Related Party Tenant is such that such Existing Constructive Holder is required to provide a Section 6.9(a) Notice shall be a Disqualified Constructive Holder as of the first date that the aggregate ownership described in Section 6.9(e) first came to equal or exceed 10.0% or, if later, the first day of the first year in which amounts received by the Trust with respect to Real Property rented by such Related Party Tenant exceeded the De Minimis Level.

(2) Excess Ownership of a Designated Tenant. Subject to the provisions of Section 6.9(e)(3), if the Related Party Tenant is a Designated Tenant, then each Existing Constructive Holder that has not complied with the provisions of Section 6.9(c) hereof shall be a Disqualified Constructive Holder as of the first date that the aggregate ownership described in Section 6.9(e) first came to equal or exceed 10.0% or, if after, the first day of the first year in which amounts received by the Trust with respect to Real Property rented by such Related Party Tenant exceeded the De Minimis Level. If the aggregate Constructive Ownership described in Section 6.9(e) continues to equal or exceed 10.0%, then the Existing Constructive Holder (x) whose Constructive Ownership of interests in such Designated Tenant equals or exceeds 2.0% of (i) in the case of a Designated Tenant that is a corporation, the outstanding voting power or the total number of outstanding shares of such Designated Tenant, or (ii) in the case of a Designated Tenant that is not a corporation, the assets or net profits of such Designated Tenant and (y) which was the last such Existing Constructive Holder to (a) become an Existing Constructive Holder or (b) have an increase in its Constructive Ownership of the feature of the Designated Tenant with respect to which the aggregate ownership described in Section 6.9(e) equals or exceeds 10%, shall be treated as a Disqualified Constructive Holder for the period beginning on the first date that the aggregate ownership described in Section 6.9(e) first came to equal or exceed 10.0% or, if later, the first day of the first year in which amounts received by the Trust with respect to Real Property rented by such Related Party Tenant exceeded the De Minimis Level. If the aggregate Constructive Ownership of the remaining Existing Constructive Holders continues to equal or exceed 10%, then the process described above shall be repeated.

(3) Acquisitions During Notice Periods. If the Related Party Tenant is a Designated Tenant and the aggregate Constructive Ownership described in Section 6.9(e) equals or exceeds 10.0% as a result of increases in Constructive Ownership taking place during the notice periods described in Section 6.9(a) or Section 6.9(b), then the Existing Constructive Holder that Constructively Owns an interest in the relevant feature of the Designated Tenant and that was the last such Existing Constructive Holder to (i) become an Existing Constructive Holder or (ii) have an increase in its Constructive Ownership of such feature of the Designated Tenant shall be treated as a Disqualified Constructive Holder for the period beginning on the first date that the aggregate ownership described in Section 6.9(e) first came to equal or exceed 10.0% or, if later, the first day of the first year in which amounts received by the Trust with respect to Real Property rented by such Related Party Tenant exceeded the De Minimis Level. If excess aggregate Constructive Ownership continues to exist, then this process shall be repeated.

(f) Modifications. The Board of Trustees may, on a prospective basis, modify the Constructive Ownership thresholds described in Section 6.9(a) and Section 6.9(d) and the De Minimis Level described in Section 6.9(e).

(g) Determination of Voting Power. The outstanding voting power of a corporate Tenant shall be determined for purposes of this Section 6.9 in the manner in which such is determined for purposes of Section 856(d)(2) of the Code.

SECTION 6.10 Severability. If any provision of this Article VI or any application of any such provision is determined to be invalid by any Federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

SECTION 6.11 New York Stock Exchange Transactions. Nothing in this Article VI, shall preclude the settlement of any transaction entered into through the facilities of the New York Stock Exchange.

## ARTICLE VII

### SHAREHOLDERS

SECTION 7.1 Meetings of Shareholders. There shall be an annual meeting of the Shareholders, to be held at such time and place as shall be determined by or in the manner prescribed in the Bylaws at which the Trustees shall be elected and any other proper business may be conducted. Except as otherwise provided in this Declaration of Trust, special meetings of Shareholders may be called in the manner provided in the Bylaws. If there are no Trustees, the officers of the Trust shall promptly call a special meeting of the Shareholders entitled to vote for the election of successor Trustees. Any meeting may be adjourned and reconvened as the Trustees determine or as provided in the Bylaws.

SECTION 7.2 Voting Rights of Shareholders. Subject to the provisions of any class or series of Shares then outstanding, the Shareholders shall be entitled to vote only on the following matters: (a) election or removal of Trustees as provided in Sections 7.1 and 2.3; (b) amendment of this Declaration of Trust as provided in Section 9.1; (c) termination of the Trust as provided in Section 10.2; (d) reorganization of the trust as provided in Section 9.2; and (e) merger, consolidation or share exchange of the Trust, or the sale or disposition of substantially all of the Trust Property, as provided in Section 9.3. Except with respect to the foregoing matters, no action taken by the Shareholders at any meeting shall in any way bind the Trustees.

SECTION 7.3 Consent of Shareholders in Lieu of Meeting. Any action required to be taken at any annual or special meeting of Shareholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares of beneficial interest having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Secretary of the Trust at its principal place of business by hand or by certified or registered mail, return receipt requested. Every written consent shall bear the date of signature of each Shareholder who signs the consent and no written consent shall be effective to take the action referred to therein unless, within 60 days of the earliest dated consent delivered in the manner required by this Section 7.3 to the Trust, written consents signed by a sufficient number of Shareholders to take action are delivered to the Secretary of the Trust as described in the preceding sentence. Prompt notice of the taking of the action without a meeting by less than unanimous written consent shall be given to those Shareholders who have not consented in writing.

## ARTICLE VIII

### LIABILITY OF SHAREHOLDERS, TRUSTEES, OFFICERS, EMPLOYEES AND AGENTS AND TRANSACTIONS BETWEEN THEM AND THE TRUST

SECTION 8.1 Limitation of Shareholder Liability. No Shareholder shall be liable for any debt, claim, demand, judgment or obligation of any kind of, against or with respect to the Trust by reason of his being a Shareholder, nor shall any Shareholder be subject to any personal liability whatsoever, in tort, contract or otherwise, to any Person in connection with the Trust Property or the affairs of the Trust.

SECTION 8.2 Limitation of Trustee and Officer Liability. To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of trustees and officers of a real estate investment trust, no Trustee or officer of the Trust shall be liable to the Trust or to any Shareholder for money damages. Neither the amendment nor repeal of this Section, nor the adoption or amendment of any other provision of this Declaration of Trust inconsistent with this Section, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption. In the absence of any Maryland statute limiting the liability of

trustees and officers of a Maryland real estate investment trust for money damages in a suit by or on behalf of the Trust or by any Shareholder, no Trustee or officer of the Trust shall be liable to the Trust or to any Shareholder for money damages except to the extent that (i) the Trustee or officer actually received an improper benefit or profit in money, property, or services, for the amount of the benefit or profit in money, property, or services actually received; or (ii) a judgment or other final adjudication adverse to the Trustee or officer is entered in a proceeding based on a finding in the proceeding that the Trustee's or officer's action or failure to act was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding.

SECTION 8.3 Express Exculpatory Clauses in Instruments. Neither the Shareholders nor the Trustees, officers, employees or agents of the Trust shall be liable under any written instrument creating an obligation of the Trust, and all Persons shall look solely to the Trust Property for the payment of any claim under or for the performance of that instrument. The omission of the foregoing exculpatory language from any instrument shall not affect the validity or enforceability of such instrument and shall not render any Shareholder, Trustee, officer, employee or agent liable thereunder to any third party, nor shall the Trustees or any officer, employee or agent of the Trust be liable to anyone for such omission.

SECTION 8.4 Indemnification. To the extent provided in its Bylaws, the Trust shall have the power to indemnify, and to pay or reimburse reasonable expenses to, as such expenses are incurred by, each Shareholder, Trustee, officer, employee or agent (including any person who, while a Trustee of the Trust, is or was serving at the request of the Trust as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, other enterprise or employee benefit plan) from all claims and liabilities to which such person may become subject by reason of his being or having been a Shareholder, Trustee, officer, employee or agent.

SECTION 8.5 Transactions Between the Trust and its Trustees, Officers, Employees and Agents. Subject to any express restrictions in this Declaration of Trust or adopted by the Trustees in the Bylaws or by resolution, the Trust may enter into any contract or transaction of any kind (including without limitation for the purchase or sale of property or for any type of services, including those in connection with underwriting or the offer or sale of Securities of the Trust) with any Person, including any Trustee, officer, employee or agent of the Trust or any Person Affiliated with a Trustee, officer, employee or agent of the Trust, whether or not any of them has a financial interest in such transaction.

## ARTICLE IX

### AMENDMENT; REORGANIZATION; MERGER, ETC.

#### SECTION 9.1 Amendment.

(a) This Declaration of Trust may be amended by the affirmative vote of the holders of not less than a majority of the Shares then outstanding and entitled to vote thereon,



except that Section 2.3, Section 6.6, Section 6.7, Section 6.8, this subsection and subsection (b) of this Section 9.1, shall not be amended, altered or repealed (or any other provision of this Declaration of Trust be amended, altered or repealed or any provision be added to this Declaration of Trust, in either case having the effect of amending, altering or repealing any such sections or subsections) without the affirmative vote of the holders of not less than two thirds of the Shares then outstanding and entitled to vote.

(b) The Trustees, by a two-thirds vote, may amend provisions of this Declaration of Trust from time to time to enable the Trust to qualify as a real estate investment trust under the REIT Provisions of the Code or under Title 8. The Board of Trustees, without any action by the shareholders of the Trust, may amend the Amended and Restated Declaration of Trust from time to time to increase or decrease the aggregate number of shares of beneficial interest or the number of shares of beneficial interest of any class that the Trust is authorized to issue.

(c) An amendment to this Declaration of Trust shall become effective as provided in Section 11.5.

(d) This Declaration of Trust may not be amended except as provided in this Section 9.1.

SECTION 9.2 Reorganization. Subject to the provisions of any class or series of Shares at the time outstanding, the Trustees shall have the power to (a) cause the organization of a corporation, association, trust or other organization to take over the Trust Property and carry on the affairs of the Trust; (b) merge the Trust into, or sell, convey and transfer the Trust Property to, any such corporation, association, trust or organization in exchange for Securities thereof or beneficial interests therein, and the assumption by the transferee of the liabilities of the Trust; and (c) thereupon terminate the Trust and deliver such Securities or beneficial interests ratably among the Shareholders according to the respective rights of the class or series of Shares held by them; provided that any such action shall have been approved, at a meeting of the Shareholders called for the purpose, by the affirmative vote of the holders of not less than a majority of the Shares then outstanding and entitled to vote thereon.

SECTION 9.3 Merger, Consolidation or Sale of Trust Property. Subject to the provisions of any class or series of Shares at the time outstanding, the Trustees shall have the power to (a) merge the Trust into another entity, (b) consolidate the Trust with one or more other entities into a new entity or (c) sell or otherwise dispose of all or substantially all of the Trust Property; provided, that such action shall have been approved, at a meeting of the Shareholders called for the purpose, by the affirmative vote of the holders of not less than a majority of the Shares then outstanding and entitled to vote thereon.

## ARTICLE X

### DURATION AND TERMINATION OF TRUST

SECTION 10.1 Duration of Trust.

(a) Subject to the provisions of any class or series of Shares at the time outstanding, the Trust may be terminated at any meeting of Shareholders called for that purpose, by the affirmative vote of the holders or not less than a majority of the Shares outstanding. Upon the termination of the Trust:

(i) The Trust shall carry on no business except for the purpose of winding up its affairs.

(ii) The Trustees shall proceed to wind up the affairs of the Trust and all of the powers of the Trustees under this Declaration of Trust shall continue, including the powers to fulfill or discharge the Trust's contracts, collect its assets, sell, convey, assign, exchange, transfer or otherwise dispose of all or any part of the remaining Trust Property to one or more Persons at public or private sale for consideration which may consist in whole or in part of cash, Securities or other property of any kind, discharge or pay its liabilities and do all other acts appropriate to liquidate its business.

(iii) After paying or adequately providing for the payment of all liabilities, and upon receipt of such releases, indemnities and agreements as they deem necessary for their protection, the Trustees may distribute the remaining Trust Property, in cash or in kind or partly each, among the Shareholders according to their respective rights, so that after payment in full or the setting apart for payment of such preferential amounts, if any, to which the holders of any Shares (other than shares of Common Stock) at the time outstanding shall be entitled, the remaining Trust Property available for payment and distribution to Shareholders shall, subject to any participating or similar rights of Shares (other than shares of Common Stock) at the time outstanding, be distributed ratably among the holders of Common Stock at the time outstanding.

(b) After termination of the Trust, the liquidation of its business, and the distribution to the Shareholders as herein provided a majority of the Trustees shall execute and file with the Trust's records a document certifying that the Trust has been duly terminated, and the Trustees shall be discharged from all liabilities and duties hereunder, and the rights and interests of all Shareholders shall cease.

**ARTICLE XI**

**MISCELLANEOUS**

SECTION 11.1 Governing Law. This Declaration of Trust is executed by the undersigned Trustees and delivered in the State of Maryland with reference to the laws thereof, and the rights of all parties and the validity, construction and effect of every provision hereof shall be subject to and construed according to the laws of the State of Maryland without regard to conflicts of laws provisions thereof.

SECTION 11.2 Reliance by Third Parties. Any certificate shall be final and conclusive as to any Persons dealing with the Trust if executed by an individual who, according to the records of the Trust or of any recording office in which this Declaration of Trust may be recorded, appears to be the Secretary or an Assistant Secretary of the Trust or a Trustee, and if certifying to: (a) the number or identity of Trustees, officers of the Trust or Shareholders; (b) the due authorization of the execution of any document; (c) the action or vote taken, and the existence of a quorum, at a meeting of Trustees or Shareholders; (d) a copy of this Declaration or of the Bylaws as a true and complete copy as then in force; (e) an amendment to this Declaration; (f) the termination of the Trust; or (g) the existence of any fact or facts which relate to the affairs of the Trust. No purchaser, lender, transfer agent or other Person shall be bound to make any inquiry concerning the validity of any transaction purporting to be made on behalf of the Trust by the Trustees or by any officer, employee or agent of the Trust.

SECTION 11.3 Provisions in Conflict with Law or Regulations.

(a) The provisions of this Declaration of Trust are severable, and if the Trustees shall determine, with the advice of counsel, that any one or more of such provisions (the "Conflicting Provisions") are in conflict with the REIT Provisions of the Code, Title 8 or other applicable federal or state laws, the Conflicting Provisions shall be deemed never to have constituted a part of this Declaration of Trust, even without any amendment of this Declaration pursuant to Section 9.1; provided, however, that such determination by the Trustees shall not affect or impair any of the remaining provisions of this Declaration of Trust or render invalid or improper any action taken or omitted prior to such determination. No Trustee shall be liable for making or failing to make such a determination.

(b) If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such holding shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

SECTION 11.4 Construction. In this Declaration of Trust, unless the context otherwise requires, words used in the singular or in the plural include both the plural and singular and words denoting any gender include all genders. The title and headings of different parts are inserted for convenience and shall not affect the meaning, construction or effect of this Declaration. In defining or interpreting the powers and duties of the Trust and its Trustees and officers, reference may be made, to the extent appropriate and not inconsistent with the Code or Title 8, to Titles 1 through 3 of the Corporations and Associations Article of the Annotated Code of Maryland. In furtherance and not in limitation of the foregoing, in accordance with the provisions of Title 3, Subtitles 6 and 7, of the Corporations and Associations Article of the Annotated Code of Maryland, the Trust shall be included within the definition of "corporation" for purposes of such provisions.

SECTION 11.5 Recordation. This Declaration of Trust and any amendment hereto shall be filed for record with the State Department of Assessments and Taxation of Maryland and may also be filed or recorded in such other places as the Trustees deem

appropriate, but failure to file for record this Declaration or any amendment hereto in any office other than in the State of Maryland shall not affect or impair the validity or effectiveness of this Declaration or any amendment hereto. A restated Declaration shall, upon filing, be conclusive evidence of all amendments contained therein and may thereafter be referred to in lieu of the original Declaration and the various amendments thereto.

**THIRD:** The Ownership Limit, as defined in Article VI, Section 6.6(a), has been increased from 2.0% to 6.7% by the Board of Trustees in accordance with Article VI, Sections 6.6(j) and 6.6(k).

**FOURTH:** The name and address of the Trust's current resident agent is as set forth in Article I, Section 1.2 of the foregoing restatement of the Declaration of Trust.

**FIFTH:** The number of trustees of the Trust and the names of those currently in office are as set forth in Article II of the foregoing restatement of the Declaration of Trust.

**SIXTH:** The restatement of the Declaration of Trust has been approved by a majority of the entire Board of Trustees.

**SEVENTH:** The undersigned Executive Vice President – Finance and Administration and Chief Financial Officer acknowledges these Articles of Restatement to be the act of the Trust and, as to all matters or facts required to be verified under oath, the undersigned Executive Vice President – Finance and Administration and Chief Financial Officer acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

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IN WITNESS WHEREOF, the Trust has caused these Articles of Restatement of the Trust to be signed in its name and on its behalf by its Executive Vice President – Finance and Administration and Chief Financial Officer and attested to by its Secretary on this 25<sup>th</sup> day of July, 2007.

VORNADO REALTY TRUST

/s/ Joseph Macnow  
Joseph Macnow  
Executive Vice President – Finance and  
Administration and Chief Financial Officer

ATTEST:

/s/ Alan J. Rice  
Alan J. Rice  
Secretary

VORNADO REALTY TRUST

EXHIBIT A

**§3.25 SERIES A CONVERTIBLE PREFERRED SHARES  
(liquidation preference \$50.00 per share)**

Section 1. **Number of Shares and Designation.** This series of Preferred Stock shall be designated as Series A Convertible Preferred Shares of Beneficial Interest, liquidation preference \$50.00 per share (the "Series A Preferred Shares"), and 83,977 shall be the number of shares of Preferred Stock constituting such series.

Section 2. **Definitions.** For purposes of the Series A Preferred Shares, the following terms shall have the meanings indicated:

"Act" shall have the meaning set forth in paragraph (g) of Section 5 hereof.

"Board of Trustees" shall mean the Board of Trustee of the Trust or any committee authorized by such Board of Trustees to perform any of its responsibilities with respect to the Series A Preferred Shares.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"Redemption Date" shall have the meaning set forth in paragraph (b) of Section 5 hereof.

"Common Shares" shall mean the common shares of beneficial interest of the Trust, par value \$.04 per share.

"Constituent Person" shall have the meaning set forth in paragraph (e) of Section 7 hereof.

"Conversion Price" shall mean the conversion price per Common Share for which the Series A Preferred Shares are convertible, as such Conversion Price may be adjusted pursuant to Section 7 hereof. The initial conversion price shall be \$72.75 (equivalent to a conversion rate of 0.68728 Common Shares for each Series A Preferred Share).

"Current Market Price" of publicly traded Common Shares or any other class of shares of beneficial interest or other security of the Trust or any other issuer for any day shall mean the last reported sales price, regular way, on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the New York Stock Exchange ("NYSE") or, if such security is not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such security is listed or admitted for national securities exchange, on the NASDAQ National Market or, if such security is not quoted on such NASDAQ National Market, the average of the closing bid and asked prices on such day

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in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for such security on such day shall not have been reported through NASDAQ, the average of the bid and asked prices on such day as furnished by any NYSE member firm regularly making a market in such security selected for such purpose by the Chief Executive Officer of the Trust or the Board of Trustees.

*"Dividend Payment Date"* shall mean the first calendar day of January, April, July and October, in each year, commencing on July 1, 1997; *provided, however*, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall be paid on the first Business Day immediately following such Dividend Payment Date.

*"Dividend Periods"* shall mean quarterly dividend periods commencing on January 1, April 1, July 1 and October 1 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period, which shall commence on the Issue Date and end on and include June 30, 1997).

*"Fair Market Value"* shall mean the average of the daily Current Market Prices per Common Share during the five (5) consecutive Trading Days selected by the Trust commencing not more than 20 Trading Days before, and ending not later than, the earlier of the day in question and the day before the "ex" date with respect to the issuance or distribution requiring such computation. The term "ex' date," when used with respect to any issuance or distribution, means the first day on which the Common Shares trade regular way, without the right to receive such issuance or distribution, on the exchange or in the market, as the case may be, used to determine that day's Current Market Price.

*"Issue Date"* shall mean the first date on which any Series A Preferred Shares are issued and sold.

*"Junior Shares"* shall mean the Common Shares and any other class or series of shares of beneficial interest of the Trust constituting junior stock within the meaning set forth in paragraph (c) of Section 9 hereof.

*"Liquidation Preference"* shall have the meaning set forth in paragraph (a) of Section 4 hereof.

*"Non-Electing Share"* shall have the meaning set forth in paragraph (e) of Section 7 hereof.

*"Parity Shares"* shall have the meaning set forth in paragraph (b) of Section 9 hereof.

*"Person"* shall mean any individual, firm, partnership, corporation, limited liability company or other entity, and shall include any successor (by merger or otherwise) of such entity.

*"Press Release"* shall have the meaning set forth in paragraph (b) of Section 5

hereof.

"Securities" shall have the meaning set forth in paragraph (d)(iii) of Section 7 hereof.

"Series A Preferred Shares" shall have the meaning set forth in Section 1 hereof.

"Set apart for payment" shall be deemed to include, without any action other than the following, the recording by the Trust in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of a dividend or other distribution by the Board of Trustees, the allocation of funds to be so paid on any series or class of shares of beneficial interest of the Trust; *provided, however*, that if any funds for any class or series of Junior Shares or any class or series of shares of beneficial interest ranking on a parity with the Series A Preferred Shares as to the payment of dividends are placed in a separate account of the Trust or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Series A Preferred Shares shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

"Trading Day" shall mean any day on which the securities in question are traded on the NYSE, or if such securities are not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading on any national securities exchange, on the NYSE National Market, or if such securities are not quoted on such NASDAQ National Market, in the applicable securities market in which the securities are traded.

"Transaction" shall have the meaning set forth in paragraph (e) of Section 7 hereof.

"Transfer Agent" means First Union National Bank of North Carolina, Charlotte, North Carolina, or such other agent or agents of the Trust as may be designated by the Board of Trustees or its designee as the transfer agent for the Series A Preferred Shares.

"Voting Preferred Shares" shall have the meaning set forth in Section 10 hereof.

Section 3. **Dividends.** (a) The holders of Series A Preferred Shares shall be entitled to receive, when, as and if authorized and declared by the Board of Trustees out of assets legally available for that purpose, dividends payable in cash at the rate per annum of \$3.25 per Series A Preferred Share (the "Annual Dividend Rate"). Such dividends shall be cumulative from the Issue Date, whether or not in any Dividend Period or Periods there shall be assets of the Trust legally available for the payment of such dividends, and shall be payable quarterly, when, as and if authorized and declared by the Board of Trustees, in arrears on Dividend Payment Dates, commencing on the first Dividend Payment Date after the Issue Date. Dividends are cumulative from the most recent Dividend Payment Date to which dividends have been paid, whether or not in any Dividend Period or Periods there shall be assets legally available therefor. Each such dividend shall be payable in arrears to the holders of record of the Series A Preferred Shares, as they appear on the stock records of the Trust at the close of business on such record dates, not more than 30 days preceding the applicable Dividend Payment Date (the "Dividend



Payment Record Date"), as shall be fixed by the Board of Trustees. Accrued and unpaid dividends for any past Dividend Periods may be authorized and declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board of Trustees.

(b) The amount of dividends payable for each full Dividend Period for the Series A Preferred Shares shall be computed by dividing the Annual Dividend Rate by four. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series A Preferred Shares shall be computed on the basis of twelve 30-day months and a 360-day year. Holders of Series A Preferred Shares shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series A Preferred Shares. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred Shares that may be in arrears.

(c) So long as any Series A Preferred Shares are outstanding, no dividends, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of Parity Shares for any period unless full cumulative dividends have been or contemporaneously are authorized and declared and paid or authorized and declared and a sum sufficient for the payment thereof set apart for such payment on the Series A Preferred Shares for all Dividend Periods terminating on or prior to the Dividend Payment Date on such class or series of Parity Shares. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends authorized and declared upon Series A Preferred Shares and all dividends authorized and declared upon any other series or class or classes of Parity Shares shall be authorized and declared ratably in proportion to the respective amounts or dividends accumulated and unpaid on the Series A Preferred Shares and such Parity Shares.

(d) So long as any Series A Preferred Shares are outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Shares) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Shares, nor shall any Junior Shares be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Shares made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the Trust or any subsidiary, or as permitted under Article VI of the Declaration), for any consideration (or any moneys to be paid to or made available for a sinking fund for the redemption of any shares of such stock) by the Trust, directly or indirectly (except by conversion into or exchange for Junior Shares), unless in each case (i) the full cumulative dividends on all outstanding Series A Preferred Shares and any other Parity Shares of the Trust shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series A Preferred Shares and all past dividend periods with respect to such Parity Shares and (ii) sufficient funds shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series A Preferred Shares and any Parity Shares.

Section 4. **Liquidation Preference.** (a) In the event of any liquidation, dissolution or winding up of the Trust, whether voluntary or involuntary, before any payment or

distribution of the assets of the Trust (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of Series A Preferred Shares shall be entitled to receive Fifty Dollars (\$50.00) per Series A Preferred Share (the "Liquidation Preference") plus an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holder; but such holders of Series A Preferred Shares shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Trust, the assets of the Trust, or proceeds thereof, distributable among the holders of Series A Preferred Shares shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Shares, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series A Preferred Shares and any such other Parity Shares ratably in accordance with the respective amounts that would be payable on such Series A Preferred Shares and any such other Parity Shares if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Trust with one or more entities, (ii) a statutory share exchange and (iii) a sale or transfer of all or substantially all of the Trust's assets (including, without limitation, the conversion of the Trust into an Umbrella Partnership REIT), shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Trust.

(b) Subject to the rights of the holders of shares of any series or class or classes of shares of beneficial interest ranking on a parity with or prior to the Series A Preferred Shares upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Trust, after payment shall have been made in full to the holders of the Series A Preferred Shares, as provided in this Section 4, any series or class or classes of Junior Shares shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series A Preferred Shares shall not be entitled to share therein.

Section 5. **Redemption at the Option of the Trust.** (a) Except as otherwise permitted by Article VI of the Declaration, the Series A Preferred Shares shall not be redeemable by the Trust prior to April 1, 2001. On and after April 1, 2001, the Trust, at its option, may redeem the shares of Series A Preferred Shares, in whole or in part, as set forth herein, subject to the provisions described below.

(b) The Series A Preferred Shares may be redeemed, in whole or in part, at the option of the Trust, at any time, only if for 20 Trading Days within any period of 30 consecutive Trading Days, including the last Trading Day of such period, the Current Market Price of the Common Shares on each of such 20 Trading Days exceeds \$87.30. In order to exercise its redemption option, the Trust shall issue a press release announcing the redemption (the "Press Release") prior to the opening of business on the second Trading Day after the condition in the preceding sentence has, from time to time, been met. The Trust shall not issue a Press Release prior to February 1, 2001. The Press Release shall announce the redemption and set forth the number of Series A Preferred Shares that the Trust intends to redeem. The Redemption Date (which may not be before April 1, 2001) shall be selected by the Trust, shall be specified in the notice of redemption and shall be not less than 30 days or more than 60 days after the date on which the Trust issues the Press Release (the "Redemption Date").

(c) Upon redemption of Series A Preferred Shares by the Trust on the

Redemption Date, each Series A Preferred Share so redeemed shall be converted into a number of Common Shares equal to the aggregate Liquidation Preference of the shares of Series A Preferred Shares being redeemed divided by the Conversion Price as of the opening of business on the Redemption Date.

Upon any redemption of Series A Preferred Shares, the Trust shall pay any accrued and unpaid dividends in arrears for any Dividend Period ending on or prior to the Redemption Date. If the Redemption Date falls after a Dividend Payment Record Date and prior to the corresponding Dividend Payment Date, then each holder of Series A Preferred Shares at the close of business on such Dividend Payment Record Date shall be entitled to the dividend payable on such Series A Preferred Shares on the corresponding dividend payment date notwithstanding the redemption of such Series A Preferred Shares before such Dividend Payment Date. Except as provided above, the Trust shall make no payment or allowance for unpaid dividends, whether or not in arrears, on Series A Preferred Shares called for redemption or on the Common Shares issued upon such redemption.

(d) If full cumulative dividends on the Series A Preferred Shares and any other series or class or classes of Parity Shares of the Trust have not been paid or declared and set apart for payment, except as otherwise permitted under Article VI of the Declaration, the Series A Preferred Shares may not be redeemed in part and the Trust may not purchase, redeem or otherwise acquire Series A Preferred Shares or any Parity Shares other than in exchange for Junior Shares.

(e) If the Trust shall redeem shares of Series A Preferred Shares pursuant to paragraph (a) of this Section 5, notice of such redemption shall be given not more than four Business Days after the date on which the Trust issues the Press Release to each holder of record of the Series A Preferred Shares to be redeemed. Such notice shall be provided by first class mail, postage prepaid, at such holder's address as the same appears on the stock records of the Trust, or by publication in The Wall Street Journal or The New York Times, or if neither such newspaper is then being published, any other daily newspaper of national circulation. If the Trust elects to provide such notice by publication, it shall also promptly mail notice of such redemption to the holders of the Series A Preferred Shares to be redeemed. Neither the failure to mail any notice required by this paragraph (e), nor any defect therein or in the mailing thereof, to any particular holder, shall affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice that was mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date mailed whether or not the holder receives the notice. Each such mailed or published notice shall state, as appropriate: (1) the Redemption Date; (2) the number of Series A Preferred Shares to be redeemed and, if fewer than all the Series A Preferred Shares held by such holder are to be redeemed, the number of such Series A Preferred Shares to be redeemed from such holder; (3) the number of Common Shares to be issued with respect to each Series A Preferred Share; (4) the place or places at which certificates for such Series A Preferred Shares are to be surrendered for certificates representing Common Shares; (5) the then-current Conversion Price; and (6) that dividends on the shares to be redeemed shall cease to accrue on such Redemption Date except as otherwise provided herein. Notice having been published or mailed as aforesaid, from and after the Redemption Date (unless the Trust shall fail to make available a number of Common Shares or amount of cash necessary to effect such redemption), (i) except as otherwise provided herein,

dividends on the Series A Preferred Shares so called for redemption shall cease to accrue, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series A Preferred Shares of the Trust shall cease (except the rights to receive the Common Shares and cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required and to receive any dividends payable thereon). The Trust's obligation to provide Common Shares and cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Redemption Date, the Trust shall deposit with a bank or trust company (which may be an affiliate of the Trust) that has an office in the Borough of Manhattan, City of New York, or in Baltimore, Maryland and that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least \$50,000,000, Common Shares and any cash necessary for such redemption, in trust, with irrevocable instructions that such Common Shares and cash be applied to the redemption of the Series A Preferred Shares so called for redemption. At the close of business on the Redemption Date, each holder of Series A Preferred Shares to be redeemed (unless the Trust defaults in the delivery of the Common Shares or cash payable on such Redemption Date) shall be deemed to be the record holder of the number of Common Shares into which such Series A Preferred Shares is to be redeemed, regardless of whether such holder has surrendered the certificates representing the Series A Preferred Shares. No interest shall accrue for the benefit of the holder of Series A Preferred Shares to be redeemed on any cash so set aside by the Trust. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Trust, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Trust for the payment of such cash.

As promptly as practicable after the surrender in accordance with said notice of the certificates for any such Series A Preferred Shares so redeemed (properly endorsed or assigned for transfer, if the Trust shall so require and if the notice shall so state), such Series A Preferred Shares shall be exchanged for certificates of Common Shares and any cash (without interest thereon) for which such Series A Preferred Shares have been redeemed. If fewer than all of the outstanding Series A Preferred Shares are to be redeemed, the Series A Preferred Shares to be redeemed shall be selected by the Trust from the outstanding Series A Preferred Shares not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Trust in its sole discretion to be equitable. If fewer than all the Series A Preferred Shares represented by any certificate are redeemed, then new certificates representing the unredeemed Series A Preferred Shares shall be issued without cost to the holder thereof.

(f) No fractional shares or scrip representing fractions of Common Shares shall be issued upon redemption of a Series A Preferred Share. Instead of any fractional interest in a Common Share that would otherwise be deliverable upon the redemption of a share of Series A Preferred Shares, the Trust shall pay to the holder of such Series A Preferred Share an amount in cash (computed to the nearest cent) based upon the Current Market Price of Common Shares on the Trading Day immediately preceding the Redemption Date. If more than one Series A Preferred Share shall be surrendered for redemption at one time by the same holder, the number of full Common Shares issuable upon redemption thereof shall be computed on the basis of the aggregate number of Series A Preferred Shares so surrendered.

(g) The Trust covenants that any Common Shares issued upon redemption of the Series A Preferred Shares shall be validly issued, fully paid and non-assessable. The Trust

shall endeavor to list the Common Shares required to be delivered upon redemption of the Series A Preferred Shares, prior to such redemption, upon each national securities exchange, if any, upon which the outstanding Common Shares are listed at the time of such delivery.

The Trust shall endeavor to take any action necessary to ensure that any Common Shares issued upon the redemption of Series A Preferred Shares are freely transferable and not subject to any resale restrictions under the Securities Act of 1933, as amended (the "Act"), or any applicable state securities or blue sky laws (other than any Common Shares issued upon redemption of any Series A Preferred Shares that are held by an "affiliate" (as defined in Rule 144 under the Act) of the Trust).

Section 6. **Reacquired Shares to Be Retired.**

All Series A Preferred Shares which shall have been issued and reacquired in any manner by the Trust shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series.

Section 7. **Conversion.**

Holders of Series A Preferred Shares shall have the right to convert all or a portion of such shares into Common Shares, as follows:

(a) Subject to and upon compliance with the provisions of this Section 7, a holder of Series A Preferred Shares shall have the right, at his or her option, at any time to convert such shares into the number of fully paid and non-assessable Common Shares obtained by dividing the aggregate Liquidation Preference of such Series A Preferred Shares by the Conversion Price (as in effect at the time and on the date provided for in the last paragraph of paragraph (b) of this Section 7; by surrendering such Series A Preferred Shares to be converted, such surrender to be made in the manner provided in paragraph (b) of this Section 7; *provided, however*, that the right to convert Series A Preferred Shares called for redemption pursuant to Section 5 hereof shall terminate at the close of business on the Redemption Date fixed for such redemption, unless the Trust shall default in making payment of the Common Shares and any cash payable upon such redemption under Section 5 hereof.

(b) In order to exercise the conversion right, the holder of each Series A Preferred Share to be converted shall surrender the certificate representing such Series A Preferred Share, duly endorsed or assigned to the Trust or in blank, at the office of the Transfer Agent, accompanied by written notice to the Trust that the holder thereof elects to convert such Series A Preferred Shares. Unless the Common Shares issuable on conversion are to be issued in the same name as the name in which such Series A Preferred Shares are registered, each share surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Trust, duly executed by the holder of such holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Trust demonstrating that such taxes have been paid).

Holders of Series A Preferred Shares at the close of business on a Dividend Payment Record Date shall be entitled to receive the dividend payable on such Series A Preferred Shares on the corresponding Dividend Payment Date notwithstanding the conversion

thereof following such Dividend Payment Record Date and prior to such Dividend Payment Date. However, Series A Preferred Shares surrendered for conversion during the period between the close of business on any Dividend Payment Record Date and the opening of business on the corresponding Dividend Payment Date (except Series A Preferred Shares converted after the issuance of a notice of redemption with respect to a Redemption Date during such period or coinciding with such Dividend Payment Date, such Series A Preferred Shares being entitled to such dividend on the Dividend Payment Date) must be accompanied by payment of an amount equal to the dividend payable on such Series A Preferred Shares on such Dividend Payment Date. A holder of Series A Preferred Shares on a Dividend Payment Record Date who (or whose transferees) tenders any such Series A Preferred Shares for conversion into Common Shares on such Dividend Payment Date will receive the dividend payable by the Trust on such Series A Preferred Shares on such date, and the converting holder need not include payment of the amount of such dividend upon surrender of Series A Preferred Shares for conversion. Except as provided above, the Trust shall make no payment or allowance for unpaid dividends, whether or not in arrears, on converted Series A Preferred Shares or for dividends on the Common Shares issued upon such conversion.

As promptly as practicable after the surrender of certificates for Series A Preferred Shares as aforesaid, the Trust shall issue and shall deliver at such office to such holder, or on his or her written order, a certificate or certificates for the number of full Common Shares issuable upon the conversion of such shares in accordance with the provisions of this Section 7, and any fractional interest in respect of a Common Share arising upon such conversion shall be settled as provided in paragraph (c) of this Section 7.

Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for Series A Preferred Shares shall have been surrendered and such notice (and if applicable, payment of an amount equal to the dividend payable on such Series A Preferred Shares) received by the Trust as aforesaid, and the person or persons in whose name or names any certificate or certificates for Common Shares shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the Common Shares represented thereby at such time on such date, and such conversion shall be at the Conversion Price in effect at such time and on such date unless the stock transfer books of the Trust shall be closed on that date, in which event such person or persons shall be deemed to have become such holder or holders of record at the close of business on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Price in effect on the date on which such Series A Preferred Shares shall have been surrendered and such notice received by the Trust.

(c) No fractional shares or scrip representing fractions of Common Shares shall be issued upon conversion of the Series A Preferred Shares. Instead of any fractional interest in a Common Share that would otherwise be deliverable upon the conversion of a Series A Preferred Share, the Trust shall pay to the holder of such Series A Preferred Share an amount in cash based upon the Current Market Price of Common Shares on the Trading Day immediately preceding the date of conversion. If more than one Series A Preferred Share shall be surrendered for conversion at one time by the same holder, the number of full Common Shares issuable upon conversion thereof shall be computed on the basis of the aggregate number of Series A Preferred Shares so surrendered.

(d) The Conversion Price shall be adjusted from time to time as follows:

(i) If the Trust shall after the Issue Date (A) pay a dividend or make a distribution on its shares of beneficial interest in Common Shares, (B) subdivide its outstanding Common Shares into a greater number of shares, (C) combine its outstanding Common Shares into a smaller number of shares or (D) issue any shares of beneficial interest by reclassification of its Common Shares, the Conversion Price in effect at the opening of business on the day following the date fixed for the determination of shareholders entitled to receive such dividend or distribution or at the opening of business on the day following the day on which such subdivision, combination or reclassification becomes effective, as the case may be, shall be adjusted so that the holder of any Series A Preferred Share thereafter surrendered for conversion shall be entitled to receive the number of Common Shares that such holder would have owned or have been entitled to receive after the happening of any of the events described above had such Series A Preferred Shares been converted immediately prior to the record date in the case of a dividend or distribution or the effective date in the case of a subdivision, combination or reclassification. An adjustment made pursuant to this subparagraph (i) shall become effective immediately upon the opening of business on the day next following the record date (subject to paragraph (h) below) in the case of a dividend or distribution and shall become effective immediately upon the opening of business on the day next following the effective date in the case of a subdivision, combination or reclassification.

(ii) If the Trust shall issue after the Issue Date rights, options or warrants to all holders of Common Shares entitling them (for a period expiring within 45 days after the record date mentioned below) to subscribe for or purchase Common Shares at a price per share less than the Fair Market Value per Common Share on the record date for the determination of shareholders entitled to receive such rights, options or warrants, then the Conversion Price in effect at the opening of business on the day next following such record date shall be adjusted to equal the price determined by multiplying (I) the Conversion Price in effect immediately prior to the opening of business on the day following the date fixed for such determination by (II) a fraction, the numerator of which shall be the sum of (A) the number of Common Shares outstanding on the close of business on the date fixed for such determination and (B) the number of shares that the aggregate proceeds to the Trust from the exercise of such rights, options or warrants for Common Shares would purchase at such Fair Market Value, and the denominator of which shall be the sum of (A) the number of Common Shares outstanding on the close of business on the date fixed for such determination and (B) the number of additional Common Shares offered for subscription or purchase pursuant to such rights, options or warrants. Such adjustment shall become effective immediately upon the opening of business on the day next following such record date (subject to paragraph (h) below). In determining whether any rights, options or warranties entitle the holders of Common Shares to subscribe for or purchase Common Shares at less than such Fair Market Value, there shall be taken into account any consideration received by the Trust upon issuance and upon exercise of such rights, options or warrants, the value of such consideration, if other than cash, to be determined by the Chief Executive Officer or the Board of Trustees, whose determination shall be conclusive.

(iii) If the Trust shall distribute to all holders of its Common Shares any shares of beneficial interest of the Trust (other than Common Shares) or evidence of its indebtedness or assets (excluding cash dividends or distributions paid out of assets based upon a fair valuation of the assets, in excess of the sum of the liabilities of the trust and the amount of stated capital attributable to Common Shares, determined on the basis of the most recent annual consolidated cost basis and current value basis and quarterly consolidated balance sheets of the Trust and its consolidated subsidiaries available at the time of the declaration of the dividend or distribution) or rights or warrants to subscribe for or purchase any of its securities (excluding those rights and warrants issued to all holders of Common Shares entitling them for a period expiring within 45 days after the record date referred to in subparagraph (ii) above to subscribe for or purchase Common Shares, which rights and warrants are referred to in and treated under subparagraph (ii) above) (any of the foregoing being hereinafter in this subparagraph (iii) called the "Securities"), then in each case the Conversion Price shall be adjusted so that it shall equal the price determined by multiplying (I) the Conversion Price in effect immediately prior to the close of business on the date fixed for the determination of shareholders entitled to receive such distribution by (II) a fraction, the numerator of which shall be the Fair Market Value per share of the Common Shares on the record date mentioned below less the then fair market value (as determined by the Chief Executive Officer or the Board of Trustees, whose determination shall be conclusive) of the portion of the shares of beneficial interest or assets or evidence of indebtedness so distributed or of such rights or warrants applicable to one Common Share, and the denominator of which shall be the Fair Market Value per share of the Common Shares on the record date mentioned below. Such adjustment shall become effective immediately upon the opening of business on the day next following (subject to paragraph (h) below) the record date for the determination of shareholders entitled to receive such distribution. For the purposes of this subparagraph (iii), the distribution of a Security, which is distributed not only to the holders of the Common Shares on the date fixed for the determination of shareholders entitled to such distribution of such Security, but also is required to be distributed with each Common Share delivered to a Person converting a Series A Preferred Share after such determination date, shall not require an adjustment of the Conversion Price pursuant to this subparagraph (iii); provided that on the date, if any, on which a person converting a Series A Preferred Share would no longer be entitled to receive such Security with a Common Share (other than as a result of the termination of all such Securities), a distribution of such Securities shall be deemed to have occurred, and the Conversion Price shall be adjusted as provided in this subparagraph (iii) (and such day shall be deemed to be "the date fixed for the determination of the shareholders entitled to receive such distribution" and "the record date" within the meaning of the two preceding sentences).

The occurrence of a distribution or the occurrence of any other event as a result of which holders of Series A Preferred Shares shall not be entitled to receive rights, including exchange rights (the "Rights"), pursuant to any shareholders protective rights agreement (the "Agreement") that may be adopted by the Trust as if such holders had converted such shares into Common Shares immediately prior to the occurrence of such distribution or event shall not be deemed a distribution of Securities for the purposes of any Conversion Price adjustment pursuant to this subparagraph (iii) or otherwise give rise



to any Conversion Price adjustment pursuant to this Section 7; *provided, however*, that in lieu of any adjustment to the Conversion Price as a result of any such a distribution or occurrence, the Trust shall make provision so that Rights, to the extent issuable at the time of conversion of any Series A Preferred Shares into Common Shares, shall issue and attach to such Common Shares then issued upon conversion in the amount and manner and to the extent and as provided in the Agreement in respect of issuances at the time of Common Shares other than upon conversion.

(iv) No adjustment in the Conversion Price shall be required unless such adjustment would require a cumulative increase or decrease of at least 1% in such price; *provided, however*, that any adjustments that by reason of this subparagraph (iv) are not required to be made shall be carried forward and taken into account in any subsequent adjustment until made; and *provided, further*, that any adjustment shall be required and made in accordance with the provisions of this Section 7 (other than this subparagraph (iv)) not later than such time as may be required in order to preserve the tax-free nature of a distribution to the holders of Common Shares. Notwithstanding any other provisions of this Section 7, the Trust shall not be required to make any adjustment of the Conversion Price for the issuance of any Common Shares pursuant to any plan providing for the reinvestment of dividends or interest payable on securities of the Trust and the investment of additional optional amounts in Common Shares under such plan. All calculations under this Section 7 shall be made to the nearest cent with \$.005 being rounded upward) or to the nearest one-tenth of a share (with .05 of a share being rounded upward), as the case may be. Anything in this paragraph (d) to the contrary notwithstanding, the Trust shall be entitled, to the extent permitted by law, to make such reductions in the Conversion Price, in addition to those required by this paragraph (d), as it in its discretion shall determine to be advisable in order that any stock dividends, subdivision of shares, reclassification or combination of shares, distribution of rights, options or warrants to purchase stock or securities, or a distribution of other assets (other than cash dividends) hereafter made by the Trust to its shareholders shall not be taxable.

(e) If the Trust shall be a party to any transaction (including without limitation a merger, consolidation, statutory share exchange, self tender offer for all or substantially all Common Shares, sale of all or substantially all of the Trust's assets or recapitalization of the Common Shares and excluding any transaction as to which subparagraph (d)(i) of this Section 7 applies) (each of the foregoing being referred to herein as a "Transaction"), in each case as a result of which Common Shares shall be converted into the right to receive stock, securities or other property (including cash or any combination thereof), each Series A Preferred Share that is not converted into the right to receive stock, securities or other property in connection with such Transaction shall thereafter be convertible into the kind and amount of shares of stock, securities and other property (including cash or any combination thereof) receivable upon the consummation of such Transaction by a holder of that number of Common Shares into which one Series A Preferred Share was convertible immediately prior to such Transaction, assuming such holder of Common Shares (i) is not a Person with which the Trust consolidated or into which the Trust merged or which merged into the Trust or to which such sale or transfer was made, as the case may be (a "Constituent Person"), or an affiliate of a Constituent Person and (ii) failed to exercise his or her rights of the election, if any, as to the kind or amount of stock, securities and other property (including cash) receivable upon such Transaction (provided that if

the kind or amount of stock, securities and other property (including cash) receivable upon such Transaction is not the same for each Common Share of the Trust held immediately prior to such Transaction by other than a Constituent Person or an affiliate thereof and in respect of which such rights of election shall not have been exercised ("Non-Electing Share"), then for the purpose of this paragraph (e) the kind and amount of stock, securities and other property (including cash) receivable upon such Transaction by each Non-Electing Share shall be deemed to be the kind and amount so receivable per share by a plurality of the Non-Electing Shares). The Trust shall not be a party to any Transaction unless the terms of such Transaction are consistent with the provisions of this paragraph (e), and it shall not consent or agree to the occurrence of any Transaction until the Trust has entered into an agreement with the successor or purchasing entity, as the case may be, for the benefit of the holders of the Series A Preferred Shares that will contain provisions enabling the holders of the Series A Preferred Shares that remain outstanding after such Transaction to convert their Series A Preferred Shares into the consideration received by holders of Common Shares at the Conversion Price in effect immediately prior to such Transaction. The provisions of this paragraph (e) shall similarly apply to successive Transactions.

(f) If:

(i) the Trust shall declare a dividend for any (or any other distribution) on the Common Shares (other than in cash out of assets, based on a fair valuation of assets, in excess of the sum of the liabilities of the trust and the amount of stated capital attributable to Common Shares, determined on the basis of the most recent annual consolidated cost basis and current value basis and quarterly consolidated balance sheets of the Trust and its consolidated subsidiaries available at the time of the declaration of the dividend or distribution; or

(ii) the Trust shall authorize the granting to the holders of the Common Shares of rights or warrants to subscribe for or purchase any shares of any class or any other rights or warrants (other than Rights to which the second paragraph of subparagraph (d) (iii) of this Section 7 applies; or

(iii) there shall be any reclassification of the Common Shares (other than an event to which subparagraph (d) (i) of this Section 7 applies) or any consolidation or merger to which the Trust is a party and for which approval of any shareholders of the Trust is required, or a statutory share exchange involving the conversion or exchange of Common Shares into securities or other property, or a self tender offer by the Trust for all or substantially all of its outstanding Common Shares, or the sale or transfer of all or substantially all of the assets of the Trust as an entirety and for which approval of any shareholders of the Trust is required, or

(iv) there shall occur the voluntary or involuntary liquidation, dissolution or winding up of the Trust,

then the Trust shall cause to be filed with the Transfer Agent and shall cause to be mailed to the holders of the Series A Preferred Shares at their addresses as shown on the stock records of the Trust, as promptly as possible, but at least 15 days prior to the applicable date hereinafter

specified, a notice stating (A) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Shares of record to be entitled to such dividend, distribution or rights or warrants are to be determined or (B) the date on which such reclassification, consolidation, merger, statutory share exchange, sale, transfer, liquidation, dissolution or winding up is expected to become effective, and the date as of which it is expected that holders of Common Shares of record shall be entitled to exchange their Common Shares for securities or other property, if any, deliverable upon such reclassification, consolidation, merger, statutory share exchange, sale, transfer, liquidation, dissolution or winding up. Failure to give or receive such notice or any defect therein shall not affect the legality or validity of the proceedings described in this Section 7.

(g) Whenever the Conversion Price is adjusted as herein provided, the Trust shall promptly file with the Transfer Agent an officer's certificate setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after delivery of such certificate, the Trust shall prepare a notice of such adjustment of the Conversion Price setting forth the adjusted Conversion Price and the effective date of such adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Price to the holders of each Series A Preferred Share at such holder's last address as shown on the stock records of the Trust.

(h) In any case in which paragraph (d) of this Section 7 provides that an adjustment shall become effective on the day next following the record date for an event, the Trust may defer until the occurrence of such event (A) issuing to the holder of any Series A Preferred Share converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event over and above the Common Shares issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount of cash in lieu of any fraction pursuant to paragraph (c) of this Section 7.

(i) There shall be no adjustment of the Conversion Price in case of the issuance of any shares of beneficial interest of the Trust in a reorganization, acquisition or other similar transaction except as specifically set forth in this Section 7. If any action or transaction would require adjustment of the Conversion Price pursuant to more than one paragraph of this Section 7, only one adjustment shall be made, and such adjustment shall be the amount of adjustment that has the highest absolute value.

(j) If the Trust shall take any action affecting the Common Shares, other than action described in this Section 7, that in the opinion of the Board of Trustees would materially adversely affect the conversion rights of the holders of the Series A Preferred Shares, the Conversion Price for the Series A Preferred Shares may be adjusted, to the extent permitted by law, in such manner, if any, and at such time, as the Board of Trustees, in its sole discretion, may determine to be equitable in the circumstances.

(k) The Trust covenants that it will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Common Shares,

for the purpose of effecting conversion of the Series A Preferred Shares, the full number of Common Shares deliverable upon the conversion of all outstanding Series A Preferred Shares not theretofore converted. For purposes of this paragraph (k), the number of Common Shares that shall be deliverable upon the conversion of all outstanding shares of Series A Preferred Shares shall be computed as if at the time of computation all such outstanding shares were held by a single holder.

The Trust further covenants that any Common Shares issued upon conversion of the Series A Preferred Shares shall be validly issued, fully paid and non-assessable. Before taking any action that would cause an adjustment reducing the Conversion Price below the then par value of the Common Shares deliverable upon conversion of the Series A Preferred Shares, the Trust shall take any corporate action that, in the opinion of its counsel, may be necessary in order that the Trust may validly and legally issue fully paid and non-assessable Common Shares at such adjusted Conversion Price.

The Trust shall endeavor to list the Common Shares required to be delivered upon conversion of the Series A Preferred Shares, prior to such delivery, upon each national securities exchange, if any, upon which the outstanding Common Shares are listed at the time of such delivery.

Prior to the delivery of any securities that the Trust shall be obligated to deliver upon conversion of the Series A Preferred Shares, the Trust shall endeavor to comply with all federal and state laws and regulations thereunder requiring the registration of such securities with, or any approval of or consent to the delivery thereof, by any governmental authority.

(l) The Trust shall pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of Common Shares or other securities or property on conversion of the Series A Preferred Shares pursuant hereto; *provided, however*, that the Trust shall not be required to pay any tax that may be payable in respect of any transfer involved in the issue or delivery of any Common Shares or other securities or property in a name other than that of the holder of the Series A Preferred Shares to be converted, and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Trust the amount of any such tax or established, to the reasonable satisfaction of the Trust, that such tax has been paid.

Section 8. **Permissible Distributions**. In determining whether a distribution (other than upon liquidation, dissolution or winding up), whether by dividend, or upon redemption or other acquisition of shares or otherwise, is permitted under Maryland law, amounts that would be needed, if the Trust were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of any class or series of beneficial interest whose preferential rights upon dissolution are superior or prior to those receiving the distribution shall not be added to the Trust's total liabilities.

Section 9. **Banking**. Any class or series of shares of beneficial interest of the Trust shall be deemed to rank:

- (a) prior to the Series A Preferred Shares, as to the payment of dividends and

as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series A Preferred Shares;

(b) on a parity with the Series A Preferred Shares, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series A Preferred Shares, if the holders of such class of stock or series and the Series A Preferred Shares shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other ("Parity Shares"); and

(c) junior to the Series A Preferred Shares, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such stock or series shall be Common Shares or if the holders of Series A Preferred Shares shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such stock or series, and such stock or series shall not in either case rank prior to the Series A Preferred Shares.

Section 10. **Voting.** Except as otherwise set forth herein, the Series A Preferred Shares shall not have any relative, participating, optional or other special voting rights and powers, and the consent of the holders thereof shall not be required for the taking of any corporate action.

If and whenever six quarterly dividends (whether or not consecutive) payable on the Series A Preferred Shares or any series or class of Parity Shares shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not earned or declared, the number of trustees then constituting the Board of Trustees shall be increased by two and the holders of Series A Preferred Shares, together with the holders of shares of every other series or class of Parity Shares having like voting rights (shares of any other series, the "Voting Preferred Shares"), voting as a single class regardless of series, shall be entitled to elect the two additional trustees to serve on the Board of Trustees at any annual meeting of shareholders or special meeting held in place thereof, or at a special meeting of the holders of Series A Preferred Shares and the Voting Preferred Shares called as hereinafter provided. Whenever all arrears in dividends on the Series A Preferred Shares and the Voting Preferred Shares then outstanding shall have been paid and full dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series A Preferred Shares and the Voting Preferred Shares to elect such additional two trustees shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends), and the terms of office of all persons elected as trustees by the holders of the Series A Preferred Shares and the Voting Preferred Shares shall forthwith terminate and the number of trustees constituting the Board of Trustees shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of shares of Series A Preferred Shares and the Voting Preferred Shares, the Secretary of the Trust may, and upon the written request of any

holder of Series A Preferred Shares (addressed to the Secretary at the principal office of the Trust) shall, call a special meeting of the holders of the Series A Preferred Shares and of the Voting Preferred Shares for the election of the two trustees to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Trust for a special meeting of the shareholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of such request, then any holder of Series A Preferred Shares may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Trust. The trustees elected at any such special meeting shall hold office until the next annual meeting of the shareholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the trustees elected by the holders of the Series A Preferred Shares and the Voting Preferred Shares, a successor shall be elected by the Board of Trustees, upon the nomination of the then-remaining trustee elected by the holders of the Series A Preferred Shares and the Voting Preferred Shares or the successor of such remaining trustee, to serve until the next annual meeting of the shareholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

So long as any Series A Preferred Shares are outstanding, in addition to any other vote or consent of shareholders required by the Declaration, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of Series A Preferred Shares and the Voting Preferred Shares, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(a) Any amendment, alteration or repeal or any of the provisions of the Declaration or these Articles Supplementary that materially adversely affects the voting powers, rights or preferences of the holders of the Series A Preferred Shares or the Voting Preferred Shares; *provided, however*, that (i) the amendment of the provisions of the Declaration so as to authorize or create or to increase the authorized amount of, any Junior Shares or any shares of any class or series ranking on a parity with the Series A Preferred Shares or the Voting Preferred Shares shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Series A Preferred Shares and (ii) any filing with the State Department of Assessments and Taxation of Maryland by the Trust in connection with a merger, consolidation or sale of all or substantially all of the assets of the Trust shall not be deemed to be an amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary; and *provided further*, that if any such amendment, alteration or repeal would materially adversely affect any voting powers, rights or preferences of the Series A Preferred Shares or one or more but not all series of Voting Preferred Shares at the time outstanding, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of all series similarly affected, similarly given, shall be required in lieu of the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Series A Preferred Shares and the Voting Preferred Shares otherwise entitled to vote in accordance herewith; or

(b) The authorization or creation of, or the increase in the authorized

amount of, any shares of any class or series or any security convertible into shares of any class or series ranking prior to the Series A Preferred Shares in the distribution of assets on any liquidation, dissolution or winding up the Trust or in the payment of dividends;

*provided, however*, that, in the case of each of subparagraphs (a) and (b), no such vote of the holders of Series A Preferred Shares or Voting Preferred Shares, as the case may be, shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such prior shares or convertible security is to be made, as the case may be, provision is made for the redemption of all Series A Preferred Shares or Voting Preferred Shares, as the case may be, at the time outstanding in accordance with Section 5 hereof.

For purposes of the foregoing provisions of this Section 10, each Series A Preferred Share shall have one (1) vote per share, except that when any other series of Preferred Stock shall have the right to vote with the Series A Preferred Shares as a single class on any matter, then the Series A Preferred Shares and such other series shall have with respect to such matters one (1) vote per \$50.00 of stated liquidation preference.

Section 11. **Record Holders.** The Trust and the Transfer Agent may deem and treat the record holder of any Series A Preferred Shares as the true and lawful owner thereof for all purposes, and neither the Trust nor the Transfer Agent shall be affected by any notice to the contrary.

Section 12. **Restrictions on Ownership and Transfer.** The Series A Preferred Shares constitute Preferred Stock, and Preferred Stock constitutes Equity Stock of the Trust. Therefore, the Series A Preferred Shares, being Equity Stock, are governed by and issued subject to all the limitations, terms and conditions of the Declaration applicable to Equity Stock generally, including but not limited to the terms and conditions (including exceptions and exemptions) of Article VI of the Declaration applicable to Equity Stock. The foregoing sentence shall not be construed to limit the applicability to the Series A Preferred Shares of any other term or provision of the Declaration.

VORNADO REALTY TRUST

EXHIBIT B

**7.00% SERIES D-10 CUMULATIVE REDEEMABLE PREFERRED SHARES**  
**(liquidation preference \$25.00 per share)**

**Section 1. Number of Shares and Designation.** This series of Preferred Stock shall be designated as 7.00% Series D-10 Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share, no par value per share (the "Series D-10 Preferred Shares"), and 4,800,000 shall be the number of shares of Preferred Stock constituting such series.

**Section 2. Definitions.** For purposes of the Series D-10 Preferred Shares, the following terms shall have the meanings indicated:

"*Board of Trustees*" shall mean the Board of Trustees of the Trust or any committee authorized by such Board of Trustees to perform any of its responsibilities with respect to the Series D-10 Preferred Shares.

"*Business Day*" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"*Common Shares*" shall mean the common shares of beneficial interest of the Trust, par value \$.04 per share.

"*Dividend Payment Date*" shall mean the March 15, June 15, September 15 and December 15 in each year, commencing on the first of March 15, June 15, September 15 or December 15 to follow the Issue Date; *provided, however*, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall be paid on the first Business Day immediately following such Dividend Payment Date (without any interest or other payment in respect of any such delay).

"*Dividend Periods*" shall mean quarterly dividend periods commencing on March 15, June 15, September 15 and December 15 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period with respect to each Series D-10 Preferred Share, which shall commence on the date on which such Series D-10 Preferred Share was issued by the Trust and end on and include the day preceding the next succeeding March 15, June 15, September 15 or December 15 to occur (whichever occurs first)).

"*Issue Date*" shall mean the first date on which any Series D-10 Preferred Shares are issued.

"*Junior Shares*" shall mean the Common Shares and any other class or series of shares of beneficial interest of the Trust constituting junior shares of beneficial interest as described in paragraph (c) of Section 9 hereof.

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"*Liquidation Preference*" shall have the meaning set forth in paragraph (a) of Section 4 hereof.

"*Operating Partnership*" shall mean Vornado Realty L.P., a Delaware limited partnership.

"*Parity Shares*" shall mean any shares of beneficial interest as described in paragraph (b) of Section 9 hereof.

"*Person*" shall mean any individual, firm, partnership, corporation, limited liability company or other entity, and shall include any successor (by merger or otherwise) of such entity.

"*Redemption Date*" shall have the meaning set forth in paragraph (c) of Section 5 hereof.

"*Redemption Price*" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"*Series D-10 Preferred Shares*" shall have the meaning set forth in Section 1 hereof. It is the intention of the Trust in establishing the Series D-10 Preferred Shares, that, except to the extent otherwise set forth herein, each Series D-10 Preferred Share shall be substantially the economic equivalent of a Series D-10 Preferred Unit in respect of which it was issued.

"*Series D-10 Preferred Units*" shall mean the Series D-10 Preferred Units of limited partner interest of the Operating Partnership.

"*Set apart for payment*" shall be deemed to include, without any action other than the following: the recording by the Trust in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to the authorization of a dividend or other distribution by the Board of Trustees, the allocation of funds to be so paid on any series or class of shares of beneficial interest of the Trust; *provided, however*, that if any funds for any class or series of Junior Shares or any class or series of shares of beneficial interest ranking on a parity with the Series D-10 Preferred Shares as to the payment of dividends are placed in a separate account of the Trust or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Series D-10 Preferred Shares shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

"*Transfer Agent*" means First Union National Bank, Charlotte, North Carolina, or such other agent or agents of the Trust as may be designated by the Board of Trustees or its designee as the transfer agent for the Series D-10 Preferred Shares.

"*Voting Preferred Shares*" shall have the meaning set forth in Section 10 hereof.

**Section 3. Dividends.** (a) The holders of Series D-10 Preferred Shares shall be entitled to receive, when, as and if authorized by the Board of Trustees and declared by the Trust out of assets legally available for that purpose, dividends payable in cash at the rate per

annum of \$1.75 per Series D-10 Preferred Share (the "Annual Dividend Rate"). Such dividends with respect to each Series D-10 Preferred Share shall be cumulative from the date on which such Series D-10 Preferred Share was issued by the Trust, whether or not in any Dividend Period or Periods there shall be assets of the Trust legally available for the payment of such dividends, and shall be payable quarterly, when, as and if authorized by the Board of Trustees and declared by the Trust, in arrears on Dividend Payment Dates commencing with respect to each Series D-10 Preferred Share on the first Dividend Payment Date after the date on which such Series D-10 Preferred Share was issued by the Trust. Dividends are cumulative from the most recent Dividend Payment Date to which dividends have been paid, whether or not in any Dividend Period or Periods there shall be assets legally available therefor. Each such dividend shall be payable in arrears to the holders of record of the Series D-10 Preferred Shares, as they appear on the share records of the Trust at the close of business on such record dates, not more than 30 days preceding the applicable Dividend Payment Date (the "Dividend Payment Record Date"), as shall be fixed by the Board of Trustees. Accumulated and unpaid dividends for any past Dividend Periods may be authorized and declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board of Trustees.

(b) The amount of dividends payable for each full Dividend Period for each Series D-10 Preferred Share shall be computed by dividing the Annual Dividend Rate by four. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series D-10 Preferred Shares shall be computed on the basis of twelve 30-day months and a 360-day year. Holders of Series D-10 Preferred Shares shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series D-10 Preferred Shares. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series D-10 Preferred Shares that may be in arrears.

(c) So long as any Series D-10 Preferred Shares are outstanding, no dividends, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of Parity Shares for any period unless full cumulative dividends have been or contemporaneously are authorized and declared and paid or authorized and declared and a sum sufficient for the payment thereof set apart for such payment on the Series D-10 Preferred Shares for all Dividend Periods terminating on or prior to the dividend payment date on such class or series of Parity Shares. When dividends are not paid in full or a sum sufficient for such payment is not set apart for payment, as aforesaid, all dividends authorized and declared upon Series D-10 Preferred Shares and all dividends authorized and declared upon any other series or class or classes of Parity Shares shall be authorized and declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series D-10 Preferred Shares and such Parity Shares.

(d) So long as any Series D-10 Preferred Shares are outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Shares) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Shares, nor shall any Junior Shares be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Shares made for purposes of and in compliance with

requirements of an employee incentive or benefit plan of the Trust or any subsidiary, or as permitted under Article VI of the Declaration), for any consideration (or any moneys to be paid to or made available for a sinking fund for the redemption of any shares of beneficial interest) by the Trust, directly or indirectly (except by conversion into or exchange for Junior Shares), unless in each case (i) the full cumulative dividends on all outstanding Series D-10 Preferred Shares and any other Parity Shares of the Trust shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series D-10 Preferred Shares and all past dividend periods with respect to such Parity Shares and (ii) sufficient funds shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series D-10 Preferred Shares and any Parity Shares.

(e) Any accumulated distributions on Series D-10 Preferred Units that remain unpaid at the time such Series D-10 Preferred Units are acquired by the Trust for Series D-10 Preferred Shares shall also be deemed to be accumulated and unpaid dividends in respect of such Series D-10 Preferred Shares as of the date of issuance of such Series D-10 Preferred Shares and shall be paid when declared by the Board of Trustees.

**Section 4. Liquidation Preference.** (a) In the event of any liquidation, dissolution or winding up of the Trust, whether voluntary or involuntary, before any payment or distribution of the assets of the Trust (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of Series D-10 Preferred Shares shall be entitled to receive Twenty Five Dollars (\$25.00) per Series D-10 Preferred Share (the "Liquidation Preference") plus an amount equal to all dividends (whether or not earned or declared) accumulated and unpaid thereon to the date of final distribution to such holder; but such holders of Series D-10 Preferred Shares shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Trust, the assets of the Trust, or proceeds thereof, distributable among the holders of Series D-10 Preferred Shares shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Shares, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series D-10 Preferred Shares and any such other Parity Shares ratably in accordance with the respective amounts that would be payable on such Series D-10 Preferred Shares and any such other Parity Shares if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Trust with one or more entities, (ii) a statutory share exchange and (iii) a sale or transfer of all or substantially all of the Trust's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Trust.

(b) Subject to the rights of the holders of shares of any series or class or classes of shares of beneficial interest ranking on a parity with or prior to the Series D-10 Preferred Shares upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Trust, after payment shall have been made in full to the holders of the Series D-10 Preferred Shares, as provided in this Section 4, any series or class or classes of Junior Shares shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series D-10 Preferred Shares shall not be entitled to share therein.

**Section 5. Redemption at the Option of the Trust.** (a) Except as otherwise permitted by Article VI of the Declaration, the Series D-10 Preferred Shares shall not be

redeemable by the Trust prior to November 17, 2008. On and after November 17, 2008, the Trust, at its option, may redeem the Series D-10 Preferred Shares, in whole or in part, as set forth herein, subject to the provisions described below, at a redemption price, payable in cash, equal to the Liquidation Preference plus dividends accumulated and unpaid thereon to the date of redemption (the "Redemption Price").

(b) If full cumulative dividends on the Series D-10 Preferred Shares and any other series or class or classes of Parity Shares of the Trust have not been paid or declared and set apart for payment, except as otherwise permitted under Article VI of the Declaration, the Series D-10 Preferred Shares may not be redeemed in part and the Trust may not purchase, redeem or otherwise acquire Series D-10 Preferred Shares or any Parity Shares other than in exchange for Junior Shares.

(c) If the Trust shall redeem shares of Series D-10 Preferred Shares pursuant to paragraph (a) of this Section 5, notice of such redemption shall be given to each holder of record of the Series D-10 Preferred Shares to be redeemed not less than 30 nor more than 60 days prior to the Redemption Date (as defined hereinafter). Such notice shall be provided by first class mail, postage prepaid, at such holder's address as the same appears on the share transfer records of the Trust, or by publication in The Wall Street Journal or The New York Times, or if neither such newspaper is then being published, any other daily newspaper of national circulation. If the Trust elects to provide such notice by publication, it shall also promptly mail notice of such redemption to the holders of the Series D-10 Preferred Shares to be redeemed. Neither the failure to mail any notice required by this paragraph (c), nor any defect therein or in the mailing thereof, to any particular holder, shall affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice that was mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date mailed whether or not the holder receives the notice. Each such mailed or published notice shall state, as appropriate: (1) the date on which such Series D-10 Preferred Shares are to be redeemed (the "Redemption Date"); (2) the number of Series D-10 Preferred Shares to be redeemed and, if fewer than all the Series D-10 Preferred Shares are to be redeemed, the method of selecting the number of such Series D-10 Preferred Shares to be redeemed from each holder; (3) the Redemption Price; (4) the place or places at which certificates for such Series D-10 Preferred Shares are to be surrendered for payment of the Redemption Price; and (5) that dividends on the shares to be redeemed shall cease to accrue on such Redemption Date except as otherwise provided herein. Notice having been published or mailed as aforesaid, from and after the Redemption Date (unless the Trust shall fail to make available an amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the Series D-10 Preferred Shares so called for redemption shall cease to accumulate, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series D-10 Preferred Shares of the Trust shall cease (except the right to receive the Redemption Price, without interest thereon, upon surrender and endorsement of their certificates if so required). The Trust's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Redemption Date, the Trust shall deposit with a bank or trust company (which may be an affiliate of the Trust) that has an office in the Borough of Manhattan, City of New York, or in Baltimore, Maryland and that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least \$50,000,000, the cash necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of

the Series D-10 Preferred Shares so called for redemption. No interest shall accrue for the benefit of the holder of Series D-10 Preferred Shares to be redeemed on any cash so set aside by the Trust. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Trust, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Trust for the payment of such cash.

As promptly as practicable after the surrender in accordance with said notice of the certificates for any such Series D-10 Preferred Shares so redeemed (properly endorsed or assigned for transfer, if the Trust shall so require and if the notice shall so state), such Series D-10 Preferred Shares shall be exchanged for the cash (without interest thereon) for which such Series D-10 Preferred Shares have been redeemed. If fewer than all of the outstanding Series D-10 Preferred Shares are to be redeemed, the Series D-10 Preferred Shares to be redeemed shall be selected by the Trust from the outstanding Series D-10 Preferred Shares not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Trust in its sole discretion to be equitable. If fewer than all the Series D-10 Preferred Shares evidenced by any certificate are redeemed, then new certificates evidencing the unredeemed Series D-10 Preferred Shares shall be issued without cost to the holder thereof.

**Section 6. Reacquired Shares to Be Retired.** All Series D-10 Preferred Shares which shall have been issued and reacquired in any manner by the Trust shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series.

**Section 7. No Right of Conversion.** The Series D-10 Preferred Shares are not convertible into or exchangeable for any other property or securities of the Trust at the option of any holder of Series D-10 Preferred Shares.

**Section 8. Permissible Distributions.** In determining whether a distribution (other than upon liquidation, dissolution or winding up), whether by dividend, or upon redemption or other acquisition of shares or otherwise, is permitted under Maryland law, amounts that would be needed, if the Trust were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of any class or series of beneficial interest whose preferential rights upon dissolution are superior or prior to those receiving the distribution shall not be added to the Trust's total liabilities.

**Section 9. Ranking.** Any class or series of shares of beneficial interest of the Trust shall be deemed to rank:

(a) prior to the Series D-10 Preferred Shares, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of shares of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series D-10 Preferred Shares ("Senior Shares");

(b) on a parity with the Series D-10 Preferred Shares, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, whether

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or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series D-10 Preferred Shares, if the holders of shares of such class or series and the Series D-10 Preferred Shares shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accumulated and unpaid dividends per share or liquidation preferences, without preference or priority one over the other ("Parity Shares"); and

(c) junior to the Series D-10 Preferred Shares, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such shares shall be Common Shares or if the holders of Series D-10 Preferred Shares shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such class or series, and shares of such class or series shall not in either case rank prior to the Series D-10 Preferred Shares.

Accordingly, the Series A Convertible Preferred Shares, Series B Cumulative Redeemable Preferred Shares, Series C Cumulative Redeemable Preferred Shares, Series D-1 Cumulative Redeemable Preferred Shares, Series D-2 Cumulative Redeemable Preferred Shares, Series D-3 Cumulative Redeemable Preferred Shares, Series D-4 Cumulative Redeemable Preferred Shares, Series D-5 Cumulative Redeemable Preferred Shares, Series D-6 Cumulative Redeemable Preferred Shares, Series D-7 Cumulative Redeemable Preferred Shares, Series D-8 Cumulative Redeemable Preferred Shares and Series D-9 Cumulative Redeemable Preferred Shares are Parity Shares.

**Section 10. Voting.** Except as otherwise set forth herein, the Series D-10 Preferred Shares shall not have any relative, participating, optional or other voting rights or powers, and the consent of the holders thereof shall not be required for the taking of any corporate (or trust) action.

If and whenever six quarterly dividends (whether or not consecutive) payable on the Series D-10 Preferred Shares or any series or class of Parity Shares shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full) and whether or not earned or declared, the number of trustees then constituting the Board of Trustees shall be increased by two and the holders of Series D-10 Preferred Shares, together with the holders of shares of every other series or class of Parity Shares having like voting rights (shares of any such other series, the "Voting Preferred Shares"), voting as a single class regardless of series, shall be entitled to elect the two additional trustees to serve on the Board of Trustees at any annual meeting of shareholders or special meeting held in place thereof, or at a special meeting of the holders of Series D-10 Preferred Shares and the Voting Preferred Shares called as hereinafter provided. Whenever all arrears in dividends on the Series D-10 Preferred Shares and the Voting Preferred Shares then outstanding shall have been paid and full dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series D-10 Preferred Shares and the Voting Preferred Shares to elect such additional two trustees shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends), and the terms of office of all persons elected as trustees by the holders of the Series D-10 Preferred Shares and the Voting Preferred Shares shall forthwith terminate and the number of trustees constituting the Board of Trustees shall be reduced accordingly. At any

time after such voting power shall have been so vested in the holders of shares of Series D-10 Preferred Shares and the Voting Preferred Shares, the Secretary of the Trust may, and upon the written request of any holder of Series D-10 Preferred Shares (addressed to the Secretary at the principal office of the Trust) shall, call a special meeting of the holders of the Series D-10 Preferred Shares and of the Voting Preferred Shares for the election of the two trustees to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Trust for a special meeting of the shareholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of such request, then any holder of Series D-10 Preferred Shares may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Trust. The trustees elected at any such special meeting shall hold office until the next annual meeting of the shareholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the trustees elected by the holders of the Series D-10 Preferred Shares and the Voting Preferred Shares, a successor shall be elected by the Board of Trustees, upon the nomination of the then-remaining trustee elected by the holders of the Series D-10 Preferred Shares and the Voting Preferred Shares or the successor of such remaining trustee, to serve until the next annual meeting of the shareholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

So long as any Series D-10 Preferred Shares are outstanding, in addition to any other vote or consent of shareholders required by the Declaration, the affirmative vote of at least  $66\frac{2}{3}\%$  of the votes entitled to be cast by the holders of Series D-10 Preferred Shares and the Voting Preferred Shares, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating (a) any amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the Series D-10 Preferred Shares; *provided, however*, that (i) the amendment of the provisions of the Declaration so as to authorize or create or to increase the authorized amount of, any Junior Shares or any shares of any class or series ranking on a parity with the Series D-10 Preferred Shares or the Voting Preferred Shares as defined in Section 10(b) shall not be deemed to materially and adversely affect the voting powers, rights or preferences of the holders of Series D-10 Preferred Shares and (ii) any filing with the State Department of Assessments and Taxation of Maryland by the Trust in connection with a merger, consolidation or sale of all or substantially all of the assets of the Trust shall not be deemed to be an amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the holders of the Series D-10 Preferred Shares, provided that: (1) the Trust is the surviving entity and the Series D-10 Preferred Shares remain outstanding with the terms thereof materially unchanged in any respect adverse to the holders thereof, or (2) the resulting, surviving or transferee entity is organized under the laws of any state and substitutes or exchanges the Series D-10 Preferred Shares for other preferred stock or shares having substantially the same terms and same rights as the Series D-10 Preferred Shares with respect to distributions, voting rights and rights upon liquidation, dissolution or winding-up; and *provided further*, that if any such amendment, alteration or repeal would materially and adversely affect any voting powers, rights or preferences of the Series D-10 Preferred Shares but not all series of Voting Preferred Shares at the time outstanding, the affirmative vote of at least  $66\frac{2}{3}\%$  of the

votes entitled to be cast by the holders of all series similarly affected at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be required in lieu of the affirmative vote of at least 66<sup>2</sup>/<sub>3</sub>% of the votes entitled to be cast by the holders of the Series D-10 Preferred Shares and the Voting Preferred Shares otherwise entitled to vote in accordance herewith, or (b) the authorization or creation of, or the increase in the authorized or issued amount of, any shares of any class or series or any security convertible into or exchangeable for shares of any class or series ranking prior to the Series D-10 Preferred Shares in the distribution of assets on any liquidation, dissolution or winding up of the Trust or in the payment of dividends or distributions; *provided, however*, that, in the case of each of subparagraphs (a) and (b), no such vote of the holders of Series D-10 Preferred Shares or Voting Preferred Shares, as the case may be, shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such prior shares or convertible security is to be made, provision is made for the redemption of all Series D-10 Preferred Shares or Voting Preferred Shares, as the case may be, at the time outstanding in accordance with Section 5 hereof.

Any increase in the authorized number of shares constituting the Series D-10 Preferred Shares for purposes of an issuance of such shares to persons other than an issuance to be made solely to all of the then existing holders thereof on an identical per share basis will require the affirmative vote of 66<sup>2</sup>/<sub>3</sub>% of the votes entitled to be cast by the holders of Series D-10 Preferred Shares.

For purposes of the foregoing provisions of this Section 10, each Series D-10 Preferred Share shall have one (1) vote per share, except that when any other series of Preferred Stock shall have the right to vote with the Series D-10 Preferred Shares as a single class on any matter, then the Series D-10 Preferred Shares and such other series shall have with respect to such matters one (1) vote per \$25.00 of stated liquidation preference.

**Section 11. Record Holders.** The Trust and the Transfer Agent may deem and treat the record holder of any Series D-10 Preferred Shares as the true and lawful owner thereof for all purposes, and neither the Trust nor the Transfer Agent shall be affected by any notice to the contrary.

**Section 12. Restrictions on Ownership and Transfer.** The Series D-10 Preferred Shares constitute Preferred Stock, and Preferred Stock constitutes Equity Stock of the Trust. Therefore, the Series D-10 Preferred Shares, being Equity Stock, are governed by and issued subject to all the limitations, terms and conditions of the Declaration applicable to Equity Stock generally, including but not limited to the terms and conditions (including exceptions and exemptions) of Article VI of the Declaration applicable to Equity Stock. The foregoing sentence shall not be construed to limit the applicability to the Series D-10 Preferred Shares of any other term or provision of the Declaration.



VORNADO REALTY TRUST

EXHIBIT C

**SERIES D-11 7.2% CUMULATIVE REDEEMABLE PREFERRED SHARES**  
**(liquidation preference \$25.00 per share)**

**Section 1. Number of Shares and Designation.** This series of Preferred Stock shall be designated as Series D-11 7.2% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share (the "Series D-11 Preferred Shares"), and 1,400,000 shall be the number of shares of Preferred Stock constituting such series.

**Section 2. Definitions.** For purposes of the Series D-11 Preferred Shares, the following terms shall have the meanings indicated:

*"Board of Trustees"* shall mean the Board of Trustees of the Trust or any committee authorized by such Board of Trustees to perform any of its responsibilities with respect to the Series D-11 Preferred Shares.

*"Business Day"* shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

*"Common Shares"* shall mean the common shares of beneficial interest of the Trust, par value \$.04 per share.

*"Dividend Payment Date"* shall mean the first calendar day of January, April, July and October, in each year, commencing on the first of January 1, April 1, July 1 or October 1 to follow the Issue Date; provided, however, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall be paid on the first Business Day immediately following such Dividend Payment Date.

*"Dividend Periods"* shall mean quarterly dividend periods commencing on January 1, April 1, July 1 and October 1 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period with respect to each Series D-11 Preferred Share, which shall commence on the date on which such Series D-11 Preferred Share was issued by the Trust and end on and include the day preceding the next succeeding January 1, April 1, July 1 or October 1 to occur (whichever occurs first)).

*"Issue Date"* shall mean the first date on which any Series D-11 Preferred Shares are issued.

*"Junior Shares"* shall mean the Common Shares and any other class or series of shares of beneficial interest of the Trust constituting junior shares of beneficial interest as described in paragraph (c) of Section 9 hereof.

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"Liquidation Preference" shall have the meaning set forth in paragraph (a) of Section 4 hereof.

"Operating Partnership" shall mean Vornado Realty L.P., a Delaware limited partnership.

"Parity Shares" shall mean any shares of beneficial interest as described in paragraph (b) of Section 9 hereof.

"Person" shall mean any individual, firm, partnership, corporation, limited liability company or other entity, and shall include any successor (by merger or otherwise) of such entity.

"Redemption Date" shall have the meaning set forth in paragraph (c) of Section 5 hereof.

"Redemption Price" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"Series D-11 Preferred Shares" shall have the meaning set forth in Section 1 hereof. It is the intention of the Trust in establishing the Series D-11 Preferred Shares, that, except to the extent otherwise set forth herein, each Series D-11 Preferred Share shall be substantially the economic equivalent of a Series D-11 Preferred Unit in respect of which it was issued.

"Series D-11 Preferred Units" shall mean the Series D-11 Preferred Units of limited partner interest of the Operating Partnership.

"Set apart for payment" shall be deemed to include, without any action other than the following, the recording by the Trust in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of a dividend or other distribution by the Board of Trustees, the allocation of funds to be so paid on any series or class of shares of beneficial interest of the Trust; provided, however, that if any funds for any class or series of Junior Shares or any class or series of shares of beneficial interest ranking on a parity with the Series D-11 Preferred Shares as to the payment of dividends are placed in a separate account of the Trust or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Series D-11 Preferred Shares shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

"Transfer Agent" means First Union National Bank, Charlotte, North Carolina, or such other agent or agents of the Trust as may be designated by the Board of Trustees or its designee as the transfer agent for the Series D-11 Preferred Shares.

"Voting Preferred Shares" shall have the meaning set forth in Section 10 hereof.

**Section 3. Dividends.** (a) The holders of Series D-11 Preferred Shares shall be entitled to receive, when, as and if authorized by the Board of Trustees and declared by the

Trust out of assets legally available for that purpose, dividends payable in cash at the rate per annum of \$1.80 per Series D-11 Preferred Share (the "Annual Dividend Rate"). Such dividends with respect to each Series D-11 Preferred Share shall be cumulative from the date on which such Series D-11 Preferred Share was issued by the Trust, whether or not in any Dividend Period or Periods there shall be assets of the Trust legally available for the payment of such dividends, and shall be payable quarterly, when, as and if authorized by the Board of Trustees and declared by the Trust, in arrears on Dividend Payment Dates commencing with respect to each Series D-11 Preferred Share on the first Dividend Payment Date after the date on which such Series D-11 Preferred Share was issued by the Trust. Dividends are cumulative from the most recent Dividend Payment Date to which dividends have been paid, whether or not in any Dividend Period or Periods there shall be assets legally available therefor. Each such dividend shall be payable in arrears to the holders of record of the Series D-11 Preferred Shares, as they appear on the share records of the Trust at the close of business on such record dates, not more than 30 days preceding the applicable Dividend Payment Date (the "Dividend Payment Record Date"), as shall be fixed by the Board of Trustees. Accumulated and unpaid dividends for any past Dividend Periods may be authorized and declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board of Trustees.

(b) The amount of dividends payable for each full Dividend Period for each Series D-11 Preferred Share shall be computed by dividing the Annual Dividend Rate by four. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series D-11 Preferred Shares shall be computed on the basis of twelve 30-day months and a 360-day year. Holders of Series D-11 Preferred Shares shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series D-11 Preferred Shares. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series D-11 Preferred Shares that may be in arrears.

(c) So long as any Series D-11 Preferred Shares are outstanding, no dividends, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of Parity Shares for any period unless full cumulative dividends have been or contemporaneously are authorized and declared and paid or authorized and declared and a sum sufficient for the payment thereof set apart for such payment on the Series D-11 Preferred Shares for all Dividend Periods terminating on or prior to the dividend payment date on such class or series of Parity Shares. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends authorized and declared upon Series D-11 Preferred Shares and all dividends authorized and declared upon any other series or class or classes of Parity Shares shall be authorized and declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series D-11 Preferred Shares and such Parity Shares.

(d) So long as any Series D-11 Preferred Shares are outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Shares) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Shares, nor shall any Junior Shares be redeemed, purchased or otherwise acquired (other than a redemption,

purchase or other acquisition of Common Shares made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the Trust or any subsidiary, or as permitted under Article VI of the Declaration), for any consideration (or any moneys to be paid to or made available for a sinking fund for the redemption of any shares of beneficial interest) by the Trust, directly or indirectly (except by conversion into or exchange for Junior Shares), unless in each case (i) the full cumulative dividends on all outstanding Series D-11 Preferred Shares and any other Parity Shares of the Trust shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series D-11 Preferred Shares and all past dividend periods with respect to such Parity Shares and (ii) sufficient funds shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series D-11 Preferred Shares and any Parity Shares.

(e) Any accumulated distributions on Series D-11 Preferred Units that remain unpaid at the time such Series D-11 Preferred Units are acquired by the Trust for Series D-11 Preferred Shares shall also be deemed to be accumulated and unpaid dividends in respect of such Series D-11 Preferred Shares as of the date of issuance of such Series D-11 Preferred Shares and shall be paid when declared by the Board of Trustees.

**Section 4. Liquidation Preference.** (a) In the event of any liquidation, dissolution or winding up of the Trust, whether voluntary or involuntary, before any payment or distribution of the assets of the Trust (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of Series D-11 Preferred Shares shall be entitled to receive Twenty Five Dollars (\$25.00) per Series D-11 Preferred Share (the "Liquidation Preference") plus an amount equal to all dividends (whether or not earned or declared) accumulated and unpaid thereon to the date of final distribution to such holder; but such holders of Series D-11 Preferred Shares shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Trust, the assets of the Trust, or proceeds thereof, distributable among the holders of Series D-11 Preferred Shares shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Shares, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series D-11 Preferred Shares and any such other Parity Shares ratably in accordance with the respective amounts that would be payable on such Series D-11 Preferred Shares and any such other Parity Shares if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Trust with one or more entities, (ii) a statutory share exchange and (iii) a sale or transfer of all or substantially all of the Trust's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Trust.

(b) Subject to the rights of the holders of shares of any series or class or classes of shares of beneficial interest ranking on a parity with or prior to the Series D-11 Preferred Shares upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Trust, after payment shall have been made in full to the holders of the Series D-11 Preferred Shares, as provided in this Section 4, any series or class or classes of Junior Shares shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series D-11 Preferred Shares shall not be entitled to share therein.

**Section 5. Redemption at the Option of the Trust.** (a) Except as otherwise permitted by Article VI of the Declaration, the Series D-11 Preferred Shares shall not be redeemable by the Trust prior to May 27, 2009. On and after May 27, 2009, the Trust, at its option, may redeem the Series D-11 Preferred Shares, in whole or in part, as set forth herein, subject to the provisions described below, at a redemption price, payable in cash, equal to the Liquidation Preference plus dividends accumulated and unpaid prior to the date of redemption (the "Redemption Price").

(b) If full cumulative dividends on the Series D-11 Preferred Shares and any other series or class or classes of Parity Shares of the Trust have not been paid or declared and set apart for payment, except as otherwise permitted under Article VI of the Declaration, the Series D-11 Preferred Shares may not be redeemed in part and the Trust may not purchase, redeem or otherwise acquire Series D-11 Preferred Shares or any Parity Shares other than in exchange for Junior Shares.

(c) If the Trust shall redeem shares of Series D-11 Preferred Shares pursuant to paragraph (a) of this Section 5, notice of such redemption shall be given to each holder of record of the Series D-11 Preferred Shares to be redeemed. Such notice shall be provided by first class mail, postage prepaid, at such holder's address as the same appears on the stock records of the Trust, or by publication in The Wall Street Journal or The New York Times, or if neither such newspaper is then being published, any other daily newspaper of national circulation. If the Trust elects to provide such notice by publication, it shall also promptly mail notice of such redemption to the holders of the Series D-11 Preferred Shares to be redeemed. Neither the failure to mail any notice required by this paragraph (c), nor any defect therein or in the mailing thereof, to any particular holder, shall affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice that was mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date mailed whether or not the holder receives the notice. Each such mailed or published notice shall state, as appropriate: (1) the date on which such Series D-11 Preferred Shares are to be redeemed (the "Redemption Date"); (2) the number of Series D-11 Preferred Shares to be redeemed and, if fewer than all the Series D-11 Preferred Shares held by such holder are to be redeemed, the number of such Series D-11 Preferred Shares to be redeemed from such holder; (3) the Redemption Price; (4) the place or places at which certificates for such Series D-11 Preferred Shares are to be surrendered for payment of the Redemption Price; and (5) that dividends on the shares to be redeemed shall cease to accrue on such Redemption Date except as otherwise provided herein. Notice having been published or mailed as aforesaid, from and after the Redemption Date (unless the Trust shall fail to make available an amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the Series D-11 Preferred Shares so called for redemption shall cease to accumulate, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series D-11 Preferred Shares of the Trust shall cease (except the right to receive the Redemption Price, without interest thereon, upon surrender and endorsement of their certificates if so required). The Trust's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Redemption Date, the Trust shall deposit with a bank or trust company (which may be an affiliate of the Trust) that has an office in the Borough of Manhattan, City of New York, or in Baltimore, Maryland and that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least \$50,000,000, the cash necessary for such

redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the Series D-11 Preferred Shares so called for redemption. No interest shall accrue for the benefit of the holder of Series D-11 Preferred Shares to be redeemed on any cash so set aside by the Trust. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Trust, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Trust for the payment of such cash.

As promptly as practicable after the surrender in accordance with said notice of the certificates for any such Series D-11 Preferred Shares so redeemed (properly endorsed or assigned for transfer, if the Trust shall so require and if the notice shall so state), such Series D-11 Preferred Shares shall be exchanged for the cash (without interest thereon) for which such Series D-11 Preferred Shares have been redeemed. If fewer than all of the outstanding Series D-11 Preferred Shares are to be redeemed, the Series D-11 Preferred Shares to be redeemed shall be selected by the Trust from the outstanding Series D-11 Preferred Shares not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Trust in its sole discretion to be equitable. If fewer than all the Series D-11 Preferred Shares evidenced by any certificate are redeemed, then new certificates evidencing the unredeemed Series D-11 Preferred Shares shall be issued without cost to the holder thereof.

**Section 6. Reacquired Shares to Be Retired.** All Series D-11 Preferred Shares which shall have been issued and reacquired in any manner by the Trust shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series.

**Section 7. No Right of Conversion.** The Series D-11 Preferred Shares are not convertible into or exchangeable for any other property or securities of the Trust at the option of any holder of Series D-11 Preferred Shares.

**Section 8. Permissible Distributions.** In determining whether a distribution (other than upon liquidation, dissolution or winding up), whether by dividend, or upon redemption or other acquisition of shares or otherwise, is permitted under Maryland law, amounts that would be needed, if the Trust were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of any class or series of beneficial interest whose preferential rights upon dissolution are superior or prior to those receiving the distribution shall not be added to the Trust's total liabilities.

**Section 9. Ranking.** Any class or series of shares of beneficial interest of the Trust shall be deemed to rank:

(a) prior to the Series D-11 Preferred Shares, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of shares of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series D-11 Preferred Shares ("Senior Shares");

(b) on a parity with the Series D-11 Preferred Shares, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series D-11 Preferred Shares, if the holders of shares of such class or series and the Series D-11 Preferred Shares shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accumulated and unpaid dividends per share or liquidation preferences, without preference or priority one over the other ("Parity Shares"); and

(c) junior to the Series D-11 Preferred Shares, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such shares shall be Common Shares or if the holders of Series D-11 Preferred Shares shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such class or series, and shares of such class or series shall not in either case rank prior to the Series D-11 Preferred Shares.

Accordingly, the Series A Convertible Preferred Shares, Series B Cumulative Redeemable Preferred Shares, Series C Cumulative Redeemable Preferred Shares, Series D-1 Cumulative Redeemable Preferred Shares, Series D-2 Cumulative Redeemable Preferred Shares, Series D-3 Cumulative Redeemable Preferred Shares, Series D-4 Cumulative Redeemable Preferred Shares, Series D-5 Cumulative Redeemable Preferred Shares, Series D-6 Cumulative Redeemable Preferred Shares, Series D-7 Cumulative Redeemable Preferred Shares, Series D-8 Cumulative Redeemable Preferred Shares, Series D-9 Cumulative Redeemable Preferred Shares and Series D-10 Cumulative Redeemable Preferred Shares are Parity Shares.

**Section 10. Voting.** Except as otherwise set forth herein, the Series D-11 Preferred Shares shall not have any relative, participating, optional or other voting rights or powers, and the consent of the holders thereof shall not be required for the taking of any corporate (or trust) action.

If and whenever six quarterly dividends (whether or not consecutive) payable on the Series D-11 Preferred Shares or any series or class of Parity Shares shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full) and whether or not earned or declared, the number of trustees then constituting the Board of Trustees shall be increased by two and the holders of Series D-11 Preferred Shares, together with the holders of shares of every other series or class of Parity Shares having like voting rights (shares of any such other series, the "Voting Preferred Shares"), voting as a single class regardless of series, shall be entitled to elect the two additional trustees to serve on the Board of Trustees at any annual meeting of shareholders or special meeting held in place thereof, or at a special meeting of the holders of Series D-11 Preferred Shares and the Voting Preferred Shares called as hereinafter provided. Whenever all arrears in dividends on the Series D-11 Preferred Shares and the Voting Preferred Shares then outstanding shall have been paid and full dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series D-11 Preferred Shares and the Voting Preferred Shares to elect such additional two trustees shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends), and the terms of office of all persons elected as trustees by the holders of

the Series D-11 Preferred Shares and the Voting Preferred Shares shall forthwith terminate and the number of trustees constituting the Board of Trustees shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of shares of Series D-11 Preferred Shares and the Voting Preferred Shares, the Secretary of the Trust may, and upon the written request of any holder of Series D-11 Preferred Shares (addressed to the Secretary at the principal office of the Trust) shall, call a special meeting of the holders of the Series D-11 Preferred Shares and of the Voting Preferred Shares for the election of the two trustees to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Trust for a special meeting of the shareholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of such request, then any holder of Series D-11 Preferred Shares may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Trust. The trustees elected at any such special meeting shall hold office until the next annual meeting of the shareholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the trustees elected by the holders of the Series D-11 Preferred Shares and the Voting Preferred Shares, a successor shall be elected by the Board of Trustees, upon the nomination of the then-remaining trustee elected by the holders of the Series D-11 Preferred Shares and the Voting Preferred Shares or the successor of such remaining trustee, to serve until the next annual meeting of the shareholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

So long as any Series D-11 Preferred Shares are outstanding, in addition to any other vote or consent of shareholders required by the Declaration, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of Series D-11 Preferred Shares and the Voting Preferred Shares, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating (a) any amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the Series D-11 Preferred Shares; *provided, however*, that (i) the amendment of the provisions of the Declaration so as to authorize or create or to increase the authorized amount of, any Junior Shares or any shares of any class or series ranking on a parity with the Series D-11 Preferred Shares or the Voting Preferred Shares shall not be deemed to materially and adversely affect the voting powers, rights or preferences of the holders of Series D-11 Preferred Shares and (ii) any filing with the State Department of Assessments and Taxation of Maryland by the Trust in connection with a merger, consolidation or sale of all or substantially all of the assets of the Trust shall not be deemed to be an amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary; and *provided further*, that if any such amendment, alteration or repeal would materially and adversely affect any voting powers, rights or preferences of the Series D-11 Preferred Shares but not all series of Voting Preferred Shares at the time outstanding, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of all series similarly affected at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be required in lieu of the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Series D-11 Preferred Shares and the Voting Preferred Shares otherwise entitled to vote in accordance herewith or (b) the authorization or creation of, or the



increase in the authorized or issued amount of, any shares of any class or series or any security convertible into or exchangeable for shares of any class or series ranking prior to the Series D-11 Preferred Shares in the distribution of assets on any liquidation, dissolution or winding up of the Trust or in the payment of dividends or distributions; *provided, however*, that, in the case of each of subparagraphs (a) and (b), no such vote of the holders of Series D-11 Preferred Shares or Voting Preferred Shares, as the case may be, shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such prior shares or convertible security is to be made, provision is made for the redemption of all Series D-11 Preferred Shares or Voting Preferred Shares, as the case may be, at the time outstanding in accordance with Section 5 hereof.

For purposes of the foregoing provisions of this Section 10, each Series D-11 Preferred Share shall have one (1) vote per share, except that when any other series of Preferred Stock shall have the right to vote with the Series D-11 Preferred Shares as a single class on any matter, then the Series D-11 Preferred Shares and such other series shall have with respect to such matters one (1) vote per \$50.00 of stated liquidation preference.

**Section 11. Record Holders.** The Trust and the Transfer Agent may deem and treat the record holder of any Series D-11 Preferred Shares as the true and lawful owner thereof for all purposes, and neither the Trust nor the Transfer Agent shall be affected by any notice to the contrary.

**Section 12. Restrictions on Ownership and Transfer.** The Series D-11 Preferred Shares constitute Preferred Stock, and Preferred Stock constitutes Equity Stock of the Trust. Therefore, the Series D-11 Preferred Shares, being Equity Stock, are governed by and issued subject to all the limitations, terms and conditions of the Declaration applicable to Equity Stock generally, including but not limited to the terms and conditions (including exceptions and exemptions) of Article VI of the Declaration applicable to Equity Stock. The foregoing sentence shall not be construed to limit the applicability to the Series D-11 Preferred Shares of any other term or provision of the Declaration.

VORNADO REALTY TRUST

EXHIBIT D

**SERIES D-12 6.55% CUMULATIVE REDEEMABLE PREFERRED SHARES**  
**(liquidation preference \$25.00 per share)**

**Section 1. Number of Shares and Designation.** This series of Preferred Stock shall be designated as Series D-12 6.55% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share (the "Series D-12 Preferred Shares"), and 800,000 shall be the number of shares of Preferred Stock constituting such series.

**Section 1. Definitions.** For purposes of the Series D-12 Preferred Shares, the following terms shall have the meanings indicated:

*"Board of Trustees"* shall mean the Board of Trustees of the Trust or any committee authorized by such Board of Trustees to perform any of its responsibilities with respect to the Series D-12 Preferred Shares.

*"Business Day"* shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

*"Common Shares"* shall mean the common shares of beneficial interest of the Trust, par value \$.04 per share.

*"Dividend Payment Date"* shall mean the first calendar day of January, April, July and October, in each year, commencing on the first of January 1, April 1, July 1 or October 1 to follow the Issue Date; *provided, however*, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall be paid on the first Business Day immediately following such Dividend Payment Date.

*"Dividend Periods"* shall mean quarterly dividend periods commencing on January 1, April 1, July 1 and October 1 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period with respect to each Series D-12 Preferred Share, which shall commence on the date on which such Series D-12 Preferred Share was issued by the Trust and end on and include the day preceding the next succeeding January 1, April 1, July 1 or October 1 to occur (whichever occurs first)).

*"Issue Date"* shall mean the first date on which any Series D-12 Preferred Shares are issued.

*"Junior Shares"* shall mean the Common Shares and any other class or series of shares of beneficial interest of the Trust constituting junior shares of beneficial interest as described in paragraph (c) of Section 9 hereof.

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*"Liquidation Preference"* shall have the meaning set forth in paragraph (a) of Section 4 hereof.

*"Operating Partnership"* shall mean Vornado Realty L.P., a Delaware limited partnership.

*"Parity Shares"* shall mean any shares of beneficial interest as described in paragraph (b) of Section 9 hereof.

*"Person"* shall mean any individual, firm, partnership, corporation, limited liability company or other entity, and shall include any successor (by merger or otherwise) of such entity.

*"Redemption Date"* shall have the meaning set forth in paragraph (c) of Section 5 hereof.

*"Redemption Price"* shall have the meaning set forth in paragraph (a) of Section 5 hereof.

*"Series D-12 Preferred Shares"* shall have the meaning set forth in Section 1 hereof. It is the intention of the Trust in establishing the Series D-12 Preferred Shares, that, except to the extent otherwise set forth herein, each Series D-12 Preferred Share shall be substantially the economic equivalent of a Series D-12 Preferred Unit in respect of which it was issued.

*"Series D-12 Preferred Units"* shall mean the Series D-12 Preferred Units of limited partner interest of the Operating Partnership.

*"Set apart for payment"* shall be deemed to include, without any action other than the following, the recording by the Trust in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of a dividend or other distribution by the Board of Trustees, the allocation of funds to be so paid on any series or class of shares of beneficial interest of the Trust; *provided, however*, that if any funds for any class or series of Junior Shares or any class or series of shares of beneficial interest ranking on a parity with the Series D-12 Preferred Shares as to the payment of dividends are placed in a separate account of the Trust or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Series D-12 Preferred Shares shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

*"Transfer Agent"* means Wachovia Bank, N.A., Charlotte, North Carolina, or such other agent or agents of the Trust as may be designated by the Board of Trustees or its designee as the transfer agent for the Series D-12 Preferred Shares.

*"Voting Preferred Shares"* shall have the meaning set forth in Section 10 hereof.

**Section 3. Dividends.** (a) The holders of Series D-12 Preferred Shares shall be entitled to receive, when, as and if authorized by the Board of Trustees and declared by the

Trust out of assets legally available for that purpose, dividends payable in cash at the rate per annum of \$1.6375 per Series D-12 Preferred Share (the "Annual Dividend Rate"). Such dividends with respect to each Series D-12 Preferred Share shall be cumulative from the date on which such Series D-12 Preferred Share was issued by the Trust, whether or not in any Dividend Period or Periods there shall be assets of the Trust legally available for the payment of such dividends, and shall be payable quarterly, when, as and if authorized by the Board of Trustees and declared by the Trust, in arrears on Dividend Payment Dates commencing with respect to each Series D-12 Preferred Share on the first Dividend Payment Date after the date on which such Series D-12 Preferred Share was issued by the Trust. Dividends are cumulative from the most recent Dividend Payment Date to which dividends have been paid, whether or not in any Dividend Period or Periods there shall be assets legally available therefor. Each such dividend shall be payable in arrears to the holders of record of the Series D-12 Preferred Shares, as they appear on the share records of the Trust at the close of business on such record dates, not more than 30 days preceding the applicable Dividend Payment Date (the "Dividend Payment Record Date"), as shall be fixed by the Board of Trustees. Accumulated and unpaid dividends for any past Dividend Periods may be authorized and declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board of Trustees.

(b) The amount of dividends payable for each full Dividend Period for each Series D-12 Preferred Share shall be computed by dividing the Annual Dividend Rate by four. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series D-12 Preferred Shares shall be computed on the basis of twelve 30-day months and a 360-day year. Holders of Series D-12 Preferred Shares shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series D-12 Preferred Shares. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series D-12 Preferred Shares that may be in arrears.

(c) So long as any Series D-12 Preferred Shares are outstanding, no dividends, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of Parity Shares for any period unless full cumulative dividends have been or contemporaneously are authorized and declared and paid or authorized and declared and a sum sufficient for the payment thereof set apart for such payment on the Series D-12 Preferred Shares for all Dividend Periods terminating on or prior to the dividend payment date on such class or series of Parity Shares. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends authorized and declared upon Series D-12 Preferred Shares and all dividends authorized and declared upon any other series or class or classes of Parity Shares shall be authorized and declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series D-12 Preferred Shares and such Parity Shares.

(d) So long as any Series D-12 Preferred Shares are outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Shares) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Shares, nor shall any Junior Shares be redeemed, purchased or otherwise acquired (other than a redemption,

purchase or other acquisition of Common Shares made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the Trust or any subsidiary, or as permitted under Article VI of the Declaration), for any consideration (or any moneys to be paid to or made available for a sinking fund for the redemption of any shares of beneficial interest) by the Trust, directly or indirectly (except by conversion into or exchange for Junior Shares), unless in each case (i) the full cumulative dividends on all outstanding Series D-12 Preferred Shares and any other Parity Shares of the Trust shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series D-12 Preferred Shares and all past dividend periods with respect to such Parity Shares and (ii) sufficient funds shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series D-12 Preferred Shares and any Parity Shares.

(e) Any accumulated distributions on Series D-12 Preferred Units that remain unpaid at the time such Series D-12 Preferred Units are acquired by the Trust for Series D-12 Preferred Shares shall also be deemed to be accumulated and unpaid dividends in respect of such Series D-12 Preferred Shares as of the date of issuance of such Series D-12 Preferred Shares and shall be paid when declared by the Board of Trustees.

**Section 4. Liquidation Preference.** (a) In the event of any liquidation, dissolution or winding up of the Trust, whether voluntary or involuntary, before any payment or distribution of the assets of the Trust (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of Series D-12 Preferred Shares shall be entitled to receive Twenty Five Dollars (\$25.00) per Series D-12 Preferred Share (the "Liquidation Preference") plus an amount equal to all dividends (whether or not earned or declared) accumulated and unpaid thereon to the date of final distribution to such holder; but such holders of Series D-12 Preferred Shares shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Trust, the assets of the Trust, or proceeds thereof, distributable among the holders of Series D-12 Preferred Shares shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Shares, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series D-12 Preferred Shares and any such other Parity Shares ratably in accordance with the respective amounts that would be payable on such Series D-12 Preferred Shares and any such other Parity Shares if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Trust with one or more entities, (ii) a statutory share exchange and (iii) a sale or transfer of all or substantially all of the Trust's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Trust.

(b) Subject to the rights of the holders of shares of any series or class or classes of shares of beneficial interest ranking on a parity with or prior to the Series D-12 Preferred Shares upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Trust, after payment shall have been made in full to the holders of the Series D-12 Preferred Shares, as provided in this Section 4, any series or class or classes of Junior Shares shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series D-12 Preferred Shares shall not be entitled to share therein.

**Section 5. Redemption at the Option of the Trust.** (a) Except as otherwise permitted by Article VI of the Declaration, the Series D-12 Preferred Shares shall not be redeemable by the Trust prior to December 17, 2009. On and after December 17, 2009, the Trust, at its option, may redeem the Series D-12 Preferred Shares, in whole or in part, as set forth herein, subject to the provisions described below, at a redemption price, payable in cash, equal to the Liquidation Preference plus dividends accumulated and unpaid prior to the date of redemption (the "Redemption Price").

(b) If full cumulative dividends on the Series D-12 Preferred Shares and any other series or class or classes of Parity Shares of the Trust have not been paid or declared and set apart for payment, except as otherwise permitted under Article VI of the Declaration, the Series D-12 Preferred Shares may not be redeemed in part and the Trust may not purchase, redeem or otherwise acquire Series D-12 Preferred Shares or any Parity Shares other than in exchange for Junior Shares.

(c) If the Trust shall redeem shares of Series D-12 Preferred Shares pursuant to paragraph (a) of this Section 5, notice of such redemption shall be given to each holder of record of the Series D-12 Preferred Shares to be redeemed. Such notice shall be provided by first class mail, postage prepaid, at such holder's address as the same appears on the stock records of the Trust, or by publication in The Wall Street Journal or The New York Times, or if neither such newspaper is then being published, any other daily newspaper of national circulation. If the Trust elects to provide such notice by publication, it shall also promptly mail notice of such redemption to the holders of the Series D-12 Preferred Shares to be redeemed. Neither the failure to mail any notice required by this paragraph (c), nor any defect therein or in the mailing thereof, to any particular holder, shall affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice that was mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date mailed whether or not the holder receives the notice. Each such mailed or published notice shall state, as appropriate: (1) the date on which such Series D-12 Preferred Shares are to be redeemed (the "Redemption Date"); (2) the number of Series D-12 Preferred Shares to be redeemed and, if fewer than all the Series D-12 Preferred Shares held by such holder are to be redeemed, the number of such Series D-12 Preferred Shares to be redeemed from such holder; (3) the Redemption Price; (4) the place or places at which certificates for such Series D-12 Preferred Shares are to be surrendered for payment of the Redemption Price; and (5) that dividends on the shares to be redeemed shall cease to accrue on such Redemption Date except as otherwise provided herein. Notice having been published or mailed as aforesaid, from and after the Redemption Date (unless the Trust shall fail to make available an amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the Series D-12 Preferred Shares so called for redemption shall cease to accumulate, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series D-12 Preferred Shares of the Trust shall cease (except the right to receive the Redemption Price, without interest thereon, upon surrender and endorsement of their certificates if so required). The Trust's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Redemption Date, the Trust shall deposit with a bank or trust company (which may be an affiliate of the Trust) that has an office in the Borough of Manhattan, City of New York, or in Baltimore, Maryland and that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least \$50,000,000, the cash necessary for such

redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the Series D-12 Preferred Shares so called for redemption. No interest shall accrue for the benefit of the holder of Series D-12 Preferred Shares to be redeemed on any cash so set aside by the Trust. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Trust, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Trust for the payment of such cash.

As promptly as practicable after the surrender in accordance with said notice of the certificates for any such Series D-12 Preferred Shares so redeemed (properly endorsed or assigned for transfer, if the Trust shall so require and if the notice shall so state), such Series D-12 Preferred Shares shall be exchanged for the cash (without interest thereon) for which such Series D-12 Preferred Shares have been redeemed. If fewer than all of the outstanding Series D-12 Preferred Shares are to be redeemed, the Series D-12 Preferred Shares to be redeemed shall be selected by the Trust from the outstanding Series D-12 Preferred Shares not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Trust in its sole discretion to be equitable. If fewer than all the Series D-12 Preferred Shares evidenced by any certificate are redeemed, then new certificates evidencing the unredeemed Series D-12 Preferred Shares shall be issued without cost to the holder thereof.

**Section 6. Reacquired Shares to Be Retired.** All Series D-12 Preferred Shares which shall have been issued and reacquired in any manner by the Trust shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series.

**Section 7. No Right of Conversion.** The Series D-12 Preferred Shares are not convertible into or exchangeable for any other property or securities of the Trust at the option of any holder of Series D-12 Preferred Shares.

**Section 8. Permissible Distributions.** In determining whether a distribution (other than upon liquidation, dissolution or winding up), whether by dividend, or upon redemption or other acquisition of shares or otherwise, is permitted under Maryland law, amounts that would be needed, if the Trust were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of any class or series of beneficial interest whose preferential rights upon dissolution are superior or prior to those receiving the distribution shall not be added to the Trust's total liabilities.

**Section 9. Ranking.** Any class or series of shares of beneficial interest of the Trust shall be deemed to rank:

(a) prior to the Series D-12 Preferred Shares, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of shares of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series D-12 Preferred Shares ("Senior Shares");

(b) on a parity with the Series D-12 Preferred Shares, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series D-12 Preferred Shares, if the holders of shares of such class or series and the Series D-12 Preferred Shares shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accumulated and unpaid dividends per share or liquidation preferences, without preference or priority one over the other ("Parity Shares"); and

(c) junior to the Series D-12 Preferred Shares, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such shares shall be Common Shares or if the holders of Series D-12 Preferred Shares shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such class or series, and shares of such class or series shall not in either case rank prior to the Series D-12 Preferred Shares.

Accordingly, the Series A Convertible Preferred Shares, Series C Cumulative Redeemable Preferred Shares, Series D-1 Cumulative Redeemable Preferred Shares, Series D-2 Cumulative Redeemable Preferred Shares, Series D-3 Cumulative Redeemable Preferred Shares, Series D-4 Cumulative Redeemable Preferred Shares, Series D-5 Cumulative Redeemable Preferred Shares, Series D-6 Cumulative Redeemable Preferred Shares, Series D-7 Cumulative Redeemable Preferred Shares, Series D-8 Cumulative Redeemable Preferred Shares, Series D-9 Cumulative Redeemable Preferred Shares, Series D-10 Cumulative Redeemable Preferred Shares, Series D 11 Cumulative Redeemable Preferred Shares, Series E Cumulative Redeemable Preferred Shares and Series F Cumulative Redeemable Preferred Shares are Parity Shares.

**Section 10. Voting.** Except as otherwise set forth herein, the Series D-12 Preferred Shares shall not have any relative, participating, optional or other voting rights or powers, and the consent of the holders thereof shall not be required for the taking of any corporate (or trust) action.

If and whenever six quarterly dividends (whether or not consecutive) payable on the Series D-12 Preferred Shares or any series or class of Parity Shares shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full) and whether or not earned or declared, the number of trustees then constituting the Board of Trustees shall be increased by two and the holders of Series D-12 Preferred Shares, together with the holders of shares of every other series or class of Parity Shares having like voting rights (shares of any such other series, the "Voting Preferred Shares"), voting as a single class regardless of series, shall be entitled to elect the two additional trustees to serve on the Board of Trustees at any annual meeting of shareholders or special meeting held in place thereof, or at a special meeting of the holders of Series D-12 Preferred Shares and the Voting Preferred Shares called as hereinafter provided. Whenever all arrears in dividends on the Series D-12 Preferred Shares and the Voting Preferred Shares then outstanding shall have been paid and full dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series D-12 Preferred Shares and the Voting Preferred Shares to elect such additional two trustees shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six



quarterly dividends), and the terms of office of all persons elected as trustees by the holders of the Series D-12 Preferred Shares and the Voting Preferred Shares shall forthwith terminate and the number of trustees constituting the Board of Trustees shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of shares of Series D-12 Preferred Shares and the Voting Preferred Shares, the Secretary of the Trust may, and upon the written request of any holder of Series D-12 Preferred Shares (addressed to the Secretary at the principal office of the Trust) shall, call a special meeting of the holders of the Series D-12 Preferred Shares and of the Voting Preferred Shares for the election of the two trustees to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Trust for a special meeting of the shareholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of such request, then any holder of Series D-12 Preferred Shares may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Trust. The trustees elected at any such special meeting shall hold office until the next annual meeting of the shareholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the trustees elected by the holders of the Series D-12 Preferred Shares and the Voting Preferred Shares, a successor shall be elected by the Board of Trustees, upon the nomination of the then-remaining trustee elected by the holders of the Series D-12 Preferred Shares and the Voting Preferred Shares or the successor of such remaining trustee, to serve until the next annual meeting of the shareholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

So long as any Series D-12 Preferred Shares are outstanding, in addition to any other vote or consent of shareholders required by the Declaration, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of Series D-12 Preferred Shares and the Voting Preferred Shares, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating (a) any amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the Series D-12 Preferred Shares; *provided, however*, that (i) the amendment of the provisions of the Declaration so as to authorize or create or to increase the authorized amount of, any Junior Shares or any shares of any class or series ranking on a parity with the Series D-12 Preferred Shares or the Voting Preferred Shares shall not be deemed to materially and adversely affect the voting powers, rights or preferences of the holders of Series D-12 Preferred Shares and (ii) any filing with the State Department of Assessments and Taxation of Maryland by the Trust in connection with a merger, consolidation or sale of all or substantially all of the assets of the Trust shall not be deemed to be an amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary; and *provided further*, that if any such amendment, alteration or repeal would materially and adversely affect any voting powers, rights or preferences of the Series D-12 Preferred Shares but not all series of Voting Preferred Shares at the time outstanding, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of all series similarly affected at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be required in lieu of the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Series D-12 Preferred Shares and the Voting Preferred Shares

otherwise entitled to vote in accordance herewith or (b) the authorization or creation of, or the increase in the authorized or issued amount of, any shares of any class or series or any security convertible into or exchangeable for shares of any class or series ranking prior to the Series D-12 Preferred Shares in the distribution of assets on any liquidation, dissolution or winding up of the Trust or in the payment of dividends or distributions; *provided, however*, that, in the case of each of subparagraphs (a) and (b), no such vote of the holders of Series D-12 Preferred Shares or Voting Preferred Shares, as the case may be, shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such prior shares or convertible security is to be made, provision is made for the redemption of all Series D-12 Preferred Shares or Voting Preferred Shares, as the case may be, at the time outstanding in accordance with Section 5 hereof.

For purposes of the foregoing provisions of this Section 10, each Series D-12 Preferred Share shall have one (1) vote per share, except that when any other series of Preferred Stock shall have the right to vote with the Series D-12 Preferred Shares as a single class on any matter, then the Series D-12 Preferred Shares and such other series shall have with respect to such matters one (1) vote per \$50.00 of stated liquidation preference.

Any increase in the authorized number of shares constituting the Series D-12 Preferred Shares for purposes of an issuance of such shares to persons other than to all of the then existing holders thereof on a pro rata basis will require the affirmative vote of 66-2/3% of the votes entitled to be cast by the holders of Series D-12 Preferred Shares.

**Section 11. Record Holders.** The Trust and the Transfer Agent may deem and treat the record holder of any Series D-12 Preferred Shares as the true and lawful owner thereof for all purposes, and neither the Trust nor the Transfer Agent shall be affected by any notice to the contrary.

**Section 12. Restrictions on Ownership and Transfer.** The Series D-12 Preferred Shares constitute Preferred Stock, and Preferred Stock constitutes Equity Stock of the Trust. Therefore, the Series D-12 Preferred Shares, being Equity Stock, are governed by and issued subject to all the limitations, terms and conditions of the Declaration applicable to Equity Stock generally, including but not limited to the terms and conditions (including exceptions and exemptions) of Article VI of the Declaration applicable to Equity Stock. The foregoing sentence shall not be construed to limit the applicability to the Series D-12 Preferred Shares of any other term or provision of the Declaration.

VORNADO REALTY TRUST

EXHIBIT E

**6.75% SERIES D-14 CUMULATIVE REDEEMABLE PREFERRED SHARES**  
**(liquidation preference \$25.00 per share)**

**Section 1. Number of Shares and Designation.** This series of Preferred Stock shall be designated as 6.75% Series D-14 Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share, no par value per share (the "Series D-14 Preferred Shares"), and 4,000,000 shall be the number of shares of Preferred Stock constituting such series.

**Section 2. Definitions.** For purposes of the Series D-14 Preferred Shares, the following terms shall have the meanings indicated:

"*Board of Trustees*" shall mean the Board of Trustees of the Trust or any committee authorized by such Board of Trustees to perform any of its responsibilities with respect to the Series D-14 Preferred Shares.

"*Business Day*" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"*Common Shares*" shall mean the common shares of beneficial interest of the Trust, par value \$.04 per share.

"*Dividend Payment Date*" shall mean the January 1, April 1, July 1 and October 1 in each year, commencing on the first January 1, April 1, July 1, or October 1 to follow the Issue Date; *provided, however*, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall be paid on the first Business Day immediately following such Dividend Payment Date (without any interest or other payment in respect of any such delay).

"*Dividend Periods*" shall mean quarterly dividend periods commencing on January 1, April 1, July 1 and October 1 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period with respect to each Series D-14 Preferred Share, which shall commence on the date on which such Series D-14 Preferred Share was issued by the Trust and end on and include the day preceding the next succeeding January 1, April 1, July 1 or October 1 to occur (whichever occurs first)).

"*Issue Date*" shall mean the first date on which any Series D-14 Preferred Shares are issued.

"*Junior Shares*" shall mean the Common Shares and any other class or series of shares of beneficial interest of the Trust constituting junior shares of beneficial interest as described in paragraph (c) of Section 9 hereof.

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"*Liquidation Preference*" shall have the meaning set forth in paragraph (a) of Section 4 hereof.

"*Operating Partnership*" shall mean Vornado Realty L.P., a Delaware limited partnership.

"*Parity Shares*" shall mean any shares of beneficial interest as described in paragraph (b) of Section 9 hereof.

"*Person*" shall mean any individual, firm, partnership, corporation, limited liability company or other entity, and shall include any successor (by merger or otherwise) of such entity.

"*Redemption Date*" shall have the meaning set forth in paragraph (c) of Section 5 hereof.

"*Redemption Price*" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"*Series D-14 Preferred Shares*" shall have the meaning set forth in Section 1 hereof. It is the intention of the Trust in establishing the Series D-14 Preferred Shares, that, except to the extent otherwise set forth herein, each Series D-14 Preferred Share shall be substantially the economic equivalent of a Series D-14 Preferred Unit in respect of which it was issued.

"*Series D-14 Preferred Units*" shall mean the Series D-14 Preferred Units of limited partner interest of the Operating Partnership.

"*Set apart for payment*" shall be deemed to include, without any action other than the following: the recording by the Trust in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to the authorization of a dividend or other distribution by the Board of Trustees, the allocation of funds to be so paid on any series or class of shares of beneficial interest of the Trust; *provided, however*, that if any funds for any class or series of Junior Shares or any class or series of shares of beneficial interest ranking on a parity with the Series D-14 Preferred Shares as to the payment of dividends are placed in a separate account of the Trust or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Series D-14 Preferred Shares shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

"*Transfer Agent*" means Wachovia Bank, N.A., Charlotte, North Carolina, or such other agent or agents of the Trust as may be designated by the Board of Trustees or its designee as the transfer agent for the Series D-14 Preferred Shares.

"*Voting Preferred Shares*" shall have the meaning set forth in Section 10 hereof.

**Section 3. Dividends.** (a) The holders of Series D-14 Preferred Shares shall be entitled to receive, when, as and if authorized by the Board of Trustees and declared by the Trust out of assets legally available for that purpose, dividends payable in cash at the rate per

annum of \$1.6875 per Series D-14 Preferred Share (the "Annual Dividend Rate"). Such dividends with respect to each Series D-14 Preferred Share shall be cumulative from the date on which such Series D-14 Preferred Share was issued by the Trust, whether or not in any Dividend Period or Periods there shall be assets of the Trust legally available for the payment of such dividends, and shall be payable quarterly, when, as and if authorized by the Board of Trustees and declared by the Trust, in arrears on Dividend Payment Dates commencing with respect to each Series D-14 Preferred Share on the first Dividend Payment Date after the date on which such Series D-14 Preferred Share was issued by the Trust. Dividends are cumulative from the most recent Dividend Payment Date to which dividends have been paid, whether or not in any Dividend Period or Periods there shall be assets legally available therefor. Each such dividend shall be payable in arrears to the holders of record of the Series D-14 Preferred Shares, as they appear on the share records of the Trust at the close of business on such record dates, not more than 30 days preceding the applicable Dividend Payment Date (the "Dividend Payment Record Date"), as shall be fixed by the Board of Trustees. Accumulated and unpaid dividends for any past Dividend Periods may be authorized and declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board of Trustees.

(b) The amount of dividends payable for each full Dividend Period for each Series D-14 Preferred Share shall be computed by dividing the Annual Dividend Rate by four. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series D-14 Preferred Shares shall be computed on the basis of twelve 30-day months and a 360-day year. Holders of Series D-14 Preferred Shares shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series D-14 Preferred Shares. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series D-14 Preferred Shares that may be in arrears.

(c) So long as any Series D-14 Preferred Shares are outstanding, no dividends, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of Parity Shares for any period unless full cumulative dividends have been or contemporaneously are authorized and declared and paid or authorized and declared and a sum sufficient for the payment thereof set apart for such payment on the Series D-14 Preferred Shares for all Dividend Periods terminating on or prior to the dividend payment date on such class or series of Parity Shares. When dividends are not paid in full or a sum sufficient for such payment is not set apart for payment, as aforesaid, all dividends authorized and declared upon Series D-14 Preferred Shares and all dividends authorized and declared upon any other series or class or classes of Parity Shares shall be authorized and declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series D-14 Preferred Shares and such Parity Shares.

(d) So long as any Series D-14 Preferred Shares are outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Shares) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Shares, nor shall any Junior Shares be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Shares made for purposes of and in compliance with

requirements of an employee incentive or benefit plan of the Trust or any subsidiary, or as permitted under Article VI of the Declaration), for any consideration (or any moneys to be paid to or made available for a sinking fund for the redemption of any shares of beneficial interest) by the Trust, directly or indirectly (except by conversion into or exchange for Junior Shares), unless in each case (i) the full cumulative dividends on all outstanding Series D-14 Preferred Shares and any other Parity Shares of the Trust shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series D-14 Preferred Shares and all past dividend periods with respect to such Parity Shares and (ii) sufficient funds shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series D-14 Preferred Shares and any Parity Shares.

(e) Any accumulated distributions on Series D-14 Preferred Units that remain unpaid at the time such Series D-14 Preferred Units are acquired by the Trust for Series D-14 Preferred Shares shall also be deemed to be accumulated and unpaid dividends in respect of such Series D-14 Preferred Shares as of the date of issuance of such Series D-14 Preferred Shares and shall be paid when declared by the Board of Trustees.

**Section 4. Liquidation Preference.** (a) In the event of any liquidation, dissolution or winding up of the Trust, whether voluntary or involuntary, before any payment or distribution of the assets of the Trust (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of Series D-14 Preferred Shares shall be entitled to receive Twenty Five Dollars (\$25.00) per Series D-14 Preferred Share (the "Liquidation Preference") plus an amount equal to all dividends (whether or not earned or declared) accumulated and unpaid thereon to the date of final distribution to such holder; but such holders of Series D-14 Preferred Shares shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Trust, the assets of the Trust, or proceeds thereof, distributable among the holders of Series D-14 Preferred Shares shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Shares, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series D-14 Preferred Shares and any such other Parity Shares ratably in accordance with the respective amounts that would be payable on such Series D-14 Preferred Shares and any such other Parity Shares if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Trust with one or more entities, (ii) a statutory share exchange and (iii) a sale or transfer of all or substantially all of the Trust's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Trust.

(b) Subject to the rights of the holders of shares of any series or class or classes of shares of beneficial interest ranking on a parity with or prior to the Series D-14 Preferred Shares upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Trust, after payment shall have been made in full to the holders of the Series D-14 Preferred Shares, as provided in this Section 4, any series or class or classes of Junior Shares shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series D-14 Preferred Shares shall not be entitled to share therein.

**Section 5. Redemption at the Option of the Trust.** (a) Except as otherwise permitted by Article VI of the Declaration, the Series D-14 Preferred Shares shall not be

redeemable by the Trust prior to September 9, 2010. On and after September 9, 2010, the Trust, at its option, may redeem the Series D-14 Preferred Shares, in whole or in part, as set forth herein, subject to the provisions described below, at a redemption price, payable in cash, equal to the Liquidation Preference plus dividends accumulated and unpaid thereon to the date of redemption (the "Redemption Price").

(b) If full cumulative dividends on the Series D-14 Preferred Shares and any other series or class or classes of Parity Shares of the Trust have not been paid or declared and set apart for payment, except as otherwise permitted under Article VI of the Declaration, the Series D-14 Preferred Shares may not be redeemed in part and the Trust may not purchase, redeem or otherwise acquire Series D-14 Preferred Shares or any Parity Shares other than in exchange for Junior Shares.

(c) If the Trust shall redeem shares of Series D-14 Preferred Shares pursuant to paragraph (a) of this Section 5, notice of such redemption shall be given to each holder of record of the Series D-14 Preferred Shares to be redeemed not less than 30 nor more than 60 days prior to the Redemption Date (as defined hereinafter). Such notice shall be provided by first class mail, postage prepaid, at such holder's address as the same appears on the share transfer records of the Trust, or by publication in The Wall Street Journal or The New York Times, or if neither such newspaper is then being published, any other daily newspaper of national circulation. If the Trust elects to provide such notice by publication, it shall also promptly mail notice of such redemption to the holders of the Series D-14 Preferred Shares to be redeemed. Neither the failure to mail any notice required by this paragraph (c), nor any defect therein or in the mailing thereof, to any particular holder, shall affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice that was mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date mailed whether or not the holder receives the notice. Each such mailed or published notice shall state, as appropriate: (1) the date on which such Series D-14 Preferred Shares are to be redeemed (the "Redemption Date"); (2) the number of Series D-14 Preferred Shares to be redeemed and, if fewer than all the Series D-14 Preferred Shares are to be redeemed, the method of selecting the number of such Series D-14 Preferred Shares to be redeemed from each holder; (3) the Redemption Price; (4) the place or places at which certificates for such Series D-14 Preferred Shares are to be surrendered for payment of the Redemption Price; and (5) that dividends on the shares to be redeemed shall cease to accrue on such Redemption Date except as otherwise provided herein. Notice having been published or mailed as aforesaid, from and after the Redemption Date (unless the Trust shall fail to make available an amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the Series D-14 Preferred Shares so called for redemption shall cease to accumulate, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series D-14 Preferred Shares of the Trust shall cease (except the right to receive the Redemption Price, without interest thereon, upon surrender and endorsement of their certificates if so required). The Trust's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Redemption Date, the Trust shall deposit with a bank or trust company (which may be an affiliate of the Trust) that has an office in the Borough of Manhattan, City of New York, or in Baltimore, Maryland and that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least \$50,000,000, the cash necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of

the Series D-14 Preferred Shares so called for redemption. No interest shall accrue for the benefit of the holder of Series D-14 Preferred Shares to be redeemed on any cash so set aside by the Trust. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Trust, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Trust for the payment of such cash.

As promptly as practicable after the surrender in accordance with said notice of the certificates for any such Series D-14 Preferred Shares so redeemed (properly endorsed or assigned for transfer, if the Trust shall so require and if the notice shall so state), such Series D-14 Preferred Shares shall be exchanged for the cash (without interest thereon) for which such Series D-14 Preferred Shares have been redeemed. If fewer than all of the outstanding Series D-14 Preferred Shares are to be redeemed, the Series D-14 Preferred Shares to be redeemed shall be selected by the Trust from the outstanding Series D-14 Preferred Shares not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Trust in its sole discretion to be equitable. If fewer than all the Series D-14 Preferred Shares evidenced by any certificate are redeemed, then new certificates evidencing the unredeemed Series D-14 Preferred Shares shall be issued without cost to the holder thereof.

**Section 6. Reacquired Shares to Be Retired.** All Series D-14 Preferred Shares which shall have been issued and reacquired in any manner by the Trust shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series.

**Section 7. No Right of Conversion.** The Series D-14 Preferred Shares are not convertible into or exchangeable for any other property or securities of the Trust at the option of any holder of Series D-14 Preferred Shares.

**Section 8. Permissible Distributions.** In determining whether a distribution (other than upon liquidation, dissolution or winding up), whether by dividend, or upon redemption or other acquisition of shares or otherwise, is permitted under Maryland law, amounts that would be needed, if the Trust were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of any class or series of beneficial interest whose preferential rights upon dissolution are superior or prior to those receiving the distribution shall not be added to the Trust's total liabilities.

**Section 9. Ranking.** Any class or series of shares of beneficial interest of the Trust shall be deemed to rank:

(a) prior to the Series D-14 Preferred Shares, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of shares of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series D-14 Preferred Shares ("Senior Shares");

(b) on a parity with the Series D-14 Preferred Shares, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, whether

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or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series D-14 Preferred Shares, if the holders of shares of such class or series and the Series D-14 Preferred Shares shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accumulated and unpaid dividends per share or liquidation preferences, without preference or priority one over the other ("Parity Shares"); and

(c) junior to the Series D-14 Preferred Shares, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such shares shall be Common Shares or if the holders of Series D-14 Preferred Shares shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such class or series, and shares of such class or series shall not in either case rank prior to the Series D-14 Preferred Shares.

Accordingly, the Series A Convertible Preferred Shares, Series C Cumulative Redeemable Preferred Shares, Series D-1 Cumulative Redeemable Preferred Shares, Series D-2 Cumulative Redeemable Preferred Shares; Series D-3 Cumulative Redeemable Preferred Shares; Series D-4 Cumulative Redeemable Preferred Shares; Series D-5 Cumulative Redeemable Preferred Shares; Series D-6 Cumulative Redeemable Preferred Shares; Series D-7 Cumulative Redeemable Preferred Shares; Series D-8 Cumulative Redeemable Preferred Shares; Series D-9 Cumulative Redeemable Preferred Shares; Series D-10 Cumulative Redeemable Preferred Shares; Series D-11 Cumulative Redeemable Preferred Shares; Series D-12 Cumulative Redeemable Preferred Shares; Series D-13 Cumulative Preferred Shares; Series E Cumulative Redeemable Preferred Shares; Series F Cumulative Redeemable Preferred Shares; Series G Cumulative Redeemable Preferred Shares; Series H Cumulative Redeemable Preferred Shares; and Series I Cumulative Redeemable Preferred Shares are Parity Shares

**Section 10. Voting.** Except as otherwise set forth herein, the Series D-14 Preferred Shares shall not have any relative, participating, optional or other voting rights or powers, and the consent of the holders thereof shall not be required for the taking of any corporate (or trust) action.

If and whenever six quarterly dividends (whether or not consecutive) payable on the Series D-14 Preferred Shares or any series or class of Parity Shares shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full) and whether or not earned or declared, the number of trustees then constituting the Board of Trustees shall be increased by two and the holders of Series D-14 Preferred Shares, together with the holders of shares of every other series or class of Parity Shares having like voting rights (shares of any such other series, the "Voting Preferred Shares"), voting as a single class regardless of series, shall be entitled to elect the two additional trustees to serve on the Board of Trustees at any annual meeting of shareholders or special meeting held in place thereof, or at a special meeting of the holders of Series D-14 Preferred Shares and the Voting Preferred Shares called as hereinafter provided. Whenever all arrears in dividends on the Series D-14 Preferred Shares and the Voting Preferred Shares then outstanding shall have been paid and full dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series D-14 Preferred Shares and the Voting Preferred Shares to elect such additional two trustees shall cease (but subject always to the same

provision for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends), and the terms of office of all persons elected as trustees by the holders of the Series D-14 Preferred Shares and the Voting Preferred Shares shall forthwith terminate and the number of trustees constituting the Board of Trustees shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of shares of Series D-14 Preferred Shares and the Voting Preferred Shares, the Secretary of the Trust may, and upon the written request of any holder of Series D-14 Preferred Shares (addressed to the Secretary at the principal office of the Trust) shall, call a special meeting of the holders of the Series D-14 Preferred Shares and of the Voting Preferred Shares for the election of the two trustees to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Trust for a special meeting of the shareholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of such request, then any holder of Series D-14 Preferred Shares may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Trust. The trustees elected at any such special meeting shall hold office until the next annual meeting of the shareholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the trustees elected by the holders of the Series D-14 Preferred Shares and the Voting Preferred Shares, a successor shall be elected by the Board of Trustees, upon the nomination of the then-remaining trustee elected by the holders of the Series D-14 Preferred Shares and the Voting Preferred Shares or the successor of such remaining trustee, to serve until the next annual meeting of the shareholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

So long as any Series D-14 Preferred Shares are outstanding, in addition to any other vote or consent of shareholders required by the Declaration, the affirmative vote of at least 66<sup>2/3</sup>% of the votes entitled to be cast by the holders of Series D-14 Preferred Shares and the Voting Preferred Shares, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating (a) any amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the Series D-14 Preferred Shares; *provided, however*, that (i) the amendment of the provisions of the Declaration so as to authorize or create or to increase the authorized amount of, any Junior Shares or any shares of any class or series ranking on a parity with the Series D-14 Preferred Shares or the Voting Preferred Shares as defined in Section 10(b) shall not be deemed to materially and adversely affect the voting powers, rights or preferences of the holders of Series D-14 Preferred Shares and (ii) any filing with the State Department of Assessments and Taxation of Maryland by the Trust in connection with a merger, consolidation or sale of all or substantially all of the assets of the Trust shall not be deemed to be an amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the holders of the Series D-14 Preferred Shares, provided that: (1) the Trust is the surviving entity and the Series D-14 Preferred Shares remain outstanding with the terms thereof materially unchanged in any respect adverse to the holders thereof, or (2) the resulting, surviving or transferee entity is organized under the laws of any state and substitutes or exchanges the Series D-14 Preferred Shares for other preferred stock or shares having substantially the same terms and same rights as the Series D-14 Preferred Shares with respect to

distributions, voting rights and rights upon liquidation, dissolution or winding-up; and *provided further*, that if any such amendment, alteration or repeal would materially and adversely affect any voting powers, rights or preferences of the Series D-14 Preferred Shares but not all series of Voting Preferred Shares at the time outstanding, the affirmative vote of at least 66<sup>2/3</sup>% of the votes entitled to be cast by the holders of all series similarly affected at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be required in lieu of the affirmative vote of at least 66<sup>2/3</sup>% of the votes entitled to be cast by the holders of the Series D-14 Preferred Shares and the Voting Preferred Shares otherwise entitled to vote in accordance herewith, or (b) the authorization or creation of, or the increase in the authorized or issued amount of, any shares of any class or series or any security convertible into or exchangeable for shares of any class or series ranking prior to the Series D-14 Preferred Shares in the distribution of assets on any liquidation, dissolution or winding up of the Trust or in the payment of dividends or distributions; *provided, however*, that, in the case of each of subparagraphs (a) and (b), no such vote of the holders of Series D-14 Preferred Shares or Voting Preferred Shares, as the case may be, shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such prior shares or convertible security is to be made, provision is made for the redemption of all Series D-14 Preferred Shares or Voting Preferred Shares, as the case may be, at the time outstanding in accordance with Section 5 hereof.

Any increase in the authorized number of shares constituting the Series D-14 Preferred Shares for purposes of an issuance of such shares to persons other than an issuance to be made solely to all of the then existing holders thereof on an identical per share basis will require the affirmative vote of 66<sup>2/3</sup>% of the votes entitled to be cast by the holders of Series D-14 Preferred Shares.

For purposes of the foregoing provisions of this Section 10, each Series D-14 Preferred Share shall have one (1) vote per share, except that when any other series of Preferred Stock shall have the right to vote with the Series D-14 Preferred Shares as a single class on any matter, then the Series D-14 Preferred Shares and such other series shall have with respect to such matters one (1) vote per \$25.00 of stated liquidation preference.

**Section 11. Record Holders.** The Trust and the Transfer Agent may deem and treat the record holder of any Series D-14 Preferred Shares as the true and lawful owner thereof for all purposes, and neither the Trust nor the Transfer Agent shall be affected by any notice to the contrary.

**Section 12. Restrictions on Ownership and Transfer.** The Series D-14 Preferred Shares constitute Preferred Stock, and Preferred Stock constitutes Equity Stock of the Trust. Therefore, the Series D-14 Preferred Shares, being Equity Stock, are governed by and issued subject to all the limitations, terms and conditions of the Declaration applicable to Equity Stock generally, including but not limited to the terms and conditions (including exceptions and exemptions) of Article VI of the Declaration applicable to Equity Stock. The foregoing sentence shall not be construed to limit the applicability to the Series D-14 Preferred Shares of any other term or provision of the Declaration.

VORNADO REALTY TRUST

EXHIBIT F

**SERIES D-15 6.875% CUMULATIVE REDEEMABLE PREFERRED SHARES**  
**(liquidation preference \$25.00 per share)**

**Section 1. Number of Shares and Designation.** This series of Preferred Stock shall be designated as Series D-15 6.875% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share (the "Series D-15 Preferred Shares"), and 1,800,000 shall be the number of shares of Preferred Stock constituting such series.

**Section 2. Definitions.** For purposes of the Series D-15 Preferred Shares, the following terms shall have the meanings indicated:

*"Board of Trustees"* shall mean the Board of Trustees of the Trust or any committee authorized by such Board of Trustees to perform any of its responsibilities with respect to the Series D-15 Preferred Shares.

*"Business Day"* shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

*"Common Shares"* shall mean the common shares of beneficial interest of the Trust, par value \$.04 per share.

*"Dividend Payment Date"* shall mean the first calendar day of January, April, July and October, in each year, commencing on the first of January 1, April 1, July 1 or October 1 to follow the Issue Date; *provided, however*, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall be paid on the first Business Day immediately following such Dividend Payment Date.

*"Dividend Periods"* shall mean quarterly dividend periods commencing on January 1, April 1, July 1 and October 1 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period with respect to each Series D-15 Preferred Share, which shall commence on the date on which such Series D-15 Preferred Share was issued by the Trust and end on and include the day preceding the next succeeding January 1, April 1, July 1 or October 1 to occur (whichever occurs first)).

*"Issue Date"* shall mean the first date on which any Series D-15 Preferred Shares are issued.

*"Junior Shares"* shall mean the Common Shares and any other class or series of shares of beneficial interest of the Trust constituting junior shares of beneficial interest as described in paragraph (c) of Section 9 hereof.

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*"Liquidation Preference"* shall have the meaning set forth in paragraph (a) of Section 4 hereof.

*"Operating Partnership"* shall mean Vornado Realty L.P., a Delaware limited partnership.

*"Parity Shares"* shall mean any shares of beneficial interest as described in paragraph (b) of Section 9 hereof.

*"Person"* shall mean any individual, firm, partnership, corporation, limited liability company or other entity, and shall include any successor (by merger or otherwise) of such entity.

*"Redemption Date"* shall have the meaning set forth in paragraph (c) of Section 5 hereof.

*"Redemption Price"* shall have the meaning set forth in paragraph (a) of Section 5 hereof.

*"Series D-15 Preferred Shares"* shall have the meaning set forth in Section 1 hereof. It is the intention of the Trust in establishing the Series D-15 Preferred Shares, that, except to the extent otherwise set forth herein, each Series D-15 Preferred Share shall be substantially the economic equivalent of a Series D-15 Preferred Unit in respect of which it was issued.

*"Series D-15 Preferred Units"* shall mean the Series D-15 Preferred Units of limited partner interest of the Operating Partnership.

*"Set apart for payment"* shall be deemed to include, without any action other than the following, the recording by the Trust in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to the authorization of a dividend or other distribution by the Board of Trustees, the allocation of funds to be so paid on any series or class of shares of beneficial interest of the Trust; *provided, however*, that if any funds for any class or series of Junior Shares or any class or series of shares of beneficial interest ranking on a parity with the Series D-15 Preferred Shares as to the payment of dividends are placed in a separate account of the Trust or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Series D-15 Preferred Shares shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

*"Transfer Agent"* means American Stock Transfer and Trust Company, New York, New York, or such other agent or agents of the Trust as may be designated by the Board of Trustees or its designee as the transfer agent for the Series D-15 Preferred Shares.

*"Voting Preferred Shares"* shall have the meaning set forth in Section 10 hereof.

**Section 3. Dividends.** (a) The holders of Series D-15 Preferred Shares shall be entitled to receive, when, as and if authorized by the Board of Trustees and declared by the Trust out of assets legally available for that purpose, dividends payable in cash at the rate per annum of \$1.71875 per Series D-15 Preferred Share (the "Annual Dividend Rate"). Such dividends with respect to each Series D-15 Preferred Share shall be cumulative from the date on which such Series D-15 Preferred Share was issued by the Trust, whether or not in any Dividend Period or Periods there shall be assets of the Trust legally available for the payment of such dividends, and shall be payable quarterly, when, as and if authorized by the Board of Trustees and declared by the Trust, in arrears on Dividend Payment Dates commencing with respect to each Series D-15 Preferred Share on the first Dividend Payment Date after the date on which such Series D-15 Preferred Share was issued by the Trust. Dividends are cumulative from the most recent Dividend Payment Date to which dividends have been paid, whether or not in any Dividend Period or Periods there shall be assets legally available therefor. Each such dividend shall be payable in arrears to the holders of record of the Series D-15 Preferred Shares, as they appear on the share records of the Trust at the close of business on such record dates, not more than 30 days preceding the applicable Dividend Payment Date (the "Dividend Payment Record Date"), as shall be fixed by the Board of Trustees. Accumulated and unpaid dividends for any past Dividend Periods may be authorized and declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board of Trustees.

(b) The amount of dividends payable for each full Dividend Period for each Series D-15 Preferred Share shall be computed by dividing the Annual Dividend Rate by four. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series D-15 Preferred Shares shall be computed on the basis of twelve 30-day months and a 360-day year. Holders of Series D-15 Preferred Shares shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series D-15 Preferred Shares. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series D-15 Preferred Shares that may be in arrears.

(c) So long as any Series D-15 Preferred Shares are outstanding, no dividends, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of Parity Shares for any period unless full cumulative dividends have been or contemporaneously are authorized and declared and paid or authorized and declared and a sum sufficient for the payment thereof set apart for such payment on the Series D-15 Preferred Shares for all Dividend Periods terminating on or prior to the dividend payment date on such class or series of Parity Shares. When dividends are not paid in full or a sum sufficient for such payment is not set apart for payment, as aforesaid, all dividends authorized and declared upon Series D-15 Preferred Shares and all dividends authorized and declared upon any other series or class or classes of Parity Shares shall be authorized and declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series D-15 Preferred Shares and such Parity Shares.

(d) So long as any Series D-15 Preferred Shares are outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Shares) shall be authorized and declared or paid or set

apart for payment or other distribution authorized and declared or made upon Junior Shares, nor shall any Junior Shares be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Shares made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the Trust or any subsidiary, or as permitted under Article VI of the Declaration), for any consideration (or any moneys to be paid to or made available for a sinking fund for the redemption of any shares of beneficial interest) by the Trust, directly or indirectly (except by conversion into or exchange for Junior Shares), unless in each case (i) the full cumulative dividends on all outstanding Series D-15 Preferred Shares and any other Parity Shares of the Trust shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series D-15 Preferred Shares and all past dividend periods with respect to such Parity Shares and (ii) sufficient funds shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series D-15 Preferred Shares and any Parity Shares.

(e) Any accumulated distributions on Series D-15 Preferred Units that remain unpaid at the time such Series D-15 Preferred Units are acquired by the Trust for Series D-15 Preferred Shares shall also be deemed to be accumulated and unpaid dividends in respect of such Series D-15 Preferred Shares as of the date of issuance of such Series D-15 Preferred Shares and shall be paid when declared by the Board of Trustees.

**Section 4. Liquidation Preference.** (a) In the event of any liquidation, dissolution or winding up of the Trust, whether voluntary or involuntary, before any payment or distribution of the assets of the Trust (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of Series D-15 Preferred Shares shall be entitled to receive Twenty Five Dollars (\$25.00) per Series D-15 Preferred Share (the "Liquidation Preference") plus an amount equal to all dividends (whether or not earned or declared) accumulated and unpaid thereon to the date of final distribution to such holder; but such holders of Series D-15 Preferred Shares shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Trust, the assets of the Trust, or proceeds thereof, distributable among the holders of Series D-15 Preferred Shares shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Shares, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series D-15 Preferred Shares and any such other Parity Shares ratably in accordance with the respective amounts that would be payable on such Series D-15 Preferred Shares and any such other Parity Shares if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Trust with one or more entities, (ii) a statutory share exchange and (iii) a sale or transfer of all or substantially all of the Trust's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Trust.

(b) Subject to the rights of the holders of shares of any series or class or classes of shares of beneficial interest ranking on a parity with or prior to the Series D-15 Preferred Shares upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Trust, after payment shall have been made in full to the holders of the Series D-15 Preferred Shares, as provided in this Section 4, any series or class or classes of Junior Shares shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series D-15 Preferred Shares shall not be entitled to share therein.

**Section 5. Redemption at the Option of the Trust.** (a) Except as otherwise permitted by Article VI of the Declaration, the Series D-15 Preferred Shares shall not be redeemable by the Trust prior to May 2, 2011. On and after May 2, 2011, the Trust, at its option, may redeem the Series D-15 Preferred Shares, in whole or in part, as set forth herein, subject to the provisions described below, at a redemption price, payable in cash, equal to the Liquidation Preference plus an amount equal to all dividends (whether or not earned or declared) accumulated and unpaid thereon to the day prior to the date of redemption (the "Redemption Price").

(b) If full cumulative dividends on the Series D-15 Preferred Shares and any other series or class or classes of Parity Shares of the Trust have not been paid or declared and set apart for payment, except as otherwise permitted under Article VI of the Declaration, the Series D-15 Preferred Shares may not be redeemed in part and the Trust may not purchase, redeem or otherwise acquire Series D-15 Preferred Shares or any Parity Shares other than in exchange for Junior Shares.

(c) If the Trust shall redeem shares of Series D-15 Preferred Shares pursuant to paragraph (a) of this Section 5, notice of such redemption shall be given to each holder of record of the Series D-15 Preferred Shares to be redeemed. Such notice shall be provided by first class mail, postage prepaid, at such holder's address as the same appears on the stock records of the Trust, or by publication in The Wall Street Journal or The New York Times, or if neither such newspaper is then being published, any other daily newspaper of national circulation. If the Trust elects to provide such notice by publication, it shall also promptly mail notice of such redemption to the holders of the Series D-15 Preferred Shares to be redeemed. Neither the failure to mail any notice required by this paragraph (c), nor any defect therein or in the mailing thereof, to any particular holder, shall affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice that was mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date mailed whether or not the holder receives the notice. Each such mailed or published notice shall state, as appropriate: (1) the date on which such Series D-15 Preferred Shares are to be redeemed (the "Redemption Date"); (2) the number of Series D-15 Preferred Shares to be redeemed and, if fewer than all the Series D-15 Preferred Shares held by such holder are to be redeemed, the number of such Series D-15 Preferred Shares to be redeemed from such holder; (3) the Redemption Price; (4) the place or places at which certificates for such Series D-15 Preferred Shares are to be surrendered for payment of the Redemption Price; and (5) that dividends on the shares to be redeemed shall cease to accrue on such Redemption Date except as otherwise provided herein. Notice having been published or mailed as aforesaid, from and after the Redemption Date (unless the Trust shall fail to make available an amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the Series D-15 Preferred Shares so called for redemption shall cease to accumulate, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series D-15 Preferred Shares of the Trust shall cease (except the right to receive the Redemption Price, without interest thereon, upon surrender and endorsement of their certificates if so required). The Trust's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Redemption Date, the Trust shall deposit with a bank or trust company (which may be an affiliate of the Trust) that has an office in the Borough of Manhattan, City of New York, or in Baltimore, Maryland and that has, or is an affiliate of a bank or trust



company that has, a capital and surplus of at least \$50,000,000, the cash necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the Series D-15 Preferred Shares so called for redemption. No interest shall accrue for the benefit of the holder of Series D-15 Preferred Shares to be redeemed on any cash so set aside by the Trust. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Trust, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Trust for the payment of such cash.

As promptly as practicable after the surrender in accordance with said notice of the certificates for any such Series D-15 Preferred Shares so redeemed (properly endorsed or assigned for transfer, if the Trust shall so require and if the notice shall so state), such Series D-15 Preferred Shares shall be exchanged for the cash (without interest thereon) for which such Series D-15 Preferred Shares have been redeemed. If fewer than all of the outstanding Series D-15 Preferred Shares are to be redeemed, the Series D-15 Preferred Shares to be redeemed shall be selected by the Trust from the outstanding Series D-15 Preferred Shares not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Trust in its sole discretion to be equitable. If fewer than all the Series D-15 Preferred Shares evidenced by any certificate are redeemed, then new certificates evidencing the unredeemed Series D-15 Preferred Shares shall be issued without cost to the holder thereof.

**Section 6. Reacquired Shares to Be Retired.** All Series D-15 Preferred Shares which shall have been issued and reacquired in any manner by the Trust shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series.

**Section 7. No Right of Conversion.** The Series D-15 Preferred Shares are not convertible into or exchangeable for any other property or securities of the Trust at the option of any holder of Series D-15 Preferred Shares.

**Section 8. Permissible Distributions.** In determining whether a distribution (other than upon liquidation, dissolution or winding up), whether by dividend, or upon redemption or other acquisition of shares or otherwise, is permitted under Maryland law, amounts that would be needed, if the Trust were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of any class or series of beneficial interest whose preferential rights upon dissolution are superior or prior to those receiving the distribution shall not be added to the Trust's total liabilities.

**Section 9. Ranking.** Any class or series of shares of beneficial interest of the Trust shall be deemed to rank:

(a) prior to the Series D-15 Preferred Shares, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of shares of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series D-15 Preferred Shares ("Senior Shares");

(b) on a parity with the Series D-15 Preferred Shares, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series D-15 Preferred Shares, if the holders of shares of such class or series and the Series D-15 Preferred Shares shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accumulated and unpaid dividends per share or liquidation preferences, without preference or priority one over the other ("Parity Shares"); and

(c) junior to the Series D-15 Preferred Shares, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such shares shall be Common Shares or if the holders of Series D-15 Preferred Shares shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such class or series, and shares of such class or series shall not in either case rank prior to the Series D-15 Preferred Shares.

Accordingly, the Series A Convertible Preferred Shares, Series D-1 Cumulative Redeemable Preferred Shares, Series D-2 Cumulative Redeemable Preferred Shares, Series D-3 Cumulative Redeemable Preferred Shares, Series D-4 Cumulative Redeemable Preferred Shares, Series D-5 Cumulative Redeemable Preferred Shares, Series D-6 Cumulative Redeemable Preferred Shares, Series D-7 Cumulative Redeemable Preferred Shares, Series D-8 Cumulative Redeemable Preferred Shares, Series D-9 Cumulative Redeemable Preferred Shares, Series D-10 Cumulative Redeemable Preferred Shares, Series D-11 Cumulative Redeemable Preferred Shares; Series D-12 Cumulative Redeemable Preferred Shares; Series D-13 Cumulative Preferred Shares; Series E Cumulative Redeemable Preferred Shares; Series F Cumulative Redeemable Preferred Shares; Series G Cumulative Redeemable Preferred Shares; Series H Cumulative Redeemable Preferred Shares; and Series I Cumulative Redeemable Preferred Shares are Parity Shares.

**Section 10. Voting.** Except as otherwise set forth herein, the Series D-15 Preferred Shares shall not have any relative, participating, optional or other voting rights or powers, and the consent of the holders thereof shall not be required for the taking of any corporate (or trust) action.

If and whenever six quarterly dividends (whether or not consecutive) payable on the Series D-15 Preferred Shares or any series or class of Parity Shares shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full) and whether or not earned or declared, the number of trustees then constituting the Board of Trustees shall be increased by two and the holders of Series D-15 Preferred Shares, together with the holders of shares of every other series or class of Parity Shares having like voting rights (shares of any such other series, the "Voting Preferred Shares"), voting as a single class regardless of series, shall be entitled to elect the two additional trustees to serve on the Board of Trustees at any annual meeting of shareholders or special meeting held in place thereof, or at a special meeting of the holders of Series D-15 Preferred Shares and the Voting Preferred Shares called as hereinafter provided. Whenever all arrears in dividends on the Series D-15 Preferred Shares and the Voting Preferred Shares then outstanding shall have been paid and full dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart

for payment, then the right of the holders of the Series D-15 Preferred Shares and the Voting Preferred Shares to elect such additional two trustees shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends), and the terms of office of all persons elected as trustees by the holders of the Series D-15 Preferred Shares and the Voting Preferred Shares shall forthwith terminate and the number of trustees constituting the Board of Trustees shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of shares of Series D-15 Preferred Shares and the Voting Preferred Shares, the Secretary of the Trust may, and upon the written request of any holder of Series D-15 Preferred Shares (addressed to the Secretary at the principal office of the Trust) shall, call a special meeting of the holders of the Series D-15 Preferred Shares and of the Voting Preferred Shares for the election of the two trustees to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Trust for a special meeting of the shareholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of such request, then any holder of Series D-15 Preferred Shares may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Trust. The trustees elected at any such special meeting shall hold office until the next annual meeting of the shareholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the trustees elected by the holders of the Series D-15 Preferred Shares and the Voting Preferred Shares, a successor shall be elected by the Board of Trustees, upon the nomination of the then-remaining trustee elected by the holders of the Series D-15 Preferred Shares and the Voting Preferred Shares or the successor of such remaining trustee, to serve until the next annual meeting of the shareholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

So long as any Series D-15 Preferred Shares are outstanding, in addition to any other vote or consent of shareholders required by the Declaration, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of Series D-15 Preferred Shares and the Voting Preferred Shares, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating (a) any amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the Series D-15 Preferred Shares; *provided, however*, that (i) the amendment of the provisions of the Declaration so as to authorize or create or to increase the authorized amount of, any Junior Shares or any shares of any class or series ranking on a parity with the Series D-15 Preferred Shares or the Voting Preferred Shares shall not be deemed to materially and adversely affect the voting powers, rights or preferences of the holders of Series D-15 Preferred Shares and (ii) any filing with the State Department of Assessments and Taxation of Maryland by the Trust in connection with a merger, consolidation or sale of all or substantially all of the assets of the Trust shall not be deemed to be an amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary; and *provided further*, that if any such amendment, alteration or repeal would materially and adversely affect any voting powers, rights or preferences of the Series D-15 Preferred Shares but not all series of Voting Preferred Shares at the time outstanding, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of all series similarly affected at the time outstanding, voting as a single class regardless of series, given in

person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be required in lieu of the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Series D-15 Preferred Shares and the Voting Preferred Shares otherwise entitled to vote in accordance herewith or (b) the authorization or creation of, or the increase in the authorized or issued amount of, any shares of any class or series or any security convertible into or exchangeable for shares of any class or series ranking prior to the Series D-15 Preferred Shares in the distribution of assets on any liquidation, dissolution or winding up of the Trust or in the payment of dividends or distributions; *provided, however*, that, in the case of each of subparagraphs (a) and (b), no such vote of the holders of Series D-15 Preferred Shares or Voting Preferred Shares, as the case may be, shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such prior shares or convertible security is to be made, provision is made for the redemption of all Series D-15 Preferred Shares or Voting Preferred Shares, as the case may be, at the time outstanding in accordance with Section 5 hereof.

For purposes of the foregoing provisions of this Section 9, each Series D-15 Preferred Share shall have one (1) vote per share, except that when any other series of Preferred Stock shall have the right to vote with the Series D-15 Preferred Shares as a single class on any matter, then the Series D-15 Preferred Shares and such other series shall have with respect to such matters one (1) vote per \$50.00 of stated liquidation preference.

**Section 11. Record Holders.** The Trust and the Transfer Agent may deem and treat the record holder of any Series D-15 Preferred Shares as the true and lawful owner thereof for all purposes, and neither the Trust nor the Transfer Agent shall be affected by any notice to the contrary.

**Section 12. Restrictions on Ownership and Transfer.** The Series D-15 Preferred Shares constitute Preferred Stock, and Preferred Stock constitutes Equity Stock of the Trust. Therefore, the Series D-15 Preferred Shares, being Equity Stock, are governed by and issued subject to all the limitations, terms and conditions of the Declaration applicable to Equity Stock generally, including but not limited to the terms and conditions (including exceptions and exemptions) of Article VI of the Declaration applicable to Equity Stock. The foregoing sentence shall not be construed to limit the applicability to the Series D-15 Preferred Shares of any other term or provision of the Declaration.

VORNADO REALTY TRUST

EXHIBIT G

**7.00% SERIES E CUMULATIVE REDEEMABLE PREFERRED SHARES**  
**(liquidation preference \$25.00 per share)**

Section 1. Number of Shares and Designation. This series of Preferred Stock shall be designated as 7.00% Series E Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share (the "**Series E Preferred Shares**"), and 3,000,000 shall be the number of shares of Preferred Stock constituting such series.

Section 2. Definitions. For purposes of the Series E Preferred Shares, the following terms shall have the meanings indicated:

"**Annual Dividend Rate**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Board of Trustees**" shall mean the Board of Trustees of the Trust or any committee authorized by such Board of Trustees to perform any of its responsibilities with respect to the Series E Preferred Shares.

"**Business Day**" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"**Common Shares**" shall mean the common shares of beneficial interest of the Trust, par value \$.04 per share.

"**Declaration**" shall mean the Amended and Restated Declaration of Trust of the Trust, as amended.

"**Dividend Payment Date**" shall mean January 1, April 1, July 1 and October 1, in each year, commencing on October 1, 2004; *provided, however*, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall be paid on the first Business Day immediately following such Dividend Payment Date.

"**Dividend Payment Record Date**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Dividend Periods**" shall mean quarterly dividend periods commencing on January 1, April 1, July 1 and October 1 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period with respect to each Series E Preferred Share, which shall commence on the date on which such Series E Preferred Share was issued by the Trust and end on and include the day preceding the first day of the next succeeding Dividend Period).

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"**Junior Shares**" shall mean the Common Shares and any other class or series of shares of beneficial interest of the Trust constituting junior shares of beneficial interest within the meaning set forth in paragraph (c) of Section 9 hereof.

"**Liquidation Preference**" shall have the meaning set forth in paragraph (a) of Section 4 hereof.

"**Parity Shares**" shall have the meaning set forth in paragraph (b) of Section 9 hereof.

"**Person**" shall mean any individual, firm, partnership, corporation, limited liability company or other entity, and shall include any successor (by merger or otherwise) of such entity.

"**Redemption Date**" shall have the meaning set forth in paragraph (b) of Section 5 hereof.

"**Redemption Price**" shall have the meaning set forth in paragraph (b) of Section 5 hereof.

"**Series E Preferred Shares**" shall have the meaning set forth in Section 1 hereof.

"**Set apart for payment**" shall be deemed to include, without any action other than the following, the recording by the Trust in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of a dividend or other distribution by the Board of Trustees, the allocation of funds to be so paid on any series or class of shares of beneficial interest of the Trust; *provided, however*, that if any funds for any class or series of Junior Shares or any class or series of shares of beneficial interest ranking on a parity with the Series E Preferred Shares as to the payment of dividends are placed in a separate account of the Trust or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Series E Preferred Shares shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

"**Transfer Agent**" means Wachovia Bank, N.A., Charlotte, North Carolina, or such other agent or agents of the Trust as may be designated by the Board of Trustees or its designee as the transfer agent for the Series E Preferred Shares.

"**Voting Preferred Shares**" shall have the meaning set forth in Section 10 hereof.

Section 3. Dividends. (a) The holders of Series E Preferred Shares shall be entitled to receive, when, as and if authorized by the Board of Trustees and declared by the Trust out of assets legally available for that purpose, dividends payable in cash at the rate per annum of \$1.75 per Series E Preferred Share (the "**Annual Dividend Rate**") (equivalent to a rate of 7.00% of the Liquidation Preference per annum). Such dividends with respect to each Series E Preferred

Share shall be cumulative from the date on which such Series E Preferred Share was issued by the Trust, whether or not in any Dividend Period or Periods there shall be assets of the Trust legally available for the payment of such dividends, and shall be payable quarterly, when, as and if authorized by the Board of Trustees and declared by the Trust, in arrears on Dividend Payment Dates, commencing with respect to each Series E Preferred Share on the first Dividend Payment Date after the date on which such Series E Preferred Share was issued by the Trust. Dividends are cumulative from the most recent Dividend Payment Date to which dividends have been paid, whether or not in any Dividend Period or Periods there shall be assets legally available therefor. Each such dividend shall be payable in arrears to the holders of record of the Series E Preferred Shares, as they appear on the share records of the Trust at the close of business on such record dates, not more than 30 days preceding the applicable Dividend Payment Date (the "**Dividend Payment Record Date**"), as shall be fixed by the Board of Trustees. Accrued and unpaid dividends for any past Dividend Periods may be authorized and declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board of Trustees.

(b) The amount of dividends payable for each full Dividend Period for the Series E Preferred Shares shall be computed by dividing the Annual Dividend Rate by four. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series E Preferred Shares shall be computed on the basis of twelve 30-day months and a 360-day year. Holders of Series E Preferred Shares shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series E Preferred Shares. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series E Preferred Shares that may be in arrears.

(c) So long as any Series E Preferred Shares are outstanding, no dividends, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of Parity Shares for any period unless full cumulative dividends have been or contemporaneously are authorized and declared and paid or authorized and declared and a sum sufficient for the payment thereof set apart for such payment on the Series E Preferred Shares for all Dividend Periods terminating on or prior to the Dividend Payment Date on such class or series of Parity Shares. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends authorized and declared upon Series E Preferred Shares and all dividends authorized and declared upon any other series or class or classes of Parity Shares shall be authorized and declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series E Preferred Shares and such Parity Shares.

(d) So long as any Series E Preferred Shares are outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Shares) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Shares, nor shall any Junior Shares be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Shares made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the Trust or any subsidiary, or as

permitted under Article VI of the Declaration), for any consideration (or any moneys to be paid to or made available for a sinking fund for the redemption of any such shares) by the Trust, directly or indirectly (except by conversion into or exchange for Junior Shares), unless in each case (i) the full cumulative dividends on all outstanding Series E Preferred Shares and any other Parity Shares of the Trust shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series E Preferred Shares and all past dividend periods with respect to such Parity Shares and (ii) sufficient funds shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series E Preferred Shares and any Parity Shares.

Section 4. Liquidation Preference. (a) In the event of any liquidation, dissolution or winding up of the Trust, whether voluntary or involuntary, before any payment or distribution of the assets of the Trust (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of Series E Preferred Shares shall be entitled to receive Twenty-Five Dollars (\$25.00) per Series E Preferred Share (the "**Liquidation Preference**") plus an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holder; but such holders of Series E Preferred Shares shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Trust, the assets of the Trust, or proceeds thereof, distributable among the holders of Series E Preferred Shares shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Shares, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series E Preferred Shares and any such other Parity Shares ratably in accordance with the respective amounts that would be payable on such Series E Preferred Shares and any such other Parity Shares if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Trust with one or more entities, (ii) a statutory share exchange and (iii) a sale or transfer of all or substantially all of the Trust's assets shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Trust.

(b) Subject to the rights of the holders of shares of any series or class or classes of shares of beneficial interest ranking on a parity with or prior to the Series E Preferred Shares upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Trust, after payment shall have been made in full to the holders of the Series E Preferred Shares, as provided in this Section 4, any series or class or classes of Junior Shares shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series E Preferred Shares shall not be entitled to share therein.

Section 5. Redemption at the Option of the Trust.

(a) Except as otherwise permitted by the Declaration, the Series E Preferred Shares shall not be redeemable by the Trust prior to August 20, 2009. On and after August 20, 2009, the Trust, at its option, may redeem the shares of Series E Preferred Shares, in whole or in part, as set forth herein, subject to the provisions described below.

(b) On and after August 20, 2009, the Series E Preferred Shares shall be



redeemable at the option of the Trust, in whole or in part, at any time or from time to time, at a redemption price of \$25.00 per Series E Preferred Share, plus any accrued and unpaid dividends to the date fixed for redemption (the "**Redemption Price**"). Each date on which Series E Preferred Shares are to be redeemed (a "**Redemption Date**") (which may not be before August 20, 2009) shall be selected by the Trust, shall be specified in the notice of redemption and shall not be less than 30 days or more than 60 days after the date on which the Trust gives, or causes to be given, notice of redemption by mail pursuant to the next paragraph.

A notice of redemption shall be mailed, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series E Preferred Shares at their respective addresses as they appear on the Trust's share transfer records. A failure to give such notice or any defect in the notice or in its mailing shall not affect the validity of the proceedings for the redemption of any Series E Preferred Shares except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the Redemption Date; (ii) the Redemption Price; (iii) the number of Series E Preferred Shares to be redeemed and, if fewer than all the Series E Preferred Shares held by such holder are to be redeemed, the number of such Series E Preferred Shares to be redeemed from such holder; (iv) the place or places where the certificates evidencing the Series E Preferred Shares are to be surrendered for payment of the Redemption Price; and (v) that distributions on the shares to be redeemed will cease to accrue on such Redemption Date except as otherwise provided herein.

(c) Upon any redemption of Series E Preferred Shares, the Trust shall pay any accrued and unpaid dividends in arrears for any Dividend Period ending on or prior to the Redemption Date. If the Redemption Date falls after a Dividend Payment Record Date and prior to the corresponding Dividend Payment Date, then each holder of Series E Preferred Shares at the close of business on such Dividend Payment Record Date shall be entitled to the dividend payable on such Series E Preferred Shares on the corresponding dividend payment date notwithstanding the redemption of such Series E Preferred Shares before such Dividend Payment Date. Except as provided above, the Trust shall make no payment or allowance for unpaid dividends, whether or not in arrears, on Series E Preferred Shares called for redemption.

(d) If full cumulative dividends on the Series E Preferred Shares and any other series or class or classes of Parity Shares of the Trust have not been paid or declared and set apart for payment, except as otherwise permitted under of the Declaration, the Series E Preferred Shares may not be redeemed in part and the Trust may not purchase, redeem or otherwise acquire Series E Preferred Shares or any Parity Shares other than in exchange for Junior Shares.

(e) Notice having been mailed as aforesaid, from and after the Redemption Date (unless the Trust shall fail to make available the amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the Series E Preferred Shares so called for redemption shall cease to accrue, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series E Preferred Shares of the Trust shall cease (except the rights to receive the cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required and to receive any dividends payable thereon). The Trust's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Redemption Date, the

Trust shall deposit with a bank or trust company (which may be an affiliate of the Trust) that has an office in the Borough of Manhattan, City of New York, or in Baltimore, Maryland and that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least \$50,000,000, the cash necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the Series E Preferred Shares so called for redemption. No interest shall accrue for the benefit of the holder of Series E Preferred Shares to be redeemed on any cash so set aside by the Trust. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Trust, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Trust for the payment of such cash.

As promptly as practicable after the surrender in accordance with said notice of the certificates for any such Series E Preferred Shares so redeemed (properly endorsed or assigned for transfer, if the Trust shall so require and if the notice shall so state), such Series E Preferred Shares shall be exchanged for the cash (without interest thereon) for which such Series E Preferred Shares have been redeemed. If fewer than all of the outstanding Series E Preferred Shares are to be redeemed, the Series E Preferred Shares to be redeemed shall be selected by the Trust from the outstanding Series E Preferred Shares not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Trust in its sole discretion to be equitable. If fewer than all the Series E Preferred Shares evidenced by any certificate are redeemed, then new certificates evidencing the unredeemed Series E Preferred Shares shall be issued without cost to the holder thereof.

Section 6. Reacquired Shares to Be Retired. All Series E Preferred Shares which shall have been issued and reacquired in any manner by the Trust shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series.

Section 7. No Right of Conversion. The Series E Preferred Shares are not convertible into or exchangeable for any other property or securities of the Trust at the option of any holder of Series E Preferred Shares.

Section 8. Permissible Distributions. In determining whether a distribution (other than upon liquidation, dissolution or winding up), whether by dividend, or upon redemption or other acquisition of shares or otherwise, is permitted under Maryland law, amounts that would be needed, if the Trust were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of any class or series of beneficial interest whose preferential rights upon dissolution are superior or prior to those receiving the distribution shall not be added to the Trust's total liabilities.

Section 9. Ranking. Any class or series of shares of beneficial interest of the Trust shall be deemed to rank:

(a) prior to the Series E Preferred Shares, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders

of Series E Preferred Shares;

(b) on a parity with the Series E Preferred Shares, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series E Preferred Shares, if the holders of such class or series and the Series E Preferred Shares shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other ("**Parity Shares**"); and

(c) junior to the Series E Preferred Shares, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such class or series of shares shall be Common Shares or if the holders of Series E Preferred Shares shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such class or series, and such class or series shall not in either case rank prior to the Series E Preferred Shares, ("**Junior Shares**").

Accordingly, the Series A Convertible Preferred Shares, Series C Cumulative Redeemable Preferred Shares, Series D-1 Cumulative Redeemable Preferred Shares, Series D-2 Cumulative Redeemable Preferred Shares; Series D-3 Cumulative Redeemable Preferred Shares; Series D-4 Cumulative Redeemable Preferred Shares; Series D-5 Cumulative Redeemable Preferred Shares; Series D-6 Cumulative Redeemable Preferred Shares; Series D-7 Cumulative Redeemable Preferred Shares; Series D-8 Cumulative Redeemable Preferred Shares; Series D-9 Cumulative Redeemable Preferred Shares; Series D-10 Cumulative Redeemable Preferred Shares; and Series D-11 Cumulative Redeemable Preferred Shares are Parity Shares.

Section 10. Voting. Except as otherwise set forth herein, the Series E Preferred Shares shall not have any relative, participating, optional or other voting rights or powers, and the consent of the holders thereof shall not be required for the taking of any trust action.

If and whenever six quarterly dividends (whether or not consecutive) payable on the Series E Preferred Shares or any series or class of Parity Shares shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not earned or declared, the number of trustees then constituting the Board of Trustees shall be increased by two and the holders of Series E Preferred Shares, together with the holders of shares of every other series or class of Parity Shares having like voting rights (shares of any such other series, the "**Voting Preferred Shares**"), voting as a single class regardless of series, shall be entitled to elect the two additional trustees to serve on the Board of Trustees at any annual meeting of shareholders or special meeting held in place thereof, or at a special meeting of the holders of Series E Preferred Shares and the Voting Preferred Shares called as hereinafter provided. Whenever all arrears in dividends on the Series E Preferred Shares and the Voting Preferred Shares then outstanding shall have been paid and full dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series E Preferred Shares and the Voting Preferred Shares to elect

such additional two trustees shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends), and the terms of office of all persons elected as trustees by the holders of the Series E Preferred Shares and the Voting Preferred Shares shall forthwith terminate and the number of trustees constituting the Board of Trustees shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of shares of Series E Preferred Shares and the Voting Preferred Shares, the Secretary of the Trust may, and upon the written request of any holder of Series E Preferred Shares (addressed to the Secretary at the principal office of the Trust) shall, call a special meeting of the holders of the Series E Preferred Shares and of the Voting Preferred Shares for the election of the two trustees to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Trust for a special meeting of the shareholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of such request, then any holder of Series E Preferred Shares may call such meeting, upon the notice above provided, and for that purpose shall have access to the share books of the Trust. The trustees elected at any such special meeting shall hold office until the next annual meeting of the shareholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the trustees elected by the holders of the Series E Preferred Shares and the Voting Preferred Shares, a successor shall be elected by the Board of Trustees, upon the nomination of the then-remaining trustee elected by the holders of the Series E Preferred Shares and the Voting Preferred Shares or the successor of such remaining trustee, to serve until the next annual meeting of the shareholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

So long as any Series E Preferred Shares are outstanding, in addition to any other vote or consent of shareholders required by the Declaration, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of Series E Preferred Shares and the Voting Preferred Shares, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(a) Any amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the holders of the Series E Preferred Shares or the Voting Preferred Shares; *provided, however,* that (i) the amendment of the provisions of the Declaration so as to authorize or create or to increase the authorized amount of, any Junior Shares or any shares of any class or series ranking on a parity with the Series E Preferred Shares or the Voting Preferred Shares shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Series E Preferred Shares and (ii) any filing with the State Department of Assessments and Taxation of Maryland by the Trust including in connection with a merger, consolidation or otherwise, shall not be deemed to be an amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the holders of the Series E Preferred Shares, provided that: (1) the Trust is the surviving entity and the Series E Preferred Shares remain outstanding with the terms thereof materially unchanged in any respect adverse to

the holders thereof; or (2) the resulting, surviving or transferee entity is organized under the laws of any state and substitutes or exchanges the Series E Preferred Shares for other preferred stock or shares having preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption thereof identical to that of the Series E Preferred Shares (except for changes that do not materially and adversely affect the holders of Series E Preferred Shares); and *provided further*, that if any such amendment, alteration or repeal would materially and adversely affect any voting powers, rights or preferences of the Series E Preferred Shares or one or more but not all series of Voting Preferred Shares at the time outstanding, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of all series similarly affected, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be required in lieu of the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Series E Preferred Shares and the Voting Preferred Shares otherwise entitled to vote in accordance herewith; or

(b) The authorization or creation of, or the increase in the authorized amount of, any shares of any class or series or any security convertible into shares of any class or series ranking prior to the Series E Preferred Shares in the distribution on any liquidation, dissolution or winding up of the Trust or in the payment of dividends;

*provided, however*, that, in the case of each of subparagraphs (a) and (b), no such vote of the holders of Series E Preferred Shares or Voting Preferred Shares, as the case may be, shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such prior shares or convertible security is to be made, as the case may be, provision is made for the redemption of all Series E Preferred Shares or Voting Preferred Shares, as the case may be, at the time outstanding in accordance with Section 5 hereof.

For purposes of the foregoing provisions of this Section 10, each Series E Preferred Share shall have one (1) vote per share, except that when any other series of Preferred Stock shall have the right to vote with the Series E Preferred Shares as a single class on any matter, then the Series E Preferred Shares and such other series shall have with respect to such matters one (1) vote per \$50.00 of stated liquidation preference.

Section 11. Record Holders. The Trust and the Transfer Agent may deem and treat the record holder of any Series E Preferred Shares as the true and lawful owner thereof for all purposes, and neither the Trust nor the Transfer Agent shall be affected by any notice to the contrary.

Section 12. Restrictions on Ownership and Transfer. The Series E Preferred Shares constitute Preferred Stock, and Preferred Stock constitutes Equity Stock of the Trust. Therefore, the Series E Preferred Shares, being Equity Stock, are governed by and issued subject to all the limitations, terms and conditions of the Declaration applicable to Equity Stock generally, including but not limited to the terms and conditions (including exceptions and exemptions) of Article VI of the Declaration applicable to Equity Stock. The foregoing sentence shall not be construed to limit the applicability to the Series E Preferred Shares of any other term or provision of the Declaration.



VORNADO REALTY TRUST

EXHIBIT H

**6.75% SERIES F CUMULATIVE REDEEMABLE PREFERRED SHARES**  
**(liquidation preference \$25.00 per share)**

Section 1. **Number of Shares and Designation.** This series of Preferred Stock shall be designated as 6.75% Series F Cumulative Redeemable - Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share (the "**Series F Preferred Shares**"), and 6,000,000 shall be the number of shares of Preferred Stock constituting such series.

Section 2. **Definitions.** For purposes of the Series F Preferred Shares, the following terms shall have the meanings indicated:

"**Annual Dividend Rate**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Board of Trustees**" shall mean the Board of Trustees of the Trust or any committee authorized by such Board of Trustees to perform any of its responsibilities with respect to the Series F Preferred Shares.

"**Business Day**" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"**Common Shares**" shall mean the common shares of beneficial interest of the Trust, par value \$.04 per share.

"**Declaration**" shall mean the Amended and Restated Declaration of Trust of the Trust, as amended.

"**Dividend Payment Date**" shall mean January 1, April 1, July 1 and October 1, in each year, commencing on April 1, 2005; *provided, however*, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall be paid on the first Business Day immediately following such Dividend Payment Date.

"**Dividend Payment Record Date**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Dividend Periods**" shall mean quarterly dividend periods commencing on January 1, April 1, July 1 and October 1 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period with respect to each Series F Preferred Share, which shall commence on the date on which such Series F Preferred Share was issued by the Trust and end on and include the day preceding the first day of the next succeeding Dividend Period).

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**"Junior Shares"** shall mean the Common Shares and any other class or series of shares of beneficial interest of the Trust constituting junior shares of beneficial interest within the meaning set forth in paragraph (c) of Section 9 hereof.

**"Liquidation Preference"** shall have the meaning set forth in paragraph (a) of Section 4 hereof.

**"Parity Shares"** shall have the meaning set forth in paragraph (b) of Section 9 hereof.

**"Person"** shall mean any individual, firm, partnership, corporation, limited liability company or other entity, and shall include any successor (by merger or otherwise) of such entity.

**"Redemption Date"** shall have the meaning set forth in paragraph (b) of Section 5 hereof.

**"Redemption Price"** shall have the meaning set forth in paragraph (b) of Section 5 hereof.

**"Series F Preferred Shares"** shall have the meaning set forth in Section 1 hereof.

**"Set apart for payment"** shall be deemed to include, without any action other than the following, the recording by the Trust in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of a dividend or other distribution by the Board of Trustees, the allocation of funds to be so paid on any series or class of shares of beneficial interest of the Trust; *provided, however*, that if any funds for any class or series of Junior Shares or any class or series of shares of beneficial interest ranking on a parity with the Series F Preferred Shares as to the payment of dividends are placed in a separate account of the Trust or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Series F Preferred Shares shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

**"Transfer Agent"** means Wachovia Bank, N.A., Charlotte, North Carolina, or such other agent or agents of the Trust as may be designated by the Board of Trustees or its designee as the transfer agent for the Series F Preferred Shares.

**"Voting Preferred Shares"** shall have the meaning set forth in Section 10 hereof.

Section 2. Dividends. (a) The holders of Series F Preferred Shares shall be entitled to receive, when, as and if authorized by the Board of Trustees and declared by the Trust out of assets legally available for that purpose, dividends payable in cash at the rate per annum of \$1.6875 per Series F Preferred Share (the **"Annual Dividend Rate"**) (equivalent to a rate of 6.75% of the Liquidation Preference per annum). Such dividends with respect to each Series F Preferred Share shall be cumulative from the date on which such Series F Preferred Share was issued by the Trust, whether or not in any Dividend Period or Periods there shall be assets of the Trust legally available for the payment of such dividends, and shall be payable quarterly, when,



as and if authorized by the Board of Trustees and declared by the Trust, in arrears on Dividend Payment Dates, commencing with respect to each Series F Preferred Share on April 1, 2005. Dividends are cumulative from the most recent Dividend Payment Date to which dividends have been paid, whether or not in any Dividend Period or Periods there shall be assets legally available therefor. Each such dividend shall be payable in arrears to the holders of record of the Series F Preferred Shares, as they appear on the share records of the Trust at the close of business on such record dates, not more than 30 days preceding the applicable Dividend Payment Date (the "**Dividend Payment Record Date**"), as shall be fixed by the Board of Trustees. Accrued and unpaid dividends for any past Dividend Periods may be authorized and declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board of Trustees.

(b) The amount of dividends payable for each full Dividend Period for the Series F Preferred Shares shall be computed by dividing the Annual Dividend Rate by four. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series F Preferred Shares shall be computed on the basis of twelve 30-day months and a 360-day year. Holders of Series F Preferred Shares shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series F Preferred Shares. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series F Preferred Shares that may be in arrears.

(c) So long as any Series F Preferred Shares are outstanding, no dividends, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of Parity Shares for any period unless full cumulative dividends have been or contemporaneously are authorized and declared and paid or authorized and declared and a sum sufficient for the payment thereof set apart for such payment on the Series F Preferred Shares for all Dividend Periods terminating on or prior to the Dividend Payment Date on such class or series of Parity Shares. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends authorized and declared upon Series F Preferred Shares and all dividends authorized and declared upon any other series or class or classes of Parity Shares shall be authorized and declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series F Preferred Shares and such Parity Shares.

(d) So long as any Series F Preferred Shares are outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Shares) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Shares, nor shall any Junior Shares be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Shares made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the Trust or any subsidiary, or as permitted under Article VI of the Declaration), for any consideration (or any moneys to be paid to or made available for a sinking fund for the redemption of any such shares) by the Trust, directly or indirectly (except by conversion into or exchange for Junior Shares), unless in each case (i) the full cumulative dividends on all outstanding Series F Preferred Shares and any other

Parity Shares of the Trust shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series F Preferred Shares and all past dividend periods with respect to such Parity Shares and (ii) sufficient funds shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series F Preferred Shares and any Parity Shares.

Section 4. Liquidation Preference. (a) In the event of any liquidation, dissolution or winding up of the Trust, whether voluntary or involuntary, before any payment or distribution of the assets of the Trust (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of Series F Preferred Shares shall be entitled to receive Twenty-Five Dollars (\$25.00) per Series F Preferred Share (the "**Liquidation Preference**") plus an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holder; but such holders of Series F Preferred Shares shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Trust, the assets of the Trust, or proceeds thereof, distributable among the holders of Series F Preferred Shares shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Shares, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series F Preferred Shares and any such other Parity Shares ratably in accordance with the respective amounts that would be payable on such Series F Preferred Shares and any such other Parity Shares if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Trust with one or more entities, (ii) a statutory share exchange and (iii) a sale or transfer of all or substantially all of the Trust's assets shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Trust.

(b) Subject to the rights of the holders of shares of any series or class or classes of shares of beneficial interest ranking on a parity with or prior to the Series F Preferred Shares upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Trust, after payment shall have been made in full to the holders of the Series F Preferred Shares, as provided in this Section 4, any series or class or classes of Junior Shares shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series F Preferred Shares shall not be entitled to share therein.

Section 5. Redemption at the Option of the Trust.

(a) Except as otherwise permitted by the Declaration, the Series F Preferred Shares shall not be redeemable by the Trust prior to November 17, 2009. On and after November 17, 2009, the Trust, at its option, may redeem the shares of Series F Preferred Shares, in whole or in part, as set forth herein, subject to the provisions described below.

(b) On and after November 17, 2009, the Series F Preferred Shares shall be redeemable at the option of the Trust, in whole or in part, at any time or from time to time, at a redemption price of \$25.00 per Series F Preferred Share, plus any accrued and unpaid dividends to the date fixed for redemption (the "**Redemption Price**"). Each date on which Series F Preferred Shares are to be redeemed (a "**Redemption Date**") (which may not be before November 17, 2009) shall be selected by the Trust, shall be specified in the notice of redemption

and shall not be less than 30 days or more than 60 days after the date on which the Trust gives, or causes to be given, notice of redemption by mail pursuant to the next paragraph.

A notice of redemption shall be mailed, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series F Preferred Shares at their respective addresses as they appear on the Trust's share transfer records. A failure to give such notice or any defect in the notice or in its mailing shall not affect the validity of the proceedings for the redemption of any Series F Preferred Shares except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the Redemption Date; (ii) the Redemption Price; (iii) the number of Series F Preferred Shares to be redeemed and, if fewer than all the Series F Preferred Shares held by such holder are to be redeemed, the number of such Series F Preferred Shares to be redeemed from such holder; (iv) the place or places where the certificates evidencing the Series F Preferred Shares are to be surrendered for payment of the Redemption Price; and (v) that distributions on the shares to be redeemed will cease to accrue on such Redemption Date except as otherwise provided herein.

(c) Upon any redemption of Series F Preferred Shares, the Trust shall pay any accrued and unpaid dividends in arrears for any Dividend Period ending on or prior to the Redemption Date. If the Redemption Date falls after a Dividend Payment Record Date and prior to the corresponding Dividend Payment Date, then each holder of Series F Preferred Shares at the close of business on such Dividend Payment Record Date shall be entitled to the dividend payable on such Series F Preferred Shares on the corresponding Dividend Payment Date notwithstanding the redemption of such Series F Preferred Shares before such Dividend Payment Date. Except as provided above, the Trust shall make no payment or allowance for unpaid dividends, whether or not in arrears, on Series F Preferred Shares called for redemption.

(d) If full cumulative dividends on the Series F Preferred Shares and any other series or class or classes of Parity Shares of the Trust have not been paid or declared and set apart for payment, except as otherwise permitted under the Declaration, the Series F Preferred Shares may not be redeemed in part and the Trust may not purchase, redeem or otherwise acquire Series F Preferred Shares or any Parity Shares other than in exchange for Junior Shares.

(e) Notice having been mailed as aforesaid, from and after the Redemption Date (unless the Trust shall fail to make available the amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the Series F Preferred Shares so called for redemption shall cease to accrue, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series F Preferred Shares of the Trust shall cease (except the rights to receive the cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required and to receive any dividends payable thereon). The Trust's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Redemption Date, the Trust shall deposit with a bank or trust company (which may be an affiliate of the Trust) that has an office in the Borough of Manhattan, City of New York, or in Baltimore, Maryland and that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least \$50,000,000, the cash necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the Series F Preferred Shares so called for redemption. No interest shall accrue for the benefit of the holder of Series F Preferred Shares to be redeemed

on any cash so set aside by the Trust. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Trust, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Trust for the payment of such cash.

As promptly as practicable after the surrender in accordance with said notice of the certificates for any such Series F Preferred Shares so redeemed (properly endorsed or assigned for transfer, if the Trust shall so require and if the notice shall so state), such Series F Preferred Shares shall be exchanged for the cash (without interest thereon) for which such Series F Preferred Shares have been redeemed. If fewer than all of the outstanding Series F Preferred Shares are to be redeemed, the Series F Preferred Shares to be redeemed shall be selected by the Trust from the outstanding Series F Preferred Shares not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Trust in its sole discretion to be equitable. If fewer than all the Series F Preferred Shares evidenced by any certificate are redeemed, then new certificates evidencing the unredeemed Series F Preferred Shares shall be issued without cost to the holder thereof.

Section 6. Reacquired Shares to Be Retired. All Series F Preferred Shares which shall have been issued and reacquired in any manner by the Trust shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series.

Section 7. No Right of Conversion. The Series F Preferred Shares are not convertible into or exchangeable for any other property or securities of the Trust at the option of any holder of Series F Preferred Shares.

Section 8. Permissible Distributions. In determining whether a distribution (other than upon liquidation, dissolution or winding up), whether by dividend, or upon redemption or other acquisition of shares or otherwise, is permitted under Maryland law, amounts that would be needed, if the Trust were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of any class or series of beneficial interest whose preferential rights upon dissolution are superior or prior to those receiving the distribution shall not be added to the Trust's total liabilities.

Section 9. Ranking. Any class or series of shares of beneficial interest of the Trust shall be deemed to rank:

(a) prior to the Series F Preferred Shares, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series F Preferred Shares;

(b) on a parity with the Series F Preferred Shares, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series F Preferred Shares, if the holders of such class or series and the Series F Preferred Shares shall be entitled to the receipt of dividends and of

amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other ("**Parity Shares**"); and

(c) junior to the Series F Preferred Shares, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such class or series of shares shall be Common Shares or if the holders of Series F Preferred Shares shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such class or series, and such class or series shall not in either case rank prior to the Series F Preferred Shares, ("**Junior Shares**").

Accordingly, the Series A Convertible Preferred Shares, Series C Cumulative Redeemable Preferred Shares, Series D-1 Cumulative Redeemable Preferred Shares, Series D-2 Cumulative Redeemable Preferred Shares; Series D-3 Cumulative Redeemable Preferred Shares; Series D-4 Cumulative Redeemable Preferred Shares; Series D-5 Cumulative Redeemable Preferred Shares; Series D-6 Cumulative Redeemable Preferred Shares; Series D-7 Cumulative Redeemable Preferred Shares; Series D-8 Cumulative Redeemable Preferred Shares; Series D-9 Cumulative Redeemable Preferred Shares; Series D-10 Cumulative Redeemable Preferred Shares; Series D-11 Cumulative Redeemable Preferred Shares; and Series E Cumulative Redeemable Preferred Shares are Parity Shares.

Section 10. Voting. Except as otherwise set forth herein, the Series F Preferred Shares shall not have any relative, participating, optional or other voting rights or powers, and the consent of the holders thereof shall not be required for the taking of any trust action.

If and whenever six quarterly dividends (whether or not consecutive) payable on the Series F Preferred Shares or any series or class of Parity Shares shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not earned or declared, the number of trustees then constituting the Board of Trustees shall be increased by two and the holders of Series F Preferred Shares, together with the holders of shares of every other series or class of Parity Shares having like voting rights (shares of any such other series, the "**Voting Preferred Shares**"), voting as a single class regardless of series, shall be entitled to elect the two additional trustees to serve on the Board of Trustees at any annual meeting of shareholders or special meeting held in place thereof, or at a special meeting of the holders of Series F Preferred Shares and the Voting Preferred Shares called as hereinafter provided. Whenever all arrears in dividends on the Series F Preferred Shares and the Voting Preferred Shares then outstanding shall have been paid and full dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series F Preferred Shares and the Voting Preferred Shares to elect such additional two trustees shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends), and the terms of office of all persons elected as trustees by the holders of the Series F Preferred Shares and the Voting Preferred Shares shall forthwith terminate and the number of trustees constituting the Board of Trustees shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of shares of Series F Preferred Shares and the Voting Preferred Shares, the Secretary of the Trust may, and upon the written request of any

holder of Series F Preferred Shares (addressed to the Secretary at the principal office of the Trust) shall, call a special meeting of the holders of the Series F Preferred Shares and of the Voting Preferred Shares for the election of the two trustees to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Trust for a special meeting of the shareholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of such request, then any holder of Series F Preferred Shares may call such meeting, upon the notice above provided, and for that purpose shall have access to the share books of the Trust. The trustees elected at any such special meeting shall hold office until the next annual meeting of the shareholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the trustees elected by the holders of the Series F Preferred Shares and the Voting Preferred Shares, a successor shall be elected by the Board of Trustees, upon the nomination of the then-remaining trustee elected by the holders of the Series F Preferred Shares and the Voting Preferred Shares or the successor of such remaining trustee, to serve until the next annual meeting of the shareholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

So long as any Series F Preferred Shares are outstanding, in addition to any other vote or consent of shareholders required by the Declaration, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of Series F Preferred Shares and the Voting Preferred Shares, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(a) Any amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the holders of the Series F Preferred Shares or the Voting Preferred Shares; *provided, however*, that (i) the amendment of the provisions of the Declaration so as to authorize or create or to increase the authorized amount of, any Junior Shares or any shares of any class or series ranking on a parity with the Series F Preferred Shares or the Voting Preferred Shares shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Series F Preferred Shares and (ii) any filing with the State Department of Assessments and Taxation of Maryland by the Trust including in connection with a merger, consolidation or otherwise, shall not be deemed to be an amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the holders of the Series F Preferred Shares, provided that: (1) the Trust is the surviving entity and the Series F Preferred Shares remain outstanding with the terms thereof materially unchanged in any respect adverse to the holders thereof; or (2) the resulting, surviving or transferee entity is organized under the laws of any state and substitutes or exchanges the Series F Preferred Shares for other preferred stock or shares having preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption thereof identical to that of the Series F Preferred Shares (except for changes that do not materially and adversely affect the holders of Series F Preferred Shares); and *provided further*, that if any such amendment, alteration or repeal would materially and adversely affect any voting powers, rights or preferences of the Series F Preferred Shares or one or more but not all series of Voting Preferred

Shares at the time outstanding, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of all series similarly affected, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be required in lieu of the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Series F Preferred Shares and the Voting Preferred Shares otherwise entitled to vote in accordance herewith; or

(b) The authorization or creation of, or the increase in the authorized amount of, any shares of any class or series or any security convertible into shares of any class or series ranking prior to the Series F Preferred Shares in the distribution on any liquidation, dissolution or winding up of the Trust or in the payment of dividends;

*provided, however,* that, in the case of each of subparagraphs (a) and (b), no such vote of the holders of Series F Preferred Shares or Voting Preferred Shares, as the case may be, shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such prior shares or convertible security is to be made, as the case may be, provision is made for the redemption of all Series F Preferred Shares or Voting Preferred Shares, as the case may be, at the time outstanding in accordance with Section 5 hereof.

For purposes of the foregoing provisions of this Section 10, each Series F Preferred Share shall have one (1) vote per share, except that when any other series of Preferred Stock shall have the right to vote with the Series F Preferred Shares as a single class on any matter, then the Series F Preferred Shares and such other series shall have with respect to such matters one (1) vote per \$50.00 of stated liquidation preference.

Section 11. Record Holders. The Trust and the Transfer Agent may deem and treat the record holder of any Series F Preferred Shares as the true and lawful owner thereof for all purposes, and neither the Trust nor the Transfer Agent shall be affected by any notice to the contrary.

Section 12. Restrictions on Ownership and Transfer. The Series F Preferred Shares constitute Preferred Stock, and Preferred Stock constitutes Equity Stock of the Trust. Therefore, the Series F Preferred Shares, being Equity Stock, are governed by and issued subject to all the limitations, terms and conditions of the Declaration applicable to Equity Stock generally, including but not limited to the terms and conditions (including exceptions and exemptions) of Article VI of the Declaration applicable to Equity Stock. The foregoing sentence shall not be construed to limit the applicability to the Series F Preferred Shares of any other term or provision of the Declaration.

VORNADO REALTY TRUST

EXHIBIT I

**6.625% SERIES G CUMULATIVE REDEEMABLE PREFERRED SHARES**  
**(liquidation preference \$25.00 per share)**

Section 1. Number of Shares and Designation. This series of Preferred Stock shall be designated as 6.625% Series G Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share (the "**Series G Preferred Shares**"), and 8,000,000 shall be the number of shares of Preferred Stock constituting such series.

Section 2. Definitions. For purposes of the Series G Preferred Shares, the following terms shall have the meanings indicated:

"**Annual Dividend Rate**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Board of Trustees**" shall mean the Board of Trustees of the Trust or any committee authorized by such Board of Trustees to perform any of its responsibilities with respect to the Series G Preferred Shares.

"**Business Day**" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"**Common Shares**" shall mean the common shares of beneficial interest of the Trust, par value \$.04 per share.

"**Declaration**" shall mean the Amended and Restated Declaration of Trust of the Trust, as amended.

"**Dividend Payment Date**" shall mean January 1, April 1, July 1 and October 1, in each year, commencing on April 1, 2005; *provided, however*, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall be paid on the first Business Day immediately following such Dividend Payment Date.

"**Dividend Payment Record Date**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Dividend Periods**" shall mean quarterly dividend periods commencing on January 1, April 1, July 1 and October 1 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period with respect to each Series G Preferred Share, which shall commence on the date on which such Series G Preferred Share was issued by the Trust and end on and include the day preceding the first day of the next succeeding Dividend Period).

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**"Junior Shares"** shall mean the Common Shares and any other class or series of shares of beneficial interest of the Trust constituting junior shares of beneficial interest within the meaning set forth in paragraph (c) of Section 9 hereof.

**"Liquidation Preference"** shall have the meaning set forth in paragraph (a) of Section 4 hereof.

**"Parity Shares"** shall have the meaning set forth in paragraph (b) of Section 9 hereof.

**"Person"** shall mean any individual, firm, partnership, corporation, limited liability company or other entity, and shall include any successor (by merger or otherwise) of such entity.

**"Redemption Date"** shall have the meaning set forth in paragraph (b) of Section 5 hereof.

**"Redemption Price"** shall have the meaning set forth in paragraph (b) of Section 5 hereof.

**"Series G Preferred Shares"** shall have the meaning set forth in Section 1 hereof.

**"Set apart for payment"** shall be deemed to include, without any action other than the following, the recording by the Trust in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of a dividend or other distribution by the Board of Trustees, the allocation of funds to be so paid on any series or class of shares of beneficial interest of the Trust; *provided, however*, that if any funds for any class or series of Junior Shares or any class or series of shares of beneficial interest ranking on a parity with the Series G Preferred Shares as to the payment of dividends are placed in a separate account of the Trust or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Series G Preferred Shares shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

**"Transfer Agent"** means Wachovia Bank, N.A., Charlotte, North Carolina, or such other agent or agents of the Trust as may be designated by the Board of Trustees or its designee as the transfer agent for the Series G Preferred Shares.

**"Voting Preferred Shares"** shall have the meaning set forth in Section 10 hereof.

Section 3. Dividends. (a) The holders of Series G Preferred Shares shall be entitled to receive, when, as and if authorized by the Board of Trustees and declared by the Trust out of assets legally available for that purpose, dividends payable in cash at the rate per annum of \$1.65625 per Series G Preferred Share (the **"Annual Dividend Rate"**) (equivalent to a rate of 6.625% of the Liquidation Preference per annum). Such dividends with respect to each Series G Preferred Share shall be cumulative from the date on which such Series G Preferred Share was issued by the Trust, whether or not in any Dividend Period or Periods there shall be assets of the

Trust legally available for the payment of such dividends, and shall be payable quarterly, when, as and if authorized by the Board of Trustees and declared by the Trust, in arrears on Dividend Payment Dates, commencing with respect to each Series G Preferred Share on April 1, 2005. Dividends are cumulative from the most recent Dividend Payment Date to which dividends have been paid, whether or not in any Dividend Period or Periods there shall be assets legally available therefor. Each such dividend shall be payable in arrears to the holders of record of the Series G Preferred Shares, as they appear on the share records of the Trust at the close of business on such record dates, not more than 30 days preceding the applicable Dividend Payment Date (the "**Dividend Payment Record Date**"), as shall be fixed by the Board of Trustees. Accrued and unpaid dividends for any past Dividend Periods may be authorized and declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board of Trustees.

(b) The amount of dividends payable for each full Dividend Period for the Series G Preferred Shares shall be computed by dividing the Annual Dividend Rate by four. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series G Preferred Shares shall be computed on the basis of twelve 30-day months and a 360-day year. Holders of Series G Preferred Shares shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series G Preferred Shares. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series G Preferred Shares that may be in arrears.

(c) So long as any Series G Preferred Shares are outstanding, no dividends, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of Parity Shares for any period unless full cumulative dividends have been or contemporaneously are authorized and declared and paid or authorized and declared and a sum sufficient for the payment thereof set apart for such payment on the Series G Preferred Shares for all Dividend Periods terminating on or prior to the Dividend Payment Date on such class or series of Parity Shares. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends authorized and declared upon Series G Preferred Shares and all dividends authorized and declared upon any other series or class or classes of Parity Shares shall be authorized and declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series G Preferred Shares and such Parity Shares.

(d) So long as any Series G Preferred Shares are outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Shares) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Shares, nor shall any Junior Shares be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Shares made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the Trust or any subsidiary, or as permitted under Article VI of the Declaration), for any consideration (or any moneys to be paid to or made available for a sinking fund for the redemption of any such shares) by the Trust, directly or indirectly (except by conversion into or exchange for Junior Shares), unless in each

case (i) the full cumulative dividends on all outstanding Series G Preferred Shares and any other Parity Shares of the Trust shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series G Preferred Shares and all past dividend periods with respect to such Parity Shares and (ii) sufficient funds shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series G Preferred Shares and any Parity Shares.

Section 4. Liquidation Preference. (a) In the event of any liquidation, dissolution or winding up of the Trust, whether voluntary or involuntary, before any payment or distribution of the assets of the Trust (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of Series G Preferred Shares shall be entitled to receive Twenty-Five Dollars (\$25.00) per Series G Preferred Share (the "**Liquidation Preference**") plus an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holder; but such holders of Series G Preferred Shares shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Trust, the assets of the Trust, or proceeds thereof, distributable among the holders of Series G Preferred Shares shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Shares, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series G Preferred Shares and any such other Parity Shares ratably in accordance with the respective amounts that would be payable on such Series G Preferred Shares and any such other Parity Shares if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Trust with one or more entities, (ii) a statutory share exchange and (iii) a sale or transfer of all or substantially all of the Trust's assets shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Trust.

(b) Subject to the rights of the holders of shares of any series or class or classes of shares of beneficial interest ranking on a parity with or prior to the Series G Preferred Shares upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Trust, after payment shall have been made in full to the holders of the Series G Preferred Shares, as provided in this Section 4, any series or class or classes of Junior Shares shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series G Preferred Shares shall not be entitled to share therein.

Section 5. Redemption at the Option of the Trust.

(a) Except as otherwise permitted by the Declaration, the Series G Preferred Shares shall not be redeemable by the Trust prior to December 22, 2009. On and after December 22, 2009, the Trust, at its option, may redeem the shares of Series G Preferred Shares, in whole or in part, as set forth herein, subject to the provisions described below.

(b) On and after December 22, 2009, the Series G Preferred Shares shall be redeemable at the option of the Trust, in whole or in part, at any time or from time to time, at a redemption price of \$25.00 per Series G Preferred Share, plus any accrued and unpaid dividends to the date fixed for redemption (the "**Redemption Price**"). Each date on which Series G Preferred Shares are to be redeemed (a "**Redemption Date**") (which may not be before

December 22, 2009) shall be selected by the Trust, shall be specified in the notice of redemption and shall not be less than 30 days or more than 60 days after the date on which the Trust gives, or causes to be given, notice of redemption by mail pursuant to the next paragraph.

A notice of redemption shall be mailed, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series G Preferred Shares at their respective addresses as they appear on the Trust's share transfer records. A failure to give such notice or any defect in the notice or in its mailing shall not affect the validity of the proceedings for the redemption of any Series G Preferred Shares except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the Redemption Date; (ii) the Redemption Price; (iii) the number of Series G Preferred Shares to be redeemed and, if fewer than all the Series G Preferred Shares held by such holder are to be redeemed, the number of such Series G Preferred Shares to be redeemed from such holder; (iv) the place or places where the certificates evidencing the Series G Preferred Shares are to be surrendered for payment of the Redemption Price; and (v) that distributions on the shares to be redeemed will cease to accrue on such Redemption Date except as otherwise provided herein.

(c) Upon any redemption of Series G Preferred Shares, the Trust shall pay any accrued and unpaid dividends in arrears for any Dividend Period ending on or prior to the Redemption Date. If the Redemption Date falls after a Dividend Payment Record Date and prior to the corresponding Dividend Payment Date, then each holder of Series G Preferred Shares at the close of business on such Dividend Payment Record Date shall be entitled to the dividend payable on such Series G Preferred Shares on the corresponding Dividend Payment Date notwithstanding the redemption of such Series G Preferred Shares before such Dividend Payment Date. Except as provided above, the Trust shall make no payment or allowance for unpaid dividends, whether or not in arrears, on Series G Preferred Shares called for redemption.

(d) If full cumulative dividends on the Series G Preferred Shares and any other series or class or classes of Parity Shares of the Trust have not been paid or declared and set apart for payment, except as otherwise permitted under the Declaration, the Series G Preferred Shares may not be redeemed in part and the Trust may not purchase, redeem or otherwise acquire Series G Preferred Shares or any Parity Shares other than in exchange for Junior Shares.

(e) Notice having been mailed as aforesaid, from and after the Redemption Date (unless the Trust shall fail to make available the amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the Series G Preferred Shares so called for redemption shall cease to accrue, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series G Preferred Shares of the Trust shall cease (except the rights to receive the cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required and to receive any dividends payable thereon). The Trust's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Redemption Date, the Trust shall deposit with a bank or trust company (which may be an affiliate of the Trust) that has an office in the Borough of Manhattan, City of New York, or in Baltimore, Maryland and that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least \$50,000,000, the cash necessary for such redemption, in trust, with irrevocable instructions that

such cash be applied to the redemption of the Series G Preferred Shares so called for redemption. No interest shall accrue for the benefit of the holder of Series G Preferred Shares to be redeemed on any cash so set aside by the Trust. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Trust, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Trust for the payment of such cash.

As promptly as practicable after the surrender in accordance with said notice of the certificates for any such Series G Preferred Shares so redeemed (properly endorsed or assigned for transfer, if the Trust shall so require and if the notice shall so state), such Series G Preferred Shares shall be exchanged for the cash (without interest thereon) for which such Series G Preferred Shares have been redeemed. If fewer than all of the outstanding Series G Preferred Shares are to be redeemed, the Series G Preferred Shares to be redeemed shall be selected by the Trust from the outstanding Series G Preferred Shares not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Trust in its sole discretion to be equitable. If fewer than all the Series G Preferred Shares evidenced by any certificate are redeemed, then new certificates evidencing the unredeemed Series G Preferred Shares shall be issued without cost to the holder thereof.

Section 6. Reacquired Shares to Be Retired. All Series G Preferred Shares which shall have been issued and reacquired in any manner by the Trust shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series.

Section 7. No Right of Conversion. The Series G Preferred Shares are not convertible into or exchangeable for any other property or securities of the Trust at the option of any holder of Series G Preferred Shares.

Section 8. Permissible Distributions. In determining whether a distribution (other than upon liquidation, dissolution or winding up), whether by dividend, or upon redemption or other acquisition of shares or otherwise, is permitted under Maryland law, amounts that would be needed, if the Trust were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of any class or series of beneficial interest whose preferential rights upon dissolution are superior or prior to those receiving the distribution shall not be added to the Trust's total liabilities.

Section 9. Ranking. Any class or series of shares of beneficial interest of the Trust shall be deemed to rank:

(a) prior to the Series G Preferred Shares, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series G Preferred Shares;

(b) on a parity with the Series G Preferred Shares, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share

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thereof be different from those of the Series G Preferred Shares, if the holders of such class or series and the Series G Preferred Shares shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other ("**Parity Shares**"); and

(c) junior to the Series G Preferred Shares, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such class or series of shares shall be Common Shares or if the holders of Series G Preferred Shares shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such class or series, and such class or series shall not in either case rank prior to the Series G Preferred Shares ("**Junior Shares**").

Accordingly, the Series A Convertible Preferred Shares, Series C Cumulative Redeemable Preferred Shares, Series D-1 Cumulative Redeemable Preferred Shares, Series D-2 Cumulative Redeemable Preferred Shares; Series D-3 Cumulative Redeemable Preferred Shares; Series D-4 Cumulative Redeemable Preferred Shares; Series D-5 Cumulative Redeemable Preferred Shares; Series D-6 Cumulative Redeemable Preferred Shares; Series D-7 Cumulative Redeemable Preferred Shares; Series D-8 Cumulative Redeemable Preferred Shares; Series D-9 Cumulative Redeemable Preferred Shares; Series D-10 Cumulative Redeemable Preferred Shares; Series D-11 Cumulative Redeemable Preferred Shares; Series D-12 Cumulative Redeemable Preferred Shares; Series E Cumulative Redeemable Preferred Shares; and Series F Cumulative Redeemable Preferred Shares are Parity Shares.

Section 10. Voting. Except as otherwise set forth herein, the Series G Preferred Shares shall not have any relative, participating, optional or other voting rights or powers, and the consent of the holders thereof shall not be required for the taking of any trust action.

If and whenever six quarterly dividends (whether or not consecutive) payable on the Series G Preferred Shares or any series or class of Parity Shares shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not earned or declared, the number of trustees then constituting the Board of Trustees shall be increased by two and the holders of Series G Preferred Shares, together with the holders of shares of every other series or class of Parity Shares having like voting rights (shares of any such other series, the "**Voting Preferred Shares**"), voting as a single class regardless of series, shall be entitled to elect the two additional trustees to serve on the Board of Trustees at any annual meeting of shareholders or special meeting held in place thereof, or at a special meeting of the holders of Series G Preferred Shares and the Voting Preferred Shares called as hereinafter provided. Whenever all arrears in dividends on the Series G Preferred Shares and the Voting Preferred Shares then outstanding shall have been paid and full dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series G Preferred Shares and the Voting Preferred Shares to elect such additional two trustees shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends), and the terms of office of all persons elected as trustees by the holders of the Series G Preferred Shares and the Voting Preferred Shares shall forthwith terminate and the

number of trustees constituting the Board of Trustees shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of shares of Series G Preferred Shares and the Voting Preferred Shares, the Secretary of the Trust may, and upon the written request of any holder of Series G Preferred Shares (addressed to the Secretary at the principal office of the Trust) shall, call a special meeting of the holders of the Series G Preferred Shares and of the Voting Preferred Shares for the election of the two trustees to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Trust for a special meeting of the shareholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of such request, then any holder of Series G Preferred Shares may call such meeting, upon the notice above provided, and for that purpose shall have access to the share books of the Trust. The trustees elected at any such special meeting shall hold office until the next annual meeting of the shareholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the trustees elected by the holders of the Series G Preferred Shares and the Voting Preferred Shares, a successor shall be elected by the Board of Trustees, upon the nomination of the then-remaining trustee elected by the holders of the Series G Preferred Shares and the Voting Preferred Shares or the successor of such remaining trustee, to serve until the next annual meeting of the shareholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

So long as any Series G Preferred Shares are outstanding, in addition to any other vote or consent of shareholders required by the Declaration, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of Series G Preferred Shares and the Voting Preferred Shares, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(a) Any amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the holders of the Series G Preferred Shares or the Voting Preferred Shares; *provided, however,* that (i) the amendment of the provisions of the Declaration so as to authorize or create or to increase the authorized amount of, any Junior Shares or any shares of any class or series ranking on a parity with the Series G Preferred Shares or the Voting Preferred Shares shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Series G Preferred Shares and (ii) any filing with the State Department of Assessments and Taxation of Maryland by the Trust including in connection with a merger, consolidation or otherwise, shall not be deemed to be an amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the holders of the Series G Preferred Shares, provided that: (1) the Trust is the surviving entity and the Series G Preferred Shares remain outstanding with the terms thereof materially unchanged in any respect adverse to the holders thereof; or (2) the resulting, surviving or transferee entity is organized under the laws of any state and substitutes or exchanges the Series G Preferred Shares for other preferred stock or shares having preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption thereof identical to that of the Series G Preferred Shares (except for changes that do not materially and adversely affect the

holders of Series G Preferred Shares); and *provided further*, that if any such amendment, alteration or repeal would materially and adversely affect any voting powers, rights or preferences of the Series G Preferred Shares or one or more but not all series of Voting Preferred Shares at the time outstanding, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of all series similarly affected, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be required in lieu of the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Series G Preferred Shares and the Voting Preferred Shares otherwise entitled to vote in accordance herewith; or

(b) The authorization or creation of, or the increase in the authorized amount of, any shares of any class or series or any security convertible into shares of any class or series ranking prior to the Series G Preferred Shares in the distribution on any liquidation, dissolution or winding up of the Trust or in the payment of dividends;

*provided, however*, that, in the case of each of subparagraphs (a) and (b), no such vote of the holders of Series G Preferred Shares or Voting Preferred Shares, as the case may be, shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such prior shares or convertible security is to be made, as the case may be, provision is made for the redemption of all Series G Preferred Shares or Voting Preferred Shares, as the case may be, at the time outstanding in accordance with Section 5 hereof.

For purposes of the foregoing provisions of this Section 10, each Series G Preferred Share shall have one (1) vote per share, except that when any other series of Preferred Stock shall have the right to vote with the Series G Preferred Shares as a single class on any matter, then the Series G Preferred Shares and such other series shall have with respect to such matters one (1) vote per \$50.00 of stated liquidation preference.

Section 11. Record Holders. The Trust and the Transfer Agent may deem and treat the record holder of any Series G Preferred Shares as the true and lawful owner thereof for all purposes, and neither the Trust nor the Transfer Agent shall be affected by any notice to the contrary.

Section 12. Restrictions on Ownership and Transfer. The Series G Preferred Shares constitute Preferred Stock, and Preferred Stock constitutes Equity Stock of the Trust. Therefore, the Series G Preferred Shares, being Equity Stock, are governed by and issued subject to all the limitations, terms and conditions of the Declaration applicable to Equity Stock generally, including but not limited to the terms and conditions (including exceptions and exemptions) of Article VI of the Declaration applicable to Equity Stock. The foregoing sentence shall not be construed to limit the applicability to the Series G Preferred Shares of any other term or provision of the Declaration.



VORNADO REALTY TRUST

EXHIBIT J

**6.750% SERIES H CUMULATIVE REDEEMABLE PREFERRED SHARES**  
**(liquidation preference \$25.00 per share)**

Section 1. Number of Shares and Designation. This series of Preferred Stock shall be designated as 6.750% Series H Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share (the "**Series H Preferred Shares**"), and 4,500,000 shall be the number of shares of Preferred Stock constituting such series.

Section 2. Definitions. For purposes of the Series H Preferred Shares, the following terms shall have the meanings indicated:

"**Annual Dividend Rate**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Board of Trustees**" shall mean the Board of Trustees of the Trust or any committee authorized by such Board of Trustees to perform any of its responsibilities with respect to the Series H Preferred Shares.

"**Business Day**" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"**Common Shares**" shall mean the common shares of beneficial interest of the Trust, par value \$.04 per share.

"**Declaration**" shall mean the Amended and Restated Declaration of Trust of the Trust, as amended.

"**Dividend Payment Date**" shall mean January 1, April 1, July 1 and October 1, in each year, commencing on October 1, 2005; *provided, however*, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall be paid on the first Business Day immediately following such Dividend Payment Date.

"**Dividend Payment Record Date**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Dividend Periods**" shall mean quarterly dividend periods commencing on January 1, April 1, July 1 and October 1 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period with respect to each Series H Preferred Share, which shall commence on the date on which such Series H Preferred Share was issued by the Trust and end on and include the day preceding the first day of the next succeeding Dividend Period).

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“**Junior Shares**” shall mean the Common Shares and any other class or series of shares of beneficial interest of the Trust constituting junior shares of beneficial interest within the meaning set forth in paragraph (c) of Section 9 hereof.

“**Liquidation Preference**” shall have the meaning set forth in paragraph (a) of Section 4 hereof.

“**Parity Shares**” shall have the meaning set forth in paragraph (b) of Section 9 hereof.

“**Person**” shall mean any individual, firm, partnership, corporation, limited liability company or other entity, and shall include any successor (by merger or otherwise) of such entity.

“**Redemption Date**” shall have the meaning set forth in paragraph (b) of Section 5 hereof.

“**Redemption Price**” shall have the meaning set forth in paragraph (b) of Section 5 hereof.

“**Series H Preferred Shares**” shall have the meaning set forth in Section 1 hereof.

“**Set apart for payment**” shall be deemed to include, without any action other than the following, the recording by the Trust in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of a dividend or other distribution by the Board of Trustees, the allocation of funds to be so paid on any series or class of shares of beneficial interest of the Trust; *provided, however*, that if any funds for any class or series of Junior Shares or any class or series of shares of beneficial interest ranking on a parity with the Series H Preferred Shares as to the payment of dividends are placed in a separate account of the Trust or delivered to a disbursing, paying or other similar agent, then “set apart for payment” with respect to the Series H Preferred Shares shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

“**Transfer Agent**” means Wachovia Bank, N.A., Charlotte, North Carolina, or such other agent or agents of the Trust as may be designated by the Board of Trustees or its designee as the transfer agent for the Series H Preferred Shares.

“**Voting Preferred Shares**” shall have the meaning set forth in Section 10 hereof.

Section 3. Dividends. (a) The holders of Series H Preferred Shares shall be entitled to receive, when, as and if authorized by the Board of Trustees and declared by the Trust out of assets legally available for that purpose, dividends payable in cash at the rate per annum of \$1.6875 per Series H Preferred Share (the “**Annual Dividend Rate**”) (equivalent to a rate of 6.750% of the Liquidation Preference per annum). Such dividends with respect to each Series H Preferred Share shall be cumulative from the date on which such Series H Preferred Share was issued by the Trust, whether or not in any Dividend Period or Periods there shall be assets of the

Trust legally available for the payment of such dividends, and shall be payable quarterly, when, as and if authorized by the Board of Trustees and declared by the Trust, in arrears on Dividend Payment Dates, commencing with respect to each Series H Preferred Share on October 1, 2005. Dividends are cumulative from the most recent Dividend Payment Date to which dividends have been paid, whether or not in any Dividend Period or Periods there shall be assets legally available therefor. Each such dividend shall be payable in arrears to the holders of record of the Series H Preferred Shares, as they appear on the share records of the Trust at the close of business on such record dates, not more than 30 days preceding the applicable Dividend Payment Date (the "**Dividend Payment Record Date**"), as shall be fixed by the Board of Trustees. Accrued and unpaid dividends for any past Dividend Periods may be authorized and declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board of Trustees.

(b) The amount of dividends payable for each full Dividend Period for the Series H Preferred Shares shall be computed by dividing the Annual Dividend Rate by four. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series H Preferred Shares shall be computed on the basis of twelve 30-day months and a 360-day year. Holders of Series H Preferred Shares shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series H Preferred Shares. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series H Preferred Shares that may be in arrears.

(c) So long as any Series H Preferred Shares are outstanding, no dividends, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of Parity Shares for any period unless full cumulative dividends have been or contemporaneously are authorized and declared and paid or authorized and declared and a sum sufficient for the payment thereof set apart for such payment on the Series H Preferred Shares for all Dividend Periods terminating on or prior to the Dividend Payment Date on such class or series of Parity Shares. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends authorized and declared upon Series H Preferred Shares and all dividends authorized and declared upon any other series or class or classes of Parity Shares shall be authorized and declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series H Preferred Shares and such Parity Shares.

(d) So long as any Series H Preferred Shares are outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Shares) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Shares, nor shall any Junior Shares be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Shares made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the Trust or any subsidiary, or as permitted under Article VI of the Declaration), for any consideration (or any moneys to be paid to or made available for a sinking fund for the redemption of any such shares) by the Trust, directly or indirectly (except by conversion into or exchange for Junior Shares), unless in each

case (i) the full cumulative dividends on all outstanding Series H Preferred Shares and any other Parity Shares of the Trust shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series H Preferred Shares and all past dividend periods with respect to such Parity Shares and (ii) sufficient funds shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series H Preferred Shares and any Parity Shares.

Section 4. Liquidation Preference. (a) In the event of any liquidation, dissolution or winding up of the Trust, whether voluntary or involuntary, before any payment or distribution of the assets of the Trust (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of Series H Preferred Shares shall be entitled to receive Twenty-Five Dollars (\$25.00) per Series H Preferred Share (the "**Liquidation Preference**") plus an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holder; but such holders of Series H Preferred Shares shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Trust, the assets of the Trust, or proceeds thereof, distributable among the holders of Series H Preferred Shares shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Shares, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series H Preferred Shares and any such other Parity Shares ratably in accordance with the respective amounts that would be payable on such Series H Preferred Shares and any such other Parity Shares if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Trust with one or more entities, (ii) a statutory share exchange and (iii) a sale or transfer of all or substantially all of the Trust's assets shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Trust.

(b) Subject to the rights of the holders of shares of any series or class or classes of shares of beneficial interest ranking on a parity with or prior to the Series H Preferred Shares upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Trust, after payment shall have been made in full to the holders of the Series H Preferred Shares, as provided in this Section 4, any series or class or classes of Junior Shares shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series H Preferred Shares shall not be entitled to share therein.

Section 5. Redemption at the Option of the Trust.

(a) Except as otherwise permitted by the Declaration, the Series H Preferred Shares shall not be redeemable by the Trust prior to June 17, 2010. On and after June 17, 2010, the Trust, at its option, may redeem the shares of Series H Preferred Shares, in whole or in part, as set forth herein, subject to the provisions described below.

(b) On and after June 17, 2010, the Series H Preferred Shares shall be redeemable at the option of the Trust, in whole or in part, at any time or from time to time, at a redemption price of \$25.00 per Series H Preferred Share, plus any accrued and unpaid dividends to the date fixed for redemption (the "**Redemption Price**"). Each date on which Series H Preferred Shares are to be redeemed (a "**Redemption Date**") (which may not be before June 17,

2010) shall be selected by the Trust, shall be specified in the notice of redemption and shall not be less than 30 days or more than 60 days after the date on which the Trust gives, or causes to be given, notice of redemption by mail pursuant to the next paragraph.

A notice of redemption shall be mailed, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series H Preferred Shares at their respective addresses as they appear on the Trust's share transfer records. A failure to give such notice or any defect in the notice or in its mailing shall not affect the validity of the proceedings for the redemption of any Series H Preferred Shares except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the Redemption Date; (ii) the Redemption Price; (iii) the number of Series H Preferred Shares to be redeemed and, if fewer than all the Series H Preferred Shares held by such holder are to be redeemed, the number of such Series H Preferred Shares to be redeemed from such holder; (iv) the place or places where the certificates evidencing the Series H Preferred Shares are to be surrendered for payment of the Redemption Price; and (v) that distributions on the shares to be redeemed will cease to accrue on such Redemption Date except as otherwise provided herein.

(c) Upon any redemption of Series H Preferred Shares, the Trust shall pay any accrued and unpaid dividends in arrears for any Dividend Period ending on or prior to the Redemption Date. If the Redemption Date falls after a Dividend Payment Record Date and prior to the corresponding Dividend Payment Date, then each holder of Series H Preferred Shares at the close of business on such Dividend Payment Record Date shall be entitled to the dividend payable on such Series H Preferred Shares on the corresponding Dividend Payment Date notwithstanding the redemption of such Series H Preferred Shares before such Dividend Payment Date. Except as provided above, the Trust shall make no payment or allowance for unpaid dividends, whether or not in arrears, on Series H Preferred Shares called for redemption.

(d) If full cumulative dividends on the Series H Preferred Shares and any other series or class or classes of Parity Shares of the Trust have not been paid or declared and set apart for payment, except as otherwise permitted under the Declaration, the Series H Preferred Shares may not be redeemed in part and the Trust may not purchase, redeem or otherwise acquire Series H Preferred Shares or any Parity Shares other than in exchange for Junior Shares.

(e) Notice having been mailed as aforesaid, from and after the Redemption Date (unless the Trust shall fail to make available the amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the Series H Preferred Shares so called for redemption shall cease to accrue, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series H Preferred Shares of the Trust shall cease (except the rights to receive the cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required and to receive any dividends payable thereon). The Trust's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Redemption Date, the Trust shall deposit with a bank or trust company (which may be an affiliate of the Trust) that has an office in the Borough of Manhattan, City of New York, or in Baltimore, Maryland and that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least \$50,000,000, the cash necessary for such redemption, in trust, with irrevocable instructions that

such cash be applied to the redemption of the Series H Preferred Shares so called for redemption. No interest shall accrue for the benefit of the holder of Series H Preferred Shares to be redeemed on any cash so set aside by the Trust. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Trust, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Trust for the payment of such cash.

As promptly as practicable after the surrender in accordance with said notice of the certificates for any such Series H Preferred Shares so redeemed (properly endorsed or assigned for transfer, if the Trust shall so require and if the notice shall so state), such Series H Preferred Shares shall be exchanged for the cash (without interest thereon) for which such Series H Preferred Shares have been redeemed. If fewer than all of the outstanding Series H Preferred Shares are to be redeemed, the Series H Preferred Shares to be redeemed shall be selected by the Trust from the outstanding Series H Preferred Shares not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Trust in its sole discretion to be equitable. If fewer than all the Series H Preferred Shares evidenced by any certificate are redeemed, then new certificates evidencing the unredeemed Series H Preferred Shares shall be issued without cost to the holder thereof.

Section 6. Reacquired Shares to Be Retired. All Series H Preferred Shares which shall have been issued and reacquired in any manner by the Trust shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series.

Section 7. No Right of Conversion. The Series H Preferred Shares are not convertible into or exchangeable for any other property or securities of the Trust at the option of any holder of Series H Preferred Shares.

Section 8. Permissible Distributions. In determining whether a distribution (other than upon liquidation, dissolution or winding up), whether by dividend, or upon redemption or other acquisition of shares or otherwise, is permitted under Maryland law, amounts that would be needed, if the Trust were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of any class or series of beneficial interest whose preferential rights upon dissolution are superior or prior to those receiving the distribution shall not be added to the Trust's total liabilities.

Section 9. Ranking. Any class or series of shares of beneficial interest of the Trust shall be deemed to rank:

(a) prior to the Series H Preferred Shares, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series H Preferred Shares;

(b) on a parity with the Series H Preferred Shares, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share

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thereof be different from those of the Series H Preferred Shares, if the holders of such class or series and the Series H Preferred Shares shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other ("**Parity Shares**"); and

(c) junior to the Series H Preferred Shares, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such class or series of shares shall be Common Shares or if the holders of Series H Preferred Shares shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such class or series, and such class or series shall not in either case rank prior to the Series H Preferred Shares ("**Junior Shares**").

Accordingly, the Series A Convertible Preferred Shares, Series C Cumulative Redeemable Preferred Shares, Series D-1 Cumulative Redeemable Preferred Shares, Series D-2 Cumulative Redeemable Preferred Shares; Series D-3 Cumulative Redeemable Preferred Shares; Series D-4 Cumulative Redeemable Preferred Shares; Series D-5 Cumulative Redeemable Preferred Shares; Series D-6 Cumulative Redeemable Preferred Shares; Series D-7 Cumulative Redeemable Preferred Shares; Series D-8 Cumulative Redeemable Preferred Shares; Series D-9 Cumulative Redeemable Preferred Shares; Series D-10 Cumulative Redeemable Preferred Shares; Series D-11 Cumulative Redeemable Preferred Shares; Series D-12 Cumulative Redeemable Preferred Shares; Series E Cumulative Redeemable Preferred Shares; Series F Cumulative Redeemable Preferred Shares; and Series G Cumulative Redeemable Preferred Shares are Parity Shares.

Section 10. Voting. Except as otherwise set forth herein, the Series H Preferred Shares shall not have any relative, participating, optional or other voting rights or powers, and the consent of the holders thereof shall not be required for the taking of any trust action.

If and whenever six quarterly dividends (whether or not consecutive) payable on the Series H Preferred Shares or any series or class of Parity Shares shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not earned or declared, the number of trustees then constituting the Board of Trustees shall be increased by two and the holders of Series H Preferred Shares, together with the holders of shares of every other series or class of Parity Shares having like voting rights (shares of any such other series, the "**Voting Preferred Shares**"), voting as a single class regardless of series, shall be entitled to elect the two additional trustees to serve on the Board of Trustees at any annual meeting of shareholders or special meeting held in place thereof, or at a special meeting of the holders of Series H Preferred Shares and the Voting Preferred Shares called as hereinafter provided. Whenever all arrears in dividends on the Series H Preferred Shares and the Voting Preferred Shares then outstanding shall have been paid and full dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series H Preferred Shares and the Voting Preferred Shares to elect such additional two trustees shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends), and the terms of office of all persons elected as trustees by the holders of

the Series H Preferred Shares and the Voting Preferred Shares shall forthwith terminate and the number of trustees constituting the Board of Trustees shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of shares of Series H Preferred Shares and the Voting Preferred Shares, the Secretary of the Trust may, and upon the written request of any holder of Series H Preferred Shares (addressed to the Secretary at the principal office of the Trust) shall, call a special meeting of the holders of the Series H Preferred Shares and of the Voting Preferred Shares for the election of the two trustees to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Trust for a special meeting of the shareholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of such request, then any holder of Series H Preferred Shares may call such meeting, upon the notice above provided, and for that purpose shall have access to the share books of the Trust. The trustees elected at any such special meeting shall hold office until the next annual meeting of the shareholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the trustees elected by the holders of the Series H Preferred Shares and the Voting Preferred Shares, a successor shall be elected by the Board of Trustees, upon the nomination of the then-remaining trustee elected by the holders of the Series H Preferred Shares and the Voting Preferred Shares or the successor of such remaining trustee, to serve until the next annual meeting of the shareholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

So long as any Series H Preferred Shares are outstanding, in addition to any other vote or consent of shareholders required by the Declaration, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of Series H Preferred Shares and the Voting Preferred Shares, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(a) Any amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the holders of the Series H Preferred Shares or the Voting Preferred Shares; *provided, however,* that (i) the amendment of the provisions of the Declaration so as to authorize or create or to increase the authorized amount of, any Junior Shares or any shares of any class or series ranking on a parity with the Series H Preferred Shares or the Voting Preferred Shares shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Series H Preferred Shares and (ii) any filing with the State Department of Assessments and Taxation of Maryland by the Trust including in connection with a merger, consolidation or otherwise, shall not be deemed to be an amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the holders of the Series H Preferred Shares, provided that: (1) the Trust is the surviving entity and the Series H Preferred Shares remain outstanding with the terms thereof materially unchanged in any respect adverse to the holders thereof; or (2) the resulting, surviving or transferee entity is organized under the laws of any state and substitutes or exchanges the Series H Preferred Shares for other preferred stock or shares having preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption thereof identical to that of



the Series H Preferred Shares (except for changes that do not materially and adversely affect the holders of Series H Preferred Shares); and *provided further*, that if any such amendment, alteration or repeal would materially and adversely affect any voting powers, rights or preferences of the Series H Preferred Shares or one or more but not all series of Voting Preferred Shares at the time outstanding, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of all series similarly affected, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be required in lieu of the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Series H Preferred Shares and the Voting Preferred Shares otherwise entitled to vote in accordance herewith; or

(b) The authorization or creation of, or the increase in the authorized amount of, any shares of any class or series or any security convertible into shares of any class or series ranking prior to the Series H Preferred Shares in the distribution on any liquidation, dissolution or winding up of the Trust or in the payment of dividends;

*provided, however*, that, in the case of each of subparagraphs (a) and (b), no such vote of the holders of Series H Preferred Shares or Voting Preferred Shares, as the case may be, shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such prior shares or convertible security is to be made, as the case may be, provision is made for the redemption of all Series H Preferred Shares or Voting Preferred Shares, as the case may be, at the time outstanding in accordance with Section 5 hereof.

For purposes of the foregoing provisions of this Section 10, each Series H Preferred Share shall have one (1) vote per share, except that when any other series of Preferred Stock shall have the right to vote with the Series H Preferred Shares as a single class on any matter, then the Series H Preferred Shares and such other series shall have with respect to such matters one (1) vote per \$50.00 of stated liquidation preference.

Section 11. Record Holders. The Trust and the Transfer Agent may deem and treat the record holder of any Series H Preferred Shares as the true and lawful owner thereof for all purposes, and neither the Trust nor the Transfer Agent shall be affected by any notice to the contrary.

Section 12. Restrictions on Ownership and Transfer. The Series H Preferred Shares constitute Preferred Stock, and Preferred Stock constitutes Equity Stock of the Trust. Therefore, the Series H Preferred Shares, being Equity Stock, are governed by and issued subject to all the limitations, terms and conditions of the Declaration applicable to Equity Stock generally, including but not limited to the terms and conditions (including exceptions and exemptions) of Article VI of the Declaration applicable to Equity Stock. The foregoing sentence shall not be construed to limit the applicability to the Series H Preferred Shares of any other term or provision of the Declaration.

VORNADO REALTY TRUST

EXHIBIT K

**6.625% SERIES I CUMULATIVE REDEEMABLE PREFERRED SHARES**  
**(liquidation preference \$25.00 per share)**

Section 1. Number of Shares and Designation. This series of Preferred Stock shall be designated as 6.625% Series I Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share (the "**Series I Preferred Shares**"), and 10,800,000 shall be the number of shares of Preferred Stock constituting such series.

Section 2. Definitions. For purposes of the Series I Preferred Shares, the following terms shall have the meanings indicated:

"**Annual Dividend Rate**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Board of Trustees**" shall mean the Board of Trustees of the Trust or any committee authorized by such Board of Trustees to perform any of its responsibilities with respect to the Series I Preferred Shares.

"**Business Day**" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"**Common Shares**" shall mean the common shares of beneficial interest of the Trust, par value \$.04 per share.

"**Declaration**" shall mean the Amended and Restated Declaration of Trust of the Trust, as amended.

"**Dividend Payment Date**" shall mean January 1, April 1, July 1 and October 1, in each year, commencing on October 1, 2005; *provided, however*, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall be paid on the first Business Day immediately following such Dividend Payment Date.

"**Dividend Payment Record Date**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Dividend Periods**" shall mean quarterly dividend periods commencing on January 1, April 1, July 1 and October 1 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period with respect to each Series I Preferred Share, which, (i) for Series I Preferred Shares issued prior to October 1, 2005, shall commence on, but exclude, the date of original issue by the Trust of any Series I Preferred Shares and end on and include the day preceding the first day of the next succeeding Dividend Period; and (ii) for Series

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I Preferred Shares issued on or after October 1, 2005, shall commence on the Dividend Payment Date with respect to which dividends were actually paid on Series I Preferred Shares that were outstanding immediately preceding the issuance of such Series I Preferred Shares and end on and include the day preceding the first day of the next succeeding Dividend Period).

“**Junior Shares**” shall mean the Common Shares and any other class or series of shares of beneficial interest of the Trust constituting junior shares of beneficial interest within the meaning set forth in paragraph (c) of Section 9 hereof.

“**Liquidation Preference**” shall have the meaning set forth in paragraph (a) of Section 4 hereof.

“**Parity Shares**” shall have the meaning set forth in paragraph (b) of Section 9 hereof.

“**Person**” shall mean any individual, firm, partnership, corporation, limited liability company or other entity, and shall include any successor (by merger or otherwise) of such entity.

“**Redemption Date**” shall have the meaning set forth in paragraph (b) of Section 5 hereof.

“**Redemption Price**” shall have the meaning set forth in paragraph (b) of Section 5 hereof.

“**Series I Preferred Shares**” shall have the meaning set forth in Section 1 hereof.

“**Set apart for payment**” shall be deemed to include, without any action other than the following, the recording by the Trust in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of a dividend or other distribution by the Board of Trustees, the allocation of funds to be so paid on any series or class of shares of beneficial interest of the Trust; *provided, however*, that if any funds for any class or series of Junior Shares or any class or series of shares of beneficial interest ranking on a parity with the Series I Preferred Shares as to the payment of dividends are placed in a separate account of the Trust or delivered to a disbursing, paying or other similar agent, then “set apart for payment” with respect to the Series I Preferred Shares shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

“**Transfer Agent**” means Wachovia Bank, N.A., Charlotte, North Carolina, or such other agent or agents of the Trust as may be designated by the Board of Trustees or its designee as the transfer agent for the Series I Preferred Shares.

“**Voting Preferred Shares**” shall have the meaning set forth in Section 10 hereof.

Section 3. Dividends. (a) The holders of Series I Preferred Shares shall be entitled to receive, when, as and if authorized by the Board of Trustees and declared by the Trust

out of assets legally available for that purpose, dividends payable in cash at the rate per annum of \$1.65625 per Series I Preferred Share (the "**Annual Dividend Rate**") (equivalent to a rate of 6.625% of the Liquidation Preference per annum). Such dividends with respect to each Series I Preferred Share issued prior to October 1, 2005 shall be cumulative from, but excluding, the date of original issue by the Trust of any Series I Preferred Shares and with respect to each Series I Preferred Share issued on or after October 1, 2005 shall be cumulative from the Dividend Payment Date with respect to which dividends were actually paid on Series I Preferred Shares that were outstanding immediately preceding the issuance of such Series I Preferred Shares, whether or not in any Dividend Period or Periods there shall be assets of the Trust legally available for the payment of such dividends, and shall be payable quarterly, when, as and if authorized by the Board of Trustees and declared by the Trust, in arrears on Dividend Payment Dates, commencing with respect to each Series I Preferred Share on the first Dividend Payment Date following issuance of such Series I Preferred Share. Dividends are cumulative from the most recent Dividend Payment Date to which dividends have been paid, whether or not in any Dividend Period or Periods there shall be assets legally available therefor. Each such dividend shall be payable in arrears to the holders of record of the Series I Preferred Shares, as they appear on the share records of the Trust at the close of business on such record dates, not more than 30 days preceding the applicable Dividend Payment Date (the "**Dividend Payment Record Date**"), as shall be fixed by the Board of Trustees. Accrued and unpaid dividends for any past Dividend Periods may be authorized and declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board of Trustees.

(b) The amount of dividends payable for each full Dividend Period for the Series I Preferred Shares shall be computed by dividing the Annual Dividend Rate by four. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series I Preferred Shares shall be computed on the basis of twelve 30-day months and a 360-day year. Holders of Series I Preferred Shares shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series I Preferred Shares. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series I Preferred Shares that may be in arrears.

(c) So long as any Series I Preferred Shares are outstanding, no dividends, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of Parity Shares for any period unless full cumulative dividends have been or contemporaneously are authorized and declared and paid or authorized and declared and a sum sufficient for the payment thereof set apart for such payment on the Series I Preferred Shares for all Dividend Periods terminating on or prior to the Dividend Payment Date on such class or series of Parity Shares. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends authorized and declared upon Series I Preferred Shares and all dividends authorized and declared upon any other series or class or classes of Parity Shares shall be authorized and declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series I Preferred Shares and such Parity Shares.

(d) So long as any Series I Preferred Shares are outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Shares) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Shares, nor shall any Junior Shares be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Shares made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the Trust or any subsidiary, or as permitted under Article VI of the Declaration), for any consideration (or any moneys to be paid to or made available for a sinking fund for the redemption of any such shares) by the Trust, directly or indirectly (except by conversion into or exchange for Junior Shares), unless in each case (i) the full cumulative dividends on all outstanding Series I Preferred Shares and any other Parity Shares of the Trust shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series I Preferred Shares and all past dividend periods with respect to such Parity Shares and (ii) sufficient funds shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series I Preferred Shares and any Parity Shares.

Section 4. Liquidation Preference. (a) In the event of any liquidation, dissolution or winding up of the Trust, whether voluntary or involuntary, before any payment or distribution of the assets of the Trust (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of Series I Preferred Shares shall be entitled to receive Twenty-Five Dollars (\$25.00) per Series I Preferred Share (the "**Liquidation Preference**") plus an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holder; but such holders of Series I Preferred Shares shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Trust, the assets of the Trust, or proceeds thereof, distributable among the holders of Series I Preferred Shares shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Shares, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series I Preferred Shares and any such other Parity Shares ratably in accordance with the respective amounts that would be payable on such Series I Preferred Shares and any such other Parity Shares if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Trust with one or more entities, (ii) a statutory share exchange and (iii) a sale or transfer of all or substantially all of the Trust's assets shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Trust.

(b) Subject to the rights of the holders of shares of any series or class or classes of shares of beneficial interest ranking on a parity with or prior to the Series I Preferred Shares upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Trust, after payment shall have been made in full to the holders of the Series I Preferred Shares, as provided in this Section 4, any series or class or classes of Junior Shares shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series I Preferred Shares shall not be entitled to share therein.

Section 5. Redemption at the Option of the Trust.

(a) Except as otherwise permitted by the Declaration, the Series I Preferred Shares shall not be redeemable by the Trust prior to August 31, 2010. On and after August 31, 2010, the Trust, at its option, may redeem the shares of Series I Preferred Shares, in whole or in part, as set forth herein, subject to the provisions described below.

(b) On and after August 31, 2010, the Series I Preferred Shares shall be redeemable at the option of the Trust, in whole or in part, at any time or from time to time, at a redemption price of \$25.00 per Series I Preferred Share, plus any accrued and unpaid dividends to the date fixed for redemption (the "**Redemption Price**"). Each date on which Series I Preferred Shares are to be redeemed (a "**Redemption Date**") (which may not be before August 31, 2010) shall be selected by the Trust, shall be specified in the notice of redemption and shall not be less than 30 days or more than 60 days after the date on which the Trust gives, or causes to be given, notice of redemption by mail pursuant to the next paragraph.

A notice of redemption shall be mailed, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series I Preferred Shares at their respective addresses as they appear on the Trust's share transfer records. A failure to give such notice or any defect in the notice or in its mailing shall not affect the validity of the proceedings for the redemption of any Series I Preferred Shares except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the Redemption Date; (ii) the Redemption Price; (iii) the number of Series I Preferred Shares to be redeemed and, if fewer than all the Series I Preferred Shares held by such holder are to be redeemed, the number of such Series I Preferred Shares to be redeemed from such holder; (iv) the place or places where the certificates evidencing the Series I Preferred Shares are to be surrendered for payment of the Redemption Price; and (v) that distributions on the shares to be redeemed will cease to accrue on such Redemption Date except as otherwise provided herein.

(c) Upon any redemption of Series I Preferred Shares, the Trust shall pay any accrued and unpaid dividends in arrears for any Dividend Period ending on or prior to the Redemption Date. If the Redemption Date falls after a Dividend Payment Record Date and prior to the corresponding Dividend Payment Date, then each holder of Series I Preferred Shares at the close of business on such Dividend Payment Record Date shall be entitled to the dividend payable on such Series I Preferred Shares on the corresponding Dividend Payment Date notwithstanding the redemption of such Series I Preferred Shares before such Dividend Payment Date. Except as provided above, the Trust shall make no payment or allowance for unpaid dividends, whether or not in arrears, on Series I Preferred Shares called for redemption.

(d) If full cumulative dividends on the Series I Preferred Shares and any other series or class or classes of Parity Shares of the Trust have not been paid or declared and set apart for payment, except as otherwise permitted under the Declaration, the Series I Preferred Shares may not be redeemed in part and the Trust may not purchase, redeem or otherwise acquire Series I Preferred Shares or any Parity Shares other than in exchange for Junior Shares.

(e) Notice having been mailed as aforesaid, from and after the Redemption Date (unless the Trust shall fail to make available the amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the Series I Preferred Shares so called for redemption shall cease to accrue, (ii) said shares shall no longer be deemed to be

outstanding, and (iii) all rights of the holders thereof as holders of Series I Preferred Shares of the Trust shall cease (except the rights to receive the cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required and to receive any dividends payable thereon). The Trust's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Redemption Date, the Trust shall deposit with a bank or trust company (which may be an affiliate of the Trust) that has an office in the Borough of Manhattan, City of New York, or in Baltimore, Maryland and that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least \$50,000,000, the cash necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the Series I Preferred Shares so called for redemption. No interest shall accrue for the benefit of the holder of Series I Preferred Shares to be redeemed on any cash so set aside by the Trust. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Trust, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Trust for the payment of such cash.

As promptly as practicable after the surrender in accordance with said notice of the certificates for any such Series I Preferred Shares so redeemed (properly endorsed or assigned for transfer, if the Trust shall so require and if the notice shall so state), such Series I Preferred Shares shall be exchanged for the cash (without interest thereon) for which such Series I Preferred Shares have been redeemed. If fewer than all of the outstanding Series I Preferred Shares are to be redeemed, the Series I Preferred Shares to be redeemed shall be selected by the Trust from the outstanding Series I Preferred Shares not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Trust in its sole discretion to be equitable. If fewer than all the Series I Preferred Shares evidenced by any certificate are redeemed, then new certificates evidencing the unredeemed Series I Preferred Shares shall be issued without cost to the holder thereof.

Section 6. Reacquired Shares to Be Retired. All Series I Preferred Shares which shall have been issued and reacquired in any manner by the Trust shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series.

Section 7. No Right of Conversion. The Series I Preferred Shares are not convertible into or exchangeable for any other property or securities of the Trust at the option of any holder of Series I Preferred Shares.

Section 8. Permissible Distributions. In determining whether a distribution (other than upon liquidation, dissolution or winding up), whether by dividend, or upon redemption or other acquisition of shares or otherwise, is permitted under Maryland law, amounts that would be needed, if the Trust were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of any class or series of beneficial interest whose preferential rights upon dissolution are superior or prior to those receiving the distribution shall not be added to the Trust's total liabilities.

Section 9. Ranking. Any class or series of shares of beneficial interest of the Trust shall be deemed to rank:

(a) prior to the Series I Preferred Shares, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series I Preferred Shares;

(b) on a parity with the Series I Preferred Shares, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series I Preferred Shares, if the holders of such class or series and the Series I Preferred Shares shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other ("**Parity Shares**"); and

(c) junior to the Series I Preferred Shares, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such class or series of shares shall be Common Shares or if the holders of Series I Preferred Shares shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such class or series, and such class or series shall not in either case rank prior to the Series I Preferred Shares ("**Junior Shares**").

Accordingly, the Series A Convertible Preferred Shares, Series C Cumulative Redeemable Preferred Shares, Series D-1 Cumulative Redeemable Preferred Shares, Series D-2 Cumulative Redeemable Preferred Shares; Series D-3 Cumulative Redeemable Preferred Shares; Series D-4 Cumulative Redeemable Preferred Shares; Series D-5 Cumulative Redeemable Preferred Shares; Series D-6 Cumulative Redeemable Preferred Shares; Series D-7 Cumulative Redeemable Preferred Shares; Series D-8 Cumulative Redeemable Preferred Shares; Series D-9 Cumulative Redeemable Preferred Shares; Series D-10 Cumulative Redeemable Preferred Shares; Series D-11 Cumulative Redeemable Preferred Shares; Series D-12 Cumulative Redeemable Preferred Shares; Series E Cumulative Redeemable Preferred Shares; Series F Cumulative Redeemable Preferred Shares; Series G Cumulative Redeemable Preferred Shares; and Series H Cumulative Redeemable Preferred Shares are Parity Shares.

Section 10. Voting. Except as otherwise set forth herein, the Series I Preferred Shares shall not have any relative, participating, optional or other voting rights or powers, and the consent of the holders thereof shall not be required for the taking of any trust action.

If and whenever six quarterly dividends (whether or not consecutive) payable on the Series I Preferred Shares or any series or class of Parity Shares shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not earned or declared, the number of trustees then constituting the Board of Trustees shall be increased by two and the holders of Series I Preferred Shares, together with the holders of shares of every other series or class of Parity Shares having like voting rights (shares of any such other series, the "**Voting Preferred Shares**"), voting as a single class regardless of series, shall be entitled to elect the two additional trustees to serve on the Board of Trustees at



any annual meeting of shareholders or special meeting held in place thereof, or at a special meeting of the holders of Series I Preferred Shares and the Voting Preferred Shares called as hereinafter provided. Whenever all arrears in dividends on the Series I Preferred Shares and the Voting Preferred Shares then outstanding shall have been paid and full dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series I Preferred Shares and the Voting Preferred Shares to elect such additional two trustees shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends), and the terms of office of all persons elected as trustees by the holders of the Series I Preferred Shares and the Voting Preferred Shares shall forthwith terminate and the number of trustees constituting the Board of Trustees shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of shares of Series I Preferred Shares and the Voting Preferred Shares, the Secretary of the Trust may, and upon the written request of any holder of Series I Preferred Shares (addressed to the Secretary at the principal office of the Trust) shall, call a special meeting of the holders of the Series I Preferred Shares and of the Voting Preferred Shares for the election of the two trustees to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Trust for a special meeting of the shareholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of such request, then any holder of Series I Preferred Shares may call such meeting, upon the notice above provided, and for that purpose shall have access to the share books of the Trust. The trustees elected at any such special meeting shall hold office until the next annual meeting of the shareholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the trustees elected by the holders of the Series I Preferred Shares and the Voting Preferred Shares, a successor shall be elected by the Board of Trustees, upon the nomination of the then-remaining trustee elected by the holders of the Series I Preferred Shares and the Voting Preferred Shares or the successor of such remaining trustee, to serve until the next annual meeting of the shareholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

So long as any Series I Preferred Shares are outstanding, in addition to any other vote or consent of shareholders required by the Declaration, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of Series I Preferred Shares and the Voting Preferred Shares, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(a) Any amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the holders of the Series I Preferred Shares or the Voting Preferred Shares; *provided, however,* that (i) the amendment of the provisions of the Declaration so as to authorize or create or to increase the authorized amount of, any Junior Shares or any shares of any class or series ranking on a parity with the Series I Preferred Shares or the Voting Preferred Shares shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Series I Preferred Shares and (ii) any filing with the State Department of Assessments and Taxation of Maryland by the Trust including in connection with

a merger, consolidation or otherwise, shall not be deemed to be an amendment, alteration or repeal of any of the provisions of the Declaration or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the holders of the Series I Preferred Shares, provided that: (1) the Trust is the surviving entity and the Series I Preferred Shares remain outstanding with the terms thereof materially unchanged in any respect adverse to the holders thereof; or (2) the resulting, surviving or transferee entity is organized under the laws of any state and substitutes or exchanges the Series I Preferred Shares for other preferred stock or shares having preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption thereof identical to that of the Series I Preferred Shares (except for changes that do not materially and adversely affect the holders of Series I Preferred Shares); and *provided further*, that if any such amendment, alteration or repeal would materially and adversely affect any voting powers, rights or preferences of the Series I Preferred Shares or one or more but not all series of Voting Preferred Shares at the time outstanding, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of all series similarly affected, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be required in lieu of the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Series I Preferred Shares and the Voting Preferred Shares otherwise entitled to vote in accordance herewith; or

(b) The authorization or creation of, or the increase in the authorized amount of, any shares of any class or series or any security convertible into shares of any class or series ranking prior to the Series I Preferred Shares in the distribution on any liquidation, dissolution or winding up of the Trust or in the payment of dividends;

*provided, however*, that, in the case of each of subparagraphs (a) and (b), no such vote of the holders of Series I Preferred Shares or Voting Preferred Shares, as the case may be, shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such prior shares or convertible security is to be made, as the case may be, provision is made for the redemption of all Series I Preferred Shares or Voting Preferred Shares, as the case may be, at the time outstanding in accordance with Section 5 hereof.

For purposes of the foregoing provisions of this Section 10, each Series I Preferred Share shall have one (1) vote per share, except that when any other series of Preferred Stock shall have the right to vote with the Series I Preferred Shares as a single class on any matter, then the Series I Preferred Shares and such other series shall have with respect to such matters one (1) vote per \$50.00 of stated liquidation preference.

Section 11. Record Holders. The Trust and the Transfer Agent may deem and treat the record holder of any Series I Preferred Shares as the true and lawful owner thereof for all purposes, and neither the Trust nor the Transfer Agent shall be affected by any notice to the contrary.

Section 12. Restrictions on Ownership and Transfer. The Series I Preferred Shares constitute Preferred Stock, and Preferred Stock constitutes Equity Stock of the Trust. Therefore, the Series I Preferred Shares, being Equity Stock, are governed by and issued subject to all the limitations, terms and conditions of the Declaration applicable to Equity Stock

generally, including but not limited to the terms and conditions (including exceptions and exemptions) of Article VI of the Declaration applicable to Equity Stock. The foregoing sentence shall not be construed to limit the applicability to the Series I Preferred Shares of any other term or provision of the Declaration.