

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

(Mark one)

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

For the quarterly period ended: March 31, 2020
Or

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

For the transition period from: _____ to _____

Commission File Number: 001-11954 (Vornado Realty Trust)

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

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

(Exact name of registrants as specified in its charter)

<u>Vornado Realty Trust</u>	<u>Maryland</u> (State or other jurisdiction of incorporation or organization)	<u>22-1657560</u> (I.R.S. Employer Identification Number)
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<u>Vornado Realty L.P.</u>	<u>Delaware</u> (State or other jurisdiction of incorporation or organization)	<u>13-3925979</u> (I.R.S. Employer Identification Number)
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888 Seventh Avenue, New York, New York 10019
(Address of principal executive offices) (Zip Code)

(212) 894-7000

(Registrants' telephone number, including area code)

N/A

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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

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

Vornado Realty Trust:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Large Accelerated Filer | <input type="checkbox"/> Accelerated Filer |
| <input type="checkbox"/> Non-Accelerated Filer | <input type="checkbox"/> Smaller Reporting Company |
| | <input type="checkbox"/> Emerging Growth Company |

Vornado Realty L.P.:

- | | |
|---|--|
| <input type="checkbox"/> Large Accelerated Filer | <input type="checkbox"/> Accelerated Filer |
| <input checked="" type="checkbox"/> Non-Accelerated Filer | <input type="checkbox"/> Smaller Reporting Company |
| | <input type="checkbox"/> Emerging Growth Company |

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

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

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

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

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

As of March 31, 2020, 191,115,726 of Vornado Realty Trust's common shares of beneficial interest are outstanding.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended March 31, 2020 of Vornado Realty Trust and Vornado Realty L.P. Unless stated otherwise or the context otherwise requires, references to “Vornado” refer to Vornado Realty Trust, a Maryland real estate investment trust (“REIT”), and references to the “Operating Partnership” refer to Vornado Realty L.P., a Delaware limited partnership. References to the “Company,” “we,” “us” and “our” mean collectively Vornado, the Operating Partnership and those subsidiaries consolidated by Vornado.

The Operating Partnership is the entity through which we conduct substantially all of our business and own, either directly or through subsidiaries, substantially all of our assets. Vornado is the sole general partner and also a 92.7% limited partner of the Operating Partnership. As the sole general partner of the Operating Partnership, Vornado has exclusive control of the Operating Partnership’s day-to-day management.

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

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

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

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

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

- Item 1. Financial Statements (unaudited), which includes the following specific disclosures for Vornado Realty Trust and Vornado Realty L.P.:
 - Note 12. Redeemable Noncontrolling Interests/Redeemable Partnership Units
 - Note 13. Shareholders' Equity/Partners' Capital
 - Note 19. Income Per Share/Income Per Class A Unit
- Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations includes information specific to each entity, where applicable.

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

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

VORNADO REALTY TRUST
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

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

	As of	
	March 31, 2020	December 31, 2019
ASSETS		
Real estate, at cost:		
Land	\$ 2,589,800	\$ 2,591,261
Buildings and improvements	7,946,523	7,953,163
Development costs and construction in progress	1,532,828	1,490,614
Moynihan Train Hall development expenditures	972,199	914,960
Leasehold improvements and equipment	126,910	124,014
Total	13,168,260	13,074,012
Less accumulated depreciation and amortization	(3,049,609)	(3,015,958)
Real estate, net	10,118,651	10,058,054
Right-of-use assets	378,257	379,546
Cash and cash equivalents	1,586,738	1,515,012
Restricted cash	80,570	92,119
Marketable securities	—	33,313
Tenant and other receivables	115,795	95,733
Investments in partially owned entities	3,970,791	3,999,165
Real estate fund investments	45,129	222,649
220 Central Park South condominium units ready for sale	393,417	408,918
Receivable arising from the straight-lining of rents	731,807	742,206
Deferred leasing costs, net of accumulated amortization of \$188,976 and \$196,229	353,467	353,986
Identified intangible assets, net of accumulated amortization of \$100,298 and \$98,587	29,123	30,965
Other assets	405,914	355,347
	<u>\$ 18,209,659</u>	<u>\$ 18,287,013</u>
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Mortgages payable, net	\$ 5,643,707	\$ 5,639,897
Senior unsecured notes, net	446,076	445,872
Unsecured term loan, net	795,974	745,840
Unsecured revolving credit facilities	1,075,000	575,000
Lease liabilities	497,531	498,254
Moynihan Train Hall obligation	972,199	914,960
Special dividend/distribution payable	—	398,292
Accounts payable and accrued expenses	407,598	440,049
Deferred revenue	54,992	59,429
Deferred compensation plan	90,888	103,773
Other liabilities	308,683	265,754
Total liabilities	10,292,648	10,087,120
Commitments and contingencies		
Redeemable noncontrolling interests:		
Class A units - 13,748,709 and 13,298,956 units outstanding	619,264	884,380
Series D cumulative redeemable preferred units - 141,401 units outstanding	4,535	4,535
Total redeemable noncontrolling interests	623,799	888,915
Shareholders' equity:		
Preferred shares of beneficial interest: no par value per share; authorized 110,000,000 shares; issued and outstanding 36,795,540 and 36,795,640 shares	891,211	891,214
Common shares of beneficial interest: \$0.04 par value per share; authorized 250,000,000 shares; issued and outstanding 191,115,726 and 190,985,677 shares	7,624	7,618
Additional capital	8,112,523	7,827,697
Earnings less than distributions	(2,091,612)	(1,954,266)
Accumulated other comprehensive loss	(82,719)	(40,233)
Total shareholders' equity	6,837,027	6,732,030
Noncontrolling interests in consolidated subsidiaries	456,185	578,948
Total equity	7,293,212	7,310,978
	<u>\$ 18,209,659</u>	<u>\$ 18,287,013</u>

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(Amounts in thousands, except per share amounts)

	For the Three Months Ended March 31,	
	2020	2019
REVENUES:		
Rental revenues	\$ 401,274	\$ 499,877
Fee and other income	43,258	34,791
Total revenues	444,532	534,668
EXPENSES:		
Operating	(230,007)	(246,895)
Depreciation and amortization	(92,793)	(116,709)
General and administrative	(52,834)	(58,020)
Benefit (expense) from deferred compensation plan liability	11,245	(5,433)
Transaction related costs and other	(71)	(149)
Total expenses	(364,460)	(427,206)
Income from partially owned entities	19,103	7,320
Loss from real estate fund investments	(183,463)	(167)
Interest and other investment (loss) income, net	(5,904)	5,045
(Loss) income from deferred compensation plan assets	(11,245)	5,433
Interest and debt expense	(58,842)	(102,463)
Net gains on disposition of wholly owned and partially owned assets	68,589	220,294
(Loss) income before income taxes	(91,690)	242,924
Income tax expense	(12,813)	(29,743)
(Loss) income from continuing operations	(104,503)	213,181
Loss from discontinued operations	—	(137)
Net (loss) income	(104,503)	213,044
Less net loss (income) attributable to noncontrolling interests in:		
Consolidated subsidiaries	122,387	(6,820)
Operating Partnership	(390)	(12,202)
Net income attributable to Vornado	17,494	194,022
Preferred share dividends	(12,531)	(12,534)
NET INCOME attributable to common shareholders	\$ 4,963	\$ 181,488
INCOME PER COMMON SHARE - BASIC:		
Net income per common share	\$ 0.03	\$ 0.95
Weighted average shares outstanding	191,038	190,689
INCOME PER COMMON SHARE - DILUTED:		
Net income per common share	\$ 0.03	\$ 0.95
Weighted average shares outstanding	191,113	190,996

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
Net (loss) income	\$ (104,503)	\$ 213,044
Other comprehensive (loss) income:		
Reduction in value of interest rate swaps	(45,477)	(17,029)
Other comprehensive income (loss) of nonconsolidated subsidiaries	8	(985)
Amounts reclassified from accumulated other comprehensive loss relating to a nonconsolidated subsidiary	—	(2,311)
Comprehensive (loss) income	(149,972)	192,719
Less comprehensive loss (income) attributable to noncontrolling interests	124,980	(17,746)
Comprehensive (loss) income attributable to Vornado	\$ (24,992)	\$ 174,973

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands, except per share amounts)

	Preferred Shares		Common Shares		Additional Capital	Earnings Less Than Distributions	Accumulated Other Comprehensive (Loss) Income	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Shares	Amount	Shares	Amount					
Balance as of December 31, 2019	36,796	\$ 891,214	190,986	\$ 7,618	\$ 7,827,697	\$ (1,954,266)	\$ (40,233)	\$ 578,948	\$ 7,310,978
Cumulative effect of accounting change (see Note 4)	—	—	—	—	—	(16,064)	—	—	(16,064)
Net income attributable to Vornado	—	—	—	—	—	17,494	—	—	17,494
Net loss attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	—	(122,387)	(122,387)
Dividends on common shares (\$0.66 per share)	—	—	—	—	—	(126,106)	—	—	(126,106)
Dividends on preferred shares (see Note 13 for dividends per share amounts)	—	—	—	—	—	(12,531)	—	—	(12,531)
Common shares issued:									
Upon redemption of Class A units, at redemption value	—	—	27	1	1,639	—	—	—	1,640
Under employees' share option plan	—	—	69	3	3,514	—	—	—	3,517
Under dividend reinvestment plan	—	—	21	1	1,381	—	—	—	1,382
Contributions:									
Real estate fund investments	—	—	—	—	—	—	—	3,389	3,389
Other	—	—	—	—	—	—	—	1,397	1,397
Distributions	—	—	—	—	—	—	—	(5,235)	(5,235)
Conversion of Series A preferred shares to common shares	—	(3)	—	—	3	—	—	—	—
Deferred compensation shares and options	—	—	13	1	297	(137)	—	—	161
Other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	—	8	—	8
Reduction in value of interest rate swaps	—	—	—	—	—	—	(45,477)	—	(45,477)
Unearned 2017 Out-Performance Plan awards acceleration	—	—	—	—	10,824	—	—	—	10,824
Adjustments to carry redeemable Class A units at redemption value	—	—	—	—	267,170	—	—	—	267,170
Redeemable noncontrolling interests' share of above adjustments	—	—	—	—	—	—	2,983	—	2,983
Other	—	—	—	—	(2)	(2)	—	73	69
Balance as of March 31, 2020	<u>36,796</u>	<u>\$ 891,211</u>	<u>191,116</u>	<u>\$ 7,624</u>	<u>\$ 8,112,523</u>	<u>\$ (2,091,612)</u>	<u>\$ (82,719)</u>	<u>\$ 456,185</u>	<u>\$ 7,293,212</u>

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands, except per share amounts)

	Preferred Shares		Common Shares		Additional Capital	Earnings Less Than Distributions	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Shares	Amount	Shares	Amount					
Balance as of December 31, 2018	36,800	\$ 891,294	190,535	\$ 7,600	\$ 7,725,857	\$ (4,167,184)	\$ 7,664	\$ 642,652	\$ 5,107,883
Net income attributable to Vornado	—	—	—	—	—	194,022	—	—	194,022
Net income attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	—	6,820	6,820
Dividends on common shares (\$0.66 per share)	—	—	—	—	—	(125,876)	—	—	(125,876)
Dividends on preferred shares (see Note 13 for dividends per share amounts)	—	—	—	—	—	(12,534)	—	—	(12,534)
Common shares issued:									
Upon redemption of Class A units, at redemption value	—	—	48	2	3,179	—	—	—	3,181
Under employees' share option plan	—	—	162	7	1,164	(8,692)	—	—	(7,521)
Under dividend reinvestment plan	—	—	5	—	340	—	—	—	340
Contributions:									
Real estate fund investments	—	—	—	—	—	—	—	3,384	3,384
Other	—	—	—	—	—	—	—	1,810	1,810
Distributions	—	—	—	—	—	—	—	(7,764)	(7,764)
Conversion of Series A preferred shares to common shares	(1)	(31)	2	—	31	—	—	—	—
Deferred compensation shares and options	—	—	9	—	297	—	—	—	297
Amount reclassified related to a nonconsolidated subsidiary	—	—	—	—	—	—	(2,311)	—	(2,311)
Other comprehensive loss of nonconsolidated subsidiaries	—	—	—	—	—	—	(985)	—	(985)
Reduction in value of interest rate swaps	—	—	—	—	—	—	(17,029)	—	(17,029)
Unearned 2016 Out-Performance Plan awards acceleration	—	—	—	—	11,720	—	—	—	11,720
Adjustments to carry redeemable Class A units at redemption value	—	—	—	—	(65,818)	—	—	—	(65,818)
Redeemable noncontrolling interests' share of above adjustments	—	—	—	—	—	—	1,276	—	1,276
Other	(1)	—	—	—	—	(1)	—	(2)	(3)
Balance as of March 31, 2019	<u>36,798</u>	<u>\$ 891,263</u>	<u>190,761</u>	<u>\$ 7,609</u>	<u>\$ 7,676,770</u>	<u>\$ (4,120,265)</u>	<u>\$ (11,385)</u>	<u>\$ 646,900</u>	<u>\$ 5,090,892</u>

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
Cash Flows from Operating Activities:		
Net (loss) income	\$ (104,503)	\$ 213,044
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Net unrealized loss (gain) on real estate fund investments	183,520	(100)
Depreciation and amortization (including amortization of deferred financing costs)	96,913	123,135
Net gains on disposition of wholly owned and partially owned assets	(68,589)	(220,294)
Distributions of income from partially owned entities	48,568	14,316
Stock-based compensation expense	25,765	31,654
Equity in net income of partially owned entities	(19,103)	(7,320)
Straight-lining of rents	10,165	1,140
Credit losses on loans receivable	7,261	—
Decrease (increase) in fair value of marketable securities	4,938	(461)
Amortization of below-market leases, net	(4,206)	(6,525)
Other non-cash adjustments	4,156	1,639
Changes in operating assets and liabilities:		
Real estate fund investments	(6,000)	(4,000)
Tenant and other receivables, net	(20,938)	(835)
Prepaid assets	(91,878)	(82,862)
Other assets	(8,051)	(6,044)
Accounts payable and accrued expenses	(7,659)	10,426
Other liabilities	1,089	(2,795)
Net cash provided by operating activities	<u>51,448</u>	<u>64,118</u>
Cash Flows from Investing Activities:		
Proceeds from sale of condominium units at 220 Central Park South	191,216	425,484
Development costs and construction in progress	(169,845)	(143,302)
Moynihan Train Hall expenditures	(98,794)	(123,533)
Additions to real estate	(49,251)	(55,759)
Proceeds from sales of marketable securities	28,375	167,755
Investments in partially owned entities	(2,130)	(918)
Distributions of capital from partially owned entities	1,090	24,851
Proceeds from sale of real estate and related investments	—	108,512
Proceeds from repayments of loans receivable	—	204
Net cash (used in) provided by investing activities	<u>(99,339)</u>	<u>403,294</u>

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
Cash Flows from Financing Activities:		
Proceeds from borrowings	\$ 553,062	\$ 456,741
Dividends paid on common shares	(498,486)	(125,876)
Moynihan Train Hall reimbursement from Empire State Development	98,794	123,533
Distributions to noncontrolling interests	(40,045)	(16,252)
Dividends paid on preferred shares	(12,531)	(12,534)
Proceeds received from exercise of employee share options and other	4,899	1,511
Contributions from noncontrolling interests	4,786	5,194
Repayments of borrowings	(2,150)	(686,555)
Repurchase of shares related to stock compensation agreements and related tax withholdings and other	(137)	(8,692)
Debt issuance costs	(124)	(10,860)
Redemption of preferred shares	—	(893)
Net cash provided by (used in) financing activities	108,068	(274,683)
Net increase in cash and cash equivalents and restricted cash	60,177	192,729
Cash and cash equivalents and restricted cash at beginning of period	1,607,131	716,905
Cash and cash equivalents and restricted cash at end of period	<u>\$ 1,667,308</u>	<u>\$ 909,634</u>
Reconciliation of Cash and Cash Equivalents and Restricted Cash:		
Cash and cash equivalents at beginning of period	\$ 1,515,012	\$ 570,916
Restricted cash at beginning of period	92,119	145,989
Cash and cash equivalents and restricted cash at beginning of period	<u>\$ 1,607,131</u>	<u>\$ 716,905</u>
Cash and cash equivalents at end of period	\$ 1,586,738	\$ 307,047
Restricted cash at end of period	80,570	593,759
Restricted cash included in "assets held for sale" at end of period	—	8,828
Cash and cash equivalents and restricted cash at end of period	<u>\$ 1,667,308</u>	<u>\$ 909,634</u>
Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest, excluding capitalized interest of \$11,913 and \$21,371	<u>\$ 53,997</u>	<u>\$ 85,796</u>
Cash payments for income taxes	<u>\$ 6,089</u>	<u>\$ 8,741</u>
Non-Cash Investing and Financing Activities:		
Adjustments to carry redeemable Class A units at redemption value	\$ 267,170	\$ (65,818)
Reclassification of condominium units from "development costs and construction in progress" to "220 Central Park South condominium units ready for sale"	106,479	395,893
Accrued capital expenditures included in accounts payable and accrued expenses	65,926	77,115
Write-off of fully depreciated assets	(45,115)	(58,309)
Reclassification of assets and related liabilities held for sale:		
Assets held for sale	—	3,027,058
Liabilities related to assets held for sale	—	1,097,350
Lease liabilities arising from the recognition of right-of-use assets	—	526,866
Amounts related to our investment in Pennsylvania Real Estate Investment Trust reclassified from "investments in partially owned entities" and "accumulated other comprehensive loss" to "marketable securities" upon conversion of operating partnership units to common shares	—	54,962

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands, except unit amounts)

	As of	
	March 31, 2020	December 31, 2019
ASSETS		
Real estate, at cost:		
Land	\$ 2,589,800	\$ 2,591,261
Buildings and improvements	7,946,523	7,953,163
Development costs and construction in progress	1,532,828	1,490,614
Moynihan Train Hall development expenditures	972,199	914,960
Leasehold improvements and equipment	126,910	124,014
Total	13,168,260	13,074,012
Less accumulated depreciation and amortization	(3,049,609)	(3,015,958)
Real estate, net	10,118,651	10,058,054
Right-of-use assets	378,257	379,546
Cash and cash equivalents	1,586,738	1,515,012
Restricted cash	80,570	92,119
Marketable securities	—	33,313
Tenant and other receivables	115,795	95,733
Investments in partially owned entities	3,970,791	3,999,165
Real estate fund investments	45,129	222,649
220 Central Park South condominium units ready for sale	393,417	408,918
Receivable arising from the straight-lining of rents	731,807	742,206
Deferred leasing costs, net of accumulated amortization of \$188,976 and \$196,229	353,467	353,986
Identified intangible assets, net of accumulated amortization of \$100,298 and \$98,587	29,123	30,965
Other assets	405,914	355,347
	<u>\$ 18,209,659</u>	<u>\$ 18,287,013</u>
LIABILITIES, REDEEMABLE PARTNERSHIP UNITS AND EQUITY		
Mortgages payable, net	\$ 5,643,707	\$ 5,639,897
Senior unsecured notes, net	446,076	445,872
Unsecured term loan, net	795,974	745,840
Unsecured revolving credit facilities	1,075,000	575,000
Lease liabilities	497,531	498,254
Moynihan Train Hall obligation	972,199	914,960
Special distribution payable	—	398,292
Accounts payable and accrued expenses	407,598	440,049
Deferred revenue	54,992	59,429
Deferred compensation plan	90,888	103,773
Other liabilities	308,683	265,754
Total liabilities	10,292,648	10,087,120
Commitments and contingencies		
Redeemable partnership units:		
Class A units - 13,748,709 and 13,298,956 units outstanding	619,264	884,380
Series D cumulative redeemable preferred units - 141,401 units outstanding	4,535	4,535
Total redeemable partnership units	623,799	888,915
Partners' equity:		
Partners' capital	9,011,358	8,726,529
Earnings less than distributions	(2,091,612)	(1,954,266)
Accumulated other comprehensive loss	(82,719)	(40,233)
Total partners' equity	6,837,027	6,732,030
Noncontrolling interests in consolidated subsidiaries	456,185	578,948
Total equity	<u>7,293,212</u>	<u>7,310,978</u>
	<u>\$ 18,209,659</u>	<u>\$ 18,287,013</u>

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands, except per unit amounts)

	For the Three Months Ended March 31,	
	2020	2019
REVENUES:		
Rental revenues	\$ 401,274	\$ 499,877
Fee and other income	43,258	34,791
Total revenues	444,532	534,668
EXPENSES:		
Operating	(230,007)	(246,895)
Depreciation and amortization	(92,793)	(116,709)
General and administrative	(52,834)	(58,020)
Benefit (expense) from deferred compensation plan liability	11,245	(5,433)
Transaction related costs and other	(71)	(149)
Total expenses	(364,460)	(427,206)
Income from partially owned entities	19,103	7,320
Loss from real estate fund investments	(183,463)	(167)
Interest and other investment (loss) income, net	(5,904)	5,045
(Loss) income from deferred compensation plan assets	(11,245)	5,433
Interest and debt expense	(58,842)	(102,463)
Net gains on disposition of wholly owned and partially owned assets	68,589	220,294
(Loss) income before income taxes	(91,690)	242,924
Income tax expense	(12,813)	(29,743)
(Loss) income from continuing operations	(104,503)	213,181
Loss from discontinued operations	—	(137)
Net (loss) income	(104,503)	213,044
Less net loss (income) attributable to noncontrolling interests in consolidated subsidiaries	122,387	(6,820)
Net income attributable to Vornado Realty L.P.	17,884	206,224
Preferred unit distributions	(12,572)	(12,575)
NET INCOME attributable to Class A unitholders	\$ 5,312	\$ 193,649
INCOME PER CLASS A UNIT - BASIC:		
Net income per Class A unit	\$ —	\$ 0.95
Weighted average units outstanding	203,370	202,772
INCOME PER CLASS A UNIT - DILUTED:		
Net income per Class A unit	\$ —	\$ 0.95
Weighted average units outstanding	203,516	203,344

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
Net (loss) income	\$ (104,503)	\$ 213,044
Other comprehensive (loss) income:		
Reduction in value of interest rate swaps	(45,477)	(17,029)
Other comprehensive income (loss) of nonconsolidated subsidiaries	8	(985)
Amounts reclassified from accumulated other comprehensive loss relating to a nonconsolidated subsidiary	—	(2,311)
Comprehensive (loss) income	(149,972)	192,719
Less comprehensive loss (income) attributable to noncontrolling interests in consolidated subsidiaries	122,387	(6,820)
Comprehensive (loss) income attributable to Vornado Realty L.P.	\$ (27,585)	\$ 185,899

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands, except per unit amounts)

	Preferred Units		Class A Units Owned by Vornado		Earnings Less Than Distributions	Accumulated Other Comprehensive (Loss) Income	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Units	Amount	Units	Amount				
Balance as of December 31, 2019	36,796	\$ 891,214	190,986	\$ 7,835,315	\$ (1,954,266)	\$ (40,233)	\$ 578,948	\$ 7,310,978
Cumulative effect of accounting change (see Note 4)	—	—	—	—	(16,064)	—	—	(16,064)
Net income attributable to Vornado Realty L.P.	—	—	—	—	17,884	—	—	17,884
Net income attributable to redeemable partnership units	—	—	—	—	(390)	—	—	(390)
Net loss attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	(122,387)	(122,387)
Distributions to Vornado (\$0.66 per unit)	—	—	—	—	(126,106)	—	—	(126,106)
Distributions to preferred unitholders (see Note 13 for distributions per unit amounts)	—	—	—	—	(12,531)	—	—	(12,531)
Class A units issued to Vornado:								
Upon redemption of redeemable Class A units, at redemption value	—	—	27	1,640	—	—	—	1,640
Under Vornado's employees' share option plan	—	—	69	3,517	—	—	—	3,517
Under Vornado's dividend reinvestment plan	—	—	21	1,382	—	—	—	1,382
Contributions:								
Real estate fund investments	—	—	—	—	—	—	3,389	3,389
Other	—	—	—	—	—	—	1,397	1,397
Distributions	—	—	—	—	—	—	(5,235)	(5,235)
Conversion of Series A preferred units to Class A units	—	(3)	—	3	—	—	—	—
Deferred compensation units and options	—	—	13	298	(137)	—	—	161
Other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	8	—	8
Reduction in value of interest rate swaps	—	—	—	—	—	(45,477)	—	(45,477)
Unearned 2017 Out-Performance Plan awards acceleration	—	—	—	10,824	—	—	—	10,824
Adjustments to carry redeemable Class A units at redemption value	—	—	—	267,170	—	—	—	267,170
Redeemable partnership units' share of above adjustments	—	—	—	—	—	2,983	—	2,983
Other	—	—	—	(2)	(2)	—	73	69
Balance as of March 31, 2020	<u>36,796</u>	<u>\$ 891,211</u>	<u>191,116</u>	<u>\$ 8,120,147</u>	<u>\$ (2,091,612)</u>	<u>\$ (82,719)</u>	<u>\$ 456,185</u>	<u>\$ 7,293,212</u>

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands, except per unit amounts)

	Preferred Units		Class A Units Owned by Vornado		Earnings Less Than Distributions	Accumulated Other Comprehensive Income (Loss)	Non- controlling Interests in Consolidated Subsidiaries	Total Equity
	Units	Amount	Units	Amount				
Balance as of December 31, 2018	36,800	\$ 891,294	190,535	\$ 7,733,457	\$ (4,167,184)	\$ 7,664	\$ 642,652	\$ 5,107,883
Net income attributable to Vornado Realty L.P.	—	—	—	—	206,224	—	—	206,224
Net income attributable to redeemable partnership units	—	—	—	—	(12,202)	—	—	(12,202)
Net income attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	6,820	6,820
Distributions to Vornado (\$0.66 per unit)	—	—	—	—	(125,876)	—	—	(125,876)
Distributions to preferred unitholders (see Note 13 for distributions per unit amounts)	—	—	—	—	(12,534)	—	—	(12,534)
Class A units issued to Vornado:								
Upon redemption of redeemable Class A units, at redemption value	—	—	48	3,181	—	—	—	3,181
Under Vornado's employees' share option plan	—	—	162	1,171	(8,692)	—	—	(7,521)
Under Vornado's dividend reinvestment plan	—	—	5	340	—	—	—	340
Contributions:								
Real estate fund investments	—	—	—	—	—	—	3,384	3,384
Other	—	—	—	—	—	—	1,810	1,810
Distributions								
Conversion of Series A preferred units to Class A units	(1)	(31)	2	31	—	—	—	—
Deferred compensation units and options	—	—	9	297	—	—	—	297
Amount reclassified related to a nonconsolidated subsidiary	—	—	—	—	—	(2,311)	—	(2,311)
Other comprehensive loss of nonconsolidated subsidiaries	—	—	—	—	—	(985)	—	(985)
Reduction in value of interest rate swaps	—	—	—	—	—	(17,029)	—	(17,029)
Unearned 2016 Out-Performance Plan awards acceleration	—	—	—	11,720	—	—	—	11,720
Adjustments to carry redeemable Class A units at redemption value	—	—	—	(65,818)	—	—	—	(65,818)
Redeemable partnership units' share of above adjustments	—	—	—	—	—	1,276	—	1,276
Other	(1)	—	—	—	(1)	—	(2)	(3)
Balance as of March 31, 2019	<u>36,798</u>	<u>\$ 891,263</u>	<u>190,761</u>	<u>\$ 7,684,379</u>	<u>\$ (4,120,265)</u>	<u>\$ (11,385)</u>	<u>\$ 646,900</u>	<u>\$ 5,090,892</u>

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
Cash Flows from Operating Activities:		
Net (loss) income	\$ (104,503)	\$ 213,044
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Net unrealized loss (gain) on real estate fund investments	183,520	(100)
Depreciation and amortization (including amortization of deferred financing costs)	96,913	123,135
Net gains on disposition of wholly owned and partially owned assets	(68,589)	(220,294)
Distributions of income from partially owned entities	48,568	14,316
Stock-based compensation expense	25,765	31,654
Equity in net income of partially owned entities	(19,103)	(7,320)
Straight-lining of rents	10,165	1,140
Credit losses on loans receivable	7,261	—
Decrease (increase) in fair value of marketable securities	4,938	(461)
Amortization of below-market leases, net	(4,206)	(6,525)
Other non-cash adjustments	4,156	1,639
Changes in operating assets and liabilities:		
Real estate fund investments	(6,000)	(4,000)
Tenant and other receivables, net	(20,938)	(835)
Prepaid assets	(91,878)	(82,862)
Other assets	(8,051)	(6,044)
Accounts payable and accrued expenses	(7,659)	10,426
Other liabilities	1,089	(2,795)
Net cash provided by operating activities	<u>51,448</u>	<u>64,118</u>
Cash Flows from Investing Activities:		
Proceeds from sale of condominium units at 220 Central Park South	191,216	425,484
Development costs and construction in progress	(169,845)	(143,302)
Moynihan Train Hall expenditures	(98,794)	(123,533)
Additions to real estate	(49,251)	(55,759)
Proceeds from sales of marketable securities	28,375	167,755
Investments in partially owned entities	(2,130)	(918)
Distributions of capital from partially owned entities	1,090	24,851
Proceeds from sale of real estate and related investments	—	108,512
Proceeds from repayments of loans receivable	—	204
Net cash (used in) provided by investing activities	<u>(99,339)</u>	<u>403,294</u>

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
Cash Flows from Financing Activities:		
Proceeds from borrowings	\$ 553,062	\$ 456,741
Distributions to Vornado	(498,486)	(125,876)
Moynihan Train Hall reimbursement from Empire State Development	98,794	123,533
Distributions to redeemable security holders and noncontrolling interests in consolidated subsidiaries	(40,045)	(16,252)
Distributions to preferred unitholders	(12,531)	(12,534)
Proceeds received from exercise of Vornado stock options and other	4,899	1,511
Contributions from noncontrolling interests in consolidated subsidiaries	4,786	5,194
Repayments of borrowings	(2,150)	(686,555)
Repurchase of Class A units related to stock compensation agreements and related tax withholdings and other	(137)	(8,692)
Debt issuance costs	(124)	(10,860)
Redemption of preferred units	—	(893)
Net cash provided by (used in) financing activities	108,068	(274,683)
Net increase in cash and cash equivalents and restricted cash	60,177	192,729
Cash and cash equivalents and restricted cash at beginning of period	1,607,131	716,905
Cash and cash equivalents and restricted cash at end of period	<u>\$ 1,667,308</u>	<u>\$ 909,634</u>

Reconciliation of Cash and Cash Equivalents and Restricted Cash:

Cash and cash equivalents at beginning of period	\$ 1,515,012	\$ 570,916
Restricted cash at beginning of period	92,119	145,989
Cash and cash equivalents and restricted cash at beginning of period	<u>\$ 1,607,131</u>	<u>\$ 716,905</u>
Cash and cash equivalents at end of period	\$ 1,586,738	\$ 307,047
Restricted cash at end of period	80,570	593,759
Restricted cash included in "assets held for sale" at end of period	—	8,828
Cash and cash equivalents and restricted cash at end of period	<u>\$ 1,667,308</u>	<u>\$ 909,634</u>

Supplemental Disclosure of Cash Flow Information:

Cash payments for interest, excluding capitalized interest of \$11,913 and \$21,371	<u>\$ 53,997</u>	<u>\$ 85,796</u>
Cash payments for income taxes	<u>\$ 6,089</u>	<u>\$ 8,741</u>

Non-Cash Investing and Financing Activities:

Adjustments to carry redeemable Class A units at redemption value	\$ 267,170	\$ (65,818)
Reclassification of condominium units from "development costs and construction in progress" to "220 Central Park South condominium units ready for sale"	106,479	395,893
Accrued capital expenditures included in accounts payable and accrued expenses	65,926	77,115
Write-off of fully depreciated assets	(45,115)	(58,309)
Reclassification of assets and related liabilities held for sale:	—	—
Assets held for sale	—	3,027,058
Liabilities related to assets held for sale	—	1,097,350
Lease liabilities arising from the recognition of right-of-use assets	—	526,866
Amounts related to our investment in Pennsylvania Real Estate Investment Trust reclassified from "investments in partially owned entities" and "accumulated other comprehensive loss" to "marketable securities" upon conversion of operating partnership units to common shares	—	54,962

See notes to consolidated financial statements (unaudited).

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

1. Organization

Vornado Realty Trust (“Vornado”) is a fully-integrated real estate investment trust (“REIT”) and conducts its business through, and substantially all of its interests in properties are held by, Vornado Realty L.P., a Delaware limited partnership (the “Operating Partnership”). Vornado is the sole general partner of, and owned approximately 92.7% of the common limited partnership interest in the Operating Partnership as of March 31, 2020. All references to the “Company,” “we,” “us” and “our” mean, collectively, Vornado, the Operating Partnership and those subsidiaries consolidated by Vornado.

2. COVID-19 Pandemic

In December 2019, a novel strain of coronavirus (“COVID-19”) was identified in Wuhan, China and by March 11, 2020, the World Health Organization had declared it a global pandemic. Many states in the U.S., including New York, New Jersey, Illinois and California have implemented stay-at-home orders for all “non-essential” business and activity in an aggressive effort to curb the spread of the virus. Consequently, the U.S. economy has suffered and there has been significant volatility in the financial markets. Many U.S. industries and businesses have been negatively affected and millions of people have filed for unemployment.

Our properties, which are concentrated in New York City, and in Chicago and San Francisco, have been adversely affected as a result of the COVID-19 pandemic and the preventive measures taken to curb the spread. Some of the effects on us include the following:

- With the exception of grocery stores and other “essential” businesses, substantially all of our retail tenants have closed their stores and many are seeking rent relief.
- While our office buildings remain open, substantially all of our office tenants are working remotely.
- We have temporarily closed the Hotel Pennsylvania.
- We have postponed trade shows at theMART for the remainder of 2020.
- Because certain of our development projects are deemed “non-essential,” they have been temporarily paused due to New York State executive orders.
- Closings on the sale of condominium units at 220 Central Park South have continued. During April 2020 we closed on the sale of four condominium units for net proceeds of \$157,747,000. However, future closings may be temporarily delayed to the extent we cannot complete the buildout and obtain temporary certificates of occupancy on time.
- We placed 1,803 employees on temporary furlough, including 1,293 employees of Building Maintenance Services LLC, a wholly owned subsidiary, which provides cleaning, security and engineering services primarily to our New York properties, 414 employees at the Hotel Pennsylvania and 96 corporate staff employees.
- Effective April 1, 2020, our executive officers waived portions of their annual base salary for the remainder of 2020.
- Effective April 1, 2020, each non-management member of our Board of Trustees agreed to forgo his or her \$75,000 annual cash retainer for the remainder of 2020.

We have collected substantially all of the rent due for March 2020 and collected 90% of rent due from our office tenants for the month of April 2020 and 53% of the rent due from our retail tenants for the month of April 2020, or 83% in the aggregate. Many of our retail tenants and some of our office tenants have requested rent relief and/or rent deferral for April 2020 and beyond. While we believe that our tenants are required to pay rent under their leases, we have implemented and will continue to consider temporary rent deferrals on a case-by-case basis.

3. Basis of Presentation

The accompanying consolidated financial statements are unaudited and include the accounts of Vornado and the Operating Partnership and their consolidated subsidiaries. All inter-company amounts have been eliminated and all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and changes in cash flows have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been condensed or omitted. These condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q of the Securities and Exchange Commission (“SEC”) and should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2019, as filed with the SEC.

We have made estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The results of operations for the three months ended March 31, 2020 are not necessarily indicative of the operating results for the full year.

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

4. Recently Issued Accounting Literature

In June 2016, the Financial Accounting Standards Board ("FASB") issued an update ("ASU 2016-13") *Measurement of Credit Losses on Financial Instruments* establishing Accounting Standards Codification ("ASC") Topic 326, *Financial Instruments - Credit Losses* ("ASC 326"), as amended by subsequent ASUs on the topic. ASU 2016-13 changes how entities will account for credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The guidance replaces the current "incurred loss" model with an "expected loss" model that requires consideration of a broader range of information to estimate expected credit losses over the lifetime of the financial asset. ASU 2016-13 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2019. In May 2019, the FASB issued ASU 2019-05 *Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief* to allow companies to irrevocably elect, upon adoption of ASU 2016-13, the fair value option for financial instruments that were previously recorded at amortized cost and are within the scope of ASC Subtopic 326-20 if the instruments are eligible for the fair value option under ASC Subtopic 825-10, *Financial Instruments* ("ASC 825-10"). We elected to apply the fair value option on an instrument-by-instrument basis to our loans receivable. We adopted this standard effective January 1, 2020 and recorded a \$16,064,000 cumulative-effect adjustment to beginning accumulated deficit to recognize credit losses on loans receivable recorded on our consolidated balance sheets. For the three months ended March 31, 2020, we recorded \$7,261,000 of credit losses on our loans receivable which is included in "interest and other investment (loss) income, net" on our consolidated statements of income.

In March 2020, the FASB issued an update ("ASU 2020-04") establishing ASC Topic 848, *Reference Rate Reform*. ASU 2020-04 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. During the three months ended March 31, 2020, we elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. We continue to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

In April 2020, the FASB issued a Staff Q&A on accounting for leases during the COVID-19 pandemic, focused on the application of lease guidance in ASC Topic 842, *Leases* ("ASC 842"). The Q&A states that it would be acceptable to make a policy election regarding rent concessions resulting from COVID-19, which would not require entities to account for these rent concessions as lease modifications under certain conditions. Entities making the election will continue to recognize rental revenue on a straight-line basis for qualifying concessions. Rent abatements would be recognized as reductions to revenue during the period in which they were granted. Rent deferrals would result in an increase to "tenant and other receivables" during the deferral period with no impact on rental revenue recognition. We are evaluating the impact of this policy election and have not yet concluded on whether we will apply the election.

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

5. Revenue Recognition

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

- Rental revenues include revenues from the leasing of space at our properties to tenants, lease termination income, revenues from the Hotel Pennsylvania, trade shows and tenant services.
 - Revenues from the leasing of space at our properties to tenants include (i) lease components, including fixed and variable lease payments, and nonlease components which include reimbursement of common area maintenance expenses, and (ii) reimbursement of real estate taxes and insurance expenses. As lessor, we have elected to combine the lease and nonlease components of our operating lease agreements and account for the components as a single lease component in accordance with ASC 842.
 - Lease revenues and reimbursement of common area maintenance, real estate taxes and insurance are presented in the following tables as "property rentals." Revenues derived from fixed lease payments are recognized on a straight-line basis over the non-cancelable period of the lease, together with renewal options that are reasonably certain of being exercised. We commence rental revenue recognition when the underlying asset is available for use by the lessee. Revenue derived from the reimbursement of real estate taxes, insurance expenses and common area maintenance expenses are generally recognized in the same period as the related expenses are incurred.
 - Lease termination income is recognized immediately if a tenant vacates or is recognized on a straight-line basis over the shortened remaining lease term in accordance with ASC 842.
 - Hotel revenue arising from the operation of the Hotel Pennsylvania consists of room revenue, food and beverage revenue, and banquet revenue. Room revenue is recognized when the rooms are made available for the guest, in accordance with ASC 842.
 - Trade shows revenue arising from the operation of trade shows is primarily booth rentals. This revenue is recognized upon the occurrence of the trade shows when the trade show booths are made available for use by the exhibitors, in accordance with ASC 842.
 - Tenant services revenue arises from sub-metered electric, elevator, trash removal and other services provided to tenants at their request. This revenue is recognized as the services are transferred in accordance with ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606").
- Fee and other income includes management, leasing and other revenue arising from contractual agreements with third parties or with partially owned entities and includes Building Maintenance Services LLC ("BMS") cleaning, engineering and security services. This revenue is recognized as the services are transferred in accordance with ASC 606.

Under ASC 842, we must assess on an individual lease basis whether it is probable that we will collect the future lease payments. We consider the tenant's payment history and current credit status when assessing collectability. When collectability is not deemed probable we write-off the tenant's receivables, including straight-line rent receivable, and limit lease income to cash received. Changes to the collectability of our operating leases are recorded as adjustments to "rental revenues" on our consolidated statements of income, which resulted in a decrease in income of \$1,044,000 and \$890,000 for the three months ended March 31, 2020 and 2019, respectively.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
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5. Revenue Recognition - continued

Below is a summary of our revenues by segment. Additional financial information related to these reportable segments for the three months ended March 31, 2020 and 2019 is set forth in Note 21 - *Segment Information*.

(Amounts in thousands)

	For the Three Months Ended March 31, 2020		
	Total	New York	Other
Property rentals	\$ 371,174	\$ 298,612	\$ 72,562
Hotel Pennsylvania	8,741	8,741	—
Trade shows	11,303	—	11,303
Lease revenues ⁽¹⁾	391,218	307,353	83,865
Tenant services	10,056	7,380	2,676
Rental revenues	401,274	314,733	86,541
BMS cleaning fees	32,466	34,429	(1,963) ⁽²⁾
Management and leasing fees	2,867	2,874	(7)
Other income	7,925	3,579	4,346
Fee and other income	43,258	40,882	2,376
Total revenues	\$ 444,532	\$ 355,615	\$ 88,917

See notes below.

(Amounts in thousands)

	For the Three Months Ended March 31, 2019		
	Total	New York	Other
Property rentals	\$ 457,741	\$ 385,803	\$ 71,938
Hotel Pennsylvania	12,609	12,609	—
Trade shows	16,956	—	16,956
Lease revenues ⁽¹⁾	487,306	398,412	88,894
Tenant services	12,571	9,225	3,346
Rental revenues	499,877	407,637	92,240
BMS cleaning fees	29,785	31,757	(1,972) ⁽²⁾
Management and leasing fees	2,237	2,251	(14)
Other income	2,769	1,640	1,129
Fee and other income	34,791	35,648	(857)
Total revenues	\$ 534,668	\$ 443,285	\$ 91,383

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

	For the Three Months Ended March 31,	
	2020	2019
Fixed lease revenues	\$ 337,046	\$ 414,877
Variable lease revenues	54,172	72,429
Lease revenues	\$ 391,218	\$ 487,306

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

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

6. Real Estate Fund Investments

We are the general partner and investment manager of Vornado Capital Partners Real Estate Fund (the “Fund”) and own a 25.0% interest in the Fund, which had an initial eight-year term ending February 2019. On January 29, 2018, the Fund’s term was extended to February 2023. The Fund’s three-year investment period ended in July 2013. The Fund is accounted for under ASC Topic 946, *Financial Services – Investment Companies* (“ASC 946”) and its investments are reported on its balance sheet at fair value, with changes in value each period recognized in earnings. We consolidate the accounts of the Fund into our consolidated financial statements, retaining the fair value basis of accounting.

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

As of March 31, 2020, we had four real estate fund investments through the Fund and the Crowne Plaza Joint Venture with an aggregate fair value of \$45,129,000, or \$296,435,000 below cost, and had remaining unfunded commitments of \$29,194,000, of which our share was \$9,266,000. At December 31, 2019, we had four real estate fund investments with an aggregate fair value of \$222,649,000.

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

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
Net investment income (loss)	\$ 57	\$ (267)
Net unrealized (loss) gain on held investments	(183,520)	100
Loss from real estate fund investments	(183,463)	(167)
Less loss (income) attributable to noncontrolling interests in consolidated subsidiaries	127,305	(2,737)
Loss from real estate fund investments net of noncontrolling interests in consolidated subsidiaries	<u>\$ (56,158)</u>	<u>\$ (2,904)</u>

7. Marketable Securities

Pennsylvania Real Estate Investment Trust (“PREIT”) (NYSE: PEI)

On January 23, 2020, we sold all of our 6,250,000 common shares of PREIT, realizing net proceeds of \$28,375,000. We recorded a \$4,938,000 loss (mark-to-market decrease) for the three months ended March 31, 2020.

The table below summarizes the changes of our investment in PREIT.

(Amounts in thousands)

	For the Three Months Ended March 31, 2020
Balance as of December 31, 2019	\$ 33,313
Sale of marketable securities on January 23, 2020	(28,375)
Decrease in fair value of marketable securities ⁽¹⁾	(4,938)
Balance as of March 31, 2020	<u>\$ —</u>

(1) Included in “interest and other investment (loss) income, net” on our consolidated statements of income (see Note 17 - *Interest and Other Investment (Loss) Income, Net*).

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

8. Investments in Partially Owned Entities

Fifth Avenue and Times Square JV

As of March 31, 2020, we own a 51.5% common interest in a joint venture ("Fifth Avenue and Times Square JV") which owns interests in properties located at 640 Fifth Avenue, 655 Fifth Avenue, 666 Fifth Avenue, 689 Fifth Avenue, 697-703 Fifth Avenue, 1535 Broadway and 1540 Broadway (collectively, the "Properties"). The remaining 48.5% common interest in the joint venture is owned by a group of institutional investors (the "Investors"). Our 51.5% common interest in the joint venture represents an effective 51.0% interest in the Properties. The 48.5% common interest in the joint venture owned by the Investors represents an effective 47.2% interest in the Properties.

We also own \$1.828 billion of preferred equity interests in certain of the properties. All of the preferred equity has an annual coupon of 4.25% for the first five years, increasing to 4.75% for the next five years and thereafter at a formulaic rate. It can be redeemed under certain conditions on a tax deferred basis.

We provide various services to Fifth Avenue and Times Square JV in accordance with management, development, leasing and other agreements. During the three months ended March 31, 2020, we recognized \$1,032,000 of property management fee income which is included in "fee and other income" on our consolidated statements of income.

BMS, our wholly-owned subsidiary, supervises cleaning, security and engineering services at certain of the Properties. During the three months ended March 31, 2020, we recognized \$1,025,000 of income for these services which is included in "fee and other income" on our consolidated statements of income.

Below is a summary of the latest available financial information for the Fifth Avenue and Times Square JV, which was entered into on April 18, 2019.

(Amounts in thousands)

Income statement for the three months ended March 31, 2020:

Revenues	\$	80,475
Net income		9,978
Net loss attributable to Fifth Avenue and Times Square JV (after allocation to our preferred equity interests)		(9,071)

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

As of March 31, 2020, we own 1,654,068 Alexander's common shares, or approximately 32.4% of Alexander's common equity. We manage, develop and lease Alexander's properties pursuant to agreements which expire in March of each year and are automatically renewable.

As of March 31, 2020, the market value ("fair value" pursuant to ASC Topic 820, *Fair Value Measurements* ("ASC 820")) of our investment in Alexander's, based on Alexander's March 31, 2020 closing share price of \$275.95, was \$456,440,000, or \$363,673,000 in excess of the carrying amount on our consolidated balance sheet. As of March 31, 2020, the carrying amount of our investment in Alexander's, excluding amounts owed to us, exceeds our share of the equity in the net assets of Alexander's by approximately \$38,791,000. The majority of this basis difference resulted from the excess of our purchase price for the Alexander's common stock acquired over the book value of Alexander's net assets. Substantially all of this basis difference was allocated, based on our estimates of the fair values of Alexander's assets and liabilities, to real estate (land and buildings). We are amortizing the basis difference related to the buildings into earnings as additional depreciation expense over their estimated useful lives. This depreciation is not material to our share of equity in Alexander's net income. The basis difference related to the land will be recognized upon disposition of our investment.

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

8. Investments in Partially Owned Entities - continued

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

(Amounts in thousands)

	Percentage Ownership at March 31, 2020	Balance as of	
		March 31, 2020	December 31, 2019
Investments:			
Fifth Avenue and Times Square JV	51.5%	\$ 3,272,854	\$ 3,291,231
Partially owned office buildings/land ⁽¹⁾	Various	460,885	464,109
Alexander's	32.4%	92,767	98,543
Other investments ⁽²⁾	Various	144,285	145,282
		<u>\$ 3,970,791</u>	<u>\$ 3,999,165</u>
Investments in partially owned entities included in other liabilities⁽³⁾:			
7 West 34th Street	53.0%	\$ (53,951)	\$ (54,004)
85 Tenth Avenue	49.9%	(7,366)	(6,186)
		<u>\$ (61,317)</u>	<u>\$ (60,190)</u>

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

(2) Includes interests in Independence Plaza, Fashion Centre Mall/Washington Tower, Rosslyn Plaza, 50-70 West 93rd Street and others.

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

Below is a schedule of income from partially owned entities.

(Amounts in thousands)

	Percentage Ownership at March 31, 2020	For the Three Months Ended March 31,	
		2020	2019
Our share of net income:			
Fifth Avenue and Times Square JV (see page 25 for details) ⁽¹⁾ :			
Equity in net income	51.5%	\$ 5,496	\$ —
Return on preferred equity, net of our share of the expense		9,166	—
		<u>14,662</u>	<u>—</u>
Alexander's (see page 25 for details):			
Equity in net income	32.4%	1,416	5,717
Management, leasing and development fees		1,260	1,057
		<u>2,676</u>	<u>6,774</u>
Partially owned office buildings ⁽²⁾	Various	1,322	106
Other investments ⁽³⁾	Various	443	440
		<u>\$ 19,103</u>	<u>\$ 7,320</u>

(1) Entered into on April 18, 2019.

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

(3) Includes interests in Independence Plaza, Fashion Centre Mall/Washington Tower, Rosslyn Plaza, 50-70 West 93rd Street, Urban Edge Properties (sold on March 4, 2019), PREIT (accounted for as a marketable security from March 12, 2019 and sold on January 23, 2020) and others.

9. 220 Central Park South ("220 CPS")

We are completing construction of a residential condominium tower containing 397,000 salable square feet at 220 CPS. The development cost of this project (exclusive of land cost) is estimated to be approximately \$1.450 billion, of which \$1.395 billion has been expended as of March 31, 2020.

During the three months ended March 31, 2020, we closed on the sale of seven condominium units at 220 CPS for net proceeds aggregating \$191,216,000 resulting in a financial statement net gain of \$68,589,000 which is included in "net gains on disposition of wholly owned and partially owned assets" on our consolidated statements of income. In connection with these sales, \$8,678,000 of income tax expense was recognized on our consolidated statements of income. From inception to March 31, 2020, we closed on the sale of 72 units for aggregate net proceeds of \$2,011,348,000.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
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10. Identified Intangible Assets and Liabilities

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

(Amounts in thousands)

	Balance as of	
	March 31, 2020	December 31, 2019
Identified intangible assets:		
Gross amount	\$ 129,421	\$ 129,552
Accumulated amortization	(100,298)	(98,587)
Total, net	\$ 29,123	\$ 30,965
Identified intangible liabilities (included in deferred revenue):		
Gross amount	\$ 315,930	\$ 316,119
Accumulated amortization	(266,714)	(262,580)
Total, net	\$ 49,216	\$ 53,539

Amortization of acquired below-market leases, net of acquired above-market leases, resulted in an increase to rental revenues of \$4,206,000 and \$6,525,000 for the three months ended March 31, 2020 and 2019, respectively. Estimated annual amortization of acquired below-market leases, net of acquired above-market leases, for each of the five succeeding years commencing January 1, 2021 is as follows:

(Amounts in thousands)

2021	\$ 11,087
2022	9,061
2023	6,531
2024	2,787
2025	1,233

Amortization of all other identified intangible assets (a component of depreciation and amortization expense) was \$1,727,000 and \$3,545,000 for the three months ended March 31, 2020 and 2019, respectively. Estimated annual amortization of all other identified intangible assets including acquired in-place leases for each of the five succeeding years commencing January 1, 2021 is as follows:

(Amounts in thousands)

2021	\$ 5,251
2022	3,538
2023	3,452
2024	2,838
2025	1,921

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

Unsecured Term Loan

On February 28, 2020, we increased our unsecured term loan balance to \$800,000,000 (from \$750,000,000) by exercising an accordion feature. Pursuant to an existing swap agreement, \$750,000,000 of the loan bears interest at a fixed rate of 3.87% through October 2023, and the balance of \$50,000,000 floats at a rate of LIBOR plus 1.00% (1.94% as of March 31, 2020). The entire \$800,000,000 will float thereafter for the duration of the loan through February 2024.

The following is a summary of our debt:

(Amounts in thousands)

	Weighted Average Interest Rate at March 31, 2020	Balance as of	
		March 31, 2020	December 31, 2019
Mortgages Payable:			
Fixed rate	3.52%	\$ 4,599,366	\$ 4,601,516
Variable rate	2.89%	1,071,562	1,068,500
Total	3.40%	5,670,928	5,670,016
Deferred financing costs, net and other		(27,221)	(30,119)
Total, net		<u>\$ 5,643,707</u>	<u>\$ 5,639,897</u>
Unsecured Debt:			
Senior unsecured notes	3.50%	\$ 450,000	\$ 450,000
Deferred financing costs, net and other		(3,924)	(4,128)
Senior unsecured notes, net		<u>446,076</u>	<u>445,872</u>
Unsecured term loan	3.75%	800,000	750,000
Deferred financing costs, net and other		(4,026)	(4,160)
Unsecured term loan, net		<u>795,974</u>	<u>745,840</u>
Unsecured revolving credit facilities	1.78%	1,075,000	575,000
Total, net		<u>\$ 2,317,050</u>	<u>\$ 1,766,712</u>

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
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12. Redeemable Noncontrolling Interests/Redeemable Partnership Units

Redeemable noncontrolling interests on Vornado's consolidated balance sheets and redeemable partnership units on the consolidated balance sheets of the Operating Partnership are primarily comprised of Class A Operating Partnership units held by third parties and are recorded at the greater of their carrying amount or redemption value at the end of each reporting period. Changes in the value from period to period are charged to "additional capital" in Vornado's consolidated statements of changes in equity and to "partners' capital" on the consolidated balance sheets of the Operating Partnership.

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

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
Beginning balance	\$ 888,915	\$ 783,562
Net income	390	12,202
Other comprehensive loss	(2,983)	(1,276)
Distributions	(8,898)	(8,488)
Redemption of Class A units for Vornado common shares, at redemption value	(1,640)	(3,181)
Adjustments to carry redeemable Class A units at redemption value	(267,170)	65,818
Other, net	15,185	18,448
Ending balance	<u>\$ 623,799</u>	<u>\$ 867,085</u>

As of March 31, 2020 and December 31, 2019, the aggregate redemption value of redeemable Class A units of the Operating Partnership, which are those units held by third parties, was \$619,264,000 and \$884,380,000, respectively.

Redeemable noncontrolling interests/redeemable partnership units exclude our Series G-1 through G-4 convertible preferred units and Series D-13 cumulative redeemable preferred units, as they are accounted for as liabilities in accordance with ASC Topic 480, *Distinguishing Liabilities and Equity*, because of their possible settlement by issuing a variable number of Vornado common shares. Accordingly, the fair value of these units is included as a component of "other liabilities" on our consolidated balance sheets and aggregated \$49,938,000 and \$50,561,000 as of March 31, 2020 and December 31, 2019, respectively. Changes in the value from period to period, if any, are charged to "interest and debt expense" on our consolidated statements of income.

13. Shareholders' Equity/Partners' Capital

Common Shares (Vornado Realty Trust)

On December 18, 2019, Vornado's Board of Trustees declared a special dividend of \$1.95 per share, or \$372,380,000 in the aggregate, which was paid on January 15, 2020 to common shareholders of record on December 30, 2019 (the "Record Date").

Class A Units (Vornado Realty L.P.)

On January 15, 2020, distributions of \$1.95 per unit, or \$398,292,000 in the aggregate, were paid to Class A unitholders of the Operating Partnership as of the Record Date, of which \$372,380,000 was distributed to Vornado, in connection with the special dividend declared on December 18, 2019 by Vornado's Board of Trustees.

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

(Per share/unit)

	For the Three Months Ended March 31,	
	2020	2019
Shares/Units:		
Common shares/Class A units held by Vornado: authorized 250,000,000 shares/units	\$ 0.66	\$ 0.66
Convertible Preferred ⁽¹⁾ :		
6.5% Series A: authorized 15,540 and 83,977 shares/units ⁽²⁾	0.8125	0.8125
Cumulative Redeemable Preferred ⁽¹⁾ :		
5.70% Series K: authorized 12,000,000 shares/units ⁽³⁾	0.3563	0.3563
5.40% Series L: authorized 13,800,000 shares/units ⁽³⁾	0.3375	0.3375
5.25% Series M: authorized 13,800,000 shares/units ⁽³⁾	0.3281	0.3281

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

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

(3) Redeemable at Vornado's option at a redemption price of \$25.00 per share/unit, plus accrued and unpaid dividends/distributions through the date of redemption.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
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13. Shareholders' Equity/Partners' Capital - continued

Accumulated Other Comprehensive Loss

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

(Amounts in thousands)

	Total	Accumulated other comprehensive income (loss) of nonconsolidated subsidiaries	Interest rate swaps	Other
For the three months ended March 31, 2020:				
Balance as of December 31, 2019	\$ (40,233)	\$ 4	\$ (36,126)	\$ (4,111)
Other comprehensive (loss) income	(42,486)	8	(45,477)	2,983
Balance as of March 31, 2020	<u>\$ (82,719)</u>	<u>\$ 12</u>	<u>\$ (81,603)</u>	<u>\$ (1,128)</u>

For the three months ended March 31, 2019:

Balance as of December 31, 2018	\$ 7,664	\$ 3,253	\$ 11,759	\$ (7,348)
Other comprehensive (loss) income	(16,738)	(985)	(17,029)	1,276
Amount reclassified from accumulated other comprehensive loss	(2,311)	(2,311)	—	—
Balance as of March 31, 2019	<u>\$ (11,385)</u>	<u>\$ (43)</u>	<u>\$ (5,270)</u>	<u>\$ (6,072)</u>

14. Variable Interest Entities ("VIEs")

Unconsolidated VIEs

As of March 31, 2020 and December 31, 2019, we have several unconsolidated VIEs. We do not consolidate these entities because we are not the primary beneficiary and the nature of our involvement in the activities of these entities does not give us power over decisions that significantly affect these entities' economic performance. We account for our investment in these entities under the equity method (see Note 8 – *Investments in Partially Owned Entities*). As of March 31, 2020 and December 31, 2019, the net carrying amount of our investments in these entities was \$215,962,000 and \$217,451,000, respectively and our maximum exposure to loss in these entities is limited to the carrying amount of our investments.

Consolidated VIEs

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

As of March 31, 2020, the total assets and liabilities of our consolidated VIEs, excluding the Operating Partnership, were \$4,860,033,000 and \$2,692,361,000, respectively. As of December 31, 2019, the total assets and liabilities of our consolidated VIEs, excluding the Operating Partnership, were \$4,923,656,000 and \$2,646,623,000, respectively.

15. Fair Value Measurements

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

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
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15. Fair Value Measurements - continued

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

Financial assets and liabilities that are measured at fair value on our consolidated balance sheets consist of (i) marketable securities, (ii) real estate fund investments, (iii) the assets in our deferred compensation plan (for which there is a corresponding liability on our consolidated balance sheets), (iv) loans receivable (for which we have elected the fair value option under ASC 825-10), (v) interest rate swaps and (vi) mandatorily redeemable instruments (Series G-1 through G-4 convertible preferred units and Series D-13 cumulative redeemable preferred units). The tables below aggregate the fair values of these financial assets and liabilities by their levels in the fair value hierarchy.

(Amounts in thousands)

	As of March 31, 2020			
	Total	Level 1	Level 2	Level 3
Real estate fund investments	\$ 45,129	\$ —	\$ —	\$ 45,129
Deferred compensation plan assets (\$12,116 included in restricted cash and \$78,772 in other assets)	90,888	60,320	—	30,568
Loans receivable (\$40,547 included in investments in partially owned entities and \$11,443 in other assets)	51,990	—	—	51,990
Interest rate swaps (included in other assets)	94	—	94	—
Total assets	\$ 188,101	\$ 60,320	\$ 94	\$ 127,687
Mandatorily redeemable instruments (included in other liabilities)	\$ 49,938	\$ 49,938	\$ —	\$ —
Interest rate swaps (included in other liabilities)	81,601	—	81,601	—
Total liabilities	\$ 131,539	\$ 49,938	\$ 81,601	\$ —

(Amounts in thousands)

	As of December 31, 2019			
	Total	Level 1	Level 2	Level 3
Marketable securities	\$ 33,313	\$ 33,313	\$ —	\$ —
Real estate fund investments	222,649	—	—	222,649
Deferred compensation plan assets (\$11,819 included in restricted cash and \$91,954 in other assets)	103,773	71,338	—	32,435
Interest rate swaps (included in other assets)	4,327	—	4,327	—
Total assets	\$ 364,062	\$ 104,651	\$ 4,327	\$ 255,084
Mandatorily redeemable instruments (included in other liabilities)	\$ 50,561	\$ 50,561	\$ —	\$ —
Interest rate swaps (included in other liabilities)	40,354	—	40,354	—
Total liabilities	\$ 90,915	\$ 50,561	\$ 40,354	\$ —

Real Estate Fund Investments

As of March 31, 2020, we had four real estate fund investments with an aggregate fair value of \$45,129,000, or \$296,435,000 below cost. These investments are classified as Level 3.

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

Unobservable Quantitative Input	Range		Weighted Average (based on fair value of investments)	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Discount rates	10.0% to 15.0%	8.2% to 12.0%	13.8%	9.3%
Terminal capitalization rates	6.0% to 9.9%	4.6% to 8.2%	7.6%	5.3%

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

15. Fair Value Measurements - continued

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

Real Estate Fund Investments - continued

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

The table below summarizes the changes in the fair value of real estate fund investments that are classified as Level 3.

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
Beginning balance	\$ 222,649	\$ 318,758
Purchases/additional fundings	6,000	4,000
Net unrealized (loss) gain on held investments	(183,520)	100
Ending balance	<u>\$ 45,129</u>	<u>\$ 322,858</u>

Deferred Compensation Plan Assets

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

The table below summarizes the changes in the fair value of deferred compensation plan assets that are classified as Level 3.

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
Beginning balance	\$ 32,435	\$ 37,808
Sales	(2,475)	(2,114)
Purchases	1,293	908
Realized and unrealized (losses) gains	(1,229)	523
Other, net	544	437
Ending balance	<u>\$ 30,568</u>	<u>\$ 37,562</u>

Loans Receivable

Loans receivable consist of loan investments in real estate related assets for which we have elected the fair value option under ASC 825-10 as of January 1, 2020. These investments are classified as Level 3.

Significant unobservable quantitative inputs used in determining the fair value of each investment include capitalization rates and discount rates. These rates are based on the location, type and nature of each property, current and anticipated market conditions, industry publications and from the experience of our Acquisitions and Capital Markets departments. Significant unobservable quantitative inputs in the table below were utilized in determining the fair value of these loans receivable.

Unobservable Quantitative Input	March 31, 2020	
	Range	Weighted Average (based on fair value of investments)
Discount rates	6.0% to 14.0%	7.0%
Terminal capitalization rates	5.0% to 6.0%	5.1%

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

15. Fair Value Measurements - continued

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

Loans Receivable - continued

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

(Amounts in thousands)

	For the Three Months Ended March 31, 2020
Beginning balance	\$ 59,251
Credit losses	(7,261)
Ending balance	<u>\$ 51,990</u>

Fair Value Measurements on a Nonrecurring Basis

There were no assets measured at fair value on a nonrecurring basis on our consolidated balance sheets as of March 31, 2020 and December 31, 2019.

Financial Assets and Liabilities not Measured at Fair Value

Financial assets and liabilities that are not measured at fair value on our consolidated balance sheets include cash equivalents (primarily money market funds, which invest in obligations of the United States government), and our secured and unsecured debt. Estimates of the fair value of these instruments are determined by the standard practice of modeling the contractual cash flows required under the instrument and discounting them back to their present value at the appropriate current risk adjusted interest rate, which is provided by a third-party specialist. For floating rate debt, we use forward rates derived from observable market yield curves to project the expected cash flows we would be required to make under the instrument. The fair value of cash equivalents and borrowings under our unsecured revolving credit facilities and unsecured term loan are classified as Level 1. The fair value of our secured debt and unsecured debt are classified as Level 2. The table below summarizes the carrying amounts and fair value of these financial instruments.

(Amounts in thousands)

	As of March 31, 2020		As of December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash equivalents	\$ 1,422,502	\$ 1,423,000	\$ 1,276,815	\$ 1,277,000
Debt:				
Mortgages payable	\$ 5,670,928	\$ 5,689,000	\$ 5,670,016	\$ 5,714,000
Senior unsecured notes	450,000	434,000	450,000	468,000
Unsecured term loan	800,000	800,000	750,000	750,000
Unsecured revolving credit facilities	1,075,000	1,075,000	575,000	575,000
Total	<u>\$ 7,995,928 ⁽¹⁾</u>	<u>\$ 7,998,000</u>	<u>\$ 7,445,016 ⁽¹⁾</u>	<u>\$ 7,507,000</u>

(1) Excludes \$35,171 and \$38,407 of deferred financing costs, net and other as of March 31, 2020 and December 31, 2019, respectively.

Derivatives and Hedging

We utilize various financial instruments to mitigate the impact of interest rate fluctuations on our cash flows and earnings, including hedging strategies, depending on our analysis of the interest rate environment and the costs and risks of such strategies. We recognize the fair values of all derivatives in "other assets" or "other liabilities" on our consolidated balance sheets. Derivatives that are not hedges are adjusted to fair value through earnings. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedge asset, liability, or firm commitment through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. Reported net income and equity may increase or decrease prospectively, depending on future levels of interest rates and other variables affecting the fair values of derivative instruments and hedged items, but will have no effect on cash flows.

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

15. Fair Value Measurements - continued

Derivatives and Hedging - continued

The following table summarizes our consolidated derivative instruments, all of which hedge variable rate debt.

(Amounts in thousands)

Hedged Item (Interest rate swaps)	As of March 31, 2020					
	Fair Value	Notional Amount	Variable Rate			
			Spread over LIBOR	Interest Rate	Swapped Rate	Expiration Date
Included in other assets:						
Other	\$ 94	\$ 175,000				
Included in other liabilities:						
Unsecured term loan	\$ 68,439	\$ 750,000 ⁽¹⁾	L+100	1.94%	3.87%	10/23
33-00 Northern Boulevard mortgage loan	9,141	100,000	L+180	2.81%	4.14%	1/25
888 Seventh Avenue mortgage loan	3,077	375,000	L+170	2.62%	3.25%	12/20
770 Broadway mortgage loan	944	700,000	L+175	2.76%	2.56%	9/20
	<u>\$ 81,601</u>	<u>\$ 1,925,000</u>				

(1) Remaining \$50,000 balance of our unsecured term loan bears interest at a floating rate of LIBOR plus 1.00%.

16. Stock-based Compensation

We account for all equity-based compensation in accordance with ASC Topic 718, *Compensation - Stock Compensation*. Stock-based compensation expense, a component of "general and administrative" expense on our consolidated statements of income, was \$25,765,000 and \$31,654,000 for the three months ended March 31, 2020 and 2019, respectively.

2020 Outperformance Plan ("2020 OPP")

On March 30, 2020, the Compensation Committee of Vornado's Board of Trustees (the "Committee") approved the 2020 OPP, a multi-year, \$35,000,000 performance-based equity compensation plan of which \$32,930,000 was granted to senior executives. The fair value of the 2020 OPP granted was \$11,686,000, of which \$7,583,000 was immediately expensed due to the acceleration of vesting for employees who are retirement eligible (have reached age 65 or age 60 with at least 20 years of service). The remaining \$4,103,000 is being amortized into expense over a five-year period from the date of grant using a graded vesting attribution model.

Under the 2020 OPP, participants have the opportunity to earn compensation payable in the form of equity awards if Vornado common shares outperform a predetermined total shareholder return ("TSR") and/or outperform the market with respect to relative total TSR during the three-year performance period (the "Performance Period") from March 30, 2020 to March 30, 2023 (the "Measurement Date"). Specifically, awards under the 2020 OPP may potentially be earned if Vornado (i) achieves a TSR above a benchmark weighted index (the "Index") comprised 80% of the SNL US Office REIT Index and 20% of the SNL US Retail Index over the Performance Period (the "Relative Component"), and/or (ii) achieves a TSR greater than 21% over the Performance Period (the "Absolute Component"). The value of awards under the Relative Component and Absolute Component will be calculated separately and will each be subject to an aggregate \$35,000,000 maximum award cap for all participants. The two components will be added together to determine the aggregate award size, which shall also be subject to the aggregate \$35,000,000 maximum award cap for all participants. In the event awards are earned under the Absolute Component, but Vornado underperforms the Index by more than 200 basis points per annum over the Performance Period (600 basis points over the three years), the amount earned under the Absolute Component will be reduced based on the degree by which the Index exceeds Vornado's TSR with the maximum payout being 50% under the Absolute Component. In the event awards are earned under the Relative Component, but Vornado fails to achieve a TSR of at least 2% per annum, awards earned under the Relative Component will be reduced on a ratable sliding scale based on Vornado's absolute TSR performance, with awards earned under the Relative Component being reduced by a maximum of 50% in the event Vornado's TSR during the Measurement Period is 0% or negative. If the designated performance objectives are achieved, awards earned under the 2020 OPP will vest ratably on the Measurement Date and the first and second anniversary of the Measurement Date. In addition, all of Vornado's Named Executive Officers (as defined in Vornado's Proxy Statement filed on Schedule 14A with the Securities and Exchange Commission on April 3, 2020) are required to hold any earned and vested awards for one year following each such vesting date. Dividends on awards granted under the 2020 OPP accrue during the Performance Period and are paid to participants if awards are ultimately earned based on the achievement of the designated performance objectives.

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

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

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

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
(Decrease) increase in fair value of marketable securities:		
PREIT ⁽¹⁾	\$ (4,938)	\$ (15,649)
Lexington Realty Trust ⁽²⁾	—	16,068
Other	—	42
	(4,938)	461
Credit losses on loans receivable ⁽³⁾	(7,261)	—
Interest on cash and cash equivalents and restricted cash	3,966	2,067
Interest on loans receivable	1,426	1,606
Other, net	903	911
	<u>\$ (5,904)</u>	<u>\$ 5,045</u>

(1) Sold on January 23, 2020 (see page 24 for details).

(2) Sold on March 1, 2019.

(3) See Note 4 - *Recently Issued Accounting Literature* for details.

18. Interest and Debt Expense

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

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
Interest expense ⁽¹⁾	\$ 66,635	\$ 117,647
Capitalized interest and debt expense	(12,055)	(23,325)
Amortization of deferred financing costs	4,262	8,141
	<u>\$ 58,842</u>	<u>\$ 102,463</u>

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

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

19. Income Per Share/Income Per Class A Unit

Vornado Realty Trust

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

(Amounts in thousands, except per share amounts)

	For the Three Months Ended March 31,	
	2020	2019
Numerator:		
Income from continuing operations, net of income attributable to noncontrolling interests	\$ 17,494	\$ 194,150
Loss from discontinued operations	—	(128)
Net income attributable to Vornado	17,494	194,022
Preferred share dividends	(12,531)	(12,534)
Net income attributable to common shareholders	4,963	181,488
Earnings allocated to unvested participating securities	(51)	(19)
Numerator for basic income per share	4,912	181,469
Impact of assumed conversions:		
Convertible preferred share dividends	—	15
Numerator for diluted income per share	\$ 4,912	\$ 181,484
Denominator:		
Denominator for basic income per share – weighted average shares	191,038	190,689
Effect of dilutive securities ⁽¹⁾ :		
Employee stock options and restricted stock awards	75	271
Convertible preferred shares	—	36
Denominator for diluted income per share – weighted average shares and assumed conversions	191,113	190,996
INCOME PER COMMON SHARE - BASIC:		
Net income per common share	\$ 0.03	\$ 0.95
INCOME PER COMMON SHARE - DILUTED:		
Net income per common share	\$ 0.03	\$ 0.95

(1) The effect of dilutive securities for the three months ended March 31, 2020 and 2019 excluded an aggregate of 13,543 and 12,525 weighted average common share equivalents, respectively, as their effect was anti-dilutive.

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

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

Vornado Realty L.P.

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

(Amounts in thousands, except per unit amounts)

	For the Three Months Ended March 31,	
	2020	2019
Numerator:		
Income from continuing operations, net of income attributable to noncontrolling interests in consolidated subsidiaries	\$ 17,884	\$ 206,361
Loss from discontinued operations	—	(137)
Net income attributable to Vornado Realty L.P.	17,884	206,224
Preferred unit distributions	(12,572)	(12,575)
Net income attributable to Class A unitholders	5,312	193,649
Earnings allocated to unvested participating securities	(4,918)	(1,147)
Numerator for basic income per Class A unit	394	192,502
Impact of assumed conversions:		
Convertible preferred unit distributions	—	15
Numerator for diluted income per Class A unit	\$ 394	\$ 192,517
Denominator:		
Denominator for basic income per Class A unit – weighted average units	203,370	202,772
Effect of dilutive securities ⁽¹⁾ :		
Vornado stock options, Vornado restricted stock awards, OP Units and OPPs	146	536
Convertible preferred units	—	36
Denominator for diluted income per Class A unit – weighted average units and assumed conversions	203,516	203,344
INCOME PER CLASS A UNIT - BASIC:		
Net income per Class A unit	\$ —	\$ 0.95
INCOME PER CLASS A UNIT - DILUTED:		
Net income per Class A unit	\$ —	\$ 0.95

(1) The effect of dilutive securities for the three months ended March 31, 2020 and 2019 excluded an aggregate of 1,140 and 177 Class A unit equivalents, respectively, as their effect was anti-dilutive.

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

20. Commitments and Contingencies

Insurance

For our properties except the Farley Office and Retail Building, we maintain general liability insurance with limits of \$300,000,000 per occurrence and per property, and all risk property and rental value insurance with limits of \$2.0 billion per occurrence, with sub-limits for certain perils such as flood and earthquake. Our California properties have earthquake insurance with coverage of \$350,000,000 per occurrence and in the aggregate, subject to a deductible in the amount of 5% of the value of the affected property. We maintain coverage for certified terrorism acts with limits of \$6.0 billion per occurrence and in the aggregate (as listed below), \$1.2 billion for non-certified acts of terrorism, and \$5.0 billion per occurrence and in the aggregate for terrorism involving nuclear, biological, chemical and radiological ("NBCR") terrorism events, as defined by the Terrorism Risk Insurance Act of 2002, as amended to date and which has been extended through December 2027.

Penn Plaza Insurance Company, LLC ("PPIC"), our wholly owned consolidated subsidiary, acts as a re-insurer with respect to a portion of all risk property and rental value insurance and a portion of our earthquake insurance coverage, and as a direct insurer for coverage for acts of terrorism including NBCR acts. Coverage for acts of terrorism (excluding NBCR acts) is fully reinsured by third-party insurance companies and the Federal government with no exposure to PPIC. For NBCR acts, PPIC is responsible for a deductible of \$1,430,413 and 20% of the balance of a covered loss and the Federal government is responsible for the remaining portion of a covered loss. We are ultimately responsible for any loss incurred by PPIC.

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

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

Our debt instruments, consisting of mortgage loans secured by our properties, senior unsecured notes and revolving credit agreements contain customary covenants requiring us to maintain insurance. Although we believe that we have adequate insurance coverage for purposes of these agreements, we may not be able to obtain an equivalent amount of coverage at reasonable costs in the future. Further, if lenders insist on greater coverage than we are able to obtain it could adversely affect our ability to finance or refinance our properties and expand our portfolio.

Other Commitments and Contingencies

We are from time to time involved in legal actions arising in the ordinary course of business. In our opinion, after consultation with legal counsel, the outcome of such matters is not currently expected to have a material adverse effect on our financial position, results of operations or cash flows.

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

In July 2018, we leased 78,000 square feet at 345 Montgomery Street in San Francisco, CA, to a subsidiary of Regus PLC, for an initial term of 15 years. The obligations under the lease were guaranteed by Regus PLC in an amount of up to \$90,000,000. The tenant purported to terminate the lease prior to space delivery. We commenced a suit on October 23, 2019 seeking to enforce the lease and the guarantee.

In November 2011, we entered into an agreement with the New York City Economic Development Corporation ("EDC") to lease Piers 92 and 94 (the "Piers") for a 49-year term with five 10-year renewal options. The non-recourse lease with a single-purpose entity calls for current annual rent payments of \$2,000,000 with fixed rent steps through the initial term. We operate trade shows and special events at the Piers (and sublease to others for the same uses). In February 2019, an inspection revealed that the piles supporting Pier 92 were structurally unsound (an obligation of EDC to maintain) and we were issued an order by EDC to vacate the property. We continued to make the required lease payments through February 2020, with no abatement provided by EDC for the loss of our right-to-use Pier 92 or reimbursement for lost revenues. In March 2020, as no resolution had been reached with EDC, we did not pay the monthly rent due under the non-recourse lease. As of March 31, 2020, we have a \$45,790,000 lease liability and a \$34,732,000 right-of-use asset recorded for this lease.

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

20. Commitments and Contingencies - continued

Other Commitments and Contingencies - continued

In August 2019, we delivered the required nine month notice to the ground lessor of our land and building lease at 608 Fifth Avenue that we will surrender the property in May 2020. As of March 31, 2020, a \$71,071,000 lease liability remains, which will be recognized as income when the non-recourse lease is terminated.

Our mortgage loans are non-recourse to us, except for the mortgage loans secured by 640 Fifth Avenue, 7 West 34th Street and 435 Seventh Avenue, which we guaranteed and therefore are part of our tax basis. In certain cases, we have provided guarantees or master leased tenant space. These guarantees and master leases terminate either upon the satisfaction of specified circumstances or repayment of underlying loans. In addition, we have guaranteed the rent and payments in lieu of real estate taxes due to Empire State Development ("ESD"), an entity of New York State, for the Farley Office and Retail Building. As of March 31, 2020, the aggregate dollar amount of these guarantees and master leases is approximately \$1,543,000,000.

As of March 31, 2020, \$17,458,000 of letters of credit were outstanding under one of our unsecured revolving credit facilities. Our unsecured revolving credit facilities contain financial covenants that require us to maintain minimum interest coverage and maximum debt to market capitalization ratios and provide for higher interest rates in the event of a decline in our ratings below Baa3/BBB. Our unsecured revolving credit facilities also contain customary conditions precedent to borrowing, including representations and warranties, and also contain customary events of default that could give rise to accelerated repayment, including such items as failure to pay interest or principal.

The joint venture in which we own a 95.0% ownership interest was designated by ESD to develop the Farley Office and Retail Building. The joint venture entered into a development agreement with ESD and a design-build contract with Skanska Moynihan Train Hall Builders. Under the development agreement with ESD, the joint venture is obligated to build the Moynihan Train Hall, with Vornado and Related each guaranteeing the joint venture's obligations. Under the design-build agreement, Skanska Moynihan Train Hall Builders is obligated to fulfill all of the joint venture's obligations. The obligations of Skanska Moynihan Train Hall Builders have been bonded by Skanska USA and bear a full guaranty from Skanska AB.

As investment manager of the Fund we are entitled to an incentive allocation after the limited partners have received a preferred return on their invested capital. The incentive allocation is subject to catch-up and clawback provisions. Accordingly, based on the March 31, 2020 fair value of the Fund assets, at liquidation we would be required to make a \$24,300,000 payment to the limited partners representing a clawback of previously paid incentive allocations, which would have no income statement impact as it was previously accrued.

As of March 31, 2020, we expect to fund additional capital to certain of our partially owned entities aggregating approximately \$11,000,000.

As of March 31, 2020, we have construction commitments aggregating approximately \$559,000,000.

21. Segment Information

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

Net operating income ("NOI") at share represents total revenues less operating expenses including our share of partially owned entities. NOI at share - cash basis represents NOI at share adjusted to exclude straight-line rental income and expense, amortization of acquired below and above market leases, net and other non-cash adjustments. We consider NOI at share - cash basis to be the primary non-GAAP financial measure for making decisions and assessing the unlevered performance of our segments as it relates to the total return on assets as opposed to the levered return on equity. As properties are bought and sold based on NOI at share - cash basis, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. NOI at share and NOI at share - cash basis should not be considered alternatives to net income or cash flow from operations and may not be comparable to similarly titled measures employed by other companies.

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

Below is a reconciliation of net (loss) income to NOI at share and NOI at share - cash basis for the three months ended March 31, 2020 and 2019.

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
Net (loss) income	\$ (104,503)	\$ 213,044
Depreciation and amortization expense	92,793	116,709
General and administrative expense	52,834	58,020
Transaction related costs and other	71	149
Income from partially owned entities	(19,103)	(7,320)
Loss from real estate fund investments	183,463	167
Interest and other investment loss (income), net	5,904	(5,045)
Interest and debt expense	58,842	102,463
Net gains on disposition of wholly owned and partially owned assets	(68,589)	(220,294)
Income tax expense	12,813	29,743
Loss from discontinued operations	—	137
NOI from partially owned entities	81,881	67,402
NOI attributable to noncontrolling interests in consolidated subsidiaries	(15,493)	(17,403)
NOI at share	280,913	337,772
Non cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	3,076	(5,181)
NOI at share - cash basis	<u>\$ 283,989</u>	<u>\$ 332,591</u>

Below is a summary of NOI at share, NOI at share - cash basis by segment for the three months ended March 31, 2020 and 2019.

(Amounts in thousands)

	For the Three Months Ended March 31, 2020		
	Total	New York	Other
Total revenues	\$ 444,532	\$ 355,615	\$ 88,917
Operating expenses	(230,007)	(183,031)	(46,976)
NOI - consolidated	214,525	172,584	41,941
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(15,493)	(8,433)	(7,060)
Add: NOI from partially owned entities	81,881	78,408	3,473
NOI at share	280,913	242,559	38,354
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	3,076	1,106	1,970
NOI at share - cash basis	<u>\$ 283,989</u>	<u>\$ 243,665</u>	<u>\$ 40,324</u>

(Amounts in thousands)

	For the Three Months Ended March 31, 2019		
	Total	New York	Other
Total revenues	\$ 534,668	\$ 443,285	\$ 91,383
Operating expenses	(246,895)	(198,095)	(48,800)
NOI - consolidated	287,773	245,190	42,583
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(17,403)	(11,407)	(5,996)
Add: NOI from partially owned entities	67,402	49,575	17,827
NOI at share	337,772	283,358	54,414
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	(5,181)	(6,618)	1,437
NOI at share - cash basis	<u>\$ 332,591</u>	<u>\$ 276,740</u>	<u>\$ 55,851</u>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated balance sheet of Vornado Realty Trust and subsidiaries (the "Company") as of March 31, 2020, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the three-month periods ended March 31, 2020 and 2019, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2019, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended (not presented herein); and in our report dated February 18, 2020, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2019, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

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

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

/s/ DELOITTE & TOUCHE LLP

New York, New York
May 4, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners of Vornado Realty L.P.

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated balance sheet of Vornado Realty L.P. and subsidiaries (the "Partnership") as of March 31, 2020, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the three-month periods ended March 31, 2020 and 2019, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Partnership as of December 31, 2019, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended (not presented herein); and in our report dated February 18, 2020, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2019, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

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

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

/s/ DELOITTE & TOUCHE LLP

New York, New York
May 4, 2020

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

Certain statements contained in this Quarterly Report constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are not guarantees of performance. They represent our intentions, plans, expectations and beliefs and are subject to numerous assumptions, risks and uncertainties. Our future results, financial condition and business may differ materially from those expressed in these forward-looking statements. You can find many of these statements by looking for words such as "approximates," "believes," "expects," "anticipates," "estimates," "intends," "plans," "would," "may" or other similar expressions in this Quarterly Report on Form 10-Q. We also note the following forward-looking statements: in the case of our development and redevelopment projects, the estimated completion date, estimated project cost and cost to complete; and estimates of future capital expenditures, dividends to common and preferred shareholders and operating partnership distributions. Many of the factors that will determine the outcome of these and our other forward-looking statements are beyond our ability to control or predict.

Currently, one of the most significant factors is the ongoing adverse effect of the novel strain of coronavirus ("COVID-19") pandemic on our business, financial condition, results of operations, cash flows, operating performance and the effect it will have on our tenants, the global, national, regional and local economies and financial markets and the real estate market in general. The extent of the impact of the COVID-19 pandemic will depend on future developments, including the duration of the pandemic, which are highly uncertain at this time but that impact could be material. Moreover, you are cautioned that the COVID-19 pandemic will heighten many of the risks identified in "Item 1A. Risk Factors" in Part I of our Annual Report on Form 10-K for the year ended December 31, 2019, as well as the risks set forth herein.

For further discussion of factors that could materially affect the outcome of our forward-looking statements, see "Item 1A. Risk Factors" in Part I of our Annual Report on Form 10-K for the year ended December 31, 2019 and "Item 1A. Risk Factors" in Part II of this Quarterly Report on Form 10-Q. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q or the date of any document incorporated by reference. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to our forward-looking statements to reflect events or circumstances occurring after the date of this Quarterly Report on Form 10-Q.

Management's Discussion and Analysis of Financial Condition and Results of Operations includes a discussion of our consolidated financial statements for the three months ended March 31, 2020. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The results of operations for the three months ended March 31, 2020 are not necessarily indicative of the operating results for the full year. Certain prior year balances have been reclassified in order to conform to the current year presentation.

Overview

Vornado Realty Trust (“Vornado”) is a fully-integrated real estate investment trust (“REIT”) and conducts its business through, and substantially all of its interests in properties are held by, Vornado Realty L.P., a Delaware limited partnership (the “Operating Partnership”). Vornado is the sole general partner of, and owned approximately 92.7% of the common limited partnership interest in the Operating Partnership as of March 31, 2020. All references to the “Company,” “we,” “us” and “our” mean, collectively, Vornado, the Operating Partnership and those subsidiaries consolidated by Vornado.

We compete with a large number of real estate investors, property owners and developers, some of which may be willing to accept lower returns on their investments. Principal factors of competition are rents charged, sales prices, attractiveness of location, the quality of the property and the breadth and the quality of services provided. Our success depends upon, among other factors, trends of the global, national, regional and local economies, the financial condition and operating results of current and prospective tenants and customers, availability and cost of capital, construction and renovation costs, taxes, governmental regulations, legislation, population and employment trends. See “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019 and “Risk Factors” in Part II, Item 1A of this Quarterly Report on Form 10-Q for additional information regarding these factors.

In December 2019, COVID-19 was identified in Wuhan, China and by March 11, 2020, the World Health Organization had declared it a global pandemic. Many states in the U.S., including New York, New Jersey, Illinois and California have implemented stay-at-home orders for all “non-essential” business and activity in an aggressive effort to curb the spread of the virus. Consequently, the U.S. economy has suffered and there has been significant volatility in the financial markets. Many U.S. industries and businesses have been negatively affected and millions of people have filed for unemployment.

Our properties, which are concentrated in New York City, and in Chicago and San Francisco, have been adversely affected as a result of the COVID-19 pandemic and the preventive measures taken to curb the spread. Some of the effects on us include the following:

- With the exception of grocery stores and other “essential” businesses, substantially all of our retail tenants have closed their stores and many are seeking rent relief.
- While our office buildings remain open, substantially all of our office tenants are working remotely.
- We have temporarily closed the Hotel Pennsylvania.
- We have postponed trade shows at theMART for the remainder of 2020.
- Because certain of our development projects are deemed “non-essential,” they have been temporarily paused due to New York State executive orders.
- Closings on the sale of condominium units at 220 Central Park South have continued. During April 2020 we closed on the sale of four condominium units for net proceeds of \$157,747,000. However, future closings may be temporarily delayed to the extent we cannot complete the buildout and obtain temporary certificates of occupancy on time.
- We placed 1,803 employees on temporary furlough, including 1,293 employees of Building Maintenance Services LLC, a wholly owned subsidiary, which provides cleaning, security and engineering services primarily to our New York properties, 414 employees at the Hotel Pennsylvania and 96 corporate staff employees.
- Effective April 1, 2020, our executive officers waived portions of their annual base salary for the remainder of 2020.
- Effective April 1, 2020, each non-management member of our Board of Trustees agreed to forgo his or her \$75,000 annual cash retainer for the remainder of 2020.

We have collected substantially all of the rent due for March 2020 and collected 90% of rent due from our office tenants for the month of April 2020 and 53% of the rent due from our retail tenants for the month of April 2020, or 83% in the aggregate. Many of our retail tenants and some of our office tenants have requested rent relief and/or rent deferral for April 2020 and beyond. While we believe that our tenants are required to pay rent under their leases, we have implemented and will continue to consider temporary rent deferrals on a case-by-case basis.

We have not experienced any material impact to our internal control over financial reporting to date as a result of most of our employees working remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the COVID-19 situation on our internal controls to minimize the impact to their design and operating effectiveness.

In light of the evolving health, social, economic, and business environment, governmental regulation or mandates, and business disruptions that have occurred and may continue to occur, the impact of COVID-19 on our financial condition and operating results remains highly uncertain but the impact could be material. The impact on us includes lower rental income and potentially lower occupancy levels at our properties which will result in less cash flow available for operating costs, to pay our indebtedness and for distribution to our shareholders. In addition, the value of our real estate assets may decline, which may result in non-cash impairment charges in future periods and that impact could be material.

Overview - continued

Vornado Realty Trust

Quarter Ended March 31, 2020 Financial Results Summary

Net income attributable to common shareholders for the quarter ended March 31, 2020 was \$4,963,000, or \$0.03 per diluted share, compared to \$181,488,000, or \$0.95 per diluted share, for the prior year's quarter. The quarters ended March 31, 2020 and 2019 include certain items that impact the comparability of period to period net income attributable to common shareholders, which are listed in the table below. The aggregate of these items, net of amounts attributable to noncontrolling interests, decreased net income attributable to common shareholders for the quarter ended March 31, 2020 by \$15,270,000, or \$0.08 per diluted share, and increased net income by \$156,674,000, or \$0.82 per diluted share, for the quarter ended March 31, 2019.

Funds From Operations ("FFO") attributable to common shareholders plus assumed conversions for the quarter ended March 31, 2020 was \$130,360,000, or \$0.68 per diluted share, compared to \$247,684,000, or \$1.30 per diluted share, for the prior year's quarter. FFO attributable to common shareholders plus assumed conversions for the quarters ended March 31, 2020 and 2019 include certain items that impact the comparability of period to period FFO, which are listed in the table below. The aggregate of these items, net of amounts attributable to noncontrolling interests, decreased FFO attributable to common shareholders plus assumed conversions for the quarter ended March 31, 2020 by \$7,207,000, or \$0.04 per diluted share, and increased FFO attributable to common shareholders plus assumed conversions by \$97,745,000, or \$0.51 per diluted share, for the quarter ended March 31, 2019.

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

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
Certain (income) expense items that impact net income attributable to common shareholders:		
After-tax net gain on sale of 220 Central Park South ("220 CPS") condominium units	\$ (59,911)	\$ (130,954)
Our share of loss from real estate fund investments	56,158	2,904
Credit losses on loans receivable resulting from a new GAAP accounting standard effective January 1, 2020	7,261	—
Mark-to-market decrease in Pennsylvania Real Estate Trust Investment ("PREIT") common shares (accounted for as a marketable security from March 12, 2019 and sold on January 23, 2020)	4,938	15,649
Net gain from sale of Urban Edge Properties ("UE") common shares (sold on March 4, 2019)	—	(62,395)
Prepayment penalty in connection with redemption of \$400 million 5.00% senior unsecured notes due January 2022	—	22,540
Mark-to-market increase in Lexington Realty Trust ("Lexington") common shares (sold on March 1, 2019)	—	(16,068)
Other	7,896	1,152
	16,342	(167,172)
Noncontrolling interests' share of above adjustments	(1,072)	10,498
Total of certain expense (income) items that impact net income attributable to common shareholders	\$ 15,270	\$ (156,674)

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

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
Certain (income) expense items that impact FFO attributable to common shareholders plus assumed conversions:		
After-tax net gain on sale of 220 CPS condominium units	\$ (59,911)	\$ (130,954)
Our share of loss from real estate fund investments	56,158	2,904
Credit losses on loans receivable resulting from a new GAAP accounting standard effective January 1, 2020	7,261	—
Prepayment penalty in connection with redemption of \$400 million 5.00% senior unsecured notes due January 2022	—	22,540
Other	4,205	1,206
	7,713	(104,304)
Noncontrolling interests' share of above adjustments	(506)	6,559
Total of certain expense (income) items that impact FFO attributable to common shareholders plus assumed conversions, net	\$ 7,207	\$ (97,745)

Overview - continued

Vornado Realty Trust and Vornado Realty L.P.

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

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

	Total	New York ⁽¹⁾	theMART ⁽²⁾	555 California Street
Same store NOI at share % (decrease) increase:				
Three months ended March 31, 2020 compared to March 31, 2019	(2.5)%	(1.9)%	(13.3)%	5.6%
Three months ended March 31, 2020 compared to December 31, 2019	(8.2)%	(9.0)%	(8.2)%	5.1%
Same store NOI at share - cash basis % (decrease) increase:				
Three months ended March 31, 2020 compared to March 31, 2019	(1.5)%	(0.7)%	(11.8)%	3.7%
Three months ended March 31, 2020 compared to December 31, 2019	(7.0)%	(7.6)%	(9.0)%	5.8%

- (1) As a result of the COVID-19 pandemic, we have temporarily closed the Hotel Pennsylvania.

Excluding the Hotel Pennsylvania, same store NOI at share % decrease:

Three months ended March 31, 2020 compared to March 31, 2019	(0.3)%
Three months ended March 31, 2020 compared to December 31, 2019	(2.7)%

Excluding the Hotel Pennsylvania, same store NOI at share - cash basis % increase (decrease):

Three months ended March 31, 2020 compared to March 31, 2019	0.9 %
Three months ended March 31, 2020 compared to December 31, 2019	(1.0)%

- (2) The decrease is primarily due to the cancellation of trade shows resulting from the COVID-19 pandemic.

Excluding trade shows, same store NOI at share % increase (decrease):

Three months ended March 31, 2020 compared to March 31, 2019	1.1 %
Three months ended March 31, 2020 compared to December 31, 2019	(2.8)%

Excluding trade shows, same store NOI at share - cash basis % increase (decrease):

Three months ended March 31, 2020 compared to March 31, 2019	2.0 %
Three months ended March 31, 2020 compared to December 31, 2019	(4.0)%

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

Dispositions

PREIT

On January 23, 2020, we sold all of our 6,250,000 common shares of PREIT, realizing net proceeds of \$28,375,000. We recorded a \$4,938,000 loss (mark-to-market decrease) for the three months ended March 31, 2020.

220 CPS

During the three months ended March 31, 2020, we closed on the sale of seven condominium units at 220 CPS for net proceeds aggregating \$191,216,000 resulting in a financial statement net gain of \$68,589,000 which is included in "net gains on disposition of wholly owned and partially owned assets" on our consolidated statements of income. In connection with these sales, \$8,678,000 of income tax expense was recognized on our consolidated statements of income. From inception to March 31, 2020, we closed on the sale of 72 units for aggregate net proceeds of \$2,011,348,000.

Overview - continued

Financings

Unsecured Term Loan

On February 28, 2020, we increased our unsecured term loan balance to \$800,000,000 (from \$750,000,000) by exercising an accordion feature. Pursuant to an existing swap agreement, \$750,000,000 of the loan bears interest at a fixed rate of 3.87% through October 2023, and the balance of \$50,000,000 floats at a rate of LIBOR plus 1.00% (1.94% as of March 31, 2020). The entire \$800,000,000 will float thereafter for the duration of the loan through February 2024.

Leasing Activity

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

(Square feet in thousands)

	New York			
	Office	Retail	theMART	555 California Street
Three Months Ended March 31, 2020				
Total square feet leased	311	15	231	6
Our share of square feet leased:	297	13	231	4
Initial rent ⁽¹⁾	\$ 90.47	\$ 416.36	\$ 47.31	\$ 117.00
Weighted average lease term (years)	6.6	9.7	10.3	1.4
Second generation relet space:				
Square feet	275	9	228	4
GAAP basis:				
Straight-line rent ⁽²⁾	\$ 88.96	\$ 476.94	\$ 44.52	\$ 118.03
Prior straight-line rent	\$ 91.98	\$ 210.48	\$ 43.41	\$ 81.70
Percentage (decrease) increase	(3.3)%	126.6%	2.6 %	44.5%
Cash basis:				
Initial rent ⁽¹⁾	\$ 89.22	\$ 469.99	\$ 47.05	\$ 117.00
Prior escalated rent	\$ 88.55	\$ 229.66	\$ 47.62	\$ 90.24
Percentage increase (decrease)	0.8 %	104.6%	(1.2)%	29.7%
Tenant improvements and leasing commissions:				
Per square foot	\$ 77.14	\$ 467.30	\$ 45.72	\$ 4.08
Per square foot per annum	\$ 11.69	\$ 48.18	\$ 4.44	\$ 2.91
Percentage of initial rent	12.9 %	11.6%	9.4 %	2.5%

(1) Represents the cash basis weighted average starting rent per square foot, which is generally indicative of market rents. Most leases include free rent and periodic step-ups in rent which are not included in the initial cash basis rent per square foot but are included in the GAAP basis straight-line rent per square foot.

(2) Represents the GAAP basis weighted average rent per square foot that is recognized over the term of the respective leases and includes the effect of free rent and periodic step-ups in rent.

Overview - continued

Square Footage (in service) and Occupancy as of March 31, 2020

(Square feet in thousands)

	Number of Properties	Square Feet (in service)		Occupancy %
		Total Portfolio	Our Share	
New York:				
Office	35	19,005	16,128	96.9%
Retail (includes retail properties that are in the base of our office properties)	70	2,287	1,830	94.9%
Residential - 1,678 units	9	1,526	793	96.1%
Alexander's, Inc. ("Alexander's") including 312 residential units	7	2,230	723	96.5%
Hotel Pennsylvania	1	1,400	1,400	
		<u>26,448</u>	<u>20,874</u>	96.7%
Other:				
theMART	4	3,825	3,816	91.9%
555 California Street	3	1,741	1,218	99.8%
Other	10	2,533	1,198	93.4%
		<u>8,099</u>	<u>6,232</u>	
Total square feet as of March 31, 2020		<u>34,547</u>	<u>27,106</u>	

Square Footage (in service) and Occupancy as of December 31, 2019

(Square feet in thousands)

	Number of properties	Square Feet (in service)		Occupancy %
		Total Portfolio	Our Share	
New York:				
Office	35	19,070	16,195	96.9%
Retail (includes retail properties that are in the base of our office properties)	70	2,300	1,842	94.5%
Residential - 1,679 units	9	1,526	793	97.0%
Alexander's, including 312 residential units	7	2,230	723	96.5%
Hotel Pennsylvania	1	1,400	1,400	
		<u>26,526</u>	<u>20,953</u>	96.7%
Other:				
theMART	4	3,826	3,817	94.6%
555 California Street	3	1,741	1,218	99.8%
Other	10	2,533	1,198	92.7%
		<u>8,100</u>	<u>6,233</u>	
Total square feet as of December 31, 2019		<u>34,626</u>	<u>27,186</u>	

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, 2019. For the three months ended March 31, 2020, there were no material changes to these policies.

Recently Issued Accounting Literature

Refer to Note 4 - *Recently Issued Accounting Literature* to the unaudited consolidated financial statements in Part I, Item I of this Quarterly Report on Form 10-Q for information regarding recent accounting pronouncements that may affect us.

NOI At Share by Segment for the Three Months Ended March 31, 2020 and 2019

NOI at share represents total revenues less operating expenses including our share of partially owned entities. NOI at share - cash basis represents NOI at share adjusted to exclude straight-line rental income and expense, amortization of acquired below and above market leases, net and other non-cash adjustments. We consider NOI at share - cash basis to be the primary non-GAAP financial measure for making decisions and assessing the unlevered performance of our segments as it relates to the total return on assets as opposed to the levered return on equity. As properties are bought and sold based on NOI at share - cash basis, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. NOI at share and NOI at share - cash basis should not be considered alternatives to net income or cash flow from operations and may not be comparable to similarly titled measures employed by other companies.

Below is a summary of NOI at share and NOI at share - cash basis by segment for the three months ended March 31, 2020 and 2019.

(Amounts in thousands)

	For the Three Months Ended March 31, 2020		
	Total	New York ⁽¹⁾	Other
Total revenues	\$ 444,532	\$ 355,615	\$ 88,917
Operating expenses	(230,007)	(183,031)	(46,976)
NOI - consolidated	214,525	172,584	41,941
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(15,493)	(8,433)	(7,060)
Add: NOI from partially owned entities	81,881	78,408	3,473
NOI at share	280,913	242,559	38,354
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	3,076	1,106	1,970
NOI at share - cash basis	<u>\$ 283,989</u>	<u>\$ 243,665</u>	<u>\$ 40,324</u>

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

(Amounts in thousands)

	For the Three Months Ended March 31, 2019		
	Total	New York	Other
Total revenues	\$ 534,668	\$ 443,285	\$ 91,383
Operating expenses	(246,895)	(198,095)	(48,800)
NOI - consolidated	287,773	245,190	42,583
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(17,403)	(11,407)	(5,996)
Add: NOI from partially owned entities	67,402	49,575	17,827
NOI at share	337,772	283,358	54,414
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	(5,181)	(6,618)	1,437
NOI at share - cash basis	<u>\$ 332,591</u>	<u>\$ 276,740</u>	<u>\$ 55,851</u>

NOI At Share by Segment for the Three Months Ended March 31, 2020 and 2019 - continued

The elements of our New York and Other NOI at share for the three months ended March 31, 2020 and 2019 are summarized below.

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
New York:		
Office ⁽¹⁾	\$ 183,205	\$ 183,540
Retail ⁽¹⁾	52,018	88,267
Residential	6,200	6,045
Alexander's	10,492	11,322
Hotel Pennsylvania ⁽²⁾	(9,356)	(5,816)
Total New York	242,559	283,358
Other:		
theMART	21,113	23,523
555 California Street	15,231	14,501
Other investments ⁽³⁾	2,010	16,390
Total Other	38,354	54,414
NOI at share	\$ 280,913	\$ 337,772

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

(2) The decrease in NOI at share is primarily due to seasonality of operations and the effects of the COVID-19 pandemic. The Hotel Pennsylvania was temporarily closed commencing on April 1, 2020 as result of the pandemic.

(3) The three months ended March 31, 2019 includes our share of PREIT (accounted for as a marketable security from March 12, 2019 and sold on January 23, 2020) and Urban Edge Properties (sold on March 4, 2019).

The elements of our New York and Other NOI at share - cash basis for the three months ended March 31, 2020 and 2019 are summarized below.

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
New York:		
Office ⁽¹⁾	\$ 187,035	\$ 184,370
Retail ⁽¹⁾	49,041	80,936
Residential	5,859	5,771
Alexander's	11,094	11,527
Hotel Pennsylvania ⁽²⁾	(9,364)	(5,864)
Total New York	243,665	276,740
Other:		
theMART	22,705	24,912
555 California Street	15,435	14,745
Other investments ⁽³⁾	2,184	16,194
Total Other	40,324	55,851
NOI at share - cash basis	\$ 283,989	\$ 332,591

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

(2) The decrease in NOI at share - cash basis is primarily due to seasonality of operations and the effects of the COVID-19 pandemic. The Hotel Pennsylvania was temporarily closed commencing on April 1, 2020 as result of the pandemic.

(3) The three months ended March 31, 2019 includes our share of PREIT (accounted for as a marketable security from March 12, 2019 and sold on January 23, 2020) and Urban Edge Properties (sold on March 4, 2019).

Reconciliation of Net (Loss) Income to NOI At Share and NOI At Share - Cash Basis for the Three Months Ended March 31, 2020 and 2019

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
Net (loss) income	\$ (104,503)	\$ 213,044
Depreciation and amortization expense	92,793	116,709
General and administrative expense	52,834	58,020
Transaction related costs and other	71	149
Income from partially owned entities	(19,103)	(7,320)
Loss from real estate fund investments	183,463	167
Interest and other investment loss (income), net	5,904	(5,045)
Interest and debt expense	58,842	102,463
Net gains on disposition of wholly owned and partially owned assets	(68,589)	(220,294)
Income tax expense	12,813	29,743
Loss from discontinued operations	—	137
NOI from partially owned entities	81,881	67,402
NOI attributable to noncontrolling interests in consolidated subsidiaries	(15,493)	(17,403)
NOI at share	280,913	337,772
Non cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	3,076	(5,181)
NOI at share - cash basis	\$ 283,989	\$ 332,591

NOI At Share by Region

Region:	For the Three Months Ended March 31,	
	2020	2019
New York City metropolitan area	87%	88%
Chicago, IL	8%	7%
San Francisco, CA	5%	5%
	100%	100%

Results of Operations – Three Months Ended March 31, 2020 Compared to March 31, 2019

Revenues

Our revenues, which consist of rental revenues and fee and other income, were \$444,532,000 for the three months ended March 31, 2020 compared to \$534,668,000 for the prior year's quarter, a decrease of \$90,136,000. Below are the details of the decrease by segment:

(Amounts in thousands)

	Total	New York	Other
(Decrease) increase due to:			
Rental revenues:			
Acquisitions, dispositions and other	\$ 1,153	\$ 1,318	\$ (165)
Development and redevelopment	(12,550)	(12,644)	94
Hotel Pennsylvania	(3,656)	(3,656)	—
Trade shows	(5,245)	—	(5,245)
Properties transferred to Fifth Avenue and Times Square JV	(84,393)	(84,393)	—
Same store operations	6,088	6,471	(383)
	<u>(98,603)</u>	<u>(92,904)</u>	<u>(5,699)</u>
Fee and other income:			
BMS cleaning fees	2,681	2,672	9
Management and leasing fees	630	623	7
Properties transferred to Fifth Avenue and Times Square JV	(324)	(324)	—
Other income	5,480	2,263	3,217
	<u>8,467</u>	<u>5,234</u>	<u>3,233</u>
Total decrease in revenues	<u>\$ (90,136)</u>	<u>\$ (87,670)</u>	<u>\$ (2,466)</u>

Expenses

Our expenses, which consist of operating, depreciation and amortization, general and administrative, benefit from deferred compensation plan liability, and transaction related costs and other, were \$364,460,000 for the three months ended March 31, 2020, compared to \$427,206,000 for the prior year's quarter, a decrease of \$62,746,000. Below are the details of the decrease by segment:

(Amounts in thousands)

	Total	New York	Other
(Decrease) increase due to:			
Operating:			
Acquisitions, dispositions and other	\$ (1,300)	\$ (1,782)	\$ 482
Development and redevelopment	(5,128)	(4,978)	(150)
Non-reimbursable expenses	1,659	1,777	(118)
Hotel Pennsylvania	(122)	(122)	—
Trade shows	(2,567)	—	(2,567)
BMS expenses	2,553	2,544	9
Properties transferred to Fifth Avenue and Times Square JV	(17,791)	(17,791)	—
Same store operations	5,808	5,288	520
	<u>(16,888)</u>	<u>(15,064)</u>	<u>(1,824)</u>
Depreciation and amortization:			
Acquisitions, dispositions and other	(1,225)	(1,230)	5
Development and redevelopment	910	867	43
Properties transferred to Fifth Avenue and Times Square JV	(21,138)	(21,138)	—
Same store operations	(2,463)	(3,412)	949
	<u>(23,916)</u>	<u>(24,913)</u>	<u>997</u>
General and administrative	<u>(5,186) ⁽¹⁾</u>	<u>893</u>	<u>(6,079)</u>
Benefit from deferred compensation plan liability	<u>(16,678)</u>	<u>—</u>	<u>(16,678)</u>
Transaction related costs and other	<u>(78)</u>	<u>—</u>	<u>(78)</u>
Total decrease in expenses	<u>\$ (62,746)</u>	<u>\$ (39,084)</u>	<u>\$ (23,662)</u>

(1) Primarily due to \$8,444 non-cash stock-based compensation expense for the accelerated vesting of previously issued Operating Partnership units and Vornado restricted stock in 2019 due to the removal of the time-based vesting requirements for participants who have reached 65 years of age, partially offset by \$2,401 of non-cash stock-based compensation expense for the time-based compensation granted in connection with the new leadership group announced in April 2019.

Results of Operations – Three Months Ended March 31, 2020 Compared to March 31, 2019 - continued

Income from Partially Owned Entities

Below are the components of income from partially owned entities for the three months ended March 31, 2020 and 2019.

(Amounts in thousands)

	Ownership Percentage at March 31, 2020	For the Three Months Ended March 31,	
		2020	2019
Our share of net income:			
Fifth Avenue and Times Square JV ⁽¹⁾ :			
Equity in net income	51.5%	\$ 5,496	\$ —
Return on preferred equity, net of our share of the expense		9,166	—
		14,662	—
Alexander's	32.4%	2,676	6,774
Partially owned office buildings ⁽²⁾	Various	1,322	106
Other investments ⁽³⁾	Various	443	440
		\$ 19,103	\$ 7,320

(1) Entered into on April 18, 2019.

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

(3) Includes interests in Independence Plaza, Fashion Centre Mall/Washington Tower, Rosslyn Plaza, 50-70 West 93rd Street, UE (sold on March 4, 2019), PREIT (accounted as a marketable security from March 12, 2019 and sold on January 23, 2020) and others.

Loss from Real Estate Fund Investments

Below are the components of the loss from our real estate fund investments for the three months ended March 31, 2020 and 2019.

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
Net investment income (loss)	\$ 57	\$ (267)
Net unrealized (loss) gain on held investments	(183,520)	100
Loss from real estate fund investments	(183,463)	(167)
Less loss (income) attributable to noncontrolling interests in consolidated subsidiaries	127,305	(2,737)
Loss from real estate fund investments net of noncontrolling interests in consolidated subsidiaries	\$ (56,158)	\$ (2,904)

Interest and Other Investment (Loss) Income, Net

Below are the components of interest and other investment (loss) income, net for the three months ended March 31, 2020 and 2019.

(Amounts in thousands)

	For the Three Months Ended March 31,	
	2020	2019
Credit losses on loans receivable ⁽¹⁾	\$ (7,261)	\$ —
(Decrease) increase in fair value of marketable securities ⁽²⁾	(4,938)	461
Interest on cash and cash equivalents and restricted cash	3,966	2,067
Interest on loans receivable	1,426	1,606
Other, net	903	911
	\$ (5,904)	\$ 5,045

(1) See Note 4 - *Recently Issued Accounting Literature* to the unaudited consolidated financial statements in Part I, Item I of this Quarterly Report on Form 10-Q for additional information.

(2) The three months ended March 31, 2020 includes the mark-to-market decrease in the fair value of our PREIT common shares (sold on January 23, 2020). The three months ended March 31, 2019 primarily includes (i) a \$16,068 mark-to-market increase in the fair value of our Lexington common shares (sold on March 1, 2019) partially offset by (ii) a \$15,649 mark-to-market decrease in the fair value of our PREIT common shares (accounted for as marketable securities from March 12, 2019).

Results of Operations – Three Months Ended March 31, 2020 Compared to March 31, 2019 - continued

Interest and Debt Expense

Interest and debt expense for the three months ended March 31, 2020 was \$58,842,000 compared to \$102,463,000 for the prior year's quarter, a decrease of \$43,621,000. This decrease was primarily due to (i) \$22,540,000 of lower interest expense from debt prepayment costs relating to the redemption of our \$400,000,000 5.00% senior unsecured notes in 2019, (ii) \$10,918,000 of lower interest expense resulting from the deconsolidation of mortgages payable of the properties contributed to Fifth Avenue and Times Square JV, (iii) \$5,972,000 of lower interest expense resulting from the repayment of the mortgage payable of PENN2, (iv) \$5,308,000 of lower interest expense resulting from paydowns of the 220 CPS loan, (v) \$5,045,000 of lower interest expense from the redemption of the \$400,000,000 5.00% senior unsecured notes in 2019, and (vi) \$4,083,000 of lower interest expense resulting from lower average interest rates on our variable rate loans, partially offset by (vii) \$11,270,000 of lower capitalized interest and debt expense.

Net Gains on Disposition of Wholly Owned and Partially Owned Assets

Net gains on disposition of wholly owned and partially owned assets for the three months ended March 31, 2020 were \$68,589,000 due to net gains on sale of 220 CPS condominium units. Net gains on disposition of wholly owned and partially owned assets for the three months ended March 31, 2019 were \$220,294,000 due to (i) \$157,899,000 of net gains on sale of 220 CPS condominium units and (ii) \$62,395,000 net gain from the sale of all our UE partnership units.

Income Tax Expense

Income tax expense for the three months ended March 31, 2020 was \$12,813,000 compared to \$29,743,000 for the prior year's quarter, a decrease of \$16,930,000. This decrease was primarily due to lower income tax expense from the sale of 220 CPS condominium units.

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

Net loss attributable to noncontrolling interests in consolidated subsidiaries was \$122,387,000 for the three months ended March 31, 2020, compared to income of \$6,820,000 for the prior year's quarter, a decrease in income of \$129,207,000. This decrease resulted primarily from the allocation of net loss to the noncontrolling interests of our real estate fund investments.

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

Net income attributable to noncontrolling interests in the Operating Partnership was \$390,000 for the three months ended March 31, 2020, compared to \$12,202,000 for the prior year's quarter, a decrease of \$11,812,000. This decrease resulted primarily from lower net income subject to allocation to unitholders.

Preferred Share Dividends of Vornado Realty Trust

Preferred share dividends were \$12,531,000 for the three months ended March 31, 2020, compared to \$12,534,000 for the prior year's quarter, a decrease of \$3,000.

Preferred Unit Distributions of Vornado Realty L.P.

Preferred unit distributions were \$12,572,000 for the three months ended March 31, 2020, compared to \$12,575,000 for the prior year's quarter, a decrease of \$3,000.

Results of Operations – Three Months Ended March 31, 2020 Compared to March 31, 2019 - continued

Same Store Net Operating Income At Share

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

Below are reconciliations of NOI at share to same store NOI at share for our New York segment, theMART, 555 California Street and other investments for the three months ended March 31, 2020 compared to March 31, 2019.

(Amounts in thousands)

	Total	New York	theMART	555 California Street	Other
NOI at share for the three months ended March 31, 2020	\$ 280,913	\$ 242,559	\$ 21,113	\$ 15,231	\$ 2,010
Less NOI at share from:					
Acquisitions	(369)	(369)	—	—	—
Development properties	(14,266)	(14,266)	—	—	—
Other non-same store (income) expense, net	(7,791)	(5,520)	(422)	161	(2,010)
Same store NOI at share for the three months ended March 31, 2020	\$ 258,487	\$ 222,404	\$ 20,691	\$ 15,392	\$ —
NOI at share for the three months ended March 31, 2019	\$ 337,772	\$ 283,358	\$ 23,523	\$ 14,501	\$ 16,390
Less NOI at share from:					
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(30,292)	(30,292)	—	—	—
Dispositions	(3,399)	(3,399)	—	—	—
Development properties	(20,593)	(20,593)	—	—	—
Other non-same store (income) expense, net	(18,378)	(2,405)	339	78	(16,390)
Same store NOI at share for the three months ended March 31, 2019	\$ 265,110	\$ 226,669	\$ 23,862	\$ 14,579	\$ —
(Decrease) increase in same store NOI at share for the three months ended March 31, 2020 compared to March 31, 2019	\$ (6,623)	\$ (4,265)	\$ (3,171)	\$ 813	\$ —
% (decrease) increase in same store NOI at share	(2.5)%	(1.9)% ⁽¹⁾	(13.3)% ⁽²⁾	5.6%	—%

(1) As a result of the COVID-19 pandemic, we have temporarily closed the Hotel Pennsylvania. Excluding the Hotel Pennsylvania, same store NOI at share decreased by 0.3%.

(2) The decrease is primarily due to the cancellation of trade shows resulting from the COVID-19 pandemic. Excluding trade shows, same store NOI at share increased by 1.1%.

Results of Operations – Three Months Ended March 31, 2020 Compared to March 31, 2019 - continued

Same Store Net Operating Income At Share - continued

Below are reconciliations of NOI at share - cash basis to same store NOI at share - cash basis for our New York segment, theMART, 555 California Street and other investments for the three months ended March 31, 2020 compared to March 31, 2019.

(Amounts in thousands)

	Total	New York	theMART	555 California Street	Other
NOI at share - cash basis for the three months ended March 31, 2020	\$ 283,989	\$ 243,665	\$ 22,705	\$ 15,435	\$ 2,184
Less NOI at share - cash basis from:					
Acquisitions	(348)	(348)	—	—	—
Development properties	(18,117)	(18,117)	—	—	—
Other non-same store income, net	(12,607)	(9,944)	(422)	(57)	(2,184)
Same store NOI at share - cash basis for the three months ended March 31, 2020	<u>\$ 252,917</u>	<u>\$ 215,256</u>	<u>\$ 22,283</u>	<u>\$ 15,378</u>	<u>\$ —</u>
NOI at share - cash basis for the three months ended March 31, 2019	\$ 332,591	\$ 276,740	\$ 24,912	\$ 14,745	\$ 16,194
Less NOI at share - cash basis from:					
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(27,722)	(27,722)	—	—	—
Dispositions	(3,581)	(3,581)	—	—	—
Development properties	(24,339)	(24,339)	—	—	—
Other non-same store (income) expense, net	(20,163)	(4,386)	339	78	(16,194)
Same store NOI at share - cash basis for the three months ended March 31, 2019	<u>\$ 256,786</u>	<u>\$ 216,712</u>	<u>\$ 25,251</u>	<u>\$ 14,823</u>	<u>\$ —</u>
(Decrease) increase in same store NOI at share - cash basis for the three months ended March 31, 2020 compared to March 31, 2019	<u>\$ (3,869)</u>	<u>\$ (1,456)</u>	<u>\$ (2,968)</u>	<u>\$ 555</u>	<u>\$ —</u>
% (decrease) increase in same store NOI at share - cash basis	<u>(1.5)%</u>	<u>(0.7)% ⁽¹⁾</u>	<u>(11.8)% ⁽²⁾</u>	<u>3.7%</u>	<u>—%</u>

(1) As a result of the COVID-19 pandemic, we have temporarily closed the Hotel Pennsylvania. Excluding the Hotel Pennsylvania, same store NOI at share - cash basis increased by 0.9%.

(2) The decrease is primarily due to the cancellation of trade shows resulting from the COVID-19 pandemic. Excluding trade shows, same store NOI at share - cash basis increased by 2.0%.

SUPPLEMENTAL INFORMATION

NOI At Share by Segment for the Three Months Ended March 31, 2020 and December 31, 2019

Below is a summary of NOI at share and NOI at share - cash basis for the three months ended March 31, 2020 and 2019 by segment.

(Amounts in thousands)

	For the Three Months Ended March 31, 2020		
	Total	New York	Other
Total revenues	\$ 444,532	\$ 355,615	\$ 88,917
Operating expenses	(230,007)	(183,031)	(46,976)
NOI - consolidated	214,525	172,584	41,941
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(15,493)	(8,433)	(7,060)
Add: NOI from partially owned entities	81,881	78,408	3,473
NOI at share	280,913	242,559	38,354
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	3,076	1,106	1,970
NOI at share - cash basis	\$ 283,989	\$ 243,665	\$ 40,324

(Amounts in thousands)

	For the Three Months Ended December 31, 2019		
	Total	New York	Other
Total revenues	\$ 460,968	\$ 377,626	\$ 83,342
Operating expenses	(223,975)	(184,231)	(39,744)
NOI - consolidated	236,993	193,395	43,598
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(17,417)	(9,885)	(7,532)
Add: NOI from partially owned entities	85,990	82,774	3,216
NOI at share	305,566	266,284	39,282
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	(6,590)	(8,577)	1,987
NOI at share - cash basis	\$ 298,976	\$ 257,707	\$ 41,269

SUPPLEMENTAL INFORMATION - CONTINUED

NOI At Share by Segment for the Three Months Ended March 31, 2020 and December 31, 2019 - continued

The elements of our New York and Other NOI at share for the three months ended March 31, 2020 and December 31, 2019 are summarized below.

(Amounts in thousands)

	For the Three Months Ended	
	March 31, 2020	December 31, 2019
New York:		
Office	\$ 183,205	\$ 183,925
Retail	52,018	59,728
Residential	6,200	5,835
Alexander's	10,492	10,626
Hotel Pennsylvania ⁽¹⁾	(9,356)	6,170
Total New York	<u>242,559</u>	<u>266,284</u>
Other:		
theMART	21,113	22,712
555 California Street	15,231	14,533
Other investments	2,010	2,037
Total Other	<u>38,354</u>	<u>39,282</u>
NOI at share	<u>\$ 280,913</u>	<u>\$ 305,566</u>

(1) The decrease in NOI at share is primarily due to seasonality of operations and the effects of the COVID-19 pandemic. The Hotel Pennsylvania was temporarily closed commencing on April 1, 2020 as result of the pandemic.

The elements of our New York and Other NOI at share - cash basis for the three months ended March 31, 2020 and December 31, 2019 are summarized below.

(Amounts in thousands)

	For the Three Months Ended	
	March 31, 2020	December 31, 2019
New York:		
Office	\$ 187,035	\$ 180,762
Retail	49,041	54,357
Residential	5,859	5,763
Alexander's	11,094	10,773
Hotel Pennsylvania ⁽¹⁾	(9,364)	6,052
Total New York	<u>243,665</u>	<u>257,707</u>
Other:		
theMART	22,705	24,646
555 California Street	15,435	14,491
Other investments	2,184	2,132
Total Other	<u>40,324</u>	<u>41,269</u>
NOI at share - cash basis	<u>\$ 283,989</u>	<u>\$ 298,976</u>

(1) The decrease in NOI at share - cash basis is primarily due to seasonality of operations and the effects of the COVID-19 pandemic. The Hotel Pennsylvania was temporarily closed commencing on April 1, 2020 as result of the pandemic.

SUPPLEMENTAL INFORMATION - CONTINUED

Reconciliation of Net (Loss) Income to NOI At Share and NOI At Share - Cash Basis for the Three Months Ended March 31, 2020 and December 31, 2019

(Amounts in thousands)

	For the Three Months Ended	
	March 31, 2020	December 31, 2019
Net (loss) income	\$ (104,503)	\$ 160,676
Depreciation and amortization expense	92,793	92,926
General and administrative expense	52,834	39,791
Transaction related costs and other	71	3,223
Income from partially owned entities	(19,103)	(22,726)
Loss from real estate fund investments	183,463	90,302
Interest and other investment loss (income), net	5,904	(5,889)
Interest and debt expense	58,842	59,683
Net gains on disposition of wholly owned and partially owned assets	(68,589)	(203,835)
Income tax expense	12,813	22,897
Income from discontinued operations	—	(55)
NOI from partially owned entities	81,881	85,990
NOI attributable to noncontrolling interests in consolidated subsidiaries	(15,493)	(17,417)
NOI at share	280,913	305,566
Non cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	3,076	(6,590)
NOI at share - cash basis	\$ 283,989	\$ 298,976

SUPPLEMENTAL INFORMATION - CONTINUED

Three Months Ended March 31, 2020 Compared to December 31, 2019

Same Store Net Operating Income At Share

Below are reconciliations of NOI at share to same store NOI at share for our New York segment, theMART, 555 California Street and other investments for the three months ended March 31, 2020 compared to December 31, 2019.

(Amounts in thousands)

	<u>Total</u>	<u>New York</u>	<u>theMART</u>	<u>555 California Street</u>	<u>Other</u>
NOI at share for the three months ended March 31, 2020	\$ 280,913	\$ 242,559	\$ 21,113	\$ 15,231	\$ 2,010
Less NOI at share from:					
Acquisitions	(364)	(364)	—	—	—
Development properties	(14,271)	(14,271)	—	—	—
Other non-same store (income) expense, net	(7,477)	(5,160)	(422)	115	(2,010)
Same store NOI at share for the three months ended March 31, 2020	<u>\$ 258,801</u>	<u>\$ 222,764</u>	<u>\$ 20,691</u>	<u>\$ 15,346</u>	<u>\$ —</u>
NOI at share for the three months ended December 31, 2019	\$ 305,566	\$ 266,284	\$ 22,712	\$ 14,533	\$ 2,037
Less NOI at share from:					
Acquisitions	(118)	(118)	—	—	—
Development properties	(15,894)	(15,894)	—	—	—
Other non-same store (income) expense, net	(7,665)	(5,530)	(172)	74	(2,037)
Same store NOI at share for the three months ended December 31, 2019	<u>\$ 281,889</u>	<u>\$ 244,742</u>	<u>\$ 22,540</u>	<u>\$ 14,607</u>	<u>\$ —</u>
(Decrease) increase in same store NOI at share for the three months ended March 31, 2020 compared to December 31, 2019	<u>\$ (23,088)</u>	<u>\$ (21,978)</u>	<u>\$ (1,849)</u>	<u>\$ 739</u>	<u>\$ —</u>
% (decrease) increase in same store NOI at share	<u>(8.2)%</u>	<u>(9.0)% ⁽¹⁾</u>	<u>(8.2)% ⁽²⁾</u>	<u>5.1%</u>	<u>—%</u>

(1) As a result of the COVID-19 pandemic, we have temporarily closed the Hotel Pennsylvania. Excluding the Hotel Pennsylvania, same store NOI at share decreased by 2.7%.

(2) The decrease is primarily due to the cancellation of trade shows resulting from the COVID-19 pandemic. Excluding trade shows, same store NOI at share decreased by 2.8%.

SUPPLEMENTAL INFORMATION - CONTINUED

Three Months Ended March 31, 2020 Compared to December 31, 2019 - continued

Same Store Net Operating Income At Share - continued

Below are reconciliations of NOI at share - cash basis to same store NOI at share - cash basis for our New York segment, theMART, 555 California Street and other investments for the three months ended March 31, 2020 compared to December 31, 2019.

(Amounts in thousands)

	Total	New York	theMART	555 California Street	Other
NOI at share - cash basis for the three months ended March 31, 2020	\$ 283,989	\$ 243,665	\$ 22,705	\$ 15,435	\$ 2,184
Less NOI at share - cash basis from:					
Acquisitions	(343)	(343)	—	—	—
Development properties	(18,122)	(18,122)	—	—	—
Other non-same store income, net	(12,293)	(9,584)	(422)	(103)	(2,184)
Same store NOI at share - cash basis for the three months ended March 31, 2020	<u>\$ 253,231</u>	<u>\$ 215,616</u>	<u>\$ 22,283</u>	<u>\$ 15,332</u>	<u>\$ —</u>
NOI at share - cash basis for the three months ended December 31, 2019	\$ 298,976	\$ 257,707	\$ 24,646	\$ 14,491	\$ 2,132
Less NOI at share - cash basis from:					
Acquisitions	(49)	(49)	—	—	—
Development properties	(17,310)	(17,310)	—	—	—
Other non-same store income, net	(9,244)	(6,940)	(172)	—	(2,132)
Same store NOI at share - cash basis for the three months ended December 31, 2019	<u>\$ 272,373</u>	<u>\$ 233,408</u>	<u>\$ 24,474</u>	<u>\$ 14,491</u>	<u>\$ —</u>
(Decrease) increase in same store NOI at share - cash basis for the three months ended March 31, 2020 compared to December 31, 2019	<u>\$ (19,142)</u>	<u>\$ (17,792)</u>	<u>\$ (2,191)</u>	<u>\$ 841</u>	<u>\$ —</u>
% (decrease) increase in same store NOI at share - cash basis	<u>(7.0)%</u>	<u>(7.6)% ⁽¹⁾</u>	<u>(9.0)% ⁽²⁾</u>	<u>5.8%</u>	<u>—%</u>

(1) As a result of the COVID-19 pandemic, we have temporarily closed the Hotel Pennsylvania. Excluding the Hotel Pennsylvania, same store NOI at share - cash basis decreased by 1.0%.

(2) The decrease is primarily due to the cancellation of trade shows resulting from the COVID-19 pandemic. Excluding trade shows, same store NOI at share - cash basis decreased by 4.0%.

Liquidity and Capital Resources

Rental revenue is our primary source of cash flow and is dependent upon the occupancy and rental rates of our properties. Our cash requirements include property operating expenses, capital improvements, tenant improvements, debt service, leasing commissions, dividends to shareholders and distributions to unitholders of the Operating Partnership, as well as acquisition and development costs. We collected 90% of rent due from our office tenants for the month of April 2020 and 53% of the rent due from our retail tenants for the month of April 2020, or 83% in the aggregate. While we believe that our tenants are required to pay rent under their leases, we have implemented and will continue to consider temporary rent deferrals on a case-by-case basis. Other sources of liquidity to fund cash requirements include proceeds from debt financings, including mortgage loans, senior unsecured borrowings, unsecured term loans and unsecured revolving credit facilities; proceeds from the issuance of common and preferred equity; and asset sales.

As of March 31, 2020, we have \$3.4 billion of liquidity comprised of \$1.7 billion of cash and cash equivalents and restricted cash and \$1.7 billion available on our \$2.75 billion revolving credit facilities. We also have \$9.0 billion of unencumbered assets as of March 31, 2020. We anticipate that cash flow from continuing operations over the next twelve months will be adequate to fund our business operations, cash distributions to unitholders of the Operating Partnership, cash dividends to shareholders, debt amortization and recurring capital expenditures. Capital requirements for development expenditures and acquisitions may require funding from borrowings and/or equity offerings. The challenges posed by COVID-19 and the impact on our business and cash flows are evolving rapidly and cannot be predicted at this time. Consequently, the Company will continue to evaluate its liquidity and financial position on an ongoing basis.

We continue closings on the sale of condominium units at 220 Central Park South. During April 2020 we closed on the sale of four condominium units for net proceeds of \$157,747,000 and we expect to generate additional net cash proceeds of approximately \$745,000,000 for the remainder of 2020. In the aggregate, we will have recognized over \$1.0 billion after-tax net gain, of which \$629,812,000 has already been recognized in our consolidated statements of income from inception to March 31, 2020. Future closings may be delayed as the construction is deemed "non-essential" and has been temporarily paused.

We may from time to time purchase, retire or redeem our outstanding debt securities or our equity securities. Such purchases, if any, will depend on prevailing market conditions, liquidity requirements and other factors. The amounts involved in connection with these transactions could be material to our consolidated financial statements.

Liquidity and Capital Resources - continued

Cash Flows for the Three Months Ended March 31, 2020 and 2019

Our cash flow activities are summarized as follows:

(Amounts in thousands)

	For the Three Months Ended March 31,		(Decrease) Increase in Cash Flow
	2020	2019	
Net cash provided by operating activities	\$ 51,448	\$ 64,118	\$ (12,670)
Net cash (used in) provided by investing activities	(99,339)	403,294	(502,633)
Net cash provided by (used in) financing activities	108,068	(274,683)	382,751

Cash and cash equivalents and restricted cash was \$1,667,308,000 as of March 31, 2020, a \$60,177,000 increase from the balance as of December 31, 2019.

Net cash provided by operating activities of \$51,448,000 for the three months ended March 31, 2020 was comprised of \$184,885,000 of cash from operations, including distributions of income from partially owned entities of \$48,568,000, and a net decrease of \$133,437,000 in cash due to the timing of cash receipts and payments related to changes in operating assets and liabilities.

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

(Amounts in thousands)

	For the Three Months Ended March 31,		(Decrease) Increase in Cash Flow
	2020	2019	
Proceeds from sale of condominium units at 220 Central Park South	\$ 191,216	\$ 425,484	\$ (234,268)
Development costs and construction in progress	(169,845)	(143,302)	(26,543)
Moynihan Train Hall expenditures	(98,794)	(123,533)	24,739
Additions to real estate	(49,251)	(55,759)	6,508
Proceeds from sales of marketable securities	28,375	167,755	(139,380)
Investments in partially owned entities	(2,130)	(918)	(1,212)
Distributions of capital from partially owned entities	1,090	24,851	(23,761)
Proceeds from sale of real estate and related investments	—	108,512	(108,512)
Proceeds from repayments of loans receivable	—	204	(204)
Net cash (used in) provided by investing activities	\$ (99,339)	\$ 403,294	\$ (502,633)

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

(Amounts in thousands)

	For the Three Months Ended March 31,		Increase (Decrease) in Cash Flow
	2020	2019	
Proceeds from borrowings	\$ 553,062	\$ 456,741	\$ 96,321
Dividends paid on common shares/Distributions to Vornado	(498,486)	(125,876)	(372,610)
Moynihan Train Hall reimbursement from Empire State Development	98,794	123,533	(24,739)
Distributions to redeemable security holders and noncontrolling interests in consolidated subsidiaries	(40,045)	(16,252)	(23,793)
Dividends paid on preferred shares/Distributions to preferred unitholders	(12,531)	(12,534)	3
Proceeds received from exercise of Vornado stock options and other	4,899	1,511	3,388
Contributions from noncontrolling interests in consolidated subsidiaries	4,786	5,194	(408)
Repayments of borrowings	(2,150)	(686,555)	684,405
Repurchase of shares/Class A units related to stock compensation agreements and related tax withholdings and other	(137)	(8,692)	8,555
Debt issuance costs	(124)	(10,860)	10,736
Redemption of preferred shares/units	—	(893)	893
Net cash provided by (used in) financing activities	\$ 108,068	\$ (274,683)	\$ 382,751

Liquidity and Capital Resources - continued

Capital Expenditures for the Three Months Ended March 31, 2020

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

Below is a summary of amounts paid for capital expenditures and leasing commissions for the three months ended March 31, 2020.

(Amounts in thousands)

	Total	New York	theMART	555 California Street
Expenditures to maintain assets	\$ 20,743	\$ 18,012	\$ 1,923	\$ 808
Tenant improvements	20,223	17,316	776	2,131
Leasing commissions	11,137	7,237	3,153	747
Recurring tenant improvements, leasing commissions and other capital expenditures	52,103	42,565	5,852	3,686
Non-recurring capital expenditures	6,753	6,748	5	—
Total capital expenditures and leasing commissions	<u>\$ 58,856</u>	<u>\$ 49,313</u>	<u>\$ 5,857</u>	<u>\$ 3,686</u>

Development and Redevelopment Expenditures for the Three Months Ended March 31, 2020

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

220 CPS

We are completing construction of a residential condominium tower containing 397,000 salable square feet at 220 CPS. The development cost of this project (exclusive of land cost) is estimated to be approximately \$1.450 billion, of which \$1.395 billion has been expended as of March 31, 2020.

PENN District

We are redeveloping PENN1, a 2,546,000 square foot office building located on 34th Street between Seventh and Eighth Avenue. The development cost of this project is estimated to be \$325,000,000, of which \$95,919,000 has been expended as of March 31, 2020.

We are redeveloping PENN2, a 1,795,000 square foot (as expanded) office building located on the west side of Seventh Avenue between 31st and 33rd Street. The development cost of this project is estimated to be \$750,000,000, of which \$52,911,000 has been expended as of March 31, 2020.

We are also making districtwide improvements within the Penn District. The development cost of these improvements is estimated to be \$100,000,000, of which \$7,360,000 has been expended as of March 31, 2020.

Our 95.0% joint venture (the remaining 5.0% is owned by the Related Companies ("Related")) is developing the Farley Office and Retail Building (the "Project"), which will include approximately 844,000 rentable square feet of commercial space, comprised of approximately 730,000 square feet of office space and approximately 114,000 square feet of retail space. The total development cost of the Project is estimated to be approximately \$1,030,000,000. As of March 31, 2020, \$650,506,000 has been expended.

The joint venture has entered into a development agreement with Empire State Development ("ESD"), an entity of New York State, to build the adjacent Moynihan Train Hall, with Vornado and Related each guaranteeing the joint venture's obligations. The joint venture has entered into a design-build contract with Skanska Moynihan Train Hall Builders pursuant to which they will build the Moynihan Train Hall, thereby fulfilling all of the joint venture's obligations to ESD. The obligations of Skanska Moynihan Train Hall Builders have been bonded by Skanska USA and bear a full guaranty from Skanska AB. The development expenditures for the Moynihan Train Hall are estimated to be approximately \$1.6 billion, which will be funded by governmental agencies.

On December 19, 2019, we paid Kmart Corporation \$34,000,000, of which \$10,000,000 is expected to be reimbursed, to early terminate their 141,000 square foot retail space lease at PENN1 which was scheduled to expire in January 2036.

We recently entered into a development agreement with Metropolitan Transportation Authority to oversee the development of the Long Island Rail Road 33rd Street entrance at Penn Station which Skanska USA Civil Northeast, Inc. will construct under a fixed price contract for \$123,000,000.

Liquidity and Capital Resources - continued

Development and Redevelopment Expenditures for the Three Months Ended March 31, 2020 - continued

Other

We are redeveloping a 78,000 square foot Class A office building at 345 Montgomery Street, a part of our 555 California Street complex in San Francisco (70.0% interest) located at the corner of California and Pine Street. The development cost of this project is estimated to be approximately \$66,000,000, of which our share is \$46,000,000. As of March 31, 2020, \$52,180,000 has been expended, of which our share is \$36,526,000.

We are redeveloping a 165,000 square foot office building at 825 Seventh Avenue, located at the corner of 53rd Street and Seventh Avenue (50.0% interest). The redevelopment cost of this project is estimated to be approximately \$30,000,000, of which our share is \$15,000,000. As of March 31, 2020, \$23,910,000 has been expended, of which our share is \$11,955,000.

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

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

Below is a summary of amounts paid for development and redevelopment expenditures for the three months ended March 31, 2020. These expenditures include interest and debt expense of \$12,055,000, payroll of \$5,307,000 and other soft costs (primarily architectural and engineering fees, permits, real estate taxes and professional fees) aggregating \$28,394,000, which were capitalized in connection with the development and redevelopment of these projects.

(Amounts in thousands)

	Total	New York	theMART	555 California Street	Other
Farley Office and Retail Building	\$ 69,540	\$ 69,540	\$ —	\$ —	\$ —
220 CPS	29,331	—	—	—	29,331
PENN1	28,024	28,024	—	—	—
PENN2	20,507	20,507	—	—	—
345 Montgomery Street	6,798	—	—	6,798	—
Other	15,645	14,721	576	—	348
	<u>\$ 169,845</u>	<u>\$ 132,792</u>	<u>\$ 576</u>	<u>\$ 6,798</u>	<u>\$ 29,679</u>

Capital Expenditures for the Three Months Ended March 31, 2019

Below is a summary of amounts paid for capital expenditures and leasing commissions for the three months ended March 31, 2019.

(Amounts in thousands)

	Total	New York	theMART	555 California Street
Expenditures to maintain assets	\$ 26,377	\$ 24,106	\$ 2,019	\$ 252
Tenant improvements	9,479	8,462	1,015	2
Leasing commissions	5,122	5,122	—	—
Recurring tenant improvements, leasing commissions and other capital expenditures	40,978	37,690	3,034	254
Non-recurring capital expenditures	12,704	12,622	74	8
Total capital expenditures and leasing commissions	<u>\$ 53,682</u>	<u>\$ 50,312</u>	<u>\$ 3,108</u>	<u>\$ 262</u>

Liquidity and Capital Resources - continued

Capital Expenditures for the Three Months Ended March 31, 2019 - continued

Development and Redevelopment Expenditures for the Three Months Ended March 31, 2019

Below is a summary of amounts paid for development and redevelopment expenditures for the three months ended March 31, 2019. These expenditures include interest and debt expense of \$23,325,000, payroll of \$4,590,000 and other soft costs (primarily architectural and engineering fees, permits, real estate taxes and professional fees) aggregating \$13,030,000, which were capitalized in connection with the development and redevelopment of these projects.

(Amounts in thousands)

	Total	New York	theMART	555 California Street	Other
220 CPS	\$ 54,623	\$ —	\$ —	\$ —	\$ 54,623
Farley Office and Retail Building	51,506	51,506	—	—	—
606 Broadway	4,980	4,980	—	—	—
PENN1	4,941	4,941	—	—	—
345 Montgomery Street	3,250	—	—	3,250	—
1535 Broadway	1,031	1,031	—	—	—
Other	22,971	20,018	686	1,388	879
	<u>\$ 143,302</u>	<u>\$ 82,476</u>	<u>\$ 686</u>	<u>\$ 4,638</u>	<u>\$ 55,502</u>

Other Commitments and Contingencies

We are from time to time involved in legal actions arising in the ordinary course of business. In our opinion, after consultation with legal counsel, the outcome of such matters is not currently expected to have a material adverse effect on our financial position, results of operations or cash flows.

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

In July 2018, we leased 78,000 square feet at 345 Montgomery Street in San Francisco, CA, to a subsidiary of Regus PLC, for an initial term of 15 years. The obligations under the lease were guaranteed by Regus PLC in an amount of up to \$90,000,000. The tenant purported to terminate the lease prior to space delivery. We commenced a suit on October 23, 2019 seeking to enforce the lease and the guarantee.

In November 2011, we entered into an agreement with the New York City Economic Development Corporation ("EDC") to lease Piers 92 and 94 (the "Piers") for a 49-year term with five 10-year renewal options. The non-recourse lease with a single-purpose entity calls for current annual rent payments of \$2,000,000 with fixed rent steps through the initial term. We operate trade shows and special events at the Piers (and sublease to others for the same uses). In February 2019, an inspection revealed that the piles supporting Pier 92 were structurally unsound (an obligation of EDC to maintain) and we were issued an order by EDC to vacate the property. We continued to make the required lease payments through February 2020, with no abatement provided by EDC for the loss of our right-to-use Pier 92 or reimbursement for lost revenues. In March 2020, as no resolution had been reached with EDC, we did not pay the monthly rent due under the non-recourse lease. As of March 31, 2020, we have a \$45,790,000 lease liability and a \$34,732,000 right-of-use asset recorded for this lease.

In August 2019, we delivered the required nine month notice to the ground lessor of our land and building lease at 608 Fifth Avenue that we will surrender the property in May 2020. As of March 31, 2020, a \$71,071,000 lease liability remains, which will be recognized as income when the non-recourse lease is terminated.

Our mortgage loans are non-recourse to us, except for the mortgage loans secured by 640 Fifth Avenue, 7 West 34th Street and 435 Seventh Avenue, which we guaranteed and therefore are part of our tax basis. In certain cases, we have provided guarantees or master leased tenant space. These guarantees and master leases terminate either upon the satisfaction of specified circumstances or repayment of underlying loans. In addition, we have guaranteed the rent and payments in lieu of real estate taxes due to Empire State Development ("ESD"), an entity of New York State, for the Farley Office and Retail Building. As of March 31, 2020, the aggregate dollar amount of these guarantees and master leases is approximately \$1,543,000,000.

Liquidity and Capital Resources - continued

Other Commitments and Contingencies - continued

As of March 31, 2020, \$17,458,000 of letters of credit were outstanding under one of our unsecured revolving credit facilities. Our unsecured revolving credit facilities contain financial covenants that require us to maintain minimum interest coverage and maximum debt to market capitalization ratios and provide for higher interest rates in the event of a decline in our ratings below Baa3/BBB. Our unsecured revolving credit facilities also contain customary conditions precedent to borrowing, including representations and warranties, and also contain customary events of default that could give rise to accelerated repayment, including such items as failure to pay interest or principal.

The joint venture in which we own a 95.0% ownership interest was designated by ESD to develop the Farley Office and Retail Building. The joint venture entered into a development agreement with ESD and a design-build contract with Skanska Moynihan Train Hall Builders. Under the development agreement with ESD, the joint venture is obligated to build the Moynihan Train Hall, with Vornado and Related each guaranteeing the joint venture's obligations. Under the design-build agreement, Skanska Moynihan Train Hall Builders is obligated to fulfill all of the joint venture's obligations. The obligations of Skanska Moynihan Train Hall Builders have been bonded by Skanska USA and bear a full guaranty from Skanska AB.

As investment manager of Vornado Capital Partners Real Estate Fund (the "Fund") we are entitled to an incentive allocation after the limited partners have received a preferred return on their invested capital. The incentive allocation is subject to catch-up and clawback provisions. Accordingly, based on the March 31, 2020 fair value of the Fund assets, at liquidation we would be required to make a \$24,300,000 payment to the limited partners representing a clawback of previously paid incentive allocations, which would have no income statement impact as it was previously accrued.

As of March 31, 2020, we expect to fund additional capital to certain of our partially owned entities aggregating approximately \$11,000,000.

As of March 31, 2020, we have construction commitments aggregating approximately \$559,000,000.

Funds From Operations (“FFO”)

Vornado Realty Trust

FFO is computed in accordance with the definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts (“NAREIT”). NAREIT defines FFO as GAAP net income or loss adjusted to exclude net gains from sales of depreciable real estate assets, real estate impairment losses, depreciation and amortization expense from real estate assets and other specified items, including the pro rata share of such adjustments of unconsolidated subsidiaries. FFO and FFO per diluted share are non-GAAP financial measures used by management, investors and analysts to facilitate meaningful comparisons of operating performance between periods and among our peers because it excludes the effect of real estate depreciation and amortization and net gains on sales, which are based on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions. FFO does not represent cash generated from operating activities and is not necessarily indicative of cash available to fund cash requirements and should not be considered as an alternative to net income as a performance measure or cash flow as a liquidity measure. FFO may not be comparable to similarly titled measures employed by other companies. The calculations of both the numerator and denominator used in the computation of income per share are disclosed in Note 19 – *Income Per Share/Income Per Class A Unit*, in our consolidated financial statements on page 36 of this Quarterly Report on Form 10-Q.

FFO attributable to common shareholders plus assumed conversions was \$130,360,000, or \$0.68 per diluted share for the three months ended March 31, 2020, compared to \$247,684,000, or \$1.30 per diluted share, for the prior year’s three months. Details of certain adjustments to FFO are discussed in the financial results summary of our “Overview”.

(Amounts in thousands, except per share amounts)

	For the Three Months Ended March 31,	
	2020	2019
Reconciliation of our net income attributable to common shareholders to FFO attributable to common shareholders plus assumed conversions:		
Net income attributable to common shareholders	\$ 4,963	\$ 181,488
Per diluted share	\$ 0.03	\$ 0.95
FFO adjustments:		
Depreciation and amortization of real property	\$ 85,136	\$ 108,483
Net gain from sale of UE common shares (sold on March 4, 2019)	—	(62,395)
Decrease (increase) in fair value of marketable securities:		
PREIT (accounted for as a marketable security from March 12, 2019 and sold on January 23, 2020)	4,938	15,649
Lexington (sold on March 1, 2019)	—	(16,068)
Other	—	(42)
Proportionate share of adjustments to equity in net income of partially owned entities to arrive at FFO:		
Depreciation and amortization of real property	40,423	24,990
Decrease (increase) in fair value of marketable securities	3,691	(12)
	134,188	70,605
Noncontrolling interests' share of above adjustments	(8,804)	(4,424)
FFO adjustments, net	\$ 125,384	\$ 66,181
FFO attributable to common shareholders	\$ 130,347	\$ 247,669
Convertible preferred share dividends	13	15
FFO attributable to common shareholders plus assumed conversions	\$ 130,360	\$ 247,684
Per diluted share	\$ 0.68	\$ 1.30
Reconciliation of weighted average shares outstanding:		
Weighted average common shares outstanding	191,038	190,689
Effect of dilutive securities:		
Employee stock options and restricted share awards	75	271
Convertible preferred shares	30	36
Denominator for FFO per diluted share	191,143	190,996

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have exposure to fluctuations in market interest rates. Market interest rates are sensitive to many factors that are beyond our control. Our exposure to a change in interest rates on our consolidated and non-consolidated debt (all of which arises out of non-trading activity) is as follows:

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

	2020			2019	
	March 31, Balance	Weighted Average Interest Rate	Effect of 1% Change in Base Rates	December 31, Balance	Weighted Average Interest Rate
Consolidated debt:					
Variable rate	\$ 2,196,562	2.32%	\$ 21,966	\$ 1,643,500	3.09%
Fixed rate	5,799,366	3.57%	—	5,801,516	3.57%
	<u>\$ 7,995,928</u>	<u>3.22%</u>	<u>21,966</u>	<u>\$ 7,445,016</u>	<u>3.46%</u>
Pro rata share of debt of non-consolidated entities ⁽¹⁾ :					
Variable rate	\$ 1,490,518	2.70%	14,905	\$ 1,441,690	3.34%
Fixed rate	1,361,087	3.93%	—	1,361,169	3.93%
	<u>\$ 2,851,605</u>	<u>3.29%</u>	<u>14,905</u>	<u>\$ 2,802,859</u>	<u>3.62%</u>
Noncontrolling interests' share of consolidated subsidiaries			(354)		
Total change in annual net income attributable to the Operating Partnership			36,517		
Noncontrolling interests' share of the Operating Partnership			(2,396)		
Total change in annual net income attributable to Vornado			<u>\$ 34,121</u>		
Total change in annual net income attributable to the Operating Partnership per diluted Class A unit			<u>\$ 0.18</u>		
Total change in annual net income attributable to Vornado per diluted share			<u>\$ 0.18</u>		

(1) Our pro rata share of debt of non-consolidated entities as of March 31, 2020 and December 31, 2019 is net of \$16,200 and \$63,409, respectively, of our share of Alexander's participation in its Rego Park II shopping center mortgage loan which is considered partially extinguished as the participation interest is a reacquisition of debt.

Derivatives and Hedging

We utilize various financial instruments to mitigate the impact of interest rate fluctuations on our cash flows and earnings, including hedging strategies, depending on our analysis of the interest rate environment and the costs and risks of such strategies. The following table summarizes our consolidated derivative instruments, all of which hedge variable rate debt, as of March 31, 2020.

(Amounts in thousands)

Hedged Item (Interest rate swaps)	As of March 31, 2020					
	Fair Value	Notional Amount	Variable Rate			
			Spread over LIBOR	Interest Rate	Swapped Rate	Expiration Date
Included in other assets:						
Other	<u>\$ 94</u>	<u>\$ 175,000</u>				
Included in other liabilities:						
Unsecured term loan	\$ 68,439	\$ 750,000 ⁽¹⁾	L+100	1.94%	3.87%	10/23
33-00 Northern Boulevard mortgage loan	9,141	100,000	L+180	2.81%	4.14%	1/25
888 Seventh Avenue mortgage loan	3,077	375,000	L+170	2.62%	3.25%	12/20
770 Broadway mortgage loan	944	700,000	L+175	2.76%	2.56%	9/20
	<u>\$ 81,601</u>	<u>\$ 1,925,000</u>				

(1) Remaining \$50,000 balance of our unsecured term loan bears interest at a floating rate of LIBOR plus 1.00%.

Fair Value of Debt

The estimated fair value of our consolidated debt is calculated based on current market prices and discounted cash flows at the current rate at which similar loans would be made to borrowers with similar credit ratings for the remaining term of such debt. As of March 31, 2020, the estimated fair value of our consolidated debt was \$7,998,000,000.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures (Vornado Realty Trust)

Disclosure Controls and Procedures: Our management, with the participation of Vornado's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on such evaluation, Vornado's Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2020, such disclosure controls and procedures were effective.

Internal Control Over Financial Reporting: There have not been any changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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

Disclosure Controls and Procedures: Vornado Realty L.P.'s management, with the participation of Vornado's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on such evaluation, Vornado's Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2020, such disclosure controls and procedures were effective.

Internal Control Over Financial Reporting: There have not been any changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are from time to time involved in legal actions arising in the ordinary course of business. In our opinion, after consultation with legal counsel, the outcome of such matters is not currently expected to have a material adverse effect on our financial position, results of operations or cash flows.

Item 1A. Risk Factors

Except as set forth below, there were no material changes to the Risk Factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019.

Our business, financial condition, results of operations and cash flows have been and are expected to continue to be adversely affected by the recent COVID-19 pandemic and the impact could be material to us.

In December 2019, a novel strain of coronavirus ("COVID-19") was identified in Wuhan, China and by March 11, 2020, the World Health Organization had declared it a global pandemic. Many states in the U.S., including New York, New Jersey, Illinois and California have implemented stay-at-home orders for all "non-essential" business and activity in an aggressive effort to curb the spread of the virus. Consequently, the U.S. economy has suffered and there has been significant volatility in the financial markets. Many U.S. industries and businesses have been negatively affected and millions of people have filed for unemployment.

Our properties, which are concentrated in New York City, and in Chicago and San Francisco, have been adversely affected as a result of the COVID-19 pandemic and the preventive measures taken to curb the spread. Some of the effects on us include the following:

- With the exception of grocery stores and other "essential" businesses, substantially all of our retail tenants have closed their stores and many are seeking rent relief.
- While our office buildings remain open, substantially all of our office tenants are working remotely.
- We have temporarily closed the Hotel Pennsylvania.
- We have postponed trade shows at theMART for the remainder of 2020.
- Because certain of our development projects are deemed "non-essential," they have been temporarily paused due to New York State executive orders.
- Closings on the sale of condominium units at 220 Central Park South have continued. During April 2020 we closed on the sale of four condominium units for net proceeds of \$157,747,000. However, future closings may be temporarily delayed to the extent we cannot complete the buildout and obtain temporary certificates of occupancy on time.
- We placed 1,803 employees on temporary furlough, including 1,293 employees of Building Maintenance Services LLC, a wholly owned subsidiary, which provides cleaning, security and engineering services primarily to our New York properties, 414 employees at the Hotel Pennsylvania and 96 corporate staff employees.
- Effective April 1, 2020, our executive officers waived portions of their annual base salary for the remainder of 2020.
- Effective April 1, 2020, each non-management member of our Board of Trustees agreed to forgo his or her \$75,000 annual cash retainer for the remainder of 2020.

We have collected substantially all of the rent due for March 2020 and collected 90% of rent due from our office tenants for the month of April 2020 and 53% of the rent due from our retail tenants for the month of April 2020, or 83% in the aggregate. Many of our retail tenants and some of our office tenants have requested rent relief and/or rent deferral for April 2020 and beyond. While we believe that our tenants are required to pay rent under their leases, we have implemented and will continue to consider temporary rent deferrals on a case-by-case basis.

Numerous Federal, state, local and industry-initiated efforts may also affect our ability to collect rent or enforce remedies for the failure to pay rent. Certain of our tenants may incur significant costs or losses as a result of the COVID-19 pandemic and/or incur other liabilities related to shelter-in-place orders, quarantines, infection or other related factors.

The COVID-19 pandemic has also caused, and is likely to continue to cause, severe economic, market or other disruptions worldwide. Conditions in the bank lending, capital and other financial markets may deteriorate as a result of the pandemic, our access to capital and other sources of funding may become constrained and the ratios of our debt to asset values may deteriorate, which could adversely affect the availability and terms of future borrowings, renewals or refinancings. In addition, the deterioration of global, national, regional and local economic conditions as a result of the pandemic may ultimately decrease occupancy levels and/or rent levels across our portfolio as tenants reduce or defer their spending, which may result in less cash flow available for operating costs, to pay our indebtedness and for distribution to our shareholders and the impact could be material. In addition, the value of our real estate assets may decline, which may result in material non-cash impairment charges in future periods. The extent of the COVID-19 pandemic's effect on our operational and financial performance will depend on future developments, including the duration, spread and intensity of the outbreak, all of which are uncertain and difficult to predict. Due to the speed with which the situation is developing, we are not able at this time to estimate the effect of these factors on our business, but the adverse impact on our business, results of operations, financial condition and cash flows could be material. The potential effects of COVID-19 also could impact many of our risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2019. However, the potential impact remains uncertain but that impact could be material to us.

PART II. OTHER INFORMATION - CONTINUED

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

Vornado Realty Trust

None.

Vornado Realty L.P.

During the quarter ended March 31, 2020, we issued 582,431 Class A units in connection with equity awards issued pursuant to Vornado's omnibus share plan, including with respect to grants of restricted Vornado common shares and restricted units of the Operating Partnership and upon conversion, surrender or exchange of the Operating Partnership's units or Vornado stock options, and consideration received included \$4,934,589 in cash proceeds. Such units were issued in reliance on an exemption from registration under Section 4(2) of the Securities Act of 1933, as amended.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

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

EXHIBIT INDEX

Exhibit No.	
10.35	— Employment agreement between Vornado Realty Trust and Glen J. Weiss dated May 25, 2018
10.36	— Employment agreement between Vornado Realty Trust and Haim Chera dated April 19, 2019
10.37	— Form of Vornado Realty Trust 2020 Outperformance Plan Award Agreement
15.1	— Letter regarding Unaudited Interim Financial Information of Vornado Realty Trust
15.2	— Letter regarding Unaudited Interim Financial Information of Vornado Realty L.P.
31.1	— Rule 13a-14 (a) Certification of the Chief Executive Officer of Vornado Realty Trust
31.2	— Rule 13a-14 (a) Certification of the Chief Financial Officer of Vornado Realty Trust
31.3	— Rule 13a-14 (a) Certification of the Chief Executive Officer of Vornado Realty L.P.
31.4	— Rule 13a-14 (a) Certification of the Chief Financial Officer of Vornado Realty L.P.
32.1	— Section 1350 Certification of the Chief Executive Officer of Vornado Realty Trust
32.2	— Section 1350 Certification of the Chief Financial Officer of Vornado Realty Trust
32.3	— Section 1350 Certification of the Chief Executive Officer of Vornado Realty L.P.
32.4	— Section 1350 Certification of the Chief Financial Officer of Vornado Realty L.P.
101	— The following financial information from Vornado Realty Trust and Vornado Realty L.P. Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 formatted in Inline Extensible Business Reporting Language (iXBRL) includes: (i) consolidated balance sheets, (ii) consolidated statements of income, (iii) consolidated statements of comprehensive income, (iv) consolidated statements of changes in equity, (v) consolidated statements of cash flows, and (vi) the notes to consolidated financial statements.
104	— The cover page from the Vornado Realty Trust and Vornado Realty L.P. Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, formatted as iXBRL and contained in Exhibit 101

SIGNATURES

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

VORNADO REALTY TRUST

(Registrant)

Date: May 4, 2020

By: /s/ Matthew Iocco

Matthew Iocco, Chief Accounting Officer (duly
authorized officer and principal accounting officer)

SIGNATURES

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

VORNADO REALTY L.P.

(Registrant)

Date: May 4, 2020

By: /s/ Matthew Iocco

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

Vornado Realty Trust
210 Route 4 East
Paramus, NJ 07652-0910
Tel 201 587-1000
Fax 201 587-0600



May 25, 2018

Glen J. Weiss
[REDACTED]
[REDACTED]

Dear Glen:

I am very pleased to offer the following terms and conditions of your employment and compensation with Vornado Realty Trust (“Vornado”) effective as of January 1, 2018 (the “Effective Date”). Unless otherwise defined below, capitalized terms shall have the meanings assigned such terms in Schedule A attached hereto.

1. Position. You will continue to be Executive Vice President - Office Leasing (Head of Office Leasing) of Vornado, and be responsible for such duties and responsibilities commensurate with your position that are assigned to you. You will report to Vornado’s President of the New York Division, or such other person(s) as the Chief Executive Officer of Vornado directs.
2. Term. Vornado will employ you, and you agree to continue to be employed by Vornado, upon the terms and conditions provided herein, for a term (the “Initial Term”) commencing upon the Effective Date and expiring on December 31, 2018. The Initial Term shall be automatically extended for additional successive periods of twelve (12) month renewal terms (each a “Renewal Term”) unless either Vornado or you provides notice to the other of its (or your) intent not to renew the Initial Term or the then current Renewal Term (as applicable) at least sixty (60) days prior to the expiration of the Initial Term or the then current Renewal Term (as applicable). The Initial Term and any Renewal Terms are referred to herein as the “Term”.
3. Annual Base Salary/ Bonus/Equity. Your annual base salary is increased effective as of the Effective Date to \$950,000, and will be subject to review and increase (but not decrease) annually thereafter. Your annual cash bonus for 2018 and thereafter will be no less than \$800,000. We will recommend to the Compensation Committee that you be awarded equity awards each year during the Term under the Vornado Realty Trust 2010 Omnibus Share Plan or any successor plan (the “Omnibus Share Plan”) having a combined notional value of not less than \$750,000. Equity awards will be granted in accordance with Vornado policy as in effect from time to time (current policy is a mix of 50% Restricted LTIP Units and 50% Appreciation Only LTIP Units).

4. Special One-Time Equity Award. You recently received a one-time award of Restricted LTIP Units under the Omnibus Share Plan having a notional value of \$500,000. Subject to paragraph 5 below, these LTIP Units are subject to 4-year “cliff” vesting, provided, however, that vesting of such LTIP Units will be accelerated pursuant to paragraph 5 below or in the event that you separate from service with Vornado due to death, Disability, Involuntary Termination or resignation following a Change in Control of Vornado. Except as set forth herein, our standard form of Restricted LTIP Unit Agreement will apply to this one-time award of LTIP Units.

5. Accelerated Vesting of Equity Awards. Notwithstanding anything contained herein or in any equity award agreement to the contrary, in the event that you separate from service with Vornado as a result of an Involuntary Termination or due to death or Disability, or in the event that you resign from employment (whether or not for Good Reason) following a Change in Control of Vornado, all outstanding equity awards which you then hold, including the LTIP Units referenced in paragraph 4 above or future LTIP Units, as well as other equity awards previously granted to you or which may in the future be granted to you, shall thereupon become fully vested. For avoidance of doubt, any such separation from service shall be considered to be a “Qualified Termination” for purposes of any Outperformance Plan Award Agreement between you and Vornado or other award agreement between you and Vornado using such term or a substantially similar term.

6. Severance. In the event that you separate from service with Vornado as a result of an Involuntary Termination, you will, subject to your execution of Vornado’s standard form of separation and release agreement (which shall be in a commercially reasonable form) and compliance with the terms and conditions of paragraphs 7 and 8, receive the following:

(a) You will be paid, as severance, an amount equal to two times the sum of (i) your then annual base salary, and (ii) the average of your two most recent annual cash bonuses. Payment of this severance will be made in a single sum. The payment will be made with the first pay period coincident with or next following the effectiveness of such separation and release agreement, provided that if the review and any revocation period with respect to the separation and release agreement spans two taxable years, the payment will be made with the later of the first pay period beginning in the second of such taxable years or the first pay period after the separation and release agreement becomes effective. You will not be eligible for severance under any other Vornado severance plan or policy.

(b) If you elect continued group coverage pursuant to COBRA, Vornado will waive (or reimburse you on a monthly basis for) the cost of such coverage to the extent that such cost exceeds the cost that Vornado charges active employees for similar coverage, until the earlier of (i) the completion of eighteen (18) months of COBRA coverage, (ii) the date that you become covered under another group health plan, or (iii) the date that your COBRA coverage otherwise terminates. Vornado may modify its obligation to provide such benefit to the extent reasonably necessary to avoid any penalty or excise taxes imposed on it under the Patient Protection and Affordable Care Act of 2010, as amended, provided that it does so in a manner that to the extent possible, as determined by Vornado in its reasonable discretion, preserves the economic benefit and original intent of such benefit but does not cause such a penalty or excise tax.

(c) To the extent that you are covered by Company-provided life insurance as of your date of termination, Vornado will continue such coverage in effect for 24 months following your

date of termination to the same extent as such coverage is provided to similarly-situated active executives of Vornado, subject to the terms and conditions of such insurance.

7. Restrictive Covenants.

(a) For and in consideration of the payments and benefits set forth in this letter, you agree that you will not, without the prior written consent of Vornado, during your employment and for a period of one (1) year immediately following your termination of employment for any reason (the "Restriction Period") engage, anywhere in New York City, in any way, directly or indirectly, in the commercial real estate business; provided that the foregoing will not restrict you from having a passive ownership interest of less than five percent (5%) in any entity or from having a passive ownership interest (regardless of ownership percentage) in any entity that does not compete, directly or indirectly, with Vornado.

(b) You hereby covenant and agree that, at all times during the Restriction Period, you will not pursue or attempt to develop or to direct to any other entity any project which Vornado or any of its Affiliates is or was pursuing, developing or attempting to develop during the period of your employment or interfere or otherwise compete with any activities of Vornado which you are or were actively involved in on behalf of Vornado or any of its Affiliates.

(c) You hereby covenant and agree that, at all times during the Restriction Period, you will not (i) assist any other person or firm in counseling, advising, encouraging or soliciting any person that within one (1) year immediately prior to your separation from service with Vornado was, a tenant of Vornado or any of its Affiliates (a "Tenant") to terminate its lease with Vornado or any of its Affiliates, (ii) contact any Tenant or induce or attempt to induce or otherwise counsel, advise, encourage or solicit any Tenant to terminate its lease with Vornado or any of its Affiliates, or (iii) employ or seek to employ any person who is or was employed by Vornado or any of its Affiliates within one (1) year immediately prior to your separation from service with Vornado, or otherwise encourage or entice such person to leave such employment.

(d) You acknowledge that the restrictions, prohibitions and other provisions of this letter agreement are reasonable, fair and equitable in scope, terms and duration, are necessary to protect the legitimate business interests of Vornado and its Affiliates and are a material inducement to Vornado to enter into this letter agreement. It is the intention of you and Vornado that the restrictions contained in this paragraph 7 be enforceable to the fullest extent permitted by applicable law. Therefore, to the extent any court of competent jurisdiction shall determine that any portion of the foregoing restrictions is excessive, such provision shall not be entirely void, but rather shall be limited or revised only to the extent necessary to make it enforceable.

(e) Should you engage in or perform, or threaten to engage in or perform, either directly or indirectly, any of the acts prohibited by this paragraph 7 or paragraph 8 below, it is agreed that Vornado shall be entitled to immediately withhold any payments or benefits to be made to you under this letter agreement and shall be entitled to full injunctive relief, to be issued by any competent court of equity, enjoining and restraining you and each and every other person, firm, organization, association, or corporation concerned therein, from the continuance of such violative acts. The foregoing remedy available to Vornado shall not be deemed to limit or prevent the exercise by Vornado of any or all further rights and remedies which may be available to Vornado hereunder or at law or in equity.

(f) You agree not to make any defamatory, disparaging or derogatory statements (whether to an individual, entity, business enterprise, media or otherwise) concerning Vornado or any of its Affiliates; provided, however, that nothing contained herein shall preclude you from exercising any protected right afforded you under applicable law.

(g) The covenants and restrictions set forth in this paragraph 7 are in addition to, rather than in substitution of, any other similar covenants or restrictions you may be subject to under law or pursuant to any other agreement between you and Vornado or any of its Affiliates, including without limitation any plan, policy or arrangement of Vornado or any of its Affiliates.

8. Confidentiality. You agree that:

(a) While working for Vornado, you will develop, acquire, have access to and/or otherwise have knowledge of Confidential Company Information.

(b) Confidential Company Information is and will continue to be the sole and exclusive property of Vornado;

(c) You will use Confidential Company Information only in the performance of your duties for Vornado and its Affiliates. Except in the performance of your duties for Vornado and its Affiliates, you will not use Confidential Company Information at any time (during or after your employment with Vornado) for your personal benefit, for the benefit of any other person, or in any manner adverse to the interests of Vornado, its Affiliates or their respective tenants or customers.

(d) You will not disclose Confidential Company Information at any time (during or after your employment with Vornado) except (x) as such disclosure may be required or appropriate in connection with your service to Vornado and/or its Affiliates, or (y) when required to do so by a court of law, by any governmental agency or by any administrative or legislative body (including a committee thereof) with apparent jurisdiction to order you to divulge, disclose or make accessible such information. You agree to provide Vornado advance written notice of any disclosure pursuant to clause (y) of the preceding sentence and to cooperate with any efforts by Vornado to limit the extent of such disclosure. Notwithstanding the foregoing or anything else contained herein to the contrary, this letter agreement shall not preclude you from disclosing Confidential Company Information to a governmental body or agency or to a court if and to the extent that a restriction on such disclosure would limit you from exercising any protected right afforded you under applicable law.

(e) You will safeguard Confidential Company Information by all reasonable steps and abide by all policies and procedures of Vornado, its Affiliates and their respective tenants and customers in effect from time to time regarding storage, copying, destroying, publication or posting, or handling of such Confidential Company Information, in whatever medium or format that Confidential Company Information takes;

(f) You will execute and abide by all confidentiality agreements that Vornado reasonably requests you to sign or abide by, whether those agreements are for the benefit of Vornado, its Affiliates or an actual or a potential tenant or customer thereof; and

(g) When your employment relationship with Vornado ends, you will immediately return to Vornado all materials containing and/or relating to Confidential Company Information and, except as Vornado may, in its sole discretion, expressly permit in writing, all equipment provided to you by Vornado during your employment, including without limitation all computers, laptops, cellular telephones, printers, facsimile machines and scanners. You shall not retain any copies or reproductions of correspondence, memoranda, reports, notebooks, photographs, databases, diskettes, or other documents or electronically stored information of any kind relating in any way to the business, potential business or affairs of Vornado, its Affiliates or their respective tenants or customers or their respective affiliates.

(h) The covenants and restrictions set forth in this paragraph 8 are in addition to, rather than in substitution of, any other similar covenants or restrictions you may be subject to under law or pursuant to any other agreement between you and Vornado or any of its Affiliates, including without limitation any plan, policy or arrangement of Vornado or any of its Affiliates.

9. Section 409A.

(a) This letter agreement is intended to comply with Section 409A of the Code ("Section 409A") or an exemption thereunder and shall be construed and interpreted in a manner that is consistent with the requirements for avoiding additional taxes or penalties under Section 409A. A termination of employment shall not be deemed to have occurred for purposes of any provision of this letter agreement providing for the payment of any amounts or benefits considered "deferred compensation" (as defined under Treasury Regulation Section 1.409A-1(b)(1), after giving effect to the exemptions in Treasury Regulation Sections 1.409A-1(b)(3) through (b)(12)) upon or following a termination of employment unless such termination is also a "separation from service" (as determined applying the default presumptions under Treasury Regulation Section 1.409A-1(h)(1)) and, for purposes of any such provision of this letter agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." In no event whatsoever shall Vornado be liable for any additional tax, interest or penalty that may be imposed on you under Section 409A.

(b) Notwithstanding anything in this letter agreement to the contrary, if a payment obligation arises on account of your separation from service while you are a "specified employee" as described in Section 409A, any payment of "deferred compensation" (as defined under Treasury Regulation Section 1.409A-1(b)(1), after giving effect to the exemptions in Treasury Regulation Sections 1.409A-1(b)(3) through (b)(12)) shall be made on the first (1st) business day of the seventh (7th) month following the date of your separation from service, or, if earlier, within fifteen (15) days after the appointment of a personal representative or executor of your estate following your death.

10. Tax Withholding. All payments to you hereunder shall be subject to such tax withholding obligations as may be required by law.

11. Code Section 280G. If any amounts or benefits provided for in this letter agreement, when aggregated with any other payments or benefits payable or provided to you (the "Total Payments") would (i) constitute "parachute payments" within the meaning of Section 280G of the Code (which will not include any portion of payments allocated to the restrictive covenant

provisions of paragraph 7 that are classified as payments of reasonable compensation for purposes of Section 280G of the Code), and (ii) but for this paragraph 11, would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Total Payments will be either: (a) provided in full, or (b) provided as to such lesser extent as would result in no portion of such Total Payments being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in your receipt on an after-tax basis of the greatest amount of the Total Payments, notwithstanding that all or some portion of the Total Payments may be subject to the Excise Tax. To the extent any reduction in Total Payments is required by this paragraph, such reduction shall occur to the payments and benefits in the order that results in the greatest economic present value of all payments and benefits actually made to you.

12. Governing Law. This letter agreement is governed by, and is to be construed and enforced in accordance with, the laws of the State of New York, without regard to principles of conflicts of laws.

13. Survival. The respective obligations of, and benefits afforded to, you and Vornado as provided in this letter agreement shall survive the termination of your employment with Vornado.

14. Successors: Binding Agreement. This letter agreement shall be binding upon and shall inure to the benefit of you, your heirs, executors, administrators, beneficiaries and assigns and shall be binding upon and shall inure to the benefit of Vornado and its successors and assigns.

15. Entire Agreement. This letter represents the entire agreement between you and Vornado with respect to the subject matter hereof and, except as provided by paragraphs 7(g) or 8(h) hereof, supersedes all prior written or oral understandings relating to these matters.

[Signature Page Follows]

To accept these terms, please countersign this letter below and return to me by June 22, 2018. This letter will be deemed withdrawn if you do not return it to me by that date.

Regards,

/s/ Joseph Macnow
Joseph Macnow,
Executive Vice President
Chief Financial Officer
Chief Administrative Officer

AGREED AND ACCEPTED:

/s/ Glen J. Weiss
Name: Glen J. Weiss
Date: June 13, 2018

SCHEDULE A

DEFINITIONS

The following terms shall have the assigned meanings:

“Affiliate” means, with respect to a person, a person that directly or indirectly Controls, or is Controlled by, or is under common Control with, such person.

“Cause” means your (i) willful and continued failure to substantially perform your duties with Vornado (other than any such failure resulting from your incapacity due to physical or mental illness) which has not been cured within thirty (30) days after delivery to you of a written notice that identifies the manner in which Vornado believes that you have willfully failed to substantially perform your duties, (ii) willful misconduct which is economically injurious to Vornado or to any of its Affiliates, including, but not limited to, any breach of paragraphs 7 or 8 of this letter agreement, which has not been cured within thirty (30) days after delivery to you of a written notice that identifies the manner in which Vornado believes that you have willfully engaged in misconduct that has economically injured Vornado or an Affiliate, or (iii) the conviction of, or plea of guilty or nolo contendere to, a felony, (iv) habitual drug or alcohol abuse which materially impairs your ability to perform your duties, or (v) material breach of any Vornado policy.

“Change in Control of Vornado” means the occurrence of one of the following events:

(i) individuals who, on the Effective Date constitute the Board of Trustees of Vornado (the “Incumbent Trustees”) cease for any reason to constitute at least a majority of the Board of Trustees (the “Board”), provided that any person becoming a trustee subsequent to the Effective Date whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Trustees then on the Board (either by a specific vote or by approval of the proxy statement of Vornado in which such person is named as a nominee for trustee, without objection to such nomination) shall be an Incumbent Trustee; provided, however, that no individual initially elected or nominated as a trustee of Vornado as a result of an actual or threatened election contest with respect to trustees or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Trustee;

(ii) any Person is or becomes, after the Effective Date, a “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Vornado representing 30% or more of the combined voting power of Vornado’s then outstanding securities eligible to vote for the election of the Board (“Vornado Voting Securities”); provided, however, that an event described in this paragraph (ii) shall not be deemed to be a Change in Control if any of following becomes such a beneficial owner: (A) Vornado or any majority-owned subsidiary of Vornado (provided that this exclusion applies solely to the ownership levels of Vornado or the majority-owned subsidiary), (B) any tax-qualified, broad-based employee benefit plan sponsored or maintained by Vornado or any such majority-owned subsidiary, (C) any underwriter temporarily holding securities pursuant to an offering of such securities, (D) any

person pursuant to a Non-Qualifying Transaction (as defined in paragraph (iii)), (E) (a) any of the partners (as of the Effective Date) in Interstate Properties (“Interstate”) including immediate family members and family trusts or family-only partnerships and any charitable foundations of such partners (the “Interstate Partners”), (b) any entities the majority of the voting interests of which are beneficially owned by the Interstate Partners, or (c) any “group” (as described in Rule 13d-5(b)(i) under the Exchange Act) including the Interstate Partners (the persons in (a), (b) and (c) shall be individually and collectively referred to herein as, “Interstate Holders”);

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

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

“Code” means the Internal Revenue Code of 1986, as amended.

“Confidential Company Information” means all information, whether or not in writing, concerning business, business relationships or financial affairs of Vornado or its Affiliates which has not entered the public domain (other than by your failure to fully perform your obligations under this letter agreement), and includes (i) corporate information, including trade secrets, know-how, plans, strategies, methods, contracts, policies, resolutions, negotiations or litigation; (ii) marketing information, including development plans and opportunities, strategies, methods, tenant and customer identities or other information about customers or tenants, prospect identities or other information about prospects, or pricing policies, market analyses or projections; (iii) financial information, including cost and performance data, debt arrangements, equity structure, investors and holdings, purchasing and sales data and price lists; (iv) operational and technological information, including plans, specifications, manuals, forms, templates, software, designs, methods, procedures, diagrams, schematics, notes, data, inventions, improvements, concepts and ideas; and (v) personnel information, including personnel lists, reporting or organizational structure, resumes, personnel data, compensation structure, performance evaluations and termination arrangements or documents.

“Control” means, as to any person, the power to direct or cause the direction of the management and policies of such person, or the power to appoint directors of such person, whether through

the ownership of voting securities, by contract or otherwise (the terms “Controlled by” and “under common Control with” shall have correlative meanings).

“Disability” shall have the meaning given such term or such similar term as may be defined in Vornado’s long term disability plan; provided, that, if no such plan exists, such term shall have the meaning provided in Section 22(e)(3) of the Code.

“Exchange Act” means the Securities Exchange Act of 1934.

“Good Reason” means, without your consent, (a) the assignment to you of duties materially and adversely inconsistent with your position or a material and adverse diminution in the nature of your duties, responsibilities or authority; (b) a reduction in your base salary and/or your minimum annual cash bonus and/or minimum annual Restricted LTIP/Appreciation Only LTIP Units award, as set forth in Paragraph 3 (excluding a reduction in base salary and/or minimum annual cash bonus of not more than ten percent (10%) in connection with an across-the-board reduction similarly affecting senior executives of Vornado); or (c) a relocation of your primary office location to a location that is more than 30 miles from its prior location.

“Involuntary Termination” means the termination of your employment by Vornado without Cause or your resignation of employment with Vornado for Good Reason. An Involuntary Termination shall include a termination of your employment with Vornado occurring upon expiration of the Term due to Vornado’s notice of non-renewal of the Term as set forth in paragraph 2 of the letter agreement.

“person” means a “person” as defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act.

EMPLOYMENT AGREEMENT

Employment Agreement (the “Agreement”), dated as of April 19, 2019 (the “Effective Date”), by and between Vornado Realty Trust, a Maryland real estate investment trust, with its principal offices at 888 Seventh Avenue, New York, New York 10106 (the “Company”) and Haim Chera (“Executive”).

Recitals

WHEREAS, the Company desires to retain the Executive, and Executive desires to be employed by the Company, on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants set forth below, the parties hereby agree as follows:

Agreement

1. **Employment**. The Company hereby agrees to employ Executive as Executive Vice President – Head of Retail, and Executive hereby accepts such employment, on the terms and conditions hereinafter set forth.

2. **Term**. The period of employment of Executive by the Company hereunder (the “Employment Period”) will commence on the Effective Date and shall continue through the fourth anniversary of the Effective Date; provided that, commencing on such fourth anniversary, and on each anniversary thereafter, the Employment Period will automatically be extended for one additional year unless either party gives written notice not to extend this Agreement prior to 120 days before such four-year or one-year anniversary. The Employment Period may be sooner terminated by either party in accordance with Section 6 of this Agreement.

3. **Position and Duties**. During the Employment Period, Executive will serve as Executive Vice President –Head of Retail (or such other position as the parties may agree), and will report solely and directly to the Chief Executive Officer or Chairman of the Company (or other person acting in such capacity on a permanent or interim basis). Executive will have those powers and duties normally associated with the position of Executive Vice President –Head of Retail and such other powers and duties as may be prescribed by the Chief Executive Officer, Chairman of the Company or the Board of Trustees of the Company (the “Board”) (or other person acting in such capacity on a permanent or interim basis), provided that such other powers and duties are consistent with Executive’s position as Executive Vice President –Head of Retail of the Company. In such capacity, retail personnel of the Company will report directly to Executive, or Executive’s direct or indirect reports. Executive will devote substantially all of his working time, attention and energies during normal business hours (other than absences due to illness or vacation) to the performance of his duties for the Company. Except as set forth in the following paragraph, without the consent of the Company, during the Employment Period, Executive will not serve on the board of directors or any similar governing body of any for-profit entity. Notwithstanding the above, Executive will be permitted, to the extent such activities do not substantially interfere with the performance by Executive of his duties and responsibilities hereunder or violate Section 10 of this Agreement, to (i) manage Executive’s

personal, financial and legal affairs (which, for the avoidance of doubt, shall not include the Legacy Activities described below), and (ii) serve on civic or charitable boards or committees.

As of the Effective Date, Executive serves on boards, or as general partner or managing member or otherwise in a supervising or controlling capacity (collectively, the "Legacy Activities") with respect to entities in which Executive and members of Executive's immediate family have significant direct or indirect equity interests (collectively, the "Legacy Entities"). Executive has provided a partial list of the Legacy Entities and properties in which such Legacy Entities have an interest in a separate writing to the Company coincident herewith and will have 30 days to provide a definitive list. Executive and the Company agree that Executive may continue, during the Employment Period and the "Restriction Period" (as defined in Section 10) to engage in such Legacy Activities with respect to the Legacy Entities to the extent necessary to avoid adverse consequences to such Legacy Entities by Executive's employment with the Company, provided that Executive will not participate in any acquisition or disposition transaction on behalf of a Legacy Entity in competition with the Company's interests and will notify the Company of any other activity in which Executive is involved on behalf of a Legacy Entity that would reasonably be considered in competition with the Company's interests.

4. Place of Performance. The principal place of employment of Executive will be at the Company's principal executive offices in New York, New York.

5. Compensation and Related Matters.

(a) *Base Salary*. During the Employment Period the Company will pay Executive a base salary at the rate of not less than \$1,000,000 per year ("Base Salary"). Executive's Base Salary will be paid in approximately equal installments in accordance with the Company's customary payroll practices. If Executive's Base Salary is increased by the Company, such increased Base Salary will then constitute the Base Salary for all purposes of this Agreement.

(b) *Annual Bonus*. During the Employment Period, Executive will be entitled to receive an annual bonus (payable in cash and/or equity of the Company) on the same basis as other senior executives commensurate with his position with the Company to be determined in the discretion of the Company. The target for the value of the annual bonus will be \$1,500,000. Any annual bonus in the form of equity shall be fully vested when paid.

(c) *Annual Long-Term Incentive Awards*. During the Employment Period, Executive will be eligible to participate in the Company's annual long-term incentive compensation plan on the same basis as other senior executives commensurate with his position with the Company to be determined in the discretion of the Company. The target value of the annual long-term incentive will be \$1,000,000, payable in the form of equity awards under the Company's 2010 Omnibus Equity Plan (or successor plan), with the value of such equity determined in accordance with the Company's normal valuation procedures.

(d) *Welfare, Pension and Incentive Benefit Plans*. During the Employment Period, Executive will be entitled to participate in such employee pension and welfare benefit plans and programs of the Company as are made available to the Company's senior level

executives or to its employees generally, as such plans or programs may be in effect from time to time, including, without limitation, health, medical, dental, long-term disability and life insurance plans.

(e) *Expenses.* The Company will promptly reimburse Executive for all reasonable business expenses upon the presentation of reasonably itemized statements of such expenses in accordance with the Company's policies and procedures now in force or as such policies and procedures may be modified with respect to all senior executive officers of the Company. The Company will reimburse Executive for reasonable attorneys' fees incurred by Executive in connection with this Agreement, up to a maximum of \$25,000.

(f) *Vacation.* Executive will be entitled to four weeks of vacation annually, and will be permitted to be absent for Jewish holidays.

(g) *Car.* The Company will provide Executive with a car and driver and cover related expenses on the same basis as other senior executives commensurate with his position with the Company.

(h) *Equity Grant.* Within thirty (30) days after the Effective Date, the Company shall grant to Executive restricted LTIP units (the "Units") of Vornado Realty L.P. having a value equal to \$25,000,000 at the date of grant with such value to be determined in accordance with the Company's normal valuation procedures. Except as may vest earlier as provided in Section 8(b) or as set forth below, the Units will vest as follows, provided that Executive is employed by the Company on the applicable vesting date:

- (i) 20% of the Units shall vest on the date of grant;
- (ii) 40% of the Units shall vest on the three-year anniversary of the date of grant; and
- (iii) 40% of the Units shall vest on the four-year anniversary of the date of grant.

Notwithstanding the foregoing, any such unvested Units shall become fully vested upon a "Change in Control of the Company" (as defined in Section 8(e)) if Executive is employed at the time of such Change in Control of the Company.

The terms of the grant will be subject to a grant agreement and the Company's 2010 Omnibus Equity Plan and other applicable documents relating to the grant (none of which shall modify the terms and conditions described herein).

6. Reasons for Termination. Executive's employment hereunder may be terminated during the Employment Period under the following circumstances:

(a) *Death.* Executive's employment hereunder will terminate upon his death.

(b) *Disability.* If, as a result of Executive's incapacity due to physical or mental illness, Executive shall have been substantially unable to perform his duties hereunder

for an entire period of 180 days, and within 30 days after written Notice of Termination is given after such 180-day period, Executive shall not have returned to the substantial performance of his duties on a full-time basis, the Company will have the right to terminate Executive's employment hereunder for "Disability", and such termination in and of itself shall not be, nor shall it be deemed to be, a breach of this Agreement.

(c) *Cause*. The Company will have the right to terminate Executive's employment for Cause, and such termination in and of itself shall not be, nor shall it be deemed to be, a breach of this Agreement. For purposes of this Agreement, the Company will have "Cause" to terminate Executive's employment upon Executive's:

(i) conviction of, or plea of guilty or *nolo contendere* to, a felony;

(ii) willful and continued failure to use reasonable best efforts to substantially perform his duties hereunder (other than such failure resulting from Executive's incapacity due to physical or mental illness or subsequent to the issuance of a Notice of Termination by Executive for Good Reason) after demand for substantial performance is delivered by the Company in writing that specifically identifies the manner in which the Company believes Executive has not used reasonable best efforts to substantially perform his duties; or

(iii) willful misconduct (including, but not limited to, a willful breach of the provisions of Section 10) that is materially economically injurious to the Company.

For purposes of this Section 6(c), no act, or failure to act, by Executive will be considered "willful" unless committed in bad faith and without a reasonable belief that the act or omission was in the best interests of the Company. Cause will not exist under paragraph (ii) or (iii) above unless and until the Company has delivered to Executive a copy of a resolution duly adopted by a majority of the members of the Board (excluding, if applicable, Executive for purposes of determining such majority) at a meeting of the Board called and held for such purpose (after reasonable (but in no event less than 30 days) notice to Executive and an opportunity for Executive, together with his counsel, to be heard before the Board), finding that in the good faith opinion of the Board, Executive was guilty of the conduct set forth in paragraph (ii) or (iii) and specifying the particulars thereof in detail. This Section 6(c) shall not prevent Executive from challenging in any court of competent jurisdiction the Board's determination that Cause exists or that Executive has failed to cure any act (or failure to act) that purportedly formed the basis for the Board's determination.

(d) *Good Reason*. Executive may terminate his employment for "Good Reason" within 60 days after Executive has actual knowledge of the occurrence, without the written consent of Executive, of one of the following events that has not been cured within 30 days after written notice thereof has been given by Executive to the Company (provided that such notice must be given to the Company within 30 days of the Executive becoming aware of such condition):

(i) the assignment to Executive of duties materially and adversely inconsistent with Executive's status as Executive Vice President – Head of Retail of the Company or a material and adverse alteration in the nature of Executive's title, duties, responsibilities or authority;

(ii) a change in reporting responsibilities such that Executive no longer reports to the Chief Executive Officer or Chairman of the Company (or other person acting in such capacity on a permanent or interim basis);

(iii) a reduction by the Company in Executive's Base Salary or of Executive's target annual bonus or Executive's target annual long-term incentive award grant under Sections 5(b) and 5(c) hereof (excluding a reduction in Base Salary, target annual bonus and/or target annual long-term incentive award of not more than ten percent (10%) in connection with an across-the-board reduction similarly affecting senior executives of the Company);

(iv) the relocation of the Company's principal executive offices or Executive's own office location to a location outside of New York City; or

(v) the Company's material breach of any of the provisions of this Agreement, including but not limited to the Company's failure to promptly pay the amounts due hereunder once due and/or the Company's failure to timely make the grants of equity referenced in Sections 5(c) and 5(h) hereto.

Executive's right to terminate his employment hereunder for Good Reason shall not be affected by his incapacity due to physical or mental illness. Executive's continued employment during the 60-day period referred to above in this paragraph (d) shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

(e) *Without Cause.* The Company will have the right to terminate Executive's employment hereunder without Cause by providing Executive with a Notice of Termination, and such termination shall not in and of itself be, nor shall it be deemed to be, a breach of this Agreement. This means that, notwithstanding this Agreement, Executive's employment with the Company will be "at will." For purposes of this Agreement, a termination of Executive's employment occurring upon expiration of the Employment Period due to the Company's notice not to extend the Employment Period pursuant to Section 2 shall be treated as a termination by the Company without Cause.

(f) *Without Good Reason.* Executive will have the right to terminate his employment hereunder without Good Reason by providing the Company with a Notice of Termination, and such termination shall not in and of itself be, nor shall it be deemed to be, a breach of this Agreement.

7. Termination Procedure.

(a) *Notice of Termination.* Any termination of Executive's employment by the Company or by Executive during the Employment Period (other than termination pursuant to

Section 6(a)) will be communicated by written Notice of Termination to the other party hereto in accordance with Section 13. For purposes of this Agreement, a “Notice of Termination” means a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive’s employment under the provision so indicated.

(b) *Date of Termination.* “Date of Termination” means (i) if Executive’s employment is terminated by his death, the date of his death, (ii) if Executive’s employment is terminated pursuant to Section 6(b) (Disability), 30 days after Notice of Termination (provided that Executive shall not have returned to the substantial performance of his duties on a full-time basis during such 30-day period), and (iii) if Executive’s employment is terminated for any other reason, the date on which a Notice of Termination is given or any later date (within 30 days after the giving of such notice) set forth in such Notice of Termination.

8. Compensation upon Termination. If Executive suffers or incurs a Disability as defined in Section 6(b) or his employment terminates during the Employment Period, the Company shall provide Executive with the payments and benefits set forth below, all subject to Section 9 hereof. Executive acknowledges and agrees that the payments set forth in this Section 8 constitute liquidated damages for termination of his employment during the Employment Period. Except as may be required by law, rule, regulation, the requirement of a stock exchange or rating agency or similar requirement or as may result from shareholder initiative or similar action that applies to other Senior Executives in addition to Executive, upon termination of Executive, all equity grants then vested will not be forfeitable.

(a) *Termination for Cause or by Executive without Good Reason.* If Executive’s employment is terminated by the Company for Cause or by Executive (other than for Good Reason), the Company’s obligation to Executive will be limited to:

(i) his accrued Base Salary and accrued vacation pay through the Date of Termination, and any reimbursements due to the Executive pursuant to Section 5(e) and not yet paid, as soon as practicable following the Date of Termination (“Accrued Benefits”); and

(ii) any other rights, compensation and/or benefits, including equity-based compensation, as may be due to Executive in accordance with the terms and provisions of any agreements, plans or programs of the Company.

(b) *Termination by Company without Cause or by Executive for Good Reason.* If Executive’s employment is terminated by the Company without Cause or by Executive for Good Reason, in addition to the Accrued Benefits, subject to Executive’s execution of the Company’s standard form of separation and release agreement (which shall be in a commercially reasonable form and which shall not impose any additional covenants or restrictions on Executive beyond those described in Section 10 of this Agreement, provided that such separation and release agreement may include reasonable post-employment cooperation and return of Company property obligations consistent with the Company’s standard form of separation and release agreement) and compliance with the terms and conditions of Section 10):

(i) the Company will pay to Executive an amount, in a single lump sum, equal to two times the sum of the Executive's (A) current Base Salary, and (B) average annual incentive bonus earned by Executive, if any, for each of the two fiscal years immediately preceding the Date of Termination; provided, however, that if the Date of Termination occurs within two years of the Effective Date, then the amount for purposes of this clause (B) shall not be less than Executive's target bonus for the fiscal year in which Executive's Date of Termination occurs. The payment will be made with the first pay period coincident with or next following the effectiveness of such separation and release agreement, provided that if the review and any revocation period with respect to the separation and release agreement spans two taxable years, the payment will be made with the later of the first pay period beginning in the second of such taxable years or the first pay period after the separation and release agreement becomes effective;

(ii) the Units granted pursuant to Section 5(h) of this Agreement shall become fully vested;

(iii) if Executive elects continued group coverage pursuant to COBRA, the Company will waive (or reimburse Executive on a monthly basis for) the cost of such coverage to the extent that such cost exceeds the cost that the Company charges active employees for similar coverage, until the earlier of (A) the completion of eighteen (18) months of COBRA coverage, (B) the date that Executive becomes covered under another group health plan, or (C) the date that Executive's COBRA coverage otherwise terminates. The Company may modify its obligation to provide such benefit to the extent reasonably necessary to avoid any penalty or excise taxes imposed on it under the Patient Protection and Affordable Care Act of 2010, as amended, provided that it does so in a manner that to the extent possible, as determined by the Company in its reasonable discretion, preserves the economic benefit and original intent of such benefit but does not cause such a penalty or excise tax; and

(iv) to the extent that Executive is covered by Company-provided life insurance as of Executive's Date of Termination, the Company will continue such coverage in effect for 24 months following such Date of Termination to the same extent as such coverage is provided to similarly-situated active executives of the Company, subject to the terms and conditions of such insurance

(c) *Disability.* During any period that Executive fails to perform his duties hereunder as a result of incapacity due to physical or mental illness, Executive will continue to receive his full Base Salary set forth in Section 5(a) until his employment is terminated pursuant to Section 6(b). In the event Executive's employment is terminated for Disability pursuant to Section 6(b), Executive will be entitled to rights provided in Section 8(a) hereof.

(d) *Death.* If Executive's employment is terminated by his death, the Executive's beneficiary, legal representative or estate, as the case may be, will be entitled to rights provided in Section 8(a) hereof.

(e) Accelerated Vesting of Equity Awards. Notwithstanding anything contained herein or in any equity award agreement to the contrary, in the event that Executive's employment is terminated by the Company without Cause or by Executive for Good Reason or Executive's employment terminates due to death or Disability, or in the event that Executive resigns from employment (whether or not for Good Reason) following a "Change in Control of the Company" (as defined below), all outstanding equity awards which Executive then holds, including the equity awards and Units referenced in Sections 5(c) and 5(h) herein, as well as other equity awards which may in the future be granted to Executive, shall thereupon become fully vested (except that the Units referenced in Sections 5(h)(ii) and 5(h)(iii) shall not vest if Executive's employment is terminated due to death or Disability). For avoidance of doubt, any such separation from service shall be considered to be a "Qualified Termination" for purposes of any Outperformance Plan Award Agreement between Executive and the Company or other award agreement between Executive and the Company using such term or a substantially similar term. For purposes of this Section 8(e), a "Change in Control of the Company." shall mean the occurrence of one of the following events:

(i) individuals who, on the Effective Date constitute the Board (the "Incumbent Trustees") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a trustee subsequent to the Effective Date whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Trustees then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for trustee, without objection to such nomination) shall be an Incumbent Trustee; provided, however, that no individual initially elected or nominated as a trustee of the Company as a result of an actual or threatened election contest with respect to trustees or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Trustee;

(ii) any "person" (as defined in Section 3(a)(9) of the Securities Exchange Act of 1934 (the "Exchange Act") and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes, after the Effective Date, a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board ("Vornado Voting Securities"); provided, however, that an event described in this paragraph (ii) shall not be deemed to be a Change in Control of the Company if any of following becomes such a beneficial owner: (A) the Company or any majority-owned subsidiary of the Company (provided that this exclusion applies solely to the ownership levels of the Company or the majority-owned subsidiary), (B) any tax-qualified, broad-based employee benefit plan sponsored or maintained by the Company or any such majority-owned subsidiary, (C) any underwriter temporarily holding securities pursuant to an offering of such securities, (D) any person pursuant to a Non-Qualifying Transaction (as defined in paragraph (iii) below), (E) (a) any of the partners (as of the Effective Date) in Interstate Properties ("Interstate") including immediate family members and family trusts or family-only partnerships and any

charitable foundations of such partners (the “Interstate Partners”), (b) any entities the majority of the voting interests of which are beneficially owned by the Interstate Partners, or (c) any “group” (as described in Rule 13d-5(b)(i) under the Exchange Act) including the Interstate Partners (the persons in (a), (b) and (c) shall be individually and collectively referred to herein as, “Interstate Holders”);

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

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

9. 409A and Termination. Notwithstanding the foregoing, if necessary to comply with the restriction in Section 409A(a)(2)(B) of the Internal Revenue Code of 1986, as amended (the “Code”) concerning payments to “specified employees,” any payment on account of Executive’s separation from service that would otherwise be due hereunder within six months after such separation shall nonetheless be delayed until the first business day of the seventh month following Executive’s date of termination and the first such payment shall include the cumulative amount of any payments that would have been paid prior to such date if not for such restriction, together with interest on such cumulative amount during the period of such restriction at a rate, per annum, equal to the applicable federal short-term rate (compounded monthly) in effect under Section 1274(d) of the Code on the date of termination. For purposes of Section 8 hereof, Executive shall be a “specified employee” for the 12-month period beginning on the first day of the fourth month following each “Identification Date” if he is a “key employee” (as defined in Section 416(i) of the Code without regard to Section 416(i)(5) thereof) of the Company at any time during the 12-month period ending on the “Identification Date.” For purposes of the foregoing, the Identification Date shall be December 31. Notwithstanding anything contained herein to the contrary, Executive shall not be considered to have terminated employment with the Company for purposes of Section 8 hereof unless he would be considered to have incurred a “termination of employment” from the Company within the meaning of Treasury Regulation §1.409A-1(h)(1)(ii).

10. Confidential Information, Ownership of Documents; Non-Competition.

(a) *Confidential Information.* During the Employment Period and for a period of one year thereafter Executive shall hold in a fiduciary capacity for the benefit of the Company all trade secrets and confidential information, knowledge or data relating to the Company and its businesses and investments, which shall have been obtained by Executive during Executive's employment by the Company and which is not generally available public knowledge (other than by acts by Executive in violation of this Agreement). Except as may be required or appropriate in connection with his carrying out his duties under this Agreement, Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or any legal process, or as is necessary in connection with any adversarial proceeding against the Company (in which case Executive shall use his reasonable best efforts in cooperating with the Company in obtaining a protective order against disclosure by a court of competent jurisdiction), communicate or divulge any such trade secrets, information, knowledge or data to anyone other than the Company and those designated by the Company or on behalf of the Company in the furtherance of its business or to perform duties hereunder. Notwithstanding the foregoing or anything else contained herein to the contrary, this Agreement shall not preclude Executive from disclosing confidential Company information to a governmental body or agency or to a court if and to the extent that a restriction on such disclosure would limit Executive from exercising any protected right afforded Executive under applicable law.

(b) *Removal of Documents; Rights to Products.* Executive may not remove any records, files, drawings, documents, models, equipment, and the like relating to the Company's business from the Company's premises without its written consent, unless such removal is in the furtherance of the Company's business or is in connection with Executive's carrying out his duties under this Agreement and, if so removed, they will be returned to the Company promptly after termination of Executive's employment hereunder, or otherwise promptly after removal if such removal occurs following termination of employment. Executive shall and hereby does assign to the Company all rights to trade secrets and other products relating to the Company's business developed by him alone or in conjunction with others at any time while employed by the Company. In the event of any conflict between the provision of this paragraph and of any applicable employee manual or similar policy of the Company, the provisions of this paragraph will govern.

(c) *Protection of Business.* During the Employment Period and the "Restriction Period" (defined below), Executive shall not, without the prior written consent of the Company, engage, anywhere in the States of New York, New Jersey and Connecticut, in any way, directly or indirectly, in the commercial real estate business; provided that the foregoing will not restrict Executive from having a passive ownership interest of less than five percent (5%) in any entity or from having a passive ownership interest (regardless of ownership percentage) in any entity that does not compete, directly or indirectly, with the Company. Executive hereby covenants and agrees that, at all times during the Restriction Period, Executive will not pursue or attempt to develop or to direct to any other entity any project which the Company or any of its affiliates is or was pursuing, developing or attempting to develop during the period of Executive's employment or interfere or otherwise compete with any activities of the Company which Executive is or was actively involved in on behalf of the Company or any of its affiliates. "Restriction Period" shall mean the period of one (1) year

immediately following Executive's termination of employment, regardless of the reason for such termination (including as a result of expiration of the Term); provided, however, that with respect to the limitation under this Section 10(c), the Restriction Period shall be 180 days with respect to any commercial real estate business that is a family-owned business of Executive.

(d) *Non-Solicitation.* Executive hereby covenants and agrees that, at all times during the Restriction Period, Executive will not (i) assist any other person or firm in counseling, advising, encouraging or soliciting any person who is, or within one (1) year immediately prior to Executive's separation from service with the Company was, a tenant of the Company or any of its affiliates (a "Tenant") to terminate its lease with the Company or any of its affiliates, (ii) contact any Tenant or induce or attempt to induce or otherwise counsel, advise, encourage or solicit any Tenant to terminate its lease with the Company or any of its affiliates, or (iii) employ or seek to employ any person who is or was employed by the Company or any of its affiliates within one (1) year immediately prior to Executive's separation from service with the Company, or otherwise encourage or entice such person to leave such employment.

(e) *Reasonableness of Restrictions.* Executive acknowledges that the restrictions, prohibitions and other provisions of this letter agreement are reasonable, fair and equitable in scope, terms and duration, are necessary to protect the legitimate business interests of the Company and its affiliates and are a material inducement to the Company to enter into this Agreement. It is the intention of Executive and the Company that the restrictions contained in this Section 10 be enforceable to the fullest extent permitted by applicable law. Therefore, to the extent any court of competent jurisdiction shall determine that any portion of the foregoing restrictions is excessive, such provision shall not be entirely void, but rather shall be limited or revised only to the extent necessary to make it enforceable.

(f) *Injunctive Relief.* Should Executive engage in or perform, or threaten to engage in or perform, either directly or indirectly, any of the acts prohibited by this Section 10, it is agreed that the Company shall be entitled to immediately withhold any payments or benefits to be made to Executive under this Agreement and, Executive acknowledging that damages would be inadequate and insufficient, shall be entitled to full injunctive relief, to be issued by any competent court of equity, enjoining and restraining Executive and each and every other person, firm, organization, association, or corporation concerned therein, from the continuance of such violative acts. The foregoing remedy available to the Company shall not be deemed to limit or prevent the exercise by the Company of any or all further rights and remedies which may be available to the Company hereunder or at law or in equity.

(g) *Non-Disparagement.* Executive agrees not to make any defamatory, disparaging or derogatory statements (whether to an individual, entity, business enterprise, media or otherwise) concerning the Company or any of its affiliates; provided, however, that nothing contained herein shall preclude Executive from exercising any protected right afforded Executive under applicable law.

(h) *Other Obligations.* The covenants and restrictions set forth in this Section 10 are in addition to, rather than in substitution of, any other similar covenants or restrictions Executive may be subject to under law or pursuant to any other agreement between Executive

and the Company or any of its affiliates, including without limitation any plan, policy or arrangement of the Company or any of its affiliates.

(i) *Continuing Operation.* Except as specifically provided in this Section 10, the termination of Executive's employment or of this Agreement shall have no effect on the continuing operation of this Section 10.

11. Indemnification. The Company agrees that if Executive is made a party to or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that Executive is or was a trustee, director or officer of the Company or is or was serving at the request of the Company or any subsidiary thereof as a trustee, director, officer, member, employee or agent of another corporation or a partnership, joint venture, trust or other enterprise, including, without limitation, service with respect to employee benefit plans, whether or not the basis of such Proceeding is alleged action in an official capacity as a trustee, director, officer, member, employee or agent while serving as a trustee, director, officer, member, employee or agent, Executive shall be indemnified and held harmless by the Company to the fullest extent authorized by Maryland law, as the same exists or may hereafter be amended, against all Expenses incurred or suffered by Executive in connection therewith, and such indemnification shall continue as to Executive even if Executive has ceased to be an officer, director, trustee or agent, or is no longer employed by the Company and shall inure to the benefit of his heirs, executors and administrators.

12. Successors; Binding Agreement.

(a) *Company's Successors.* No rights or obligations of the Company under this Agreement may be assigned or transferred except that the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

(b) *Executive's Successors.* No rights or obligations of Executive under this Agreement may be assigned or transferred by Executive other than his rights to payments or benefits hereunder, which may be transferred only by will or the laws of descent and distribution. If Executive should die following his Date of Termination while any amounts would still be payable to him hereunder if he had continued to live, all such amounts unless otherwise provided herein shall be paid in accordance with the terms of this Agreement to such person or persons so appointed in writing by Executive, or otherwise to his legal representatives or estate.

13. Notice. For the purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered either personally or by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive:

Haim Chera
[REDACTED]
[REDACTED]
[REDACTED]

If to the Company:

Vornado Realty Trust
888 Seventh Avenue
New York, New York 10106
Tel: 212-894-7000

Attention: Steven Roth, Joseph Macnow and Alan J. Rice

14. Resolution of Differences Over Breaches of Agreement. The parties shall use good faith efforts to resolve any controversy or claim arising out of, or relating to this Agreement or the breach thereof, first in accordance with the Company's internal review procedures, except that this requirement shall not apply to any claim or dispute under or relating to Section 10 of this Agreement. If despite their good faith efforts, the parties are unable to resolve such controversy or claim through the Company's internal review procedures, then such controversy or claim shall be resolved by arbitration in Manhattan, New York, in accordance with the rules, then applicable, of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. If any contest or dispute shall arise between the Company and Executive regarding any provision of this Agreement, the Company shall reimburse Executive for all legal fees and expenses reasonably incurred by Executive in connection with such contest or dispute, but only if Executive is successful in respect of substantially all of Executive's claims brought and pursued in connection with such contest or dispute.

15. Miscellaneous. No provisions of this Agreement may be amended, modified, or waived unless such amendment or modification is agreed to in writing signed by Executive and by a duly authorized officer of the Company, and such waiver is set forth in writing and signed by the party to be charged. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York without regard to its conflicts of law principles. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

16. Representation and Warranty. Executive represents and warrants to the Company that Executive is not subject to any agreement restricting his ability to enter into this Agreement and fully carry out his duties and responsibilities hereunder. Executive hereby indemnifies and holds the Company harmless against any losses, claims, expenses (including reasonable attorneys' fees), damages or liabilities incurred by the Company as a result of a breach of the foregoing representation and warranty.

17. Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto in respect of such subject matter. Any other prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and cancelled, other than any equity agreements or any compensatory plan or program in which the Executive is a participant on the Effective Date.

18. Code Section 280G. If any amounts or benefits provided for in this Agreement, when aggregated with any other payments or benefits payable or provided to Executive (the "Total Payments") would (i) constitute "parachute payments" within the meaning of Section 280G of the Code (which will not include any portion of payments allocated to the restrictive covenant provisions of Section 10 that are classified as payments of reasonable compensation for purposes of Section 280G of the Code), and (ii) but for this Section 18, would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Total Payments will be either: (a) provided in full, or (b) provided as to such lesser extent as would result in no portion of such Total Payments being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in Executive's receipt on an after-tax basis of the greatest amount of the Total Payments, notwithstanding that all or some portion of the Total Payments may be subject to the Excise Tax. To the extent any reduction in Total Payments is required by this Section 18, such reduction shall occur to the payments and benefits in the order that results in the greatest economic present value of all payments and benefits actually made to Executive.

19. 409A Compliance.

(a) This Agreement is intended to comply with the requirements of Section 409A of the Code ("Section 409A") and regulations promulgated thereunder. To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A or to the extent any provision in this Agreement must be modified to comply with Section 409A (including, without limitation, Treasury Regulation 1.409A-3(c)), such provision shall be read, or shall be modified (with the mutual consent of the parties, which consent shall not be unreasonably withheld), as the case may be, in such a manner so that all payments due under this Agreement shall comply with Section 409A. For purposes of section 409A, each payment made under this Agreement shall be treated as a separate payment. In no event may Executive, directly or indirectly, designate the calendar year of payment.

(b) All reimbursements provided under this Agreement shall be made or provided in accordance with the requirements of section 409A, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during Executive's lifetime (or during a shorter period of time specified in this Agreement), (ii) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred, and (iv) the right to reimbursement is not subject to liquidation or exchange for another benefit.

(c) Executive further acknowledges that any tax liability incurred by Executive under Section 409A of the Code is solely the responsibility of Executive.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written. This Agreement may be executed in counterparts, and shall be deemed fully executed when each party has executed a counterpart hereof. Each counterpart shall be deemed an original for all purposes and together will constitute one and the same instrument.

VORNADO REALTY TRUST

EXECUTIVE

By: /s/ Steven Roth
Steven Roth
Chairman and Chief Executive Officer

/s/ Haim Chera
Haim Chera

**VORNADO REALTY TRUST
2020 OUTPERFORMANCE PLAN
AWARD AGREEMENT**

2020 OUTPERFORMANCE PLAN AWARD AGREEMENT made as of the date set forth on Schedule A hereto between VORNADO REALTY TRUST, a Maryland real estate investment trust (the “**Company**”), its subsidiary VORNADO REALTY L.P., a Delaware limited partnership and the entity through which the Company conducts substantially all of its operations (the “**Partnership**”), and the party listed on Schedule A (the “**Grantee**”).

RECITALS

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

B. The Compensation Committee (the “**Committee**”) of the Board of Trustees of the Company (the “**Board**”) approved this and other 2020 outperformance plan (“**2020 OPP**”) awards pursuant to the Company’s 2019 Omnibus Share Plan, as amended (as amended, restated and supplemented from time to time, the “**2019 Plan**”) to provide certain trustees, consultants, advisors, officers and key employees of the Company or its Affiliates, including the Grantee, in connection with their employment or other service relationship with the incentive compensation described in this Award Agreement (this “**Agreement**”) and thereby provide additional incentive for them to promote the progress and success of the business of the Company and its Affiliates, including the Partnership. 2020 OPP awards were approved by the Committee pursuant to authority delegated to it by the Board, including authority to make grants of equity interests in the Partnership which may, under certain circumstances, become exchangeable for the Company’s Common Shares reserved for issuance under the 2019 Plan, or in the event the 2019 Plan has been replaced by a successor equity plan prior to the date of issuance of such Common Shares, under such successor equity plan (the 2019 Plan and any such successor plan, as each may be amended, modified or supplemented from time to time, are collectively referred to herein as the “**Share Plan**”). This Agreement evidences one award (this “**Award**”) in a series of substantially identical 2020 OPP awards and is subject to the terms and conditions set forth herein and in the Partnership Agreement (as defined herein).

C. The Committee, effective as of the grant date specified in Schedule A hereto, awarded to the Grantee the 2020 OPP participation percentage in the various outperformance pools provided herein set forth in Schedule A.

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

1. Administration. This Award and all other 2020 OPP awards shall be administered by the Committee, which in the administration of the 2020 OPP awards and this Award shall have all the powers and authority it has in the administration of the Share Plan as set forth in the Share Plan; provided that all powers of the Committee hereunder can be exercised by the full Board if the Board so elects. The Committee, in its sole and absolute discretion, may make at any time any provision for lapse of forfeiture restrictions and/or accelerated vesting under this

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

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

"2020 OPP Units" means those Partnership Units issued pursuant to this and all other 2020 OPP awards.

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

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

provided to the Company or any of its Affiliates; (y) LTIP Units, OPP Units or other Units awarded after the Effective Date to employees, non-employee trustees, consultants, advisors or other persons or entities as incentive or other compensation; and (z) any securities included in “Initial Shares.”

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

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

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

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

“**Baseline Value**” means \$37.60.

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

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

“**Change in Control**” means:

(i) individuals who, on the Effective Date, constitute the Board (the “**Incumbent Trustees**”) cease for any reason to constitute at least a majority of the Board, provided that any person becoming a trustee subsequent to the Effective Date whose election or

nomination for election was approved by a vote of at least two-thirds of the Incumbent Trustees then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for trustee, without objection to such nomination) shall be an Incumbent Trustee; provided, however, that no individual initially elected or nominated as a trustee of the Company as a result of an actual or threatened election contest with respect to trustees or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Trustee; or

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

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

(iv) Board approval of a liquidation or dissolution of the Company, unless the common equity interests of an ongoing entity (other than a liquidating trust) are beneficially owned, directly or indirectly, by the Company’s shareholders in substantially the same proportions as such shareholders owned the Company’s Company Voting Securities immediately

prior to such liquidation and such ongoing entity assumes all existing obligations of the Company to the Grantee under this Agreement.

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

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

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

“**Common Shares**” means the Company’s common shares of beneficial interest, par value \$0.04 per share.

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

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

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

“**Dividend Payment**” means, as of a particular date, for each distribution declared and paid on one Class A Unit between the Effective Date and such date (excluding dividends and

distributions paid in the form of additional Common Shares and Class A Units unless adjustment is otherwise made pursuant to Section 8 hereof) the amount of such distribution.

“Effective Date” means March 30, 2020.

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

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

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

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

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

(A) the Baseline Value multiplied by:

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

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

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

(i) one hundred percent (100%); plus

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

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

(i) one hundred percent (100%); plus

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

provided that if the Final Valuation Date occurs prior to March 30, 2023 as a result of a Change in Control, then for purposes of this definition in connection with the calculation of the Final Absolute TRS Pool as of the Final Valuation Date, then the Target Final Absolute Return Percentage to be used in such calculation shall be reduced to twenty-one percent (21%), multiplied by the CoC Fraction. If the Company consummates multiple issuances of Additional Shares and/or repurchases of Buyback Shares during any one monthly or quarterly period, such that it would be impractical to track the precise issuance date and issuance price of each individual Additional Share and/or repurchase or redemption date of each individual Buyback Share, the Compensation Committee may in its discretion approve timing and calculation conventions (such as net-at-end-of-period or average-during-the-period) reasonably designed to simplify the administration of this Award.

“**Final Absolute TRS Pool**” means, as of the Final Valuation Date, a dollar amount calculated as follows (or, if the resulting amount is a negative number, zero (0)): (A) subtract the

Final Absolute Baseline from the Final Total Return, in each case as of the Final Valuation Date; and (B) multiply the resulting amount by two percent (2%); provided that in no event shall the Final Absolute TRS Pool exceed the Maximum Final Outperformance Pool Amount.

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

“**Final Hurdle Rate**” means a percentage consisting of the TRS Percentage; provided that if the Final Valuation Date occurs prior to March 30, 2023 as a result of a Change in Control, then for purposes of determining the Final Adjustment Factor to be used in calculating the Final Relative TRS Pool as of the Final Valuation Date, the Final Hurdle Rate shall instead be: (A) the TRS Percentage as of the date of the Change in Control (or, with respect to a Transactional Change in Control, the date of the Public Announcement of such Transactional Change in Control); divided by (B) the CoC Fraction.

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

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

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

(A) the Baseline Value multiplied by:

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

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

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

(i) one hundred percent (100%) plus

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

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

(i) one hundred percent (100%) plus

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

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

“Final Relative Offset Amount” means, if the Final Total Return as of the Final Valuation Date is less than the Final Relative Adjusted Return, an amount equal to two percent (2%) of the difference between the Final Total Return and the Final Relative Adjusted Return as of the Final Valuation Date; provided that in no event shall the Final Relative Offset Amount exceed the lesser of (i) fifty percent (50%) of the Final Absolute TRS Pool or (ii) \$17,500,000. For the avoidance of doubt, the Final Relative Offset Amount will always be a negative amount (unless it is zero).

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

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

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

multiplying the aggregate amount of distributions paid on one Partnership Unit that was outstanding as of the Effective Date between the Effective Date and the Final Valuation Date by the number of Final Total Shares).

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

“**Final Valuation Date**” means the earliest of: (A) March 30, 2023; or (B) in the event of a Change in Control that is not a Transactional Change in Control, the date on which such Change in Control shall occur; or (C) in the event of a Transactional Change in Control and subject to the consummation of such Transactional Change in Control, the date of the Public Announcement of such Transactional Change in Control.

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

“**Index Return Percentage**” means:

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

(i) 80% of the total percentage return for the SNL US Office REIT Index calculated by comparing (x) the value of the SNL US Office REIT Index on the Effective Date to (y) the average daily value of the SNL US Office REIT Index over the same Averaging Period used to calculate the Common Share Price for determining the Final Total Return; and

(ii) 20% of the total percentage return for the SNL US Retail REIT Index calculated by comparing (x) the value of the SNL US Retail REIT Index on the Effective Date to (y) the average daily value of the SNL US Retail REIT Index over the same Averaging Period used to calculate the Common Share Price for determining the Final Total Return; and

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

For the avoidance of doubt, the intent of the Committee is that the Index Return Percentage over the applicable performance period be calculated using a methodology analogous in all material respects to that used for the calculation of Final Total Return over the same period to produce a weighted average total return percentage that weighs the total percentage return for the SNL US Office REIT Index over the period at 80% and the total percentage return for the SNL US Retail REIT Index over the period at 20%. The Committee may compute the Index Return Percentage in a manner different from that set forth above to the extent deemed to be appropriate by the Committee in order to ensure such comparability and the intended weighting of the two indices and is authorized to delegate to a valuation or other expert the performance of adjusted calculations to carry out the foregoing intent.

“Initial Shares” means 203,475,199 Common Shares, which includes: (A) 191,088,330 Common Shares outstanding as of the Effective Date (other than currently unvested restricted Common Shares previously granted to employees or other persons or entities in exchange for services provided to the Company); plus (B) 11,574,834 Common Shares representing the Shares Amount for all of the Partnership Units (other than LTIP Units or OPP Units and excluding Partnership Units held by the Company) outstanding as of the Effective Date assuming that all of such Partnership Units were tendered to the Partnership for redemption pursuant to Section 8.6 of the Partnership Agreement as of such date; plus (C) 812,035 Common Shares representing the Shares Amount for all of the Partnership Units into which all LTIP Units and Prior OPP Units outstanding as of the Effective Date could be converted without regard to the book capital account associated with them (but only to the extent such LTIP Units or Prior OPP Units are currently vested, and excluding all 2020 OPP Units), assuming that all of such Partnership Units were tendered to the Partnership for redemption pursuant to Section 8.6 of the Partnership Agreement as of such date. For the avoidance of doubt, Initial Shares (i) includes (x) currently vested restricted Common Shares and (y) currently vested LTIP Units and prior OPP Units previously granted to employees or other persons or entities in exchange for services provided to the Company, and (ii) excludes (x) all Common Shares issuable upon exercise of stock options or upon the exchange (directly or indirectly) of unvested LTIP Units, unvested Prior OPP Units, 2020 OPP Units and other unvested Units issued to employees, non-employee trustees, consultants, advisors or other persons or entities as incentive compensation, and (y) currently unvested restricted Common Shares previously granted to employees, non-employee trustees, consultants, advisors or other persons or entities in exchange for services provided to the Company.

“LTIP Units” means LTIP Units, as such term is defined in the Partnership Agreement.

“Maximum Final Outperformance Pool Amount” means \$35,000,000.

“OPP Units” means collectively all Prior OPP Units and all 2020 OPP Units.

“Participation Percentage” means the percentage set forth opposite such term on Schedule A hereto.

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

“Prior OPPs” means the Company’s 2006 Outperformance Plan under the Company’s 2002 Omnibus Share Plan, as amended (“2002 Plan”), the Company’s 2008 Outperformance Plan under the 2002 Plan, the Company’s 2012 Outperformance Plan under the 2010 Plan, the Company’s 2013 Outperformance Plan under the 2010 Plan, the Company’s 2014 Outperformance Plan under the 2010 Plan, the Company’s 2015 Outperformance Plan under the 2010 Plan, the Company’s 2016 Outperformance Plan under the 2010 Plan, the Company’s 2017 Outperformance Plan under the 2010 Plan, and the Company’s 2018 Outperformance Plan under the 2010 Plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“**Transactional Change in Control**” means (A) a Change in Control described in clause (ii) of the definition thereof where the “person” or “group” makes a tender offer for Common Shares, or (B) a Change in Control described in clause (iii) of the definition thereof where the

Company is not the Surviving Corporation; provided that if the applicable definition of “Change in Control” (or similar term) in the applicable Service Agreement does not track such clauses (ii) or (iii), then the term “Transactional Change in Control” shall mean a Change in Control meeting the substantive criteria set forth in such clauses, as reasonably determined in good faith by the Committee.

“**Transfer**” has the meaning set forth in Section 7.

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

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

3. Outperformance Award; Vesting; Change in Control.

(a) The Grantee is hereby granted this Award consisting of the number of 2020 OPP Units set forth on Schedule A hereto (the “Award OPP Units”), which (i) will be subject to forfeiture to the extent provided in this Section 3 and (ii) will be subject to vesting as provided in Sections 3(d) hereof. At any time prior to the Final Valuation Date, the Committee may grant additional 2020 OPP awards to the extent that the sum of all the 2020 OPP grantees’ Participation Percentages is less than one hundred percent (100%) as a result of either reservation of a portion of the 2020 OPP Participation Percentage for future awards or forfeiture of granted 2020 OPP awards. At any time prior to or in connection with the calculation of the Final OPP Unit Equivalent, the Partnership may issue additional LTIP Units to the Grantee as provided in this Section 3 that shall also be considered Award OPP Units and subject to all of the terms and conditions of this Agreement; provided that such issuance will be subject to the Grantee executing and delivering such documents comparable to the documents executed and delivered in connection with this Agreement, as the Company and/or the Partnership may reasonably request in order to comply with all applicable legal requirements, including, without limitation, federal and state securities laws. The Award OPP Units shall be eligible for vesting over a five-year period, except as otherwise provided in Section 4 hereof, based on a combination of (I) the Company’s performance over a three-year period (or a shorter period in certain circumstances as

provided herein) as indicated by the calculations required by this Section 3 and (II) the passage of time (five years or a shorter period in certain circumstances as provided herein) as provided in Section 3(d). Vesting will occur at the times, in the amounts and upon the conditions set forth in this Section 3 and in Section 4, provided that, except as otherwise expressly set forth in this Agreement, the Continuous Service of the Grantee continues through and on each applicable vesting date.

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

- (i) determine the Final Absolute TRS Pool (if any);
- (ii) determine the Final Relative TRS Pool (if any);
- (iii) determine the Final Relative Offset Amount (if any);
- (iv) determine the Final Total Outperformance Pool (if any);

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

(vi) divide the resulting amount by the highest Common Share Price among those calculated for every Averaging Period ending on a day within the period of one hundred and twenty (120) consecutive days immediately preceding the Final Valuation Date (appropriately adjusted to the extent that the Shares Amount for one Partnership Unit is greater or less than one Common Share); provided, however, that if the Final Total Outperformance Pool equals the Maximum Final Outperformance Pool Amount, then this divisor shall instead be the lowest Common Share Price among those calculated for every Averaging Period ending on a day within the period of one hundred and twenty (120) consecutive days immediately preceding the Final Valuation Date (appropriately adjusted to the extent that the Shares Amount for one Partnership Unit is greater or less than one Common Share) that could have caused the Final Total Outperformance Pool to equal the Maximum Final Outperformance Pool Amount, irrespective of composition as among the amounts described in clauses (b)(i), (b)(ii), and (b)(iii).

The resulting number is hereafter referred to as the "Final OPP Unit Equivalent." If the Final OPP Unit Equivalent is smaller than the number of Award OPP Units previously issued to the Grantee, then the Grantee, as of the Final Valuation Date, shall forfeit a number of Award OPP Units equal to the difference, and thereafter the term Award OPP Units will refer only to the remaining Award OPP Units that were not so forfeited. If the Final OPP Unit Equivalent is greater than the number of Award OPP Units previously issued to the Grantee, then, upon the performance of the calculations set forth in this Section 3(b): (A) the Company shall cause the Partnership to issue to the Grantee, as of the Final Valuation Date, a number of additional LTIP Units equal to the difference; (B) such additional LTIP Units shall be added to the Award OPP Units previously issued, if any, and thereby become part of this Award; (C) the Company and the

Partnership shall take such corporate and Partnership action as is necessary to accomplish the grant of such additional LTIP Units; and (D) thereafter the term Award OPP Units will refer collectively to the Award OPP Units, if any, issued prior to such additional grant plus such additional LTIP Units; provided that such issuance will be subject to the Grantee executing and delivering such documents, comparable to the documents executed and delivered in connection with this Agreement, as the Company and/or the Partnership reasonably request in order to comply with all applicable legal requirements, including, without limitation, federal and state securities laws. If the Final OPP Unit Equivalent is the same as the number of Award OPP Units previously issued to the Grantee, then there will be no change to the number of Award OPP Units under this Award pursuant to this Section 3.

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

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

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

Where:

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

X = 90% of the Dividend Payment; and

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

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

The resulting number of Award OPP Units earned pursuant to the calculation set forth in this Section 3(c) shall be added to the Final OPP Unit Equivalent and be subject to vesting pursuant to Section 3(d) hereof and to all of the provisions of Section 4 hereof applicable to the other Award OPP Units that have been earned pursuant to the calculations set forth in Section 3(b) hereof. If the total number of Award OPP Units so earned is greater than the number of Award OPP Units previously issued to the Grantee, then, upon the performance of the calculations set forth in this Section 3(c): (A) the Company shall cause the Partnership to issue to the Grantee, as of the Final Valuation Date, a number of additional LTIP Units equal to the difference; (B) such additional LTIP Units shall be added to the Award OPP Units previously issued, if any, and thereby become part of this Award; (C) the Company and the Partnership shall take such corporate and Partnership action as is necessary to accomplish the grant of such additional LTIP

Units; and (D) thereafter the term Award OPP Units will refer collectively to the Award OPP Units, if any, issued prior to such additional grant plus such additional LTIP Units; provided that such issuance will be subject to the Grantee executing and delivering such documents, comparable to the documents executed and delivered in connection with this Agreement, as the Company and/or the Partnership may reasonably request in order to comply with all applicable legal requirements, including, without limitation, federal and state securities laws.

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

(i) thirty-three and one-third percent (33.33%) of the Final OPP Unit Equivalent shall become vested on March 30, 2023;

(ii) thirty-three and one-third percent (33.33%) of the Final OPP Unit Equivalent shall become vested on March 30, 2024; and

(iii) thirty-three and one-third percent (33.34%) of the Final OPP Unit Equivalent shall become vested on March 30, 2025.

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

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

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

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

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

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

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

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

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

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

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

(ii) the Grantee's Final OPP Unit Equivalent shall no longer be subject to forfeiture pursuant to Section 3(d) hereof; provided that, notwithstanding that no Continuous Service requirement pursuant to Section 3(d) hereof will apply to the Grantee after the effective date of a Qualified Termination, the Grantee will not have the right to Transfer (as defined in Section 7 hereof) his or her Award OPP Units or request redemption of his or her Award Partnership Units under the Partnership Agreement until such dates as of which his or her Final OPP Unit Equivalent, as adjusted pursuant to Section 4(b)(ii) above, would have become vested pursuant to Section 3(d) hereof absent a Qualified Termination. For the avoidance of doubt, the purpose of this Section 4(b)(iii) is to prevent a situation where grantees of 2020 OPP awards who have had a Qualified Termination would be able to realize the value of their Award OPP Units or Award Partnership Units (through Transfer or redemption) before other grantees of 2020 OPP awards whose Continuous Service continues through the applicable vesting dates set forth in Section 3(d) hereof.

(c) In the event of Qualified Termination on or after the Final Valuation Date, then all of the Grantee's unvested Award OPP Units that have not previously been forfeited pursuant to the calculations set forth in Section 3(b) hereof, but remain subject to time-based vesting pursuant to Section 3(d) hereof as of the time of such Qualified Termination shall no longer be subject to forfeiture pursuant to Section 3(d) hereof; provided that, notwithstanding that no Continuous Service requirement pursuant to Section 3(d) hereof will apply to the Grantee after the effective date of a Qualified Termination, the Grantee will not have the right to Transfer (as defined in Section 7 hereof) his or her Award OPP Units or request redemption of his or her Award Partnership Units under the Partnership Agreement until such dates as of which his or her Final OPP Unit Equivalent would have become vested pursuant to Section 3(d) absent a Qualified Termination. For the avoidance of doubt, the purpose of this Section 4(c) is to prevent a situation where grantees of 2020 OPP awards who have had a Qualified Termination would be able to realize the value of their Award OPP Units or Award Partnership Units (through Transfer or redemption) before other grantees of OPP awards whose Continuous Service continues through the applicable vesting dates set forth in Section 3(d) hereof.

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

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

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

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

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

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

5. Payments by Award Recipients; Status as Partner. No amount shall be payable to the Company or the Partnership by the Grantee at any time in respect of this Agreement. The Grantee shall have no rights with respect to this Agreement (and the Award evidenced hereby) unless he or she shall have accepted this Agreement by (i) signing and delivering to the Partnership a copy of this Agreement and (ii) unless the Grantee is already a Partner (as defined in the Partnership Agreement), signing, as a Limited Partner, and delivering to the Partnership a counterpart signature page to the Partnership Agreement (attached hereto as Exhibit A). Upon acceptance of this Agreement by the Grantee, the Partnership Agreement shall be amended to reflect the issuance to the Grantee of the LTIP Units so accepted. Thereupon, the Grantee shall have all the rights of a Limited Partner of the Partnership with respect to the number of 2020 OPP Units specified on Schedule A hereto, as set forth in the Partnership Agreement, subject, however, to the restrictions and conditions specified herein. Award OPP Units constitute and shall be treated for all purposes as the property of the Grantee, subject to the terms of this Agreement and the Partnership Agreement.

6. Distributions.

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

(b) The Distribution Participation Date (as defined in the Partnership Agreement) for the Final OPP Unit Equivalent (to the extent provided in Section 6(c) below) shall be the Final Valuation Date, except that if the provisions of Section 4(b) hereof become

applicable to the Grantee, the Distribution Participation Date for the Grantee shall be accelerated to the date the calculations provided in Section 3 hereof are performed with respect to the Award OPP Units that are no longer subject to forfeiture pursuant to Section 4(b) hereof.

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

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

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

(f) All distributions paid with respect to Award OPP Units, whether at the rate provided in Sections 6(d) hereof prior to the applicable Distribution Participation Date or at the rate provided in Sections 6(c) hereof after the applicable Distribution Participation Date, shall be fully vested and non-forfeitable when paid, regardless of the fact that the underlying 2020 OPP Units may be subject to forfeiture or have not yet become, or never become, vested pursuant to Sections 3 and 4 hereof.

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

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

8. Changes in Capital Structure. If (i) the Company shall at any time be involved in a merger, consolidation, dissolution, liquidation, reorganization, exchange of shares, sale of all or substantially all of the assets or stock of the Company, spin-off of a Subsidiary, business unit or significant portion of its assets or other transaction similar thereto, (ii) any stock dividend, stock split, reverse stock split, stock combination, reclassification, recapitalization, significant repurchases of stock, or other similar change in the capital stock of the Company or any other event that constitutes a change in stock under the terms of the Share Plan shall occur, (iii) any extraordinary dividend or other distribution to holders of Common Shares or Class A Units shall be declared and paid other than in the ordinary course, or (iv) any other event shall occur that in each case in the good faith judgment of the Committee necessitates action by way of appropriate equitable or proportionate adjustment in the terms of this Award, this Agreement or the 2020 OPP Units to avoid distortion in the value of this Award, then the Committee shall take such action as it deems necessary to maintain the Grantee's rights hereunder so that they are substantially proportionate to the rights existing under this Award and the terms of the 2020 OPP Units prior to such event, including, without limitation: (A) interpretations of or modifications to any defined term in this Agreement; (B) adjustments in any calculations provided for in this Agreement, and (C) substitution of other awards under the Share Plan or otherwise.

9. Miscellaneous.

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

affect the Grantee's participation or benefits under any other plan or benefit program maintained or provided by the Company or the Partnership.

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

(c) Status of 2020 OPP Units under the Share Plan. This Award and the other 2020 OPP awards constitute awards of OP Units (as defined in the 2019 Plan) by the Company under the 2019 Plan. The Award OPP Units are interests in the Partnership. The number of Common Shares reserved for issuance under the Share Plan underlying outstanding Award OPP Units will be determined by the Committee in light of all applicable circumstances, including calculations made or to be made under Section 3 hereof, vesting, capital account allocations and/or balances under the Partnership Agreement, the conversion ratio in effect between LTIP Units and Class A Units and the exchange ratio in effect between Class A Units and Common Shares. The Company will have the right at its option, as set forth in the Partnership Agreement, to issue Common Shares in exchange for Award Partnership Units in accordance with the Partnership Agreement, subject to certain limitations set forth in the Partnership Agreement, and such Common Shares, if issued, will be issued under the Share Plan. The Grantee must be eligible to receive the Award OPP Units in compliance with applicable federal and state securities laws and to that effect is required to complete, execute and deliver certain covenants, representations and warranties (attached as Exhibit B). The Grantee acknowledges that the Grantee will have no right to approve or disapprove such determination by the Committee.

(d) Legend. The records of the Partnership evidencing the Award OPP Units shall bear an appropriate legend, as determined by the Partnership in its sole discretion, to the effect that such 2020 OPP Units are subject to restrictions as set forth herein, in the Share Plan, and in the Partnership Agreement.

(e) Compliance With Law. The Partnership and the Grantee will make reasonable efforts to comply with all applicable securities laws. In addition, notwithstanding any provision of this Agreement to the contrary, no 2020 OPP Units will become vested or be paid at a time that such vesting or payment would result in a violation of any such law.

(f) Investment Representations; Registration. The Grantee hereby makes the covenants, representations and warranties set forth on Exhibit B attached hereto. All of such covenants, warranties and representations shall survive the execution and delivery of this Agreement by the Grantee. The Partnership will have no obligation to register under the Securities Act any 2020 OPP Units or any other securities issued pursuant to this Agreement or upon conversion or exchange of 2020 OPP Units. The Grantee agrees that any resale of the shares of Common Shares received upon the exchange of Units into which 2020 OPP Units may be converted shall not occur during the "blackout periods" forbidding sales of Company securities, as set forth in the then applicable Company employee manual or insider trading policy. In addition, any resale shall be made in compliance with the registration requirements of

the Securities Act or an applicable exemption therefrom, including, without limitation, the exemption provided by Rule 144 promulgated thereunder (or any successor rule).

(g) Section 83(b) Election. In connection with each separate issuance of LTIP Units under this Award pursuant to Section 3 hereof the Grantee hereby agrees to make an election to include in gross income in the year of transfer the applicable Award OPP Units pursuant to Section 83(b) of the Code substantially in the form attached hereto as Exhibit C and to supply the necessary information in accordance with the regulations promulgated thereunder. The Grantee agrees to file the election (or to permit the Partnership to file such election on the Grantee's behalf) within thirty (30) days after the award of the 2020 OPP Units hereunder with the IRS Service Center at which such Grantee files his personal income tax returns, and to file a copy of such election with the Grantee's U.S. federal income tax return for the taxable year in which the 2020 OPP Units are awarded to the Grantee.

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

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

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

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

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

of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income. The obligations of the Company under this Agreement will be conditional on such payment or arrangements, and the Company and its Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Grantee.

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

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

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

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

[signature page follows]

IN WITNESS WHEREOF, the undersigned have caused this Award Agreement to be executed as of the 30th day of March, 2020.

VORNADO REALTY TRUST

By: /s/ Joseph Macnow
Joseph Macnow
Executive Vice President - Finance
Chief Administrative Officer
Chief Financial Officer

VORNADO REALTY L.P.

By: Vornado Realty Trust, its general partner

By: /s/ Joseph Macnow
Joseph Macnow
Executive Vice President - Finance
Chief Administrative Officer
Chief Financial Officer

GRANTEE

Name: «Name»

EXHIBIT A

FORM OF LIMITED PARTNER SIGNATURE PAGE

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

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

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

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

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

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

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

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

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

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

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

Signature Line for Limited Partner:

Name: _____
«Name»

Date: _____, 2020

Address of Limited Partner:

EXHIBIT B

GRANTEE'S COVENANTS, REPRESENTATIONS AND WARRANTIES

The Grantee hereby represents, warrants and covenants as follows:

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

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

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

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

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

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

(vi) The Partnership Agreement;

(vii) The Share Plan; and

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

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

(b) The Grantee hereby represents and warrants that

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

capable of protecting his own interest or has engaged representatives or advisors to assist him in protecting his interests, and (III) is capable of bearing the economic risk of such investment.

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

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

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

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

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

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

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

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

SCHEDULE A TO 2020 OUTPERFORMANCE PLAN AWARD AGREEMENT

Date of Award Agreement:	March 30, 2020
Name of Grantee:	«Name»
Participation Percentage:	«Part_»
Number of LTIP Units Subject to Grant:	«Units»
Grant Date:	March 30, 2020

Initials of Company representative: _____

Initials of Grantee: _____

May 4, 2020

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

We are aware that our report dated May 4, 2020, on our review of the interim financial information of Vornado Realty Trust and subsidiaries appearing in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, is incorporated by reference in the following Registration Statements of Vornado Realty Trust:

Amendment No.1 to Registration Statement No. 333-36080 on Form S-3
Amendment No.1 to Registration Statement No. 333-50095 on Form S-3
Amendment No.1 to Registration Statement No. 333-89667 on Form S-3
Amendment No.1 to Registration Statement No. 333-102215 on Form S-3
Amendment No.1 to Registration Statement No. 333-102217 on Form S-3
Registration Statement No. 333-105838 on Form S-3
Registration Statement No. 333-107024 on Form S-3
Registration Statement No. 333-114146 on Form S-3
Registration Statement No. 333-121929 on Form S-3
Amendment No.1 to Registration Statement No. 333-120384 on Form S-3
Registration Statement No. 333-126963 on Form S-3
Registration Statement No. 333-139646 on Form S-3
Registration Statement No. 333-141162 on Form S-3
Registration Statement No. 333-150592 on Form S-3
Registration Statement No. 333-166856 on Form S-3
Registration Statement No. 333-172880 on Form S-8
Registration Statement No. 333-191865 on Form S-4
Registration Statement No. 333-232056 on Form S-8

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

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

/s/ DELOITTE & TOUCHE LLP

New York, New York

May 4, 2020

The Partners of Vornado Realty L.P.
New York, New York

We are aware that our report dated May 4, 2020, on our review of the interim financial information of Vornado Realty L.P. and subsidiaries appearing in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, is incorporated by reference in the joint Registration Statement No. 333-224104 on Form S-3 of Vornado Realty Trust and Vornado Realty L.P.

/s/ DELOITTE & TOUCHE LLP

New York, New York

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(s) 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.

May 4, 2020

/s/ Steven Roth

Steven Roth

Chairman of the Board and 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(s) 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.

May 4, 2020

/s/ Joseph Macnow

Joseph Macnow

Executive Vice President – Chief Financial Officer and
Chief Administrative Officer

CERTIFICATION

I, Steven Roth, certify that:

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

May 4, 2020

/s/ Steven Roth

Steven Roth

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

CERTIFICATION

I, Joseph Macnow, certify that:

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

May 4, 2020

/s/ Joseph Macnow

Joseph Macnow

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

CERTIFICATION

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

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

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (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.

May 4, 2020

/s/ Steven Roth

Name: Steven Roth

Title: Chairman of the Board and 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 the quarter ended March 31, 2020 (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.

May 4, 2020

/s/ Joseph Macnow

Name: Joseph Macnow

Title: Executive Vice President – Chief Financial Officer
and Chief Administrative 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 L.P. (the "Company"), hereby certifies, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (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.

May 4, 2020

/s/ Steven Roth

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

CERTIFICATION

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

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

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (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.

May 4, 2020

/s/ Joseph Macnow

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