

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549**

FORM 10-K

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

For the Fiscal Year Ended: December 31, 2017

OR

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

For the transition period from _____ to _____

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

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

Vornado Realty Trust

Vornado Realty L.P.

(Exact name of registrants as specified in its charter)

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

888 Seventh Avenue, New York, New York, 10019

(Address of principal executive offices) (Zip Code)

(212) 894-7000

(Registrants' telephone number, including area code)

N/A

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

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

Registrant	Title of Each Class	Name of Exchange on Which Registered
Vornado Realty Trust	Common Shares of beneficial interest, \$.04 par value per share	New York Stock Exchange
	Cumulative Redeemable Preferred Shares of beneficial interest, no par value:	
Vornado Realty Trust	6.625% Series G	New York Stock Exchange
Vornado Realty Trust	6.625% Series I	New York Stock Exchange
Vornado Realty Trust	5.70% Series K	New York Stock Exchange
Vornado Realty Trust	5.40% Series L	New York Stock Exchange
Vornado Realty Trust	5.25% Series M	New York Stock Exchange

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

Registrant	Title of Each Class
Vornado Realty L.P.	Class A Units of Limited Partnership Interest

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Vornado Realty Trust: YES NO Vornado Realty L.P.: YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Vornado Realty Trust: YES NO Vornado Realty L.P.: YES NO

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

Vornado Realty Trust: YES NO Vornado Realty L.P.: YES NO

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

Vornado Realty Trust: YES NO Vornado Realty L.P.: YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "non-accelerated filer," "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 (Do not check if smaller reporting company) | <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 (Do not check if smaller reporting company) | <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

The aggregate market value of the voting and non-voting common shares held by non-affiliates of Vornado Realty Trust, i.e. by persons other than officers and trustees of Vornado Realty Trust, was \$16,284,558,000 at June 30, 2017.

As of December 31, 2017, there were 189,983,858 common shares of beneficial interest outstanding of Vornado Realty Trust.

There is no public market for the Class A units of limited partnership interest of Vornado Realty L.P. Based on the June 30, 2017 closing share price of Vornado Realty Trust's common shares, which are issuable upon redemption of the Class A units, the aggregate market value of the Class A units held by non-affiliates of Vornado Realty L.P., i.e. by persons other than Vornado Realty Trust and its officers and trustees, was \$897,361,000 at June 30, 2017.

Documents Incorporated by Reference

Part III: Portions of Proxy Statement for Annual Meeting of Vornado Realty Trust's Shareholders to be held on May 17, 2018.

EXPLANATORY NOTE

This report combines the Annual Reports on Form 10-K for the fiscal year ended December 31, 2017 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 entities/subsidiaries consolidated by Vornado.

The Operating Partnership is the entity through which we conduct substantially all of our business and own, either directly or through subsidiaries, substantially all of our assets. Vornado is the sole general partner and also a 93.5% 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 Annual Reports on Form 10-K 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 other 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, as applicable, the Operating Partnership generates all remaining capital required by the Company’s business. These capital 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 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities;
- Item 6. Selected Financial Data;
- Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations includes information specific to each entity, where applicable; and
- Item 8. Financial Statements and Supplementary Data which includes the following specific disclosures for Vornado Realty Trust and Vornado Realty L.P.:
 - Note 9. Redeemable Noncontrolling Interests/Redeemable Partnership Units
 - Note 10. Shareholders' Equity/Partners' Capital
 - Note 13. Stock-based Compensation
 - Note 17. Income Per Share/Income Per Class A Unit
 - Note 22. Summary of Quarterly Results (Unaudited)

This report also includes separate Part II, Item 9A. Controls and Procedures sections, separate Exhibit 12 computation of ratios, 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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(1) These items are omitted in whole or in part because Vornado, the Operating Partnership’s sole general partner, will file a definitive Proxy Statement pursuant to Regulation 14A under the Securities Exchange Act of 1934 with the Securities and Exchange Commission no later than 120 days after December 31, 2017, portions of which are incorporated by reference herein.

FORWARD-LOOKING STATEMENTS

Certain statements contained herein constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are not guarantees of future 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 Annual Report on Form 10-K. We also note the following forward-looking statements: in the case of our development and redevelopment projects, the estimated completion date, estimated project cost and cost to complete; and estimates of future capital expenditures, dividends to common and preferred shareholders and operating partnership distributions. Many of the factors that will determine the outcome of these and our other forward-looking statements are beyond our ability to control or predict. For further discussion of factors that could materially affect the outcome of our forward-looking statements, see “Item 1A. Risk Factors” in this Annual Report on Form 10-K.

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 Annual Report on Form 10-K 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 Annual Report on Form 10-K.

PART I

ITEM 1. BUSINESS

Vornado is a fully-integrated REIT and conducts its business through, and substantially all of its interests in properties are held by, the Operating Partnership, a Delaware limited partnership. Accordingly, Vornado's cash flow and ability to pay dividends to its shareholders is dependent upon the cash flow of the Operating Partnership and the ability of its direct and indirect subsidiaries to first satisfy their obligations to creditors. Vornado is the sole general partner of, and owned approximately 93.5% of the common limited partnership interest in the Operating Partnership at December 31, 2017.

On July 17, 2017, we completed the spin-off of our Washington, DC segment comprised of (i) 37 office properties totaling over 11.1 million square feet, five multifamily properties with 3,133 units and five other assets totaling approximately 406,000 square feet and (ii) 18 future development assets totaling over 10.4 million square feet of estimated potential development density, and (iii) \$412.5 million of cash (\$275.0 million plus The Bartlett financing proceeds less transaction costs and other mortgage items) to JBG SMITH Properties ("JBGS"). On July 18, 2017, JBGS was combined with the management business and certain Washington, DC assets of The JBG Companies ("JBG"), a Washington, DC real estate company. Steven Roth, the Chairman of the Board of Trustees and Chief Executive Officer of Vornado, is the Chairman of the Board of Trustees of JBGS. Mitchell Schear, former President of our Washington, DC business, is a member of the Board of Trustees of JBGS. We are providing transition services to JBGS initially including information technology, financial reporting and payroll services. The spin-off was effected through a tax-free distribution by Vornado to the holders of Vornado common shares of all of the common shares of JBGS at the rate of one JBGS common share for every two common shares of Vornado and the distribution by the Operating Partnership to the holders of its common units of all of the outstanding common units of JBG SMITH Properties LP ("JBGSLP") at the rate of one JBGSLP common unit for every two common units of VRLP held of record. See JBGS' Amendment No. 3 on Form 10 (File No. 1-37994) filed with the Securities and Exchange Commission on June 9, 2017 for additional information. Beginning in the third quarter of 2017, the historical financial results of our Washington, DC segment are reflected in our consolidated financial statements as discontinued operations for all periods presented.

We currently own all or portions of:

New York:

- 20.3 million square feet of Manhattan office in 36 properties;
- 2.7 million square feet of Manhattan street retail in 71 properties;
- 2,009 units in twelve residential properties;
- The 1,700 room Hotel Pennsylvania located on Seventh Avenue at 33rd Street in the heart of the Penn Plaza district;
- A 32.4% interest in Alexander's, Inc. ("Alexander's") (NYSE: ALX), which owns seven properties in the greater New York metropolitan area, including 731 Lexington Avenue, the 1.3 million square foot Bloomberg, L.P. headquarters building;

Other Real Estate and Related Investments:

- The 3.7 million square foot theMART in Chicago;
- A 70% controlling interest in 555 California Street, a three-building office complex in San Francisco's financial district aggregating 1.8 million square feet, known as the Bank of America Center;
- A 25.0% interest in Vornado Capital Partners, our real estate fund (the "Fund"). We are the general partner and investment manager of the Fund;
- A 32.5% interest in Toys "R" Us, Inc. ("Toys"), which is in Chapter 11 bankruptcy and carried at zero in our consolidated balance sheets; and
- Other real estate and other investments.

OBJECTIVES AND STRATEGY

Our business objective is to maximize Vornado shareholder value. We intend to achieve this objective by continuing to pursue our investment philosophy and execute our operating strategies through:

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

We expect to finance our growth, acquisitions and investments using internally generated funds, proceeds from asset sales and by accessing the public and private capital markets. We may also offer Vornado common or preferred shares or Operating Partnership units in exchange for property and may repurchase or otherwise reacquire these securities in the future.

ACQUISITIONS

We completed the following acquisition during 2017:

- \$230.0 million upfront contribution for the acquisition of a 99-year leasehold of Farley Post Office (50.1% interest)

DISPOSITIONS

We completed the following sale transactions during 2017:

- \$6.0 billion spin-off of our Washington, DC segment on July 17, 2017;
- \$155.0 million sale of property comprising the Suffolk Downs racetrack in East Boston, Massachusetts (21.2% interest);
- \$148.0 million sale of 800 Corporate Pointe in Culver City, CA (25% interest);
- \$23.9 million sale of investments by India Property Fund (36.5% interest);
- \$18.7 million sale of our 25% interest in TCG Urban Infrastructure Holdings Private Limited, which substantially completes our sale of our investments in India; and
- We received \$50.0 million representing our interest in the \$150.0 million mezzanine loan owned by a joint venture in which we had a 33.3% ownership interest.

FINANCINGS

We completed the following financing transactions during 2017:

- \$1.25 billion revolving credit facility extended to January 2022 with two six-month extension options, lowering the interest rate from LIBOR plus 105 basis points to LIBOR plus 100 basis points.
- \$1.2 billion refinancing of 280 Park Avenue (50% interest);
- \$500 million refinancing of the office portion of 731 Lexington (32.4% interest);
- \$500 million refinancing of 330 Madison (25% interest);
- \$450 million public offering of 3.5% 7-year senior unsecured notes;
- \$450 million redemption of 2.5% senior unsecured notes;
- \$320 million issuance of 5.25% Series M cumulative redeemable preferred shares and \$470 million redemption of 6.625% Series G and 6.625% Series I cumulative redeemable preferred shares in January 2018;
- \$271 million loan facility for the Moynihan Office Building (50.1% interest);
- \$220 million financing of The Bartlett (included in the spin-off of our Washington, DC segment);
- \$100 million loan facility for the refinancing of Lincoln Road (25% interest);
- \$44 million repayment of 1700 and 1730 M Street (included in the spin-off of our Washington, DC segment); and
- \$20 million refinancing of 50 West 57th Street (50% interest).

DEVELOPMENT AND REDEVELOPMENT EXPENDITURES

We are constructing a residential condominium tower containing 397,000 salable square feet at 220 Central Park South. The development cost of this project (exclusive of land cost of \$515 million) is estimated to be approximately \$1.4 billion, of which \$890 million has been expended as of December 31, 2017.

We are developing a 173,000 square foot Class A office building, located along the western edge of the High Line at 512 West 22nd Street in the West Chelsea submarket of Manhattan (55.0% interest). The development cost of this project is estimated to be approximately \$130,000,000, of which our share is \$72,000,000. As of December 31, 2017, \$73,890,000 has been expended, of which our share is \$40,640,000.

We are developing a 170,000 square foot office and retail building at 61 Ninth Avenue, located on the southwest corner of Ninth Avenue and 15th Street in the West Chelsea submarket of Manhattan (45.1% interest). The development cost of this project is estimated to be approximately \$152,000,000, of which our share is \$69,000,000. As of December 31, 2017, \$105,281,000 has been expended, of which our share is \$47,482,000.

We are developing a 34,000 square foot office and retail building at 606 Broadway, located on the northeast corner of Broadway and Houston Street in Manhattan (50.0% interest). The venture's development cost of this project is estimated to be approximately \$60,000,000, of which our share is \$30,000,000. As of December 31, 2017, \$34,189,000 has been expended, of which our share is \$17,095,000.

A joint venture in which we have a 50.1% ownership interest is redeveloping the historic Farley Post Office building which will include a new Moynihan Train Hall and approximately 850,000 rentable square feet of commercial space, comprised of approximately 730,000 square feet of office space and approximately 120,000 square feet of retail space. As of December 31, 2017, \$271,641,000 has been expended, of which our share is \$136,092,000. The joint venture has also entered into a development agreement with Empire State Development ("ESD") and a design-build contract with Skanska Moynihan Train Hall Builders. Under the development agreement with ESD, the joint venture is obligated to build the Moynihan Train Hall, with Vornado and Related Companies ("Related") each guaranteeing the joint venture's obligations. Under the design-build agreement, Skanska Moynihan Train Hall Builders is obligated to fulfill all of the joint venture's obligations. The obligations of Skanska Moynihan Train Hall Builders have been bonded by Skanska USA and bear a full guaranty from Skanska AB.

We are redeveloping a 64,000 square foot Class A office building at 345 Montgomery Street, a part of our 555 California Street complex in San Francisco (70.0% interest) located at the corner of California and Pine Street. The development cost of this project is estimated to be approximately \$46,000,000, of which our share is \$32,000,000. As of December 31, 2017, \$2,720,000 has been expended, of which our share is \$1,904,000.

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

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

SEGMENT DATA

We operate in the following reportable segments: New York and Other. Financial information related to these reportable segments for the years ended December 31, 2017, 2016 and 2015 is set forth in Note 23 – *Segment Information* to our consolidated financial statements in this Annual Report on Form 10-K.

SEASONALITY

Our revenues and expenses are subject to seasonality during the year which impacts quarterly net earnings, cash flows and funds from operations, and therefore impacts comparisons of the current quarter to the previous quarter. The New York segment has historically experienced higher utility costs in the first and third quarters of the year.

TENANTS ACCOUNTING FOR OVER 10% OF REVENUES

None of our tenants accounted for more than 10% of total revenues in any of the years ended December 31, 2017, 2016 and 2015.

CERTAIN ACTIVITIES

We do not base our acquisitions and investments on specific allocations by type of property. We have historically held our properties for long-term investment; however, it is possible that properties in our portfolio may be sold when circumstances warrant. Further, we have not adopted a policy that limits the amount or percentage of assets which could be invested in a specific property or property type. Generally our activities are reviewed and may be modified from time to time by Vornado's Board of Trustees without the vote of our shareholders or Operating Partnership unitholders.

EMPLOYEES

As of December 31, 2017, we have approximately 3,989 employees, of which 290 are corporate staff. The New York segment has 3,551 employees, including 2,788 employees of Building Maintenance Services LLC, a wholly owned subsidiary, which provides cleaning, security and engineering services primarily to our New York properties and our former Washington, DC properties and 449 employees at the Hotel Pennsylvania. theMART has 148 employees. The foregoing does not include employees of partially owned entities.

PRINCIPAL EXECUTIVE OFFICES

Our principal executive offices are located at 888 Seventh Avenue, New York, New York 10019; telephone (212) 894-7000.

MATERIALS AVAILABLE ON OUR WEBSITE

Copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports, as well as Reports on Forms 3, 4 and 5 regarding officers, trustees or 10% beneficial owners, filed or furnished pursuant to Section 13(a), 15(d) or 16(a) of the Securities Exchange Act of 1934 are available free of charge through our website (www.vno.com) as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission. Also available on our website are copies of our Audit Committee Charter, Compensation Committee Charter, Corporate Governance and Nominating Committee Charter, Code of Business Conduct and Ethics and Corporate Governance Guidelines. In the event of any changes to these charters or the code or guidelines, changed copies will also be made available on our website. Copies of these documents are also available directly from us free of charge. Our website also includes other financial information, including certain non-GAAP financial measures, none of which is a part of this Annual Report on Form 10-K. Copies of our filings under the Securities Exchange Act of 1934 are also available free of charge from us, upon request.

ITEM 1A. RISK FACTORS

Material factors that may adversely affect our business, operations and financial condition are summarized below. We refer to the equity and debt securities of both Vornado and the Operating Partnership as our “securities” and the investors who own shares of Vornado or units of the Operating Partnership, or both, as our “equity holders.” The risks and uncertainties described herein may not be the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, operations and financial condition. See “Forward-Looking Statements” contained herein on page 6.

OUR INVESTMENTS ARE CONCENTRATED CURRENTLY IN THE NEW YORK CITY METROPOLITAN AREA AND CIRCUMSTANCES AFFECTING THIS AREA GENERALLY COULD MATERIALLY AND ADVERSELY AFFECT OUR BUSINESS.

A significant portion of our properties are located currently in the New York City/New Jersey metropolitan area and are affected by the economic cycles and risks inherent to this area.

In 2017, approximately 89% of our net operating income (“NOI”, a non-GAAP measure) came from properties located in the New York City metropolitan area. We may continue to concentrate a significant portion of our future acquisitions and development in this area. Real estate markets are subject to economic downturns and we cannot predict how economic conditions will impact this market in either the short or long term. Declines in the economy or declines in real estate markets in the New York City metropolitan area could hurt our financial performance and the value of our properties. In addition to the factors affecting the national economic condition generally, the factors affecting economic conditions in this region include:

- financial performance and productivity of the media, advertising, professional services, financial, technology, retail, insurance and real estate industries;
- business layoffs or downsizing;
- industry slowdowns;
- relocations of businesses;
- changing demographics;
- increased telecommuting and use of alternative work places;
- changes in the number of domestic and international tourists to our markets (including, as a result of changes in the relative strengths of world currencies);
- infrastructure quality;
- changes in the treatment of the deductibility of state and local taxes; and
- any oversupply of, or reduced demand for, real estate.

It is impossible for us to assess the future effects of trends in the economic and investment climates of the geographic areas in which we concentrate, and more generally of the United States, or the real estate markets in these areas. Local, national or global economic downturns, would negatively affect our businesses and profitability.

We are subject to risks that affect the general and New York City retail environments.

Certain of our properties are Manhattan street retail properties. As such, these properties are affected by the general and New York City retail environments, including the level of consumer spending and consumer confidence, change in relative strengths of world currencies, the threat of terrorism, increasing competition from retailers, outlet malls, retail websites and catalog companies and the impact of technological change upon the retail environment generally. These factors could adversely affect the financial condition of our retail tenants and the willingness of retailers to lease space in our retail locations.

Terrorist attacks, such as those of September 11, 2001 in New York City, may adversely affect the value of our properties and our ability to generate cash flow.

We have significant investments in large metropolitan areas, including the New York, Chicago and San Francisco metropolitan areas. In response to a terrorist attack or the perceived threat of terrorism, tenants in these areas may choose to relocate their businesses to less populated, lower-profile areas of the United States that may be perceived to be less likely targets of future terrorist activity and fewer customers may choose to patronize businesses in these areas. This, in turn, would trigger a decrease in the demand for space in these areas, which could increase vacancies in our properties and force us to lease space on less favorable terms. Furthermore, we may experience increased costs in security, equipment and personnel. As a result, the value of our properties and the level of our revenues and cash flows could decline materially.

Natural disasters and the effects of climate change could have a concentrated impact on the areas where we operate and could adversely impact our results.

Our investments are concentrated in the New York, Chicago and San Francisco metropolitan areas. Natural disasters, including earthquakes, storms and hurricanes, could impact our properties in these and other areas in which we operate. Potentially adverse consequences of “global warming” could similarly have an impact on our properties. Over time, these conditions could result in declining demand for office space in our buildings or the inability of us to operate the buildings at all. Climate change may also have indirect effects on our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable, increasing the cost of energy at our properties and requiring us to expend funds as we seek to repair and protect our properties against such risks. The incurrence of these losses, costs or business interruptions may adversely affect our operating and financial results.

REAL ESTATE INVESTMENTS’ VALUE AND INCOME FLUCTUATE DUE TO VARIOUS FACTORS.

The value of real estate fluctuates depending on conditions in the general economy and the real estate business. These conditions may also adversely impact our revenues and cash flows.

The factors that affect the value of our real estate investments include, among other things:

- global, national, regional and local economic conditions;
- competition from other available space;
- local conditions such as an oversupply of space or a reduction in demand for real estate in the area;
- how well we manage our properties;
- the development and/or redevelopment of our properties;
- changes in market rental rates;
- the timing and costs associated with property improvements and rentals;
- whether we are able to pass all or portions of any increases in operating costs through to tenants;
- changes in real estate taxes and other expenses;
- whether tenants and users such as customers and shoppers consider a property attractive;
- changes in consumer preferences adversely affecting retailers and retail store values;
- changes in space utilization by our tenants due to technology, economic conditions and business environment;
- the financial condition of our tenants, including the extent of tenant bankruptcies or defaults;
- availability of financing on acceptable terms or at all;
- inflation or deflation;
- fluctuations in interest rates;
- our ability to obtain adequate insurance;
- changes in zoning laws and taxation;
- government regulation;
- consequences of any armed conflict involving, or terrorist attacks against, the United States or individual acts of violence in public spaces including retail centers;
- potential liability under environmental or other laws or regulations;
- natural disasters;
- general competitive factors; and
- climate changes.

The rents or sales proceeds we receive and the occupancy levels at our properties may decline as a result of adverse changes in any of these factors. If rental revenues, sales proceeds and/or occupancy levels decline, we generally would expect to have less cash available to pay indebtedness and for distribution to equity holders. In addition, some of our major expenses, including mortgage payments, real estate taxes and maintenance costs generally do not decline when the related rents decline.

Capital markets and economic conditions can materially affect our liquidity, financial condition and results of operations as well as the value of an investment in our debt and equity securities.

There are many factors that can affect the value of our debt and equity securities, including the state of the capital markets and the economy. Demand for office and retail space may decline nationwide, as it did in 2008 and 2009 due to the economic downturn, bankruptcies, downsizing, layoffs and cost cutting. Government action or inaction may adversely affect the state of the capital markets. The cost and availability of credit may be adversely affected by illiquid credit markets and wider credit spreads, which may adversely affect our liquidity and financial condition, including our results of operations, and the liquidity and financial condition of our tenants.

Our inability or the inability of our tenants to timely refinance maturing liabilities and access the capital markets to meet liquidity needs may materially affect our financial condition and results of operations and the value of our securities.

U.S. federal tax reform legislation now and in the future could affect REITs generally, the geographic markets in which we operate, the trading of our shares and our results of operations, both positively and negatively, in ways that are difficult to anticipate.

The Tax Cuts and Jobs Act of 2017 (the “2017 Act”) represents sweeping tax reform legislation that makes significant changes to corporate and individual tax rates and the calculation of taxes, as well as international tax rules. As a REIT, we are generally not required to pay federal taxes otherwise applicable to regular corporations if we comply with the various tax regulations governing REITs. Shareholders, however, are generally required to pay taxes on REIT dividends. The 2017 Act and future tax reform legislation could impact our share price or how shareholders and potential investors view an investment in REITs. For example, the decrease in corporate tax rates in the 2017 Act could decrease the attractiveness of the REIT structure relative to companies that are not organized as REITs. In addition, while certain elements of the 2017 Act do not impact us directly as a REIT, they could impact the geographic markets in which we operate as well as our tenants in ways, both positive and negative, that are difficult to anticipate. For example, the limitation in the 2017 Act on the deductibility of certain state and local taxes may make operating in jurisdictions that impose such taxes at higher rates less desirable than operating in jurisdictions imposing such taxes at lower rates. The overall impact of the 2017 Act also depends on the future interpretations and regulations that may be issued by U.S. tax authorities, and it is possible that future guidance could adversely impact us.

Real estate is a competitive business.

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

Competition for acquisitions may reduce the number of acquisition opportunities available to us and increase the costs of those acquisitions.

We may acquire properties when we are presented with attractive opportunities. We may face competition for acquisition opportunities from other well-capitalized investors, including publicly traded and privately held REITs, private real estate funds, domestic and foreign financial institutions, life insurance companies, sovereign wealth funds, pension trusts, partnerships and individual investors which may adversely affect us by causing us the inability to acquire a desired property or cause an increase in the purchase price for such acquisition property.

If we are unable to successfully acquire additional properties, our ability to grow our business could be adversely affected. In addition, increases in the cost of acquisition opportunities could adversely affect our results of operations.

We depend on leasing space to tenants on economically favorable terms and collecting rent from tenants who may not be able to pay.

Our financial results depend significantly on leasing space in our properties to tenants on economically favorable terms. In addition, because a majority of our income comes from renting of real property, our income, funds available to pay indebtedness and funds available for distribution to equity holders will decrease if a significant number of our tenants cannot pay their rent or if we are not able to maintain occupancy levels on favorable terms. If a tenant does not pay its rent, we may not be able to enforce our rights as landlord without delays and may incur substantial legal and other costs. During periods of economic adversity, there may be an increase in the number of tenants that cannot pay their rent and an increase in vacancy rates.

We may be unable to renew leases or relet space as leases expire.

When our tenants decide not to renew their leases upon their expiration, we may not be able to relet the space. Even if tenants do renew or we can relet the space, the terms of renewal or reletting, taking into account among other things, the cost of improvements to the property and leasing commissions, may be less favorable than the terms in the expired leases. In addition, changes in space utilization by our tenants may impact our ability to renew or relet space without the need to incur substantial costs in renovating or redesigning the internal configuration of the relevant property. If we are unable to promptly renew the leases or relet the space at similar rates or if we

incur substantial costs in renewing or reletting the space, our cash flow and ability to service debt obligations and pay dividends and distributions to equity holders could be adversely affected.

Bankruptcy or insolvency of tenants may decrease our revenue, net income and available cash.

From time to time, some of our tenants have declared bankruptcy, and other tenants may declare bankruptcy or become insolvent in the future. The bankruptcy or insolvency of a major tenant could cause us to suffer lower revenues and operational difficulties, including leasing the remainder of the property. As a result, the bankruptcy or insolvency of a major tenant could result in decreased revenue, net income and funds available to pay our indebtedness or make distributions to equity holders.

We may incur significant costs to comply with environmental laws and environmental contamination may impair our ability to lease and/or sell real estate.

Our operations and properties are subject to various federal, state and local laws and regulations concerning the protection of the environment, including air and water quality, hazardous or toxic substances and health and safety. Under some environmental laws, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances released at a property. The owner or operator may also be held liable to a governmental entity or to third parties for property damage or personal injuries and for investigation and clean-up costs incurred by those parties because of the contamination. These laws often impose liability without regard to whether the owner or operator knew of the release of the substances or caused the release. The presence of contamination or the failure to remediate contamination may also impair our ability to sell or lease real estate or to borrow using the real estate as collateral. Other laws and regulations govern indoor and outdoor air quality including those that can require the abatement or removal of asbestos-containing materials in the event of damage, demolition, renovation or remodeling and also govern emissions of and exposure to asbestos fibers in the air. The maintenance and removal of lead paint and certain electrical equipment containing polychlorinated biphenyls (PCBs) are also regulated by federal and state laws. We are also subject to risks associated with human exposure to chemical or biological contaminants such as molds, pollens, viruses and bacteria which, above certain levels, can be alleged to be connected to allergic or other health effects and symptoms in susceptible individuals. Our predecessor companies may be subject to similar liabilities for activities of those companies in the past. We could incur fines for environmental compliance and be held liable for the costs of remedial action with respect to the foregoing regulated substances or related claims arising out of environmental contamination or human exposure to contamination at or from our properties.

Each of our properties has been subject to varying degrees of environmental assessment. To date, these environmental assessments have not revealed any environmental condition material to our business. However, identification of new compliance concerns or undiscovered areas of contamination, changes in the extent or known scope of contamination, human exposure to contamination or changes in clean-up or compliance requirements could result in significant costs to us.

In addition, we may become subject to costs or taxes, or increases therein, associated with natural resource or energy usage (such as a “carbon tax”). These costs or taxes could increase our operating costs and decrease the cash available to pay our obligations or distribute to equity holders.

We face risks associated with our tenants being designated “Prohibited Persons” by the Office of Foreign Assets Control and similar requirements.

Pursuant to Executive Order 13224 and other laws, the Office of Foreign Assets Control of the United States Department of the Treasury (“OFAC”) maintains a list of persons designated as terrorists or who are otherwise blocked or banned (“Prohibited Persons”) from conducting business or engaging in transactions in the United States and thereby restricts our doing business with such persons. In addition, our leases, loans and other agreements may require us to comply with OFAC and related requirements, and any failure to do so may result in a breach of such agreements. If a tenant or other party with whom we conduct business is placed on the OFAC list or is otherwise a party with whom we are prohibited from doing business, we may be required to terminate the lease or other agreement. Any such termination could result in a loss of revenue or otherwise negatively affect our financial results and cash flows.

Our business and operations would suffer in the event of system failures.

Despite system redundancy, the implementation of security measures and the existence of a disaster recovery plan for our internal information technology systems, our systems are vulnerable to damages from any number of sources, including computer viruses, unauthorized access, energy blackouts, natural disasters, terrorism, war and telecommunication failures. Any system failure or accident that causes interruptions in our operations could result in a material disruption to our business. We may also incur additional costs to remedy damages caused by such disruptions.

The occurrence of cyber incidents, or a deficiency in our cyber security, could negatively impact our business by causing a disruption to our operations, a compromise or corruption of our confidential information, and/or damage to our business relationships or reputation, all of which could negatively impact our financial results.

We face risks associated with security breaches, whether through cyber attacks or cyber intrusions over the Internet, malware, computer viruses, attachments to e-mails, persons who access our systems from inside or outside our organization, and other significant disruptions of our IT networks and related systems. The risk of a security breach or disruption, particularly through cyber attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Our IT networks and related systems are essential to the operation of our business and our ability to perform day-to-day operations (including managing our building systems) and, in some cases, may be critical to the operations of certain of our tenants. Although we make efforts to maintain the security and integrity of these types of IT networks and related systems, and we have implemented various measures to manage the risk of a security breach or disruption, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases are designed to not be detected and, in fact, may not be detected. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is impossible for us to entirely mitigate this risk.

A security breach or other significant disruption involving our IT networks and related systems could disrupt the proper functioning of our networks and systems and therefore our operations and/or those of certain of our tenants; result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of, proprietary, confidential, sensitive or otherwise valuable information of ours or others, which others could use to compete against us or which could expose us to damage claims by third-parties for disruptive, destructive or otherwise harmful purposes and outcomes; result in our inability to maintain the building systems relied upon by our tenants for the efficient use of their leased space; require significant management attention and resources to remedy any damages that result; subject us to claims for breach of contract, damages, credits, penalties or termination of leases or other agreements; or damage our reputation among our tenants and investors generally. Any or all of the foregoing could have a material adverse effect on our results of operations, financial condition and cash flows.

Some of our potential losses may not be covered by insurance.

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

Penn Plaza Insurance Company, LLC (“PPIC”), our wholly owned consolidated subsidiary, acts as a re-insurer with respect to a portion of all risk property and rental value insurance and a portion of our earthquake insurance coverage, and as a direct insurer for coverage for acts of terrorism including NBCR acts. Coverage for acts of terrorism (excluding NBCR acts) is fully reinsured by third party insurance companies and the Federal government with no exposure to PPIC. For NBCR acts, PPIC is responsible for a deductible of \$1,976,000 (\$1,601,000 for 2018) and 17% (18% for 2018) of the balance of a covered loss and the Federal government is responsible for the remaining portion of a covered loss. We are ultimately responsible for any loss incurred by PPIC.

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

Our debt instruments, consisting of mortgage loans secured by our properties which are non-recourse to us, senior unsecured notes and revolving credit agreements contain customary covenants requiring us to maintain insurance. Although we believe that we have adequate insurance coverage for purposes of these agreements, we may not be able to obtain an equivalent amount of coverage at reasonable 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 our properties and expand our portfolio.

Compliance or failure to comply with the Americans with Disabilities Act or other safety regulations and requirements could result in substantial costs.

The Americans with Disabilities Act (“ADA”) generally requires that public buildings, including our properties, meet certain federal requirements related to access and use by disabled persons. Noncompliance could result in the imposition of fines by the federal government or the award of damages to private litigants and/or legal fees to their counsel. From time to time persons have asserted claims against us with respect to some of our properties under the ADA, but to date such claims have not resulted in any material expense or liability. If, under the ADA, we are required to make substantial alterations and capital expenditures in one or more of our properties, including the removal of access barriers, it could adversely affect our financial condition and results of operations, as well as the amount of cash available for distribution to equity holders.

Our properties are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these requirements, we could incur fines or private damage awards. We do not know whether existing requirements will change or whether compliance with future requirements will require significant unanticipated expenditures that will affect our cash flow and results of operations.

Changes in the method pursuant to which the LIBOR rates are determined and potential phasing out of LIBOR after 2021 may affect our financial results.

The chief executive of the United Kingdom Financial Conduct Authority (“FCA”), which regulates LIBOR, has recently announced that the FCA intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. It is not possible to predict the effect of these changes, other reforms or the establishment of alternative reference rates in the United Kingdom or elsewhere. Furthermore, in the United States, efforts to identify a set of alternative U.S. dollar reference interest rates include proposals by the Alternative Reference Rates Committee of the Federal Reserve Board and the Federal Reserve Bank of New York. On August 24, 2017, the Federal Reserve Board requested public comment on a proposal by the Federal Reserve Bank of New York, in cooperation with the Office of Financial Research, to produce three new reference rates intended to serve as alternatives to LIBOR. These alternative rates are based on overnight repurchase agreement transactions secured by U.S. Treasury Securities. The Federal Reserve Bank said that the publication of these alternative rates is targeted to commence by mid-2018.

Any changes announced by the FCA, including the FCA Announcement, other regulators or any other successor governance or oversight body, or future changes adopted by such body, in the method pursuant to which the LIBOR rates are determined may result in a sudden or prolonged increase or decrease in the reported LIBOR rates. If that were to occur, the level of interest payments we incur may change. In addition, although certain of our LIBOR based obligations provide for alternative methods of calculating the interest rate payable on certain of our obligations if LIBOR is not reported, which include requesting certain rates from major reference banks in London or New York, or alternatively using LIBOR for the immediately preceding interest period or using the initial interest rate, as applicable, uncertainty as to the extent and manner of future changes may result in interest rates and/or payments that are higher than, lower than or that do not otherwise correlate over time with the interest rates and/or payments that would have been made on our obligations if LIBOR rate was available in its current form.

WE MAY ACQUIRE OR SELL ASSETS OR ENTITIES OR DEVELOP PROPERTIES. OUR FAILURE OR INABILITY TO CONSUMMATE THESE TRANSACTIONS OR MANAGE THE RESULTS OF THESE TRANSACTIONS COULD ADVERSELY AFFECT OUR OPERATIONS AND FINANCIAL RESULTS.

We may acquire, develop or redevelop real estate and acquire related companies and this may create risks.

We may acquire, develop or redevelop properties or acquire real estate related companies when we believe doing so is consistent with our business strategy. We may not succeed in (i) developing, redeveloping or acquiring real estate and real estate related companies; (ii) completing these activities on time or within budget; or (iii) leasing or selling developed, redeveloped or acquired properties at amounts sufficient to cover our costs. Competition in these activities could also significantly increase our costs. Difficulties in integrating acquisitions may prove costly or time-consuming and could divert management’s attention. Acquisitions or developments in new markets or industries where we do not have the same level of market knowledge may result in weaker than anticipated performance. We may also abandon acquisition or development opportunities that we have begun pursuing and consequently fail to recover expenses already incurred. Furthermore, we may be exposed to the liabilities of properties or companies acquired, some of which we may not be aware of at the time of acquisition.

From time to time we have made, and in the future we may seek to make, one or more material acquisitions. The announcement of such a material acquisition may result in a rapid and significant decline in the price of our securities.

We are continuously looking at material transactions that we believe will maximize shareholder value. However, an announcement by us of one or more significant acquisitions could result in a quick and significant decline in the price of our securities.

It may be difficult to buy and sell real estate quickly, which may limit our flexibility.

Real estate investments are relatively difficult to buy and sell quickly. Consequently, we may have limited ability to vary our portfolio promptly in response to changes in economic or other conditions.

We may not be permitted to dispose of certain properties or pay down the debt associated with those properties when we might otherwise desire to do so without incurring additional costs. In addition, when we dispose of or sell assets, we may not be able to reinvest the sales proceeds and earn similar returns.

As part of an acquisition of a property, or a portfolio of properties, we may agree, and in the past have agreed, not to dispose of the acquired properties or reduce the mortgage indebtedness for a long-term period, unless we pay certain of the resulting tax costs of the seller. These agreements could result in us holding on to properties that we would otherwise sell and not pay down or refinance. In addition, when we dispose of or sell assets, we may not be able to reinvest the sales proceeds and earn returns similar to those generated by the assets that were sold.

From time to time we have made, and in the future we may seek to make, investments in companies over which we do not have sole control. Some of these companies operate in industries with different risks than investing and operating real estate.

From time to time we have made, and in the future we may seek to make, investments in companies that we may not control, including, but not limited to, Alexander's, Inc. ("Alexander's"), Toys "R" Us, Inc. ("Toys"), Urban Edge Properties ("UE"), Pennsylvania Real Estate Investment Trust ("PREIT"), and other equity and loan investments. Although these businesses generally have a significant real estate component, some of them operate in businesses that are different from investing and operating real estate, including operating or managing toy stores. Consequently, we are subject to operating and financial risks of those industries and to the risks associated with lack of control, such as having differing objectives than our partners or the entities in which we invest, or becoming involved in disputes, or competing directly or indirectly with these partners or entities. In addition, we rely on the internal controls and financial reporting controls of these entities and their failure to maintain effectiveness or comply with applicable standards may adversely affect us.

Our investment in Toys has in the past and may in the future result in increased seasonality and volatility in our reported earnings.

We carry our Toys investment at zero. As a result, we no longer record our equity in Toys' income or loss. Because Toys is a retailer, its operations subject us to the risks of a retail company that are different than those presented by our other lines of business. The business of Toys is highly seasonal and substantially all of Toys net income is generated in its fourth quarter. It is possible that the value of Toys may increase and we could again resume recording our equity in Toys' income or loss, which would increase the seasonality and volatility of our reported earnings.

Our decision to dispose of real estate assets would change the holding period assumption in our valuation analyses, which could result in material impairment losses and adversely affect our financial results.

We evaluate real estate assets for impairment based on the projected cash flow of the asset over our anticipated holding period. If we change our intended holding period, due to our intention to sell or otherwise dispose of an asset, then under accounting principles generally accepted in the United States of America, we must reevaluate whether that asset is impaired. Depending on the carrying value of the property at the time we change our intention and the amount that we estimate we would receive on disposal, we may record an impairment loss that would adversely affect our financial results. This loss could be material to our results of operations in the period that it is recognized.

We invest in marketable equity securities. The value of these investments may decline as a result of operating performance or economic or market conditions.

We invest in marketable equity securities of publicly-traded companies, such as Lexington Realty Trust. As of December 31, 2017, our marketable securities have an aggregate carrying amount of \$182,752,000, at market. Significant declines in the value of these

investments due to, among other reasons, operating performance or economic or market conditions, may result in the recognition of impairment losses which could be material.

OUR ORGANIZATIONAL AND FINANCIAL STRUCTURE GIVES RISE TO OPERATIONAL AND FINANCIAL RISKS.

We may not be able to obtain capital to make investments.

We depend primarily on external financing to fund the growth of our business. This is because one of the requirements of the Internal Revenue Code of 1986, as amended, for a REIT is that it distributes 90% of its taxable income, excluding net capital gains, to its shareholders. This, in turn, requires the Operating Partnership to make distributions to its unitholders. There is a separate requirement to distribute net capital gains or pay a corporate level tax in lieu thereof. Our access to debt or equity financing depends on the willingness of third parties to lend or make equity investments and on conditions in the capital markets generally. Although we believe that we will be able to finance any investments we may wish to make in the foreseeable future, there can be no assurance that new financing will be available or available on acceptable terms. For information about our available sources of funds, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources*” and the notes to the consolidated financial statements in this Annual Report on Form 10-K.

We depend on dividends and distributions from our direct and indirect subsidiaries. The creditors and preferred equity holders of these subsidiaries are entitled to amounts payable to them by the subsidiaries before the subsidiaries may pay any dividends or distributions to us.

Substantially all of Vornado’s assets are held through its Operating Partnership that holds substantially all of its properties and assets through subsidiaries. The Operating Partnership’s cash flow is dependent on cash distributions to it by its subsidiaries, and in turn, substantially all of Vornado’s cash flow is dependent on cash distributions to it by the Operating Partnership. The creditors of each of Vornado’s direct and indirect subsidiaries are entitled to payment of that subsidiary’s obligations to them, when due and payable, before distributions may be made by that subsidiary to its equity holders. Thus, the Operating Partnership’s ability to make distributions to its equity holders depends on its subsidiaries’ ability first to satisfy their obligations to their creditors and then to make distributions to the Operating Partnership. Likewise, Vornado’s ability to pay dividends to its holders of common and preferred shares depends on the Operating Partnership’s ability first to satisfy its obligations to its creditors and make distributions to holders of its preferred units and then to make distributions to Vornado.

Furthermore, the holders of preferred units of the Operating Partnership are entitled to receive preferred distributions before payment of distributions to the Operating Partnership’s equity holders, including Vornado. Thus, Vornado’s ability to pay cash dividends to its equity holders and satisfy its debt obligations depends on the Operating Partnership’s ability first to satisfy its obligations to its creditors and make distributions to holders of its preferred units and then to its equity holders, including Vornado. As of December 31, 2017, there were four series of preferred units of the Operating Partnership not held by Vornado with a total liquidation value of \$56,010,000.

In addition, Vornado’s participation in any distribution of the assets of any of its direct or indirect subsidiaries upon the liquidation, reorganization or insolvency, is only after the claims of the creditors, including trade creditors and preferred equity holders, are satisfied.

We have a substantial amount of indebtedness that could affect our future operations.

As of December 31, 2017, our consolidated mortgages and unsecured indebtedness, excluding related premium, discount and deferred financing costs, net, totaled \$9.8 billion. We are subject to the risks normally associated with debt financing, including the risk that our cash flow from operations will be insufficient to meet required debt service. Our debt service costs generally will not be reduced if developments at the property, such as the entry of new competitors or the loss of major tenants, cause a reduction in the income from the property. Should such events occur, our operations may be adversely affected. If a property is mortgaged to secure payment of indebtedness and income from such property is insufficient to pay that indebtedness, the property could be foreclosed upon by the mortgagee resulting in a loss of income and a decline in our total asset value.

We have outstanding debt, and the amount of debt and its cost may increase and refinancing may not be available on acceptable terms.

We rely on both secured and unsecured, variable rate and non-variable rate debt to finance acquisitions and development activities and for working capital. If we are unable to obtain debt financing or refinance existing indebtedness upon maturity, our financial condition and results of operations would likely be adversely affected. In addition, the cost of our existing debt may increase, especially in the case of a rising interest rate environment, and we may not be able to refinance our existing debt in sufficient amounts or on acceptable

terms. If the cost or amount of our indebtedness increases or we cannot refinance our debt in sufficient amounts or on acceptable terms, we are at risk of credit ratings downgrades and default on our obligations that could adversely affect our financial condition and results of operations.

Covenants in our debt instruments could adversely affect our financial condition and our acquisitions and development activities.

The mortgages on our properties contain customary covenants such as those that limit our ability, without the prior consent of the lender, to further mortgage the applicable property or to discontinue insurance coverage. Our unsecured indebtedness and debt that we may obtain in the future may contain customary restrictions, requirements and other limitations on our ability to incur indebtedness, including covenants that limit our ability to incur debt based upon the level of our ratio of total debt to total assets, our ratio of secured debt to total assets, our ratio of EBITDA to interest expense, and fixed charges, and that require us to maintain a certain level of unencumbered assets to unsecured debt. Our ability to borrow is subject to compliance with these and other covenants. In addition, failure to comply with our covenants could cause a default under the applicable debt instrument, and we may then be required to repay such debt with capital from other sources or give possession of a secured property to the lender. Under those circumstances, other sources of capital may not be available to us, or may be available only on unattractive terms.

A downgrade in our credit ratings could materially adversely affect our business and financial condition.

Our credit rating and the credit ratings assigned to our debt securities and our preferred shares could change based upon, among other things, our results of operations and financial condition. These ratings are subject to ongoing evaluation by credit rating agencies, and any rating could be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant such action. Moreover, these credit ratings are not recommendations to buy, sell or hold our common shares or any other securities. If any of the credit rating agencies that have rated our securities downgrades or lowers its credit rating, or if any credit rating agency indicates that it has placed any such rating on a “watch list” for a possible downgrading or lowering, or otherwise indicates that its outlook for that rating is negative, such action could have a material adverse effect on our costs and availability of funding, which could in turn have a material adverse effect on our financial condition, results of operations, cash flows, the trading/redemption price of our securities, and our ability to satisfy our debt service obligations and to pay dividends and distributions to our equity holders.

Vornado may fail to qualify or remain qualified as a REIT and may be required to pay income taxes at corporate rates.

Although we believe that Vornado will remain organized and will continue to operate so as to qualify as a REIT for federal income tax purposes, Vornado may fail to remain so qualified. Qualifications are governed by highly technical and complex provisions of the Internal Revenue Code for which there are only limited judicial or administrative interpretations and depend on various facts and circumstances that are not entirely within our control. In addition, legislation, new regulations, administrative interpretations or court decisions may significantly change the relevant tax laws and/or the federal income tax consequences of qualifying as a REIT. If, with respect to any taxable year, Vornado fails to maintain its qualification as a REIT and does not qualify under statutory relief provisions, Vornado could not deduct distributions to shareholders in computing our taxable income and would have to pay federal income tax on its taxable income at regular corporate rates. The federal income tax payable would include any applicable alternative minimum tax. If Vornado had to pay federal income tax, the amount of money available to distribute to equity holders and pay its indebtedness would be reduced for the year or years involved, and Vornado would not be required to make distributions to shareholders in that taxable year and in future years until it was able to qualify as a REIT and did so. In addition, Vornado would also be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost, unless Vornado were entitled to relief under the relevant statutory provisions.

We face possible adverse changes in tax laws, which may result in an increase in our tax liability.

From time to time changes in state and local tax laws or regulations are enacted, which may result in an increase in our tax liability. The shortfall in tax revenues for states and municipalities in recent years may lead to an increase in the frequency and size of such changes. If such changes occur, we may be required to pay additional taxes on our assets or income. These increased tax costs could adversely affect our financial condition and results of operations and the amount of cash available for payment of dividends and distributions.

Loss of our key personnel could harm our operations and adversely affect the value of our common shares and Operating Partnership Class A units.

We are dependent on the efforts of Steven Roth, the Chairman of the Board of Trustees and Chief Executive Officer of Vornado. While we believe that we could find a replacement for him and other key personnel, the loss of their services could harm our operations and adversely affect the value of our securities.

VORNADO'S CHARTER DOCUMENTS AND APPLICABLE LAW MAY HINDER ANY ATTEMPT TO ACQUIRE US.

Vornado's Amended and Restated Declaration of Trust (the "declaration of trust") sets limits on the ownership of its shares.

Generally, for Vornado to maintain its qualification as a REIT under the Internal Revenue Code, not more than 50% in value of the outstanding shares of beneficial interest of Vornado may be owned, directly or indirectly, by five or fewer individuals at any time during the last half of Vornado's taxable year. The Internal Revenue Code defines "individuals" for purposes of the requirement described in the preceding sentence to include some types of entities. Under Vornado's declaration of trust, as amended, no person may own more than 6.7% of the outstanding common shares of any class, or 9.9% of the outstanding preferred shares of any class, with some exceptions for persons who held common shares in excess of the 6.7% limit before Vornado adopted the limit and other persons approved by Vornado's Board of Trustees. These restrictions on transferability and ownership may delay, deter or prevent a change in control of Vornado or other transaction that might involve a premium price or otherwise be in the best interest of equity holders.

The Maryland General Corporation Law (the "MGCL") contains provisions that may reduce the likelihood of certain takeover transactions.

The MGCL imposes conditions and restrictions on certain "business combinations" (including, among other transactions, a merger, consolidation, share exchange, or, in certain circumstances, an asset transfer or issuance of equity securities) between a Maryland REIT and certain persons who beneficially own at least 10% of the corporation's stock (an "interested shareholder"). Unless approved in advance by the board of trustees of the trust, or otherwise exempted by the statute, such a business combination is prohibited for a period of five years after the most recent date on which the interested shareholder became an interested shareholder. After such five-year period, a business combination with an interested shareholder must be: (a) recommended by the board of trustees of the trust, and (b) approved by the affirmative vote of at least (i) 80% of the trust's outstanding shares entitled to vote and (ii) two-thirds of the trust's outstanding shares entitled to vote which are not held by the interested shareholder with whom the business combination is to be effected, unless, among other things, the trust's common shareholders receive a "fair price" (as defined by the statute) for their shares and the consideration is received in cash or in the same form as previously paid by the interested shareholder for his or her shares.

In approving a transaction, Vornado's Board of Trustees may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the Board of Trustees. Vornado's Board of Trustees has adopted a resolution exempting any business combination between Vornado and any trustee or officer of Vornado or its affiliates. As a result, any trustee or officer of Vornado or its affiliates may be able to enter into business combinations with Vornado that may not be in the best interest of our equity holders. With respect to business combinations with other persons, the business combination provisions of the MGCL may have the effect of delaying, deferring or preventing a change in control of Vornado or other transaction that might involve a premium price or otherwise be in the best interest of our equity holders. The business combination statute may discourage others from trying to acquire control of Vornado and increase the difficulty of consummating any offer.

Vornado may issue additional shares in a manner that could adversely affect the likelihood of certain takeover transactions.

Vornado's declaration of trust authorizes the Board of Trustees to:

- cause Vornado to issue additional authorized but unissued common shares or preferred shares;
- classify or reclassify, in one or more series, any unissued preferred shares;
- set the preferences, rights and other terms of any classified or reclassified shares that Vornado issues; and
- increase, without shareholder approval, the number of shares of beneficial interest that Vornado may issue.

Vornado's Board of Trustees could establish a series of preferred shares whose terms could delay, deter or prevent a change in control of Vornado, and therefore of the Operating Partnership, or other transaction that might involve a premium price or otherwise be in the best interest of our equity holders, although Vornado's Board of Trustees does not now intend to establish a series of preferred shares of this kind. Vornado's declaration of trust and bylaws contain other provisions that may delay, deter or prevent a change in control of Vornado or other transaction that might involve a premium price or otherwise be in the best interest of our equity holders.

We may change our policies without obtaining the approval of our equity holders.

Our operating and financial policies, including our policies with respect to acquisitions of real estate or other companies, growth, operations, indebtedness, capitalization, dividends and distributions, are exclusively determined by Vornado's Board of Trustees. Accordingly, our equity holders do not control these policies.

OUR OWNERSHIP STRUCTURE AND RELATED-PARTY TRANSACTIONS MAY GIVE RISE TO CONFLICTS OF INTEREST.

Steven Roth and Interstate Properties may exercise substantial influence over us. They and some of Vornado's other trustees and officers have interests or positions in other entities that may compete with us.

As of December 31, 2017, Interstate Properties, a New Jersey general partnership, and its partners owned an aggregate of approximately 7.2% of the common shares of Vornado and 26.2% of the common stock of Alexander's, which is described below. Steven Roth, David Mandelbaum and Russell B. Wight, Jr. are the three partners of Interstate Properties. Mr. Roth is the Chairman of the Board of Trustees and Chief Executive Officer of Vornado, the managing general partner of Interstate Properties, and the Chairman of the Board of Directors and Chief Executive Officer of Alexander's. Messrs. Wight and Mandelbaum are Trustees of Vornado and also Directors of Alexander's.

Because of these overlapping interests, Mr. Roth and Interstate Properties and its partners may have substantial influence over Vornado, and therefore over the Operating Partnership. In addition, certain decisions concerning our operations or financial structure may present conflicts of interest among Messrs. Roth, Mandelbaum and Wight and Interstate Properties and our other equity holders. In addition, Mr. Roth, Interstate Properties and its partners, and Alexander's currently and may in the future engage in a wide variety of activities in the real estate business which may result in conflicts of interest with respect to matters affecting us, such as which of these entities or persons, if any, may take advantage of potential business opportunities, the business focus of these entities, the types of properties and geographic locations in which these entities make investments, potential competition between business activities conducted, or sought to be conducted, competition for properties and tenants, possible corporate transactions such as acquisitions and other strategic decisions affecting the future of these entities.

We manage and lease the real estate assets of Interstate Properties under a management agreement for which we receive an annual fee equal to 4% of annual base rent and percentage rent. See Note 21 – *Related Party Transactions* to our consolidated financial statements in this Annual Report on Form 10-K for additional information.

There may be conflicts of interest between Alexander's and us.

As of December 31, 2017, we owned 32.4% of the outstanding common stock of Alexander's. Alexander's is a REIT that has seven properties, which are located in the greater New York metropolitan area. In addition to the 2.3% that they indirectly own through Vornado, Interstate Properties, which is described above, and its partners owned 26.2% of the outstanding common stock of Alexander's as of December 31, 2017. Mr. Roth is the Chairman of the Board of Trustees and Chief Executive Officer of Vornado, the managing general partner of Interstate Properties, and the Chairman of the Board of Directors and Chief Executive Officer of Alexander's. Messrs. Wight and Mandelbaum are Trustees of Vornado and also Directors of Alexander's and general partners of Interstate Properties. Dr. Richard West is a Trustee of Vornado and a Director of Alexander's. In addition, Joseph Macnow, our Executive Vice President – Chief Financial Officer and Chief Administrative Officer, is the Treasurer of Alexander's and Matthew Iocco, our Executive Vice President – Chief Accounting Officer, is the Chief Financial Officer of Alexander's.

We manage, develop and lease Alexander's properties under management and development agreements and leasing agreements under which we receive annual fees from Alexander's. See Note 21 – *Related Party Transactions* to our consolidated financial statements in this Annual Report on Form 10-K for additional information.

THE NUMBER OF SHARES OF VORNADO REALTY TRUST AND THE MARKET FOR THOSE SHARES GIVE RISE TO VARIOUS RISKS.

The trading price of Vornado's common shares has been volatile and may continue to fluctuate.

The trading price of Vornado's common shares has been volatile and may continue to fluctuate widely as a result of a number of factors, many of which are outside our control. In addition, the stock market is subject to fluctuations in the share prices and trading volumes that affect the market prices of the shares of many companies. These broad market fluctuations have in the past and may in the future adversely affect the market price of Vornado's common shares and the redemption price of the Operating Partnership's Class A units. Among those factors are:

- our financial condition and performance;
- the financial condition of our tenants, including the extent of tenant bankruptcies or defaults;
- actual or anticipated quarterly fluctuations in our operating results and financial condition;
- our dividend policy;

- the reputation of REITs and real estate investments generally and the attractiveness of REIT equity securities in comparison to other equity securities, including securities issued by other real estate companies, and fixed income securities;
- uncertainty and volatility in the equity and credit markets;
- fluctuations in interest rates;
- changes in revenue or earnings estimates or publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to our securities or those of other REITs;
- failure to meet analysts' revenue or earnings estimates;
- speculation in the press or investment community;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- the extent of institutional investor interest in us;
- the extent of short-selling of Vornado common shares and the shares of our competitors;
- fluctuations in the stock price and operating results of our competitors;
- general financial and economic market conditions and, in particular, developments related to market conditions for REITs and other real estate related companies;
- domestic and international economic factors unrelated to our performance;
- changes in tax laws and rules; and
- all other risk factors addressed elsewhere in this Annual Report on Form 10-K.

A significant decline in Vornado's stock price could result in substantial losses for our equity holders.

Vornado has many shares available for future sale, which could hurt the market price of its shares and the redemption price of the Operating Partnership's units.

The interests of equity holders could be diluted if we issue additional equity securities. As of December 31, 2017, Vornado had authorized but unissued, 60,016,142 common shares of beneficial interest, \$.04 par value and 72,116,023 preferred shares of beneficial interest, no par value; of which 19,666,004 common shares are reserved for issuance upon redemption of Class A Operating Partnership units, convertible securities and employee stock options and 11,200,000 preferred shares are reserved for issuance upon redemption of preferred Operating Partnership units. Any shares not reserved may be issued from time to time in public or private offerings or in connection with acquisitions. In addition, common and preferred shares reserved may be sold upon issuance in the public market after registration under the Securities Act or under Rule 144 under the Securities Act or other available exemptions from registration. We cannot predict the effect that future sales of Vornado's common and preferred shares or Operating Partnership Class A and preferred units will have on the market prices of our securities.

In addition, under Maryland law, Vornado's Board of Trustees has the authority to increase the number of authorized shares without shareholder approval.

ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved comments from the staff of the Securities and Exchange Commission as of the date of this Annual Report on Form 10-K.

ITEM 2. PROPERTIES

We operate in two reportable segments: New York and Other. The following pages provide details of our real estate properties as of December 31, 2017.

NEW YORK SEGMENT Property	% Ownership	Type	% Occupancy	Square Feet		Total Property
				In Service	Under Development or Not Available for Lease	
One Penn Plaza (ground leased through 2098)	100.0%	Office/Retail	92.5%	2,530,000	—	2,530,000
1290 Avenue of the Americas	70.0%	Office/Retail	100.0%	2,114,000	—	2,114,000
Two Penn Plaza	100.0%	Office/Retail	98.7%	1,634,000	—	1,634,000
909 Third Avenue (ground leased through 2063)	100.0%	Office	97.6%	1,347,000	—	1,347,000
Independence Plaza, Tribeca (1,327 units) ⁽¹⁾	50.1%	Retail/Residential	97.7% ⁽²⁾	1,245,000	12,000	1,257,000
280 Park Avenue ⁽¹⁾	50.0%	Office/Retail	97.4%	1,254,000	—	1,254,000
770 Broadway	100.0%	Office/Retail	100.0%	1,160,000	—	1,160,000
Eleven Penn Plaza	100.0%	Office/Retail	99.2%	1,152,000	—	1,152,000
90 Park Avenue	100.0%	Office/Retail	98.3%	961,000	—	961,000
One Park Avenue ⁽¹⁾	55.0%	Office/Retail	99.1%	939,000	—	939,000
888 Seventh Avenue (ground leased through 2067)	100.0%	Office/Retail	97.3%	889,000	—	889,000
100 West 33rd Street	100.0%	Office	98.2%	855,000	—	855,000
Moynihan Train Hall/Farley Building ⁽¹⁾	50.1%	Office/Retail	n/a	—	850,000	850,000
330 Madison Avenue ⁽¹⁾	25.0%	Office/Retail	98.1%	846,000	—	846,000
330 West 34th Street (ground leased through 2149)	100.0%	Office/Retail	92.6%	709,000	—	709,000
85 Tenth Avenue ⁽¹⁾	49.9%	Office/Retail	100.0%	627,000	—	627,000
650 Madison Avenue ⁽¹⁾	20.1%	Office/Retail	91.1%	593,000	—	593,000
350 Park Avenue	100.0%	Office/Retail	100.0%	571,000	—	571,000
150 East 58th Street (ground leased through 2098)	100.0%	Office/Retail	94.3%	542,000	—	542,000
7 West 34th Street ⁽¹⁾	53.0%	Office/Retail	98.8%	479,000	—	479,000
33-00 Northern Boulevard (Center Building)	100.0%	Office	99.6%	471,000	—	471,000
595 Madison Avenue	100.0%	Office/Retail	91.5%	325,000	—	325,000
640 Fifth Avenue	100.0%	Office/Retail	91.8%	314,000	—	314,000
50-70 W 93rd Street (326 units) ⁽¹⁾	49.9%	Residential	95.1%	283,000	—	283,000
Manhattan Mall	100.0%	Retail	97.4%	256,000	—	256,000
40 Fulton Street	100.0%	Office/Retail	88.1%	251,000	—	251,000
4 Union Square South	100.0%	Retail	100.0%	206,000	—	206,000
260 Eleventh Avenue (ground leased through 2114)	100.0%	Office	100.0%	184,000	—	184,000
512 W 22nd Street ⁽¹⁾	55.0%	Office	n/a	—	173,000	173,000
61 Ninth Avenue (ground leased through 2115) ⁽¹⁾	45.1%	Office/Retail	100.0%	23,000	147,000	170,000
825 Seventh Avenue	51.2%	Office ⁽¹⁾ /Retail	100.0%	169,000	—	169,000
1540 Broadway	100.0%	Retail	100.0%	160,000	—	160,000
608 Fifth Avenue (ground leased through 2033)	100.0%	Office/Retail	99.9%	137,000	—	137,000
Paramus	100.0%	Office	94.7%	129,000	—	129,000
666 Fifth Avenue Retail Condominium	100.0%	Retail	100.0%	114,000	—	114,000
1535 Broadway (Marriott Marquis - retail and signage) (ground and building leased through 2032)	100.0%	Retail/Theatre	98.1%	106,000	—	106,000
57th Street (2 buildings) ⁽¹⁾	50.0%	Office/Retail	87.9%	103,000	—	103,000
689 Fifth Avenue	100.0%	Office/Retail	91.7%	98,000	—	98,000
478-486 Broadway (2 buildings) (10 units)	100.0%	Retail/Residential	100.0% ⁽²⁾	85,000	—	85,000
150 West 34th Street	100.0%	Retail	100.0%	78,000	—	78,000
510 Fifth Avenue	100.0%	Retail	100.0%	66,000	—	66,000
655 Fifth Avenue	92.5%	Retail	100.0%	57,000	—	57,000
155 Spring Street	100.0%	Retail	93.6%	50,000	—	50,000
3040 M Street	100.0%	Retail	100.0%	44,000	—	44,000
435 Seventh Avenue	100.0%	Retail	100.0%	43,000	—	43,000
692 Broadway	100.0%	Retail	100.0%	36,000	—	36,000
606 Broadway	50.0%	Office/Retail	n/a	—	34,000	34,000
697-703 Fifth Avenue (St. Regis - retail)	74.3%	Retail	100.0%	26,000	—	26,000
715 Lexington Avenue	100.0%	Retail	35.9%	23,000	—	23,000

See notes on page 25.

ITEM 2. PROPERTIES – CONTINUED

NEW YORK SEGMENT – CONTINUED Property	% Ownership	Type	% Occupancy	Square Feet		Total Property
				In Service	Under Development or Not Available for Lease	
1131 Third Avenue	100.0%	Retail	100.0%	23,000	—	23,000
40 East 66th Street (5 units)	100.0%	Retail/Residential	84.1% ⁽²⁾	23,000	—	23,000
131-135 West 33rd Street	100.0%	Retail	100.0%	23,000	—	23,000
828-850 Madison Avenue	100.0%	Retail	100.0%	18,000	—	18,000
443 Broadway	100.0%	Retail	100.0%	16,000	—	16,000
484 Eighth Avenue	100.0%	Retail	n/a	—	16,000	16,000
334 Canal Street (4 units)	100.0%	Retail/Residential	73.3% ⁽²⁾	15,000	—	15,000
304 Canal Street (4 units)	100.0%	Retail/Residential	n/a	9,000	4,000	13,000
677-679 Madison Avenue (8 units)	100.0%	Retail/Residential	90.4% ⁽²⁾	13,000	—	13,000
431 Seventh Avenue	100.0%	Retail	100.0%	10,000	—	10,000
138-142 West 32nd Street	100.0%	Retail	35.3%	8,000	—	8,000
148 Spring Street	100.0%	Retail	100.0%	8,000	—	8,000
150 Spring Street (1 unit)	100.0%	Retail/Residential	100.0% ⁽²⁾	7,000	—	7,000
966 Third Avenue	100.0%	Retail	100.0%	7,000	—	7,000
488 Eighth Avenue	100.0%	Retail	100.0%	6,000	—	6,000
267 West 34th Street	100.0%	Retail	n/a	—	6,000	6,000
968 Third Avenue ⁽¹⁾	50.0%	Retail	n/a	6,000	—	6,000
265 West 34th Street	100.0%	Retail	n/a	—	3,000	3,000
486 Eighth Avenue	100.0%	Retail	n/a	—	3,000	3,000
137 West 33rd Street	100.0%	Retail	100.0%	3,000	—	3,000
339 Greenwich	100.0%	Retail	100.0%	8,000	—	8,000
Other (34 units)	80.6%	Retail/Residential	85.8% ⁽²⁾	57,000	36,000	93,000
Hotel Pennsylvania	100.0%	Hotel	n/a	1,400,000	—	1,400,000
Alexander's, Inc.:						
731 Lexington Avenue ⁽¹⁾	32.4%	Office/Retail	99.9%	1,063,000	—	1,063,000
Rego Park II, Queens ⁽¹⁾	32.4%	Retail	99.9%	609,000	—	609,000
Rego Park I, Queens ⁽¹⁾	32.4%	Retail	100.0%	343,000	—	343,000
The Alexander Apartment Tower, Queens (312 units) ⁽¹⁾	32.4%	Residential	94.6%	255,000	—	255,000
Flushing, Queens ⁽¹⁾	32.4%	Retail	100.0%	167,000	—	167,000
Paramus, New Jersey (30.3 acres ground leased through 2041) ⁽¹⁾	32.4%	Retail	100.0%	—	—	—
Rego Park III, Queens (3.2 acres) ⁽¹⁾	32.4%	n/a	n/a	—	—	—
Total New York Segment			97.4%	28,381,000	1,284,000	29,665,000
Our Ownership Interest			97.2%	22,478,000	661,000	23,139,000

See notes on page 25.

ITEM 2. PROPERTIES – CONTINUED

OTHER SEGMENT Property	% Ownership	Type	% Occupancy	Square Feet		Total Property
				In Service	Under Development or Not Available for Lease	
theMART:						
theMART, Chicago	100.0%	Office/Retail/Showroom	98.6%	3,670,000	—	3,670,000
Other (2 properties) ⁽¹⁾	50.0%	Retail	100.0%	19,000	—	19,000
Total theMART			98.6%	3,689,000	—	3,689,000
Our Ownership Interest			98.6%	3,680,000	—	3,680,000
555 California Street:						
555 California Street	70.0%	Office	96.2%	1,506,000	—	1,506,000
315 Montgomery Street	70.0%	Office/Retail	81.7%	235,000	—	235,000
345 Montgomery Street	70.0%	Office/Retail	n/a	—	64,000	64,000
Total 555 California Street			94.2%	1,741,000	64,000	1,805,000
Our Ownership Interest			94.2%	1,219,000	45,000	1,264,000
Vornado Capital Partners Real Estate Fund ("Fund")⁽³⁾:						
Crowne Plaza Times Square, NY	75.3%	Office/Retail/Hotel	68.9%	241,000	—	241,000
Lucida, 86th Street and Lexington Avenue, NY (ground leased through 2082)	100%	Retail/Residential	100.0% ⁽²⁾	155,000	—	155,000
11 East 68th Street Retail, NY	100%	Retail	100.0%	11,000	—	11,000
501 Broadway, NY	100%	Retail	100.0%	9,000	—	9,000
1100 Lincoln Road, Miami, FL	100%	Retail/Theatre	90.2%	128,000	2,000	130,000
Total Real Estate Fund			83.8%	544,000	2,000	546,000
Our Ownership Interest			80.2%	155,000	1,000	156,000
Other:						
666 Fifth Avenue Office Condominium ⁽¹⁾	49.5%	Office/Retail	n/a	—	1,448,000	1,448,000
Rosslyn Plaza ⁽¹⁾	46.2%	Office/Residential	65.9% ⁽²⁾	688,000	301,000	989,000
Wayne Towne Center, Wayne (ground leased through 2064)	100%	Retail	100.0%	671,000	6,000	677,000
Annapolis (ground leased through 2042)	100%	Retail	100.0%	128,000	—	128,000
Fashion Centre Mall ⁽¹⁾	7.5%	Retail	99.4%	868,000	—	868,000
Washington Tower ⁽¹⁾	7.5%	Office	100.0%	170,000	—	170,000
Total Other			93.2%	2,525,000	1,755,000	4,280,000
Our Ownership Interest			93.6%	1,188,000	862,000	2,050,000

(1) Denotes property not consolidated in the accompanying consolidated financial statements and related financial data included in the Annual Report on Form 10-K.

(2) Excludes residential occupancy statistics.

(3) We own a 25% interest in the Fund. The ownership percentage in this section represents the Fund's ownership in the underlying assets.

NEW YORK

As of December 31, 2017, our New York segment consisted of 28.4 million square feet in 88 properties. The 28.4 million square feet is comprised of 20.3 million square feet of office in 36 properties, 2.7 million square feet of retail in 71 properties, 2,018 units in twelve residential properties, the 1.4 million square foot Hotel Pennsylvania, and our 32.4% interest in Alexander's, which owns seven properties in the greater New York metropolitan area. The New York segment also includes 11 garages totaling 1.7 million square feet (4,970 spaces) which are managed by, or leased to, third parties.

New York lease terms generally range from five to seven years for smaller tenants to as long as 20 years for major tenants, and may provide for extension options at market rates. Leases typically provide for periodic step-ups in rent over the term of the lease and pass through to tenants their share of increases in real estate taxes and operating expenses over a base year. Electricity is provided to tenants on a sub-metered basis or included in rent based on surveys and adjusted for subsequent utility rate increases. Leases also typically provide for free rent and tenant improvement allowances for all or a portion of the tenant's initial construction costs of its premises.

As of December 31, 2017, the occupancy rate for our New York segment was 97.2%.

Occupancy and weighted average annual rent per square foot (in service):

Office:

As of December 31,	Total Property Square Feet	Vornado's Ownership Interest		
		Square Feet	Occupancy Rate	Weighted Average Annual Rent Per Square Foot
2017	20,256,000	16,982,000	97.1%	\$ 71.09
2016	20,227,000	16,962,000	96.3%	68.90
2015	19,918,000	16,734,000	97.1%	66.42
2014	18,785,000	15,730,925	97.7%	65.31
2013	17,373,000	14,625,000	96.9%	61.71

Retail:

As of December 31,	Total Property Square Feet	Vornado's Ownership Interest		
		Square Feet	Occupancy Rate	Weighted Average Annual Rent Per Square Foot
2017	2,720,000	2,471,000	96.9%	\$ 217.17
2016	2,672,000	2,464,000	97.1%	213.85
2015	2,596,000	2,396,000	96.1%	202.72
2014	2,436,000	2,176,000	96.4%	173.55
2013	2,303,000	2,103,225	97.5%	162.27

Occupancy and average monthly rent per unit (in service):

Residential:

As of December 31,	Number of Units	Vornado's Ownership Interest		
		Number of Units	Occupancy Rate	Average Monthly Rent Per Unit
2017	2,009	981	96.7%	\$ 3,722
2016 ⁽¹⁾	2,004	977	95.7%	3,576
2015	1,711	886	95.0%	3,495
2014	1,678	855	95.2%	3,146
2013	1,672	847	94.8%	2,920

(1) Includes The Alexander Apartment Tower (32.4% ownership) from the date of stabilization in the third quarter of 2016.

NEW YORK – CONTINUED

Tenants accounting for 2% or more of revenues:

Tenant	Square Feet Leased	2017 Revenues	Percentage of New York Total Revenues	Percentage of Total Revenues
IPG and affiliates	924,000	\$ 58,826,000	3.3%	2.8%
Swatch Group USA	32,000	56,140,000	3.2%	2.7%
AXA Equitable Life Insurance	481,000	41,180,000	2.3%	2.0%
Macy's	646,000	41,142,000	2.3%	2.0%
Victoria's Secret	64,000	34,734,000	2.0%	1.7%

2017 rental revenue by tenants' industry:

Industry	Percentage
Office:	
Financial Services	13%
Real Estate	7%
Family Apparel	6%
Communications	5%
Advertising/Marketing	5%
Legal Services	5%
Technology	5%
Insurance	4%
Publishing	3%
Government	2%
Engineering, Architect & Surveying	2%
Banking	2%
Home Entertainment & Electronics	2%
Health Services	1%
Pharmaceutical	1%
Other	8%
	<hr/> 71%
Retail:	
Women's Apparel	8%
Family Apparel	7%
Luxury Retail	5%
Restaurants	2%
Banking	1%
Department Stores	1%
Discount Stores	1%
Other	4%
	<hr/> 29%
Total	<hr/> <hr/> 100%

NEW YORK – CONTINUED

Lease expirations as of December 31, 2017, assuming none of the tenants exercise renewal options:

Year	Number of Expiring Leases	Square Feet of Expiring Leases	Percentage of New York Square Feet	Weighted Average Annual Rent of Expiring Leases	
				Total	Per Square Foot
Office:					
Month to month	13	73,000	0.4%	\$ 3,086,000	\$ 42.27
2018	89	896,000	5.5%	66,949,000	74.72 ⁽¹⁾
2019	89	750,000	4.6%	51,029,000	68.04
2020	117	1,394,000	8.6%	96,261,000	69.05
2021	122	1,160,000	7.1%	85,881,000	74.04
2022	86	792,000	4.9%	48,215,000	60.88
2023	81	2,001,000 ⁽²⁾	12.3%	152,874,000	76.40
2024	82	1,292,000	7.9%	101,263,000	78.38
2025	51	800,000	4.9%	58,916,000	73.65
2026	72	1,376,000	8.4%	101,555,000	73.80
2027	57	996,000	6.1%	68,674,000	68.95
Retail:					
Month to month	19	97,000	5.1%	\$ 3,461,000	\$ 35.68
2018	25	96,000	5.0%	28,157,000	293.30 ⁽³⁾
2019	27	204,000	10.6%	35,085,000	171.99
2020	19	69,000	3.6%	10,388,000	150.55
2021	18	67,000	3.5%	11,613,000	173.33
2022	9	19,000	1.0%	4,913,000	258.58
2023	16	90,000	4.7%	38,199,000	424.43
2024	20	155,000	8.1%	63,852,000	411.95
2025	11	41,000	2.1%	17,777,000	433.59
2026	18	135,000	7.0%	42,626,000	315.75
2027	10	31,000	1.6%	21,204,000	684.00

(1) Based on current market conditions, we expect to re-lease this space at weighted average rents between \$75 to \$80 per square foot.

(2) Excludes 492,000 square feet leased at 909 Third Avenue to the U.S. Post Office through 2038 (including three 5-year renewal options) for which the annual escalated rent is \$12.31 per square foot.

(3) Based on current market conditions, we expect to re-lease this space at weighted average rents between \$270 to \$290 per square foot.

Alexander's

As of December 31, 2017, we own 32.4% of the outstanding common stock of Alexander's, which owns seven properties in the greater New York metropolitan area aggregating 2.4 million square feet, including 731 Lexington Avenue, the 1.3 million square foot Bloomberg L.P. headquarters building. Alexander's had \$1.24 billion of outstanding debt, net, at December 31, 2017, of which our pro rata share was \$401.8 million, none of which is recourse to us.

Hotel Pennsylvania

We own the Hotel Pennsylvania which is located in New York City on Seventh Avenue at 33rd Street in the heart of the Penn Plaza district and consists of a hotel portion containing 1,000,000 square feet of hotel space with 1,700 rooms and a commercial portion containing 400,000 square feet of retail and office space.

	Year Ended December 31,				
	2017	2016	2015	2014	2013
Hotel Pennsylvania:					
Average occupancy rate	87.3%	84.7%	90.7%	92.0%	93.4%
Average daily rate	\$ 139.09	\$ 134.38	\$ 147.46	\$ 162.01	\$ 158.01
Revenue per available room	\$ 121.46	\$ 113.84	\$ 133.69	\$ 149.04	\$ 147.63

OTHER INVESTMENTS

theMART

As of December 31, 2017, we own the 3.7 million square foot theMART in Chicago, whose largest tenant is Motorola Mobility at 609,000 square feet, the lease of which is guaranteed by Google. theMART is encumbered by a \$675,000,000 mortgage loan that bears interest at a fixed rate of 2.70% and matures in September 2021. As of December 31, 2017, theMART had an occupancy rate of 98.6% and a weighted average annual rent per square foot of \$42.15.

555 California Street

As of December 31, 2017, we own a 70% controlling interest in a three-building office complex containing 1.8 million square feet, known as the Bank of America Center, located at California and Montgomery Streets in San Francisco's financial district ("555 California Street"). 555 California Street is encumbered by a \$569,215,000 mortgage loan that bears interest at a fixed rate of 5.10% and matures in September 2021. As of December 31, 2017, 555 California Street had an occupancy rate of 94.2% and a weighted average annual rent per square foot of \$73.40.

Vornado Capital Partners Real Estate Fund (the "Fund") and Crowne Plaza Times Square Hotel Joint Venture (the "Crowne Plaza Joint Venture")

As of December 31, 2017, we own a 25.0% interest in the Fund which currently has five investments, one of which is the Crowne Plaza Times Square Hotel in which we also own an additional interest through a joint venture. We are the general partner and investment manager of the Fund. As of December 31, 2017, these five investments are carried on our consolidated balance sheet at an aggregate fair value of \$354,804,000, including the Crowne Plaza Joint Venture. As of December 31, 2017, our share of unfunded commitments was \$34,502,000.

ITEM 3. 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 expected to have a material adverse effect on our financial position, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Vornado Realty Trust

Vornado’s common shares are traded on the New York Stock Exchange under the symbol “VNO.”

Quarterly high and low sales prices of Vornado’s common shares and dividends paid per common share for the years ended December 31, 2017 and 2016 were as follows:

Quarter	Year Ended December 31, 2017			Year Ended December 31, 2016		
	High	Low	Dividends	High	Low	Dividends
1st	\$ 111.72	\$ 98.51	\$ 0.71	\$ 99.97	\$ 78.91	\$ 0.63
2nd	103.35	91.18	0.71	100.13	90.13	0.63
3rd	97.25	72.77 ⁽¹⁾	0.60 ⁽¹⁾	108.69	97.18	0.63
4th	80.30 ⁽¹⁾	71.90 ⁽¹⁾	0.60 ⁽¹⁾	105.91	86.35	0.63

(1) Reflects the July 17, 2017 spin-off of JBG SMITH Properties (“JBGS”) (NYSE: JBGS).

As of February 1, 2018, there were 993 holders of record of Vornado common shares.

Vornado Realty L.P.

There is no established trading market for the Operating Partnership’s Class A units or preferred units. The following table sets forth, for the periods indicated, the distributions declared on the Operating Partnership’s Class A units:

Quarter	Declared Distributions	
	Year ended December 31,	
	2017	2016
1st	\$ 0.71	\$ 0.63
2nd	0.71	0.63
3rd	0.60 ⁽¹⁾	0.63
4th	0.60 ⁽¹⁾	0.63

(1) Reflects the July 17, 2017 spin-off of JBG SMITH Properties (“JBGS”) (NYSE: JBGS).

As of February 1, 2018, there were 984 Class A unitholders of record.

Recent Sales of Unregistered Securities

During 2017, the Operating Partnership issued 1,213,237 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 \$29,720,215 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.

Information relating to compensation plans under which Vornado’s equity securities are authorized for issuance is set forth under Part III, Item 12 of this Annual Report on Form 10-K and such information is incorporated by reference herein.

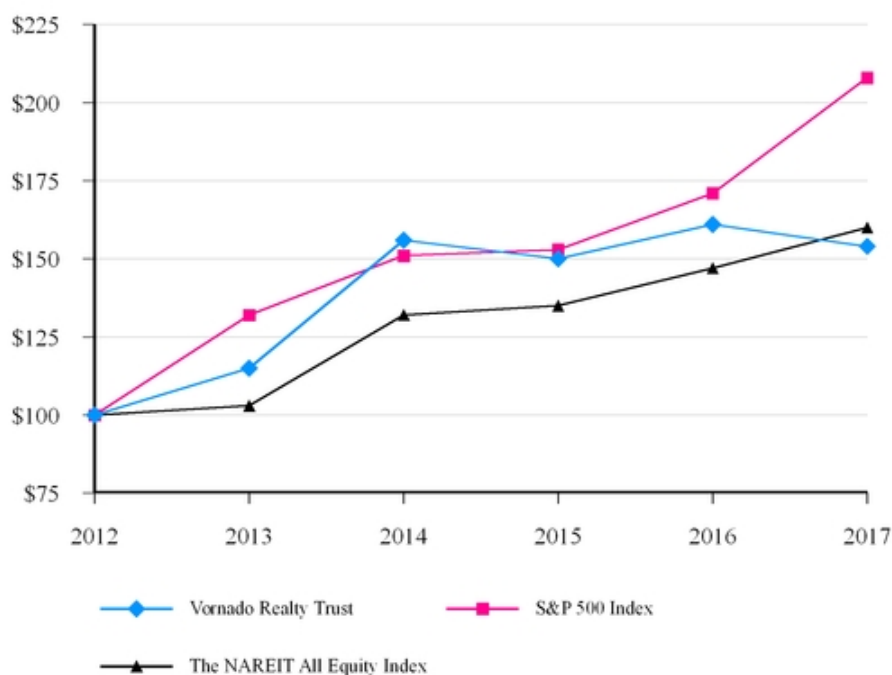
Recent Purchases of Equity Securities

None.

Performance Graph

The following graph is a comparison of the five-year cumulative return of Vornado’s common shares, the Standard & Poor’s 500 Index (the “S&P 500 Index”) and the National Association of Real Estate Investment Trusts’ (“NAREIT”) All Equity Index, a peer group index. The graph assumes that \$100 was invested on December 31, 2012 in our common shares, the S&P 500 Index and the NAREIT All Equity Index and that all dividends were reinvested without the payment of any commissions. There can be no assurance that the performance of our shares will continue in line with the same or similar trends depicted in the graph below.

Comparison of Five-Year Cumulative Return



	2012	2013	2014	2015	2016	2017
Vornado Realty Trust	\$ 100	\$ 115	\$ 156	\$ 150	\$ 161	\$ 154
S&P 500 Index	100	132	151	153	171	208
The NAREIT All Equity Index	100	103	132	135	147	160

Item 6. SELECTED FINANCIAL DATA
Vornado Realty Trust

(Amounts in thousands, except per share amounts)

	Year Ended December 31,				
	2017	2016	2015	2014	2013
Operating Data:					
Revenues:					
Property rentals	\$ 1,714,952	\$ 1,662,093	\$ 1,626,866	\$ 1,460,391	\$ 1,422,828
Tenant expense reimbursements	233,424	221,563	218,739	203,120	184,161
Cleveland Medical Mart development project	—	—	—	—	36,369
Fee and other income	135,750	120,086	139,890	128,657	132,340
Total revenues	2,084,126	2,003,742	1,985,495	1,792,168	1,775,698
Expenses:					
Operating	886,596	844,566	824,511	768,341	748,010
Depreciation and amortization	429,389	421,023	379,803	351,583	337,139
General and administrative	158,999	149,550	149,256	141,931	150,306
Cleveland Medical Mart development project	—	—	—	—	32,210
Acquisition and transaction related costs	1,776	9,451	12,511	18,435	24,857
Total expenses	1,476,760	1,424,590	1,366,081	1,280,290	1,292,522
Operating income	607,366	579,152	619,414	511,878	483,176
Income (loss) from partially owned entities	15,200	168,948	(9,947)	(58,484)	(336,292)
Income (loss) from real estate fund investments	3,240	(23,602)	74,081	163,034	102,898
Interest and other investment income (loss), net	37,793	29,548	27,240	38,569	(25,016)
Interest and debt expense	(345,654)	(330,240)	(309,298)	(337,360)	(323,505)
Net gains on disposition of wholly owned and partially owned assets	501	160,433	149,417	13,568	2,030
Income (loss) before income taxes	318,446	584,239	550,907	331,205	(96,709)
Income tax (expense) benefit	(41,090)	(7,229)	85,012	(9,039)	(5,314)
Income (loss) from continuing operations	277,356	577,010	635,919	322,166	(102,023)
(Loss) income from discontinued operations	(13,228)	404,912	223,511	686,860	666,763
Net income	264,128	981,922	859,430	1,009,026	564,740
Less net income attributable to noncontrolling interests in:					
Consolidated subsidiaries	(25,802)	(21,351)	(55,765)	(96,561)	(63,952)
Operating Partnership	(10,910)	(53,654)	(43,231)	(47,613)	(24,817)
Net income attributable to Vornado	227,416	906,917	760,434	864,852	475,971
Preferred share dividends	(65,399)	(75,903)	(80,578)	(81,464)	(82,807)
Preferred unit and share redemptions	—	(7,408)	—	—	(1,130)
Net income attributable to common shareholders	\$ 162,017	\$ 823,606	\$ 679,856	\$ 783,388	\$ 392,034
Per Share Data:					
Income (loss) from continuing operations, net - basic	\$ 0.92	\$ 2.35	\$ 2.49	\$ 0.73	\$ (1.25)
Income (loss) from continuing operations, net - diluted	0.91	2.34	2.48	0.72	(1.25)
Net income per common share - basic	0.85	4.36	3.61	4.18	2.10
Net income per common share - diluted	0.85	4.34	3.59	4.15	2.09
Dividends per common share	2.62 ⁽¹⁾	2.52	2.52 ⁽²⁾	2.92	2.92
Balance Sheet Data:					
Total assets	\$ 17,397,934	\$ 20,814,847	\$ 21,143,293	\$ 21,157,980	\$ 20,018,210
Real estate, at cost	14,756,295	14,187,820	13,545,295	12,438,940	11,149,920
Accumulated depreciation and amortization	(2,885,283)	(2,581,514)	(2,356,728)	(2,209,778)	(1,958,132)
Debt, net	9,729,487	9,446,670	9,095,670	7,557,877	6,830,994
Total equity	5,007,701	7,618,496	7,476,078	7,489,382	7,594,744

(1) Post spin-off of JBG SMITH Properties (NYSE: JBGS) on July 17, 2017.

(2) Post spin-off of Urban Edge Properties (NYSE: UE) on January 15, 2015.

Item 6. SELECTED FINANCIAL DATA – CONTINUED
Vornado Realty Trust

(Amounts in thousands)

	Year Ended December 31,				
	2017	2016	2015	2014	2013
Other Data:					
Funds From Operations ("FFO") ⁽¹⁾ :					
Net income attributable to common shareholders	\$ 162,017	\$ 823,606	\$ 679,856	\$ 783,388	\$ 392,034
FFO adjustments:					
Depreciation and amortization of real property	467,966	531,620	514,085	517,493	501,753
Net gains on sale of real estate	(3,489)	(177,023)	(289,117)	(507,192)	(411,593)
Real estate impairment losses	—	160,700	256	26,518	37,170
Proportionate share of adjustments to equity in net income (loss) of partially owned entities to arrive at FFO:					
Depreciation and amortization of real property	137,000	154,795	143,960	117,766	157,270
Net gains on sale of real estate	(17,777)	(2,853)	(4,513)	(11,580)	(465)
Real estate impairment losses	7,692	6,328	16,758	—	6,552
Income tax effect of above adjustments	—	—	—	(7,287)	(26,703)
	591,392	673,567	381,429	135,718	263,984
Noncontrolling interests' share of above adjustments	(36,728)	(41,267)	(22,342)	(8,073)	(15,089)
FFO adjustments, net	554,664	632,300	359,087	127,645	248,895
FFO attributable to common shareholders	716,681	1,455,906	1,038,943	911,033	640,929
Convertible preferred share dividends	77	86	92	97	108
Earnings allocated to Out-Performance Plan units	1,047	1,591	—	—	—
FFO attributable to common shareholders plus assumed conversions ⁽¹⁾	\$ 717,805	\$ 1,457,583	\$ 1,039,035	\$ 911,130	\$ 641,037

(1) FFO is computed in accordance with the definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"). NAREIT defines FFO as GAAP net income or loss adjusted to exclude net gains from sales of depreciated real estate assets, real estate impairment losses, depreciation and amortization expense from real estate assets and other specified non-cash items, including the pro rata share of such adjustments of unconsolidated subsidiaries. FFO and FFO per diluted share are non-GAAP financial measures used by management, investors and analysts to facilitate meaningful comparisons of operating performance between periods and among our peers because it excludes the effect of real estate depreciation and amortization and net gains on sales, which are based on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions. FFO does not represent cash generated from operating activities and is not necessarily indicative of cash available to fund cash requirements and should not be considered as an alternative to net income as a performance measure or cash flow as a liquidity measure. FFO may not be comparable to similarly titled measures employed by other companies.

Item 6. SELECTED FINANCIAL DATA – CONTINUED
Vornado Realty L.P.

(Amounts in thousands)

	Year Ended December 31,				
	2017	2016	2015	2014	2013
Operating Data:					
Revenues:					
Property rentals	\$ 1,714,952	\$ 1,662,093	\$ 1,626,866	\$ 1,460,391	\$ 1,422,828
Tenant expense reimbursements	233,424	221,563	218,739	203,120	184,161
Cleveland Medical Mart development project	—	—	—	—	36,369
Fee and other income	135,750	120,086	139,890	128,657	132,340
Total revenues	2,084,126	2,003,742	1,985,495	1,792,168	1,775,698
Expenses:					
Operating	886,596	844,566	824,511	768,341	748,010
Depreciation and amortization	429,389	421,023	379,803	351,583	337,139
General and administrative	158,999	149,550	149,256	141,931	150,306
Cleveland Medical Mart development project	—	—	—	—	32,210
Acquisition and transaction related costs	1,776	9,451	12,511	18,435	24,857
Total expenses	1,476,760	1,424,590	1,366,081	1,280,290	1,292,522
Operating income	607,366	579,152	619,414	511,878	483,176
Income (loss) from partially owned entities	15,200	168,948	(9,947)	(58,484)	(336,292)
Income (loss) from real estate fund investments	3,240	(23,602)	74,081	163,034	102,898
Interest and other investment income (loss), net	37,793	29,548	27,240	38,569	(25,016)
Interest and debt expense	(345,654)	(330,240)	(309,298)	(337,360)	(323,505)
Net gains on disposition of wholly owned and partially owned assets	501	160,433	149,417	13,568	2,030
Income (loss) before income taxes	318,446	584,239	550,907	331,205	(96,709)
Income tax (expense) benefit	(41,090)	(7,229)	85,012	(9,039)	(5,314)
Income (loss) from continuing operations	277,356	577,010	635,919	322,166	(102,023)
(Loss) income from discontinued operations	(13,228)	404,912	223,511	686,860	666,763
Net income	264,128	981,922	859,430	1,009,026	564,740
Less net income attributable to noncontrolling interests in consolidated subsidiaries	(25,802)	(21,351)	(55,765)	(96,561)	(63,952)
Net income attributable to Vornado Realty L.P.	238,326	960,571	803,665	912,465	500,788
Preferred unit distributions	(65,593)	(76,097)	(80,736)	(81,514)	(83,965)
Preferred unit redemptions	—	(7,408)	—	—	(1,130)
Net income attributable to Class A unitholders	\$ 172,733	\$ 877,066	\$ 722,929	\$ 830,951	\$ 415,693

Per Unit Data:

Income (loss) from continuing operations, net - basic	\$ 0.91	\$ 2.34	\$ 2.49	\$ 0.71	\$ (1.27)
Income (loss) from continuing operations, net - diluted	0.90	2.32	2.46	0.70	(1.26)
Net income per Class A unit - basic	0.84	4.36	3.61	4.17	2.09
Net income per Class A unit - diluted	0.83	4.32	3.57	4.14	2.08
Distributions per Class A unit	2.62 ⁽¹⁾	2.52	2.52 ⁽²⁾	2.92	2.92

Balance Sheet Data:

Total assets	\$ 17,397,934	\$ 20,814,847	\$ 21,143,293	\$ 21,157,980	\$ 20,018,210
Real estate, at cost	14,756,295	14,187,820	13,545,295	12,438,940	11,149,920
Accumulated depreciation and amortization	(2,885,283)	(2,581,514)	(2,356,728)	(2,209,778)	(1,958,132)
Debt, net	9,729,487	9,446,670	9,095,670	7,557,877	6,830,994
Total equity	5,007,701	7,618,496	7,476,078	7,489,382	7,594,744

(1) Post spin-off of JBG SMITH (NYSE: JBGS) on July 17, 2017.

(2) Post spin-off of Urban Edge Properties (NYSE: UE) on January 15, 2015.

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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”). Accordingly, Vornado’s cash flow and ability to pay dividends to its shareholders is dependent upon the cash flow of the Operating Partnership and the ability of its direct and indirect subsidiaries to first satisfy their obligations to creditors. Vornado is the sole general partner of, and owned approximately 93.5% of the common limited partnership interest in the Operating Partnership as of December 31, 2017. All references to the “Company,” “we,” “us” and “our” mean collectively Vornado, the Operating Partnership and those entities/subsidiaries consolidated by Vornado.

On July 17, 2017, we completed the spin-off of our Washington, DC segment comprised of (i) 37 office properties totaling over 11.1 million square feet, five multifamily properties with 3,133 units and five other assets totaling approximately 406,000 square feet and (ii) 18 future development assets totaling over 10.4 million square feet of estimated potential development density, and (iii) \$412.5 million of cash (\$275.0 million plus The Bartlett financing proceeds less transaction costs and other mortgage items) to JBG SMITH Properties (“JBGS”). On July 18, 2017, JBGS was combined with the management business and certain Washington, DC assets of The JBG Companies (“JBG”), a Washington, DC real estate company. Steven Roth, the Chairman of the Board of Trustees and Chief Executive Officer of Vornado, is the Chairman of the Board of Trustees of JBGS. Mitchell Schear, former President of our Washington, DC business, is a member of the Board of Trustees of JBGS. We are providing transition services to JBGS initially including information technology, financial reporting and payroll services. The spin-off was effected through a tax-free distribution by Vornado to the holders of Vornado common shares of all of the common shares of JBGS at the rate of one JBGS common share for every two common shares of Vornado and the distribution by the Operating Partnership to the holders of its common units of all of the outstanding common units of JBG SMITH Properties LP (“JBGSLP”) at the rate of one JBGSLP common unit for every two common units of VRLP held of record. See JBGS’ Amendment No. 3 on Form 10 (File No. 1-37994) filed with the Securities and Exchange Commission on June 9, 2017 for additional information. Beginning in the third quarter of 2017, the historical financial results of our Washington, DC segment are reflected in our consolidated financial statements as discontinued operations for all periods presented.

We own and operate office and retail properties with a large concentration in the New York City metropolitan area. In addition, we have a 32.4% interest in Alexander’s, Inc. (“Alexander’s”) (NYSE: ALX), which owns seven properties in the greater New York metropolitan area, a 32.5% interest in Toys “R” Us, Inc. (“Toys”) as well as interests in other real estate and related investments.

Our business objective is to maximize Vornado shareholder value, which we measure by the total return provided to our shareholders. Below is a table comparing Vornado’s performance to the FTSE NAREIT Office Index (“Office REIT”) and the MSCI US REIT Index (“MSCI”) for the following periods ended December 31, 2017:

	Total Return ⁽¹⁾		
	Vornado	Office REIT	MSCI
Three-month	2.5 %	4.3%	1.4%
One-year	(4.3)%	5.3%	5.1%
Three-year	(1.4)%	19.5%	17.0%
Five-year	54.3 %	58.7%	56.3%
Ten-year	75.7 %	70.1%	105.1%

(1) Past performance is not necessarily indicative of future performance.

Overview - continued

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

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

We expect to finance our growth, acquisitions and investments using internally generated funds, proceeds from asset sales and by accessing the public and private capital markets. We may also offer Vornado common or preferred shares or Operating Partnership units in exchange for property and may repurchase or otherwise reacquire these securities in the future.

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

Vornado Realty Trust

Year Ended December 31, 2017 Financial Results Summary

Net income attributable to common shareholders for the year ended December 31, 2017 was \$162,017,000, or \$0.85 per diluted share, compared to \$823,606,000, or \$4.34 per diluted share, for the year ended December 31, 2016. The years ended December 31, 2017 and 2016 include certain items that impact net income attributable to common shareholders, which are listed in the table on the following page. The aggregate of these items, net of amounts attributable to noncontrolling interests, decreased net income attributable to common shareholders for the year ended December 31, 2017 by \$88,934,000, or \$0.46 per diluted share, and increased net income attributable to common shareholders for the year ended December 31, 2016 by \$594,447,000, or \$3.13 per diluted share.

Funds From Operations attributable to common shareholders plus assumed conversions ("FFO") for the year ended December 31, 2017 was \$717,805,000, or \$3.75 per diluted share, compared to \$1,457,583,000, or \$7.66 per diluted share, for the year ended December 31, 2016. The years ended December 31, 2017 and 2016 include certain items that impact FFO, which are listed in the table on page 39. The aggregate of these items, net of amounts attributable to noncontrolling interests, increased FFO by \$3,989,000 and \$774,188,000, or \$0.02 and \$4.07 per diluted share, for the years ended December 31, 2017 and 2016, respectively.

Overview - continued

Vornado Realty Trust – continued

Quarter Ended December 31, 2017 Financial Results Summary

Net income attributable to common shareholders for the quarter ended December 31, 2017 was \$27,319,000, or \$0.14 per diluted share, compared to \$651,181,000, or \$3.43 per diluted share, for the prior year's quarter. The quarters ended December 31, 2017 and 2016 include certain items that impact 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 December 31, 2017 by \$38,160,000, or \$0.20 per diluted share, and increased net income attributable to common shareholders for the quarter ended December 31, 2016 by \$573,414,000, or \$3.02 per diluted share.

FFO for the quarter ended December 31, 2017 was \$153,151,000, or \$0.80 per diluted share, compared to \$797,734,000, or \$4.20 per diluted share, for the prior year's quarter. The quarters ended December 31, 2017 and 2016 include certain items that impact FFO, which are listed in the table on the following page. The aggregate of these items, net of amounts attributable to noncontrolling interests, decreased FFO for the quarter ended December 31, 2017 by \$34,402,000, or \$0.18 per diluted share and increased FFO for the quarter ended December 31, 2016 by \$604,495,000, or \$3.18 per diluted share.

(Amounts in thousands)

	For the Year Ended December 31,		For the Three Months Ended December 31,	
	2017	2016	2017	2016
Certain items that impact net income attributable to common shareholders:				
JBG SMITH Properties which is treated as a discontinued operation:				
Transaction costs	\$ (68,662)	\$ (16,586)	\$ (1,617)	\$ (11,989)
Operating results through July 17, 2017 spin-off	47,752	87,237	—	20,523
	(20,910)	70,651	(1,617)	8,534
Impairment loss on our investment in Pennsylvania REIT	(44,465)	—	—	—
Tax expense related to the reduction of our taxable REIT subsidiaries deferred tax assets	(34,800)	—	(34,800)	—
666 Fifth Avenue Office Condominium (49.5% interest) ⁽¹⁾	(25,414)	(41,532)	(3,042)	(7,869)
Net gain resulting from Urban Edge Properties operating partnership unit issuances	21,100	—	—	—
Our share of net gain on sale of property of Suffolk Downs JV	15,314	—	—	—
Net gain on repayment of Suffolk Downs JV debt investments	11,373	—	—	—
(Loss) income from real estate fund investments, net	(10,804)	(21,042)	529	(34,704)
Expense related to the prepayment of our 2.50% senior unsecured notes due 2019	(4,836)	—	(4,836)	—
Our share of write-off of deferred financing costs	(3,819)	—	—	—
Net gain on extinguishment of Skyline properties debt	—	487,877	—	487,877
Income from the repayment of our investments in 85 Tenth Avenue loans and preferred equity	—	160,843	—	160,843
Skyline properties impairment loss	—	(160,700)	—	—
Net gain on sale of 47% ownership interest in 7 West 34th Street	—	159,511	—	—
Gain on sale of our 20% interest in Fairfax Square	—	15,302	—	15,302
Our share of impairment on India non-depreciable real estate	—	(13,962)	—	(13,962)
Default interest on Skyline properties mortgage loan	—	(7,823)	—	(2,480)
Preferred share issuance costs (Series J redemption)	—	(7,408)	—	—
Other	2,060	(8,298)	3,084	(2,942)
	(95,201)	633,419	(40,682)	610,599
Noncontrolling interests' share of above adjustments	6,267	(38,972)	2,522	(37,185)
Total of certain items that impact net (loss) income attributable to common shareholders, net	\$ (88,934)	\$ 594,447	\$ (38,160)	\$ 573,414

(1) Included in "certain items that impact net income" because we do not intend to hold this asset on a long-term basis.

Overview - continued

Vornado Realty Trust – continued

(Amounts in thousands)

	For the Year Ended December 31,		For the Three Months Ended December 31,	
	2017	2016	2017	2016
Certain items that impact FFO:				
JBG SMITH Properties which is treated as a discontinued operation:				
Transaction costs	\$ (68,662)	\$ (16,586)	\$ (1,617)	\$ (11,989)
Operating results through July 17, 2017 spin-off	122,201	226,288	—	57,147
	53,539	209,702	(1,617)	45,158
Impairment loss on our investment in Pennsylvania REIT	(44,465)	—	—	—
Tax expense related to the reduction of our taxable REIT subsidiaries deferred tax assets	(34,800)	—	(34,800)	—
Net gain resulting from Urban Edge Properties operating partnership unit issuances	21,100	—	—	—
666 Fifth Avenue Office Condominium (49.5% interest) ⁽¹⁾	13,164	10,925	1,103	808
Net gain on repayment of our Suffolk Downs JV debt investments	11,373	—	—	—
(Loss) income from real estate fund investments, net	(10,804)	(21,042)	529	(34,704)
Expense related to the prepayment of our 2.50% senior unsecured notes due 2019	(4,836)	—	(4,836)	—
Our share of write-off of deferred financing costs	(3,819)	—	—	—
Net gain on extinguishment of Skyline properties debt	—	487,877	—	487,877
Income from the repayment of our investments in 85 Tenth Avenue loans and preferred equity	—	160,843	—	160,843
Our share of impairment on India non-depreciable real estate	—	(13,962)	—	(13,962)
Preferred share issuance costs (Series J redemption)	—	(7,408)	—	—
Other	3,801	(2,454)	2,945	(2,324)
	4,253	824,481	(36,676)	643,696
Noncontrolling interests' share of above adjustments	(264)	(50,293)	2,274	(39,201)
Total certain items that impact FFO, net	\$ 3,989	\$ 774,188	\$ (34,402)	\$ 604,495

(1) Included in "certain items that impact FFO" because we do not intend to hold this asset on a long-term basis.

Vornado Realty L.P.

Year Ended December 31, 2017 Financial Results Summary

Net income attributable to Class A unitholders for the year ended December 31, 2017 was \$172,733,000, or \$0.83 per diluted Class A unit, compared to \$877,066,000, or \$4.32 per diluted Class A unit, for the year ended December 31, 2016. The year ended December 31, 2017 and 2016 include certain items that impact net income attributable to Class A unitholders which are listed in the table on the following page. The aggregate of these items decreased net income attributable to Class A unitholders by \$95,201,000, or \$0.47 per diluted Class A unit, for the year ended December 31, 2017 and increased net income attributable to Class A unitholders by \$633,419,000, or \$3.14 per diluted Class A unit, for the year ended December 31, 2016.

Quarter Ended December 31, 2017 Financial Results Summary

Net income attributable to Class A unitholders for the quarter ended December 31, 2017 was \$29,123,000, or \$0.14 per diluted Class A unit, compared to \$693,377,000, or \$3.43 per diluted Class A unit, for the prior year's quarter. The quarters ended December 31, 2017 and 2016 include certain items that impact net income attributable to Class A unitholders, which are listed in the table on the following page. The aggregate of these items decreased net income attributable to Class A unitholders by \$40,682,000, or \$0.20 per diluted Class A unit, for the quarter ended December 31, 2017 and increased net income attributable to Class A unitholders by \$610,599,000, or \$3.02 per diluted Class A unit, for the quarter ended December 31, 2016.

Overview - continued

Vornado Realty L.P. – continued

(Amounts in thousands)

	For the Year Ended December 31,		For the Three Months Ended December 31,	
	2017	2016	2017	2016
Certain items that impact net income attributable to Class A unitholders:				
JBG SMITH Properties which is treated as a discontinued operation:				
Transaction costs	\$ (68,662)	\$ (16,586)	\$ (1,617)	\$ (11,989)
Operating results through July 17, 2017 spin-off	47,752	87,237	—	20,523
	(20,910)	70,651	(1,617)	8,534
Impairment loss on our investment in Pennsylvania REIT	(44,465)	—	—	—
Tax expense related to the reduction of our taxable REIT subsidiaries deferred tax assets	(34,800)	—	(34,800)	—
666 Fifth Avenue Office Condominium (49.5% interest) ⁽¹⁾	(25,414)	(41,532)	(3,042)	(7,869)
Net gain resulting from Urban Edge Properties operating partnership unit issuances	21,100	—	—	—
Our share of net gain on sale of property of Suffolk Downs JV	15,314	—	—	—
Net gain on repayment of Suffolk Downs JV debt investments	11,373	—	—	—
(Loss) income from real estate fund investments, net	(10,804)	(21,042)	529	(34,704)
Expense related to the prepayment of our 2.50% senior unsecured notes due 2019	(4,836)	—	(4,836)	—
Our share of write-off of deferred financing costs	(3,819)	—	—	—
Net gain on extinguishment of Skyline properties debt	—	487,877	—	487,877
Income from the repayment of our investments in 85 Tenth Avenue loans and preferred equity	—	160,843	—	160,843
Skyline properties impairment loss	—	(160,700)	—	—
Net gain on sale of 47% ownership interest in 7 West 34th Street	—	159,511	—	—
Gain on sale of our 20% interest in Fairfax Square	—	15,302	—	15,302
Our share of impairment on India non-depreciable real estate	—	(13,962)	—	(13,962)
Default interest on Skyline properties mortgage loan	—	(7,823)	—	(2,480)
Preferred unit issuance costs (Series J redemption)	—	(7,408)	—	—
Other	2,060	(8,298)	3,084	(2,942)
	<u>\$ (95,201)</u>	<u>\$ 633,419</u>	<u>\$ (40,682)</u>	<u>\$ 610,599</u>

(1) Included in "certain items that impact net income" because we do not intend to hold this asset on a long-term basis.

Overview - continued

Vornado Realty Trust and Vornado Realty L.P.

Same Store Net Operating Income ("NOI")

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

	<u>New York</u>	<u>theMART</u>	<u>555 California Street</u>
Same store NOI at share % increase (decrease):			
Year ended December 31, 2017 compared to December 31, 2016	2.7%	4.2 % ⁽¹⁾	1.9 %
Year ended December 31, 2016 compared to December 31, 2015	6.4%	14.0 % ⁽²⁾	(9.3)%
Three months ended December 31, 2017 compared to December 31, 2016	2.8%	7.1 %	10.4 %
Three months ended December 31, 2017 compared to September 30, 2017	1.8%	(7.1)% ⁽³⁾	4.2 %
Same store NOI at share - cash basis % increase (decrease):			
Year ended December 31, 2017 compared to December 31, 2016	11.3%	7.6 % ⁽¹⁾	36.0 %
Year ended December 31, 2016 compared to December 31, 2015	8.5%	12.4 % ⁽²⁾	(12.2)%
Three months ended December 31, 2017 compared to December 31, 2016	7.0%	13.7 %	32.4 %
Three months ended December 31, 2017 compared to September 30, 2017	1.7%	(4.4)% ⁽³⁾	9.4 %

(1) The year ended December 31, 2016 includes a \$2,000,000 reversal of an expense accrued in 2015. Excluding this amount, same store NOI increased by 6.4% and same store NOI - cash basis increased by 10.0%.

(2) The year ended December 31, 2016 includes a \$2,000,000 reversal of an expense accrued in 2015. Excluding this amount, same store NOI increased by 11.7% and same store NOI - cash basis increased by 9.9%.

(3) Excluding tradeshow seasonality, same store NOI increased by 0.3% and same store NOI - cash basis increased by 3.9%.

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

Overview - continued

Acquisitions

In September 2016, our 50.1% joint venture with the Related Companies ("Related") was designated by Empire State Development ("ESD"), an entity of New York State, to redevelop the historic Farley Post Office building. The building will include a new Moynihan Train Hall and approximately 850,000 rentable square feet of commercial space, comprised of approximately 730,000 square feet of office space and approximately 120,000 square feet of retail space. On June 15, 2017, the joint venture closed a 99-year, triple-net lease with ESD for the commercial space at the Moynihan Office Building and made a \$230,000,000 upfront contribution, of which our share is \$115,230,000, towards the construction of the train hall. The lease calls for annual rent payments of \$5,000,000 plus payments in lieu of real estate taxes. Simultaneously, the joint venture completed a \$271,000,000 loan facility, of which \$210,269,000 is outstanding at December 31, 2017. The interest-only loan is at LIBOR plus 3.25% (4.64% at December 31, 2017) and matures in June 2019 with two one-year extension options.

The joint venture has also 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 bears a full guaranty from Skanska AB.

Dispositions

On May 26, 2017, Sterling Suffolk Racecourse, LLC ("Suffolk Downs JV"), a joint venture in which we have a 21.2% equity interest, sold the property comprising the Suffolk Downs racetrack in East Boston, Massachusetts ("Suffolk Downs") for \$155,000,000, which resulted in net proceeds and a net gain to us of \$15,314,000. In addition, we were repaid \$29,318,000 of principal and \$6,129,000 of accrued interest on our debt investments in Suffolk Downs JV, resulting in a net gain of \$11,373,000.

On September 29, 2017, Vornado Capital Partners Real Estate Fund (the "Fund"), in which we have a 25.0% ownership interest, completed the sale of 800 Corporate Pointe in Culver City, CA for \$148,000,000. From the inception of this investment through its disposition, the Fund realized a \$35,620,000 net gain.

During 2017, India Property Fund, in which we had a 36.5% interest, sold its investments. Our share of the aggregate sales price was approximately \$23,895,000 which resulted in a financial statement loss of \$533,000. In addition, on December 28, 2017, we sold our 25% interest in TCG Urban Infrastructure Holdings Private Limited for \$18,742,000 which resulted in a financial statement gain of \$1,885,000, which substantially completes the disposition of our investments in India.

Financings

Unsecured Revolving Credit Facility

On October 17, 2017, we extended one of our two \$1.25 billion unsecured revolving credit facilities from November 2018 to January 2022 with two six-month extension options. The interest rate on the extended facility was lowered from LIBOR plus 1.05% to LIBOR plus 1.00%. The interest rate and facility fees are the same as our other \$1.25 billion unsecured revolving credit facility, which matures in February 2021 with two six-month extension options.

Senior Unsecured Notes

On December 27, 2017, we completed a public offering of \$450,000,000 3.50% senior unsecured notes due January 15, 2025. The interest rate on the senior unsecured notes will be payable semi-annually on January 15 and July 15, commencing July 15, 2018. The notes were sold at 99.596% of their face amount to yield 3.565%.

On December 27, 2017, we redeemed all of the \$450,000,000 principal amount of our outstanding 2.50% senior unsecured notes which were scheduled to mature on June 30, 2019, at a redemption price of approximately 100.71% of the principal amount plus accrued interest through the date of redemption. In connection therewith, we expensed \$4,836,000 of debt prepayment costs and wrote-off unamortized deferred financing costs which are included in "interest and debt expense" on our consolidated statements of income.

Overview - continued

Financings - continued

Preferred Securities

In December 2017, we sold 12,780,000 5.25% Series M cumulative redeemable preferred shares at a price of \$25.00 per share in an underwritten public offering pursuant to an effective registration statement. We received aggregate net proceeds of \$309,609,000, after underwriters' discounts and issuance costs and contributed the net proceeds to the Operating Partnership in exchange for 12,780,000 5.25% Series M preferred units (with economic terms that mirror those of the Series M preferred shares). Dividends on the Series M preferred shares/units are cumulative and payable quarterly in arrears. The Series M preferred shares/units are not convertible into, or exchangeable for, any of our properties or securities. On or after five years from the date of issuance (or sooner under limited circumstances), we may redeem the Series M preferred shares/units at a redemption price of \$25.00 per share, plus accrued and unpaid dividends through the date of redemption. The Series M preferred shares/units have no maturity date and will remain outstanding indefinitely unless redeemed by us.

In December 2017, we called for redemption of all of the outstanding 6.625% Series G and 6.625% Series I cumulative redeemable preferred shares/units. As a result, as of December 31, 2017, we reclassified the 6.625% Series G and 6.625% Series I cumulative redeemable preferred shares/units from shareholder's equity/partner's capital to liabilities on our consolidated balance sheets. On January 4, 2018, we redeemed all of the outstanding 6.625% Series G cumulative redeemable preferred shares/units at their redemption price of \$25.00 per share/unit, or \$200,000,000 in the aggregate, plus accrued and unpaid dividends/distributions through the date of redemption. On January 4 and 11, 2018, we redeemed 6,000,000 shares/units and 4,800,000 shares/units, respectively, representing all of the outstanding 6.625% Series I cumulative redeemable preferred shares/units at their redemption price of \$25.00 per share/unit, or \$270,000,000 in the aggregate, plus accrued and unpaid dividends/distributions through the date of redemption. Upon redemption of both series, we expensed \$14,486,000 of issuance costs, which will be included in the quarter ended March 31, 2018 consolidated statements of income.

Other Activities

On May 9, 2017, a \$150,000,000 mezzanine loan owned by a joint venture in which we had a 33.3% ownership interest was repaid at its maturity and we received our \$50,000,000 share. The mezzanine loan earned interest at LIBOR plus 9.42%.

On June 1, 2017, Alexander's, Inc. (NYSE: ALX), in which we have a 32.4% ownership interest, completed a \$500,000,000 refinancing of the office portion of 731 Lexington Avenue. The interest-only loan is at LIBOR plus 0.90% (2.38% at December 31, 2017) and matures in June 2020 with four one-year extension options. In connection therewith, Alexander's purchased an interest rate cap with a notional amount of \$500,000,000 that caps LIBOR at a rate of 6.00%. The property was previously encumbered by a \$300,000,000 interest-only mortgage at LIBOR plus 0.95% which was scheduled to mature in March 2021.

On June 15, 2017, the joint venture, in which we have a 50.1% interest, completed a \$271,000,000 loan facility for the Moynihan Office Building, of which \$210,269,000 is outstanding at December 31, 2017. The interest-only loan is at LIBOR plus 3.25% (4.64% at December 31, 2017) and matures in June 2019 with two one-year extension options.

On June 20, 2017, we completed a \$220,000,000 financing of The Bartlett residential building. The five-year interest-only loan is at LIBOR plus 1.70%, and matures in June 2022. On July 17, 2017, the property, the loan and the \$217,000,000 of net proceeds were transferred to JBGS in connection with the tax-free spin-off of our Washington, DC segment.

On July 17, 2017, prior to completion of the tax-free spin-off of our Washington, DC segment, we repaid the \$43,581,000 LIBOR plus 1.25% mortgage encumbering 1700 and 1730 M Street which was scheduled to mature in August 2017. The unencumbered property was then transferred to JBGS in connection with the tax-free spin-off of our Washington, DC segment.

On July 19, 2017, the joint venture, in which we have a 25.0% interest, completed a \$500,000,000 refinancing of 330 Madison Avenue, an 845,000 square foot Manhattan office building. The seven-year interest-only loan matures in August 2024 and has a fixed rate of 3.43%. Our share of net proceeds, after repayment of the existing \$150,000,000 LIBOR plus 1.30% mortgage and closing costs, was approximately \$85,000,000.

On July 27, 2017, the Fund completed a \$100,000,000 loan facility for the refinancing of 1100 Lincoln Road, a 130,000 square foot retail and theater property in Miami, Florida. The loan is interest-only at LIBOR plus 2.40% (3.76% at December 31, 2017), matures in July 2020 with two one-year extension options. At closing, the fund drew \$82,750,000, and subject to property performance, may borrow up to \$17,250,000 of additional proceeds within the first 18 months of the loan term. The property was previously encumbered by a \$66,000,000 interest-only mortgage at LIBOR plus 2.25% which was scheduled to mature in August 2017.

Overview - continued

Other Activities - continued

On August 23, 2017, the joint venture, in which we have a 50.0% interest, completed a \$1.2 billion refinancing of 280 Park Avenue, a 1,250,000 square foot Manhattan office building. The loan is interest-only at LIBOR plus 1.73% (3.16% at December 31, 2017) and matures in September 2019 with five one-year extension options. Our share of net proceeds, after repayment of the existing \$900,000,000 LIBOR plus 2.00% mortgage and closing costs, was approximately \$140,000,000.

On December 13, 2017, the joint venture, in which we have a 50.0% interest, completed a \$20,000,000 refinancing of 50 West 57th Street, an 81,000 square foot Manhattan office building. The loan is interest-only at LIBOR plus 1.60% (3.06% at December 31, 2017) and matures in December 2022. The new loan replaced the existing \$20,000,000 mortgage which had a fixed rate of 3.50%.

Overview - continued

Leasing Activity

The leasing activity and related statistics in the tables 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
Quarter Ended December 31, 2017:				
Total square feet leased	319	39	118	153
Our share of square feet leased	281	29	118	107
Initial rent ⁽¹⁾	\$ 76.07	\$ 412.74	\$ 46.13	\$ 95.73
Weighted average lease term (years)	7.0	11.4	6.1	5.3
Second generation relet space:				
Square feet	205	17	112	106
GAAP basis:				
Straight-line rent ⁽²⁾	\$ 75.85	\$ 205.33	\$ 46.83	\$ 101.46
Prior straight-line rent	\$ 70.69	\$ 123.24	\$ 39.12	\$ 80.09
Percentage increase	7.3%	66.6%	19.7%	26.7%
Cash basis:				
Initial rent ⁽¹⁾	\$ 78.02	\$ 181.52	\$ 46.23	\$ 97.45
Prior escalated rent	\$ 72.98	\$ 117.40	\$ 42.50	\$ 87.40
Percentage increase	6.9%	54.6%	8.8%	11.5%
Tenant improvements and leasing commissions:				
Per square foot	\$ 71.35	\$ 332.74	\$ 17.79	\$ 41.94
Per square foot per annum:	\$ 10.19	\$ 29.19	\$ 2.92	\$ 7.91
Percentage of initial rent	13.4%	7.1%	6.3%	8.3%
Year Ended December 31, 2017:				
Total square feet leased	1,867	126	345	285
Our share of square feet leased	1,469	97	345	200
Initial rent ⁽¹⁾	\$ 78.72	\$ 318.67	\$ 47.60	\$ 88.42
Weighted average lease term (years)	8.1	7.6	6.6	7.2
Second generation relet space:				
Square feet	1,018	61	319	152
GAAP basis:				
Straight-line rent ⁽²⁾	\$ 74.28	\$ 171.74	\$ 47.93	\$ 99.53
Prior straight-line rent	\$ 65.85	\$ 135.81	\$ 38.04	\$ 80.15
Percentage increase	12.8%	26.5%	26.0%	24.2%
Cash basis:				
Initial rent ⁽¹⁾	\$ 76.03	\$ 159.53	\$ 47.55	\$ 94.14
Prior escalated rent	\$ 69.19	\$ 127.18	\$ 40.77	\$ 84.76
Percentage increase	9.9%	25.4%	16.6%	11.1%
Tenant improvements and leasing commissions:				
Per square foot	\$ 73.97	\$ 209.76	\$ 33.86	\$ 74.38
Per square foot per annum:	\$ 9.13	\$ 27.60	\$ 5.13	\$ 10.33
Percentage of initial rent	11.6%	8.7%	10.8%	11.7%

See notes on the following page.

Overview - continued

Leasing Activity – continued

(Square feet in thousands)

	New York			
	Office	Retail	theMART	555 California Street
Year Ended December 31, 2016:				
Total square feet leased	2,241	111	270	151
Our share of square feet leased:	1,842	90	269	106
Initial rent ⁽¹⁾	\$ 72.56	\$ 285.17	\$ 48.16	\$ 77.25
Weighted average lease term (years)	8.8	9.1	6.4	8.4
Second generation relet space:				
Square feet	1,667	69	221	69
GAAP basis:				
Straight-line rent ⁽²⁾	\$ 71.52	\$ 204.95	\$ 50.74	\$ 82.69
Prior straight-line rent	\$ 59.75	\$ 166.14	\$ 40.43	\$ 66.92
Percentage increase	19.7%	23.4%	25.5%	23.6%
Percentage increase inclusive of 3 square foot Dyson lease at 640 Fifth Avenue		94.9%		
Cash basis:				
Initial rent ⁽¹⁾	\$ 71.82	\$ 194.35	\$ 49.65	\$ 79.69
Prior escalated rent	\$ 61.62	\$ 173.70	\$ 43.43	\$ 66.51
Percentage increase	16.6%	11.9%	14.3%	19.8%
Percentage increase inclusive of 3 square foot Dyson lease at 640 Fifth Avenue		70.1%		
Tenant improvements and leasing commissions:				
Per square foot	\$ 64.44	\$ 184.74	\$ 35.62	\$ 76.29
Per square foot per annum:	\$ 7.32	\$ 20.30	\$ 5.57	\$ 9.08
Percentage of initial rent	10.1%	7.1%	11.6%	11.8%

(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 December 31, 2017:

(Square feet in thousands)

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

Square footage (in service) and Occupancy as of December 31, 2016:

(Square feet in thousands)

	Number of properties	Square Feet (in service)		Occupancy %
		Total Portfolio	Our Share	
New York:				
Office	35	20,227	16,962	96.3%
Retail (includes retail properties that are in the base of our office properties)	69	2,672	2,464	97.1%
Residential - 1,692 units	11	1,559	826	95.7%
Alexander's, including 312 residential units	7	2,437	790	99.8%
Hotel Pennsylvania	1	1,400	1,400	
		<u>28,295</u>	<u>22,442</u>	96.5%
Other:				
theMART	3	3,671	3,662	98.9%
555 California Street	3	1,738	1,217	92.4%
Other	11	2,557	1,188	92.2%
		<u>7,966</u>	<u>6,067</u>	
Total square feet at December 31, 2016		<u>36,261</u>	<u>28,509</u>	

Critical Accounting Policies

In preparing the consolidated financial statements we have made estimates and assumptions that affect the reported amounts of 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. Set forth below is a summary of the accounting policies that we believe are critical to the preparation of our consolidated financial statements. The summary should be read in conjunction with the more complete discussion of our accounting policies included in Note 2 – *Basis of Presentation and Significant Accounting Policies* to our consolidated financial statements in this Annual Report on Form 10-K.

Real Estate

Real estate is carried at cost, net of accumulated depreciation and amortization. Betterments, major renewals and certain costs directly related to the improvement and leasing of real estate are capitalized. Maintenance and repairs are expensed as incurred. For redevelopment of existing operating properties, the net book value of the existing property under redevelopment plus the cost for the construction and improvements incurred in connection with the redevelopment are capitalized to the extent the capitalized costs of the property do not exceed the estimated fair value of the redeveloped property when complete. If the cost of the redeveloped property, including the net book value of the existing property, exceeds the estimated fair value of the redeveloped property, the excess is charged to expense. Depreciation is recognized on a straight-line basis over the estimated useful lives which range from 7 to 40 years. Tenant allowances are amortized on a straight-line basis over the lives of the related leases, which approximate the useful lives of the assets.

Upon the acquisition of real estate that meets the criteria of a business under Accounting Standards Codification (“ASC”) Topic 805, *Business Combinations* (“ASC 805”), we assess the fair value of acquired assets (including land, buildings and improvements, identified intangibles, such as acquired above and below-market leases, acquired in-place leases and tenant relationships) and acquired liabilities and we allocate the purchase price based on these assessments which are on a relative fair value basis. We assess fair value based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including historical operating results, known trends, and market/economic conditions. We record acquired intangible assets (including acquired above-market leases, acquired in-place leases and tenant relationships) and acquired intangible liabilities (including below-market leases) at their estimated fair value separate and apart from goodwill. We amortize identified intangibles that have finite lives over the period they are expected to contribute directly or indirectly to the future cash flows of the property or business acquired.

As of December 31, 2017 and 2016, the carrying amounts of real estate, net of accumulated depreciation, were \$11.9 billion and \$11.6 billion, respectively. As of December 31, 2017 and 2016, the carrying amounts of identified intangible assets (including acquired above-market leases, tenant relationships and acquired in-place leases) were \$159,260,000 and \$189,668,000, respectively, and the carrying amounts of identified intangible liabilities, a component of “deferred revenue” on our consolidated balance sheets, were \$205,600,000 and \$252,216,000, respectively.

Our properties, including any related intangible assets, are individually reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment exists when the carrying amount of an asset exceeds the aggregate projected future cash flows over the anticipated holding period on an undiscounted basis. An impairment loss is measured based on the excess of the property’s carrying amount over its estimated fair value. Impairment analyses are based on our current plans, intended holding periods and available market information at the time the analyses are prepared. If our estimates of the projected future cash flows, anticipated holding periods, or market conditions change, our evaluation of impairment losses may be different and such differences could be material to our consolidated financial statements. The evaluation of anticipated cash flows is subjective and is based, in part, on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results. Plans to hold properties over longer periods decrease the likelihood of recording impairment losses.

Critical Accounting Policies - continued

Partially Owned Entities

We consolidate entities in which we have a controlling financial interest. In determining whether we have a controlling financial interest in a partially owned entity and the requirement to consolidate the accounts of that entity, we consider whether the entity is a variable interest entity (“VIE”) and whether we are the primary beneficiary. We are deemed to be the primary beneficiary of a VIE when we have (i) the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance and (ii) the obligation to absorb losses or receive benefits that could potentially be significant to the VIE. We generally do not control a partially owned entity if the entity is not considered a VIE and the approval of all of the partners/members is contractually required with respect to decisions that most significantly impact the performance of the partially owned entity. This includes decisions regarding operating/capital budgets, and the placement of new or additional financing secured by the assets of the venture, among others. We account for investments under the equity method when the requirements for consolidation are not met, and we have significant influence over the operations of the investee. Equity method investments are initially recorded at cost and subsequently adjusted for our share of net income or loss and cash contributions and distributions each period. Investments that do not qualify for consolidation or equity method accounting are accounted for under the cost method.

Investments in partially owned entities are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is measured based on the excess of the carrying amount of an investment over its estimated fair value. Impairment analyses are based on current plans, intended holding periods and available information at the time the analyses are prepared. The ultimate realization of our investments in partially owned entities is dependent on a number of factors, including the performance of each investment and market conditions. If our estimates of the projected future cash flows, the nature of development activities for properties for which such activities are planned and the estimated fair value of the investment change based on market conditions or otherwise, our evaluation of impairment losses may be different and such differences could be material to our consolidated financial statements. The evaluation of anticipated cash flows is subjective and is based, in part, on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results.

As of December 31, 2017 and 2016, the carrying amounts of investments in partially owned entities were \$1.1 billion and \$1.4 billion, respectively.

Allowance for Doubtful Accounts

We periodically evaluate the collectability of amounts due from tenants and maintain an allowance for doubtful accounts (\$5,526,000 and \$6,708,000 as of December 31, 2017 and 2016, respectively) for estimated losses resulting from the inability of tenants to make required payments under the lease agreements. We also maintain an allowance for receivables arising from the straight-lining of rents (\$954,000 and \$1,913,000 as of December 31, 2017 and 2016, respectively). These receivables arise from earnings recognized in excess of amounts currently due under the lease agreements. Management exercises judgment in establishing these allowances and considers payment history and current credit status in developing these estimates. These estimates may differ from actual results, which could be material to our consolidated financial statements.

Critical Accounting Policies - continued

Revenue Recognition

We have the following revenue sources and revenue recognition policies:

- **Base Rent** — income arising from tenant leases. These rents are recognized over the non-cancelable term of the related leases on a straight-line basis which includes the effects of rent steps and rent abatements under the leases. We commence rental revenue recognition when the tenant takes possession of the leased space and the leased space is substantially ready for its intended use. In addition, in circumstances where we provide a tenant improvement allowance for improvements that are owned by the tenant, we recognize the allowance as a reduction of rental revenue on a straight-line basis over the term of the lease.
- **Percentage Rent** — income arising from retail tenant leases that is contingent upon tenant sales exceeding defined thresholds. These rents are recognized only after the contingency has been removed (i.e., when tenant sales thresholds have been achieved).
- **Hotel Revenue** — income arising from the operation of the Hotel Pennsylvania which consists of rooms revenue, food and beverage revenue, and banquet revenue. Income is recognized when rooms are occupied. Food and beverage and banquet revenue are recognized when the services have been rendered.
- **Trade Shows Revenue** — income arising from the operation of trade shows, including rentals of booths. This revenue is recognized when the trade shows have occurred.
- **Expense Reimbursements** — revenue arising from tenant leases which provide for the recovery of all or a portion of the operating expenses and real estate taxes of the respective property. This revenue is recognized in the same periods as the expenses are incurred.
- **Management, Leasing and Other Fees** — income arising from contractual agreements with third parties or with partially owned entities. This revenue is recognized as the related services are performed under the respective agreements.

Before we recognize revenue, we assess, among other things, its collectability. If our assessment of the collectability of revenue changes, the impact on our consolidated financial statements could be material.

Income Taxes

Vornado operates in a manner intended to enable it to continue to qualify as a Real Estate Investment Trust (“REIT”) under Sections 856-860 of the Internal Revenue Code of 1986, as amended. Under those sections, a REIT which distributes at least 90% of its REIT taxable income as a dividend to its shareholders each year and which meets certain other conditions will not be taxed on that portion of its taxable income which is distributed to its shareholders. Vornado distributes to its shareholders 100% of its taxable income and therefore, no provision for Federal income taxes is required. If Vornado fails to distribute the required amount of income to its shareholders, or fails to meet other REIT requirements, it may fail to qualify as a REIT which may result in substantial adverse tax consequences.

Recent Accounting Pronouncements

See Note 2 – *Basis of Presentation and Significant Accounting Policies* to our consolidated financial statements in this Annual Report on Form 10-K for a discussion concerning recent accounting pronouncements.

Net Operating Income by Segment for the Years Ended December 31, 2017, 2016 and 2015

On December 1, 2016 we were repaid the 85 Tenth Avenue mezzanine loans and we received a 49.9% equity interest in the property. In 2017, our 49.9% equity interest in the property is included in the "New York" segment. In 2016, our investment in 85 Tenth Avenue mezzanine loans was included in the "Other" segment.

On July 17, 2017, we completed the spin-off of our Washington, DC segment. Beginning in the third quarter of 2017, the historical financial results of our former Washington, DC segment are reflected in our consolidated financial statements as discontinued operations for all periods presented and are included in the Other segment. Subsequent to the Washington, DC spin-off, we operate in two segments, New York and Other, which is based on how we manage our business.

We have reclassified our 49.5% interest in 666 Fifth Avenue Office Condominium from "New York" to "Other" in all periods presented because we do not intend to hold this asset on a long-term basis.

NOI represents total revenues less operating expenses. We consider NOI to be the primary non-GAAP financial measure for making decisions and assessing the unlevered performance of our segments as it relates to the total return on assets as opposed to the levered return on equity. As properties are bought and sold based on NOI, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. NOI should not be considered a substitute for net income. NOI may not be comparable to similarly titled measures employed by other companies.

Below is a summary of NOI by segment for the years ended December 31, 2017, 2016 and 2015.

(Amounts in thousands)

	For the Year Ended December 31, 2017		
	Total	New York	Other
Total revenues	\$ 2,084,126	\$ 1,779,307	\$ 304,819
Operating expenses	886,596	756,670	129,926
NOI - consolidated	1,197,530	1,022,637	174,893
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(65,311)	(45,899)	(19,412)
Add: Our share of NOI from partially owned entities	269,164	189,327	79,837
NOI at share	1,401,383	1,166,065	235,318
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(86,842)	(79,202)	(7,640)
NOI at share - cash basis	\$ 1,314,541	\$ 1,086,863	\$ 227,678

(Amounts in thousands)

	For the Year Ended December 31, 2016		
	Total	New York	Other
Total revenues	\$ 2,003,742	\$ 1,713,374	\$ 290,368
Operating expenses	844,566	716,754	127,812
NOI - consolidated	1,159,176	996,620	162,556
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(66,182)	(47,480)	(18,702)
Add: Our share of NOI from partially owned entities	271,114	159,386	111,728
NOI at share	1,364,108	1,108,526	255,582
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(170,477)	(143,239)	(27,238)
NOI at share - cash basis	\$ 1,193,631	\$ 965,287	\$ 228,344

(Amounts in thousands)

	For the Year Ended December 31, 2015		
	Total	New York	Other
Total revenues	\$ 1,985,495	\$ 1,695,925	\$ 289,570
Operating expenses	824,511	694,228	130,283
NOI - consolidated	1,160,984	1,001,697	159,287
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(64,859)	(42,905)	(21,954)
Add: Our share of NOI from partially owned entities	245,750	156,177	89,573
NOI at share	1,341,875	1,114,969	226,906
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(214,322)	(186,781)	(27,541)
NOI at share - cash basis	\$ 1,127,553	\$ 928,188	\$ 199,365

Net Operating Income by Segment for the Years Ended December 31, 2017, 2016 and 2015 - continued

The elements of our New York and Other NOI for the years ended December 31, 2017, 2016 and 2015 are summarized below.

(Amounts in thousands)	For the Year Ended December 31,		
	2017	2016	2015
New York:			
Office	\$ 721,183	\$ 662,221	\$ 684,110
Retail	359,944	364,953	342,999
Residential	24,370	25,060	22,266
Alexander's	47,302	47,295	43,409
Hotel Pennsylvania	13,266	8,997	22,185
Total New York	1,166,065	1,108,526	1,114,969
Other:			
theMART	102,339	98,498	85,963
555 California Street	47,588	45,848	50,268
Other investments	85,391	111,236	90,675
Total Other	235,318	255,582	226,906
NOI at share	\$ 1,401,383	\$ 1,364,108	\$ 1,341,875

The elements of our New York and Other NOI - cash basis for the years ended December 31, 2017, 2016 and 2015 are summarized below.

(Amounts in thousands)	For the Year Ended December 31,		
	2017	2016	2015
New York:			
Office	\$ 678,839	\$ 593,785	\$ 580,252
Retail	324,318	292,019	262,698
Residential	21,626	22,285	20,254
Alexander's	48,683	48,070	42,965
Hotel Pennsylvania	13,397	9,128	22,019
Total New York	1,086,863	965,287	928,188
Other:			
theMART	99,242	92,571	81,867
555 California Street	45,281	32,601	36,686
Other investments	83,155	103,172	80,812
Total Other	227,678	228,344	199,365
NOI at share - cash basis	\$ 1,314,541	\$ 1,193,631	\$ 1,127,553

Reconciliation of Net Income to Net Operating Income for the Years Ended December 31, 2017, 2016 and 2015

Below is a reconciliation of net income to NOI for the years ended December 31, 2017, 2016 and 2015.

(Amounts in thousands)

	For the Year Ended December 31,		
	2017	2016	2015
Net income	\$ 264,128	\$ 981,922	\$ 859,430
Deduct:			
Our share of (income) loss from partially owned entities	(15,200)	(168,948)	9,947
Our share of (income) loss from real estate fund investments	(3,240)	23,602	(74,081)
Interest and other investment income, net	(37,793)	(29,548)	(27,240)
Net gains on disposition of wholly owned and partially owned assets	(501)	(160,433)	(149,417)
Loss (income) from discontinued operations	13,228	(404,912)	(223,511)
NOI attributable to noncontrolling interests in consolidated subsidiaries	(65,311)	(66,182)	(64,859)
Add:			
Depreciation and amortization expense	429,389	421,023	379,803
General and administrative expense	158,999	149,550	149,256
Acquisition and transaction related costs	1,776	9,451	12,511
NOI from partially owned entities	269,164	271,114	245,750
Interest and debt expense	345,654	330,240	309,298
Income tax expense (benefit)	41,090	7,229	(85,012)
NOI at share	1,401,383	1,364,108	1,341,875
Non cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(86,842)	(170,477)	(214,322)
NOI at share - cash basis	\$ 1,314,541	\$ 1,193,631	\$ 1,127,553

Results of Operations – Year Ended December 31, 2017 Compared to December 31, 2016

Revenues

Our revenues, which consist of property rentals, tenant expense reimbursements, and fee and other income, were \$2,084,126,000 in the year ended December 31, 2017 compared to \$2,003,742,000 for the prior year, an increase of \$80,384,000. Below are the details of the increase by segment:

(Amounts in thousands)

Increase (decrease) due to:	Total	New York	Other
Property rentals:			
Acquisitions, dispositions and other	\$ 9,455	\$ 9,229 ⁽¹⁾	\$ 226
Development and redevelopment	824	(93)	917
Hotel Pennsylvania	7,974	7,974 ⁽²⁾	—
Trade shows	(634)	—	(634)
Same store operations	35,240	25,066	10,174
	<u>52,859</u>	<u>42,176</u>	<u>10,683</u>
Tenant expense reimbursements:			
Acquisitions, dispositions and other	(2,663)	(2,663)	—
Development and redevelopment	705	(75)	780
Same store operations	13,819	11,320	2,499
	<u>11,861</u>	<u>8,582</u>	<u>3,279</u>
Fee and other income:			
BMS cleaning fees	10,718	13,374 ⁽³⁾	(2,656)
Management and leasing fees	1,843	1,068	775
Lease termination fees	(599)	250	(849)
Other income	3,702	483	3,219
	<u>15,664</u>	<u>15,175</u>	<u>489</u>
Total increase in revenues	<u>\$ 80,384</u>	<u>\$ 65,933</u>	<u>\$ 14,451</u>

(1) Primarily due to (i) \$20,515 from the write-off of straight-line rents recorded in 2016, partially offset by (ii) \$5,050 from the partial sale of 7 West 34th Street in May 2016 and (iii) \$7,834 from the write-off of straight-line rents and FAS 141 recorded in 2017.

(2) Average occupancy and revenue per available room were 87.3% and \$121.46 respectively, for 2017 as compared to 84.7% and \$113.84, respectively, for 2016.

(3) Primarily due to an increase in third party cleaning agreements from JBGS, Skyline Properties and from tenants at theMART.

Results of Operations – Year Ended December 31, 2017 Compared to December 31, 2016 - continued

Expenses

Our expenses, which consist primarily of operating, depreciation and amortization, general and administrative expenses and acquisition and transaction related costs, were \$1,476,760,000 in the year ended December 31, 2017 compared to \$1,424,590,000 for the prior year, an increase of \$52,170,000. Below are the details of the increase by segment:

(Amounts in thousands)

(Decrease) increase due to:

	<u>Total</u>	<u>New York</u>	<u>Other</u>
Operating:			
Acquisitions, dispositions and other	\$ (2,978)	\$ (2,978)	\$ —
Development and redevelopment	69	119	(50)
Non-reimbursable expenses, including bad-debt reserves	(3,940)	(4,109)	169
Hotel Pennsylvania	3,721	3,721	—
Trade shows	(1,222)	—	(1,222)
BMS expenses	15,368	12,835 ⁽¹⁾	2,533
Same store operations	31,012	30,328	684
	<u>42,030</u>	<u>39,916</u>	<u>2,114</u>
Depreciation and amortization:			
Acquisitions, dispositions and other	2,227	2,227	—
Development and redevelopment	2,752	3,182	(430)
Same store operations	3,387	(1,503)	4,890
	<u>8,366</u>	<u>3,906</u>	<u>4,460</u>
General and administrative:			
Mark-to-market of deferred compensation plan liability	1,719	—	1,719 ⁽²⁾
Same store operations	7,730 ⁽³⁾	4,333	3,397
	<u>9,449</u>	<u>4,333</u>	<u>5,116</u>
Acquisition and transaction related costs	<u>(7,675)</u>	<u>—</u>	<u>(7,675)</u>
Total increase in expenses	<u>\$ 52,170</u>	<u>\$ 48,155</u>	<u>\$ 4,015</u>

(1) Primarily due to an increase in third party cleaning agreements from JBGS, Skyline Properties and from tenants at theMART.

(2) This increase in expense is entirely offset by a corresponding decrease in income from the mark-to-market of the deferred compensation plan assets, a component of “interest and other investment income, net” on our consolidated statements of income.

(3) Primarily due to lower capitalized leasing and development payroll for consolidated projects in 2017 and higher franchise tax in 2017.

Results of Operations – Year Ended December 31, 2017 Compared to December 31, 2016 - continued

Income from Partially Owned Entities

Summarized below are the components of income from partially owned entities for the years ended December 31, 2017 and 2016.

(Amounts in thousands)	Percentage Ownership at December 31, 2017	For the Year Ended December 31,	
		2017	2016
Equity in Net (Loss) Income:			
Pennsylvania Real Estate Investment Trust ("PREIT") ⁽¹⁾	8.0%	\$ (53,325)	\$ (5,213)
Alexander's	32.4%	31,853	34,240
Urban Edge Properties ("UE") ⁽²⁾	4.5%	27,328	5,839
Partially owned office buildings ⁽³⁾	Various	2,020	5,773
Other investments ⁽⁴⁾	Various	7,324	128,309
		<u>\$ 15,200</u>	<u>\$ 168,948</u>

(1) In 2017, we recognized a \$44,465 "other-than-temporary" impairment loss on our investment in PREIT.

(2) 2017 includes \$21,100 of net gains resulting from UE operating partnership unit issuances.

(3) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 7 West 34th Street, 330 Madison Avenue, 512 West 22nd Street, 85 Tenth Avenue (in 2017 only) and others.

(4) Includes interests in Independence Plaza, Fashion Centre Mall/Washington Tower, Rosslyn Plaza, 50-70 West 93rd Street, 85 Tenth Avenue (in 2016 only), 666 Fifth Avenue Office Condominium, India real estate ventures and others. In 2017, we recognized \$26,687 of net gains, comprised of \$15,314 representing our share of a net gain on the sale of Suffolk Downs and \$11,373 representing the net gain on repayment of our debt investments in Suffolk Downs JV. In 2017 and 2016, we recognized net losses of \$25,414 and \$41,532, respectively, from our 666 Fifth Avenue Office Condominium joint venture as a result of our share of depreciation expense. In 2016, the owner of 85 Tenth Avenue completed a 10-year, 4.55% \$625,000 refinancing of the property and we received net proceeds of \$191,779 in repayment of our existing loans and preferred equity investments. We recognized \$160,843 of income and no tax gain as a result of this transaction. In addition, we recognized \$13,962 of non-cash impairment losses related to India real estate ventures in 2016.

Loss from Real Estate Fund Investments

Below are the components of the loss from our real estate fund investments for the years ended December 31, 2017 and 2016.

(Amounts in thousands)	For the Year Ended December 31,	
	2017	2016
Net investment income	\$ 18,507	\$ 17,053
Net realized gains on exited investments	36,078	14,761
Previously recorded unrealized gain on exited investments	(25,538)	(14,254)
Net unrealized loss on held investments	(25,807)	(41,162)
Income (loss) from real estate fund investments	<u>3,240</u>	<u>(23,602)</u>
Less (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(14,044)	2,560
Loss from real estate fund investments attributable to the Operating Partnership ⁽¹⁾	<u>(10,804)</u>	<u>(21,042)</u>
Less loss attributable to noncontrolling interests in the Operating Partnership	673	1,270
Loss from real estate fund investments attributable to Vornado	<u>\$ (10,131)</u>	<u>\$ (19,772)</u>

(1) Excludes \$4,091 and \$3,831 of management and leasing fees in the years ended December 31, 2017 and 2016, respectively, which are included as a component of "fee and other income" on our consolidated statements of income.

Results of Operations – Year Ended December 31, 2017 Compared to December 31, 2016 - continued

Interest and Other Investment Income, net

Interest and other investment income, net was \$37,793,000 in the year ended December 31, 2017, compared to \$29,548,000 in the prior year, an increase of \$8,245,000. This increase resulted primarily from increased interest rates and an increase in the value of investments in our deferred compensation plan (offset by a corresponding decrease in the liability for plan assets in general and administrative expenses).

Interest and Debt Expense

Interest and debt expense was \$345,654,000 in the year ended December 31, 2017, compared to \$330,240,000 in the prior year, an increase of \$15,414,000. This increase was primarily due to (i) \$19,887,000 of higher interest expense relating to our variable rate loans, (ii) \$9,409,000 of higher interest expense from the refinancing of 350 Park Avenue and the \$750,000,000 drawn on our \$750,000,000 delayed draw term loan, (iii) \$7,052,000 of higher interest expense from the 1535 Broadway capital lease obligation, (iv) \$4,836,000 of interest expense relating to the December 27, 2017 prepayment of our \$450,000,000 aggregate principal amount of 2.50% senior unsecured notes due 2019, partially offset by (v) \$17,888,000 of higher capitalized interest and debt expense and (vi) \$8,626,000 of interest savings from the refinancing of theMART.

Net Gains on Disposition of Wholly Owned and Partially Owned Assets

The net gain of \$501,000 in the year ended December 31, 2017, resulted from the sale of residential condominiums. The net gain of \$160,433,000 in the prior year primarily consists of a \$159,511,000 net gain on sale of our 47% ownership interest in 7 West 34th Street and \$714,000 from the sale of residential condominiums.

Income Tax Expense

In the year ended December 31, 2017, we had an income tax expense of \$41,090,000, compared to \$7,229,000 in the prior year, an increase of \$33,861,000. This increase resulted primarily from \$34,800,000 of expense due to the reduction of our taxable REIT subsidiaries' deferred tax assets based on the decrease in corporate tax rates under the December 22, 2017 Tax Cuts and Jobs Act.

Results of Operations – Year Ended December 31, 2017 Compared to December 31, 2016 - continued

(Loss) Income from Discontinued Operations

We have reclassified the revenues and expenses of our former Washington, DC segment which was spun off on July 17, 2017 and other related retail assets that were sold or are currently held for sale to “(loss) income from discontinued operations” and the related assets and liabilities to “assets related to discontinued operations” and “liabilities related to discontinued operations” for all the periods presented in the accompanying financial statements. The table below sets forth the combined results of assets related to discontinued operations for the years ended December 31, 2017 and 2016.

(Amounts in thousands)

	For the Year Ended December 31,	
	2017	2016
Total revenues	\$ 261,290	\$ 521,084
Total expenses	212,169	442,032
	49,121	79,052
JBGS spin-off transaction costs	(68,662)	(16,586)
Net gains on sale of real estate, a lease position and other	6,605	5,074
Income (loss) from partially owned assets	435	(3,559)
Net gain on early extinguishment of debt	—	487,877
Impairment losses	—	(161,165)
Net gain on sale of our 20% interest in Fairfax Square	—	15,302
Pretax (loss) income from discontinued operations	(12,501)	405,995
Income tax expense	(727)	(1,083)
(Loss) income from discontinued operations	<u>\$ (13,228)</u>	<u>\$ 404,912</u>

Net Income Attributable to Noncontrolling Interests in Consolidated Subsidiaries

Net income attributable to noncontrolling interests in consolidated subsidiaries was \$25,802,000 in the year ended December 31, 2017, compared to \$21,351,000 in the prior year, an increase of \$4,451,000. This increase resulted primarily from higher net income allocated 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 \$10,910,000 in the year ended December 31, 2017, compared to \$53,654,000 in the prior year, a decrease of \$42,744,000. This decrease resulted primarily from lower net income subject to allocation to unitholders.

Preferred Share Dividends of Vornado Realty Trust

Preferred share dividends were \$65,399,000 in the year ended December 31, 2017, compared to \$75,903,000 in the prior year, a decrease of \$10,504,000. This decrease resulted primarily from the redemption of the 6.875% Series J cumulative redeemable preferred shares on September 1, 2016.

Preferred Unit Distributions of Vornado Realty L.P.

Preferred unit distributions were \$65,593,000 in the year ended December 31, 2017, compared to \$76,097,000 in the prior year, a decrease of \$10,504,000. This decrease resulted primarily from the redemption of the 6.875% Series J cumulative redeemable preferred units on September 1, 2016.

Preferred Share/Unit Issuance Costs

In the year ended December 31, 2016, we recognized a \$7,408,000 expense in connection with the write-off of issuance costs upon redeeming all of the outstanding 6.875% Series J cumulative redeemable preferred shares/units on September 1, 2016.

Results of Operations – Year Ended December 31, 2017 Compared to December 31, 2016 - continued

Same Store Net Operating Income

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

Below are reconciliations of NOI to same store NOI for our New York segment, theMART and 555 California Street for the year ended December 31, 2017 compared to December 31, 2016.

(Amounts in thousands)	New York	theMART	555 California Street
NOI at share for the year ended December 31, 2017	\$ 1,166,065	\$ 102,339	\$ 47,588
Less NOI at share from:			
Acquisitions	(20,027)	164	—
Dispositions	(698)	—	—
Development properties placed into and out of service	816	—	—
Lease termination income, net of straight-line and FAS 141 adjustments	(1,973)	(20)	—
Other non-operating income, net	(2,303)	—	—
Same store NOI at share for the year ended December 31, 2017	\$ 1,141,880	\$ 102,483	\$ 47,588
NOI at share for the year ended December 31, 2016	\$ 1,108,526	\$ 98,498	\$ 45,848
Less NOI at share from:			
Acquisitions	(60)	—	—
Dispositions	(3,107)	—	—
Development properties placed into and out of service	82	—	1,079
Lease termination income (expense), net of straight-line and FAS 141 adjustments	10,559	(157)	(238)
Other non-operating income, net	(3,610)	—	—
Same store NOI at share for the year ended December 31, 2016	\$ 1,112,390	\$ 98,341	\$ 46,689
Increase in same store NOI at share for the year ended December 31, 2017 compared to December 31, 2016	\$ 29,490	\$ 4,142	\$ 899
% increase in same store NOI at share	2.7%	4.2% ⁽¹⁾	1.9%

(1) The year ended December 31, 2016 includes a \$2,000 reversal of an expense accrued in 2015. Excluding this amount, same store NOI increased by 6.4%.

Results of Operations – Year Ended December 31, 2017 Compared to December 31, 2016 - continued

Same Store Net Operating Income - continued

Below are reconciliations of NOI - cash basis to same store NOI - cash basis for our New York segment, theMART, and 555 California Street for the year ended December 31, 2017 compared to December 31, 2016.

(Amounts in thousands)

	New York	theMART	555 California Street
NOI at share - cash basis for the year ended December 31, 2017	\$ 1,086,863	\$ 99,242	\$ 45,281
Less NOI at share - cash basis from:			
Acquisitions	(17,217)	164	—
Dispositions	(698)	—	—
Development properties placed into and out of service	814	—	—
Lease termination income	(4,927)	(31)	—
Other non-operating income, net	(3,021)	—	—
Same store NOI at share - cash basis for the year ended December 31, 2017	<u>\$ 1,061,814</u>	<u>\$ 99,375</u>	<u>\$ 45,281</u>
NOI at share - cash basis for the year ended December 31, 2016	\$ 965,287	\$ 92,571	\$ 32,601
Less NOI at share - cash basis from:			
Acquisitions	(13)	—	—
Dispositions	(2,219)	—	—
Development properties placed into and out of service	289	—	1,079
Lease termination income	(7,272)	(248)	(397)
Other non-operating income, net	(2,362)	—	—
Same store NOI at share - cash basis for the year ended December 31, 2016	<u>\$ 953,710</u>	<u>\$ 92,323</u>	<u>\$ 33,283</u>
Increase in same store NOI at share - cash basis for the year ended December 31, 2017 compared to December 31, 2016	<u>\$ 108,104</u>	<u>\$ 7,052</u>	<u>\$ 11,998</u>
% increase in same store NOI at share - cash basis	<u>11.3%</u>	<u>7.6% ⁽¹⁾</u>	<u>36.0%</u>

(1) The year ended December 31, 2016 includes a \$2,000 reversal of an expense accrued in 2015. Excluding this amount, same store NOI - cash basis increased by 10.0%.

Results of Operations – Year Ended December 31, 2016 Compared to December 31, 2015

Revenues

Our revenues, which consist of property rentals, tenant expense reimbursements, and fee and other income, were \$2,003,742,000 in the year ended December 31, 2016 compared to \$1,985,495,000 for the prior year, an increase of \$18,247,000. Below are the details of the increase by segment:

(Amounts in thousands)

(Decrease) increase due to:

	<u>Total</u>	<u>New York</u>	<u>Other</u>
Property rentals:			
Acquisitions, dispositions and other	\$ (33,841)	\$ (33,841) ⁽¹⁾	\$ —
Development and redevelopment	2,346	(150)	2,496
Hotel Pennsylvania	(12,837)	(12,837) ⁽²⁾	—
Trade shows	(852)	—	(852)
Same store operations	80,411	77,676	2,735
	<u>35,227</u>	<u>30,848</u>	<u>4,379</u>
Tenant expense reimbursements:			
Acquisitions, dispositions and other	(4,697)	(4,698)	1
Development and redevelopment	1,040	(3)	1,043
Same store operations	6,481	10,170	(3,689)
	<u>2,824</u>	<u>5,469</u>	<u>(2,645)</u>
Fee and other income:			
BMS cleaning fees	(3,455)	(3,233)	(222)
Management and leasing fees	2,009	1,105	904
Lease termination fees	(13,599)	(13,878) ⁽³⁾	279
Other income	(4,759)	(2,862)	(1,897)
	<u>(19,804)</u>	<u>(18,868)</u>	<u>(936)</u>
Total increase in revenues	<u>\$ 18,247</u>	<u>\$ 17,449</u>	<u>\$ 798</u>

(1) Primarily due to (i) \$20,515 from the write-off of New York office straight-line rents recorded in 2016, (ii) \$18,014 from the disposition of 20 Broad Street in 2015 and (iii) \$14,238 of income in 2015 from the acceleration of amortization of acquired below-market lease liabilities at 697-703 Fifth Avenue (St. Regis - retail), partially offset by asset acquisitions.

(2) Average occupancy and revenue per available room were 84.7% and \$113.84, respectively, for 2016 as compared to 90.7% and \$133.69, respectively, for 2015.

(3) Primarily from a lease termination fee received from a tenant at 20 Broad Street in the fourth quarter of 2015.

Results of Operations – Year Ended December 31, 2016 Compared to December 31, 2015 - continued

Expenses

Our expenses, which consist primarily of operating, depreciation and amortization, general and administrative expenses and acquisition and transaction related costs, were \$1,424,590,000 in the year ended December 31, 2016 compared to \$1,366,081,000 for the prior year, an increase of \$58,509,000. Below are the details of the increase (decrease) by segment:

(Amounts in thousands)

Increase (decrease) due to:	<u>Total</u>	<u>New York</u>	<u>Other</u>
Operating:			
Acquisitions, dispositions and other	\$ 2,527	\$ 2,527	\$ —
Development and redevelopment	1,389	(99)	1,488
Non-reimbursable expenses, including bad-debt reserves	(2,526)	(2,296)	(230)
Hotel Pennsylvania	322	322	—
Trade shows	456	—	456
BMS expenses	(3,374)	(3,152)	(222)
Same store operations	21,261	25,224	(3,963)
	<u>20,055</u>	<u>22,526</u>	<u>(2,471)</u>
Depreciation and amortization:			
Acquisitions, dispositions and other	3,229	3,229	—
Development and redevelopment	1,025	(296)	1,321
Same store operations	36,966	35,275	1,691
	<u>41,220</u>	<u>38,208</u>	<u>3,012</u>
General and administrative:			
Mark-to-market of deferred compensation plan liability	5,102	—	5,102 ⁽¹⁾
Same store operations	(4,808)	838	(5,646) ⁽²⁾
	<u>294</u>	<u>838</u>	<u>(544)</u>
Acquisition and transaction related costs	<u>(3,060)</u>	<u>—</u>	<u>(3,060)</u>
Total increase (decrease) in expenses	<u>\$ 58,509</u>	<u>\$ 61,572</u>	<u>\$ (3,063)</u>

(1) This increase in expense is entirely offset by a corresponding decrease in income from the mark-to-market of the deferred compensation plan assets, a component of “interest and other investment income, net” on our consolidated statements of income.

(2) Results primarily from the acceleration of the recognition of compensation expense in 2015 of \$4,542 related to 2012-2014 Out-Performance Plans due to the modification of the vesting criteria of awards such that they fully vest at age 65.

Results of Operations – Year Ended December 31, 2016 Compared to December 31, 2015 - continued

Income (Loss) from Partially Owned Entities

Summarized below are the components of income (loss) from partially owned entities for the years ended December 31, 2016 and 2015.

(Amounts in thousands)	Percentage Ownership at December 31, 2016	Year Ended December 31,	
		2016	2015
Equity in Net Income (Loss):			
Partially owned office buildings ⁽¹⁾	Various	\$ 5,773	\$ 19,808
Alexander's	32.4%	34,240	31,078
UE	5.4%	5,839	4,394
PREIT	8.0%	(5,213)	(7,450)
Other investments ⁽²⁾	Various	128,309	(57,777)
		<u>\$ 168,948</u>	<u>\$ (9,947)</u>

(1) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 7 West 34th Street (in 2016 only), 330 Madison Avenue, 512 West 22nd Street and others. In 2015, we recognized our \$12,800 share of a write-off of a below-market lease liability related to a tenant vacating at 650 Madison Avenue.

(2) Includes interests in Independence Plaza, Fashion Centre Mall/Washington Tower, Rosslyn Plaza, 50-70 West 93rd Street, 85 Tenth Avenue, 666 Fifth Avenue Office Condominium, India real estate ventures and others. In 2016, the owner of 85 Tenth Avenue completed a 10-year, 4.55% \$625,000 refinancing of the property and we received net proceeds of \$191,779 in repayment of our existing loans and preferred equity investments. We recognized \$160,843 of income and no tax gain as a result of this transaction. In 2016 and 2015, we recognized net losses of \$41,532 and \$37,495, respectively, from our 666 Fifth Avenue Office Condominium joint venture as a result of our share of depreciation expense and \$13,962 and \$14,806, respectively, of non-cash impairment losses related to India real estate ventures.

(Loss) Income from Real Estate Fund Investments

Below are the components of the (loss) income from our real estate fund investments for the years ended December 31, 2016 and 2015.

(Amounts in thousands)	For the Year Ended December 31,	
	2016	2015
Net investment income	\$ 17,053	\$ 16,329
Net realized gains on exited investments	14,761	26,036
Previously recorded unrealized gain on exited investments	(14,254)	(23,279)
Net unrealized (loss) gains on held investments	(41,162)	54,995
(Loss) income from real estate fund investments	(23,602)	74,081
Less loss (income) attributable to noncontrolling interests in consolidated subsidiaries	2,560	(40,117)
(Loss) income from real estate fund investments attributable to the Operating Partnership ⁽¹⁾	(21,042)	33,964
Less loss (income) attributable to noncontrolling interests in the Operating Partnership	1,270	(2,011)
(Loss) income from real estate fund investments attributable to Vornado	<u>\$ (19,772)</u>	<u>\$ 31,953</u>

(1) Excludes \$3,831 and \$2,939 of management and leasing fees in the years ended December 31, 2016 and 2015, respectively, which are included as a component of "fee and other income" on our consolidated statements of income.

Results of Operations – Year Ended December 31, 2016 Compared to December 31, 2015 - continued

Interest and Other Investment Income, net

Interest and other investment income, net, was \$29,548,000 in the year ended December 31, 2016, compared to \$27,240,000 in the year ended December 31, 2015, an increase of \$2,308,000. This increase resulted primarily from an increase in the value of investments in our deferred compensation plan (offset by a corresponding decrease in the liability for plan assets in general and administrative expenses).

Interest and Debt Expense

Interest and debt expense was \$330,240,000 in the year ended December 31, 2016, compared to \$309,298,000 in the year ended December 31, 2015, an increase of \$20,942,000. This increase was primarily due to (i) \$23,205,000 of higher interest expense from the full year effect of 2015 financings of the St. Regis - retail, 150 West 34th Street, 100 West 33rd Street, and from the \$375,000,000 drawn on our \$750,000,000 delayed draw term loan, (ii) \$8,082,000 of lower capitalized interest, partially offset by (iii) \$13,127,000 of interest savings from the re-financings of 888 7th Avenue and 770 Broadway.

Net Gains on Disposition of Wholly Owned and Partially Owned Assets

The net gain of \$160,433,000 in year ended December 31, 2016, primarily consists of a \$159,511,000 net gain on sale of our 47% ownership interest in 7 West 34th Street and \$714,000 from the sale of residential condominiums. The net gain of \$149,417,000 in the year ended December 31, 2015 consists of \$142,693,000 net gain on sale of 20 Broad Street and \$6,724,000 from the sale of residential condominiums.

Income Tax (Expense) Benefit

In the year ended December 31, 2016, we had an income tax expense of \$7,229,000, compared to a benefit of \$85,012,000 in the year ended December 31, 2015, an increase in expense of \$92,241,000. This increase in expense resulted primarily from the prior year reversal of \$90,030,000 of valuation allowances against certain of our deferred tax assets, as we concluded that it was more-likely-than- not that we will generate sufficient taxable income from the sale of 220 Central Park South residential condominium units to realize the deferred tax assets.

Results of Operations – Year Ended December 31, 2016 Compared to December 31, 2015 - continued

Income from Discontinued Operations

We have reclassified the revenues and expenses of our former Washington, DC segment which was spun off on July 17, 2017, our strip shopping center and mall business which was spun off to UE on January 15, 2015 and other related retail assets that were sold or are currently held for sale to “(loss) income from discontinued operations” and the related assets and liabilities to “assets related to discontinued operations” and “liabilities related to discontinued operations” for all the periods presented in the accompanying financial statements. The table below sets forth the combined results of assets related to discontinued operations for the years ended December 31, 2016 and 2015.

(Amounts in thousands)

	For the Year Ended December 31,	
	2016	2015
Total revenues	\$ 521,084	\$ 558,663
Total expenses	442,032	477,299
	79,052	81,364
Net gain on early extinguishment of debt	487,877	—
Impairment losses	(161,165)	(256)
JBGS spin-off transaction costs	(16,586)	—
Net gain on sale of our 20% interest in Fairfax Square	15,302	—
Net gains on sale of real estate, a lease position and other	5,074	167,801
Loss from partially owned assets	(3,559)	(2,022)
UE spin-off transaction related costs	—	(22,972)
Pretax income from discontinued operations	405,995	223,915
Income tax expense	(1,083)	(404)
Income from discontinued operations	\$ 404,912	\$ 223,511

Net Income Attributable to Noncontrolling Interests in Consolidated Subsidiaries

Net income attributable to noncontrolling interests in consolidated subsidiaries was \$21,351,000 in the year ended December 31, 2016, compared to \$55,765,000 in the year ended December 31, 2015, a decrease of \$34,414,000. This decrease resulted primarily from lower net income allocated 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 \$53,654,000 in the year ended December 31, 2016, compared to \$43,231,000 in the year ended December 31, 2015, an increase of \$10,423,000. This increase resulted primarily from higher net income subject to allocation to unitholders.

Preferred Share Dividends of Vornado Realty Trust

Preferred share dividends were \$75,903,000 in the year ended December 31, 2016, compared to \$80,578,000 in the year ended December 31, 2015, a decrease of \$4,675,000. This decrease resulted primarily from the redemption of the 6.875% Series J cumulative redeemable preferred shares on September 1, 2016.

Preferred Unit Distributions of Vornado Realty L.P.

Preferred unit distributions were \$76,097,000 in the year ended December 31, 2016, compared to \$80,736,000 in the year ended December 31, 2015, a decrease of \$4,639,000. This decrease resulted primarily from the redemption of the 6.875% Series J cumulative redeemable preferred units on September 1, 2016.

Preferred Share/Unit Issuance Costs

In the year ended December 31, 2016, we recognized a \$7,408,000 expense in connection with the write-off of issuance costs upon redeeming all of the outstanding 6.875% Series J cumulative redeemable preferred shares/units on September 1, 2016.

Results of Operations – Year Ended December 31, 2016 Compared to December 31, 2015 - continued

Same Store Net Operating Income

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

Below are reconciliations of NOI to same store NOI for our New York segment, theMART and 555 California Street for the years ended December 31, 2016 compared to December 31, 2015.

(Amounts in thousands)

	New York	theMART	555 California Street
NOI at share for the year ended December 31, 2016	\$ 1,108,526	\$ 98,498	\$ 45,848
Less NOI at share from:			
Acquisitions	(19,644)	—	—
Dispositions	13	—	—
Development properties placed into and out of service	66	—	—
Lease termination expense (income), net of straight-line and FAS 141 adjustments	10,801	(157)	(238)
Other non-operating income, net	(3,438)	—	—
Same store NOI at share for the year ended December 31, 2016	<u>\$ 1,096,324</u>	<u>\$ 98,341</u>	<u>\$ 45,610</u>
NOI at share for the year ended December 31, 2015	\$ 1,114,969	\$ 85,963	\$ 50,268
Less NOI at share from:			
Acquisitions	(2,827)	—	—
Dispositions	(31,648)	—	—
Development properties placed into and out of service	1,607	—	—
Lease termination (income) expense, net of straight-line and FAS 141 adjustments	(30,493)	274	—
Other non-operating income, net	(21,281)	—	—
Same store NOI at share for the year ended December 31, 2015	<u>\$ 1,030,327</u>	<u>\$ 86,237</u>	<u>\$ 50,268</u>
Increase (decrease) in same store NOI at share for the year ended December 31, 2016 compared to December 31, 2015	<u>\$ 65,997</u>	<u>\$ 12,104</u>	<u>\$ (4,658)</u>
% increase (decrease) in same store NOI at share	<u>6.4%</u>	<u>14.0% ⁽¹⁾</u>	<u>(9.3)%</u>

(1) The year ended December 31, 2016 includes a \$2,000 reversal of an expense accrued in 2015. Excluding this amount, same store NOI increased by 11.7%.

Results of Operations – Year Ended December 31, 2016 Compared to December 31, 2015 - continued

Same Store Net Operating Income - continued

Below are reconciliations of NOI - cash basis to same store NOI - cash basis for our New York segment, theMART and 555 California Street for the year ended December 31, 2016 compared to December 31, 2015.

(Amounts in thousands)

	New York	theMART	555 California Street
NOI at share - cash basis for the year ended December 31, 2016	\$ 965,287	\$ 92,571	\$ 32,601
Less NOI at share - cash basis from:			
Acquisitions	(8,683)	—	—
Dispositions	13	—	—
Development properties placed into and out of service	66	—	—
Lease termination income	(7,272)	(248)	(397)
Other non-operating income, net	(2,180)	—	—
Same store NOI at share - cash basis for the year ended December 31, 2016	<u>\$ 947,231</u>	<u>\$ 92,323</u>	<u>\$ 32,204</u>
NOI at share - cash basis for the year ended December 31, 2015	\$ 928,188	\$ 81,867	\$ 36,686
Less NOI at share - cash basis from:			
Acquisitions	(1,185)	—	—
Dispositions	(30,992)	—	—
Development properties placed into and out of service	1,559	—	—
Lease termination (income) expense	(5,800)	274	—
Other non-operating income, net	(18,425)	—	—
Same store NOI at share - cash basis for the year ended December 31, 2015	<u>\$ 873,345</u>	<u>\$ 82,141</u>	<u>\$ 36,686</u>
Increase in same store NOI at share - cash basis for the year ended December 31, 2016 compared to December 31, 2015	<u>\$ 73,886</u>	<u>\$ 10,182</u>	<u>\$ (4,482)</u>
% increase in same store NOI at share - cash basis	<u>8.5%</u>	<u>12.4% ⁽¹⁾</u>	<u>(12.2)%</u>

(1) The year ended December 31, 2016 includes a \$2,000 reversal of an expense accrued in 2015. Excluding this amount, same store NOI - cash basis increased by 9.9%.

Supplemental Information

Net Operating Income by Segment for the Three Months Ended December 31, 2017 and 2016

On December 1, 2016 we were repaid the 85 Tenth Avenue mezzanine loans and we received a 49.9% equity interest in the property. In 2017, our 49.9% equity interest in the property is included in the "New York" segment. In 2016, our investment in 85 Tenth Avenue mezzanine loans was included in the "Other" segment.

On July 17, 2017, we completed the spin-off of our Washington, DC segment. Beginning in the third quarter of 2017, the historical financial results of our former Washington, DC segment are reflected in our consolidated financial statements as discontinued operations for all periods presented and are included in the Other segment. Subsequent to the Washington, DC spin-off, we operate in two segments, New York and Other, which is based on how we manage our business.

We have reclassified our 49.5% interest in 666 Fifth Avenue Office Condominium from "New York" to "Other" in all periods presented because we do not intend to hold this asset on a long-term basis.

NOI represents total revenues less operating expenses. We consider NOI to be the primary non-GAAP financial measure for making decisions and assessing the unlevered performance of our segments as it relates to the total return on assets as opposed to the levered return on equity. As properties are bought and sold based on NOI, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. NOI should not be considered a substitute for net income. NOI may not be comparable to similarly titled measures employed by other companies.

Below is a summary of NOI by segment for the three months ended December 31, 2017 and 2016.

(Amounts in thousands)

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

(Amounts in thousands)

	For the Three Months Ended December 31, 2016		
	Total	New York	Other
Total revenues	\$ 513,974	\$ 443,910	\$ 70,064
Operating expenses	218,020	182,762	35,258
NOI - consolidated	295,954	261,148	34,806
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(16,083)	(11,829)	(4,254)
Add: Our share of NOI from partially owned entities	75,142	41,465	33,677
NOI at share	355,013	290,784	64,229
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(36,370)	(29,547)	(6,823)
NOI at share - cash basis	\$ 318,643	\$ 261,237	\$ 57,406

Supplemental Information - continued

Net Operating Income by Segment for the Three Months Ended December 31, 2017 and 2016 - continued

The elements of our New York and Other NOI for the three months ended December 31, 2017 and 2016 are summarized below.

(Amounts in thousands)	For the Three Months Ended December 31,	
	2017	2016
New York:		
Office	\$ 189,481	\$ 174,609
Retail	90,853	93,117
Residential	5,920	6,158
Alexander's	11,656	11,495
Hotel Pennsylvania	6,318	5,405
Total New York	304,228	290,784
Other:		
theMART	24,249	22,749
555 California Street	12,003	10,578
Other investments	23,377	30,902
Total Other	59,629	64,229
NOI at share	\$ 363,857	\$ 355,013

The elements of our New York and Other NOI - cash basis for the three months ended December 31, 2017 and 2016 are summarized below.

(Amounts in thousands)	For the Three Months Ended December 31,	
	2017	2016
New York:		
Office	\$ 175,787	\$ 157,679
Retail	83,320	80,817
Residential	5,325	5,560
Alexander's	12,004	11,743
Hotel Pennsylvania	6,351	5,438
Total New York	282,787	261,237
Other:		
theMART	24,396	21,660
555 California Street	11,916	8,702
Other investments	23,179	27,044
Total Other	59,491	57,406
NOI at share - cash basis	\$ 342,278	\$ 318,643

Supplemental Information - continued

Reconciliation of Net Income to Net Operating Income for the Three Months Ended December 31, 2017 and 2016

Below is a reconciliation of net income to NOI for the three months ended December 31, 2017 and 2016.

(Amounts in thousands)

	For the Three Months Ended December 31,	
	2017	2016
Net income	\$ 53,551	\$ 704,544
Deduct:		
Our share of income from partially owned entities	(9,622)	(165,056)
Our share of (income) loss from real estate fund investments	(4,889)	52,352
Interest and other investment income, net	(9,993)	(9,427)
Net gains on disposition of wholly owned and partially owned assets	—	(208)
Income from discontinued operations	(1,273)	(509,116)
NOI attributable to noncontrolling interests in consolidated subsidiaries	(16,533)	(16,083)
Add:		
Depreciation and amortization expense	114,166	104,640
General and administrative expense	36,838	36,957
Acquisition and transaction related costs	703	2,754
NOI from partially owned entities	69,175	75,142
Interest and debt expense	93,073	80,206
Income tax expense (benefit)	38,661	(1,692)
NOI at share	363,857	355,013
Non cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(21,579)	(36,370)
NOI at share - cash basis	\$ 342,278	\$ 318,643

Supplemental Information - continued

Three Months Ended December 31, 2017 Compared to December 31, 2016

Same Store Net Operating Income

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

Below are reconciliations of NOI to same store NOI for our New York segment, theMART and 555 California Street for the three months ended December 31, 2017 compared to December 31, 2016.

(Amounts in thousands)	<u>New York</u>	<u>theMART</u>	<u>555 California Street</u>
NOI at share for the three months ended December 31, 2017	\$ 304,228	\$ 24,249	\$ 12,003
Less NOI at share from:			
Acquisitions	(4,817)	(46)	—
Dispositions	(79)	—	—
Development properties placed into and out of service	161	—	—
Lease termination income, net of straight-line and FAS 141 adjustments	(984)	—	—
Other non-operating income, net	(12)	—	—
Same store NOI at share for the three months ended December 31, 2017	<u>\$ 298,497</u>	<u>\$ 24,203</u>	<u>\$ 12,003</u>
NOI at share for the three months ended December 31, 2016	\$ 290,784	\$ 22,749	\$ 10,578
Less NOI at share from:			
Acquisitions	36	—	—
Dispositions	(106)	—	—
Development properties placed into and out of service	(280)	—	296
Lease termination expense (income), net of straight-line and FAS 141 adjustments	586	(157)	—
Other non-operating income, net	(679)	—	—
Same store NOI at share for the three months ended December 31, 2016	<u>\$ 290,341</u>	<u>\$ 22,592</u>	<u>\$ 10,874</u>
Increase in same store NOI at share for the three months ended December 31, 2017 compared to December 31, 2016	<u>\$ 8,156</u>	<u>\$ 1,611</u>	<u>\$ 1,129</u>
% increase in same store NOI at share	<u>2.8%</u>	<u>7.1%</u>	<u>10.4%</u>

Supplemental Information - continued

Three Months Ended December 31, 2017 Compared to December 31, 2016 - continued

Same Store Net Operating Income - continued

Below are reconciliations of NOI - cash basis to same store NOI - cash basis for our New York segment, theMART and 555 California Street for the three months ended December 31, 2017 compared to December 31, 2016.

(Amounts in thousands)	New York	theMART	555 California Street
NOI at share - cash basis for the three months ended December 31, 2017	\$ 282,787	\$ 24,396	\$ 11,916
Less NOI at share - cash basis from:			
Acquisitions	(3,987)	(46)	—
Dispositions	(79)	—	—
Development properties placed into and out of service	160	—	—
Lease termination income	(1,393)	—	—
Other non-operating income, net	(12)	—	—
Same store NOI at share - cash basis for the three months ended December 31, 2017	<u>\$ 277,476</u>	<u>\$ 24,350</u>	<u>\$ 11,916</u>
NOI at share - cash basis for the three months ended December 31, 2016	\$ 261,237	\$ 21,660	\$ 8,702
Less NOI at share - cash basis from:			
Acquisitions	—	—	—
Dispositions	(106)	—	—
Development properties placed into and out of service	(141)	—	296
Lease termination income	(602)	(248)	—
Other non-operating income, net	(1,082)	—	—
Same store NOI at share - cash basis for the three months ended December 31, 2016	<u>\$ 259,306</u>	<u>\$ 21,412</u>	<u>\$ 8,998</u>
Increase in same store NOI at share - cash basis for the three months ended December 31, 2017 compared to December 31, 2016	<u>\$ 18,170</u>	<u>\$ 2,938</u>	<u>\$ 2,918</u>
% increase in same store NOI at share - cash basis	<u>7.0%</u>	<u>13.7%</u>	<u>32.4%</u>

Supplemental Information - continued

Net Operating Income by Segment for the Three Months Ended December 31, 2017 and September 30, 2017

On July 17, 2017, we completed the spin-off of our Washington, DC segment. Beginning in the third quarter of 2017, the historical financial results of our former Washington, DC segment are reflected in our consolidated financial statements as discontinued operations for all periods presented and are included in the Other segment. Subsequent to the Washington, DC spin-off, we operate in two segments, New York and Other, which is based on how we manage our business.

We have reclassified our 49.5% interest in 666 Fifth Avenue Office Condominium from "New York" to "Other" in all periods presented because we do not intend to hold this asset on a long-term basis.

NOI represents total revenues less operating expenses. We consider NOI to be the primary non-GAAP financial measure for making decisions and assessing the unlevered performance of our segments as it relates to the total return on assets as opposed to the levered return on equity. As properties are bought and sold based on NOI, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. NOI should not be considered a substitute for net income. NOI may not be comparable to similarly titled measures employed by other companies.

Below is a summary of NOI by segment for the three months ended December 31, 2017 and September 30, 2017.

(Amounts in thousands)

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

(Amounts in thousands)

	For the Three Months Ended September 30, 2017		
	Total	New York	Other
Total revenues	\$ 528,755	\$ 453,609	\$ 75,146
Operating expenses	225,226	192,430	32,796
NOI - consolidated	303,529	261,179	42,350
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(16,171)	(11,464)	(4,707)
Add: Our share of NOI from partially owned entities	66,876	48,779	18,097
NOI at share	354,234	298,494	55,740
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(22,307)	(21,092)	(1,215)
NOI at share - cash basis	\$ 331,927	\$ 277,402	\$ 54,525

Supplemental Information - continued

Net Operating Income by Segment for the Three Months Ended December 31, 2017 and September 30, 2017 - continued

The elements of our New York and Other NOI for the three months ended December 31, 2017 and September 30, 2017 are summarized below.

(Amounts in thousands)

	For the Three Months Ended	
	December 31, 2017	September 30, 2017
New York:		
Office	\$ 189,481	\$ 185,169
Retail	90,853	90,088
Residential	5,920	5,981
Alexander's	11,656	11,937
Hotel Pennsylvania	6,318	5,319
Total New York	<u>304,228</u>	<u>298,494</u>
Other:		
theMART	24,249	26,019
555 California Street	12,003	11,519
Other investments	23,377	18,202
Total Other	<u>59,629</u>	<u>55,740</u>
NOI at share	<u>\$ 363,857</u>	<u>\$ 354,234</u>

The elements of our New York and Other NOI - cash basis for the three months ended December 31, 2017 and September 30, 2017 are summarized below.

(Amounts in thousands)

	For the Three Months Ended	
	December 31, 2017	September 30, 2017
New York:		
Office	\$ 175,787	\$ 172,741
Retail	83,320	81,612
Residential	5,325	5,417
Alexander's	12,004	12,280
Hotel Pennsylvania	6,351	5,352
Total New York	<u>282,787</u>	<u>277,402</u>
Other:		
theMART	24,396	25,417
555 California Street	11,916	10,889
Other investments	23,179	18,219
Total Other	<u>59,491</u>	<u>54,525</u>
NOI at share - cash basis	<u>\$ 342,278</u>	<u>\$ 331,927</u>

Supplemental Information - continued

Reconciliation of Net Income to Net Operating Income for the Three Months Ended December 31, 2017 and September 30, 2017

Below is a reconciliation of net income to NOI for the three months ended December 31, 2017 and September 30, 2017.

(Amounts in thousands)

	For the Three Months Ended	
	December 31, 2017	September 30, 2017
Net income (loss)	\$ 53,551	\$ (10,754)
Deduct:		
Our share of (income) loss from partially owned entities	(9,622)	41,801
Our share of (income) loss from real estate fund investments	(4,889)	6,308
Interest and other investment income, net	(9,993)	(9,306)
(Income) loss from discontinued operations	(1,273)	47,930
NOI attributable to noncontrolling interests in consolidated subsidiaries	(16,533)	(16,171)
Add:		
Depreciation and amortization expense	114,166	104,972
General and administrative expense	36,838	36,261
Acquisition and transaction related costs	703	61
NOI from partially owned entities	69,175	66,876
Interest and debt expense	93,073	85,068
Income tax expense	38,661	1,188
NOI at share	363,857	354,234
Non cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(21,579)	(22,307)
NOI at share - cash basis	\$ 342,278	\$ 331,927

Supplemental Information - continued

Three Months Ended December 31, 2017 Compared to September 30, 2017

Same Store Net Operating Income

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

Below are reconciliations of NOI to same store NOI for our New York segment, theMART and 555 California Street for the three months ended December 31, 2017 compared to September 30, 2017.

(Amounts in thousands)	<u>New York</u>	<u>theMART</u>	<u>555 California Street</u>
NOI at share for the three months ended December 31, 2017	\$ 304,228	\$ 24,249	\$ 12,003
Less NOI at share from:			
Acquisitions	2	(46)	—
Dispositions	(8)	—	—
Development properties placed into and out of service	161	—	—
Lease termination income, net of straight-line and FAS 141 adjustments	(984)	—	—
Other non-operating income, net	(13)	—	—
Same store NOI at share for the three months ended December 31, 2017	<u>\$ 303,386</u>	<u>\$ 24,203</u>	<u>\$ 12,003</u>
NOI at share for the three months ended September 30, 2017	\$ 298,494	\$ 26,019	\$ 11,519
Less NOI at share from:			
Acquisitions	—	41	—
Dispositions	(15)	—	—
Development properties placed into and out of service	192	—	—
Lease termination income, net of straight-line and FAS 141 adjustments	(185)	—	—
Other non-operating income, net	(584)	—	—
Same store NOI at share for the three months ended September 30, 2017	<u>\$ 297,902</u>	<u>\$ 26,060</u>	<u>\$ 11,519</u>
Increase (decrease) in same store NOI at share for the three months ended December 31, 2017 compared to September 30, 2017	<u>\$ 5,484</u>	<u>\$ (1,857)</u>	<u>\$ 484</u>
% increase (decrease) in same store NOI at share	<u>1.8%</u>	<u>(7.1)% ⁽¹⁾</u>	<u>4.2%</u>

(1) Excluding tradeshow seasonality, same store NOI increased by 0.3%.

Supplemental Information - continued

Three Months Ended December 31, 2017 Compared to September 30, 2017 - continued

Same Store Net Operating Income - continued

Below are reconciliations of NOI - cash basis to same store NOI - cash basis for our New York segment, theMART and 555 California Street for the three months ended December 31, 2017 compared to September 30, 2017.

(Amounts in thousands)

	New York	theMART	555 California Street
NOI at share - cash basis for the three months ended December 31, 2017	\$ 282,787	\$ 24,396	\$ 11,916
Less NOI at share - cash basis from:			
Acquisitions	2	(46)	—
Dispositions	(8)	—	—
Development properties placed into and out of service	160	—	—
Lease termination income	(1,393)	—	—
Other non-operating income, net	(13)	—	—
Same store NOI at share - cash basis for the three months ended December 31, 2017	<u>\$ 281,535</u>	<u>\$ 24,350</u>	<u>\$ 11,916</u>
NOI at share - cash basis for the three months ended September 30, 2017	\$ 277,402	\$ 25,417	\$ 10,889
Less NOI at share - cash basis from:			
Acquisitions	—	41	—
Dispositions	(15)	—	—
Development properties placed into and out of service	194	—	—
Lease termination income	(285)	—	—
Other non-operating income, net	(584)	—	—
Same store NOI at share - cash basis for the three months ended September 30, 2017	<u>\$ 276,712</u>	<u>\$ 25,458</u>	<u>\$ 10,889</u>
Increase (decrease) in same store NOI at share - cash basis for the three months ended December 31, 2017 compared to September 30, 2017	<u>\$ 4,823</u>	<u>\$ (1,108)</u>	<u>\$ 1,027</u>
% increase (decrease) in same store NOI at share - cash basis	<u>1.7%</u>	<u>(4.4)% ⁽¹⁾</u>	<u>9.4%</u>

(1) Excluding tradeshow seasonality, same store NOI increased by 3.9%.

Related Party Transactions

Alexander's, Inc.

We own 32.4% of Alexander's. Steven Roth, the Chairman of Vornado's Board of Trustees and its Chief Executive Officer is also the Chairman of the Board and Chief Executive Officer of Alexander's. We provide various services to Alexander's in accordance with management, development and leasing agreements. These agreements are described in Note 5 - *Investments in Partially Owned Entities* to our consolidated financial statements in this Annual Report on Form 10-K.

Urban Edge Properties

We own 4.5% of UE. In 2017 and 2016, we provided UE with information technology support. UE is providing us with leasing, development and property management services for (i) certain small retail properties that we plan to sell and (ii) our affiliate, Alexander's, Rego retail assets. Fees to UE for servicing the retail assets of Alexander's are similar to the fees that we are receiving from Alexander's as described in Note 5 - *Investments in Partially Owned Entities* to our consolidated financial statements in this Annual Report on Form 10-K.

Interstate Properties ("Interstate")

Interstate is a general partnership in which Mr. Roth is the managing general partner. David Mandelbaum and Russell B. Wight, Jr., Trustees of Vornado and Directors of Alexander's, are Interstate's two other general partners. As of December 31, 2017, Interstate and its partners beneficially owned an aggregate of approximately 7.2% of the common shares of beneficial interest of Vornado and 26.2% of Alexander's common stock.

We manage and lease the real estate assets of Interstate pursuant to a management agreement for which we receive an annual fee equal to 4% of annual base rent and percentage rent. The management agreement has a term of 1 year and is automatically renewable unless terminated by either of the parties on 60 days' notice at the end of the term. We believe, based upon comparable fees charged by other real estate companies, that the management agreement terms are fair to us. We earned \$501,000, \$521,000, and \$541,000 of management fees under the agreement for the years ended December 31, 2017, 2016 and 2015, respectively.

Liquidity and Capital Resources

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

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

We may from time to time purchase or retire outstanding preferred shares/units and debt 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.

Dividends

On January 17, 2018, Vornado declared a quarterly common dividend of \$0.63 per share (an indicated annual rate of \$2.52 per common share). This dividend, when declared by the Board of Trustees for all of 2018, will require Vornado to pay out approximately \$479,000,000 of cash for common share dividends. In addition, during 2018, Vornado expects to pay approximately \$68,000,000 of cash dividends on outstanding preferred shares and approximately \$32,000,000 of cash distributions to unitholders of the Operating Partnership.

Liquidity and Capital Resources – continued

Financing Activities and Contractual Obligations

We have an effective shelf registration for the offering of our equity and debt securities that is not limited in amount due to our status as a “well-known seasoned issuer.” We have issued senior unsecured notes from a shelf registration statement that contain financial covenants that restrict our ability to incur debt, and that require us to maintain a level of unencumbered assets based on the level of our secured debt. 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 contain customary events of default that could give rise to accelerated repayment, including such items as failure to pay interest or principal. As of December 31, 2017, we are in compliance with all of the financial covenants required by our senior unsecured notes and our unsecured revolving credit facilities.

As of December 31, 2017, we had \$1,817,655,000 of cash and cash equivalents and \$2,491,062,000 of borrowing capacity under our unsecured revolving credit facilities, net of letters of credit of \$8,938,000. A summary of our consolidated debt as of December 31, 2017 and 2016 is presented below.

(Amounts in thousands)

	2017		2016	
	December 31, Balance	Weighted Average Interest Rate	December 31, Balance	Weighted Average Interest Rate
Consolidated debt:				
Variable rate	\$ 3,492,133	3.19%	\$ 3,217,763	2.45%
Fixed rate	6,311,706	3.72%	6,329,547	3.65%
Total	9,803,839	3.53%	9,547,310	3.25%
Deferred financing costs, net and other	(74,352)		(100,640)	
Total, net	\$ 9,729,487		\$ 9,446,670	

During 2018 and 2019, \$139,752,000 and \$210,808,000, respectively, of our outstanding debt matures; we may refinance this maturing debt as it comes due or choose to repay it using cash and cash equivalents or our unsecured revolving credit facilities. We may also refinance or prepay other outstanding debt depending 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.

Below is a schedule of our contractual obligations and commitments at December 31, 2017.

(Amounts in thousands)

Contractual cash obligations (principal and interest ⁽¹⁾):	Total	Less than 1 Year	1 – 3 Years	3 – 5 Years	Thereafter
	Notes and mortgages payable	\$ 9,121,794	\$ 2,281,579	\$ 3,263,813	\$ 2,720,087
Operating leases	1,287,568	33,703	69,080	71,614	1,113,171
Purchase obligations, primarily construction commitments	564,573	564,573	—	—	—
Senior unsecured notes due 2025	561,388	15,750	31,500	31,500	482,638
Senior unsecured notes due 2022	480,833	20,000	40,000	420,833	—
Capital lease obligations	360,870	13,508	25,016	25,016	297,330
Unsecured term loan	761,475	761,475	—	—	—
Total contractual cash obligations	\$ 13,138,501	\$ 3,690,588	\$ 3,429,409	\$ 3,269,050	\$ 2,749,454
Commitments:					
Capital commitments to partially owned entities	\$ 41,709	\$ 41,709	\$ —	\$ —	\$ —
Standby letters of credit	8,938	8,938	—	—	—
Total commitments	\$ 50,647	\$ 50,647	\$ —	\$ —	\$ —

(1) Interest on variable rate debt is computed using rates in effect at December 31, 2017.

Liquidity and Capital Resources – continued

Financing Activities and Contractual Obligations – continued

Details of 2017 financing activities are provided in the “Overview” of Management’s Discussion and Analysis of Financial Conditions and Results of Operations. Details of 2016 financing activities are discussed below.

Unsecured Revolving Credit Facility

On November 7, 2016, we extended one of our two \$1.25 billion unsecured revolving credit facilities from June 2017 to February 2021 with two six-month extension options. The interest rate on the extended facility was lowered from LIBOR plus 115 basis points to LIBOR plus 100 basis points. The facility fee remains unchanged at 20 basis points.

Secured Debt

On February 8, 2016, we completed a \$700,000,000 refinancing of 770 Broadway, a 1,158,000 square foot Manhattan office building. The five-year loan is interest only at LIBOR plus 1.75%, which was swapped for four and a half years to a fixed rate of 2.56%. The Company realized net proceeds of approximately \$330,000,000. The property was previously encumbered by a 5.65%, \$353,000,000 mortgage which was scheduled to mature in March 2016.

On May 16, 2016, we completed a \$300,000,000 recourse financing of 7 West 34th Street. The ten-year loan is interest only at a fixed rate of 3.65% and matures in June 2026.

On September 6, 2016, we completed a \$675,000,000 refinancing of theMART, a 3,652,000 square foot commercial building in Chicago. The five-year loan is interest only and has a fixed rate of 2.70%. The Company realized net proceeds of approximately \$124,000,000. The property was previously encumbered by a 5.57%, \$550,000,000 mortgage which was scheduled to mature in December 2016.

On December 2, 2016, we completed a \$400,000,000 refinancing of 350 Park Avenue, a 571,000 square foot Manhattan office building. The ten-year loan is interest only and has a fixed rate of 3.92%. The Company realized net proceeds of approximately \$111,000,000. The property was previously encumbered by a 3.75%, \$284,000,000 mortgage which was scheduled to mature in January 2017.

Preferred Securities

On September 1, 2016, we redeemed all of the outstanding 6.875% Series J cumulative redeemable preferred shares/units at their redemption price of \$25.00 per share/unit, or \$246,250,000 in the aggregate, plus accrued and unpaid dividends/distributions through the date of redemption. In connection therewith, we expensed \$7,408,000 of issuance costs, which reduced net income attributable to common shareholders and net income attributable to Class A unitholders in the twelve months ended December 31, 2016. These costs had been initially recorded as a reduction of shareholders’ equity and partners’ capital.

Liquidity and Capital Resources – continued

Acquisitions and Investments

Details of 2017 acquisition activity is provided in the "Overview" of Management's Discussion and Analysis of Financial Conditions and Results of Operations. Details of 2016 acquisitions and investments are discussed below.

On March 17, 2016, we entered into a joint venture, in which we own a 33.3% interest, which owns a \$150,000,000 mezzanine loan with an interest rate of LIBOR plus 8.88% and an initial maturity date in November 2016, with two three-month extension options. On November 9, 2016, the mezzanine loan was extended to May 2017 with an interest rate of LIBOR plus 9.42% during the extension period. As of December 31, 2016, the joint venture has fully funded its commitments. The joint venture's investment is subordinate to \$350,000,000 of third party debt. We account for our investment in the joint venture under the equity method.

On May 20, 2016, we contributed \$19,650,000 for a 50.0% equity interest in a joint venture that will develop 606 Broadway, a 34,000 square foot office and retail building, located on Houston Street in Manhattan. The development cost of this project is estimated to be approximately \$104,000,000. At closing, the joint venture obtained a \$65,000,000 construction loan, of which approximately \$25,800,000 was outstanding at December 31, 2016. The loan, which bears interest at LIBOR plus 3.00%, matures in May 2019 with two one-year extension options. Because this joint venture is a VIE and we determined we are the primary beneficiary, we consolidate the accounts of this joint venture from the date of our investment.

Certain Future Cash Requirements

Capital Expenditures

The following table summarizes anticipated 2018 capital expenditures.

(Amounts in millions, except square foot data)	Total	New York	theMART	555 California Street
Expenditures to maintain assets	\$ 109.0	\$ 90.0	\$ 15.0	\$ 4.0
Tenant improvements	75.0	58.0	9.0	8.0
Leasing commissions	25.0	22.0	1.0	2.0
Total capital expenditures and leasing commissions	\$ 209.0	\$ 170.0	\$ 25.0	\$ 14.0
Square feet budgeted to be leased (in thousands)		1,000	200	100
Weighted average lease term (years)		10	8	10
Tenant improvements and leasing commissions:				
Per square foot		\$ 80.00	\$ 50.00	\$ 100.00
Per square foot per annum		\$ 8.00	\$ 6.25	\$ 10.00

The table above excludes anticipated capital expenditures of each of our partially owned non-consolidated subsidiaries, as these entities fund their capital expenditures without additional equity contributions from us.

Liquidity and Capital Resources – continued

Development and Redevelopment Expenditures

We are constructing a residential condominium tower containing 397,000 salable square feet at 220 Central Park South. The development cost of this project (exclusive of land cost of \$515 million) is estimated to be approximately \$1.4 billion, of which \$890 million has been expended as of December 31, 2017.

We are developing a 173,000 square foot Class A office building, located along the western edge of the High Line at 512 West 22nd Street in the West Chelsea submarket of Manhattan (55.0% interest). The development cost of this project is estimated to be approximately \$130,000,000, of which our share is \$72,000,000. As of December 31, 2017, \$73,890,000 has been expended, of which our share is \$40,640,000.

We are developing a 170,000 square foot office and retail building at 61 Ninth Avenue, located on the southwest corner of Ninth Avenue and 15th Street in the West Chelsea submarket of Manhattan (45.1% interest). The development cost of this project is estimated to be approximately \$152,000,000, of which our share is \$69,000,000. As of December 31, 2017, \$105,281,000 has been expended, of which our share is \$47,482,000.

We are developing a 34,000 square foot office and retail building at 606 Broadway, located on the northeast corner of Broadway and Houston Street in Manhattan (50.0% interest). The venture's development cost of this project is estimated to be approximately \$60,000,000, of which our share is \$30,000,000. As of December 31, 2017, \$34,189,000 has been expended, of which our share is \$17,095,000.

A joint venture in which we have a 50.1% ownership interest is redeveloping the historic Farley Post Office building which will include a new Moynihan Train Hall and approximately 850,000 rentable square feet of commercial space, comprised of approximately 730,000 square feet of office space and approximately 120,000 square feet of retail space. As of December 31, 2017, \$271,641,000 has been expended, of which our share is \$136,092,000. The joint venture has also entered into a development agreement with Empire State Development ("ESD") and a design-build contract with Skanska Moynihan Train Hall Builders. Under the development agreement with ESD, the joint venture is obligated to build the Moynihan Train Hall, with Vornado and Related Companies ("Related") each guaranteeing the joint venture's obligations. Under the design-build agreement, Skanska Moynihan Train Hall Builders is obligated to fulfill all of the joint venture's obligations. The obligations of Skanska Moynihan Train Hall Builders have been bonded by Skanska USA and bear a full guaranty from Skanska AB.

We are redeveloping a 64,000 square foot Class A office building at 345 Montgomery Street, a part of our 555 California Street complex in San Francisco (70.0% interest) located at the corner of California and Pine Street. The development cost of this project is estimated to be approximately \$46,000,000, of which our share is \$32,000,000. As of December 31, 2017, \$2,720,000 has been expended, of which our share is \$1,904,000.

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

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

Liquidity and Capital Resources – continued

Insurance

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

Penn Plaza Insurance Company, LLC (“PPIC”), our wholly owned consolidated subsidiary, acts as a re-insurer with respect to a portion of all risk property and rental value insurance and a portion of our earthquake insurance coverage, and as a direct insurer for coverage for acts of terrorism including NBCR acts. Coverage for acts of terrorism (excluding NBCR acts) is fully reinsured by third party insurance companies and the Federal government with no exposure to PPIC. For NBCR acts, PPIC is responsible for a deductible of \$1,976,000 (\$1,601,000 for 2018) and 17% (18% for 2018) of the balance of a covered loss and the Federal government is responsible for the remaining portion of a covered loss. We are ultimately responsible for any loss incurred by PPIC.

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

Our debt instruments, consisting of mortgage loans secured by our properties which are non-recourse to us, senior unsecured notes and revolving credit agreements contain customary covenants requiring us to maintain insurance. Although we believe that we have adequate insurance coverage for purposes of these agreements, we may not be able to obtain an equivalent amount of coverage at reasonable 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 our properties and expand our portfolio.

Liquidity and Capital Resources – continued

Other Commitments and Contingencies

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

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

Generally, our mortgage loans are non-recourse to us. However, in certain cases we have provided guarantees or master leased tenant space. These guarantees and master leases terminate either upon the satisfaction of specified circumstances or repayment of the underlying loans. As of December 31, 2017, the aggregate dollar amount of these guarantees and master leases is approximately \$668,000,000.

As of December 31, 2017, \$8,938,000 of letters of credit was outstanding under one of our unsecured revolving credit facilities. Our unsecured revolving credit facilities contain financial covenants that require us to maintain minimum interest coverage and maximum debt to market capitalization ratios, and provide for higher interest rates in the event of a decline in our ratings below Baa3/BBB. Our unsecured revolving credit facilities also contain customary conditions precedent to borrowing, including representations and warranties, and also contain customary events of default that could give rise to accelerated repayment, including such items as failure to pay interest or principal.

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

As of December 31, 2017, we expect to fund additional capital to certain of our partially owned entities aggregating approximately \$42,000,000.

As of December 31, 2017, we have construction commitments aggregating approximately \$422,000,000.

Liquidity and Capital Resources – continued

Cash Flows for the Year Ended December 31, 2017

Our cash and cash equivalents and restricted cash were \$1,914,812,000 at December 31, 2017, a \$315,481,000 increase from the balance at December 31, 2016. Our consolidated outstanding debt, net, was \$9,729,487,000 at December 31, 2017, a \$282,817,000 increase from the balance at December 31, 2016. As of December 31, 2017 and December 31, 2016, \$0 and \$115,630,000, respectively, was outstanding under our revolving credit facilities. During 2018 and 2019, \$139,752,000 and \$210,808,000, respectively, of our outstanding debt matures; we may refinance this maturing debt as it comes due or choose to repay it.

Net Cash Provided by Operating Activities

Net cash provided by operating activities of \$860,142,000 was comprised of (i) net income of \$264,128,000, (ii) \$524,166,000 of non-cash adjustments, which include depreciation and amortization expense, amortization of below-market leases, net, the effect of straight-lining of rents, change in allowance for deferred tax assets, equity in net income from partially owned entities, net realized and unrealized losses on real estate fund investments, net gains on sale of real estate and other and net gains on disposition of wholly owned and partially owned assets, (iii) return of capital from real estate fund investments of \$91,606,000 and (iv) distributions of income from partially owned entities of \$82,095,000, partially offset by (v) the net change in operating assets and liabilities of \$101,853,000.

Net Cash Used in Investing Activities

Net cash used in investing activities of \$206,317,000 was primarily comprised of (i) \$355,852,000 of development costs and construction in progress, (ii) \$271,308,000 of additions to real estate, (iii) \$40,537,000 of investments in partially owned entities and (iv) \$30,607,000 of acquisitions of real estate and other, partially offset by (v) \$366,155,000 of capital distributions from partially owned entities, (vi) \$115,630,000 of proceeds from the repayment of a loan receivable from JBGS and (vii) \$9,543,000 of proceeds from sales of real estate and related investments.

Net Cash Used in Financing Activities

Net cash used in financing activities of Vornado Realty Trust of \$338,344,000 was primarily comprised of (i) \$631,681,000 of repayments of borrowings, (ii) \$496,490,000 of dividends paid on common shares, (iii) \$416,237,000 of cash and cash equivalents and restricted cash included in the spin-off of JBGS, (iv) \$109,697,000 of distributions to noncontrolling interests, (v) \$64,516,000 of dividends paid on preferred shares, (vi) \$12,325,000 of debt issuance costs and (vii) \$3,217,000 of debt prepayment and extinguishment costs, partially offset by (viii) \$1,055,872,000 of proceeds from borrowings, (ix) \$309,609,000 of proceeds from the issuance of preferred shares and (x) \$29,712,000 of proceeds received from exercise of employee share options and other.

Net cash used in financing activities of the Operating Partnership of \$338,344,000 was primarily comprised of (i) \$631,681,000 of repayments of borrowings, (ii) \$496,490,000 of distributions to Vornado, (iii) \$416,237,000 of cash and cash equivalents and restricted cash included in the spin-off of JBGS, (iv) \$109,697,000 of distributions to redeemable security holders and noncontrolling interests in consolidated subsidiaries, (v) \$64,516,000 of distributions to preferred unitholders, (vi) \$12,325,000 of debt issuance costs and (vii) \$3,217,000 of debt prepayment and extinguishment costs, partially offset by (viii) \$1,055,872,000 of proceeds from borrowings, (ix) \$309,609,000 of proceeds from the issuance of preferred units and (x) \$29,712,000 of proceeds received from exercise of Vornado stock options and other.

Liquidity and Capital Resources – continued

Capital Expenditures for the Year Ended December 31, 2017

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

Below is a summary of capital expenditures, leasing commissions and a reconciliation of total expenditures on an accrual basis to the cash expended in the year ended December 31, 2017.

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
Expenditures to maintain assets	\$ 100,556	\$ 73,745	\$ 11,725	\$ 7,893	\$ 7,193
Tenant improvements	89,696	42,475	9,423	6,652	31,146
Leasing commissions	30,165	21,183	1,190	2,147	5,645
Non-recurring capital expenditures	80,461	68,977	1,092	6,208	4,184
Total capital expenditures and leasing commissions (accrual basis)	300,878	206,380	23,430	22,900	48,168
Adjustments to reconcile to cash basis:					
Expenditures in the current period applicable to prior periods	153,511	101,500	8,784	17,906	25,321
Expenditures to be made in future periods for the current period	(142,877)	(90,798)	(9,011)	(3,301)	(39,767)
Total capital expenditures and leasing commissions (cash basis)	\$ 311,512	\$ 217,082	\$ 23,203	\$ 37,505	\$ 33,722 ⁽¹⁾
Tenant improvements and leasing commissions:					
Per square foot per annum	\$ 9.51	\$ 10.21	\$ 5.13	\$ 10.33	n/a
Percentage of initial rent	11.1%	10.9%	10.8%	11.7%	n/a

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

Development and Redevelopment Expenditures for the Year Ended December 31, 2017

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

Below is a summary of development and redevelopment expenditures incurred in the year ended December 31, 2017. These expenditures include interest of \$48,230,000, payroll of \$6,044,000, and other soft costs (primarily architectural and engineering fees, permits, real estate taxes and professional fees) aggregating \$28,197,000, which were capitalized in connection with the development and redevelopment of these projects.

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
220 Central Park South	\$ 265,791	\$ —	\$ —	\$ —	\$ 265,791
606 Broadway	15,997	15,997	—	—	—
90 Park Avenue	7,523	7,523	—	—	—
Penn Plaza	7,107	7,107	—	—	—
345 Montgomery Street	5,950	—	—	5,950	—
theMART	5,682	—	5,682	—	—
304 Canal Street	3,973	3,973	—	—	—
Other	43,829	8,774	459	6,465	28,131
	\$ 355,852	\$ 43,374	\$ 6,141	\$ 12,415	\$ 293,922

Liquidity and Capital Resources – continued

Cash Flows for the Year Ended December 31, 2016

Our cash and cash equivalents and restricted cash were \$1,599,331,000 at December 31, 2016, a \$344,184,000 decrease from the balance at December 31, 2015. Our consolidated outstanding debt, net, was \$9,446,670,000 at December 31, 2016, a \$351,000,000 increase from the balance at December 31, 2015.

Net Cash Provided by Operating Activities

Cash flows provided by operating activities of \$995,080,000 was comprised of (i) net income of \$981,922,000, (ii) distributions of income from partially owned entities of \$214,800,000, (iii) return of capital from real estate fund investments of \$71,888,000, partially offset by (iv) \$197,568,000 of non-cash adjustments, which include depreciation and amortization expense, net gain on extinguishment of Skyline properties debt, net gains on the disposition of wholly owned and partially owned assets, equity in net income from partially owned entities, real estate impairment losses, the effect of straight-lining of rental income, amortization of below-market leases, net, net realized and unrealized losses on real estate fund investments and net gains on sale of real estate and other, and (v) the net change in operating assets and liabilities of \$75,962,000.

Net Cash Used in Investing Activities

Net cash used in investing activities of \$893,110,000 was primarily comprised of (i) \$606,565,000 of development costs and construction in progress, (ii) \$387,545,000 of additions to real estate, (iii) \$127,608,000 of investments in partially owned entities, (iv) \$91,103,000 of acquisitions of real estate and other, (v) \$48,000,000 due to the net deconsolidation of 7 West 34th Street, (vi) \$11,700,000 of investments in loans receivable, and (vii) \$4,379,000 in purchases of marketable securities, partially offset by (viii) \$196,635,000 of capital distributions from partially owned entities, (ix) \$183,173,000 of proceeds from sales of real estate and related investments, and (x) \$3,937,000 of proceeds from the sale of marketable securities.

Net Cash Used in Financing Activities

Net cash used in financing activities of Vornado Realty Trust of \$446,154,000 was comprised of (i) \$1,894,990,000 for the repayments of borrowings, (ii) \$475,961,000 of dividends paid on common shares, (iii) \$246,250,000 for the redemption of preferred shares, (iv) \$130,590,000 of distributions to noncontrolling interests, (v) \$80,137,000 of dividends paid on preferred shares, (vi) \$42,157,000 of debt issuance costs, and (vii) \$186,000 for the repurchase of shares related to stock compensation agreements and related tax withholdings and other, partially offset by (viii) \$2,403,898,000 of proceeds from borrowings, (ix) \$11,950,000 of contributions from noncontrolling interests and (x) \$8,269,000 of proceeds received from the exercise of employee share options and other.

Net cash used in financing activities of the Operating Partnership of \$446,154,000 was comprised of (i) \$1,894,990,000 for the repayments of borrowings, (ii) \$475,961,000 of distributions to Vornado, (iii) \$246,250,000 for the redemption of preferred units, (iv) \$130,590,000 of distributions to redeemable security holders and noncontrolling interests in consolidated subsidiaries, (v) \$80,137,000 of distributions to preferred unitholders, (vi) \$42,157,000 of debt issuance costs, and (vii) \$186,000 for the repurchase of Class A units related to equity compensation agreements and related tax withholdings and other, partially offset by (viii) \$2,403,898,000 of proceeds from borrowings, (ix) \$11,950,000 of contributions from noncontrolling interests in consolidated subsidiaries and (x) \$8,269,000 of proceeds received from the exercise of Vornado stock options and other.

Liquidity and Capital Resources – continued

Capital Expenditures for the Year Ended December 31, 2016

Below is a summary of capital expenditures, leasing commissions and a reconciliation of total expenditures on an accrual basis to the cash expended in the year ended December 31, 2016.

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
Expenditures to maintain assets	\$ 114,031	\$ 67,239	\$ 16,343	\$ 5,704	\$ 24,745
Tenant improvements	86,630	63,995	6,722	3,201	12,712
Leasing commissions	38,938	32,475	1,355	1,041	4,067
Non-recurring capital expenditures	55,636	41,322	1,518	3,900	8,896
Total capital expenditures and leasing commissions (accrual basis)	295,235	205,031	25,938	13,846	50,420
Adjustments to reconcile to cash basis:					
Expenditures in the current period applicable to prior periods	268,101	159,144	24,314	12,708	71,935
Expenditures to be made in future periods for the current period	(117,910)	(100,151)	1,654	(3,056)	(16,357)
Total capital expenditures and leasing commissions (cash basis)	\$ 445,426	\$ 264,024	\$ 51,906	\$ 23,498	\$ 105,998 ⁽¹⁾
Tenant improvements and leasing commissions:					
Per square foot per annum	\$ 7.79	\$ 7.98	\$ 5.57	\$ 9.08	n/a
Percentage of initial rent	10.0%	9.7%	11.6%	11.8%	n/a

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

Development and Redevelopment Expenditures for the Year Ended December 31, 2016

Below is a summary of development and redevelopment expenditures incurred in the year ended December 31, 2016. These expenditures include interest of \$34,097,000, payroll of \$12,516,000, and other soft costs (primarily architectural and engineering fees, permits, real estate taxes and professional fees) aggregating \$46,995,000, which were capitalized in connection with the development and redevelopment of these projects.

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
220 Central Park South	\$ 303,974	\$ —	\$ —	\$ —	\$ 303,974
640 Fifth Avenue	46,282	46,282	—	—	—
90 Park Avenue	33,308	33,308	—	—	—
theMART	24,788	—	24,788	—	—
Penn Plaza	11,904	11,904	—	—	—
Wayne Towne Center	8,461	—	—	—	8,461
330 West 34th Street	5,492	5,492	—	—	—
Other	172,356	21,217	1,384	9,150	140,605 ⁽¹⁾
	\$ 606,565	\$ 118,203	\$ 26,172	\$ 9,150	\$ 453,040

(1) Primarily relates to our former Washington, DC segment which was spun-off on July 17, 2017.

Liquidity and Capital Resources – continued

Cash Flows for the Year Ended December 31, 2015

Our cash and cash equivalents and restricted cash were \$1,943,515,000 at December 31, 2015, a \$558,526,000 increase over the balance at December 31, 2014. Our consolidated outstanding debt, net, was \$9,095,670,000 at December 31, 2015, a \$1,537,793,000 increase from the balance at December 31, 2014.

Net Cash Provided by Operating Activities

Cash flows provided by operating activities of \$672,091,000 was comprised of (i) net income of \$859,430,000, (ii) return of capital from real estate fund investments of \$91,458,000, and (iii) distributions of income from partially owned entities of \$66,819,000, partially offset by (iv) \$81,654,000 of non-cash adjustments, which include depreciation and amortization expense, net gains on the disposition of wholly owned and partially owned assets, the effect of straight-lining of rental income, change in allowance for deferred tax assets, amortization of below-market leases, net, net gains on sale of real estate and other, net realized and unrealized gains on real estate fund investments, equity in net loss from partially owned entities and real estate impairment losses, and (v) the net change in operating assets and liabilities of \$263,962,000 (including \$95,010,000 related to real estate fund investments).

Net Cash Used in Investing Activities

Net cash used in investing activities of \$732,424,000 was comprised of (i) \$558,484,000 of acquisitions of real estate and other, (ii) \$475,819,000 of development costs and construction in progress, (iii) \$301,413,000 of additions to real estate, (iv) \$235,439,000 of investments in partially owned entities, and (v) \$1,000,000 of investment in loans receivable, partially offset by (vi) \$786,924,000 of proceeds from sales of real estate and related investments, (vii) \$36,017,000 of capital distributions from partially owned entities, and (viii) \$16,790,000 of proceeds from repayments of mortgage loans receivable.

Net Cash Provided by Financing Activities

Net cash provided by financing activities of Vornado Realty Trust of \$618,859,000 was comprised of (i) \$4,468,872,000 of proceeds from borrowings, (ii) \$51,975,000 of contributions from noncontrolling interests, and (iii) \$16,779,000 of proceeds received from exercise of employee share options and other, partially offset by (iv) \$2,936,578,000 for the repayments of borrowings, (v) \$474,751,000 of dividends paid on common shares, (vi) \$234,967,000 of cash and cash equivalents and restricted cash included in the spin-off of UE, (vii) \$102,866,000 of distributions to noncontrolling interests, (viii) \$80,578,000 of dividends paid on preferred shares, (ix) \$66,554,000 of debt issuance costs, (x) \$15,000,000 of debt extinguishment costs and (xi) \$7,473,000 for the repurchase of shares related to stock compensation agreements and related tax withholdings and other.

Net cash provided by financing activities of the Operating Partnership of \$618,859,000 was comprised of (i) \$4,468,872,000 of proceeds from borrowings, (ii) \$51,975,000 of contributions from noncontrolling interests in consolidated subsidiaries, and (iii) \$16,779,000 of proceeds received from exercise of Vornado stock options and other, partially offset by (iv) \$2,936,578,000 for the repayments of borrowings, (v) \$474,751,000 of distributions to Vornado, (vi) \$234,967,000 of cash and cash equivalents and restricted cash included in the spin-off of UE, (vii) \$102,866,000 of distributions to redeemable security holders and noncontrolling interests in consolidated subsidiaries, (viii) \$80,578,000 of distributions to preferred unitholders, (ix) \$66,554,000 of debt issuance costs, (x) \$15,000,000 of debt extinguishment costs and (xi) \$7,473,000 for the repurchase of Class A units related to stock compensation agreements and related tax withholdings and other.

Liquidity and Capital Resources – continued

Capital Expenditures for the Year Ended December 31, 2015

Below is a summary of capital expenditures, leasing commissions and a reconciliation of total expenditures on an accrual basis to the cash expended in the year ended December 31, 2015.

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
Expenditures to maintain assets	\$ 125,215	\$ 57,752	\$ 33,958	\$ 7,916	\$ 25,589
Tenant improvements	153,696	68,869	30,246	3,084	51,497
Leasing commissions	50,081	35,099	7,175	1,046	6,761
Non-recurring capital expenditures	116,875	81,240	411	796	34,428
Total capital expenditures and leasing commissions (accrual basis)	445,867	242,960	71,790	12,842	118,275
Adjustments to reconcile to cash basis:					
Expenditures in the current year applicable to prior periods	156,753	93,105	16,849	10,994	35,805
Expenditures to be made in future periods for the current period	(222,469)	(118,911)	(37,949)	7,618	(73,227)
Total capital expenditures and leasing commissions (cash basis)	\$ 380,151	\$ 217,154	\$ 50,690	\$ 31,454	\$ 80,853 ⁽¹⁾
Tenant improvements and leasing commissions:					
Per square foot per annum	\$ 9.10	\$ 10.20	\$ 6.02	\$ 8.13	n/a
Percentage of initial rent	9.8%	8.9%	15.6%	9.7%	n/a

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

Development and Redevelopment Expenditures for the Year Ended December 31, 2015

Below is a summary of development and redevelopment expenditures incurred in the year ended December 31, 2015. These expenditures include interest of \$59,305,000, payroll of \$6,077,000, and other soft costs (primarily architectural and engineering fees, permits, real estate taxes and professional fees) aggregating \$90,922,000, which were capitalized in connection with the development and redevelopment of these projects.

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
220 Central Park South	\$ 158,014	\$ —	\$ —	\$ —	\$ 158,014
330 West 34th Street	32,613	32,613	—	—	—
90 Park Avenue	29,937	29,937	—	—	—
Marriott Marquis Times Square - retail and signage	21,929	21,929	—	—	—
Wayne Towne Center	20,633	—	—	—	20,633
640 Fifth Avenue	17,899	17,899	—	—	—
Penn Plaza	17,701	17,701	—	—	—
Other	192,093	8,100	588	260	183,145 ⁽¹⁾
	\$ 490,819	\$ 128,179	\$ 588	\$ 260	\$ 361,792

(1) Primarily relates to our former Washington, DC segment which was spun-off on July 17, 2017.

Funds From Operations (“FFO”)

Vornado Realty Trust

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

FFO attributable to common shareholders plus assumed conversions was \$717,805,000, or \$3.75 per diluted share for the year ended December 31, 2017, compared to \$1,457,583,000, or \$7.66 per diluted share for the year ended December 31, 2016. FFO attributable to common shareholders plus assumed conversions was \$153,151,000, or \$0.80 per diluted share for the three months ended December 31, 2017, compared to \$797,734,000, or \$4.20 per diluted share for the three months ended December 31, 2016. Details of certain items that impact FFO are discussed in the financial results summary of our “Overview.”

(Amounts in thousands, except per share amounts)

	For the Year Ended December 31,		For the Three Months Ended December 31,	
	2017	2016	2017	2016
Reconciliation of our net income to FFO:				
Net income attributable to common shareholders	\$ 162,017	\$ 823,606	\$ 27,319	\$ 651,181
Per diluted share	\$ 0.85	\$ 4.34	\$ 0.14	\$ 3.43
FFO adjustments:				
Depreciation and amortization of real property	\$ 467,966	\$ 531,620	\$ 106,017	\$ 133,389
Net gains on sale of real estate	(3,489)	(177,023)	308	(15,302)
Real estate impairment losses	—	160,700	—	—
Proportionate share of adjustments to equity in net income of partially owned entities to arrive at FFO:				
Depreciation and amortization of real property	137,000	154,795	28,247	37,160
Net gains on sale of real estate	(17,777)	(2,853)	(593)	(12)
Real estate impairment losses	7,692	6,328	145	792
	591,392	673,567	134,124	156,027
Noncontrolling interests' share of above adjustments	(36,728)	(41,267)	(8,310)	(9,495)
FFO adjustments, net	\$ 554,664	\$ 632,300	\$ 125,814	\$ 146,532
FFO attributable to common shareholders	\$ 716,681	\$ 1,455,906	\$ 153,133	\$ 797,713
Convertible preferred share dividends	77	86	18	21
Earnings allocated to Out-Performance Plan units	1,047	1,591	—	—
FFO attributable to common shareholders plus assumed conversions	\$ 717,805	\$ 1,457,583	\$ 153,151	\$ 797,734
Per diluted share	\$ 3.75	\$ 7.66	\$ 0.80	\$ 4.20
Reconciliation of Weighted Average Shares				
Weighted average common shares outstanding	189,526	188,837	189,898	189,013
Effect of dilutive securities:				
Employee stock options and restricted share awards	1,448	1,064	1,122	1,055
Convertible preferred shares	46	42	43	40
Out-Performance Plan units	284	230	—	—
Denominator for FFO per diluted share	191,304	190,173	191,063	190,108

ITEM 7A. 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 amounts)

	2017			2016	
	December 31, Balance	Weighted Average Interest Rate	Effect of 1% Change In Base Rates	December 31, Balance	Weighted Average Interest Rate
Consolidated debt:					
Variable rate	\$ 3,492,133	3.19%	\$ 34,921	\$ 3,217,763	2.45%
Fixed rate	6,311,706	3.72%	—	6,329,547	3.65%
	<u>\$ 9,803,839</u>	3.53%	<u>34,921</u>	<u>\$ 9,547,310</u>	3.25%
Pro rata share of debt of non-consolidated entities (non-recourse):					
Variable rate – excluding Toys "R" Us, Inc.	\$ 1,395,001	3.24%	13,950	\$ 1,092,326	2.50%
Variable rate – Toys "R" Us, Inc.	1,269,522	8.20%	12,695	1,162,072	6.05%
Fixed rate - excluding Toys "R" Us, Inc.	2,035,888	4.89%	—	1,969,918	5.15%
Fixed rate - Toys "R" Us, Inc.	587,865	10.31%	—	671,181	9.42%
	<u>\$ 5,288,276</u>	5.85%	<u>26,645</u>	<u>\$ 4,895,497</u>	5.36%
Noncontrolling interests' share of consolidated subsidiaries			(1,456)		
Total change in annual net income attributable to the Operating Partnership			60,110		
Noncontrolling interests' share of the Operating Partnership			(3,727)		
Total change in annual net income attributable to Vornado			<u>\$ 56,383</u>		
Total change in annual net income attributable to the Operating Partnership per diluted Class A unit			<u>\$ 0.30</u>		
Total change in annual net income attributable to Vornado per diluted share			<u>\$ 0.29</u>		

We may utilize various financial instruments to mitigate the impact of interest rate fluctuations on our cash flows and earnings, including hedging strategies, depending on our analysis of the interest rate environment and the costs and risks of such strategies. As of December 31, 2017, we have an interest rate swap on a \$407,000,000 mortgage loan on Two Penn Plaza that swapped the rate from LIBOR plus 1.65% (3.01% as of December 31, 2017) to a fixed rate of 4.78% through March 2018, an interest rate swap on a \$375,000,000 mortgage loan on 888 Seventh Avenue that swapped the rate from LIBOR plus 1.60% (2.96% as of December 31, 2017) to a fixed rate of 3.15% through December 2020 and an interest rate swap on a \$700,000,000 mortgage loan on 770 Broadway that swapped the rate from LIBOR plus 1.75% (3.15% as of December 31, 2017) to a fixed rate of 2.56% through September 2020.

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 December 31, 2017, the estimated fair value of our consolidated debt was \$9,822,000,000.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Vornado Realty Trust and subsidiaries (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows, for each of the three years in the period ended December 31, 2017, and the related notes and the schedules listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with the accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 12, 2018, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. 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 audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
February 12, 2018

We have served as the Company's auditor since 1976.

VORNADO REALTY TRUST
CONSOLIDATED BALANCE SHEETS

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
ASSETS		
Real estate, at cost:		
Land	\$ 3,143,648	\$ 3,130,825
Buildings and improvements	9,898,605	9,684,144
Development costs and construction in progress	1,615,101	1,278,941
Leasehold improvements and equipment	98,941	93,910
Total	14,756,295	14,187,820
Less accumulated depreciation and amortization	(2,885,283)	(2,581,514)
Real estate, net	11,871,012	11,606,306
Cash and cash equivalents	1,817,655	1,501,027
Restricted cash	97,157	95,032
Marketable securities	182,752	203,704
Tenant and other receivables, net of allowance for doubtful accounts of \$5,526 and \$6,708	58,700	61,069
Investments in partially owned entities	1,056,829	1,378,254
Real estate fund investments	354,804	462,132
Receivable arising from the straight-lining of rents, net of allowance of \$954 and \$1,913	926,711	885,167
Deferred leasing costs, net of accumulated amortization of \$191,827 and \$170,952	403,492	354,997
Identified intangible assets, net of accumulated amortization of \$150,837 and \$194,422	159,260	189,668
Assets related to discontinued operations	1,357	3,568,613
Other assets	468,205	508,878
	<u>\$ 17,397,934</u>	<u>\$ 20,814,847</u>
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Mortgages payable, net	\$ 8,137,139	\$ 8,113,248
Senior unsecured notes, net	843,614	845,577
Unsecured term loan, net	748,734	372,215
Unsecured revolving credit facilities	—	115,630
Accounts payable and accrued expenses	415,794	397,134
Deferred revenue	227,069	276,276
Deferred compensation plan	109,177	121,183
Liabilities related to discontinued operations	3,620	1,259,443
Preferred shares to be redeemed on January 4 and 11, 2018	455,514	—
Other liabilities	464,635	417,199
Total liabilities	11,405,296	11,917,905
Commitments and contingencies		
Redeemable noncontrolling interests:		
Class A units - 12,528,899 and 12,197,162 units outstanding	979,509	1,273,018
Series D cumulative redeemable preferred units - 177,101 units outstanding	5,428	5,428
Total redeemable noncontrolling interests	984,937	1,278,446
Vornado's shareholders' equity:		
Preferred shares of beneficial interest: no par value per share; authorized 110,000,000 shares; issued and outstanding 36,799,573 and 42,824,829 shares	891,988	1,038,055
Common shares of beneficial interest: \$0.04 par value per share; authorized 250,000,000 shares; issued and outstanding 189,983,858 and 189,100,876 shares	7,577	7,542
Additional capital	7,492,658	7,153,332
Earnings less than distributions	(4,183,253)	(1,419,382)
Accumulated other comprehensive income	128,682	118,972
Total Vornado shareholders' equity	4,337,652	6,898,519
Noncontrolling interests in consolidated subsidiaries	670,049	719,977
Total equity	<u>5,007,701</u>	<u>7,618,496</u>
	<u>\$ 17,397,934</u>	<u>\$ 20,814,847</u>

See notes to the consolidated financial statements.

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF INCOME

(Amounts in thousands, except per share amounts)

	Year Ended December 31,		
	2017	2016	2015
REVENUES:			
Property rentals	\$ 1,714,952	\$ 1,662,093	\$ 1,626,866
Tenant expense reimbursements	233,424	221,563	218,739
Fee and other income	135,750	120,086	139,890
Total revenues	2,084,126	2,003,742	1,985,495
EXPENSES:			
Operating	886,596	844,566	824,511
Depreciation and amortization	429,389	421,023	379,803
General and administrative	158,999	149,550	149,256
Acquisition and transaction related costs	1,776	9,451	12,511
Total expenses	1,476,760	1,424,590	1,366,081
Operating income	607,366	579,152	619,414
Income (loss) from partially owned entities	15,200	168,948	(9,947)
Income (loss) from real estate fund investments	3,240	(23,602)	74,081
Interest and other investment income, net	37,793	29,548	27,240
Interest and debt expense	(345,654)	(330,240)	(309,298)
Net gains on disposition of wholly owned and partially owned assets	501	160,433	149,417
Income before income taxes	318,446	584,239	550,907
Income tax (expense) benefit	(41,090)	(7,229)	85,012
Income from continuing operations	277,356	577,010	635,919
(Loss) income from discontinued operations	(13,228)	404,912	223,511
Net income	264,128	981,922	859,430
Less net income attributable to noncontrolling interests in:			
Consolidated subsidiaries	(25,802)	(21,351)	(55,765)
Operating Partnership	(10,910)	(53,654)	(43,231)
Net income attributable to Vornado	227,416	906,917	760,434
Preferred share dividends	(65,399)	(75,903)	(80,578)
Preferred share issuance costs (Series J redemption)	—	(7,408)	—
NET INCOME attributable to common shareholders	\$ 162,017	\$ 823,606	\$ 679,856
INCOME PER COMMON SHARE - BASIC:			
Income from continuing operations, net	\$ 0.92	\$ 2.35	\$ 2.49
(Loss) income from discontinued operations, net	(0.07)	2.01	1.12
Net income per common share	\$ 0.85	\$ 4.36	\$ 3.61
Weighted average shares outstanding	189,526	188,837	188,353
INCOME PER COMMON SHARE - DILUTED:			
Income from continuing operations, net	\$ 0.91	\$ 2.34	\$ 2.48
(Loss) income from discontinued operations, net	(0.06)	2.00	1.11
Net income per common share	\$ 0.85	\$ 4.34	\$ 3.59
Weighted average shares outstanding	191,258	190,173	189,564

See notes to consolidated financial statements.

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands)

	Year Ended December 31,		
	2017	2016	2015
Net income	\$ 264,128	\$ 981,922	\$ 859,430
Other comprehensive (loss) income:			
(Reduction) increase in unrealized net gain on available-for-sale securities	(20,951)	52,057	(55,326)
Pro rata share of amounts reclassified from accumulated other comprehensive income of a nonconsolidated subsidiary	14,402	—	—
Pro rata share of other comprehensive income (loss) of nonconsolidated subsidiaries	1,425	(2,739)	(327)
Increase in value of interest rate swaps and other	15,477	27,432	6,441
Comprehensive income	274,481	1,058,672	810,218
Less comprehensive income attributable to noncontrolling interests	(37,356)	(79,704)	(96,130)
Comprehensive income attributable to Vornado	<u>\$ 237,125</u>	<u>\$ 978,968</u>	<u>\$ 714,088</u>

See notes to consolidated financial statements.

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in thousands)

	Preferred Shares		Common Shares		Additional Capital	Earnings Less Than Distributions	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Shares	Amount	Shares	Amount					
Balance, December 31, 2016	42,825	\$ 1,038,055	189,101	\$ 7,542	\$ 7,153,332	\$ (1,419,382)	\$ 118,972	\$ 719,977	\$ 7,618,496
Net income attributable to Vornado	—	—	—	—	—	227,416	—	—	227,416
Net income attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	—	25,802	25,802
Dividends on common shares	—	—	—	—	—	(496,490)	—	—	(496,490)
Dividends on preferred shares	—	—	—	—	—	(65,399)	—	—	(65,399)
Common shares issued:									
Upon redemption of Class A units, at redemption value	—	—	403	16	38,731	—	—	—	38,747
Under employees' share option plan	—	—	449	18	28,235	—	—	—	28,253
Under dividend reinvestment plan	—	—	17	1	1,458	—	—	—	1,459
Contributions	—	—	—	—	—	—	—	1,044	1,044
Distributions:									
JBG SMITH Properties	—	—	—	—	—	(2,428,345)	—	—	(2,428,345)
Real estate fund investments	—	—	—	—	—	—	—	(73,850)	(73,850)
Other	—	—	—	—	—	—	—	(2,618)	(2,618)
Conversion of Series A preferred shares to common shares	(5)	(162)	10	—	162	—	—	—	—
Deferred compensation shares and options	—	—	—	—	2,246	(418)	—	—	1,828
Reduction in unrealized net gain on available-for-sale securities	—	—	—	—	—	—	(20,951)	—	(20,951)
Pro rata share of amounts reclassified related to a nonconsolidated subsidiary	—	—	—	—	—	—	14,402	—	14,402
Pro rata share of other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	—	1,425	—	1,425
Increase in value of interest rate swaps	—	—	—	—	—	—	15,476	—	15,476
Adjustments to carry redeemable Class A units at redemption value	—	—	—	—	268,494	—	—	—	268,494
Preferred shares issuance	12,780	309,609	—	—	—	—	—	—	309,609
Cumulative redeemable preferred shares called for redemption	(18,800)	(455,514)	—	—	—	—	—	—	(455,514)
Redeemable noncontrolling interests' share of above adjustments	—	—	—	—	—	—	(642)	—	(642)
Other	—	—	4	—	—	(635)	—	(306)	(941)
Balance, December 31, 2017	<u>36,800</u>	<u>\$ 891,988</u>	<u>189,984</u>	<u>\$ 7,577</u>	<u>\$ 7,492,658</u>	<u>\$ (4,183,253)</u>	<u>\$ 128,682</u>	<u>\$ 670,049</u>	<u>\$ 5,007,701</u>

See notes to consolidated financial statements.

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY – CONTINUED

(Amounts in thousands)

	Preferred Shares		Common Shares		Additional Capital	Earnings Less Than Distributions	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Shares	Amount	Shares	Amount					
Balance, December 31, 2015	52,677	\$ 1,276,954	188,577	\$ 7,521	\$ 7,132,979	\$ (1,766,780)	\$ 46,921	\$ 778,483	\$ 7,476,078
Net income attributable to Vornado	—	—	—	—	—	906,917	—	—	906,917
Net income attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	—	21,351	21,351
Dividends on common shares	—	—	—	—	—	(475,961)	—	—	(475,961)
Dividends on preferred shares	—	—	—	—	—	(75,903)	—	—	(75,903)
Redemption of Series J preferred shares	(9,850)	(238,842)	—	—	—	(7,408)	—	—	(246,250)
Common shares issued:									
Upon redemption of Class A units, at redemption value	—	—	376	15	36,495	—	—	—	36,510
Under employees' share option plan	—	—	123	5	6,820	—	—	—	6,825
Under dividend reinvestment plan	—	—	16	1	1,443	—	—	—	1,444
Contributions	—	—	—	—	—	—	—	19,749	19,749
Distributions:									
Real estate fund investments	—	—	—	—	—	—	—	(62,444)	(62,444)
Other	—	—	—	—	—	—	—	(36,804)	(36,804)
Conversion of Series A preferred shares to common shares	(2)	(56)	3	—	56	—	—	—	—
Deferred compensation shares and options	—	—	7	—	1,788	(186)	—	—	1,602
Increase in unrealized net gain on available-for-sale securities	—	—	—	—	—	—	52,057	—	52,057
Pro rata share of other comprehensive loss of nonconsolidated subsidiaries	—	—	—	—	—	—	(2,739)	—	(2,739)
Increase in value of interest rate swap	—	—	—	—	—	—	27,434	—	27,434
Adjustments to carry redeemable Class A units at redemption value	—	—	—	—	(26,251)	—	—	—	(26,251)
Redeemable noncontrolling interests' share of above adjustments	—	—	—	—	—	—	(4,699)	—	(4,699)
Other	—	(1)	(1)	—	2	(61)	(2)	(358)	(420)
Balance, December 31, 2016	<u>42,825</u>	<u>\$ 1,038,055</u>	<u>189,101</u>	<u>\$ 7,542</u>	<u>\$ 7,153,332</u>	<u>\$ (1,419,382)</u>	<u>\$ 118,972</u>	<u>\$ 719,977</u>	<u>\$ 7,618,496</u>

See notes to consolidated financial statements.

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY – CONTINUED

(Amounts in thousands)

	Preferred Shares		Common Shares		Additional Capital	Earnings Less Than Distributions	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Shares	Amount	Shares	Amount					
Balance, December 31, 2014	52,679	\$ 1,277,026	187,887	\$ 7,493	\$ 6,873,025	\$ (1,505,385)	\$ 93,267	\$ 743,956	\$ 7,489,382
Net income attributable to Vornado	—	—	—	—	—	760,434	—	—	760,434
Net income attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	—	55,765	55,765
Distribution of Urban Edge Properties	—	—	—	—	—	(464,262)	—	(341)	(464,603)
Dividends on common shares	—	—	—	—	—	(474,751)	—	—	(474,751)
Dividends on preferred shares	—	—	—	—	—	(80,578)	—	—	(80,578)
Common shares issued:									
Upon redemption of Class A units, at redemption value	—	—	452	18	48,212	—	—	—	48,230
Under employees' share option plan	—	—	214	9	15,332	(2,579)	—	—	12,762
Under dividend reinvestment plan	—	—	14	1	1,437	—	—	—	1,438
Contributions:									
Real estate fund investments	—	—	—	—	—	—	—	51,725	51,725
Other	—	—	—	—	—	—	—	250	250
Distributions:									
Real estate fund investments	—	—	—	—	—	—	—	(72,114)	(72,114)
Other	—	—	—	—	—	—	—	(525)	(525)
Conversion of Series A preferred shares to common shares	(2)	(72)	4	1	71	—	—	—	—
Deferred compensation shares and options	—	—	6	1	2,438	(359)	—	—	2,080
Reduction in unrealized net gain on available-for-sale securities	—	—	—	—	—	—	(55,326)	—	(55,326)
Pro rata share of other comprehensive loss of nonconsolidated subsidiaries	—	—	—	—	—	—	(327)	—	(327)
Increase in value of interest rate swap	—	—	—	—	—	—	6,435	—	6,435
Adjustments to carry redeemable Class A units at redemption value	—	—	—	—	192,464	—	—	—	192,464
Redeemable noncontrolling interests' share of above adjustments	—	—	—	—	—	—	2,866	—	2,866
Other	—	—	—	(2)	—	700	6	(233)	471
Balance, December 31, 2015	<u>52,677</u>	<u>\$ 1,276,954</u>	<u>188,577</u>	<u>\$ 7,521</u>	<u>\$ 7,132,979</u>	<u>\$ (1,766,780)</u>	<u>\$ 46,921</u>	<u>\$ 778,483</u>	<u>\$ 7,476,078</u>

See notes to consolidated financial statements.

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

	Year Ended December 31,		
	2017	2016	2015
Cash Flows from Operating Activities:			
Net income	\$ 264,128	\$ 981,922	\$ 859,430
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization (including amortization of deferred financing costs)	529,826	595,270	566,207
Return of capital from real estate fund investments	91,606	71,888	91,458
Distributions of income from partially owned entities	82,095	214,800	66,819
Amortization of below-market leases, net	(46,790)	(53,202)	(79,053)
Straight-lining of rents	(45,792)	(146,787)	(153,668)
Change in allowance for deferred tax assets	34,800	—	(90,030)
Equity in net (income) loss of partially owned entities	(15,635)	(165,389)	11,882
Net realized and unrealized losses (gains) on real estate fund investments	15,267	40,655	(57,752)
Net gains on sale of real estate and other	(3,489)	(5,074)	(65,396)
Net gains on disposition of wholly owned and partially owned assets	(501)	(175,735)	(251,821)
Net gain on extinguishment of Skyline properties debt	—	(487,877)	—
Real estate impairment losses	—	161,165	256
Other non-cash adjustments	56,480	39,406	37,721
Changes in operating assets and liabilities:			
Real estate fund investments	—	—	(95,010)
Tenant and other receivables, net	1,183	(4,271)	8,366
Prepaid assets	(12,292)	(7,893)	(16,836)
Other assets	(79,199)	(76,357)	(112,415)
Accounts payable and accrued expenses	3,760	13,278	(25,231)
Other liabilities	(15,305)	(719)	(22,836)
Net cash provided by operating activities	<u>860,142</u>	<u>995,080</u>	<u>672,091</u>
Cash Flows from Investing Activities:			
Distributions of capital from partially owned entities	366,155	196,635	36,017
Development costs and construction in progress	(355,852)	(606,565)	(475,819)
Additions to real estate	(271,308)	(387,545)	(301,413)
Proceeds from the repayment of JBG SMITH Properties loan receivable	115,630	—	—
Investments in partially owned entities	(40,537)	(127,608)	(235,439)
Acquisitions of real estate and other	(30,607)	(91,103)	(558,484)
Proceeds from sales of real estate and related investments	9,543	183,173	786,924
Proceeds from repayments of mortgage loans receivable	659	45	16,790
Net deconsolidation of 7 West 34th Street	—	(48,000)	—
Investments in loans receivable	—	(11,700)	(1,000)
Purchases of marketable securities	—	(4,379)	—
Proceeds from the sale of marketable securities	—	3,937	—
Net cash used in investing activities	<u>(206,317)</u>	<u>(893,110)</u>	<u>(732,424)</u>

See notes to consolidated financial statements.

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS – CONTINUED

(Amounts in thousands)

	Year Ended December 31,		
	2017	2016	2015
Cash Flows from Financing Activities:			
Proceeds from borrowings	\$ 1,055,872	\$ 2,403,898	\$ 4,468,872
Repayments of borrowings	(631,681)	(1,894,990)	(2,936,578)
Dividends paid on common shares	(496,490)	(475,961)	(474,751)
Cash and cash equivalents and restricted cash included in the spin-off of JBG SMITH Properties (\$275,000 plus The Bartlett financing proceeds less transaction costs and other mortgage items)	(416,237)	—	—
Proceeds from issuance of preferred shares	309,609	—	—
Distributions to noncontrolling interests	(109,697)	(130,590)	(102,866)
Dividends paid on preferred shares	(64,516)	(80,137)	(80,578)
Proceeds received from exercise of employee share options and other	29,712	8,269	16,779
Debt issuance costs	(12,325)	(42,157)	(66,554)
Debt prepayment and extinguishment costs	(3,217)	—	(15,000)
Contributions from noncontrolling interests	1,044	11,950	51,975
Repurchase of shares related to stock compensation agreements and related tax withholdings and other	(418)	(186)	(7,473)
Redemption of preferred shares	—	(246,250)	—
Cash and cash equivalents and restricted cash included in the spin-off of Urban Edge Properties	—	—	(234,967)
Net cash (used in) provided by financing activities	<u>(338,344)</u>	<u>(446,154)</u>	<u>618,859</u>
Net increase (decrease) in cash and cash equivalents and restricted cash	315,481	(344,184)	558,526
Cash and cash equivalents and restricted cash at beginning of period	1,599,331	1,943,515	1,384,989
Cash and cash equivalents and restricted cash at end of period	<u>\$ 1,914,812</u>	<u>\$ 1,599,331</u>	<u>\$ 1,943,515</u>
Reconciliation of Cash and Cash Equivalents and Restricted Cash:			
Cash and cash equivalents at beginning of period	\$ 1,501,027	\$ 1,835,707	\$ 1,198,477
Restricted cash at beginning of period	95,032	99,943	168,447
Restricted cash included in discontinued operations at beginning of period	3,272	7,865	18,065
Cash and cash equivalents and restricted cash at beginning of period	<u>\$ 1,599,331</u>	<u>\$ 1,943,515</u>	<u>\$ 1,384,989</u>
Cash and cash equivalents at end of period	1,817,655	1,501,027	1,835,707
Restricted cash at end of period	97,157	95,032	99,943
Restricted cash included in discontinued operations at end of period	—	3,272	7,865
Cash and cash equivalents and restricted cash at end of period	<u>\$ 1,914,812</u>	<u>\$ 1,599,331</u>	<u>\$ 1,943,515</u>

See notes to consolidated financial statements.

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS – CONTINUED

(Amounts in thousands)

	Year Ended December 31,		
	2017	2016	2015
Supplemental Disclosure of Cash Flow Information:			
Cash payments for interest, excluding capitalized interest of \$43,071, \$29,584 and \$48,539	\$ 338,983	\$ 368,762	\$ 376,620
Cash payments for income taxes	\$ 6,727	\$ 9,716	\$ 8,287
Non-Cash Investing and Financing Activities:			
Non-cash distribution to JBG SMITH Properties:			
Assets	\$ 3,432,738	\$ —	\$ —
Liabilities	(1,414,186)	—	—
Equity	(2,018,552)	—	—
Reclassification of Series G and Series I cumulative redeemable preferred shares to liabilities upon call for redemption	455,514	—	—
Adjustments to carry redeemable Class A units at redemption value	268,494	(26,251)	192,464
Loan receivable established upon the spin-off of JBG SMITH Properties	115,630	—	—
Accrued capital expenditures included in accounts payable and accrued expenses	102,976	120,564	122,711
Write-off of fully depreciated assets	(58,810)	(305,679)	(167,250)
(Reduction) increase in unrealized net gain on available-for-sale securities	(20,951)	52,057	(55,326)
Decrease in assets and liabilities resulting from the disposition of Skyline properties:			
Real estate, net	—	(189,284)	—
Mortgage payable, net	—	(690,263)	—
Decrease in assets and liabilities resulting from the deconsolidation of investments that were previously consolidated:			
Real estate, net	—	(122,047)	—
Mortgage payable, net	—	(290,418)	—
Non-cash distribution of Urban Edge Properties:			
Assets	—	—	1,699,289
Liabilities	—	—	(1,469,659)
Equity	—	—	(229,630)
Transfer of interest in real estate to Pennsylvania Real Estate Investment Trust	—	—	(145,313)
Class A units issued in connection with acquisition	—	—	80,000
Financing assumed in acquisition	—	—	62,000

See notes to consolidated financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Vornado Realty L.P. and subsidiaries (the "Partnership") as of December 31, 2017 and 2016, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows, for each of the three years in the period ended December 31, 2017, and the related notes and the schedules listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with the accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Partnership's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 12, 2018, expressed an unqualified opinion on the Partnership's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership's financial statements based on our audits. 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 audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
February 12, 2018

We have served as the Partnership's auditor since 1997.

VORNADO REALTY L.P.
CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except unit amounts)	December 31, 2017	December 31, 2016
ASSETS		
Real estate, at cost:		
Land	\$ 3,143,648	\$ 3,130,825
Buildings and improvements	9,898,605	9,684,144
Development costs and construction in progress	1,615,101	1,278,941
Leasehold improvements and equipment	98,941	93,910
Total	14,756,295	14,187,820
Less accumulated depreciation and amortization	(2,885,283)	(2,581,514)
Real estate, net	11,871,012	11,606,306
Cash and cash equivalents	1,817,655	1,501,027
Restricted cash	97,157	95,032
Marketable securities	182,752	203,704
Tenant and other receivables, net of allowance for doubtful accounts of \$5,526 and \$6,708	58,700	61,069
Investments in partially owned entities	1,056,829	1,378,254
Real estate fund investments	354,804	462,132
Receivable arising from the straight-lining of rents, net of allowance of \$954 and \$1,913	926,711	885,167
Deferred leasing costs, net of accumulated amortization of \$191,827 and \$170,952	403,492	354,997
Identified intangible assets, net of accumulated amortization of \$150,837 and \$194,422	159,260	189,668
Assets related to discontinued operations	1,357	3,568,613
Other assets	468,205	508,878
	\$ 17,397,934	\$ 20,814,847
LIABILITIES, REDEEMABLE PARTNERSHIP UNITS AND EQUITY		
Mortgages payable, net	\$ 8,137,139	\$ 8,113,248
Senior unsecured notes, net	843,614	845,577
Unsecured term loan, net	748,734	372,215
Unsecured revolving credit facilities	—	115,630
Accounts payable and accrued expenses	415,794	397,134
Deferred revenue	227,069	276,276
Deferred compensation plan	109,177	121,183
Liabilities related to discontinued operations	3,620	1,259,443
Preferred units to be redeemed on January 4 and 11, 2018	455,514	—
Other liabilities	464,635	417,199
Total liabilities	11,405,296	11,917,905
Commitments and contingencies		
Redeemable partnership units:		
Class A units - 12,528,899 and 12,197,162 units outstanding	979,509	1,273,018
Series D cumulative redeemable preferred units - 177,101 units outstanding	5,428	5,428
Total redeemable partnership units	984,937	1,278,446
Equity:		
Partners' capital	8,392,223	8,198,929
Earnings less than distributions	(4,183,253)	(1,419,382)
Accumulated other comprehensive income	128,682	118,972
Total Vornado Realty L.P. equity	4,337,652	6,898,519
Noncontrolling interests in consolidated subsidiaries	670,049	719,977
Total equity	5,007,701	7,618,496
	\$ 17,397,934	\$ 20,814,847

See notes to the consolidated financial statements.

VORNADO REALTY L.P.
CONSOLIDATED STATEMENTS OF INCOME

(Amounts in thousands, except per unit amounts)

	Year Ended December 31,		
	2017	2016	2015
REVENUES:			
Property rentals	\$ 1,714,952	\$ 1,662,093	\$ 1,626,866
Tenant expense reimbursements	233,424	221,563	218,739
Fee and other income	135,750	120,086	139,890
Total revenues	<u>2,084,126</u>	<u>2,003,742</u>	<u>1,985,495</u>
EXPENSES:			
Operating	886,596	844,566	824,511
Depreciation and amortization	429,389	421,023	379,803
General and administrative	158,999	149,550	149,256
Acquisition and transaction related costs	1,776	9,451	12,511
Total expenses	<u>1,476,760</u>	<u>1,424,590</u>	<u>1,366,081</u>
Operating income	607,366	579,152	619,414
Income (loss) from partially owned entities	15,200	168,948	(9,947)
Income (loss) from real estate fund investments	3,240	(23,602)	74,081
Interest and other investment income, net	37,793	29,548	27,240
Interest and debt expense	(345,654)	(330,240)	(309,298)
Net gains on disposition of wholly owned and partially owned assets	501	160,433	149,417
Income before income taxes	318,446	584,239	550,907
Income tax (expense) benefit	(41,090)	(7,229)	85,012
Income from continuing operations	277,356	577,010	635,919
(Loss) income from discontinued operations	(13,228)	404,912	223,511
Net income	264,128	981,922	859,430
Less net income attributable to noncontrolling interests in consolidated subsidiaries	(25,802)	(21,351)	(55,765)
Net income attributable to Vornado Realty L.P.	238,326	960,571	803,665
Preferred unit distributions	(65,593)	(76,097)	(80,736)
Preferred unit issuance costs (Series J redemption)	—	(7,408)	—
NET INCOME attributable to Class A unitholders	<u>\$ 172,733</u>	<u>\$ 877,066</u>	<u>\$ 722,929</u>
INCOME PER CLASS A UNIT - BASIC:			
Income from continuing operations, net	\$ 0.91	\$ 2.34	\$ 2.49
(Loss) income from discontinued operations, net	(0.07)	2.02	1.12
Net income per Class A unit	<u>\$ 0.84</u>	<u>\$ 4.36</u>	<u>\$ 3.61</u>
Weighted average units outstanding	<u>201,214</u>	<u>200,350</u>	<u>199,309</u>
INCOME PER CLASS A UNIT - DILUTED:			
Income from continuing operations, net	\$ 0.90	\$ 2.32	\$ 2.46
(Loss) income from discontinued operations, net	(0.07)	2.00	1.11
Net income per Class A unit	<u>\$ 0.83</u>	<u>\$ 4.32</u>	<u>\$ 3.57</u>
Weighted average units outstanding	<u>203,300</u>	<u>202,017</u>	<u>201,158</u>

See notes to consolidated financial statements.

VORNADO REALTY L.P.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands)

	Year Ended December 31,		
	2017	2016	2015
Net income	\$ 264,128	\$ 981,922	\$ 859,430
Other comprehensive (loss) income:			
(Reduction) increase in unrealized net gain on available-for-sale securities	(20,951)	52,057	(55,326)
Pro rata share of amounts reclassified from accumulated other comprehensive income of a nonconsolidated subsidiary	14,402	—	—
Pro rata share of other comprehensive income (loss) of nonconsolidated subsidiaries	1,425	(2,739)	(327)
Increase in value of interest rate swaps and other	15,477	27,432	6,441
Comprehensive income	274,481	1,058,672	810,218
Less comprehensive income attributable to noncontrolling interests	(25,802)	(21,351)	(55,765)
Comprehensive income attributable to Vornado	<u>\$ 248,679</u>	<u>\$ 1,037,321</u>	<u>\$ 754,453</u>

See notes to consolidated financial statements.

VORNADO REALTY L.P.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in thousands)

	Preferred Units		Class A Units Owned by Vornado		Earnings Less Than Distributions	Accumulated Other Comprehensive Income (Loss)	Non- controlling Interests in Consolidated Subsidiaries	Total Equity
	Units	Amount	Units	Amount				
Balance, December 31, 2016	42,825	\$ 1,038,055	189,101	\$ 7,160,874	\$ (1,419,382)	\$ 118,972	\$ 719,977	\$ 7,618,496
Net income attributable to Vornado Realty L.P.	—	—	—	—	238,326	—	—	238,326
Net income attributable to redeemable partnership units	—	—	—	—	(10,910)	—	—	(10,910)
Net income attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	25,802	25,802
Distributions to Vornado	—	—	—	—	(496,490)	—	—	(496,490)
Distributions to preferred unitholders	—	—	—	—	(65,399)	—	—	(65,399)
Class A Units issued to Vornado:								
Upon redemption of redeemable Class A units, at redemption value	—	—	403	38,747	—	—	—	38,747
Under Vornado's employees' share option plan	—	—	449	28,253	—	—	—	28,253
Under Vornado's dividend reinvestment plan	—	—	17	1,459	—	—	—	1,459
Contributions	—	—	—	—	—	—	1,044	1,044
Distributions:								
JBG SMITH Properties	—	—	—	—	(2,428,345)	—	—	(2,428,345)
Real estate fund investments	—	—	—	—	—	—	(73,850)	(73,850)
Other	—	—	—	—	—	—	(2,618)	(2,618)
Conversion of Series A preferred units to Class A units	(5)	(162)	10	162	—	—	—	—
Deferred compensation units and options	—	—	—	2,246	(418)	—	—	1,828
Reduction in unrealized net gain on available-for-sale securities	—	—	—	—	—	(20,951)	—	(20,951)
Pro rata share of amounts reclassified related to a nonconsolidated subsidiary	—	—	—	—	—	14,402	—	14,402
Pro rata share of other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	1,425	—	1,425
Increase in value of interest rate swaps	—	—	—	—	—	15,476	—	15,476
Adjustments to carry redeemable Class A units at redemption value	—	—	—	268,494	—	—	—	268,494
Preferred units issuance	12,780	309,609	—	—	—	—	—	309,609
Cumulative redeemable preferred units called for redemption	(18,800)	(455,514)	—	—	—	—	—	(455,514)
Redeemable partnership units' share of above adjustments	—	—	—	—	—	(642)	—	(642)
Other	—	—	4	—	(635)	—	(306)	(941)
Balance, December 31, 2017	<u>36,800</u>	<u>\$ 891,988</u>	<u>189,984</u>	<u>\$ 7,500,235</u>	<u>\$ (4,183,253)</u>	<u>\$ 128,682</u>	<u>\$ 670,049</u>	<u>\$ 5,007,701</u>

See notes to consolidated financial statements.

VORNADO REALTY L.P.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY – CONTINUED

(Amounts in thousands)

	Preferred Units		Class A Units Owned by Vornado		Earnings Less Than Distributions	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Units	Amount	Units	Amount				
Balance, December 31, 2015	52,677	\$ 1,276,954	188,577	\$ 7,140,500	\$ (1,766,780)	\$ 46,921	\$ 778,483	\$ 7,476,078
Net income attributable to Vornado Realty L.P.	—	—	—	—	960,571	—	—	960,571
Net income attributable to redeemable partnership units	—	—	—	—	(53,654)	—	—	(53,654)
Net income attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	21,351	21,351
Distributions to Vornado	—	—	—	—	(475,961)	—	—	(475,961)
Distributions to preferred unitholders	—	—	—	—	(75,903)	—	—	(75,903)
Redemption of Series J preferred units	(9,850)	(238,842)	—	—	(7,408)	—	—	(246,250)
Class A Units issued to Vornado:								
Upon redemption of redeemable Class A units, at redemption value	—	—	376	36,510	—	—	—	36,510
Under Vornado's employees' share option plan	—	—	123	6,825	—	—	—	6,825
Under Vornado's dividend reinvestment plan	—	—	16	1,444	—	—	—	1,444
Contributions	—	—	—	—	—	—	19,749	19,749
Distributions:								
Real estate fund investments	—	—	—	—	—	—	(62,444)	(62,444)
Other	—	—	—	—	—	—	(36,804)	(36,804)
Conversion of Series A preferred units to Class A units	(2)	(56)	3	56	—	—	—	—
Deferred compensation units and options	—	—	7	1,788	(186)	—	—	1,602
Increase in unrealized net gain on available-for-sale securities	—	—	—	—	—	52,057	—	52,057
Pro rata share of other comprehensive loss of unconsolidated subsidiaries	—	—	—	—	—	(2,739)	—	(2,739)
Increase in value of interest rate swap	—	—	—	—	—	27,434	—	27,434
Adjustments to carry redeemable Class A units at redemption value	—	—	—	(26,251)	—	—	—	(26,251)
Redeemable partnership units' share of above adjustments	—	—	—	—	—	(4,699)	—	(4,699)
Other	—	(1)	(1)	2	(61)	(2)	(358)	(420)
Balance, December 31, 2016	<u>42,825</u>	<u>\$ 1,038,055</u>	<u>189,101</u>	<u>\$ 7,160,874</u>	<u>\$ (1,419,382)</u>	<u>\$ 118,972</u>	<u>\$ 719,977</u>	<u>\$ 7,618,496</u>

See notes to consolidated financial statements.

VORNADO REALTY L.P.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY – CONTINUED

(Amounts in thousands)

	Preferred Units		Class A Units Owned by Vornado		Earnings Less Than Distributions	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Units	Amount	Units	Amount				
Balance, December 31, 2014	52,679	\$ 1,277,026	187,887	\$ 6,880,518	\$ (1,505,385)	\$ 93,267	\$ 743,956	\$ 7,489,382
Net income attributable to Vornado Realty L.P.	—	—	—	—	803,665	—	—	803,665
Net income attributable to redeemable partnership units	—	—	—	—	(43,231)	—	—	(43,231)
Net income attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	55,765	55,765
Distribution of Urban Edge Properties	—	—	—	—	(464,262)	—	(341)	(464,603)
Distributions to Vornado	—	—	—	—	(474,751)	—	—	(474,751)
Distributions to preferred unitholders	—	—	—	—	(80,578)	—	—	(80,578)
Class A Units issued to Vornado:								
Upon redemption of redeemable Class A units, at redemption value	—	—	452	48,230	—	—	—	48,230
Under Vornado's employees' share option plan	—	—	214	15,341	(2,579)	—	—	12,762
Under Vornado's dividend reinvestment plan	—	—	14	1,438	—	—	—	1,438
Contributions:								
Real estate fund investments	—	—	—	—	—	—	51,725	51,725
Other	—	—	—	—	—	—	250	250
Distributions:								
Real estate fund investments	—	—	—	—	—	—	(72,114)	(72,114)
Other	—	—	—	—	—	—	(525)	(525)
Conversion of Series A preferred units to Class A units	(2)	(72)	4	72	—	—	—	—
Deferred compensation units and options	—	—	6	2,439	(359)	—	—	2,080
Reduction in unrealized net gain on available-for-sale securities	—	—	—	—	—	(55,326)	—	(55,326)
Pro rata share of other comprehensive loss of nonconsolidated subsidiaries	—	—	—	—	—	(327)	—	(327)
Increase in value of interest rate swap	—	—	—	—	—	6,435	—	6,435
Adjustments to carry redeemable Class A units at redemption value	—	—	—	192,464	—	—	—	192,464
Redeemable partnership units' share of above adjustments	—	—	—	—	—	2,866	—	2,866
Other	—	—	—	(2)	700	6	(233)	471
Balance, December 31, 2015	<u>52,677</u>	<u>\$ 1,276,954</u>	<u>188,577</u>	<u>\$ 7,140,500</u>	<u>\$ (1,766,780)</u>	<u>\$ 46,921</u>	<u>\$ 778,483</u>	<u>\$ 7,476,078</u>

See notes to consolidated financial statements.

VORNADO REALTY L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

	Year Ended December 31,		
	2017	2016	2015
Cash Flows from Operating Activities:			
Net income	\$ 264,128	\$ 981,922	\$ 859,430
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization (including amortization of deferred financing costs)	529,826	595,270	566,207
Return of capital from real estate fund investments	91,606	71,888	91,458
Distributions of income from partially owned entities	82,095	214,800	66,819
Amortization of below-market leases, net	(46,790)	(53,202)	(79,053)
Straight-lining of rents	(45,792)	(146,787)	(153,668)
Change in allowance for deferred tax assets	34,800	—	(90,030)
Equity in net (income) loss of partially owned entities	(15,635)	(165,389)	11,882
Net realized and unrealized losses (gains) on real estate fund investments	15,267	40,655	(57,752)
Net gains on sale of real estate and other	(3,489)	(5,074)	(65,396)
Net gains on disposition of wholly owned and partially owned assets	(501)	(175,735)	(251,821)
Net gain on extinguishment of Skyline properties debt	—	(487,877)	—
Real estate impairment losses	—	161,165	256
Other non-cash adjustments	56,480	39,406	37,721
Changes in operating assets and liabilities:			
Real estate fund investments	—	—	(95,010)
Tenant and other receivables, net	1,183	(4,271)	8,366
Prepaid assets	(12,292)	(7,893)	(16,836)
Other assets	(79,199)	(76,357)	(112,415)
Accounts payable and accrued expenses	3,760	13,278	(25,231)
Other liabilities	(15,305)	(719)	(22,836)
Net cash provided by operating activities	<u>860,142</u>	<u>995,080</u>	<u>672,091</u>
Cash Flows from Investing Activities:			
Distributions of capital from partially owned entities	366,155	196,635	36,017
Development costs and construction in progress	(355,852)	(606,565)	(475,819)
Additions to real estate	(271,308)	(387,545)	(301,413)
Proceeds from the repayment of JBG SMITH Properties loan receivable	115,630	—	—
Investments in partially owned entities	(40,537)	(127,608)	(235,439)
Acquisitions of real estate and other	(30,607)	(91,103)	(558,484)
Proceeds from sales of real estate and related investments	9,543	183,173	786,924
Proceeds from repayments of mortgage loans receivable	659	45	16,790
Net deconsolidation of 7 West 34th Street	—	(48,000)	—
Investments in loans receivable	—	(11,700)	(1,000)
Purchases of marketable securities	—	(4,379)	—
Proceeds from the sale of marketable securities	—	3,937	—
Net cash used in investing activities	<u>(206,317)</u>	<u>(893,110)</u>	<u>(732,424)</u>

See notes to consolidated financial statements.

VORNADO REALTY L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS – CONTINUED

(Amounts in thousands)

	Year Ended December 31,		
	2017	2016	2015
Cash Flows from Financing Activities:			
Proceeds from borrowings	\$ 1,055,872	\$ 2,403,898	\$ 4,468,872
Repayments of borrowings	(631,681)	(1,894,990)	(2,936,578)
Distributions to Vornado	(496,490)	(475,961)	(474,751)
Cash and cash equivalents and restricted cash included in the spin-off of JBG SMITH Properties (\$275,000 plus The Bartlett financing proceeds less transaction costs and other mortgage items)	(416,237)	—	—
Proceeds from issuance of preferred units	309,609	—	—
Distributions to redeemable security holders and noncontrolling interests in consolidated subsidiaries	(109,697)	(130,590)	(102,866)
Distributions to preferred unitholders	(64,516)	(80,137)	(80,578)
Proceeds received from exercise of Vornado stock options and other	29,712	8,269	16,779
Debt issuance costs	(12,325)	(42,157)	(66,554)
Debt prepayment and extinguishment costs	(3,217)	—	(15,000)
Contributions from noncontrolling interests in consolidated subsidiaries	1,044	11,950	51,975
Repurchase of Class A units related to stock compensation agreements and related tax withholdings and other	(418)	(186)	(7,473)
Redemption of preferred units	—	(246,250)	—
Cash and cash equivalents and restricted cash included in the spin-off of Urban Edge Properties	—	—	(234,967)
Net cash (used in) provided by financing activities	<u>(338,344)</u>	<u>(446,154)</u>	<u>618,859</u>
Net increase (decrease) in cash and cash equivalents and restricted cash	315,481	(344,184)	558,526
Cash and cash equivalents and restricted cash at beginning of period	1,599,331	1,943,515	1,384,989
Cash and cash equivalents and restricted cash at end of period	<u>\$ 1,914,812</u>	<u>\$ 1,599,331</u>	<u>\$ 1,943,515</u>
Reconciliation of Cash and Cash Equivalents and Restricted Cash:			
Cash and cash equivalents at beginning of period	\$ 1,501,027	\$ 1,835,707	\$ 1,198,477
Restricted cash at beginning of period	95,032	99,943	168,447
Restricted cash included in discontinued operations at beginning of period	3,272	7,865	18,065
Cash and cash equivalents and restricted cash at beginning of period	<u>\$ 1,599,331</u>	<u>\$ 1,943,515</u>	<u>\$ 1,384,989</u>
Cash and cash equivalents at end of period	1,817,655	1,501,027	1,835,707
Restricted cash at end of period	97,157	95,032	99,943
Restricted cash included in discontinued operations at end of period	—	3,272	7,865
Cash and cash equivalents and restricted cash at end of period	<u>\$ 1,914,812</u>	<u>\$ 1,599,331</u>	<u>\$ 1,943,515</u>

See notes to consolidated financial statements.

VORNADO REALTY L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS – CONTINUED

(Amounts in thousands)

	Year Ended December 31,		
	2017	2016	2015
Supplemental Disclosure of Cash Flow Information:			
Cash payments for interest, excluding capitalized interest of \$43,071, \$29,584 and \$48,539	\$ 338,983	\$ 368,762	\$ 376,620
Cash payments for income taxes	\$ 6,727	\$ 9,716	\$ 8,287
Non-Cash Investing and Financing Activities:			
Non-cash distribution to JBG SMITH Properties:			
Assets	\$ 3,432,738	\$ —	\$ —
Liabilities	(1,414,186)	—	—
Equity	(2,018,552)	—	—
Reclassification of Series G and Series I cumulative redeemable preferred units to liabilities upon call for redemption	455,514	—	—
Adjustments to carry redeemable Class A units at redemption value	268,494	(26,251)	192,464
Loan receivable established upon the spin-off of JBG SMITH Properties	115,630	—	—
Accrued capital expenditures included in accounts payable and accrued expenses	102,976	120,564	122,711
Write-off of fully depreciated assets	(58,810)	(305,679)	(167,250)
(Reduction) increase in unrealized net gain on available-for-sale securities	(20,951)	52,057	(55,326)
Decrease in assets and liabilities resulting from the disposition of Skyline properties:			
Real estate, net	—	(189,284)	—
Mortgage payable, net	—	(690,263)	—
Decrease in assets and liabilities resulting from the deconsolidation of investments that were previously consolidated:			
Real estate, net	—	(122,047)	—
Mortgage payable, net	—	(290,418)	—
Non-cash distribution of Urban Edge Properties:			
Assets	—	—	1,699,289
Liabilities	—	—	(1,469,659)
Equity	—	—	(229,630)
Transfer of interest in real estate to Pennsylvania Real Estate Investment Trust	—	—	(145,313)
Class A units issued in connection with acquisition	—	—	80,000
Financing assumed in acquisition	—	—	62,000

See notes to consolidated financial statements.

1. Organization and Business

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”). Accordingly, Vornado’s cash flow and ability to pay dividends to its shareholders is dependent upon the cash flow of the Operating Partnership and the ability of its direct and indirect subsidiaries to first satisfy their obligations to creditors. Vornado is the sole general partner of, and owned approximately 93.5% of the common limited partnership interest in the Operating Partnership as of December 31, 2017. All references to the “Company,” “we,” “us” and “our” mean, collectively, Vornado, the Operating Partnership and those entities/subsidiaries consolidated by Vornado.

We currently own all or portions of:

New York:

- 20.3 million square feet of Manhattan office in 36 properties;
- 2.7 million square feet of Manhattan street retail in 71 properties;
- 2,009 units in twelve residential properties;
- The 1,700 room Hotel Pennsylvania located on Seventh Avenue at 33rd Street in the heart of the Penn Plaza district; and
- A 32.4% interest in Alexander’s, Inc. (“Alexander’s”) (NYSE: ALX), which owns seven properties in the greater New York metropolitan area, including 731 Lexington Avenue, the 1.3 million square foot Bloomberg, L.P. headquarters building.

Other Real Estate and Related Investments:

- The 3.7 million square foot theMART in Chicago;
- A 70% controlling interest in 555 California Street, a three-building office complex in San Francisco’s financial district aggregating 1.8 million square feet, known as the Bank of America Center;
- A 25.0% interest in Vornado Capital Partners, our real estate fund. We are the general partner and investment manager of the fund;
- A 32.5% interest in Toys “R” Us, Inc. (“Toys”), which is in Chapter 11 bankruptcy and carried at zero in our consolidated balance sheets; and
- Other real estate and other investments.

2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements include the accounts of Vornado and the Operating Partnership and their consolidated subsidiaries. All inter-company amounts have been eliminated. Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Recently Issued Accounting Literature

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

In January 2016, the FASB issued an update (“ASU 2016-01”) *Recognition and Measurement of Financial Assets and Financial Liabilities* to ASC Topic 825, *Financial Instruments*. ASU 2016-01 amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2017. We adopted this standard effective January 1, 2018 using the modified retrospective approach. While the adoption of this standard requires us to continue to measure “marketable securities” at fair value at each reporting date, the changes in fair value will be recognized in current period earnings as opposed to “other comprehensive income (loss).” As a result, on January 1, 2018 we will record an increase to retained earnings of \$109,553,000 to recognize the unrealized gains previously recorded within “accumulated other comprehensive income”. Subsequent changes in the fair value of our marketable securities will be recorded to “interest and other investment income, net”.

2. Basis of Presentation and Significant Accounting Policies – continued

Recently Issued Accounting Literature - continued

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

In March 2016, the FASB issued an update ("ASU 2016-09") *Improvements to Employee Share-Based Payment Accounting* to ASC Topic 718, *Compensation - Stock Compensation*. ASU 2016-09 amends several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 was effective for interim and annual reporting periods in fiscal years beginning after December 15, 2016. The adoption of this update as of January 1, 2017 did not have a material impact on our consolidated financial statements.

In August 2016, the FASB issued an update ("ASU 2016-15") *Classification of Certain Cash Receipts and Cash Payments* to ASC Topic 230, *Statement of Cash Flows*. ASU 2016-15 clarifies guidance on the classification of certain cash receipts and payments in the statement of cash flows to reduce diversity in practice with respect to (i) debt prepayment or debt extinguishment costs, (ii) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing, (iii) contingent consideration payments made after a business combination, (iv) proceeds from the settlement of insurance claims, (v) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies, (vi) distributions received from equity method investees, (vii) beneficial interests in securitization transactions, and (viii) separately identifiable cash flows and application of the predominance principle. ASU 2016-15 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2017, with early adoption permitted. We elected to early adopt ASU 2016-15 effective January 1, 2017, with retrospective application to our consolidated statements of cash flows. The adoption of ASU 2016-15 impacted our classification of distributions received from equity method investees and debt extinguishment costs. We selected the nature of earnings approach for classifying distributions. Under this approach, the distributions from equity method investees are classified on the basis of the nature of the activity of the investee that generated the distribution. The retrospective application of ASU 2016-15 resulted in (i) the reclassification of certain distributions between distributions of income from partially owned entities and distributions of capital from partially owned entities, and (ii) the reclassification of debt extinguishment costs as a financing cash outflow, which reduced net cash provided by operating activities and net cash used in investing activities by \$2,668,000 for the year ended December 31, 2016 and increased net cash provided by operating activities by \$1,801,000, reduced net cash used in investing activities by \$13,199,000 and reduced net cash provided by financing activities by \$15,000,000 for the year ended December 31, 2015.

In November 2016, the FASB issued an update ("ASU 2016-18") *Restricted Cash* to ASC Topic 230, *Statement of Cash Flows*. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Restricted cash and restricted cash equivalents will be included with cash and cash equivalents when reconciling the beginning of period and end of period balances on the statement of cash flows upon adoption of this standard. ASU 2016-18 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2017, with early adoption permitted. We elected to early adopt ASU 2016-18 effective January 1, 2017, with retrospective application to our consolidated statements of cash flows. Accordingly, the consolidated statements of cash flows present a reconciliation of the changes in cash and cash equivalents and restricted cash. Restricted cash primarily consists of security deposits, cash restricted for the purposes of facilitating a Section 1031 Like-Kind Exchange, cash restricted in connection with our deferred compensation plan and cash escrowed under loan agreements for debt service, real estate taxes, property insurance and capital improvements.

2. Basis of Presentation and Significant Accounting Policies – continued

Recently Issued Accounting Literature - continued

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

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

In August 2017, the FASB issued an update (“ASU 2017-12”) *Targeted Improvements to Accounting for Hedging Activities* to ASC Topic 815, *Derivatives and Hedging* (“ASC 815”). ASU 2017-12 amends the hedge accounting recognition and presentation requirements in ASC 815. The update is intended to more closely align hedge accounting with companies’ risk management strategies, simplify the application of hedge accounting and increase transparency as to the scope and results of hedge programs. ASU 2017-12 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2018, with early adoption permitted. We are currently evaluating the impact of the adoption of ASU 2017-12 on our consolidated financial statements, but do not believe the adoption of this standard will have a material impact on our consolidated financial statements.

2. Basis of Presentation and Significant Accounting Policies – continued

Significant Accounting Policies

Real Estate: Real estate is carried at cost, net of accumulated depreciation and amortization. Betterments, major renewals and certain costs directly related to the improvement and leasing of real estate are capitalized. Maintenance and repairs are expensed as incurred. For redevelopment of existing operating properties, the net book value of the existing property under redevelopment plus the cost for the construction and improvements incurred in connection with the redevelopment are capitalized to the extent the capitalized costs of the property do not exceed the estimated fair value of the redeveloped property when complete. If the cost of the redeveloped property, including the net book value of the existing property, exceeds the estimated fair value of the redeveloped property, the excess is charged to expense. Depreciation is recognized on a straight-line basis over the estimated useful lives which range from 7 to 40 years. Tenant allowances are amortized on a straight-line basis over the lives of the related leases, which approximate the useful lives of the assets. Additions to real estate include interest and debt expense capitalized during construction of \$48,231,000 and \$30,343,000 for the years ended December 31, 2017 and 2016, respectively.

Upon the acquisition of real estate that meets the criteria of a business under ASC Topic 805, *Business Combinations* (“ASC 805”), we assess the fair value of acquired assets (including land, buildings and improvements, identified intangibles, such as acquired above and below-market leases, acquired in-place leases and tenant relationships) and acquired liabilities and we allocate the purchase price based on these assessments which are on a relative fair value basis. We assess fair value based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including historical operating results, known trends, and market/economic conditions. We record acquired intangible assets (including acquired above-market leases, acquired in-place leases and tenant relationships) and acquired intangible liabilities (including below-market leases) at their estimated fair value separate and apart from goodwill. We amortize identified intangibles that have finite lives over the period they are expected to contribute directly or indirectly to the future cash flows of the property or business acquired.

Our properties, including any related intangible assets, are individually reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment exists when the carrying amount of an asset exceeds the aggregate projected future cash flows over the anticipated holding period on an undiscounted basis. An impairment loss is measured based on the excess of the property’s carrying amount over its estimated fair value. Impairment analyses are based on our current plans, intended holding periods and available market information at the time the analyses are prepared. If our estimates of the projected future cash flows, anticipated holding periods, or market conditions change, our evaluation of impairment losses may be different and such differences could be material to our consolidated financial statements. The evaluation of anticipated cash flows is subjective and is based, in part, on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results. Plans to hold properties over longer periods decrease the likelihood of recording impairment losses.

2. **Basis of Presentation and Significant Accounting Policies – continued**

Significant Accounting Policies - continued

Partially Owned Entities: We consolidate entities in which we have a controlling financial interest. In determining whether we have a controlling financial interest in a partially owned entity and the requirement to consolidate the accounts of that entity, we consider whether the entity is a variable interest entity (“VIE”) and whether we are the primary beneficiary. We are deemed to be the primary beneficiary of a VIE when we have (i) the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance and (ii) the obligation to absorb losses or receive benefits that could potentially be significant to the VIE. We generally do not control a partially owned entity if the entity is not considered a VIE and the approval of all of the partners/members is contractually required with respect to decisions that most significantly impact the performance of the partially owned entity. This includes decisions regarding operating/capital budgets, and the placement of new or additional financing secured by the assets of the venture, among others. We account for investments under the equity method when the requirements for consolidation are not met, and we have significant influence over the operations of the investee. Equity method investments are initially recorded at cost and subsequently adjusted for our share of net income or loss and cash contributions and distributions each period. Investments that do not qualify for consolidation or equity method accounting are accounted for under the cost method.

Investments in partially owned entities are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is measured based on the excess of the carrying amount of an investment over its estimated fair value. Impairment analyses are based on current plans, intended holding periods and available information at the time the analyses are prepared. In the years ended December 31, 2017, 2016 and 2015, we recognized non-cash impairment losses on investments in partially owned entities aggregating \$44,465,000, \$20,290,000 and \$21,260,000, respectively.

Cash and Cash Equivalents: Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates fair value due to their short-term maturities. The majority of our cash and cash equivalents consists of (i) deposits at major commercial banks, which may at times exceed the Federal Deposit Insurance Corporation limit, (ii) United States Treasury Bills, and (iii) Certificate of Deposits placed through an Account Registry Service (“CDARS”).

Restricted Cash: Restricted cash consists of security deposits, cash restricted for the purposes of facilitating a Section 1031 Like-Kind exchange, cash restricted in connection with our deferred compensation plan and cash escrowed under loan agreements for debt service, real estate taxes, property insurance and capital improvements.

Allowance for Doubtful Accounts: We periodically evaluate the collectability of amounts due from tenants and maintain an allowance for doubtful accounts for estimated losses resulting from the inability of tenants to make required payments under the lease agreements. We also maintain an allowance for receivables arising from the straight-lining of rents. These receivables arise from earnings recognized in excess of amounts currently due under the lease agreements. Management exercises judgment in establishing these allowances and considers payment history and current credit status in developing these estimates. As of December 31, 2017 and 2016, we had \$5,526,000 and \$6,708,000, respectively, in allowances for doubtful accounts. In addition, as of December 31, 2017 and 2016, we had \$954,000 and \$1,913,000, respectively, in allowances for receivables arising from the straight-lining of rents.

2. Basis of Presentation and Significant Accounting Policies – continued

Significant Accounting Policies - continued

Deferred Charges: Direct financing costs are deferred and amortized over the terms of the related agreements as a component of interest expense. Direct costs related to successful leasing activities are capitalized and amortized on a straight-line basis over the lives of the related leases. All other deferred charges are amortized on a straight-line basis, which approximates the effective interest rate method, in accordance with the terms of the agreements to which they relate.

Revenue Recognition: We have the following revenue sources and revenue recognition policies:

- **Base Rent** — income arising from tenant leases. These rents are recognized over the non-cancelable term of the related leases on a straight-line basis which includes the effects of rent steps and rent abatements under the leases. We commence rental revenue recognition when the tenant takes possession of the leased space and the leased space is substantially ready for its intended use. In addition, in circumstances where we provide a tenant improvement allowance for improvements that are owned by the tenant, we recognize the allowance as a reduction of rental revenue on a straight-line basis over the term of the lease.
- **Percentage Rent** — income arising from retail tenant leases that is contingent upon tenant sales exceeding defined thresholds. These rents are recognized only after the contingency has been removed (i.e., when tenant sales thresholds have been achieved).
- **Hotel Revenue** — income arising from the operation of the Hotel Pennsylvania which consists of rooms revenue, food and beverage revenue, and banquet revenue. Income is recognized when rooms are occupied. Food and beverage and banquet revenue are recognized when the services have been rendered.
- **Trade Shows Revenue** — income arising from the operation of trade shows, including rentals of booths. This revenue is recognized when the trade shows have occurred.
- **Expense Reimbursements** — revenue arising from tenant leases which provide for the recovery of all or a portion of the operating expenses and real estate taxes of the respective property. This revenue is recognized in the same periods as the expenses are incurred.
- **Management, Leasing and Other Fees** — income arising from contractual agreements with third parties or with partially owned entities. This revenue is recognized as the related services are performed under the respective agreements.

Derivative Instruments and Hedging Activities: ASC 815, *Derivatives and Hedging*, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. As of December 31, 2017 and 2016, our derivative instruments consisted of three interest rate swaps. We record all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative and the resulting designation. Derivatives used to hedge the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives used to hedge the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges.

For derivatives designated as fair value hedges, changes in the fair value of the derivative and the hedged item related to the hedged risk are recognized in earnings. For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivative is initially reported in other comprehensive income (loss) (outside of earnings) and subsequently reclassified to earnings when the hedged transaction affects earnings, and the ineffective portion of changes in the fair value of the derivative is recognized directly in earnings. We assess the effectiveness of each hedging relationship by comparing the changes in fair value or cash flows of the derivative hedging instrument with the changes in fair value or cash flows of the designated hedged item or transaction. For derivatives not designated as hedges, changes in fair value are recognized in earnings.

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

2. Basis of Presentation and Significant Accounting Policies – continued

Significant Accounting Policies - continued

Income Taxes: Vornado operates in a manner intended to enable it to continue to qualify as a REIT under Sections 856-860 of the Internal Revenue Code of 1986, as amended. Under those sections, a REIT which distributes at least 90% of its REIT taxable income as a dividend to its shareholders each year and which meets certain other conditions will not be taxed on that portion of its taxable income which is distributed to its shareholders. Vornado distributes to its shareholders 100% of its taxable income and therefore, no provision for Federal income taxes is required. Dividends distributed for the year ended December 31, 2017, were characterized, for federal income tax purposes, as ordinary income. Dividends distributed for the year ended December 31, 2016, were characterized, for federal income tax purposes, as 83.5% ordinary income and 16.5% long-term capital gain. Dividends distributed for the year ended December 31, 2015, were characterized, for federal income tax purposes, as long-term capital gain income.

The Operating Partnership's partners are required to report their respective share of taxable income on their individual tax returns. We have elected to treat certain consolidated subsidiaries, and may in the future elect to treat newly formed subsidiaries, as taxable REIT subsidiaries pursuant to an amendment to the Internal Revenue Code that became effective January 1, 2001. Taxable REIT subsidiaries may participate in non-real estate related activities and/or perform non-customary services for tenants and are subject to Federal and State income tax at regular corporate tax rates. Our taxable REIT subsidiaries had a combined current income tax expense of approximately \$7,202,000, \$7,946,000 and \$8,322,000 for the years ended December 31, 2017, 2016 and 2015, respectively, and have immaterial differences between the financial reporting and tax basis of assets and liabilities.

At December 31, 2017 and 2016, our taxable REIT subsidiaries had deferred tax assets related to net operating loss carryforwards of \$66,535,000 and \$98,013,000, respectively, which are included in "other assets" on our consolidated balance sheets. Prior to the quarter ended June 30, 2015, there was a full valuation allowance against these deferred tax assets because we had not determined that it is more-likely-than-not that we would use the net operating loss carryforwards to offset future taxable income. In our quarter ended June 30, 2015, based upon residential condominium unit sales, among other factors, we concluded that it was more-likely-than-not that we will generate sufficient taxable income to realize these deferred tax assets. Accordingly, in the year ended December 31, 2015, we reversed \$90,030,000 of the allowance for deferred tax assets and recognized an income tax benefit in our consolidated statements of income. On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was signed into law. The Act includes numerous changes in existing tax law, including a permanent reduction in the federal corporate income tax rate from 35% to 21%. The rate reduction takes effect on January 1, 2018. As a result of the reduction of federal corporate income tax rates, we decreased the value of our taxable REIT subsidiaries' deferred tax assets which resulted in additional income tax expense of \$34,800,000 in the year ended December 31, 2017.

The following table reconciles net income attributable to Vornado common shareholders to estimated taxable income for the years ended December 31, 2017, 2016 and 2015.

(Amounts in thousands)

	For the Year Ended December 31,		
	2017	2016	2015
Net income attributable to Vornado common shareholders	\$ 162,017	\$ 823,606	\$ 679,856
Book to tax differences (unaudited):			
Depreciation and amortization	213,083	302,092	227,297
Impairment losses	49,062	170,332	20,281
Straight-line rent adjustments	(36,696)	(137,941)	(144,727)
Tax expense related to the reduction of the value of our taxable REIT subsidiaries' deferred tax assets	32,663	—	(84,862)
Sale of real estate and other capital transactions	11,991	(39,109)	320,326
Vornado stock options	(6,383)	(3,593)	(8,278)
Earnings of partially owned entities	(3,054)	(149,094)	(5,299)
Net gain on extinguishment of Skyline properties debt	—	(457,970)	—
Tangible property regulations	—	—	(575,618) ⁽¹⁾
Other, net	25,057	9,121	58,748
Estimated taxable income (unaudited)	<u>\$ 447,740</u>	<u>\$ 517,444</u>	<u>\$ 487,724</u>

(1) Represents one-time deductions pursuant to the implementation of the tangible property regulations issued by the Internal Revenue Service.

The net basis of Vornado's assets and liabilities for tax reporting purposes is approximately \$2.0 billion lower than the amounts reported in Vornado's consolidated balance sheet at December 31, 2017.

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

3. 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. On January 29, 2018, by unanimous consent of the Fund's limited partners, the Fund's term was extended to February 2023. The Fund had a three-year investment period that ended in July 2013. During the investment period, the Fund was our exclusive investment vehicle for all investments that fit within its investment parameters, as defined. The Fund is accounted for under ASC 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.

At December 31, 2017, we had five real estate fund investments through the Fund and the Crowne Plaza Joint Venture with an aggregate fair value of \$354,804,000, or \$98,189,000 in excess of cost, and had remaining unfunded commitments of \$117,872,000, of which our share was \$34,502,000. At December 31, 2016, we had six real estate fund investments with an aggregate fair value of \$462,132,000.

Below is a summary of (loss) income from the Fund and the Crowne Plaza Joint Venture for the years ended December 31, 2017, 2016 and 2015.

(Amounts in thousands)

	For the Year Ended December 31,		
	2017	2016	2015
Net investment income	\$ 18,507	\$ 17,053	\$ 16,329
Net realized gains on exited investments	36,078	14,761	26,036
Previously recorded unrealized gain on exited investments	(25,538)	(14,254)	(23,279)
Net unrealized (loss) gain on held investments	(25,807)	(41,162)	54,995
Income (loss) from real estate fund investments	3,240	(23,602)	74,081
Less (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(14,044)	2,560	(40,117)
(Loss) income from real estate fund investments attributable to the Operating Partnership ⁽¹⁾	(10,804)	(21,042)	33,964
Less loss (income) attributable to noncontrolling interests in the Operating Partnership	673	1,270	(2,011)
(Loss) income from real estate fund investments attributable to Vornado	<u>\$ (10,131)</u>	<u>\$ (19,772)</u>	<u>\$ 31,953</u>

(1) Excludes \$4,091, \$3,831, and \$2,939 of management and leasing fees in the years ended December 31, 2017, 2016 and 2015, respectively, which are included as a component of "fee and other income" on our consolidated statements of income.

On September 29, 2017, the Fund completed the sale of 800 Corporate Pointe in Culver City, CA for \$148,000,000. From the inception of this investment through its disposition, the Fund realized a \$35,620,000 net gain.

On July 27, 2017, the Fund completed a \$100,000,000 loan facility for the refinancing of 1100 Lincoln Road, a 130,000 square foot retail and theater property in Miami, Florida. The loan is interest-only at LIBOR plus 2.40% (3.76% at December 31, 2017), matures in July 2020 with two one-year extension options. At closing, the fund drew \$82,750,000, and subject to property performance, may borrow up to \$17,250,000 of additional proceeds within the first 18 months of the loan term. The property was previously encumbered by a \$66,000,000 interest-only mortgage at LIBOR plus 2.25% which was scheduled to mature in August 2017.

On March 25, 2015, the Fund completed the sale of 520 Broadway in Santa Monica, CA for \$91,650,000. The Fund realized a \$23,768,000 net gain over the holding period.

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

4. Marketable Securities

Our portfolio of marketable securities is comprised of equity securities that are classified as available-for-sale. Available-for-sale securities are presented on our consolidated balance sheets at fair value. Unrealized gains and losses resulting from the mark-to-market of these securities are included in "other comprehensive income (loss)." We adopted ASU 2016-01 effective January 1, 2018. While the adoption of ASU 2016-01 requires us to continue to measure "marketable securities" at fair value at each reporting date, the changes in fair value will be recognized in current period earnings as opposed to "other comprehensive income (loss)." As a result, on January 1, 2018 we will record an increase to retained earnings of \$109,553,000 to recognize the unrealized gains previously recorded within "accumulated other comprehensive income". Subsequent changes in the fair value of our marketable securities will be recorded to "interest and other investment income, net".

We evaluate our portfolio of marketable securities for impairment each reporting period. For each of the securities in our portfolio with unrealized losses, we review the underlying cause of the decline in value and the estimated recovery period, as well as the severity and duration of the decline. In our evaluation, we consider our ability and intent to hold these investments for a reasonable period of time sufficient for us to recover our cost basis. We also evaluate the near-term prospects for each of these investments in relation to the severity and duration of the decline.

Below is a summary of our marketable securities portfolio as of December 31, 2017 and 2016.

(Amounts in thousands)

	As of December 31, 2017			As of December 31, 2016		
	Fair Value	GAAP Cost	Unrealized Gain	Fair Value	GAAP Cost	Unrealized Gain
Equity securities:						
Lexington Realty Trust	\$ 178,226	\$ 72,549	\$ 105,677	\$ 199,465	\$ 72,549	\$ 126,916
Other	4,526	650	3,876	4,239	650	3,589
	\$ 182,752	\$ 73,199	\$ 109,553	\$ 203,704	\$ 73,199	\$ 130,505

5. Investments in Partially Owned Entities

Alexander's

As of December 31, 2017, 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 December 31, 2017 and 2016, Alexander's owed us an aggregate of \$2,490,000 and \$1,070,000, respectively, pursuant to such agreements.

As of December 31, 2017 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 December 31, 2017 closing share price of \$395.85, was \$654,763,000, or \$528,363,000 in excess of the carrying amount on our consolidated balance sheet. As of December 31, 2017, the carrying amount of our investment in Alexander's, excluding amounts owed to us, exceeds our share of the equity in the net assets of Alexander's by approximately \$39,367,000. 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.

On June 1, 2017, Alexander's completed a \$500,000,000 refinancing of the office portion of 731 Lexington Avenue. The interest-only loan is at LIBOR plus 0.90% (2.38% at December 31, 2017) and matures in June 2020 with four one-year extension options. In connection therewith, Alexander's purchased an interest rate cap with a notional amount of \$500,000,000 that caps LIBOR at a rate of 6.00%. The property was previously encumbered by a \$300,000,000 interest-only mortgage at LIBOR plus 0.95% which was scheduled to mature in March 2021.

Management, Development, Leasing and Other Agreements

We receive an annual fee for managing Alexander's and all of its properties equal to the sum of (i) \$2,800,000, (ii) 2% of the gross revenue from the Rego Park II Shopping Center, (iii) \$0.50 per square foot of the tenant-occupied office and retail space at 731 Lexington Avenue, and (iv) \$306,000, escalating at 3% per annum, for managing the common area of 731 Lexington Avenue. In addition, we are entitled to a development fee of 6% of development costs, as defined.

We provide Alexander's with leasing services for a fee of 3% of rent for the first ten years of a lease term, 2% of rent for the eleventh through twentieth year of a lease term and 1% of rent for the twenty-first through thirtieth year of a lease term, subject to the payment of rents by Alexander's tenants. In the event third-party real estate brokers are used, our fee increases by 1% and we are responsible for the fees to the third-parties. We are also entitled to a commission upon the sale of any of Alexander's assets equal to 3% of gross proceeds, as defined, for asset sales less than \$50,000,000, and 1% of gross proceeds, as defined, for asset sales of \$50,000,000 or more.

Building Maintenance Services ("BMS"), our wholly-owned subsidiary, supervises (i) cleaning, engineering and security services at Alexander's 731 Lexington Avenue property and (ii) security services at Alexander's Rego Park I, Rego Park II properties and The Alexander apartment tower. During the years ended December 31, 2017, 2016 and 2015, we recognized \$2,678,000, \$2,583,000 and \$2,221,000 of income, respectively, for these services.

5. Investments in Partially Owned Entities – continued

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

As of December 31, 2017, we own 5,717,184 UE operating partnership units, representing a 4.5% ownership interest in UE. We account for our investment in UE under the equity method and record our share of UE’s net income or loss on a one-quarter lag basis. In 2017 and 2016, we provided UE with information technology support. UE is providing us with leasing and property management services for (i) certain small retail properties that we plan to sell, and (ii) our affiliate, Alexander’s, Rego Park retail assets. As of December 31, 2017, the fair value of our investment in UE, based on UE’s December 31, 2017 closing share price of \$25.49, was \$145,731,000, or \$99,579,000 in excess of the carrying amount on our consolidated balance sheet.

In 2017, UE issued approximately 20,250,000 operating partnership units related to property acquisitions and public offerings of its common stock. As a result, our ownership interest in UE decreased to 4.5% from 5.4%. In accordance with ASC 323-10-40-1, we account for a unit issuance by an equity method investee as if we had sold a proportionate share of our investment. Accordingly, in 2017, we recorded \$21,100,000 of net gains in connection with these issuances which are included in “income (loss) from partially owned entities” on our consolidated statements of income.

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

As of December 31, 2017, we own 6,250,000 PREIT operating partnership units, representing an 8.0% interest in PREIT. We account for our investment in PREIT under the equity method and record our share of PREIT’s net income or loss on a one-quarter lag basis.

Based on PREIT’s September 29, 2017 quarter ended closing share price of \$10.49, the market value (“fair value” pursuant to ASC 820) of our investment in PREIT was \$65,563,000 or \$44,465,000 below our carrying amount as of September 30, 2017. We concluded that our investment in PREIT was “other-than-temporarily” impaired and recorded a \$44,465,000 non-cash impairment loss on our consolidated statements of income. Our conclusion was based on a sustained trading value of PREIT stock below our carrying amount and our inability to forecast a recovery in the near-term.

As of December 31, 2017, the fair value of our investment in PREIT, based on PREIT’s December 31, 2017 closing share price of \$11.89, was \$74,313,000, or \$7,741,000 in excess of the carrying amount on our consolidated balance sheet. As of December 31, 2017, the carrying amount of our investment in PREIT exceeds our share of the equity in the net assets of PREIT by approximately \$34,205,000. The majority of this basis difference resulted from the excess of the fair value of the PREIT operating units received over our share of the book value of PREIT’s net assets. Substantially all of this basis difference was allocated, based on our estimates of the fair values of PREIT’s assets and liabilities, to real estate (land and buildings). We are amortizing the basis difference related to the buildings into earnings as additional depreciation expense over their estimated useful lives. This depreciation is not material to our share of equity in PREIT’s net loss. The basis difference related to the land will be recognized upon disposition of our investment.

Moynihan Office Building

In September 2016, our 50.1% joint venture with the Related Companies (“Related”) was designated by Empire State Development (“ESD”), an entity of New York State, to redevelop the historic Farley Post Office building. The building will include a new Moynihan Train Hall and approximately 850,000 rentable square feet of commercial space, comprised of approximately 730,000 square feet of office space and approximately 120,000 square feet of retail space. On June 15, 2017, the joint venture closed a 99-year, triple-net lease with ESD for the commercial space at the Moynihan Office Building and made a \$230,000,000 upfront contribution, of which our share is \$115,230,000, towards the construction of the train hall. The lease calls for annual rent payments of \$5,000,000 plus payments in lieu of real estate taxes. Simultaneously, the joint venture completed a \$271,000,000 loan facility, of which \$210,269,000 is outstanding at December 31, 2017. The interest-only loan is at LIBOR plus 3.25% (4.64% at December 31, 2017) and matures in June 2019 with two one-year extension options.

The joint venture has also 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.

5. Investments in Partially Owned Entities – continued

Mezzanine Loan – New York

On May 9, 2017, a \$150,000,000 mezzanine loan owned by a joint venture in which we had a 33.3% ownership interest was repaid at its maturity and we received our \$50,000,000 share. The mezzanine loan earned interest at LIBOR plus 9.42%.

Sterling Suffolk Racecourse, LLC (“Suffolk Downs JV”)

On May 26, 2017, Suffolk Downs JV, a joint venture in which we have a 21.2% equity interest, sold the property comprising the Suffolk Downs racetrack in East Boston, Massachusetts (“Suffolk Downs”) for \$155,000,000, which resulted in net proceeds and a net gain to us of \$15,314,000. In addition, we were repaid \$29,318,000 of principal and \$6,129,000 of accrued interest on our debt investments in Suffolk Downs JV, resulting in a net gain of \$11,373,000.

330 Madison Avenue

On July 19, 2017, the joint venture, in which we have a 25.0% interest, completed a \$500,000,000 refinancing of 330 Madison Avenue, an 845,000 square foot Manhattan office building. The seven-year interest-only loan matures in August 2024 and has a fixed rate of 3.43%. Our share of net proceeds, after repayment of the existing \$150,000,000 LIBOR plus 1.30% mortgage and closing costs, was approximately \$85,000,000.

280 Park Avenue

On August 23, 2017, the joint venture, in which we have a 50.0% interest, completed a \$1.2 billion refinancing of 280 Park Avenue, a 1,250,000 square foot Manhattan office building. The loan is interest-only at LIBOR plus 1.73% (3.16% at December 31, 2017) and matures in September 2019 with five one-year extension options. Our share of net proceeds, after repayment of the existing \$900,000,000 LIBOR plus 2.00% mortgage and closing costs, was approximately \$140,000,000.

Toys “R” Us, Inc. (“Toys”)

We own 32.5% of Toys. On September 18, 2017, Toys filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code. We carry our Toys investment at zero. Further, we do not hold any debt of Toys and do not guarantee any of Toys’ obligations. For income tax purposes, we carry our investment in Toys at approximately \$420,000,000 which could result in a tax deduction in future periods.

50 West 57th Street

On December 13, 2017, the joint venture, in which we have a 50.0% interest, completed a \$20,000,000 refinancing of 50 West 57th Street, an 81,000 square foot Manhattan office building. The loan is interest-only at LIBOR plus 1.60% (3.06% at December 31, 2017) and matures in December 2022. The new loan replaced the existing \$20,000,000 mortgage which had a fixed rate of 3.50%.

India Real Estate Ventures

During 2017, India Property Fund, in which we had a 36.5% interest, sold its investments. Our share of the aggregate sales price was approximately \$23,895,000 which resulted in a financial statement loss of \$533,000. In addition, on December 28, 2017, we sold our 25% interest in TCG Urban Infrastructure Holdings Private Limited for \$18,742,000 which resulted in a financial statement gain of \$1,885,000, which substantially completes the disposition of our investments in India.

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

5. Investments in Partially Owned Entities – continued

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

(Amounts in thousands)

	Percentage Ownership at December 31, 2017	As of December 31,	
		2017	2016
Investments:			
Partially owned office buildings/land ⁽¹⁾	Various	\$ 504,393	\$ 681,265
Alexander's	32.4%	126,400	129,324
PREIT	8.0%	66,572	122,883
UE	4.5%	46,152	24,523
Other investments ⁽²⁾	Various	313,312	420,259
		<u>\$ 1,056,829</u>	<u>\$ 1,378,254</u>
330 Madison Avenue ⁽³⁾	25.0%	\$ (53,999)	\$ —
7 West 34th Street ⁽⁴⁾	53.0%	(47,369)	(43,022)
		<u>\$ (101,368)</u>	<u>\$ (43,022)</u>

(1) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 330 Madison Avenue (in 2016 only - see (3) below), 512 West 22nd Street, 85 Tenth Avenue, 61 Ninth Avenue and others.

(2) Includes interests in Independence Plaza, Fashion Centre Mall/Washington Tower, Rosslyn Plaza, 50-70 West 93rd Street, Moynihan Office Building, Toys (which has a carrying amount of zero), 666 Fifth Avenue Office Condominium and others.

(3) Our negative basis resulted from a refinancing distribution and is included in "other liabilities" on our consolidated balance sheets (in 2017 only).

(4) Our negative basis results from a deferred gain from the sale of a 47.0% ownership interest in the property on May 27, 2016 and is included in "other liabilities" on our consolidated balance sheets.

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

5. Investments in Partially Owned Entities – continued

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

(Amounts in thousands)

	Percentage Ownership at December 31, 2017	As of December 31,		
		2017	2016	2015
Our Share of Net Income (Loss):				
PREIT (see page 126 for details):				
Non-cash impairment loss	8.0%	\$ (44,465)	\$ —	\$ —
Equity in net loss		(8,860)	(5,213)	(7,450)
		<u>(53,325)</u>	<u>(5,213)</u>	<u>(7,450)</u>
Alexander's (see page 125 for details):				
Equity in net income	32.4%	25,820	27,470	24,209
Management, leasing and development fees		6,033	6,770	6,869
		<u>31,853</u>	<u>34,240</u>	<u>31,078</u>
UE (see page 126 for details):				
Net gain resulting from UE operating partnership unit issuances	4.5%	21,100	—	—
Equity in net income		5,558	5,003	2,430
Management fees		670	836	1,964
		<u>27,328</u>	<u>5,839</u>	<u>4,394</u>
Partially owned office buildings ⁽¹⁾	Various	<u>2,020</u>	<u>5,773</u>	<u>19,808</u>
Other investments ⁽²⁾	Various	<u>7,324</u>	<u>128,309</u>	<u>(57,777)</u>
		<u>\$ 15,200</u>	<u>\$ 168,948</u>	<u>\$ (9,947)</u>

(1) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 7 West 34th Street (in 2017 and 2016 only), 330 Madison Avenue, 512 West 22nd Street, 85 Tenth Avenue (in 2017 only) and others. In 2015, we recognized our \$12,800 share of a write-off of a below-market lease liability related to a tenant vacating at 650 Madison Avenue.

(2) Includes interests in Independence Plaza, Fashion Centre Mall/Washington Tower, Rosslyn Plaza, 50-70 West 93rd Street, 85 Tenth Avenue (in 2016 and 2015 only), 666 Fifth Avenue Office Condominium, India real estate ventures and others. In 2017, we recognized \$26,687 of net gains, comprised of \$15,314 representing our share of a net gain on the sale of Suffolk Downs and \$11,373 representing the net gain on repayment of our debt investments in Suffolk Downs JV (see page 127 for details). In 2017, 2016 and 2015, we recognized net losses of \$25,414, \$41,532 and \$37,495, respectively, from our 666 Fifth Avenue Office Condominium joint venture as a result of our share of depreciation expense. In 2016, the owner of 85 Tenth Avenue completed a 10-year, 4.55% \$625,000 refinancing of the property and we received net proceeds of \$191,779 in repayment of our existing loans and preferred equity investments. We recognized \$160,843 of income and no tax gain as a result of this transaction. In 2016 and 2015, we recognized \$13,962 and \$14,806, respectively, of non-cash impairment losses related to India real estate ventures.

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

5. Investments in Partially Owned Entities – continued

Below is a summary of the debt of our partially owned entities as of December 31, 2017 and 2016.

(Amounts in thousands)

	Percentage Ownership at December 31, 2017	Maturity	Interest Rate at December 31, 2017	100% Partially Owned Entities' Debt at December 31, ⁽³⁾	
				2017	2016
Partially owned office buildings ⁽²⁾ :					
Mortgages payable	Various	2019-2026	3.76%	3,934,894	3,227,053
PREIT:					
Mortgages payable	8.0%	2018-2025	3.61%	1,586,045	1,747,543
UE:					
Mortgages payable	4.5%	2018-2034	4.11%	1,415,806	1,209,994
Alexander's:					
Mortgages payable	32.4%	2018-2024	2.61%	1,252,440	1,056,147
Other ⁽³⁾ :					
Mortgages payable and other	Various	2018-2023	7.73%	8,601,383	8,540,710

(1) All amounts are non-recourse to us except the \$300,000 mortgage loan on 7 West 34th Street which we guaranteed in connection with the sale of a 47.0% equity interest in May 2016.

(2) Includes 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 7 West 34th Street, 330 Madison Avenue, 512 West 22nd Street, 85 Tenth Avenue and others.

(3) Includes Independence Plaza, Fashion Centre Mall/Washington Tower, 50-70 West 93rd Street, Toys, 666 Fifth Avenue Office Condominium, Moynihan Office Building and others.

Based on our ownership interest in the partially owned entities above, our pro rata share of the debt of these partially owned entities was \$5,288,276,000 and \$4,895,497,000 as of December 31, 2017 and 2016, respectively.

Summary of Condensed Combined Financial Information

The following is a summary of condensed combined financial information for all of our partially owned entities, including Toys and Alexander's, as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015.

(Amounts in thousands)

	Balance as of December 31,	
	2017	2016
Balance Sheet:		
Assets	\$ 24,812,000	\$ 24,926,000
Liabilities	22,739,000	21,357,000
Noncontrolling interests	140,000	265,000
Equity	1,933,000	3,304,000

(Amounts in thousands)

	For the Year Ended December 31,		
	2017	2016	2015
Income Statement:			
Total revenue	\$ 12,991,000	\$ 13,600,000	\$ 13,423,000
Net loss	(542,000)	(65,000)	(224,000)

6. Dispositions

New York

On December 22, 2015, we completed the sale of 20 Broad Street, a 473,000 square foot office building in Manhattan for an aggregate consideration of \$200,000,000. The total income from this transaction was approximately \$157,000,000 comprised of approximately \$142,000,000 from the gain on sale and \$15,000,000 of lease termination income set forth in Note 14 – *Fee and Other Income*.

Discontinued Operations

Washington, DC

On June 20, 2017, we completed a \$220,000,000 financing of The Bartlett residential building. The five-year interest-only loan is at LIBOR plus 1.70% and matures in June 2022. On July 17, 2017, the property, the loan and the \$217,000,000 of net proceeds were transferred to JBG SMITH Properties ("JBGS") in connection with the tax-free spin-off of our Washington, DC segment.

On July 17, 2017, prior to completion of the tax-free spin-off of our Washington, DC segment, we repaid the \$43,581,000 LIBOR plus 1.25% mortgage encumbering 1700 and 1730 M Street which was scheduled to mature in August 2017. The unencumbered property was then transferred to JBGS in connection with the tax-free spin-off of our Washington, DC segment.

On July 17, 2017, we completed the spin-off of our Washington, DC segment comprised of (i) 37 office properties totaling over 11.1 million square feet, five multifamily properties with 3,133 units and five other assets totaling approximately 406,000 square feet and (ii) 18 future development assets totaling over 10.4 million square feet of estimated potential development density, and (iii) \$412.5 million of cash (\$275.0 million plus The Bartlett financing proceeds less transaction costs and other mortgage items) to JBGS. On July 18, 2017, JBGS was combined with the management business and certain Washington, DC assets of The JBG Companies ("JBG"), a Washington, DC real estate company. Steven Roth, the Chairman of the Board of Trustees and Chief Executive Officer of Vornado, is the Chairman of the Board of Trustees of JBGS. Mitchell Schear, former President of our Washington, DC business, is a member of the Board of Trustees of JBGS. We are providing transition services to JBGS initially including information technology, financial reporting and payroll services. The spin-off was effected through a tax-free distribution by Vornado to the holders of Vornado common shares of all of the common shares of JBGS at the rate of one JBGS common share for every two common shares of Vornado and the distribution by the Operating Partnership to the holders of its common units of all of the outstanding common units of JBG SMITH Properties LP ("JBGSLP") at the rate of one JBGSLP common unit for every two common units of VRLP held of record. See JBGS' Amendment No. 3 on Form 10 (File No. 1-37994) filed with the Securities and Exchange Commission on June 9, 2017 for additional information. Beginning in the third quarter of 2017, the historical financial results of our Washington, DC segment are reflected in our consolidated financial statements as discontinued operations for all periods presented.

On March 15, 2016, we notified the servicer of the \$678,000,000 non-recourse mortgage loan on the Skyline properties located in Fairfax, Virginia, that cash flow would be insufficient to service the debt and pay other property related costs and expenses and that we were not willing to fund additional cash shortfalls. Accordingly, at our request, the loan was transferred to the special servicer. Consequently, based on the shortened holding period for the underlying assets, we concluded that the excess of carrying amount over our estimate of fair value was not recoverable and recognized a \$160,700,000 non-cash impairment loss in the first quarter of 2016. The Company's estimate of fair value was derived from a discounted cash flow model based upon market conditions and expectations of growth and utilized unobservable quantitative inputs including a capitalization rate of 8.0% and a discount rate of 8.2%. In the second quarter of 2016, cash flow became insufficient to service the debt and we ceased making debt service payments. Pursuant to the loan agreement, the loan was in default, and was subject to incremental default interest which increased the weighted average interest rate from 2.97% to 4.51% while the outstanding balance remains unpaid. For the year ended December 31, 2016, we recognized \$7,823,000 of default interest expense. On August 24, 2016, the Skyline properties were placed in receivership. On December 21, 2016, the disposition of the Skyline properties was completed by the receiver. In connection therewith, the Skyline properties' assets (approximately \$236,535,000) and liabilities (approximately aggregating \$724,412,000), were removed from our consolidated balance sheet which resulted in a net gain of \$487,877,000. There was no taxable income related to this transaction.

On September 9, 2015, we completed the sale of 1750 Pennsylvania Avenue, NW, a 278,000 square foot office building in Washington, DC for \$182,000,000, resulting in a net gain of approximately \$102,000,000 which is included in "(loss) income from discontinued operations" on our consolidated statements of income. The tax gain of approximately \$137,000,000 was deferred as part of a like-kind exchange.

6. Dispositions – continued

Discontinued Operations - continued

Retail

On January 15, 2015, we completed the spin-off of substantially all of our retail segment comprised of 79 strip shopping centers, three malls, a warehouse park and \$225,000,000 of cash to UE. In addition, we completed the following retail property sales, substantially completing the exit of the retail strips and malls business.

On March 13, 2015, we sold our Geary Street, CA lease for \$34,189,000, which resulted in a net gain of \$21,376,000.

On March 31, 2015, we transferred the redeveloped Springfield Town Center, a 1,350,000 square foot mall located in Springfield, Fairfax County, Virginia, to PREIT in exchange for \$485,313,000, comprised of \$340,000,000 of cash and 6,250,000 of PREIT operating partnership units (valued at \$145,313,000 or \$23.25 per PREIT unit). The financial statement gain was \$7,823,000, of which \$7,192,000 was recognized in the first quarter of 2015 and the remaining \$631,000 was deferred based on our ownership interest in PREIT. On March 31, 2018, we will be entitled to additional consideration of 50% of the increase in the value of Springfield Town Center, if any, over \$465,000,000, calculated utilizing a 5.5% capitalization rate.

On August 6, 2015, we sold our 50% interest in the Monmouth Mall in Eatontown, NJ to our joint venture partner for \$38,000,000, valuing the property at approximately \$229,000,000, which resulted in a net gain of \$33,153,000.

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

6. Dispositions – continued

Discontinued Operations - continued

In accordance with the provisions of ASC 360, *Property, Plant, and Equipment*, we have reclassified the revenues and expenses of our former Washington, DC segment which was spun off on July 17, 2017, our strip shopping center and mall business which was spun off to UE on January 15, 2015 and other related retail assets that were sold or are currently held for sale to “(loss) income from discontinued operations” and the related assets and liabilities to “assets related to discontinued operations” and “liabilities related to discontinued operations” for all of the periods presented in the accompanying financial statements. The net gains resulting from the sale of certain of these properties are included in “(loss) income from discontinued operations” on our consolidated statements of income. The tables below set forth the assets and liabilities related to discontinued operations as of December 31, 2017 and 2016, and their combined results of operations and cash flows for the years ended December 31, 2017, 2016 and 2015.

(Amounts in thousands)

	<u>Balance as of December 31,</u>	
	<u>2017</u>	<u>2016</u>
Assets related to discontinued operations:		
Real estate, net	\$ —	\$ 3,222,720
Investments in partially owned entities	—	49,765
Other assets	1,357	296,128
	<u>\$ 1,357</u>	<u>\$ 3,568,613</u>
Liabilities related to discontinued operations:		
Mortgages payable, net	\$ —	\$ 1,165,015
Other liabilities	3,620	94,428
	<u>\$ 3,620</u>	<u>\$ 1,259,443</u>

(Amounts in thousands)

	<u>For the Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Income from discontinued operations:			
Total revenues	\$ 261,290	\$ 521,084	\$ 558,663
Total expenses	212,169	442,032	477,299
	49,121	79,052	81,364
JBGS spin-off transaction costs	(68,662)	(16,586)	—
Net gains on sale of real estate, a lease position and other	6,605	5,074	167,801
Income (loss) from partially owned assets	435	(3,559)	(2,022)
Net gain on early extinguishment of debt	—	487,877	—
Impairment losses	—	(161,165)	(256)
Net gain on sale of our 20% interest in Fairfax Square	—	15,302	—
UE spin-off transaction related costs	—	—	(22,972)
Pretax (loss) income from discontinued operations	(12,501)	405,995	223,915
Income tax expense	(727)	(1,083)	(404)
(Loss) income from discontinued operations	<u>\$ (13,228)</u>	<u>\$ 404,912</u>	<u>\$ 223,511</u>
Cash flows related to discontinued operations:			
Cash flows from operating activities	\$ 42,578	\$ 157,484	\$ 155,686
Cash flows from investing activities	(48,377)	(216,125)	315,432

7. Identified Intangible Assets and Liabilities

The following summarizes our identified intangible assets (primarily above-market leases) and liabilities (primarily below-market leases) as of December 31, 2017 and 2016.

(Amounts in thousands)	Balance as of December 31,	
	2017	2016
Identified intangible assets:		
Gross amount	\$ 310,097	\$ 384,090
Accumulated amortization	(150,837)	(194,422)
Total, net	\$ 159,260	\$ 189,668
Identified intangible liabilities (included in deferred revenue):		
Gross amount	\$ 530,497	\$ 550,454
Accumulated amortization	(324,897)	(298,238)
Total, net	\$ 205,600	\$ 252,216

Amortization of acquired below-market leases, net of acquired above-market leases, resulted in an increase to rental income of \$46,103,000, \$51,849,000 and \$75,952,000 for the years ended December 31, 2017, 2016 and 2015, 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, 2018 is as follows:

(Amounts in thousands)	
2018	\$ 41,969
2019	30,543
2020	22,260
2021	17,489
2022	14,306

Amortization of all other identified intangible assets (a component of depreciation and amortization expense) was \$25,057,000, \$28,897,000 and \$34,995,000 for the years ended December 31, 2017, 2016 and 2015, respectively. Estimated annual amortization of all other identified intangible assets including acquired in-place leases, customer relationships, and third party contracts for each of the five succeeding years commencing January 1, 2018 is as follows:

(Amounts in thousands)	
2018	\$ 19,449
2019	15,169
2020	11,960
2021	10,981
2022	9,425

We are a tenant under ground leases at certain properties. Amortization of these acquired below-market leases, net of above-market leases, resulted in an increase to rent expense (a component of operating expense) of \$1,747,000 for each of the years ended December 31, 2017, 2016 and 2015. Estimated annual amortization of these below-market leases, net of above-market leases, for each of the five succeeding years commencing January 1, 2018 is as follows:

(Amounts in thousands)	
2018	\$ 1,747
2019	1,747
2020	1,747
2021	1,747
2022	1,747

8. Debt

Unsecured Revolving Credit Facility

On October 17, 2017, we extended one of our two \$1.25 billion unsecured revolving credit facilities from November 2018 to January 2022 with two six-month extension options. The interest rate on the extended facility was lowered from LIBOR plus 1.05% to LIBOR plus 1.00%. The interest rate and facility fees are the same as our other \$1.25 billion unsecured revolving credit facility, which matures in February 2021 with two six-month extension options.

Senior Unsecured Notes

On December 27, 2017, we completed a public offering of \$450,000,000 3.50% senior unsecured notes due January 15, 2025. The interest rate on the senior unsecured notes will be payable semi-annually on January 15 and July 15, commencing July 15, 2018. The notes were sold at 99.596% of their face amount to yield 3.565%.

On December 27, 2017, we redeemed all of the \$450,000,000 principal amount of our outstanding 2.50% senior unsecured notes which were scheduled to mature on June 30, 2019, at a redemption price of approximately 100.71% of the principal amount plus accrued interest through the date of redemption. In connection therewith, we expensed \$4,836,000 of debt prepayment costs and wrote-off unamortized deferred financing costs which are included in "interest and debt expense" on our consolidated statements of income.

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

8. Debt – continued

The following is a summary of our debt:

(Amounts in thousands)

	Weighted Average Interest Rate at December 31, 2017	Balance at December 31,	
		2017	2016
Mortgages Payable:			
Fixed rate	3.65%	\$ 5,461,706	\$ 5,479,547
Variable rate	3.33%	2,742,133	2,727,133
Total	3.54%	8,203,839	8,206,680
Deferred financing costs, net and other		(66,700)	(93,432)
Total, net		<u>\$ 8,137,139</u>	<u>\$ 8,113,248</u>
Unsecured Debt:			
Senior unsecured notes	4.21%	\$ 850,000	\$ 850,000
Deferred financing costs, net and other		(6,386)	(4,423)
Senior unsecured notes, net		<u>843,614</u>	<u>845,577</u>
Unsecured term loan	2.68%	750,000	375,000
Deferred financing costs, net and other		(1,266)	(2,785)
Unsecured term loan, net		<u>748,734</u>	<u>372,215</u>
Unsecured revolving credit facilities	—%	—	115,630
Total, net		<u>\$ 1,592,348</u>	<u>\$ 1,333,422</u>

The net carrying amount of properties collateralizing the mortgages payable amounted to \$9.8 billion at December 31, 2017. As of December 31, 2017, the principal repayments required for the next five years and thereafter are as follows:

(Amounts in thousands)

Year Ended December 31,	Mortgages Payable	Senior Unsecured Debt and Unsecured Revolving Credit Unsecured Facilities
2018	\$ 2,009,030	\$ 750,000
2019	973,294	—
2020	1,867,567	—
2021	1,613,948	—
2022	950,000	400,000
Thereafter	790,000	450,000

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

9. 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. 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.

Below are the details of redeemable noncontrolling interests/redeemable partnership units as of December 31, 2017 and 2016.

(Amounts in thousands, except units and per unit amounts)						
Unit Series	Balance as of December 31,		Units Outstanding at December 31,		Per Unit Liquidation Preference	Preferred or Annual Distribution Rate
	2017	2016	2017	2016		
Common:						
Class A units held by third parties	\$ 979,509	\$ 1,273,018	12,528,899	12,197,162	n/a	\$ 2.62
Perpetual Preferred/Redeemable Preferred ⁽¹⁾ :						
5.00% D-16 Cumulative Redeemable	\$ 1,000	\$ 1,000	1	1	\$ 1,000,000.00	\$ 50,000.00
3.25% D-17 Cumulative Redeemable	\$ 4,428	\$ 4,428	177,100	177,100	\$ 25.00	\$ 0.8125

(1) Holders may tender units for redemption to the Operating Partnership for cash at their stated redemption amount; Vornado, at its option, may assume that obligation and pay the holders either cash or Vornado preferred shares on a one-for-one basis. These units are redeemable at Vornado's option at any time.

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

(Amounts in thousands)	
Balance, December 31, 2015	\$ 1,229,221
Net income	53,654
Other comprehensive income	4,699
Distributions	(31,342)
Redemption of Class A units for Vornado common shares, at redemption value	(36,510)
Adjustments to carry redeemable Class A units at redemption value	26,251
Other, net	32,473
Balance, December 31, 2016	1,278,446
Net income	10,910
Other comprehensive income	643
Distributions	(33,229)
Redemption of Class A units for Vornado common shares, at redemption value	(38,747)
Adjustments to carry redeemable Class A units at redemption value (including \$224,069 attributable to the spin-off of JBGS)	(268,494)
Other, net	35,408
Balance, December 31, 2017	\$ 984,937

9. Redeemable Noncontrolling Interests/Redeemable Partnership Units – continued

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 480, *Distinguishing Liabilities and Equity*, because of their possible settlement by issuing a variable number of Vornado common shares. Accordingly, the fair value of these units is included as a component of “other liabilities” on our consolidated balance sheets and aggregated \$50,561,000 as of December 31, 2017 and 2016. Changes in the value from period to period, if any, are charged to “interest and debt expense” on our consolidated statements of income.

10. Shareholders’ Equity/Partners’ Capital

Common Shares (Vornado Realty Trust)

As of December 31, 2017, there were 189,983,858 common shares outstanding. During 2017, we paid an aggregate of \$496,490,000 of common dividends comprised of quarterly common dividends of \$0.71 per share in the first and second quarter and \$0.60 per share in the third and fourth quarter. The third and fourth quarter dividends were after the July 17, 2017 spin-off of JBGS. JBGS' third and fourth quarter dividend amounts to \$0.1125 per common share, adjusted for the 1:2 distribution to Vornado shareholders.

Class A Units (Vornado Realty L.P.)

As of December 31, 2017, there were 189,983,858 Class A units outstanding that were held by Vornado. These units are classified as “partners’ capital” on the consolidated balance sheets of the Operating Partnership. As of December 31, 2017, there were 12,528,899 Class A units outstanding, that were held by third parties. These units are classified outside of “partners’ capital” as “redeemable partnership units” on the consolidated balance sheets of the Operating Partnership (See Note 9 – *Redeemable Noncontrolling Interests/Redeemable Partnership Units*). During 2017, the Operating Partnership paid an aggregate of \$496,490,000 of distributions to Vornado comprised of quarterly common distributions of \$0.71 per unit in the first and second quarter and \$0.60 per unit in the third and fourth quarter. The third and fourth quarter distributions were after the July 17, 2017 spin-off of JBGS. JBGS' third and fourth quarter distribution amounts to \$0.1125 per unit, adjusted for the 1:2 distribution to Vornado shareholders.

Preferred Share/Preferred Units

On September 1, 2016, we redeemed all of the outstanding 6.875% Series J cumulative redeemable preferred shares/units at their redemption price of \$25.00 per share/unit, or \$246,250,000 in the aggregate, plus accrued and unpaid dividends/distributions through the date of redemption. In connection therewith, we expensed \$7,408,000 of issuance costs, which reduced net income attributable to common shareholders and net income attributable to Class A unitholders in the twelve months ended December 31, 2016. These costs had been initially recorded as a reduction of shareholders’ equity and partners’ capital.

In December 2017, we sold 12,780,000 5.25% Series M cumulative redeemable preferred shares at a price of \$25.00 per share in an underwritten public offering pursuant to an effective registration statement. We received aggregate net proceeds of \$309,609,000, after underwriters’ discounts and issuance costs and contributed the net proceeds to the Operating Partnership in exchange for 12,780,000 5.25% Series M preferred units (with economic terms that mirror those of the Series M preferred shares). Dividends on the Series M preferred shares/units are cumulative and payable quarterly in arrears. The Series M preferred shares/units are not convertible into, or exchangeable for, any of our properties or securities. On or after five years from the date of issuance (or sooner under limited circumstances), we may redeem the Series M preferred shares/units at a redemption price of \$25.00 per share, plus accrued and unpaid dividends through the date of redemption. The Series M preferred shares/units have no maturity date and will remain outstanding indefinitely unless redeemed by us.

In December 2017, we called for redemption of all of the outstanding 6.625% Series G and 6.625% Series I cumulative redeemable preferred shares/units. As a result, as of December 31, 2017, we reclassified the 6.625% Series G and 6.625% Series I cumulative redeemable preferred shares/units from shareholder's equity/partner's capital to liabilities on our consolidated balance sheets. On January 4, 2018, we redeemed all of the outstanding 6.625% Series G cumulative redeemable preferred shares/units at their redemption price of \$25.00 per share/unit, or \$200,000,000 in the aggregate, plus accrued and unpaid dividends/distributions through the date of redemption. On January 4 and 11, 2018, we redeemed 6,000,000 shares/units and 4,800,000 shares/units, respectively, representing all of the outstanding 6.625% Series I cumulative redeemable preferred shares/units at their redemption price of \$25.00 per share/unit, or \$270,000,000 in the aggregate, plus accrued and unpaid dividends/distributions through the date of redemption. Upon redemption of both series, we expensed \$14,486,000 of issuance costs, which will be included in the quarter ended March 31, 2018 consolidated statements of income.

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

10. Shareholders' Equity/Partners' Capital – continued

The following table sets forth the details of our preferred shares of beneficial interest and the preferred units of the Operating Partnership as of December 31, 2017 and 2016.

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

Preferred Shares/Units	Balance as of December 31,		Shares/Units Outstanding at December 31,		Per Share/Unit	
	2017	2016	2017	2016	Liquidation Preference	Annual Dividend/Distribution ⁽¹⁾
Convertible Preferred:						
6.5% Series A: authorized 83,977 shares/units ⁽²⁾	\$ 1,102	\$ 1,264	19,573	24,829	\$ 50.00	\$ 3.25
Cumulative Redeemable Preferred:						
6.625% Series G: authorized 8,000,000 shares/units ⁽³⁾⁽⁴⁾	—	193,135	—	8,000,000	25.00	1.65625
6.625% Series I: authorized 10,800,000 shares/units ⁽³⁾⁽⁴⁾	—	262,379	—	10,800,000	25.00	1.65625
5.70% Series K: authorized 12,000,000 shares/units ⁽³⁾	290,971	290,971	12,000,000	12,000,000	25.00	1.425
5.40% Series L: authorized 12,000,000 shares/units ⁽³⁾	290,306	290,306	12,000,000	12,000,000	25.00	1.35
5.25% Series M: authorized 12,780,000 shares/units ⁽³⁾	309,609	—	12,780,000	—	25.00	1.3125 ⁽⁵⁾
	<u>\$ 891,988</u>	<u>\$ 1,038,055</u>	<u>36,799,573</u>	<u>42,824,829</u>		

- (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.
(4) In December 2017, we called for redemption all of the outstanding 6.625% Series G and 6.625% Series I cumulative redeemable preferred shares/units. These shares were redeemed on January 4 and 11, 2018. As a result, we reclassified to liabilities all of the outstanding shares/units with the aggregate amount of \$455,514 on our consolidated balance sheets as of December 31, 2017.
(5) Annual dividend/distribution rate commencing in December 2017.

Accumulated Other Comprehensive Income (Loss)

The following table sets forth the changes in accumulated other comprehensive income (loss) by component.

(Amounts in thousands)

	For the Year Ended December 31, 2017				
	Total	Securities available-for-sale	Pro rata share of nonconsolidated subsidiaries' OCI	Interest rate swap	Other
Balance as of December 31, 2016	\$ 118,972	\$ 130,505	\$ (12,058)	\$ 8,066	\$ (7,541)
OCI before classifications	(4,692)	(20,951)	1,425	15,476	(642)
Amounts reclassified from AOCI	14,402	—	14,402	—	—
Balance as of December 31, 2017	<u>\$ 128,682</u>	<u>\$ 109,554</u>	<u>\$ 3,769</u>	<u>\$ 23,542</u>	<u>\$ (8,183)</u>

11. Variable Interest Entities

Unconsolidated VIEs

As of December 31, 2017 and 2016, 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 5 – *Investments in Partially Owned Entities*). As of December 31, 2017 and 2016, the net carrying amount of our investments in these entities was \$352,925,000 and \$392,150,000, respectively, and our maximum exposure to loss in these entities, is limited to our investments.

Consolidated VIEs

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

As of December 31, 2017, the total assets and liabilities of our consolidated VIEs, excluding the Operating Partnership, were \$3,561,062,000 and \$1,753,798,000 respectively. As of December 31, 2016, the total assets and liabilities of our consolidated VIEs, excluding the Operating Partnership, were \$3,638,483,000 and \$1,762,322,000, respectively.

12. Fair Value Measurements

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

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

Financial assets and liabilities that are measured at fair value on our consolidated balance sheets consist of (i) marketable securities, (ii) real estate fund investments, (iii) the assets in our deferred compensation plan (for which there is a corresponding liability on our consolidated balance sheets), (iv) interest rate swaps and (v) mandatorily redeemable instruments (Series G-1 through G-4 convertible preferred units, Series D-13 cumulative redeemable preferred units, and 6.625% Series G and 6.625% Series I cumulative redeemable preferred shares). The tables below aggregate the fair values of these financial assets and liabilities by their levels in the fair value hierarchy at December 31, 2017 and 2016, respectively.

(Amounts in thousands)

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

(Amounts in thousands)

	As of December 31, 2016			
	Total	Level 1	Level 2	Level 3
Marketable securities	\$ 203,704	\$ 203,704	\$ —	\$ —
Real estate fund investments	462,132	—	—	462,132
Deferred compensation plan assets (\$4,187 included in restricted cash and \$117,187 in other assets)	121,374	63,930	—	57,444
Interest rate swaps (included in other assets)	21,816	—	21,816	—
Total assets	<u>\$ 809,026</u>	<u>\$ 267,634</u>	<u>\$ 21,816</u>	<u>\$ 519,576</u>
Mandatorily redeemable instruments (included in other liabilities)	\$ 50,561	\$ 50,561	\$ —	\$ —
Interest rate swaps (included in other liabilities)	10,122	—	10,122	—
Total liabilities	<u>\$ 60,683</u>	<u>\$ 50,561</u>	<u>\$ 10,122</u>	<u>\$ —</u>

12. Fair Value Measurements – continued

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

Real Estate Fund Investments

At December 31, 2017, we had five real estate fund investments with an aggregate fair value of \$354,804,000, or \$98,189,000 in excess of cost. These investments are classified as Level 3. We use a discounted cash flow valuation technique to estimate the fair value of each of these investments, which is updated quarterly by personnel responsible for the management of each investment and reviewed by senior management at each reporting period. The discounted cash flow valuation technique requires us to estimate cash flows for each investment over the anticipated holding period, which currently ranges from 0.3 years to 5.0 years. Cash flows are derived from property rental revenue (base rents plus reimbursements) less operating expenses, real estate taxes and capital and other costs, plus projected sales proceeds in the year of exit. Property rental revenue is based on leases currently in place and our estimates for future leasing activity, which are based on current market rents for similar space plus a projected growth factor. Similarly, estimated operating expenses and real estate taxes are based on amounts incurred in the current period plus a projected growth factor for future periods. Anticipated sales proceeds at the end of an investment's expected holding period are determined based on the net cash flow of the investment in the year of exit, divided by a terminal capitalization rate, less estimated selling costs.

The fair value of each property is calculated by discounting the future cash flows (including the projected sales proceeds), using an appropriate discount rate and then reduced by the property's outstanding debt, if any, to determine the fair value of the equity in each investment. Significant unobservable quantitative inputs used in determining the fair value of each investment include capitalization rates and discount rates. These rates are based on the location, type and nature of each property, and current and anticipated market conditions, industry publications and from the experience of our Acquisitions and Capital Markets departments. Significant unobservable quantitative inputs in the table below were utilized in determining the fair value of these real estate fund investments at December 31, 2017 and 2016.

Unobservable Quantitative Input	Range		Weighted Average (based on fair value of investments)	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	Discount rates	2.0% to 14.9%	10.0% to 14.9%	11.9%
Terminal capitalization rates	4.7% to 6.7%	4.3% to 5.8%	5.5%	5.3%

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

The table below summarizes the changes in the fair value of real estate fund investments that are classified as Level 3, for the years ended December 31, 2017 and 2016.

(Amounts in thousands)

	For the Year Ended December 31,	
	2017	2016
Beginning balance	\$ 462,132	\$ 574,761
Dispositions/distributions	(91,606)	(71,888)
Net unrealized loss on held investments	(25,807)	(41,162)
Net realized gains on exited investments	36,078	14,761
Previously recorded unrealized gains on exited investments	(25,538)	(14,254)
Other, net	(455)	(86)
Ending balance	<u>\$ 354,804</u>	<u>\$ 462,132</u>

12. Fair Value Measurements – continued

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

Deferred Compensation Plan Assets

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

The table below summarizes the changes in the fair value of deferred compensation plan assets that are classified as Level 3, for the years ended December 31, 2017 and 2016.

(Amounts in thousands)

	For the Year Ended December 31,	
	2017	2016
Beginning balance	\$ 57,444	\$ 59,186
Purchases	5,786	5,355
Sales	(27,715)	(9,354)
Realized and unrealized gains	2,519	344
Other, net	2,094	1,913
Ending balance	<u>\$ 40,128</u>	<u>\$ 57,444</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 at December 31, 2017 and 2016.

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

12. Fair Value Measurements – continued

Financial Assets and Liabilities not Measured at Fair Value

Financial assets and liabilities that are not measured at fair value on our consolidated balance sheets include cash equivalents (primarily money market funds, which invest in obligations of the United States government), and our secured and unsecured debt. Estimates of the fair value of these instruments are determined by the standard practice of modeling the contractual cash flows required under the instrument and discounting them back to their present value at the appropriate current risk adjusted interest rate, which is provided by a third-party specialist. For floating rate debt, we use forward rates derived from observable market yield curves to project the expected cash flows we would be required to make under the instrument. The fair value of cash equivalents and borrowings under our unsecured revolving credit facilities and unsecured term loan are classified as Level 1. The fair value of our secured debt and unsecured debt are classified as Level 2. The table below summarizes the carrying amounts and fair value of these financial instruments as of December 31, 2017 and 2016.

(Amounts in thousands)

	As of December 31, 2017		As of December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash equivalents	\$ 1,500,227	\$ 1,500,000	\$ 1,307,105	\$ 1,307,000
Debt:				
Mortgages payable	\$ 8,203,839	\$ 8,194,000	\$ 8,206,680	\$ 8,163,000
Senior unsecured notes	850,000	878,000	850,000	899,000
Unsecured term loan	750,000	750,000	375,000	375,000
Unsecured revolving credit facilities	—	—	115,630	116,000
Total	\$ 9,803,839 ⁽¹⁾	\$ 9,822,000	\$ 9,547,310 ⁽¹⁾	\$ 9,553,000

⁽¹⁾ Excludes \$74,352 and \$100,640 of deferred financing costs, net and other as of December 31, 2017 and 2016, respectively.

13. Stock-based Compensation

Vornado's 2010 Omnibus Share Plan (the "Plan") provides the Compensation Committee of Vornado's Board of Trustees (the "Committee") the ability to grant incentive and non-qualified Vornado stock options, restricted stock, restricted Operating Partnership units and out-performance plan awards to certain of our employees and officers. Under the Plan, awards may be granted up to a maximum of 6,000,000 Vornado shares, if all awards granted are Full Value Awards, as defined, and up to 12,000,000 Vornado shares, if all of the awards granted are Not Full Value Awards, as defined, plus shares in respect of awards forfeited after May 2010 that were issued pursuant to Vornado's 2002 Omnibus Share Plan. Full Value Awards are awards of securities, such as Vornado restricted shares, that, if all vesting requirements are met, do not require the payment of an exercise price or strike price to acquire the securities. Not Full Value Awards are awards of securities, such as Vornado stock options, that do require the payment of an exercise price or strike price. This means, for example, if the Committee were to award only Vornado restricted shares, it could award up to 6,000,000 Vornado restricted shares. On the other hand, if the Committee were to award only Vornado stock options, it could award options to purchase up to 12,000,000 Vornado common shares (at the applicable exercise price). The Committee may also issue any combination of awards under the Plan, with reductions in availability of future awards made in accordance with the above limitations. As of December 31, 2017, Vornado has approximately 2,353,000 shares available for future grants under the Plan, if all awards granted are Full Value Awards, as defined.

In the years ended December 31, 2017, 2016 and 2015, we recognized an aggregate of \$32,829,000, \$33,980,000 and \$39,846,000, respectively, of stock-based compensation expense, which is included as a component of "general and administrative" expenses on our consolidated statements of income. The year ended December 31, 2015 includes \$7,834,000 from the acceleration of the recognition of compensation expense related to 2013-2015 Out-Performance Plans due to the modification of the vesting criteria of awards such that they will fully vest at age 65. The details of the various components of our stock-based compensation are discussed on the following pages.

13. Stock-based Compensation – continued

Out-Performance Plans (the “OPPs”)

OPPs are multi-year, performance-based equity compensation plans under which participants have the opportunity to earn a class of units (“OPP units”) of the Operating Partnership if, and only if, Vornado outperforms a predetermined total shareholder return (“TSR”) and/or outperform the market with respect to a relative TSR in any year during the requisite performance periods as described below. OPP units, if earned, become convertible into Class A units of the Operating Partnership (and ultimately into Vornado common shares) following vesting.

Awards under the 2014 OPP have been 99.5% earned. Awards under the 2016 OPP may be earned if Vornado (i) achieves a TSR level greater than 7% per annum, or 21% over the 3-year performance measurement periods (the “Absolute Component”), and/or (ii) achieves a TSR above that of the SNL US REIT Index (“Index”) over the 3-year performance measurement periods (the “Relative Component”). To the extent awards would be earned under the Absolute Component of each of the OPPs, but Vornado underperforms the Index, such awards would be reduced (and potentially fully negated) based on the degree to which Vornado underperforms the Index. In certain circumstances, in the event Vornado outperforms the Index but awards would not otherwise be fully earned under the Absolute Component, awards may still be earned or increased under the Relative Component. To the extent awards would otherwise be earned under the Relative Component but Vornado fails to achieve at least a 6% per annum absolute TSR, such awards earned under the Relative Component would be reduced based on Vornado’s absolute TSR, with no awards being earned in the event Vornado’s TSR during the applicable measurement period is 0% or negative, irrespective of the degree to which Vornado may outperform the Index. Dividends on awards issued and distributions on awards earned accrue during the performance period.

If the designated performance objectives are achieved, OPP units are also subject to time-based vesting requirements. Awards earned under the OPPs vest 33.33% in each of years three, four and five. Vornado’s senior executive officers are required to hold earned 2017, 2016 and 2015 OPP awards (or related equity) for at least one year following vesting.

Below is the summary of the OPP units granted during the years December 31, 2017, 2016 and 2015.

Plan Year	Total Plan Notional Amount	Percentage of Notional Amount Granted	Grant Date Fair Value ⁽¹⁾	OPP Units Earned
2017	\$ 35,000,000	86.6%	\$ 10,800,000	To be determined in 2020
2016	40,000,000	86.7%	11,800,000	To be determined in 2019
2015	40,000,000	84.5%	9,120,000	Not earned

(1) Such amounts are being amortized into expense over a 5-year period from the date of grant, using a graded vesting attribution model. In the years ended December 31, 2017, 2016 and 2015, we recognized \$10,723,000, \$11,055,000 and \$15,531,000, respectively, of compensation expense related to OPPs. As of December 31, 2017, there was \$4,159,000 of total unrecognized compensation cost related to the OPPs, which will be recognized over a weighted-average period of 1.7 years.

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

13. Stock-based Compensation – continued

Vornado Stock Options

Vornado stock options are granted at an exercise price equal to the average of the high and low market price of Vornado's common shares on the NYSE on the date of grant, generally vest over 4 years and expire 10 years from the date of grant. Compensation expense related to Vornado stock option awards is recognized on a straight-line basis over the vesting period. In the years ended December 31, 2017, 2016 and 2015, we recognized \$747,000, \$937,000 and \$1,298,000, respectively, of compensation expense related to Vornado stock options that vested during each year. As of December 31, 2017, there was \$865,000 of total unrecognized compensation cost related to unvested stock options, which is expected to be recognized over a weighted-average period of 1.7 years.

Below is a summary of Vornado's stock option activity for the year ended December 31, 2017.

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2017	3,322,069	\$ 49.81		
Granted	29,867	85.78		
Exercised	(449,386)	62.89		
Cancelled or expired	(78,650)	102.96		
Outstanding at December 31, 2017	<u>2,823,900</u>	<u>\$ 46.62</u>	<u>2.2</u>	<u>\$ 89,382,838</u>
Options vested and expected to vest at December 31, 2017	<u>2,881,202</u>	<u>\$ 46.98</u>	<u>2.2</u>	<u>\$ 90,218,230</u>
Options exercisable at December 31, 2017	<u>2,762,728</u>	<u>\$ 45.86</u>	<u>2.1</u>	<u>\$ 89,274,127</u>

The fair value of each option grant is estimated on the date of grant using an option-pricing model with the following weighted-average assumptions for grants in the years ended December 31, 2017, 2016 and 2015.

	December 31,		
	2017	2016	2015
Expected volatility	35%	35%	35%
Expected life	5.0 years	5.0 years	5.0 years
Risk free interest rate	1.95%	1.76%	1.56%
Expected dividend yield	3.0%	3.2%	3.3%

The weighted average grant date fair value of options granted during the years ended December 31, 2017, 2016 and 2015 was \$25.84, \$22.14 and \$28.85, respectively. Cash received from option exercises for the years ended December 31, 2017, 2016 and 2015 was \$28,253,000, \$6,825,000 and \$15,343,000, respectively. The total intrinsic value of options exercised during the years ended December 31, 2017, 2016 and 2015 was \$9,178,000, \$5,519,000 and \$3,873,000, respectively.

13. Stock-based Compensation – continued

Vornado Restricted Stock

Vornado restricted stock awards are granted at the average of the high and low market price of Vornado’s common shares on the NYSE on the date of grant and generally vest over four years. Compensation expense related to Vornado’s restricted stock awards is recognized on a straight-line basis over the vesting period. In the years ended December 31, 2017, 2016 and 2015, we recognized \$729,000, \$851,000 and \$837,000, respectively, of compensation expense related to Vornado restricted stock awards that vested during each year. As of December 31, 2017, there was \$860,000 of total unrecognized compensation cost related to unvested Vornado restricted stock, which is expected to be recognized over a weighted-average period of 1.7 years. Dividends paid on unvested Vornado restricted stock are charged directly to retained earnings and amounted to \$46,000, \$56,000 and \$58,000 for the years ended December 31, 2017, 2016 and 2015, respectively.

Below is a summary of Vornado’s restricted stock activity under the Plan for the year ended December 31, 2017.

Unvested Shares	Shares	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2017	23,597	\$ 55.03
Granted	7,419	81.06
Vested	(14,662)	43.97
Cancelled or expired	(1,509)	34.42
Unvested at December 31, 2017	14,845	81.05

Vornado restricted stock awards granted in 2017, 2016 and 2015 had a fair value of \$601,000, \$927,000 and \$906,000, respectively. The fair value of restricted stock that vested during the years ended December 31, 2017, 2016 and 2015 was \$645,000, \$641,000 and \$882,000, respectively.

Restricted Operating Partnership Units (“OP Units”)

OP Units are granted at the average of the high and low market price of Vornado’s common shares on the NYSE on the date of grant, vest ratably over four years and are subject to a taxable book-up event, as defined. Compensation expense related to OP Units is recognized ratably over the vesting period using a graded vesting attribution model. In the years ended December 31, 2017, 2016 and 2015, we recognized \$20,630,000, \$21,136,000 and \$22,180,000, respectively, of compensation expense related to OP Units that vested during each year. As of December 31, 2017, there was \$18,229,000 of total unrecognized compensation cost related to unvested OP Units, which is expected to be recognized over a weighted-average period of 1.8 years. Distributions paid on unvested OP Units are charged to “net income attributable to noncontrolling interests in the Operating Partnership” on Vornado’s consolidated statements of income and to “preferred unit distributions” on the Operating Partnership’s consolidated statements of income and amounted to \$2,310,000, \$1,968,000 and \$2,414,000 in the years ended December 31, 2017, 2016 and 2015, respectively.

Below is a summary of restricted OP unit activity under the Plan for the year ended December 31, 2017.

Unvested Units	Units	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2017	627,709	\$ 70.11
Granted	312,554	79.75
Vested	(309,030)	67.64
Cancelled or expired	(2,271)	68.16
Unvested at December 31, 2017	628,962	76.13

OP Units granted in 2017, 2016 and 2015 had a fair value of \$24,927,000, \$18,492,000 and \$20,293,000, respectively. The fair value of OP Units that vested during the years ended December 31, 2017, 2016 and 2015 was \$20,903,000, \$22,701,000 and \$20,072,000, respectively.

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

14. Fee and Other Income

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

(Amounts in thousands)

	For the Year Ended December 31,		
	2017	2016	2015
BMS cleaning fees	\$ 104,143	\$ 93,425	\$ 96,880
Management and leasing fees	10,087	8,243	6,288
Lease termination fees ⁽¹⁾	8,171	8,770	23,369
Other income	13,349	9,648	13,353
	<u>\$ 135,750</u>	<u>\$ 120,086</u>	<u>\$ 139,890</u>

(1) 2015 includes \$15,000 related to the New York Stock Exchange lease termination at 20 Broad Street.

The above table excludes fee income from partially owned entities, which is included in "income (loss) from partially owned entities" (see Note 5 – *Investments in Partially Owned Entities*).

15. Interest and Other Investment Income, Net

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

(Amounts in thousands)

	For the Year Ended December 31,		
	2017	2016	2015
Dividends on marketable securities	\$ 13,276	\$ 13,135	\$ 12,836
Mark-to-market income of investments in our deferred compensation plan ⁽¹⁾	6,932	5,213	111
Interest on loans receivable	4,352	3,890	6,371
Other, net	13,233	7,310	7,922
	<u>\$ 37,793</u>	<u>\$ 29,548</u>	<u>\$ 27,240</u>

(1) This income is entirely offset by the expense resulting from the mark-to-market of the deferred compensation plan liability, which is included in "general and administrative" expense.

16. Interest and Debt Expense

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

(Amounts in thousands)

	For the Year Ended December 31,		
	2017	2016	2015
Interest expense	\$ 359,819	\$ 328,398	\$ 333,388
Amortization of deferred financing costs	34,066	32,185	29,335
Capitalized interest and debt expense	(48,231)	(30,343)	(53,425)
	<u>\$ 345,654</u>	<u>\$ 330,240</u>	<u>\$ 309,298</u>

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

17. Income Per Share/Income Per Class A Unit

Vornado Realty Trust

The following table provides a reconciliation of both net income and the number of common shares used in the computation of (i) basic 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. Dilutive share equivalents may include our Series A convertible preferred shares, employee stock options, restricted stock awards and Out-Performance Plan awards.

(Amounts in thousands, except per share amounts)

	Year Ended December 31,		
	2017	2016	2015
Numerator:			
Income from continuing operations, net of income attributable to noncontrolling interests	\$ 239,824	\$ 526,686	\$ 550,240
(Loss) income from discontinued operations, net of income attributable to noncontrolling interest	(12,408)	380,231	210,194
Net income attributable to Vornado	227,416	906,917	760,434
Preferred share dividends	(65,399)	(75,903)	(80,578)
Preferred share issuance costs (Series J redemption)	—	(7,408)	—
Net income attributable to common shareholders	162,017	823,606	679,856
Earnings allocated to unvested participating securities	(46)	(96)	(81)
Numerator for basic income per share	161,971	823,510	679,775
Impact of assumed conversions:			
Earnings allocated to Out-Performance Plan units	230	806	—
Convertible preferred share dividends	—	86	91
Numerator for diluted income per share	\$ 162,201	\$ 824,402	\$ 679,866
Denominator:			
Denominator for basic income per share – weighted average shares	189,526	188,837	188,353
Effect of dilutive securities ⁽¹⁾ :			
Employee stock options and restricted share awards	1,448	1,064	1,166
Out-Performance Plan units	284	230	—
Convertible preferred shares	—	42	45
Denominator for diluted income per share – weighted average shares and assumed conversions	191,258	190,173	189,564
INCOME PER COMMON SHARE – BASIC:			
Income from continuing operations, net	\$ 0.92	\$ 2.35	\$ 2.49
(Loss) income from discontinued operations, net	(0.07)	2.01	1.12
Net income per common share	\$ 0.85	\$ 4.36	\$ 3.61
INCOME PER COMMON SHARE – DILUTED:			
Income from continuing operations, net	\$ 0.91	\$ 2.34	\$ 2.48
(Loss) income from discontinued operations, net	(0.06)	2.00	1.11
Net income per common share	\$ 0.85	\$ 4.34	\$ 3.59

(1) The effect of dilutive securities in the years ended December 31, 2017, 2016 and 2015 excludes an aggregate of 12,165, 12,022 and 11,744 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)

17. Income Per Share/Income Per Class A Unit – continued

Vornado Realty L.P.

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

(Amounts in thousands, except per unit amounts)

	Year Ended December 31,		
	2017	2016	2015
Numerator:			
Income from continuing operations, net of income attributable to noncontrolling interests	\$ 251,554	\$ 555,659	\$ 580,154
(Loss) income from discontinued operations	(13,228)	404,912	223,511
Net income attributable to Vornado Realty L.P.	238,326	960,571	803,665
Preferred unit distributions	(65,593)	(76,097)	(80,736)
Preferred unit issuance costs (Series J redemption)	—	(7,408)	—
Net income attributable to Class A unitholders	172,733	877,066	722,929
Earnings allocated to unvested participating securities	(3,232)	(4,177)	(4,092)
Numerator for basic income per Class A unit	169,501	872,889	718,837
Impact of assumed conversions:			
Convertible preferred unit distributions	—	86	92
Numerator for diluted income per Class A unit	<u>\$ 169,501</u>	<u>\$ 872,975</u>	<u>\$ 718,929</u>
Denominator:			
Denominator for basic income per Class A unit – weighted average units	201,214	200,350	199,309
Effect of dilutive securities ⁽¹⁾ :			
Vornado stock options and restricted unit awards	2,086	1,625	1,804
Convertible preferred units	—	42	45
Denominator for diluted income per Class A unit – weighted average units and assumed conversions	<u>203,300</u>	<u>202,017</u>	<u>201,158</u>
INCOME PER CLASS A UNIT – BASIC:			
Income from continuing operations, net	\$ 0.91	\$ 2.34	\$ 2.49
(Loss) income from discontinued operations, net	(0.07)	2.02	1.12
Net income per Class A unit	<u>0.84</u>	<u>4.36</u>	<u>3.61</u>
INCOME PER CLASS A UNIT – DILUTED:			
Income from continuing operations, net	\$ 0.90	\$ 2.32	\$ 2.46
(Loss) income from discontinued operations, net	(0.07)	2.00	1.11
Net income per Class A unit	<u>\$ 0.83</u>	<u>\$ 4.32</u>	<u>\$ 3.57</u>

(1) The effect of dilutive securities in the years ended December 31, 2017, 2016 and 2015 excludes an aggregate of 124, 178 and 150 weighted average 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)

18. Leases

As lessor:

We lease space to tenants under operating leases. Most of the leases provide for the payment of fixed base rentals payable monthly in advance. Office building leases generally require the tenants to reimburse us for operating costs and real estate taxes above their base year costs. Certain leases provide for pass-through to tenants for the tenant's share of real estate taxes, insurance and maintenance. Certain leases also provide for the payment by the lessee of additional rent based on a percentage of the tenants' sales. As of December 31, 2017, future base rental revenue under non-cancelable operating leases, excluding rents for leases with an original term of less than one year and rents resulting from the exercise of renewal options, are as follows:

(Amounts in thousands)

Year Ending December 31:

2018	\$	1,469,201
2019		1,441,139
2020		1,369,636
2021		1,298,798
2022		1,230,172
Thereafter		5,841,213

These amounts do not include percentage rentals based on tenants' sales. These percentage rents approximated \$4,062,000, \$3,590,000 and \$1,575,000, for the years ended December 31, 2017, 2016 and 2015, respectively.

None of our tenants accounted for more than 10% of total revenues in any of the years ended December 31, 2017, 2016 and 2015.

As lessee:

We are a tenant under operating leases for certain properties. These leases have terms that expire during the next thirty years. Future minimum lease payments under operating leases at December 31, 2017 are as follows:

(Amounts in thousands)

Year Ending December 31:

2018	\$	33,703
2019		34,301
2020		34,779
2021		35,295
2022		36,319
Thereafter		1,113,171

Rent expense, a component of "operating" expenses on our consolidated statements of income, was \$40,219,000, \$40,170,000 and \$37,575,000 for the years ended December 31, 2017, 2016 and 2015, respectively.

18. Leases – continued

1535 Broadway

We are a lessee under a long-term capital lease for the retail and signage components of the Marriott Marquis Times Square Hotel at 1535 Broadway. At inception of the lease in 2012, we recorded a \$240,000,000 capital lease asset and liability on our consolidated balance sheet based on the present value of future minimum lease payments. The capital lease asset is being depreciated on a straight-line basis over the estimated life of the asset and the related expense is included in “depreciation and amortization” on our consolidated statements of income. During 2017, we substantially completed the redevelopment of the leased space, as required under the lease, at a total redevelopment cost of approximately \$197,209,000. The lease contains a put/call purchase option under which the lessor may exercise its “put” on predetermined dates after March 31, 2018 and we may exercise our “call” at any time after July 30, 2027 and before January 3, 2032.

As of December 31, 2017, future minimum lease payments under this capital lease are as follows:

(Amounts in thousands)

Year Ending December 31:

2018	\$	13,508
2019		12,508
2020		12,508
2021		12,508
2022		12,508
Thereafter		297,330
Total minimum obligations		360,870
Interest portion		(120,870)
Present value of net minimum payments	\$	240,000

As of December 31, 2017, the gross carrying amount of the property leased under the capital lease was \$436,984,000, which is a component of “buildings and improvements” on our consolidated balance sheets.

19. Multiemployer Benefit Plans

Our subsidiaries make contributions to certain multiemployer defined benefit plans (“Multiemployer Pension Plans”) and health plans (“Multiemployer Health Plans”) for our union represented employees, pursuant to the respective collective bargaining agreements.

Multiemployer Pension Plans

Multiemployer Pension Plans differ from single-employer pension plans in that (i) contributions to multiemployer plans may be used to provide benefits to employees of other participating employers and (ii) if other participating employers fail to make their contributions, each of our participating subsidiaries may be required to bear its then pro rata share of unfunded obligations. If a participating subsidiary withdraws from a plan in which it participates, it may be subject to a withdrawal liability. As of December 31, 2017, our subsidiaries’ participation in these plans was not significant to our consolidated financial statements.

In the years ended December 31, 2017, 2016 and 2015, our subsidiaries contributed \$10,113,000, \$9,479,000 and \$10,878,000, respectively, towards Multiemployer Pension Plans, which is included as a component of “operating” expenses on our consolidated statements of income. Our subsidiaries’ contributions did not represent more than 5% of total employer contributions in any of these plans for the years ended December 31, 2017, 2016 and 2015.

Multiemployer Health Plans

Multiemployer Health Plans in which our subsidiaries participate provide health benefits to eligible active and retired employees. In the years ended December 31, 2017, 2016 and 2015, our subsidiaries contributed \$29,549,000, \$32,998,000 and \$29,269,000, respectively, towards these plans, which is included as a component of “operating” expenses on our consolidated statements of income.

20. Commitments and Contingencies

Insurance

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

Penn Plaza Insurance Company, LLC (“PPIC”), our wholly owned consolidated subsidiary, acts as a re-insurer with respect to a portion of all risk property and rental value insurance and a portion of our earthquake insurance coverage, and as a direct insurer for coverage for acts of terrorism including NBCR acts. Coverage for acts of terrorism (excluding NBCR acts) is fully reinsured by third party insurance companies and the Federal government with no exposure to PPIC. For NBCR acts, PPIC is responsible for a deductible of \$1,976,000 (\$1,601,000 for 2018) and 17% (18% for 2018) of the balance of a covered loss and the Federal government is responsible for the remaining portion of a covered loss. We are ultimately responsible for any loss incurred by PPIC.

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

Our debt instruments, consisting of mortgage loans secured by our properties which are non-recourse to us, senior unsecured notes and revolving credit agreements contain customary covenants requiring us to maintain insurance. Although we believe that we have adequate insurance coverage for purposes of these agreements, we may not be able to obtain an equivalent amount of coverage at reasonable 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 our properties and expand our portfolio.

20. Commitments and Contingencies – continued

Other Commitments and Contingencies

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

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

Generally, our mortgage loans are non-recourse to us. However, in certain cases we have provided guarantees or master leased tenant space. These guarantees and master leases terminate either upon the satisfaction of specified circumstances or repayment of the underlying loans. As of December 31, 2017, the aggregate dollar amount of these guarantees and master leases is approximately \$668,000,000.

As of December 31, 2017, \$8,938,000 of letters of credit was outstanding under one of our unsecured revolving credit facilities. Our unsecured revolving credit facilities contain financial covenants that require us to maintain minimum interest coverage and maximum debt to market capitalization ratios, and provide for higher interest rates in the event of a decline in our ratings below Baa3/BBB. Our unsecured revolving credit facilities also contain customary conditions precedent to borrowing, including representations and warranties, and also contain customary events of default that could give rise to accelerated repayment, including such items as failure to pay interest or principal.

In September 2016, our 50.1% joint venture with Related was designated by ESD, an entity of New York State, to redevelop the historic Farley Post Office Building (see page 126). The joint venture entered into a development agreement with ESD and a design-build contract with Skanska Moynihan Train Hall Builders. Under the development agreement with ESD, the joint venture is obligated to build the Moynihan Train Hall, with Vornado and Related each guaranteeing the joint venture's obligations. Under the design-build agreement, Skanska Moynihan Train Hall Builders is obligated to fulfill all of the joint venture's obligations. The obligations of Skanska Moynihan Train Hall Builders have been bonded by Skanska USA and bear a full guaranty from Skanska AB.

As of December 31, 2017, we expect to fund additional capital to certain of our partially owned entities aggregating approximately \$42,000,000.

As of December 31, 2017, we have construction commitments aggregating approximately \$422,000,000.

21. Related Party Transactions

Alexander's, Inc.

We own 32.4% of Alexander's. Steven Roth, the Chairman of Vornado's Board of Trustees and its Chief Executive Officer is also the Chairman of the Board and Chief Executive Officer of Alexander's. We provide various services to Alexander's in accordance with management, development and leasing agreements. These agreements are described in Note 5 - *Investments in Partially Owned Entities*.

Urban Edge Properties

We own 4.5% of UE. In 2017 and 2016, we provided UE with information technology support. UE is providing us with leasing, development and property management services for (i) certain small retail properties that we plan to sell and (ii) our affiliate, Alexander's, Rego retail assets. Fees to UE for servicing the retail assets of Alexander's are similar to the fees that we are receiving from Alexander's as described in Note 5 - *Investments in Partially Owned Entities*.

Interstate Properties ("Interstate")

Interstate is a general partnership in which Mr. Roth is the managing general partner. David Mandelbaum and Russell B. Wight, Jr., Trustees of Vornado and Directors of Alexander's, are Interstate's two other general partners. As of December 31, 2017, Interstate and its partners beneficially owned an aggregate of approximately 7.2% of the common shares of beneficial interest of Vornado and 26.2% of Alexander's common stock.

We manage and lease the real estate assets of Interstate pursuant to a management agreement for which we receive an annual fee equal to 4% of annual base rent and percentage rent. The management agreement has a term of 1 year and is automatically renewable unless terminated by either of the parties on 60 days' notice at the end of the term. We believe, based upon comparable fees charged by other real estate companies, that the management agreement terms are fair to us. We earned \$501,000, \$521,000, and \$541,000 of management fees under the agreement for the years ended December 31, 2017, 2016 and 2015, respectively.

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

22. Summary of Quarterly Results (Unaudited)

Vornado Realty Trust

The following summary represents the results of operations for each quarter in 2017 and 2016:

(Amounts in thousands, except per share amounts)

	Revenues	Net Income (Loss) Attributable to Common Shareholders ⁽¹⁾	Net Income (Loss) Per Common Share ⁽²⁾	
			Basic	Diluted
2017				
December 31	\$ 536,226	\$ 27,319	\$ 0.14	\$ 0.14
September 30	528,755	(29,026)	(0.15)	(0.15)
June 30	511,087	115,972	0.61	0.61
March 31	508,058	47,752	0.25	0.25
2016				
December 31	\$ 513,974	\$ 651,181	\$ 3.44	\$ 3.43
September 30	502,753	66,125	0.35	0.35
June 30	498,098	220,463	1.17	1.16
March 31	488,917	(114,163)	(0.61)	(0.61)

(1) Fluctuations among quarters resulted primarily from non-cash impairment losses, net gains on extinguishment of debt, net gains on sale of real estate and other items and from seasonality of business operations.

(2) The total for the year may differ from the sum of the quarters as a result of weighting.

Vornado Realty L.P.

The following summary represents the results of operations for each quarter in 2017 and 2016:

(Amounts in thousands, except per unit amounts)

	Revenues	Net Income (Loss) Attributable to Class A Unitholders ⁽¹⁾	Net Income (Loss) Per Class A Unit ⁽²⁾	
			Basic	Diluted
2017				
December 31	\$ 536,226	\$ 29,123	\$ 0.14	\$ 0.14
September 30	528,755	(30,952)	(0.16)	(0.16)
June 30	511,087	123,630	0.61	0.61
March 31	508,058	50,932	0.25	0.25
2016				
December 31	\$ 513,974	\$ 693,377	\$ 3.44	\$ 3.43
September 30	502,753	70,442	0.35	0.35
June 30	498,098	234,945	1.17	1.16
March 31	488,917	(121,698)	(0.61)	(0.61)

(1) Fluctuations among quarters resulted primarily from non-cash impairment losses, net gains on extinguishment of debt, net gains on sale of real estate and other items and from seasonality of business operations.

(2) The total for the year may differ from the sum of the quarters as a result of weighting.

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

23. Segment Information

On January 1, 2017, we classified our investment in 85 Tenth Avenue in the "New York" segment as a result of the December 1, 2016 receipt of a 49.9% ownership interest in the property and prior repayment of our mezzanine loans receivable. Previously our investment in the mezzanine loans was classified in the "Other" segment.

On July 17, 2017, we completed the spin-off of our Washington, DC segment. Beginning in the third quarter of 2017, the historical financial results of our former Washington, DC segment are reflected in our consolidated financial statements as discontinued operations for all periods presented and are included in the Other segment. Subsequent to the Washington, DC spin-off, we operate in two segments, New York and Other, which is based on how we manage our business.

We have reclassified our 49.5% interest in 666 Fifth Avenue Office Condominium from "New York" to "Other" in all periods presented because we do not intend to hold this asset on a long-term basis.

Net Operating Income ("NOI") represents total revenues less operating expenses. We consider NOI to be the primary non-GAAP financial measure for making decisions and assessing the unlevered performance of our segments as it relates to the total return on assets as opposed to the levered return on equity. As properties are bought and sold based on NOI, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. NOI should not be considered a substitute for net income. NOI may not be comparable to similarly titled measures employed by other companies.

Below is a reconciliation of net income to NOI for the years ended December 31, 2017, 2016 and 2015.

(Amounts in thousands)

	For the Year Ended December 31,		
	2017	2016	2015
Net income	\$ 264,128	\$ 981,922	\$ 859,430
Deduct:			
Our share of (income) loss from partially owned entities	(15,200)	(168,948)	9,947
Our share of (income) loss from real estate fund investments	(3,240)	23,602	(74,081)
Interest and other investment income, net	(37,793)	(29,548)	(27,240)
Net gains on disposition of wholly owned and partially owned assets	(501)	(160,433)	(149,417)
Loss (income) from discontinued operations	13,228	(404,912)	(223,511)
NOI attributable to noncontrolling interests in consolidated subsidiaries	(65,311)	(66,182)	(64,859)
Add:			
Depreciation and amortization expense	429,389	421,023	379,803
General and administrative expense	158,999	149,550	149,256
Acquisition and transaction related costs	1,776	9,451	12,511
NOI from partially owned entities	269,164	271,114	245,750
Interest and debt expense	345,654	330,240	309,298
Income tax expense (benefit)	41,090	7,229	(85,012)
NOI at share	<u>1,401,383</u>	<u>1,364,108</u>	<u>1,341,875</u>
Non cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(86,842)	(170,477)	(214,322)
NOI at share - cash basis	<u>\$ 1,314,541</u>	<u>\$ 1,193,631</u>	<u>\$ 1,127,553</u>

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

23. Segment Information - continued

Below is a summary of NOI and selected balance sheet data by segment for the years ended December 31, 2017, 2016 and 2015.

(Amounts in thousands)	For the Year Ended December 31, 2017		
	Total	New York	Other
Total revenues	\$ 2,084,126	\$ 1,779,307	\$ 304,819
Operating expenses	886,596	756,670	129,926
NOI - consolidated	1,197,530	1,022,637	174,893
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(65,311)	(45,899)	(19,412)
Add: Our share of NOI from partially owned entities	269,164	189,327	79,837
NOI at share	1,401,383	1,166,065	235,318
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(86,842)	(79,202)	(7,640)
NOI at share - cash basis	<u>\$ 1,314,541</u>	<u>\$ 1,086,863</u>	<u>\$ 227,678</u>
Balance Sheet Data:			
Real estate, at cost	\$ 14,756,295	\$ 11,025,092	\$ 3,731,203
Investments in partially owned entities	1,056,829	861,430	195,399
Total assets	17,397,934	13,780,817	3,617,117

(Amounts in thousands)	For the Year Ended December 31, 2016		
	Total	New York	Other
Total revenues	\$ 2,003,742	\$ 1,713,374	\$ 290,368
Operating expenses	844,566	716,754	127,812
NOI - consolidated	1,159,176	996,620	162,556
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(66,182)	(47,480)	(18,702)
Add: Our share of NOI from partially owned entities	271,114	159,386	111,728
NOI at share	1,364,108	1,108,526	255,582
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(170,477)	(143,239)	(27,238)
NOI at share - cash basis	<u>\$ 1,193,631</u>	<u>\$ 965,287</u>	<u>\$ 228,344</u>
Balance Sheet Data:			
Real estate, at cost	\$ 14,187,820	\$ 10,787,730	\$ 3,400,090
Investments in partially owned entities	1,378,254	1,026,793	351,461
Total assets	20,814,847	13,310,524	7,504,323

(Amounts in thousands)	For the Year Ended December 31, 2015		
	Total	New York	Other
Total revenues	\$ 1,985,495	\$ 1,695,925	\$ 289,570
Operating expenses	824,511	694,228	130,283
NOI - consolidated	1,160,984	1,001,697	159,287
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(64,859)	(42,905)	(21,954)
Add: Our share of NOI from partially owned entities	245,750	156,177	89,573
NOI at share	1,341,875	1,114,969	226,906
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(214,322)	(186,781)	(27,541)
NOI at share - cash basis	<u>\$ 1,127,553</u>	<u>\$ 928,188</u>	<u>\$ 199,365</u>

24. Subsequent Event

Stock-based Compensation

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

AO LTIP Units are a class of partnership interests in the Operating Partnership that are intended to qualify as “profits interests” for federal income tax purposes and generally only allow the recipient to realize value to the extent the fair market value of a Vornado common share exceeds the threshold level set at the time the AO LTIP Units are granted, subject to any vesting conditions applicable to the award. The threshold level is intended to be equal to 100% of the then fair market value of a Vornado common share on the date of grant. The value of vested AO LTIP Units is realized through conversion of the AO LTIP Units into Class A Operating Partnership units. The number of Class A Units into which vested AO LTIP Units may be converted is determined based on the quotient of (i) the excess of the conversion value on the conversion date over the threshold value designated at the time the AO LTIP Unit was granted, divided by (ii) the conversion value on the conversion date. The “conversion value” is the value of a Vornado common share on the conversion date multiplied by the Conversion Factor as defined in the Partnership Agreement, which is currently one. AO LTIP Units have a term of ten years from the grant date.

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

Other

On January 4 and 11, 2018, we redeemed all of the outstanding 6.625% Series G and 6.625% Series I cumulative redeemable preferred shares/units at their redemption price of \$25.00 per share/unit, or \$470,000,000 in the aggregate, plus accrued and unpaid dividends/distributions through the date of redemption (see Note 10 - *Shareholder's Equity/Partners' Capital*).

On January 5, 2018, we completed a \$100,000,000 refinancing of 33-00 Northern Boulevard (Center Building), a 471,000 square foot office building in Long Island City, New York. The seven-year loan is at LIBOR plus 1.80%, which was swapped to a fixed rate of 4.14%. The loan is interest only for the first five years and includes principal amortization of \$1,800,000 per annum beginning in year six. We realized net proceeds of approximately \$37,200,000 after repayment of the existing 4.43% \$59,800,000 mortgage and closing costs.

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

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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 Annual Report on Form 10-K. Based on such evaluation, Vornado's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective.

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

Management's Report on Internal Control over Financial Reporting

Management of Vornado Realty Trust, together with its consolidated subsidiaries (the "Company"), is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed under the supervision of Vornado's principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America.

As of December 31, 2017, management conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that our internal control over financial reporting as of December 31, 2017 was effective.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States, and that receipts and expenditures are being made only in accordance with authorizations of management and our trustees; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

The effectiveness of our internal control over financial reporting as of December 31, 2017 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing on the following page, which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting as of December 31, 2017.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Vornado Realty Trust and subsidiaries (the “Company”) as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2017, of the Company and our report dated February 12, 2018, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
February 12, 2018

ITEM 9A. - CONTINUED

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 Annual Report on Form 10-K. Based on such evaluation, Vornado's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective.

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

Management's Report on Internal Control over Financial Reporting

Management of Vornado Realty Trust, sole general partner of Vornado Realty L.P., together with Vornado Realty L.P.'s consolidated subsidiaries (the "Company"), is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed under the supervision of Vornado's principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America.

As of December 31, 2017, management conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that our internal control over financial reporting as of December 31, 2017 was effective.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States, and that receipts and expenditures are being made only in accordance with authorizations of management and Vornado's trustees; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

The effectiveness of our internal control over financial reporting as of December 31, 2017 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing on the following page, which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting as of December 31, 2017.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Vornado Realty L.P. and subsidiaries (the "Partnership") as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2017, of the Partnership and our report dated February 12, 2018, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit. 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
February 12, 2018

ITEM 9B. OTHER INFORMATION

None.

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Information relating to trustees of Vornado, the Operating Partnership's sole general partner, including its audit committee and audit committee financial expert, will be contained in Vornado's definitive Proxy Statement involving the election of Vornado's trustees under the caption "Election of Trustees" which Vornado will file with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 not later than 120 days after December 31, 2017, and such information is incorporated herein by reference. Also incorporated herein by reference is the information under the caption "16(a) Beneficial Ownership Reporting Compliance" of the Proxy Statement.

The following is a list of the names, ages, principal occupations and positions with Vornado of the executive officers of Vornado and the positions held by such officers during the past five years. All executive officers of Vornado have terms of office that run until the next succeeding meeting of the Board of Trustees of Vornado following the Annual Meeting of Vornado's Shareholders unless they are removed sooner by Vornado's Board.

Name	Age	PRINCIPAL OCCUPATION, POSITION AND OFFICE (Current and during past five years with Vornado unless otherwise stated)
Steven Roth	76	Chairman of the Board; Chief Executive Officer since April 2013 and from May 1989 to May 2009; Managing General Partner of Interstate Properties, an owner of shopping centers and an investor in securities and partnerships; Chief Executive Officer of Alexander's, Inc. since March 1995, a Director since 1989, and Chairman since May 2004.
David R. Greenbaum	66	President of the New York Division since April 1997 (date of our acquisition); President of Mendik Realty (the predecessor to the New York Office division) from 1990 until April 1997.
Michael J. Franco	49	Executive Vice President - Chief Investment Officer since April 2015; Executive Vice President - Head of Acquisitions and Capital Markets since November 2010; Managing Director (2003-2010) and Executive Director (2001-2003) of the Real Estate Investing Group of Morgan Stanley.
Joseph Macnow	72	Executive Vice President - Chief Financial Officer and Chief Administrative Officer since February 2017; Executive Vice President - Finance and Chief Administrative Officer from June 2013 to February 2017; Executive Vice President - Finance and Administration from January 1998 to June 2013, and Chief Financial Officer from March 2001 to June 2013; Treasurer since May 2017, and Executive Vice President and Chief Financial Officer from August 1995 to April 2017 of Alexander's Inc.

Vornado, the Operating Partnership's sole general partner, has adopted a Code of Business Conduct and Ethics that applies to, among others, the above executive officers, and its principal accounting officer, Matthew Iocco, Vornado's Executive Vice President - Chief Accounting Officer. This Code is available on Vornado's website at www.vno.com.

ITEM 11. EXECUTIVE COMPENSATION

Information relating to Vornado's executive officer and trustee compensation will be contained in Vornado's Proxy Statement referred to above in Item 10, "Directors, Executive Officers and Corporate Governance," under the caption "Executive Compensation" and such information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information relating to security ownership of certain beneficial owners and management and related stockholder matters will be contained in Vornado's Proxy Statement referred to in Item 10, "Directors, Executive Officers and Corporate Governance," under the caption "Principal Security Holders" and such information is incorporated herein by reference.

Equity compensation plan information

The following table provides information as of December 31, 2017 regarding Vornado's equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the second column)
Equity compensation plans approved by security holders	4,988,139 ⁽¹⁾	\$ 46.62	2,353,493 ⁽²⁾
Equity compensation awards not approved by security holders	—	—	—
Total	4,988,139	\$ 46.62	2,353,493

(1) Includes an aggregate of 2,164,239 shares/units, comprised of (i) 14,846 restricted Vornado common shares, (ii) 628,962 restricted Operating Partnership units and (iii) 1,520,431 Out-Performance Plan units, which do not have an exercise price.

(2) Based on awards being granted as "Full Value Awards," as defined. If we were to grant "Not Full Value Awards," as defined, the number of securities available for future grants would be 4,706,986.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information relating to certain relationships and related transactions, and director independence will be contained in Vornado's Proxy Statement referred to in Item 10, "Directors, Executive Officers and Corporate Governance," under the caption "Certain Relationships and Related Transactions" and such information is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information relating to principal accounting fees and services will be contained in Vornado's Proxy Statement referred to in Item 10, "Directors, Executive Officers and Corporate Governance," under the caption "Ratification of Selection of Independent Auditors" and such information is incorporated herein by reference.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. The consolidated financial statements are set forth in Item 8 of this Annual Report on Form 10-K.

The following financial statement schedules should be read in conjunction with the financial statements included in Item 8 of this Annual Report on Form 10-K.

	Pages in this Annual Report on Form 10-K
II--Valuation and Qualifying Accounts--years ended December 31, 2017, 2016 and 2015	168
III--Real Estate and Accumulated Depreciation as of December 31, 2017, 2016 and 2015	169

Schedules other than those listed above are omitted because they are not applicable or the information required is included in the consolidated financial statements or the notes thereto.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
December 31, 2017
(Amounts in Thousands)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Year	Additions Charged Against Operations	Uncollectible Accounts Written-off	Balance at End of Year
Year Ended December 31, 2017				
Allowance for doubtful accounts	\$ 8,621	\$ 26	\$ (2,167)	\$ 6,480
Year Ended December 31, 2016				
Allowance for doubtful accounts	\$ 10,075	\$ 1,827	\$ (3,281)	\$ 8,621
Year Ended December 31, 2015				
Allowance for doubtful accounts	\$ 18,299	\$ (1,429)	\$ (6,795)	\$ 10,075

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
(Amounts in thousands)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E			COLUMN F	COLUMN G	COLUMN H	COLUMN I	
	Encumbrances (2)	Initial cost to company (1)			Costs capitalized subsequent to acquisition	Gross amount at which carried at close of period			Accumulated depreciation and amortization	Date of construction (4)	Date acquired	Life on which depreciation in latest income statement is computed
		Land	Buildings and improvements			Land	Buildings and improvements	Total (3)				
<i>New York</i>												
Manhattan												
1290 Avenue of the Americas	\$ 950,000	\$ 515,539	\$ 923,653	\$ 222,019	\$ 515,539	\$ 1,145,672	\$ 1,661,211	\$ 302,588	1963	2007	(5)	
697-703 Fifth Avenue (St. Regis - retail)	450,000	152,825	584,230	212	152,825	584,442	737,267	46,409		2014	(5)	
350 Park Avenue	400,000	265,889	363,381	47,714	265,889	411,095	676,984	118,948	1960	2006	(5)	
666 Fifth Avenue (Retail Condo)	390,000	189,005	471,072	—	189,005	471,072	660,077	61,050		2012	(5)	
One Penn Plaza	—	—	412,169	236,985	—	649,154	649,154	294,104	1972	1998	(5)	
100 West 33rd Street	398,402	242,776	247,970	34,479	242,776	282,449	525,225	79,163	1911	2007	(5)	
1535 Broadway (Marriott Marquis)	—	—	249,285	149,716	—	399,001	399,001	25,326		2012	(5)	
150 West 34th Street	205,000	119,657	268,509	—	119,657	268,509	388,166	17,341	1900	2015	(5)	
1540 Broadway	—	105,914	214,208	28,825	105,914	243,033	348,947	54,741		2006	(5)	
655 Fifth Avenue	140,000	102,594	231,903	—	102,594	231,903	334,497	24,837		2013	(5)	
Two Penn Plaza	575,000	53,615	164,903	106,557	52,689	272,386	325,075	156,678	1968	1997	(5)	
90 Park Avenue	—	8,000	175,890	176,847	8,000	352,737	360,737	117,458	1964	1997	(5)	
Manhattan Mall	181,598	88,595	113,473	71,579	88,595	185,052	273,647	60,036	2009	2007	(5)	
770 Broadway	700,000	52,898	95,686	121,075	52,898	216,761	269,659	89,691	1907	1998	(5)	
888 Seventh Avenue	375,000	—	117,269	141,655	—	258,924	258,924	116,203	1980	1998	(5)	
Eleven Penn Plaza	450,000	40,333	85,259	105,575	40,333	190,834	231,167	69,613	1923	1997	(5)	
640 Fifth Avenue	—	38,224	25,992	156,605	38,224	182,597	220,821	52,575	1950	1997	(5)	
909 Third Avenue	350,000	—	120,723	98,723	—	219,446	219,446	92,000	1969	1999	(5)	
150 East 58th Street	—	39,303	80,216	44,769	39,303	124,985	164,288	57,827	1969	1998	(5)	
595 Madison Avenue	—	62,731	62,888	35,314	62,731	98,202	160,933	37,977	1968	1999	(5)	
330 West 34th Street	—	—	8,599	142,977	—	151,576	151,576	21,734	1925	1998	(5)	
828-850 Madison Avenue	80,000	107,937	28,261	134	107,937	28,395	136,332	8,952		2005	(5)	
33-00 Northern Boulevard	59,721	46,505	86,226	4,689	46,505	90,915	137,420	7,338	1915	2015	(5)	
715 Lexington Avenue	—	—	26,903	63,244	63,000	27,147	90,147	8,623	1923	2001	(5)	
478-486 Broadway	—	30,000	20,063	34,835	30,000	54,898	84,898	12,393	2009	2007	(5)	
4 Union Square South	114,028	24,079	55,220	2,971	24,079	58,191	82,270	19,464	1965/2004	1993	(5)	
260 Eleventh Avenue	—	—	80,482	867	—	81,349	81,349	5,470	1911	2015	(5)	
510 Fifth Avenue	—	34,602	18,728	34,922	48,379	39,873	88,252	8,128		2010	(5)	
606 Broadway	38,458	—	54,399	23,163	—	77,562	77,562	—		2016	(5)	
40 Fulton Street	—	15,732	26,388	15,493	15,732	41,881	57,613	20,130	1987	1998	(5)	
689 Fifth Avenue	—	19,721	13,446	24,555	19,721	38,001	57,722	12,231	1925	1998	(5)	
443 Broadway	—	11,187	41,186	—	11,187	41,186	52,373	4,779		2013	(5)	
40 East 66th Street	—	13,616	34,635	159	13,616	34,794	48,410	10,521		2005	(5)	

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION - CONTINUED
(Amounts in thousands)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E			COLUMN F	COLUMN G	COLUMN H	COLUMN I	
	Encumbrances (2)	Initial cost to company (1)			Costs capitalized subsequent to acquisition	Gross amount at which carried at close of period			Accumulated depreciation and amortization	Date of construction (4)	Date acquired	Life on which depreciation in latest income statement is computed
		Land	Buildings and improvements			Land	Buildings and improvements	Total (3)				
<i>New York - continued</i>												
Manhattan - continued												
155 Spring Street	\$ —	\$ 13,700	\$ 30,544	\$ 4,545	\$ 13,700	\$ 35,089	\$ 48,789	\$ 9,516			2007	(5)
435 Seventh Avenue	96,780	19,893	19,091	37	19,893	19,128	39,021	7,418	2002		1997	(5)
3040 M Street	—	7,830	27,490	3,583	7,830	31,073	38,903	9,923			2006	(5)
608 Fifth Avenue	—	—	—	38,829	—	38,829	38,829	8,859	1932		2012	(5)
692 Broadway	—	6,053	22,908	3,690	6,053	26,598	32,651	8,422			2005	(5)
131-135 West 33rd Street	—	8,315	21,312	24	8,315	21,336	29,651	879			2016	(5)
265 West 34th Street	—	28,500	—	23	28,500	23	28,523	—	1920		2015	(5)
304 Canal Street	—	3,511	12,905	11,115	3,511	24,020	27,531	160	1910		2014	(5)
677-679 Madison Avenue	—	13,070	9,640	413	13,070	10,053	23,123	2,913			2006	(5)
1131 Third Avenue	—	7,844	7,844	5,708	7,844	13,552	21,396	1,503			1997	(5)
486 Eighth Avenue	—	20,000	71	23	20,000	94	20,094	—	1928		2016	(5)
431 Seventh Avenue	—	16,700	2,751	—	16,700	2,751	19,451	739			2007	(5)
138-142 West 32nd Street	—	9,252	9,936	—	9,252	9,936	19,188	724	1920		2015	(5)
334 Canal Street	—	1,693	6,507	7,589	1,693	14,096	15,789	909			2011	(5)
267 West 34th Street	—	5,099	10,037	2	5,099	10,039	15,138	3,994			2013	(5)
1540 Broadway Garage	—	4,086	8,914	—	4,086	8,914	13,000	2,589	1990		2006	(5)
966 Third Avenue	—	8,869	3,631	—	8,869	3,631	12,500	393			2013	(5)
148 Spring Street	—	3,200	8,112	406	3,200	8,518	11,718	2,054			2008	(5)
150 Spring Street	—	3,200	5,822	294	3,200	6,116	9,316	1,501			2008	(5)
137 West 33rd Street	—	6,398	1,550	—	6,398	1,550	7,948	107	1932		2015	(5)
488 Eighth Avenue	—	10,650	1,767	(4,671)	6,859	887	7,746	223			2007	(5)
484 Eighth Avenue	—	3,856	762	485	3,856	1,247	5,103	526			1997	(5)
825 Seventh Avenue	—	1,483	697	33	1,483	730	2,213	380			1997	(5)
339 Greenwich	—	2,622	12,333	—	2,622	12,333	14,955	245			2017	(5)
Other (including signage)	—	80,762	14,895	114,889	80,762	129,784	210,546	33,136				
Total Manhattan	5,953,987	2,667,863	5,742,734	2,313,675	2,739,923	7,984,349	10,724,272	2,111,441				
Other Properties												
Hotel Pennsylvania	—	29,903	121,712	105,665	29,903	227,377	257,280	110,796	1919		1997	(5)
Paramus	—	—	—	25,176	1,036	24,140	25,176	15,188	1967		1987	(5)
Total Other Properties	—	29,903	121,712	130,841	30,939	251,517	282,456	125,984				
Total New York	5,953,987	2,697,766	5,864,446	2,444,516	2,770,862	8,235,866	11,006,728	2,237,425				

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION - CONTINUED
(Amounts in thousands)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E			COLUMN F	COLUMN G	COLUMN H	COLUMN I
	Encumbrances (2)	Initial cost to company (1)		Costs capitalized subsequent to acquisition	Gross amount at which carried at close of period			Accumulated depreciation and amortization	Date of construction (4)	Date acquired	Life on which depreciation in latest income statement is computed
		Land	Buildings and improvements		Land	Buildings and improvements	Total (3)				
Other											
theMART											
Illinois											
theMART, Chicago	\$ 675,000	\$ 64,528	\$ 319,146	\$ 380,720	\$ 64,535	\$ 699,859	\$ 764,394	\$ 283,135	1930	1998	(5)
527 West Kinzie, Chicago	—	5,166	—	32	5,166	32	5,198	—		1998	
Total Illinois	675,000	69,694	319,146	380,752	69,701	699,891	769,592	283,135			
New York											
MMPI Piers	—	—	—	15,117	—	15,117	15,117	2,450		2008	(5)
Total theMART	675,000	69,694	319,146	395,869	69,701	715,008	784,709	285,585			
555 California Street	569,215	221,903	893,324	152,004	209,916	1,057,315	1,267,231	261,218	1922, 1969- 1970	2007	(5)
220 Central Park South	950,000	115,720	16,420	1,265,899	—	1,398,039	1,398,039	—		2005	(5)
Borgata Land, Atlantic City, NJ	55,606	83,089	—	—	83,089	—	83,089	—		2010	(5)
40 East 66th Residential	—	29,199	85,798	(93,222)	8,454	13,321	21,775	3,662		2005	(5)
677-679 Madison	—	1,462	1,058	284	1,626	1,178	2,804	439		2006	(5)
Annapolis	—	—	9,652	—	—	9,652	9,652	3,709			
Wayne Towne Center	—	—	26,137	52,771	—	78,908	78,908	16,448			
Other	—	—	—	4,419	—	4,419	4,419	1,161		2005	(5)
Total Other	2,249,821	521,067	1,351,535	1,778,024	372,786	3,277,840	3,650,626	572,222			
Leasehold improvements equipment and other	—	—	—	98,941	—	98,941	98,941	75,636			
Total December 31, 2017	\$ 8,203,808	\$3,218,833	\$ 7,215,981	\$ 4,321,481	\$3,143,648	\$ 11,612,647	\$ 14,756,295	\$ 2,885,283			

- (1) Initial cost is cost as of January 30, 1982 (the date on which we commenced real estate operations) unless acquired subsequent to that date see Column H.
(2) Represents the contractual debt obligations.
(3) The net basis of Vornado's assets and liabilities for tax reporting purposes is approximately \$2.0 billion lower than the amounts reported for financial statement purposes.
(4) Date of original construction — many properties have had substantial renovation or additional construction — see Column D.
(5) Depreciation of the buildings and improvements are calculated over lives ranging from the life of the lease to forty years.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
(Amounts in thousands)

The following is a reconciliation of real estate assets and accumulated depreciation:

	Year Ended December 31,		
	2017	2016	2015
Real Estate			
Balance at beginning of period	\$ 14,187,820	\$ 13,545,295	\$ 12,438,940
Additions during the period:			
Land	21,298	30,805	281,048
Buildings & improvements	598,820	854,194	1,030,043
	14,807,938	14,430,294	13,750,031
Less: Assets sold, written-off and deconsolidated	51,643	242,474	204,736
Balance at end of period	<u>\$ 14,756,295</u>	<u>\$ 14,187,820</u>	<u>\$ 13,545,295</u>
Accumulated Depreciation			
Balance at beginning of period	\$ 2,581,514	\$ 2,356,728	\$ 2,209,778
Additions charged to operating expenses	360,391	346,755	309,306
	2,941,905	2,703,483	2,519,084
Less: Accumulated depreciation on assets sold, written-off and deconsolidated	56,622	121,969	162,356
Balance at end of period	<u>\$ 2,885,283</u>	<u>\$ 2,581,514</u>	<u>\$ 2,356,728</u>

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES - continued

(b) Exhibits:

Exhibit No.

2.1	—	Master Transaction Agreement, dated as of October 31, 2016, by and among Vornado Realty Trust, Vornado Realty L.P., JBG Properties, Inc., JBG/Operating Partners, L.P., certain affiliates of JBG Properties Inc. and JBG/Operating Partners set forth on Schedule A thereto, JBG SMITH Properties and JBG SMITH Properties LP. Incorporated by reference to Exhibit 2.1 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2016 (File No. 001-11954), filed February 13, 2017	*
3.1	—	Articles of Restatement of Vornado Realty Trust, as filed with the State Department of Assessments and Taxation of Maryland on July 30, 2007 - Incorporated by reference to Exhibit 3.75 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-11954), filed on July 31, 2007	*
3.2	—	Amended and Restated Bylaws of Vornado Realty Trust, as amended on March 2, 2000 - Incorporated by reference to Exhibit 3.12 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 001-11954), filed on Thursday, March 9, 2000	*
3.3	—	Articles Supplementary, 5.40% Series L Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share, no par value – Incorporated by reference to Exhibit 3.6 to Vornado Realty Trust's Registration Statement on Form 8-A (File No. 001-11954), filed on January 25, 2013	*
3.4	—	Articles Supplementary Classifying Vornado Realty Trust's 5.25% Series M Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share, no par value - Incorporated by reference to Exhibit 3.7 to Vornado Realty Trust's Registration Statement on Form 8-A (File No. 001-11954), filed on December 13, 2017	*
3.5	—	Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of October 20, 1997 (the "Partnership Agreement") – Incorporated by reference to Exhibit 3.26 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (File No. 001-11954), filed on May 8, 2003	*
3.6	—	Amendment to the Partnership Agreement, dated as of December 16, 1997 – Incorporated by reference to Exhibit 3.27 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (File No. 001-11954), filed on May 8, 2003	*
3.7	—	Second Amendment to the Partnership Agreement, dated as of April 1, 1998 – Incorporated by reference to Exhibit 3.5 to Vornado Realty Trust's Registration Statement on Form S-3 (File No. 333-50095), filed on April 14, 1998	*
3.8	—	Third Amendment to the Partnership Agreement, dated as of November 12, 1998 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on November 30, 1998	*
3.9	—	Fourth Amendment to the Partnership Agreement, dated as of November 30, 1998 - Incorporated by reference to Exhibit 3.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on February 9, 1999	*
3.10	—	Fifth Amendment to the Partnership Agreement, dated as of March 3, 1999 - Incorporated by reference to Exhibit 3.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on March 17, 1999	*
3.11	—	Sixth Amendment to the Partnership Agreement, dated as of March 17, 1999 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on July 7, 1999	*
3.12	—	Seventh Amendment to the Partnership Agreement, dated as of May 20, 1999 - Incorporated by reference to Exhibit 3.3 to Vornado Realty Trust's Current Report on Form 8-K	*

*

Incorporated by reference

- [3.13](#) — Eighth Amendment to the Partnership Agreement, dated as of May 27, 1999 - Incorporated by reference to Exhibit 3.4 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on July 7, 1999 *
- [3.14](#) — Ninth Amendment to the Partnership Agreement, dated as of September 3, 1999 - Incorporated by reference to Exhibit 3.3 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on October 25, 1999 *
- [3.15](#) — Tenth Amendment to the Partnership Agreement, dated as of September 3, 1999 - Incorporated by reference to Exhibit 3.4 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on October 25, 1999 *
- [3.16](#) — Eleventh Amendment to the Partnership Agreement, dated as of November 24, 1999 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on December 23, 1999 *
- [3.17](#) — Twelfth Amendment to the Partnership Agreement, dated as of May 1, 2000 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on May 19, 2000 *
- [3.18](#) — Thirteenth Amendment to the Partnership Agreement, dated as of May 25, 2000 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on June 16, 2000 *
- [3.19](#) — Fourteenth Amendment to the Partnership Agreement, dated as of December 8, 2000 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on December 28, 2000 *
- [3.20](#) — Fifteenth Amendment to the Partnership Agreement, dated as of December 15, 2000 - Incorporated by reference to Exhibit 4.35 to Vornado Realty Trust's Registration Statement on Form S-8 (File No. 333-68462), filed on August 27, 2001 *
- [3.21](#) — Sixteenth Amendment to the Partnership Agreement, dated as of July 25, 2001 - Incorporated by reference to Exhibit 3.3 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001 11954), filed on October 12, 2001 *
- [3.22](#) — Seventeenth Amendment to the Partnership Agreement, dated as of September 21, 2001 - Incorporated by reference to Exhibit 3.4 to Vornado Realty Trust's Current Report on Form 8 K (File No. 001-11954), filed on October 12, 2001 *
- [3.23](#) — Eighteenth Amendment to the Partnership Agreement, dated as of January 1, 2002 - Incorporated by reference to Exhibit 3.1 to Vornado Realty Trust's Current Report on Form 8-K/A (File No. 001-11954), filed on March 18, 2002 *
- [3.24](#) — Nineteenth Amendment to the Partnership Agreement, dated as of July 1, 2002 - Incorporated by reference to Exhibit 3.47 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 (File No. 001-11954), filed on August 7, 2002 *
- [3.25](#) — Twentieth Amendment to the Partnership Agreement, dated April 9, 2003 - Incorporated by reference to Exhibit 3.46 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (File No. 001-11954), filed on May 8, 2003 *
- [3.26](#) — Twenty-First Amendment to the Partnership Agreement, dated as of July 31, 2003 - Incorporated by reference to Exhibit 3.47 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 (File No. 001-11954), filed on Friday, November 7, 2003 *
- [3.27](#) — Twenty-Second Amendment to the Partnership Agreement, dated as of November 17, 2003 – Incorporated by reference to Exhibit 3.49 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 001-11954), filed on Wednesday, March 3, 2004 *

* Incorporated by reference

- [3.28](#) — Twenty-Third Amendment to the Partnership Agreement, dated May 27, 2004 – Incorporated by reference to Exhibit 99.2 to Vornado Realty Trust’s Current Report on Form 8-K (File No. 001-11954), filed on June 14, 2004 *
- [3.29](#) — Twenty-Fourth Amendment to the Partnership Agreement, dated August 17, 2004 – Incorporated by reference to Exhibit 3.57 to Vornado Realty Trust and Vornado Realty L.P.’s Registration Statement on Form S-3 (File No. 333-122306), filed on Wednesday, January 26, 2005 *
- [3.30](#) — Twenty-Fifth Amendment to the Partnership Agreement, dated November 17, 2004 – Incorporated by reference to Exhibit 3.58 to Vornado Realty Trust and Vornado Realty L.P.’s Registration Statement on Form S-3 (File No. 333-122306), filed on Wednesday, January 26, 2005 *
- [3.31](#) — Twenty-Sixth Amendment to the Partnership Agreement, dated December 17, 2004 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.’s Current Report on Form 8-K (File No. 000-22685), filed on December 21, 2004 *
- [3.32](#) — Twenty-Seventh Amendment to the Partnership Agreement, dated December 20, 2004 – Incorporated by reference to Exhibit 3.2 to Vornado Realty L.P.’s Current Report on Form 8-K (File No. 000-22685), filed on December 21, 2004 *
- [3.33](#) — Twenty-Eighth Amendment to the Partnership Agreement, dated December 30, 2004 - Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.’s Current Report on Form 8-K (File No. 000-22685), filed on January 4, 2005 *
- [3.34](#) — Twenty-Ninth Amendment to the Partnership Agreement, dated June 17, 2005 - Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.’s Current Report on Form 8-K (File No. 000-22685), filed on June 21, 2005 *
- [3.35](#) — Thirtieth Amendment to the Partnership Agreement, dated August 31, 2005 - Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.’s Current Report on Form 8-K (File No. 000-22685), filed on September 1, 2005 *
- [3.36](#) — Thirty-First Amendment to the Partnership Agreement, dated September 9, 2005 - Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.’s Current Report on Form 8-K (File No. 000-22685), filed on September 14, 2005 *
- [3.37](#) — Thirty-Second Amendment and Restated Agreement of Limited Partnership, dated as of December 19, 2005 – Incorporated by reference to Exhibit 3.59 to Vornado Realty L.P.’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 (File No. 000-22685), filed on May 8, 2006 *
- [3.38](#) — Thirty-Third Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of April 25, 2006 – Incorporated by reference to Exhibit 10.2 to Vornado Realty Trust’s Form 8-K (File No. 001-11954), filed on May 1, 2006 *
- [3.39](#) — Thirty-Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of May 2, 2006 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.’s Current Report on Form 8-K (File No. 000-22685), filed on Wednesday, May 3, 2006 *
- [3.40](#) — Thirty-Fifth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of August 17, 2006 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.’s Form 8-K (File No. 000-22685), filed on August 23, 2006 *
- [3.41](#) — Thirty-Sixth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of October 2, 2006 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.’s Form 8-K (File No. 000-22685), filed on January 22, 2007 *

* Incorporated by reference

- [3.42](#) — Thirty-Seventh Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of June 28, 2007 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.’s Current Report on Form 8-K (File No. 000-22685), filed on Wednesday, June 27, 2007 *
- [3.43](#) — Thirty-Eighth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of June 28, 2007 – Incorporated by reference to Exhibit 3.2 to Vornado Realty L.P.’s Current Report on Form 8-K (File No. 000-22685), filed on Wednesday, June 27, 2007 *
- [3.44](#) — Thirty-Ninth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of June 28, 2007 – Incorporated by reference to Exhibit 3.3 to Vornado Realty L.P.’s Current Report on Form 8-K (File No. 000-22685), filed on Wednesday, June 27, 2007 *
- [3.45](#) — Fortieth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of June 28, 2007 – Incorporated by reference to Exhibit 3.4 to Vornado Realty L.P.’s Current Report on Form 8-K (File No. 000-22685), filed on Wednesday, June 27, 2007 *
- [3.46](#) — Forty-First Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of March 31, 2008 – Incorporated by reference to Exhibit 3.44 to Vornado Realty Trust’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 (file No. 001-11954), filed on May 6, 2008 *
- [3.47](#) — Forty-Second Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of December 17, 2010 – Incorporated by reference to Exhibit 99.1 to Vornado Realty L.P.’s Current Report on Form 8-K (File No. 000-22685), filed on December 21, 2010 *
- [3.48](#) — Forty-Third Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of April 20, 2011 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.’s Current Report on Form 8-K (File No. 000-22685), filed on April 21, 2011 *
- [3.49](#) — Forty-Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of March 30, 2012 - Incorporated by reference to Exhibit 99.1 to Vornado Realty L.P.’s Current Report on Form 8-K (File No. 001-34482), filed on Thursday, April 5, 2012 *
- [3.50](#) — Forty-Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership dated as of July 18, 2012 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.’s Current Report on Form 8-K (File No. 001-34482), filed on July 18, 2012 *
- [3.51](#) — Forty-Fifth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of January 25, 2013 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.’s Current Report on Form 8-K (File No. 001-34482), filed on January 25, 2013 *
- [3.52](#) — Forty-Sixth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated April 1, 2015 - Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.’s Current Report on Form 8-K (File No. 001-34482), filed on Thursday, April 2, 2015 *
- [3.53](#) — Forty-Eighth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P. dated as of January 12, 2018 ***
- [4.1](#) — Indenture, dated as of November 25, 2003, between Vornado Realty L.P. and The Bank of New York, as Trustee - Incorporated by reference to Exhibit 4.10 to Vornado Realty Trust’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (File No. 001-11954), filed on April 28, 2005 *

* Incorporated by reference

*** Filed herewith

4.2	—	<p>Indenture, dated as of November 20, 2006, among Vornado Realty Trust, as Issuer, Vornado Realty L.P., as Guarantor and The Bank of New York, as Trustee – Incorporated by reference to Exhibit 4.1 to Vornado Realty Trust’s Current Report on Form 8-K (File No. 001-11954), filed on November 27, 2006</p> <p><i>Certain instruments defining the rights of holders of long-term debt securities of Vornado Realty Trust and its subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. Vornado Realty Trust hereby undertakes to furnish to the Securities and Exchange Commission</i></p>	*
10.1	—	<p>Registration Rights Agreement between Vornado, Inc. and Steven Roth, dated December 29, 1992 - Incorporated by reference to Vornado Realty Trust’s Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993</p>	*
10.2	**	<p>Management Agreement between Interstate Properties and Vornado, Inc. dated July 13, 1992 – Incorporated by reference to Vornado, Inc.’s Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993</p>	*
10.3	**	<p>Employment Agreement, dated as of April 15, 1997, by and among Vornado Realty Trust, The Mendik Company, L.P. and David R. Greenbaum - Incorporated by reference to Exhibit 10.4 to Vornado Realty Trust’s Current Report on Form 8-K (File No. 001-11954), filed on April 30, 1997</p>	*
10.4	—	<p>Tax Reporting and Protection Agreement, dated December 31, 2001, by and among Vornado, Vornado Realty L.P., Charles E. Smith Commercial Realty L.P. and Charles E. Smith Commercial Realty L.L.C. - Incorporated by reference to Exhibit 10.3 to Vornado Realty Trust’s Current Report on Form 8-K/A (File No. 1-11954), filed on March 18, 2002</p>	*
10.5	**	<p>Amendment to Real Estate Retention Agreement, dated as of July 3, 2002, by and between Alexander’s, Inc. and Vornado Realty L.P. - Incorporated by reference to Exhibit 10(i)(E)(3) to Alexander’s Inc.’s Quarterly Report for the quarter ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002</p>	*
10.6	**	<p>59th Street Real Estate Retention Agreement, dated as of July 3, 2002, by and between Vornado Realty L.P., 731 Residential LLC and 731 Commercial LLC - Incorporated by reference to Exhibit 10(i)(E)(4) to Alexander’s Inc.’s Quarterly Report for the quarter ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002</p>	*
10.7	—	<p>Amended and Restated Management and Development Agreement, dated as of July 3, 2002, by and between Alexander’s, Inc., the subsidiaries party thereto and Vornado Management Corp. - Incorporated by reference to Exhibit 10(i)(F)(1) to Alexander’s Inc.’s Quarterly Report for the quarter ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002</p>	*
10.8	**	<p>Form of Vornado Realty Trust’s 2002 Omnibus Share Plan - Incorporated by reference to Exhibit 4.2 to Vornado Realty Trust’s Registration Statement on Form S-8 (File No. 333-102216), filed on December 26, 2002.</p>	*
10.9	**	<p>Amended and Restated Employment Agreement between Vornado Realty Trust and Joseph Macnow dated July 27, 2006 – Incorporated by reference to Exhibit 10.54 to Vornado Realty Trust’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 (File No. 001-11954), filed on August 1, 2006</p>	*
10.10	**	<p>Second Amendment to Real Estate Retention Agreement, dated January 1, 2007, by and between Vornado Realty L.P. and Alexander’s Inc. – Incorporated by reference to Exhibit 10.55 to Vornado Realty Trust’s Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 001-11954), filed on February 27, 2007</p>	*
	*	<hr style="width: 25%; margin-left: 0;"/> <p>Incorporated by reference</p>	
	**	<p>Management contract or compensatory agreement</p>	

10.11	**	—	Amendment to 59th Street Real Estate Retention Agreement, dated January 1, 2007, by and among Vornado Realty L.P., 731 Retail One LLC, 731 Restaurant LLC, 731 Office One LLC and 731 Office Two LLC. – Incorporated by reference to Exhibit 10.56 to Vornado Realty Trust’s Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 001-11954), filed on February 27, 2007	*
10.12	**	—	Employment Agreement between Vornado Realty Trust and Mitchell Shear, as of April 19, 2007 – Incorporated by reference to Exhibit 10.46 to Vornado Realty Trust’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 (File No. 001-11954), filed on May 1, 2007	*
10.13	**	—	Amendment to Employment Agreement between Vornado Realty Trust and Joseph Macnow, dated December 29, 2008. Incorporated by reference to Exhibit 10.48 to Vornado Realty Trust’s Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-11954) filed on February 24, 2009	*
10.14	**	—	Amendment to Employment Agreement between Vornado Realty Trust and David R. Greenbaum, dated December 29, 2008. Incorporated by reference to Exhibit 10.49 to Vornado Realty Trust’s Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-11954) filed on February 24, 2009	*
10.15	**	—	Amendment to Indemnification Agreement between Vornado Realty Trust and David R. Greenbaum, dated December 29, 2008. Incorporated by reference to Exhibit 10.50 to Vornado Realty Trust’s Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-11954) filed on February 24, 2009	*
10.16	**	—	Amendment to Employment Agreement between Vornado Realty Trust and Mitchell N. Shear, dated December 29, 2008. Incorporated by reference to Exhibit 10.51 to Vornado Realty Trust’s Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-11954) filed on February 24, 2009	*
10.17	**	—	Vornado Realty Trust’s 2010 Omnibus Share Plan - Incorporated by reference to Exhibit 10.41 to Vornado Realty Trust’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 (File No. 001-11954) filed on August 3, 2010	*
10.18	**	—	Form of Vornado Realty Trust 2010 Omnibus Share Plan Incentive / Non-Qualified Stock Option Agreement. Incorporated by reference to Exhibit 99.1 to Vornado Realty Trust’s Current Report on Form 8-K (File No. 001-11954) filed on April 5, 2012	*
10.19	**	—	Form of Vornado Realty Trust 2010 Omnibus Share Plan Restricted Stock Agreement. Incorporated by reference to Exhibit 99.2 to Vornado Realty Trust’s Current Report on Form 8-K (File No. 001-11954) filed on April 5, 2012	*
10.20	**	—	Form of Vornado Realty Trust 2010 Omnibus Share Plan Restricted LTIP Unit Agreement. Incorporated by reference to Exhibit 99.3 to Vornado Realty Trust’s Current Report on Form 8-K (File No. 001-11954) filed on April 5, 2012	*
10.21	**	—	Form of Vornado Realty Trust 2012 Outperformance Plan Award Agreement. Incorporated by reference to Exhibit 10.45 to Vornado Realty Trust’s Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 001-11954) filed on February 26, 2013	*
	*		Incorporated by reference	
	**		Management contract or compensatory agreement	

10.22	**	—	Form of Vornado Realty Trust 2013 Outperformance Plan Award Agreement. Incorporated by reference to Exhibit 10.50 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 (File No. 001-11954), filed on May 6, 2013	*
10.23	**	—	Employment agreement between Vornado Realty Trust and Stephen W. Theriot dated June 1, 2013. Incorporated by reference to Exhibit 10.51 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 (File No. 001-11954), filed on August 5, 2013	*
10.24	**	—	Employment agreement between Vornado Realty Trust and Michael J. Franco dated January 10, 2014. Incorporated by reference to Exhibit 10.52 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 (File No. 001-11954), filed on May 5, 2014	*
10.25	**	—	Form of Vornado Realty Trust 2014 Outperformance Plan Award Agreement. Incorporated by reference to Exhibit 10.53 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 (File No. 001-11954), filed on May 5, 2014	*
10.26		—	Amended and Restated Revolving Credit Agreement dated as of September 30, 2014, by and among Vornado Realty L.P. as Borrower, Vornado Realty Trust as General Partner, the Banks listed on the signature pages thereof, and JPMorgan Chase Bank N.A. as Administrative Agent for the Banks. Incorporated by reference to Exhibit 10.54 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 (File No. 001-11954), filed on November 3, 2014	*
10.27	**	—	Form of Vornado Realty Trust 2016 Outperformance Plan Award Agreement. Incorporated by reference to Exhibit 99.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on January 21, 2016	*
10.28		—	Term Loan Agreement dated as of October 30, 2015, by and among Vornado Realty L.P. as Borrower, Vornado Realty Trust as General Partner, the Banks listed on the signature pages thereof, and JPMorgan Chase Bank, N.A. as Administrative Agent for the Banks. Incorporated by reference to Exhibit 10.32 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-11954), filed on February 16, 2016	*
10.29		—	Amended and Restated Revolving Credit Agreement dated as of November 7, 2016, among Vornado Realty L.P. as Borrower, Vornado Realty Trust as General Partner, the Banks listed on the signature pages thereof, and JPMorgan Chase Bank N.A. as Administrative Agent for the Banks. Incorporated by reference to Exhibit 10.29 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2016 (File No. 001-11954), filed on February 13, 2017	*
10.30	**	—	Amendment to Employment Agreement, dated March 10, 2017, between Vornado Realty Trust and Mitchell Schear. Incorporated by reference to Exhibit 10.30 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (File No. 001-11954), filed on May 1, 2017	*
10.31	**	—	Consulting Agreement, dated March 10, 2017, between JBG SMITH Properties and Mitchell Schear. Incorporated by reference to Exhibit 10.31 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (File No. 001-11954), filed on May 1, 2017	*
	*		_____	
	*		Incorporated by reference	
	**		Management contract or compensatory agreement	

<u>10.32</u>	** —	Form of 2017 Amendment to Vornado Realty Trust 2015, 2016, 2017 Outperformance Plan Award Agreements. Incorporated by reference to Exhibit 10.32 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 (File No. 001-11954), filed on July 31, 2017	*
<u>10.33</u>	—	Amended and Restated Revolving Credit Agreement dated as of October 17, 2017, among Vornado Realty L.P. as Borrower, Vornado Realty Trust as General Partner, the Banks listed on the signature pages thereof, and JPMorgan Chase Bank N.A. as Administrative Agent for the Banks.	***
<u>10.34</u>	** —	Form of Vornado Realty Trust 2010 Omnibus Share Plan AO LTIP Unit Award Agreement dated as of January 12, 2018	***
	*	_____ Incorporated by reference	
	**	Management contract or compensatory agreement	
	***	Filed herewith	

12.1	—	Computation of Ratios for Vornado Realty Trust	***
12.2	—	Computation of Ratios for Vornado Realty L.P.	***
21	—	Subsidiaries of Vornado Realty Trust and Vornado Realty L.P.	***
23.1	—	Consent of Independent Registered Public Accounting Firm for Vornado Realty Trust	***
23.2	—	Consent of Independent Registered Public Accounting Firm for Vornado Realty L.P.	***
31.1	—	Rule 13a-14 (a) Certification of the Chief Executive Officer of Vornado Realty Trust	***
31.2	—	Rule 13a-14 (a) Certification of the Chief Financial Officer of Vornado Realty Trust	***
31.3	—	Rule 13a-14 (a) Certification of the Chief Executive Officer of Vornado Realty L.P.	***
31.4	—	Rule 13a-14 (a) Certification of the Chief Financial Officer of Vornado Realty L.P.	***
32.1	—	Section 1350 Certification of the Chief Executive Officer of Vornado Realty Trust	***
32.2	—	Section 1350 Certification of the Chief Financial Officer of Vornado Realty Trust	***
32.3	—	Section 1350 Certification of the Chief Executive Officer of Vornado Realty L.P.	***
32.4	—	Section 1350 Certification of the Chief Financial Officer of Vornado Realty L.P.	***
101.INS	—	XBRL Instance Document of Vornado Realty Trust and Vornado Realty L.P.	***
101.SCH	—	XBRL Taxonomy Extension Schema of Vornado Realty Trust and Vornado Realty L.P.	***
101.CAL	—	XBRL Taxonomy Extension Calculation Linkbase of Vornado Realty Trust and Vornado Realty L.P.	***
101.DEF	—	XBRL Taxonomy Extension Definition Linkbase of Vornado Realty Trust and Vornado Realty L.P.	***
101.LAB	—	XBRL Taxonomy Extension Label Linkbase of Vornado Realty Trust and Vornado Realty L.P.	***
101.PRE	—	XBRL Taxonomy Extension Presentation Linkbase of Vornado Realty Trust and Vornado Realty L.P.	***

*** Filed herewith

ITEM 16. FORM 10-K SUMMARY

None.

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: February 12, 2018

By: /s/ Matthew Iocco

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

SIGNATURES - continued

Signature	Title	Date
By: <u>/s/Steven Roth</u> (Steven Roth)	Chairman of the Board of Trustees and Chief Executive Officer	February 12, 2018
By: <u>/s/Candace K. Beinecke</u> (Candace K. Beinecke)	Trustee	February 12, 2018
By: <u>/s/Michael D. Fascitelli</u> (Michael D. Fascitelli)	Trustee	February 12, 2018
By: <u>/s/Robert P. Kogod</u> (Robert P. Kogod)	Trustee	February 12, 2018
By: <u>/s/Michael Lynne</u> (Michael Lynne)	Trustee	February 12, 2018
By: <u>/s/David Mandelbaum</u> (David Mandelbaum)	Trustee	February 12, 2018
By: <u>/s/Mandakini Puri</u> (Mandakini Puri)	Trustee	February 12, 2018
By: <u>/s/Daniel R. Tisch</u> (Daniel R. Tisch)	Trustee	February 12, 2018
By: <u>/s/Richard R. West</u> (Richard R. West)	Trustee	February 12, 2018
By: <u>/s/Russell B. Wight</u> (Russell B. Wight, Jr.)	Trustee	February 12, 2018
By: <u>/s/Joseph Macnow</u> (Joseph Macnow)	Chief Financial Officer (Principal Financial and Accounting Officer)	February 12, 2018
By: <u>/s/Matthew Iocco</u> (Matthew Iocco)	Chief Accounting Officer (Principal Accounting Officer)	February 12, 2018

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: February 12, 2018

By: /s/ Matthew Iocco

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

SIGNATURES - continued

<u>Signature</u>	<u>Title</u>	<u>Date</u>
By: <u>/s/Steven Roth</u> (Steven Roth)	Chairman of the Board of Trustees and Chief Executive Officer of Vornado Realty Trust	February 12, 2018
By: <u>/s/Candace K. Beinecke</u> (Candace K. Beinecke)	Trustee of Vornado Realty Trust	February 12, 2018
By: <u>/s/Michael D. Fascitelli</u> (Michael D. Fascitelli)	Trustee of Vornado Realty Trust	February 12, 2018
By: <u>/s/Robert P. Kogod</u> (Robert P. Kogod)	Trustee of Vornado Realty Trust	February 12, 2018
By: <u>/s/Michael Lynne</u> (Michael Lynne)	Trustee of Vornado Realty Trust	February 12, 2018
By: <u>/s/David Mandelbaum</u> (David Mandelbaum)	Trustee of Vornado Realty Trust	February 12, 2018
By: <u>/s/Mandakini Puri</u> (Mandakini Puri)	Trustee of Vornado Realty Trust	February 12, 2018
By: <u>/s/Daniel R. Tisch</u> (Daniel R. Tisch)	Trustee of Vornado Realty Trust	February 12, 2018
By: <u>/s/Richard R. West</u> (Richard R. West)	Trustee of Vornado Realty Trust	February 12, 2018
By: <u>/s/Russell B. Wight</u> (Russell B. Wight, Jr.)	Trustee of Vornado Realty Trust	February 12, 2018
By: <u>/s/Joseph Macnow</u> (Joseph Macnow)	Chief Financial Officer of Vornado Realty Trust (Principal Financial and Accounting Officer)	February 12, 2018
By: <u>/s/Matthew Iocco</u> (Matthew Iocco)	Chief Accounting Officer of Vornado Realty Trust (Principal Accounting Officer)	February 12, 2018

**FORTY-EIGHTH
AMENDMENT
TO
SECOND AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
VORNADO REALTY L.P.**

Dated as of January 12, 2018

THIS FORTY-EIGHTH AMENDMENT TO THE SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF VORNADO REALTY L.P. (this "Amendment"), dated as of January 12, 2018, is hereby adopted by Vornado Realty Trust, a Maryland real estate investment trust (defined in the Agreement, hereinafter defined, as the "General Partner"), as the general partner of Vornado Realty L.P., a Delaware limited partnership (the "Partnership"). For ease of reference, capitalized terms used herein and not otherwise defined have the meanings assigned to them in the Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P. dated as of October 20, 1997, as amended by the Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of December 16, 1997, and further amended by the Second Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of April 1, 1998, the Third Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of November 12, 1998, the Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of November 30, 1998, the Fifth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of March 3, 1999, the Sixth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of March 17, 1999, the Seventh Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 20, 1999, the Eighth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 27, 1999, the Ninth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of September 3, 1999, the Tenth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of September 3, 1999, the Eleventh Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of November 24, 1999, the Twelfth Amendment to

Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 1, 2000, the Thirteenth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 25, 2000, the Fourteenth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of December 8, 2000, the Fifteenth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of December 15, 2000, the Sixteenth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of July 25, 2001, the Seventeenth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of September 21, 2001, the Eighteenth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of January 1, 2002, the Nineteenth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of July 1, 2002, the Twentieth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of April 9, 2003, the Twenty-First Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of July 31, 2003, the Twenty-Second Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of November 17, 2003, the Twenty-Third Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 27, 2004, the Twenty-Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of August 17, 2004, the Twenty-Fifth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of November 17, 2004, the Twenty-Sixth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of December 17, 2004, the Twenty-Seventh Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of December 20, 2004, the Twenty-Eighth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of December 30, 2004, the Twenty-Ninth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of June 17, 2005, the Thirtieth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of August 31, 2005, the Thirty-First Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of September 9, 2005, and the Thirty-Second Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of December 19, 2005, the Thirty-Third Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of April 25, 2006, the Thirty-Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 2, 2006, the Thirty-Fifth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of August 17, 2006, the Thirty-Sixth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of October 2, 2006, the Thirty-Seventh Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of June 28, 2007, the Thirty-Eighth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of June 28, 2007, the Thirty-Ninth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated

as of June 28, 2007, the Fortieth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of June 28, 2007, the Forty-First Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of March 31, 2008, the Forty-Second Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of December 17, 2010, the Forty-Third Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of April 20, 2011, the Forty-Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of March 30, 2012, the Forty-Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of July 18, 2012, the Forty-Fifth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of January 25, 2013, the Forty-Sixth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of April 1, 2015 and the Forty-Seventh Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of December 13, 2017 (as so amended, the “Agreement”).

WHEREAS, the General Partner desires to establish and set forth the terms of a new series of Partnership Interests designated as AO LTIP Units (the “AO LTIP Units”) and to amend the Agreement to accomplish the same;

WHEREAS, Section 4.2.A of the Agreement grants the General Partner authority to cause the Partnership to issue interests in the Partnership to a person other than the General Partner in one or more classes or series, with such designations, preferences and relative, participating, optional or other special rights, powers and duties as may be determined by the General Partner in its sole and absolute discretion so long as the issuance does not violate Section 4.2.E of the Agreement;

WHEREAS, the General Partner has determined that the establishment and issuance of the AO LTIP Units will not violate Section 4.2.E of the Agreement;

WHEREAS, Section 14.1.B of the Agreement grants the General Partner power and authority to amend the Agreement without the consent of any of the Partnership’s limited partners if the amendment does not adversely affect or eliminate any right granted to a limited partner pursuant to any of the provisions of the Agreement specified in Section 14.1.C or Section 14.1.D of the Agreement as requiring a particular minimum vote; and

WHEREAS, the General Partner has determined that the amendment effected hereby does not adversely affect or eliminate any of the limited partner rights specified in Section 14.1.C or Section 14.1.D of the Agreement;

NOW, THEREFORE, the General Partner hereby amends the Agreement as follows:

1. Exhibit AT, attached hereto as Attachment 1, is hereby incorporated by reference into the Agreement and made a part thereof.

2. Article 1 of the Partnership Agreement is amended by inserting the following definitions in alphabetical order:

“AO LTIP Unit Sharing Percentage” means, for an AO LTIP Unit, the percentage that is specified as the AO LTIP Unit Sharing Percentage in the Vesting Agreement or other documentation pursuant to which such AO LTIP Unit is issued or, if no such percentage is specified, 10%.

“AO LTIP Unit” means a Partnership Unit designated as such having the rights, powers, privileges, restrictions, qualifications and limitations set forth in Exhibit AT hereto.

3. The definition of “Economic Capital Account Balance” is amended by replacing the text thereof with the following:

“means (i) with respect to a holder of LTIP Units, such holder’s Capital Account balance with respect thereto plus the amount of the holder’s share of any Partner Minimum Gain or Partnership Minimum Gain, in either case to the extent attributable to the holder’s ownership of LTIP Units and (ii) with respect to a holder of AO LTIP Units, the holder’s Capital Account balance with respect thereto plus the amount of the holder’s share of any Partner Minimum Gain or Partnership Minimum Gain, in either case to the extent attributable to the holder’s ownership of AO LTIP Units.”

4. Section 4.2 of the Agreement is hereby supplemented by adding the following paragraph to the end thereof:

AT. Issuance of AO LTIP Units. From and after the date hereof the Partnership shall be authorized to issue Partnership Units of a new series, which Partnership Units are hereby designated as “AO LTIP Units.” From time to time the General Partner may issue AO LTIP Units to Persons providing services to or for the benefit of the Partnership. AO LTIP Units are intended to qualify as profits interests in the Partnership and, for the avoidance of doubt, the provisions of Section 4.4 shall not apply to the issuance of AO LTIP Units. AO LTIP Units shall have the terms set forth in Exhibit AT attached hereto and made part hereof.

5. In making distributions pursuant to Section 5.1(B) of the Agreement, the General Partner of the Partnership shall take into account the provisions of Paragraph 2 of Exhibit AT to the Agreement.

6. Section 6.1.F of the Agreement is amended by replacing the text thereof with the following:

F. Special Allocations With Respect to LTIP Units and AO LTIP Units

(i) After giving effect to the special allocations set forth in Section 1 of Exhibit C hereto and Section 6.1.E above, and notwithstanding the provisions of Sections 6.1.A and 6.1.B above, but subject to the prior allocation of income and gain under Subsections 6.1.A(i) through (vi) above, any Liquidating Gains shall first be

allocated to the holders of LTIP Units and AO LTIP Units until the Economic Capital Account Balances of such holders, to the extent attributable to their ownership of LTIP Units and AO LTIP Units, are equal to (A) (i) the Class A Unit Economic Balance, multiplied by (ii) the sum of (1) the number of their LTIP Units and (2) the number of Class A Units into which their AO LTIP Units would then be convertible, assuming for such purpose that such AO LTIP Units were Vested AO LTIP Units plus (B) with respect to Special LTIP Units, the aggregate net amount of Net Income and Net Loss allocated to such Special LTIP Units prior to the Distribution Participation Date with respect to such Special LTIP Units less the amount of any Special LTIP Unit Distributions with respect to such Special LTIP Units plus (C) with respect to AO LTIP Units, the aggregate net amount of Net Income and Net Loss allocated to such AO LTIP Units prior to the AO Conversion Date with respect to such AO LTIP Units pursuant to Section 3 of Exhibit AT less the amount of any AO LTIP Unit Special Distributions with respect to such AO LTIP Units; provided that no such Liquidating Gains will be allocated with respect to any particular LTIP Unit and/or AO LTIP Unit unless and to the extent that such Liquidating Gains, when aggregated with other Liquidating Gains realized since the issuance of such LTIP Unit and/or AO LTIP Unit, exceed Liquidating Losses realized since the issuance of such LTIP Unit and/or AO LTIP Unit.

(ii) Liquidating Gain allocated to an LTIP Unitholder under this Section 6.1.F will be attributed to specific LTIP Units of such LTIP Unitholder for purposes of determining (i) allocations under this Section 6.1.F, (ii) the effect of the forfeiture or conversion of specific LTIP Units on such LTIP Unitholder's Economic Capital Account Balance and (iii) the ability of such LTIP Unitholder to convert specific LTIP Units into Class A Units. Such Liquidating Gain will be attributed to LTIP Units in the following order: (i) first, to Vested LTIP Units held for more than two years, (ii) second, to Vested LTIP Units held for two years or less, (iii) third, to Unvested LTIP Units that have remaining vesting conditions that only require continued employment or service to the Partnership, the General Partner or an Affiliate of either for a certain period of time (with such Liquidating Gains being attributed in order of vesting from soonest vesting to latest vesting), and (iv) fourth, to other Unvested LTIP Units (with such Liquidating Gains being attributed in order of issuance from earliest issued to latest issued). Within each such category, Liquidating Gain will be allocated serially (i.e., entirely to the first unit in the category, then entirely to the next unit in the category, and so on, until a full allocation is made to the last unit in the category) in the order of smallest Book-Up Target to largest Book-Up Target until the Economic Capital Account Balance of such LTIP Unitholder attributable to such LTIP Unitholder's ownership of each LTIP Unit in the category is equal to the Class A Unit Economic Balance; provided, however, that if there is not sufficient Liquidating Gain for the Economic Capital Account Balance of such LTIP Unitholder attributable to such LTIP Unitholder's ownership of each LTIP Unit to be equal to the Class A Unit Economic Balance and the Book-Up Target for any LTIP Unit is less than the amount required to be allocated to the LTIP Unit for the Economic Capital Account attributable to the LTIP Unit to equal the Class A Unit Economic Balance, then Liquidating Gains shall be allocated pursuant to the waterfall set forth in 6.1.F(ii)(i)-(iv) above until the Book-Up Target of each such

LTIP Unit in each category has been reduced to zero and, thereafter, any remaining Liquidating Gain shall be further allocated pursuant to such waterfall until the Economic Capital Account Balance of an LTIP Unitholder attributable to such LTIP Unitholder's ownership of each LTIP Unit in the category is equal to the Class A Unit Economic Balance.

(iii) After giving effect to the special allocations set forth in Section 1 of Exhibit C hereto, and notwithstanding the provisions of Sections 6.1.A and 6.1.B above, in the event that, due to distributions with respect to Class A Units in which the LTIP Units and/or AO LTIP Units do not participate or otherwise, the Economic Capital Account Balance of any present or former holder of LTIP Units and/or AO LTIP Units, to the extent attributable to the holder's ownership of LTIP Units and/or AO LTIP Units, exceeds the target balance specified above, the amount of such excess shall be re-allocated to such holder's remaining LTIP Units and/or AO LTIP Units to the same extent and in the same manner as would apply in the event of a forfeiture of LTIP Units and/or AO LTIP Units. To the extent such excess may not be re-allocated, any remaining Liquidating Losses shall be allocated to such holder to the extent necessary to reduce or eliminate the disparity; provided, however, that if Liquidating Losses are insufficient to completely eliminate all such disparities, such losses shall be allocated among the holders of LTIP Units and AO LTIP Units as reasonably determined by the General Partner.

(iv) If a holder of LTIP Units or AO LTIP Units forfeits any LTIP Units or AO LTIP Units to which Liquidating Gain has previously been allocated under this Section 6.1.F (i) the Capital Account associated with such forfeited LTIP Units will be re-allocated to that holder's remaining LTIP Units using a methodology similar to that described in Section 6.1.F(ii) above to the extent necessary to cause such holder's Economic Capital Account Balance attributable to each LTIP Unit to equal the Class A Unit Economic Balance and (ii) the Capital Account associated with such forfeited AO LTIP Units will be re-allocated to that holder's remaining AO LTIP Units to the extent necessary to cause such holder's Economic Capital Account Balance attributable to such holder's remaining AO LTIP Units to equal the Class A Unit Economic Balance of a number of Class A Units of the General Partner equal to the number of Class A Units (or fractions thereof), if any, into which such AO LTIP Units would then be convertible, assuming for such purpose that such AO LTIP Units were a Vested AO LTIP Units. Any Capital Account balance not reallocated in accordance with this Section 6.1.F(iv) will be allocated by the General Partner among holders of other Units as the General Partner determines to be appropriate in its discretion.

(v) In the event that Liquidating Gains or Liquidating Losses are allocated under this Section 6.1.F, Net Income allocable under the remaining Subsections of Section 6.1.A (*i.e.* Subsections 6.1.A(vii) and after) and any Net Losses shall be recomputed without regard to the Liquidating Gains or Liquidating Losses so allocated.

(vi) Any such allocations under this Section 6.1.F shall first be made among the holders of LTIP Units in proportion to the amounts required to be allocated to

each under this Section 6.1.F, and next to the holders of AO LTIP Units in proportion to the amounts required to be allocated to each under this Section 6.1.F. The parties agree that the intent of this Section 6.1.F and Section 6.1.G is to make the Capital Account balance associated with (x) each LTIP Unit economically equivalent to the Capital Account balance associated with the General Partner's Class A Units (on a per-unit basis and, with respect to Special LTIP Units, other than differences resulting from the allocation of Net Income and Net Loss allocated to such Special LTIP Units prior to the Distribution Participation Date with respect to such Special LTIP Units pursuant to Section 3 of Exhibit AH in excess of the amount of Special LTIP Unit Distributions paid with respect to such Special LTIP Units) and (y) each AO LTIP Unit economically equivalent to the Capital Account balance associated with a number of Class A Units of the General Partner equal to the number of Class A Units (or fractions thereof), if any, into which such AO LTIP Unit would then be convertible, assuming for such purpose that such AO LTIP Unit was a Vested AO LTIP Unit (on a per-unit basis and other than differences resulting from the allocation of Net Income and Net Loss to AO LTIP Units prior to the AO Conversion Date with respect to such AO LTIP Units pursuant to Section 3 of Exhibit AT), but only if the Partnership has recognized cumulative net gains with respect to its assets since the issuance of the relevant LTIP Unit and/or AO LTIP Unit.

7. Section 6.1 of the Partnership Agreement is hereby amended by appending the following to the end of such Section as a new Section 6.1.G:

“Special Allocation upon Conversion of AO LTIP Unit. After a holder's conversion of an AO LTIP Unit into a fraction of a Class A Unit and after giving effect to the special allocations set forth in Section 1 of Exhibit C and in Section 6.1.F, and notwithstanding the provisions of Sections 6.1.A and 6.1.B above, but subject to the prior allocation of income and gain under clauses 6.1.A(i) through (vi) above, the Partnership will specially allocate Liquidating Gain and Liquidating Loss to the Partners until and in a manner that causes, as promptly as practicable, the portion of the Economic Capital Account Balance of the Partner converting the AO LTIP Unit that is attributable to the fraction of a Class A Unit received upon the conversion to equal the Class A Unit Economic Balance multiplied by a fraction equal to the fraction of the Class A Unit issued in the conversion.”

8. The Agreement is hereby supplemented by adding the following paragraph at the end of Section 8.6 thereof:

AT. AO LTIP Unit Exception and Redemption of Class A Units Issued Upon Conversion of AO LTIP Units. Holders of AO LTIP Units shall not be entitled to the Redemption Right provided for in Section 8.6.A of this Agreement in respect of AO LTIP Units, but will only be entitled to such Redemption Right if and after such AO LTIP Units have been converted into Class A Units (or any other class or series of Partnership Units entitled to such Redemption Right) in accordance with their terms. In addition, except as otherwise permitted by the award, plan or other agreement pursuant to which an AO LTIP Unit was issued or as otherwise expressly permitted by the General

Partner in its discretion, the Redemption Right shall not be exercisable with respect to any Class A Unit issued upon conversion of an AO LTIP Unit until on or after second anniversary of the date on which the AO LTIP Unit was issued, provided however, that the foregoing restriction shall not apply if the Redemption Right is exercised by an AO LTIP Unit holder in connection with a transaction that falls within the definition of a “change of control” under the agreement or agreements pursuant to which the AO LTIP Units were issued to him or her and provided further that the one (1) year waiting requirement set forth in the first sentence of Subsection 8.6.A(i) shall not apply with respect to Class A Units issued upon conversion of AO LTIP Units.

9. Except as expressly amended hereby, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the General Partner has executed this Amendment as of the date first written above.

VORNADO REALTY TRUST

By /s/ Joseph Macnow

Name: Joseph Macnow

Title: Executive Vice President –
Finance and Administration
and Chief Financial Officer

ATTACHMENT 1

EXHIBIT AT DESIGNATION OF THE PREFERENCES, CONVERSION AND OTHER RIGHTS, VOTING POWERS, RESTRICTIONS, LIMITATIONS AS TO DISTRIBUTIONS, QUALIFICATIONS AND TERMS AND CONDITIONS OF REDEMPTION OF THE AO LTIP UNITS

The following are the terms of the AO LTIP Units:

1. Vesting.

A. Vesting, Generally. AO LTIP Units may, in the sole discretion of the General Partner, be issued subject to vesting, forfeiture and additional restrictions on transfer pursuant to the terms of a Vesting Agreement (as defined in Exhibit AH). The terms of any Vesting Agreement may be modified by the General Partner from time to time in its sole discretion, subject to any restrictions on amendment imposed by the relevant Vesting Agreement or by the terms of any plan pursuant to which the AO LTIP Units are issued, if applicable. AO LTIP Units that have vested and are no longer subject to forfeiture under the terms of a Vesting Agreement are referred to as “Vested AO LTIP Units”; all other AO LTIP Units are referred to as “Unvested AO LTIP Units.” Subject to the terms of any Vesting Agreement, a holder of AO LTIP Units shall be entitled to transfer his or her AO LTIP Units to the same extent, and subject to the same restrictions, as a holder of Class A Units is entitled to transfer Class A Units pursuant to Article XI of the Agreement.

B. Forfeiture or Transfer of Unvested AO LTIP Units. Unless otherwise specified in the relevant Vesting Agreement, upon the occurrence of any event specified in a Vesting Agreement as resulting in either the forfeiture of any AO LTIP Units or the right of the Partnership or the General Partner to repurchase AO LTIP Units at a specified purchase price, then upon the occurrence of the circumstances resulting in such forfeiture or if the Partnership or the General Partner exercises such right to repurchase, then the relevant AO LTIP Units shall immediately, and without any further action, be treated as cancelled or transferred to the General Partner, as applicable, and no longer outstanding for any purpose. Unless otherwise specified in the Vesting Agreement, no consideration or other payment shall be due with respect to any AO LTIP Units that have been forfeited, other than any distributions declared with a record date prior to the effective date of the forfeiture. In connection with any forfeiture or repurchase of AO LTIP Units, the balance of the portion of the Capital Account of the holder that is attributable to all of

his or her AO LTIP Units shall be reduced by the amount, if any, by which it exceeds the target balance contemplated by Section 6.1.F of the Agreement, calculated with respect to the holder's remaining AO LTIP Units, if any, subject in all cases to compliance with the provisions of Section 6.1.F of the Agreement.

C. Legend. The General Partner currently anticipates that AO LTIP Units will not be certificated and the records maintained by or on behalf of the Partnership with respect to outstanding AO LTIP Units shall reflect that terms, conditions and restrictions on transfer, including without limitation any Vesting Agreement, apply to AO LTIP Units. If the Partnership elects to issue certificates evidencing an AO LTIP Unit, such certificate shall bear an appropriate legend indicating that additional terms, conditions and restrictions on transfer, including without limitation any Vesting Agreement, apply to the AO LTIP Unit.

2. Distributions.

A. AO LTIP Unit Distributions. Other than the AO LTIP Unit Special Distribution (as defined below) or distributions made pursuant to Section 13.2 of the Agreement, the holder of an AO LTIP Unit is not entitled to receive any distributions from the Partnership with respect to such AO LTIP Unit.

B. AO LTIP Unit Special Distributions. As of the AO Conversion Date (as defined below) for an AO LTIP Unit that is not forfeited on or prior to such AO Conversion Date, the holder of such AO LTIP will be entitled to receive a special distribution (the "AO LTIP Unit Special Distribution") with respect to such unit equal to the AO LTIP Unit Special Distribution Amount for such unit. The "AO LTIP Unit Special Distribution Amount" with respect to an AO LTIP Unit equals (i) the amount of cash distributions per unit that were paid on the Class A Units that had record dates for determining the Partners eligible to receive such distributions on or after the date of the issuance of such AO LTIP Unit (or such other date as is specified as the "Distribution Measurement Date" in the Vesting Agreement or other documentation pursuant to which such AO LTIP Unit is issued) and prior to the AO Conversion Date for such AO LTIP Unit multiplied by (ii) the AO LTIP Unit Sharing Percentage for such AO LTIP Unit. The AO LTIP Unit Special Distribution for an AO LTIP Unit will be payable on the payment date for the first distribution made with respect to the Class A Units with a Partnership Record Date that is on or after the AO Conversion Date for such AO LTIP Unit if and when authorized by the General Partner out of funds legally available for the payment of distributions; provided that, to the extent not otherwise prohibited by the terms of Partnership Interests entitled to any preference in distribution and authorized by the General Partner out of funds legally available for the payment of distributions, such AO LTIP Unit Special Distribution may be paid prior to such date. On or after the AO Conversion Date with respect to an AO LTIP Unit, no distributions (other than in Class A Units, LTIP Units or other Partnership Interests ranking on parity with or junior to such units as to distributions and upon liquidation, dissolution or winding up of the affairs of the Partnership) shall be declared or paid or set apart for payment upon the Class A Units, the LTIP Units or any other Partnership Interests ranking on parity with or junior to the

AO LTIP Unit as to distributions for any period (other than AO LTIP Unit Special Distributions with respect to AO LTIP Units that had an earlier AO Conversion Date) unless the full amount of any AO LTIP Unit Special Distribution due with respect to such AO LTIP Unit has been or is contemporaneously declared and paid.

3. Allocations. Each holder of an AO LTIP Unit shall be allocated Net Income and Net Loss, for any taxable year or portion of a taxable year occurring after the issuance of such AO LTIP Units, in amounts per AO LTIP Unit equal to (i) the amounts allocated per Class A Unit for the same period multiplied by (ii) the AO LTIP Unit Sharing Percentage for such AO LTIP Unit. The allocations provided by this Section 3 of Exhibit AT shall be subject to the proviso to the first sentence of Section 6.1.B of the Agreement.

4. Adjustments. If an Adjustment Event as defined in Exhibit AH (or other similar event that the General Partner determines would require an adjustment to LTIP Units) occurs, the General Partner shall make such corresponding adjustment to each AO LTIP Unit as the General Partner determines is appropriate to maintain the same correspondence ratio between such AO LTIP Unit and the Class A Units as existed immediately prior to such Adjustment Event or other event. The methodology for making adjustments set forth in Exhibit AH with respect to LTIP Units shall be used, with all appropriate modifications, for making adjustments under this Exhibit AT with respect to AO LTIP Units as the General Partner determines to be appropriate in its judgment.

5. Ranking. Except as specifically provided otherwise, the AO LTIP Units shall rank on parity with the Class A Units in all respects.

6. No Liquidation Preference. The AO LTIP Units shall have no liquidation preference.

7. Right to Convert AO LTIP Units into Class A Units.

A. Conversion Right. A holder of AO LTIP Units shall have the right (the “AO Conversion Right”), at his or her option, at any time to convert all or a portion of his or her Vested AO LTIP Units into Class A Units. In order to exercise his or her AO Conversion Right, a holder of AO LTIP Units shall deliver a notice (an “AO Conversion Notice”) in the form attached as Attachment A to this Exhibit AT to the Partnership. Holders of AO LTIP Units shall not have the right to convert Unvested AO LTIP Units into Class A Units until they become Vested AO LTIP Units; provided, however, that when a holder of AO LTIP Units is notified of the expected occurrence of an event that will cause his or her Unvested AO LTIP Units to become Vested AO LTIP Units (or at such other time, if any, as may be permitted by the General Partner in its discretion), such Person may give the Partnership an AO Conversion Notice conditioned upon and effective as of the time of vesting (or the occurrence of such other event as may be permitted by the General Partner), and such AO Conversion Notice shall become effective upon the time of such vesting (or such other event) unless it is revoked by the holder of the AO LTIP Units prior to such effectiveness. In all cases, the conversion of any AO LTIP Units into Class A Units shall be subject to the conditions and procedures set forth in this Section 7. Each holder of AO LTIP Units covenants and agrees with the

Partnership that all Vested AO LTIP Units to be converted pursuant to this Section 7 shall be delivered free and clear of all liens. Notwithstanding anything herein to the contrary or the holding period requirement of Section 8.6.A(i) of the Agreement (but subject to the remainder of Section 8.6, including the limitation in Section 8.6.AT thereof generally prohibiting exercise of the Redemption Right with respect to Class A Units received in respect of AO LTIP Units until on or after the second anniversary of issuance of the AO LTIP Units), a holder of AO LTIP Units may deliver a Redemption Notice pursuant to Section 8.6 of the Agreement relating to those Class A Units that will be issued to such holder upon conversion of such LTIP Units into Class A Units in advance of the AO Conversion Date; provided, however, that the redemption of such Class A Units by the Partnership shall in no event take place until the AO Conversion Date. For clarity, it is noted that the objective of this paragraph is to put a holder of Vested AO LTIP Units in a position where, if he or she so wishes, the Class A Units into which his or her Vested AO LTIP Units will be converted can be redeemed by the Partnership simultaneously with such conversion notwithstanding such Class A Units were not held for one (1) year, with the further consequence that, if the General Partner elects to assume the Partnership's redemption obligation with respect to such Class A Units under Section 8.6 of the Agreement by delivering to such holder Shares rather than cash, then such holder can have such Shares issued to him or her simultaneously with the conversion of his or her Vested AO LTIP Units into Class A Units. The General Partner shall cooperate with a holder of AO LTIP Units to coordinate the timing of the different events described in the foregoing sentence.

B. Mandatory Conversion. On the Mandatory Conversion Date with respect to any Vested AO LTIP Units, all such Vested AO LTIP Units that have not previously been converted shall be converted into Class A Units without any further action on the part of the Partnership or the holder of such Vested AO LTIP Units. The "Mandatory Conversion Date" with respect to an AO LTIP Unit shall mean the date specified as such in the relevant Vesting Agreement or, if no such date is specified, the date that is the tenth (10th) anniversary of the date of issuance of that AO LTIP Unit.

C. AO Forced Conversion in Connection with an AO Forced Conversion Event. Upon the effective time of an AO Forced Conversion Event (as defined below), at the election of the General Partner, either (i) all then outstanding AO LTIP Units shall vest and be converted into Class A Units (a "AO Forced Conversion") or (ii) the AO LTIP Units will remain outstanding and continue with appropriate adjustment pursuant to Section 4 above (and any other similar adjustment provisions applicable to the AO LTIP Units). Unless otherwise specified in the relevant Vesting Agreement for AO LTIP Units, an "AO Forced Conversion Event" shall mean a merger or consolidation of the Partnership with one or more entities (other than entities controlled directly or indirectly by the General Partner Entity, the General Partner or the Partnership prior to such merger or consolidation).

In the event of an AO Forced Conversion, the Partnership shall use commercially reasonable efforts to cause each holder of AO LTIP Units to be afforded the right to receive, in connection with the AO Forced Conversion Event in consideration for the

Class A Units into which his or her AO LTIP Units will be converted, the same kind and amount of cash, securities and other property (or any combination thereof) receivable upon the consummation of such AO Forced Conversion Event by a holder of the same number of Class A Units, assuming such holder of Class A Units is not a Constituent Person (as defined in Exhibit AH) or an affiliate of a Constituent Person. In the event the Partnership is a party to a transaction pursuant to which Class A Units shall be exchanged for or converted into the right to receive cash, securities or other property, then, prior to the completion of such transaction, the General Partner shall give written notice to each holder of AO LTIP Units eligible for conversion into Class A Units or that will become so eligible in connection with such transaction, and shall use commercially reasonable efforts to afford to such holders who exercise the right to convert prior to or in connection with such transaction the right to elect the form or type of consideration to be received with respect to each Class A Unit issuable upon conversion of each AO LTIP Unit so converted to the same extent as the holders of the Class A Units.

D. Conversion Date. The date on which a Vested AO LTIP Unit shall be converted into Class A Units (the “AO Conversion Date” for such unit) shall be: (i) in the event of a conversion upon the exercise of the AO Conversion Right, the date on which the Partnership receives the AO Conversion Notice for the conversion of such Vested AO LTIP Unit (or, if later, the date upon which such AO Conversion Notice becomes effective), (ii) in the event of a conversion as a result of an AO Forced Conversion, upon the effective time of the applicable AO Forced Conversion Event or (iii) in the event of a conversion immediately prior to the Mandatory Conversion Date, the Mandatory Conversion Date.

E. Number of Units Convertible. A holder of Vested AO LTIP Units may convert each such Vested AO LTIP Unit into a number (or fraction thereof) of fully paid and non-assessable Class A Units, giving effect to all adjustments (if any) made pursuant to Section 4, equal to the AO LTIP Conversion Factor (as defined below) for such Vested AO LTIP Unit on the AO Conversion Date for such Vested AO LTIP Unit. The “AO LTIP Unit Conversion Factor” shall mean, for an AO LTIP Unit as of a particular date, the quotient of (i) the excess of the AO Conversion Value over the AO LTIP Unit Participation Threshold (as defined below) for such AO LTIP Unit as of such date (or, if there is no excess, zero), divided by (ii) the AO Conversion Value. The “AO Conversion Value” of an AO LTIP Unit as of a particular date means the Share Price multiplied by the Conversion Factor, in each case, as of such date. “Share Price” means, as of a particular date, (i) if on such date the 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 Share Price of a Share shall be the closing price per Share of the Shares on such exchange or in such market (if there is more than one such exchange or market, the General Partner shall determine the appropriate exchange or market) on such date (or if there is no such reported closing price, the Share Price 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 Shares is reported for such trading day, on the next preceding day on which any sale shall have been reported; or (ii) if the Shares are not listed on such an exchange, quoted on such system or traded on

such a market on such date, Share Price shall be the value per Share of the Shares as determined by the General Partner in good faith. The “AO LTIP Unit Participation Threshold” shall mean, for each AO LTIP Unit, the amount specified as such in the relevant Vesting Agreement or other documentation pursuant to which such AO LTIP Unit is granted.

F. Conversion Procedures. A conversion of Vested AO LTIP Units for which the holder thereof has given an AO Conversion Notice or that have converted upon the Mandatory Conversion Date or an AO Forced Conversion shall occur automatically after the close of business on the applicable AO Conversion Date without any further action on the part of such holder of AO LTIP Units, as of which time such holder of AO LTIP Units shall be credited on the books and records of the Partnership with the issuance of the number of Class A Units issuable upon such conversion. After the conversion of AO LTIP Units as aforesaid, the Partnership shall deliver to such holder of AO LTIP Units, upon his or her written request, a certificate of the General Partner certifying the number of Class A Units and remaining AO LTIP Units, if any, held by such Person immediately after such conversion; provided, however, that if the AO LTIP Units being converted are evidenced by a physical certificate, the Partnership will be entitled to require that the holder return the original certificate (or, if that certificate has been lost or destroyed, an affidavit of lost certificate, with supporting indemnification, in form and substance determined by the General Partner) and to condition delivery of the new certificate evidencing Class A Units upon receipt of same.

G. Treatment of Capital Account. For purposes of making future allocations under Section 6.1.F of the Agreement, the portion of the Economic Capital Account Balance of the applicable holder of AO LTIP Units that is treated as attributable to his or her AO LTIP Units shall be reduced, as of an AO Conversion Date, by the lesser of (i) the product of the number of Class A Units into which such holder’s AO LTIP Units were converted on such date multiplied by the Class A Unit Economic Balance or (ii) the entire amount of the Economic Capital Account Balance of the applicable holder of AO LTIP Units that was treated as attributable to his or her AO LTIP Units prior to such AO Conversion Date.

8. Redemption at the Option of the Partnership. AO LTIP Units will not be redeemable at the option of the Partnership; provided, however, that the foregoing shall not prohibit the Partnership from repurchasing AO LTIP Units from the holder thereof if and to the extent such holder agrees to sell such units.

9. Voting Rights.

A. No Voting Rights. Except as provided in Section 9.B, holders of AO LTIP Units shall not have the right to vote on any matters submitted to a vote of the Limited Partners.

B. Special Approval Rights. The General Partner and/or the Partnership shall not, without the affirmative vote of holders of more than 50% of the then outstanding AO

LTIP Units affected thereby, given in person or by proxy, either in writing or at a meeting (voting separately as a class), take any action that would materially and adversely alter, change, modify or amend, whether by merger, consolidation or otherwise, the rights, powers or privileges of the AO LTIP Units, subject to the following exceptions: (i) no consent of the holders of AO LTIP Units will be required with respect to any alteration, change, modification or amendment of the rights, powers or privileges of the Class A Units that applies on a substantially similar basis to all holders of Class A Units; (ii) with respect to any merger, consolidation or other business combination or reorganization, so long as (x) there is an AO Forced Conversion of all outstanding AO LTIP Unit in accordance with Section 7 hereof, (y) the AO LTIP Units remain outstanding with the terms thereof materially unchanged or (z) if the Partnership is not the surviving entity in such transaction, the AO LTIP Units are exchanged for a security of the surviving entity with terms that are materially the same with respect to rights to allocations, distributions, redemption, conversion and voting as the AO LTIP Units and without any income, gain or loss expected to be recognized by the holder upon the exchange for federal income tax purposes (and with the terms of the Class A Units or such other securities into which the AO LTIP Units (or the substitute security therefor) are convertible materially the same with respect to rights to allocations, distributions, redemption, conversion and voting), such merger, consolidation or other business combination or reorganization shall not be deemed to materially and adversely alter, change, modify or amend the rights, powers or privileges of the AO LTIP Units; (iii) any creation or issuance of any Class A Units or of any class or series of Partnership Interests (whether ranking junior to, on parity with or senior to the AO LTIP Units with respect to payment of distributions, redemption rights and the distribution of assets upon liquidation, dissolution or winding up), which either (x) does not require the consent of the holders of Class A Units or (y) does require such consent and is authorized by a vote of the holders of Class A Units, together with any other class or series of units of limited partnership interest in the Partnership upon which like voting rights have been conferred, shall not be deemed to materially and adversely alter, change, modify or amend the rights, powers or privileges of the AO LTIP Units; and (iv) any waiver by the Partnership of restrictions or limitations applicable to any outstanding AO LTIP Units with respect to any holder or holders thereof shall not be deemed to materially and adversely alter, change, modify or amend the rights, powers or privileges of the AO LTIP Units with respect to other holders. The foregoing voting provisions will not apply if, as of or prior to the time when the action with respect to which such vote would otherwise be required will be taken or be effective, all outstanding AO LTIP Units shall have been converted, or provision is made for such conversion to occur as of or prior to such time.

[End of text]

**Notice of Election by Partner to Convert
AO LTIP Units into Class A Units**

The undersigned holder of AO LTIP Units hereby irrevocably elects to convert the number of Vested AO LTIP Units in Vornado Realty L.P. (the "Partnership") set forth below into Class A Units in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of the Partnership, as amended. The undersigned hereby represents, warrants, and certifies that the undersigned: (a) has title to such AO LTIP Units, free and clear of the rights or interests of any other person or entity other than the Partnership; (b) has the full right, power, and authority to cause the conversion of such AO LTIP Units as provided herein; and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consent or approve such conversion.

Name of Holder: _____
(Please Print: Exact Name as Registered with Partnership)

AO LTIP Units to be Converted

Number of AO LTIP Units: _____

Issuance Date of AO LTIP Units: _____

AO LTIP Unit Participation Threshold: _____

(Signature of Holder: Sign Exact Name as Registered with Partnership)

(Street Address)

(City) (State) (Zip Code)

Signature Guaranteed by: _____

AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

dated as of October 17, 2017

among

VORNADO REALTY L.P.,
as Borrower,

THE BANKS SIGNATORY HERETO,
each as a Bank,

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent,

BANK OF AMERICA, N.A. and WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Syndication Agents,

and

BARCLAYS BANK PLC, BMO HARRIS BANK, N.A., CITIBANK, N.A.,
DEUTSCHE BANK SECURITIES INC., GOLDMAN SACHS BANK USA,
MORGAN STANLEY SENIOR FUNDING INC.,
PNC BANK, NATIONAL ASSOCIATION, SOCIÉTÉ GÉNÉRALE,
TD BANK, N.A., and U.S. BANK NATIONAL ASSOCIATION,
as Documentation Agents

JPMORGAN CHASE BANK, N.A.,
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
and
WELLS FARGO SECURITIES LLC,
as Joint Lead Arrangers and Joint Bookrunners

CITIGROUP GLOBAL MARKETS INC., PNC CAPITAL MARKETS LLC,
TD SECURITIES (USA) LLC
and
U.S. BANK NATIONAL ASSOCIATION,
as Joint Lead Arrangers

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AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT (this “Agreement”) dated as of October 17, 2017 among VORNADO REALTY L.P., a limited partnership organized and existing under the laws of the State of Delaware (“Borrower”), JPMORGAN CHASE BANK, N.A., as agent for the Banks (in such capacity, together with its successors in such capacity, “Administrative Agent”), BANK OF AMERICA, N.A. and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Syndication Agents, THE FINANCIAL INSTITUTIONS LISTED ON THE COVER PAGE as Documentation Agents, and JPMORGAN CHASE BANK, N.A., in its individual capacity and not as Administrative Agent, and the other lenders signatory hereto (said lenders signatory hereto and the lenders who from time to time become Banks pursuant to Section 2.16(c), 3.07 or 12.05 and, if applicable, any of the foregoing lenders’ Designated Lenders, each a “Bank” and collectively, the “Banks”).

WHEREAS, the Borrower, the Administrative Agent and certain of the Banks are parties to an Amended and Restated Revolving Credit Agreement dated as of September 30, 2014 (the “Existing 2014 Credit Agreement”), pursuant to which such Banks made available to the Borrower a revolving line of credit in the amount of One Billion Two Hundred Fifty Million Dollars (\$1,250,000,000), which may be increased to One Billion Seven Hundred Fifty Million Dollars (\$1,750,000,000);

WHEREAS, the Borrower has requested that the Administrative Agent and the Banks amend and restate the Existing 2014 Credit Agreement in its entirety, and the Administrative Agent and the Banks are willing to so amend and restate the Existing 2014 Credit Agreement in its entirety as set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual agreements, covenants and conditions hereinafter set forth, Borrower, the Administrative Agent and each of the Banks agree to amend and restate the Existing 2014 Credit Agreement in its entirety as follows:

ARTICLE I

DEFINITIONS; ETC.

SECTION 1.01 Definitions. As used in this Agreement the following terms have the following meanings (except as otherwise provided, terms defined in the singular have a correlative meaning when used in the plural, and vice versa):

“Additional Costs” has the meaning specified in Section 3.01.

“Administrative Agent” has the meaning specified in the preamble.

“Administrative Agent’s Office” means Administrative Agent’s office located at 270 Park Avenue, New York, New York 10017, or such other office in the United States as Administrative Agent may designate by written notice to Borrower and the Banks.

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Affected Bank” has the meaning specified in Section 3.07.

“Affected Loan” has the meaning specified in Section 3.04.

“Affiliate” means, with respect to any Person (the “first Person”), any other Person: (1) which directly or indirectly controls, or is controlled by, or is under common control with, the first Person. The term “control” means the possession, directly or indirectly, of the power, alone, to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

“Agent” means, individually and collectively, Administrative Agent, each Syndication Agent and each Documentation Agent.

“Agreement” means this Amended and Restated Revolving Credit Agreement.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or any of its Affiliates from time to time concerning or relating to bribery, corruption or money-laundering.

“Applicable Lending Office” means, for each Bank and for its LIBOR Loan, Bid Rate Loan(s), or Base Rate Loan, as applicable, the lending office of such Bank (or of an Affiliate of such Bank) designated as such on its signature page hereof or in the applicable Assignment and Assumption Agreement, or such other office of such Bank (or of an Affiliate of such Bank) as such Bank may from time to time specify to Administrative Agent and Borrower as the office by which its LIBOR Loan, Bid Rate Loan(s) or Base Rate Loan, as applicable, is to be made and maintained.

“Applicable Margin” means, with respect to Base Rate Loans and LIBOR Loans, the respective percentages per annum determined, at any time, based on the range into which any Credit Rating then falls, in accordance with the table set forth below. Any change in any Credit Rating causing it to move to a different range on the table shall effect an immediate change in the Applicable Margin as of the day of such change. Borrower shall have not less than two (2) Credit Ratings at all times, one of which shall be from S&P or Moody’s. In the event that Borrower receives only two (2) Credit Ratings, and such Credit Ratings are not equivalent, the Applicable Margin shall be the higher of the two Credit Ratings. In the event that Borrower receives more than two (2) Credit Ratings, and such Credit Ratings are not all equivalent, the Applicable Margin shall be (A) if the difference between the highest and the lowest such Credit Ratings is one ratings category (e.g. Baa2 by Moody’s and BBB- by S&P or Fitch), the Applicable Margin shall be the rate per annum that would be applicable if the highest of the Credit Ratings were used; and (B) if the difference between the highest and the lowest such Credit Ratings is two ratings categories (e.g. Baa1 by Moody’s and BBB- by S&P or Fitch) or more, the Applicable Margin shall be the rate per annum that would be applicable if the average of the two (2) highest Credit Ratings were used, provided that if such average is not a recognized rating category (i.e., the difference between the Credit Ratings is an even number of ratings categories), then the Applicable Margin shall be based on the lower of the two (2) highest Credit Ratings.

Borrower's Credit Rating (S&P or Fitch/Moody's Ratings)	Applicable Margin for Base Rate Loans (% per annum)	Applicable Margin for LIBOR Loans (% per annum)
A+/A1 or higher	0.000	0.700
A/A2	0.000	0.775
A-/A3	0.000	0.825
BBB+/Baa1	0.000	0.875
BBB/Baa2	0.000	1.000
BBB-/Baa3	0.200	1.200
Below BBB-/Baa3 or unrated	0.550	1.550

“Assignee” has the meaning specified in Section 12.05(c).

“Assignment and Assumption Agreement” means an Assignment and Assumption Agreement, substantially in the form of EXHIBIT E, pursuant to which a Bank assigns and an Assignee assumes rights and obligations in accordance with Section 12.05.

“Authorization Letter” means a letter agreement executed by Borrower in the form of EXHIBIT A.

“Available Total Loan Commitment” has the meaning specified in Section 2.01(b).

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Bank” and “Banks” have the respective meanings specified in the preamble; provided, however, that the term “Bank” shall exclude each Designated Lender when used in reference to a Ratable Loan, the Loan Commitments or terms relating to the Ratable Loans and the Loan Commitments.

“Bank Affiliate” means, (a) with respect to any Bank, (i) a Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Bank or (ii) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by such Bank or a Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Bank and (b) with respect to any Bank that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Bank or by a Person directly or

indirectly controlling or controlled by or under direct or indirect common control with such investment advisor.

“Bank Parties” means Administrative Agent and the Banks.

“Banking Day” means (1) any day except a Saturday or Sunday on which commercial banks are not authorized or required to close in New York City and (2) whenever such day relates to a LIBOR Loan or a Bid Rate Loan, an Interest Period with respect to such LIBOR Loan or Bid Rate Loan, or notice with respect to such LIBOR Loan or Bid Rate Loan, a day on which dealings in Dollar deposits are carried out in the London interbank market and banks are open for business in London and New York City, and (3) in the case of Letters of Credit transactions for a particular Fronting Bank, any day except a Saturday or Sunday on which commercial banks are not authorized or required to close in the place where its office for issuance or administration of the pertinent Letter of Credit is located and in New York City.

“Bank Reply Period” has the meaning specified in Section 12.02.

“Bankruptcy Code” means Title 11 of the United States Code, entitled “Bankruptcy”, as amended from time to time, and any successor or statute or statutes.

“Bankruptcy Event” means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, provided that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“Banks’ L/C Fee Rate” has the meaning specified in Section 2.17(g).

“Base Rate” means, for any day, the highest of (1) the NYFRB Rate for such day plus one-half percent (0.50%), (2) the Prime Rate for such day, and (3) the LIBOR Interest Rate for such day if a LIBOR Loan with an Interest Period of one month were being made on such day plus one percent (1.0%); provided that, for the purpose of this definition, the LIBOR Interest Rate for any day shall be based on the LIBO Screen Rate (or if the LIBO Screen Rate is not available for such one month Interest Period, the Interpolated Rate) at approximately 11:00 a.m. London time on such day. Any change in the Base Rate due to a change in the Prime Rate, the NYFRB Rate or the LIBOR Interest Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the LIBOR Interest Rate, respectively. If the Base Rate is being used as an alternate rate of interest pursuant to Section 3.02 hereof, then the Base Rate shall be the greater of clause (1) and (2) above and shall be determined without

reference to clause (3) above. For the avoidance of doubt if the Base Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Base Rate Loan” means all or any portion (as the context requires) of a Bank’s Ratable Loan which shall accrue interest at a rate determined in relation to the Base Rate.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Bid Borrowing Limit” has the meaning specified in Section 2.01(c).

“Bid Rate Loan” has the meaning specified in Section 2.01(c).

“Bid Rate Loan Note” has the meaning specified in Section 2.09.

“Bid Rate Quote” means an offer by a Bank to make a Bid Rate Loan in accordance with Section 2.02.

“Bid Rate Quote Request” has the meaning specified in Section 2.02(a).

“Borrower” has the meaning specified in the preamble.

“Borrower’s Accountants” means Deloitte LLP, any other “Big 4” accounting firm selected by Borrower (or a successor thereof), or such other accounting firm(s) selected by Borrower and reasonably acceptable to the Required Banks.

“Borrower’s Consolidated Financial Statements” means the consolidated balance sheet and related consolidated statements of operations, changes in equity and cash flows, and footnotes thereto, of the Borrower, in each case prepared in accordance with GAAP and as filed with the SEC as SEC Reports.

“Borrower’s Pro Rata Share” means an amount determined based on the pro rata ownership of the equity interests of a Person by Borrower and Borrower’s consolidated subsidiaries.

“Capitalization Value” means, at any time, the sum of (1) with respect to Real Property Businesses (other than UJVs), individually determined, the greater of (x) Combined EBITDA from such businesses (a) in the case of all Real Property Businesses other than hotels or trade show space, for the most recently ended calendar quarter, annualized (i.e., multiplied by four), and (b) in the case of hotels or trade show space, for the most recently ended four consecutive calendar quarters, in both cases, capitalized at a rate of 6.0% per annum, and (y) the Gross Book Value of such businesses; (2) with respect to Other Investments, which do not have publicly traded shares, the Net Equity Value of such Other Investments; (3) with respect to Real Property UJVs, which do not have publicly traded shares, individually determined, the greater of (x) Combined EBITDA from such Real Property UJVs (a) in the case of all Real Property UJVs

other than those owning hotels or trade show space, for the most recently ended calendar quarter, annualized (i.e., multiplied by four), and (b) in the case of Real Property UJVs owning hotels or trade show space, for the most recently ended four consecutive calendar quarters, in both cases, capitalized at the rate of 6.0%, less Borrower's Pro Rata Share of any Indebtedness attributable to such Real Property UJVs, and (y) the Net Equity Value of such Real Property UJVs (subject to the last sentence of this definition); and (4) without duplication, Borrower's Pro Rata Share of Unrestricted Cash and Cash Equivalents, the book value of notes and mortgage loans receivable and capitalized development costs (exclusive of tenant improvements and tenant leasing commission costs), and the fair market value of publicly traded securities, at such time, all as determined in accordance with GAAP. For clarity, the parties acknowledge and agree that the calculations pursuant to clause (1)(x) and (y) and clause (3)(x) and (y) above in this definition are intended to be made on a Real-Property-Asset-by-Real-Property-Asset basis. For the purposes of this definition, (1) for any Disposition of Real Property Assets by a Real Property Business during any calendar quarter, Combined EBITDA will be reduced by actual Combined EBITDA generated from such asset or assets, (2) the aggregate contribution to Capitalization Value in excess of 35% of the total Capitalization Value from all Real Property Businesses and Other Investments owned by UJVs shall not be included in Capitalization Value, and (3) the aggregate contribution to Capitalization Value from leasing commissions and management and development fees in excess of 15% of Combined EBITDA shall not be included in Capitalization Value. To the extent that liabilities of a Real Property UJV are Recourse to Borrower or the General Partner, then for purposes of clause (3)(y) above, the Net Equity Value of such Real Property UJV shall not be reduced by such Recourse liabilities.

"Capitalization Value of Unencumbered Assets" means, at any time, the sum of (1) with respect to Real Property Businesses (other than UJVs), individually determined, the greater of (x) Unencumbered Combined EBITDA from such Real Property Businesses (a) in the case of all Real Property Businesses other than hotels or trade show space, for the most recently ended calendar quarter, annualized (i.e., multiplied by four), and (b) in the case of hotels or trade show space, the most recently ended four consecutive calendar quarters, in both cases, capitalized at a rate of 6.0% per annum, and (y) the Gross Book Value of such businesses; (2) with respect to Real Property UJVs, which do not have publicly traded shares, individually determined, the greater of (x) the Unencumbered Combined EBITDA from such Real Property UJVs (a) in the case of Real Property UJVs other than those owning hotels or trade show space, for the most recently ended calendar quarter, annualized (i.e., multiplied by four), and (b) in the case of Real Property UJVs owning hotels or trade show space, for the most recently ended four consecutive calendar quarters, in both cases, capitalized at a rate of 6.0% per annum, and (y) the Net Equity Value of such Real Property UJVs; and (3) without duplication, Borrower's Pro Rata Share of Unrestricted Cash and Cash Equivalents, the book value of notes and mortgage loans receivable and capitalized development costs (exclusive of tenant improvements and tenant leasing commission costs), and the fair market value of publicly traded securities that are Unencumbered Assets of Borrower, at such time, all as determined in accordance with GAAP. For the purposes of this definition, (1) for any Disposition of Real Property Assets by a Real Property Business during any calendar quarter, Unencumbered Combined EBITDA will be reduced by actual Unencumbered Combined EBITDA generated from such asset or assets, (2) the aggregate contribution to Capitalization Value of Unencumbered Assets in excess of 35% of the total Capitalization Value of Unencumbered Assets from the aggregate of all Real Property Businesses owned by UJVs, and notes and mortgage loans receivable that are Unencumbered

Assets at such time, as determined, in accordance with GAAP, shall not be included in Capitalization Value of Unencumbered Assets, and (3) the aggregate contribution to Capitalization Value of Unencumbered Assets from leasing commissions and management and development fees in excess of 15% of Unencumbered Combined EBITDA shall not be included in Capitalization Value of Unencumbered Assets.

“Capital Lease” means any lease which has been or should be capitalized on the books of the lessee in accordance with GAAP.

“Cash or Cash Equivalents” means (a) cash; (b) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by an agency thereof and backed by the full faith and credit of the United States, in each case maturing within one (1) year after the date of acquisition thereof; (c) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within ninety (90) days after the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from any two of S&P, Moody’s or Fitch (or, if at any time no two of the foregoing shall be rating such obligations, then from such other nationally recognized rating services as are reasonably acceptable to Administrative Agent); (d) domestic corporate bonds, other than domestic corporate bonds issued by Borrower or any of its Affiliates, maturing no more than two (2) years after the date of acquisition thereof and, at the time of acquisition, having a rating of at least A or the equivalent from any two (2) of S&P, Moody’s or Fitch (or, if at any time no two of the foregoing shall be rating such obligations, then from such other nationally recognized rating services as are reasonably acceptable to Administrative Agent); (e) variable-rate domestic corporate notes or medium term corporate notes, other than notes issued by Borrower or any of its Affiliates, maturing or resetting no more than one (1) year after the date of acquisition thereof and having a rating of at least A or the equivalent from two of S&P, Moody’s or Fitch (or, if at any time no two of the foregoing shall be rating such obligations, then from such other nationally recognized rating services as are reasonably acceptable to Administrative Agent); (f) commercial paper (foreign and domestic) or master notes, other than commercial paper or master notes issued by Borrower or any of its Affiliates, and, at the time of acquisition, having a long-term rating of at least A or the equivalent from S&P, Moody’s or Fitch and having a short-term rating of at least A-2 and P-2 from S&P and Moody’s, respectively (or, if at any time neither S&P nor Moody’s shall be rating such obligations, then the highest rating from such other nationally recognized rating services as are reasonably acceptable to Administrative Agent); (g) domestic and foreign certificates of deposit or domestic time deposits or foreign deposits or bankers’ acceptances (foreign or domestic) in Dollars, Hong Kong Dollars, Singapore Dollars, Pounds Sterling, Euros or Yen that are issued by a bank (I) which has, at the time of acquisition, a long-term rating of at least A or the equivalent from S&P, Moody’s or Fitch (or, if at any time no two of the foregoing shall be rating such obligations, then from such other nationally recognized rating services as are reasonably acceptable to Administrative Agent) and (II) if a domestic bank, which is a member of the Federal Deposit Insurance Corporation; (h) overnight securities repurchase agreements, or reverse repurchase agreements secured by any of the foregoing types of securities or debt instruments, provided that the collateral supporting such repurchase agreements shall have a value not less than 101% of the principal amount of the repurchase agreement plus accrued interest; and (i) money market funds invested in investments substantially all of which consist of the items described in clauses (a) through (h) above.

“Charges” has the meaning specified in Section 2.07.

“Closing Date” means the date the Initial Advance is made.

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

“Combined EBITDA” means, for any quarter, the Borrower’s Pro Rata Share of net income or loss plus Interest Expense, income taxes, depreciation and amortization and excluding the effect of non-recurring items (such as, without limitation, (i) gains or losses from asset sales, (ii) gains or losses from debt restructurings or write-ups or forgiveness of indebtedness, and costs and expenses incurred during such period with respect to acquisitions consummated during such period, and (iii) non-cash gains or losses from foreign currency fluctuations), all as determined in accordance with GAAP, of Consolidated Businesses and UJVs (provided, however, that for purposes of determining the ratio of Combined EBITDA to Fixed Charges, Combined EBITDA of UJVs shall exclude UJVs that are not Real Property UJVs), as the case may be, multiplied by four, provided however, that Combined EBITDA shall include only general and administrative expenses that are attributable to the management and operation of the assets in accordance with GAAP and shall not include any corporate general and administrative expenses of Borrower, General Partner, Consolidated Businesses or UJVs (e.g., salaries of corporate officers).

“Consolidated Businesses” means, at any time, the Borrower and Subsidiaries of the Borrower that the Borrower consolidates in its consolidated financial statements prepared in accordance with GAAP, provided, however, that UJVs which are consolidated in accordance with GAAP are not Consolidated Businesses.

“Continue”, “Continuation” and “Continued” refer to the continuation pursuant to Section 2.12 of a LIBOR Loan as a LIBOR Loan from one Interest Period to the next interest Period.

“Convert”, “Conversion” and “Converted” refer to a conversion pursuant to Section 2.12 of a Base Rate Loan into a LIBOR Loan or a LIBOR Loan into a Base Rate Loan, each of which may be accompanied by the transfer by a Bank (at its sole discretion) of all or a portion of its Ratable Loan from one Applicable Lending Office to another.

“Credit Party” means the Administrative Agent, the Fronting Bank or any other Bank.

“Credit Rating” means the rating assigned by Moody’s, S&P and/or Fitch to Borrower’s senior unsecured long-term indebtedness.

“Debt” means, at any time, without duplication, (i) all indebtedness and liabilities of a Person for borrowed money, secured or unsecured, including mortgage and other notes payable (but excluding any indebtedness to the extent secured by cash or cash equivalents or marketable securities, or defeased), as determined in accordance with GAAP, and (ii) without duplication, all liabilities of a Person consisting of indebtedness for borrowed money, determined in accordance with GAAP, that are or would be stated and quantified as contingent liabilities in the notes to the consolidated financial statements of such Person as of that date. For purposes of

determining “Total Outstanding Indebtedness” and “Debt”, the term “without duplication” shall mean (without limitation) that amounts loaned from one Person to a second Person that under GAAP would be consolidated with the first Person shall not be treated as Debt of the second Person.

“Default” means any event which with the giving of notice or lapse of time, or both, would become an Event of Default.

“Defaulting Lender” means any Bank that (a) has failed, within three Banking Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Bank notifies the Administrative Agent in writing that such failure is the result of such Bank’s good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, or, in the case of clause (iii) above, such Bank notifies the Administrative Agent in writing that such failure is the result of a good faith dispute which has been specifically identified, (b) has notified the Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Bank’s good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Banking Days after request by the Administrative Agent, the Fronting Bank or Borrower, acting in good faith, to provide a certification in writing from an authorized officer of such Bank that it will comply with its obligations to fund prospective Loans and participations in then outstanding Letters of Credit under this Agreement, provided that such Bank shall cease to be a Defaulting Lender pursuant to this clause (c) upon the Administrative Agent’s, the Fronting Bank’s or Borrower’s and the Administrative Agent’s (as applicable) receipt of such certification in form and substance reasonably satisfactory to it or them (as applicable), or (d) has, or has a direct or indirect parent company that has, become the subject of a Bankruptcy Event or a Bail-In Action.

“Default Rate” means a rate per annum equal to: (1) with respect to Base Rate Loans, a variable rate of three percent (3%) plus the rate of interest then in effect thereon (including the Applicable Margin); and (2) with respect to LIBOR Loans and Bid Rate Loans, a fixed rate of three percent (3%) plus the rate(s) of interest in effect thereon (including the Applicable Margin or the LIBOR Bid Margin, as the case may be) at the time of any Default or Event of Default until the end of the then current Interest Period therefor and, thereafter, a variable rate of three percent (3%) plus the rate of interest for a Base Rate Loan (including the Applicable Margin).

“Designated Lender” means a special purpose corporation that (i) shall have become a party to this Agreement pursuant to Section 12.16 and (ii) is not otherwise a Bank.

“Designating Lender” has the meaning specified in Section 12.16.

“Designation Agreement” means an agreement in substantially the form of EXHIBIT H, entered into by a Bank and a Designated Lender and accepted by Administrative Agent.

“Disposition” means a sale (whether by assignment, transfer or Capital Lease) of an asset.

“Dollars” and the sign “\$” mean lawful money of the United States of America.

“EEA Financial Institution” means (a) any institution established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Elect”, “Election” and “Elected” refer to elections, if any, by Borrower pursuant to Section 2.12 to have all or a portion of an advance of the Ratable Loans be outstanding as LIBOR Loans.

“Electronic Signature” means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

“Electronic System” means any electronic system, including e-mail, e-fax, Intralinks[®], ClearPar[®], Debt Domain, Syndtrak and any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Administrative Agent and any of its Affiliates or any other Person, providing for access to data protected by passcodes or other security system(s).

“Environmental Discharge” means any discharge or release of any Hazardous Materials in violation of any applicable Environmental Law.

“Environmental Law” means any applicable Law relating to pollution or the environment, including Laws relating to noise or to emissions, discharges, releases or threatened releases of Hazardous Materials into the work place, the community or the environment, or otherwise relating to the generation, manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

“Environmental Notice” means any written complaint, order, citation, letter, inquiry, notice or other written communication from any Person (1) affecting or relating to

Borrower's compliance with any Environmental Law in connection with any activity or operations at any time conducted by Borrower, (2) relating to the occurrence or presence of or exposure to or possible or threatened or alleged occurrence or presence of or exposure to Environmental Discharges or Hazardous Materials at any of Borrower's locations or facilities, including, without limitation: (a) the existence of any contamination or possible or threatened contamination at any such location or facility and (b) remediation of any Environmental Discharge or Hazardous Materials at any such location or facility or any part thereof; and (3) any violation or alleged violation of any relevant Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, including the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any corporation or trade or business which is a member of the same controlled group of organizations (within the meaning of Section 414(b) of the Code) as Borrower or General Partner or is under common control (within the meaning of Section 414(c) of the Code) with Borrower or General Partner or is required to be treated as a single employer with Borrower or General Partner under Section 414(m) or 414(o) of the Code.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Event of Default" has the meaning specified in Section 9.01.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient: (a) Taxes imposed on or measured by net income (however denominated), profits or gains, franchise Taxes (imposed in lieu of income Taxes), and branch profits Taxes (or any similar Taxes), in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Bank, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Bank, U.S. Federal withholding Taxes imposed on amounts payable to or for the account of such Bank with respect to an applicable interest in a Loan, Letter of Credit or Loan Commitment pursuant to a law in effect on the date on which (i) such Bank acquires such interest in such Loan, Letter of Credit or Loan Commitment (other than pursuant to an assignment requested by the Borrower under Section 3.07) or (ii) such Bank changes its lending office, except in each case to the extent that, pursuant to Section 10.13, amounts with respect to such Taxes were payable either to such Bank's assignor immediately before such Bank acquired the applicable interest in a Loan, Letter of Credit or Loan Commitment or to such Bank immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 10.13 and (d) any U.S. Federal withholding Taxes imposed under FATCA.

"Execution Date" means the date of this Agreement.

"Existing 2014 Credit Agreement" has the meaning specified in the recitals.

"Exiting Bank" has the meaning specified in Section 12.24(a).

“Extension Date” has the meaning specified in Section 2.18.

“Extension Notice” has the meaning specified in Section 2.18.

“Facility Fee” means the respective percentages per annum determined, at any time, based on the range into which any Credit Rating then falls, in accordance with the table set forth below. Any change in any Credit Rating causing it to move to a different range on the table shall effect an immediate change in the Facility Fee as of the day of such change. Borrower shall have not less than two (2) Credit Ratings at all times, one of which shall be from S&P or Moody’s. In the event that Borrower receives only two (2) Credit Ratings, and such Credit Ratings are not equivalent, the Facility Fee shall be the higher of the two Credit Ratings. In the event that Borrower receives more than two (2) Credit Ratings, and such Credit Ratings are not all equivalent, the Facility Fee shall be (A) if the difference between the highest and the lowest such Credit Ratings is one ratings category (e.g. Baa2 by Moody’s and BBB- by S&P or Fitch), the Facility Fee shall be the rate per annum that would be applicable if the highest of the Credit Ratings were used; and (B) if the difference between the highest and the lowest such Credit Ratings is two ratings categories (e.g. Baa1 by Moody’s and BBB- by S&P or Fitch) or more, the Facility Fee shall be the rate per annum that would be applicable if the average of the two (2) highest Credit Ratings were used, provided that if such average is not a recognized rating category (i.e., the difference between the Credit Ratings is an even number of ratings categories), then the Facility Fee shall be based on the lower of the two (2) highest Credit Ratings.

Borrower’s Credit Rating (S&P or Fitch/Moody’s Ratings)	Facility Fee (% per annum)
A+/A1 or higher	0.100
A/A2	0.100
A-/A3	0.125
BBB+/Baa1	0.150
BBB/Baa2	0.200
BBB-/Baa3	0.250
Below BBB-/Baa3 or unrated	0.300

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code.

“Federal Funds Effective Rate” means, for any day, the rate calculated by the NYFRB based on such day’s federal funds transactions by depository institutions (as determined in such manner as the NYFRB shall set forth on its public website from time to time) and published on the next succeeding Banking Day by the NYFRB as the federal funds effective rate; provided, that, if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Fiscal Year” means each period from January 1 to December 31.

“Fitch” means Fitch, Inc., and its successors.

“Fixed Charges” means, without duplication, in respect of any quarter, the sum of (i) the Borrower’s Pro Rata Share of Interest Expense for such period attributable to Debt in respect of Consolidated Businesses and Real Property UJVs, as well as to any other Debt that is Recourse to the Borrower, multiplied by four (4); and (ii) distributions during such period on preferred units of the Borrower, as determined on a consolidated basis, in accordance with GAAP, multiplied by four (4).

“Foreign Bank” means a Bank that is not a U.S. Person.

“Fronting Bank” means JPMorgan Chase Bank, N.A., Bank of America, N.A., Wells Fargo Bank, National Association or another Bank that shall have agreed to be designated by Borrower from among those Banks identified by Administrative Agent as being a permissible Fronting Bank pursuant to Section 2.17, each in its capacity as the issuer of Letters of Credit hereunder and its successors in such capacity. A Fronting Bank may, in its discretion, arrange for Letters of Credit to be issued by one of its Affiliates, in which case “Fronting Bank” shall include such Affiliate. When used herein, “Fronting Bank” shall mean the applicable Fronting Bank, each Fronting Bank, any Fronting Bank or all Fronting Banks, as the context may require.

“GAAP” means accounting principles generally accepted in the United States of America as in effect from time to time, applied on a basis consistent with those used in the preparation of the financial statements referred to in Section 5.15 (captioned “Financial Statements”) (except for changes concurred to by Borrower’s Accountants); provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application of any such change on the operation of such provision, or if the Administrative Agent notifies the Borrower that the Required Banks request an amendment to any provision hereof for such purpose, in either case, regardless of whether any such notice is given before or after such change in GAAP or in the application of any such change, then such provision shall be interpreted on the basis of GAAP as in effect and applied for purposes of this Agreement immediately before such change shall have become effective.

“General Partner” means Vornado Realty Trust, a real estate investment trust organized and existing under the laws of the State of Maryland and the sole general partner of Borrower.

“Good Faith Contest” means the contest of an item if: (1) the item is diligently contested in good faith, and, if appropriate, by proceedings timely instituted; (2) adequate reserves are established with respect to the contested item; (3) during the period of such contest, the enforcement of any contested item is effectively stayed; and (4) the failure to pay or comply with the contested item during the period of the contest is not likely to result in a Material Adverse Change.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, and any agency, authority, regulatory body, central bank or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or

pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Gross Book Value” means the undepreciated book value of assets comprising a business, determined in accordance with GAAP.

“Hazardous Materials” means any pollutant, effluents, emissions, contaminants, toxic or hazardous wastes or substances, as any of those terms are defined from time to time in or for the purposes of any relevant Environmental Law, including asbestos fibers and friable asbestos, polychlorinated biphenyls, and any petroleum or hydrocarbon-based products or derivatives.

“Impacted Interest Period” has the meaning assigned to it in the definition of “LIBOR Base Rate”.

“Incremental Commitments” has the meaning specified in Section 2.16(c).

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in (a) hereof, Other Taxes.

“Initial Advance” means the first advance of proceeds of the Loans and/or issuance of Letters of Credit (including the deemed issuance of Letters of Credit pursuant to Section 2.17(j)).

“Interest Expense” means, for any quarter, the consolidated interest expense, whether paid, accrued or capitalized (without deduction of consolidated interest income) of Borrower that is attributable to Borrower’s Pro Rata Share in its Consolidated Businesses in respect of Real Property Businesses, including, without limitation or duplication (or, to the extent not so included, with the addition of), (1) the portion of any rental obligation in respect of any Capital Lease obligation allocable to interest expense in accordance with GAAP; (2) the amortization of Debt discounts and premiums; (3) any payments or fees (other than upfront fees) with respect to interest rate swap or similar agreements; and (4) the interest expense and items listed in clauses (1) through (3) above applicable to each of the UJVs (to the extent not included above) multiplied by Borrower’s Pro Rata Share in the UJVs in respect of Real Property Businesses, in all cases as reflected in the Borrower’s Consolidated Financial Statements, provided that there shall be excluded from Interest Expense capitalized interest covered by an interest reserve established under a loan facility (such as capitalized construction interest provided for in a construction loan). “Interest Expense” shall not include the non-cash portion of interest expense attributable to convertible Debt determined in accordance with ASC 470-20.

“Interest Period” means, (1) with respect to any LIBOR Loan, the period commencing on the date the same is advanced, converted from a Base Rate Loan or Continued, as the case may be, and ending, as Borrower may select pursuant to Section 2.06, on the numerically corresponding day in the first, second, third or, if available from all of the Banks, sixth calendar month thereafter (or at Administrative Agent’s reasonable discretion a period of shorter duration), provided that each such Interest Period which commences on the last Banking Day of a calendar month (or on any day for which there is no numerically corresponding day in

the appropriate subsequent calendar month) shall end on the last Banking Day of the appropriate calendar month; and (2) with respect to any Bid Rate Loan, the period commencing on the date the same is advanced and ending, as Borrower may select pursuant to Section 2.02, on the numerically corresponding day in the first, second, third or sixth calendar month thereafter (or at Administrative Agent's reasonable discretion a period of shorter duration) provided that each such Interest Period which commences on the last Banking Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Banking Day of the appropriate calendar month.

“Interpolated Rate” means, at any time, for any Interest Period, the rate *per annum* (rounded to the same number of decimal places as the LIBO Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBO Screen Rate for the longest period (for which the LIBO Screen Rate is available) that is shorter than the Impacted Interest Period; and (b) the LIBO Screen Rate for the shortest period (for which the LIBO Screen Rate is available) that is longer than the Impacted Interest Period, in each case, at such time.

“Invitation for Bid Rate Quotes” has the meaning specified in Section 2.02(b).

“ISP” means, with respect to any Letter of Credit, the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

“Law” means any federal, state or local statute, law, rule, regulation, ordinance, order, code, or rule of common law, now or hereafter in effect, and in each case as amended, and any judicial or administrative interpretation thereof by a Governmental Authority or otherwise, including any judicial or administrative order, consent decree or judgment.

“LC Exposure” means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all drawings under Letters of Credit that have not yet been reimbursed by or on behalf of the Borrower (including, for clarity, by means of advances of Loans pursuant to this Agreement) at such time. The LC Exposure of any Bank at any time shall be its Pro Rata Share of the total LC Exposure at such time. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn

“Lead Arrangers” means JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities LLC.

“Letter of Credit” has the meaning specified in Section 2.17(a).

“Letter of Credit Commitment” means, with respect to each Fronting Bank, the commitment of each Fronting Bank to issue Letters of Credit hereunder. The initial amount of each Fronting Bank's Letter of Credit Commitment is \$66,666,667.

“LIBO Screen Rate” has the meaning assigned to it in the definition of “LIBOR Base Rate”.

“LIBOR Base Rate” means, with respect to any LIBOR Loan for any Interest Period, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for Dollars for a period equal in length to such Interest Period as displayed on page LIBOR01 of the Reuters screen that displays such rate or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion (in each case the “LIBO Screen Rate”), at approximately 11:00 a.m., London time, two Banking Days prior to the commencement of such Interest Period; provided that if the LIBO Screen Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement; provided further that if the LIBO Screen Rate shall not be available at such time for such Interest Period (an “Impacted Interest Period”) then the LIBOR Base Rate shall be the Interpolated Rate; provided that if any Interpolated Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“LIBOR Bid Margin” has the meaning specified in Section 2.02(c)(2)(iii).

“LIBOR Bid Rate” means a rate per annum equal to the sum of (1) the LIBOR Interest Rate for a Bid Rate Loan with the applicable Interest Period and (2) the LIBOR Bid Margin.

“LIBOR Interest Rate” means, for any LIBOR Loan or Bid Rate Loan, a rate per annum determined by Administrative Agent to be equal to the quotient of (1) the LIBOR Base Rate for such LIBOR Loan or Bid Rate Loan, as the case may be, for the Interest Period therefor divided by (2) one minus the LIBOR Reserve Requirement for such LIBOR Loan or Bid Rate Loan, as the case may be, for such Interest Period.

“LIBOR Loan” means all or any portion (as the context requires) of any Bank’s Ratable Loan which shall accrue interest at rate(s) determined in relation to LIBOR Interest Rate(s).

“LIBOR Reserve Requirement” means, for any LIBOR Loan or Bid Rate Loan, the average maximum rate at which reserves (including any marginal, supplemental or emergency reserves) are required to be maintained during the Interest Period for such LIBOR Loan or Bid Rate Loan under Regulation D by member banks of the Federal Reserve System in New York City with deposits exceeding One Billion Dollars (\$1,000,000,000) against “Eurocurrency liabilities” (as such term is used in Regulation D). Without limiting the effect of the foregoing, the LIBOR Reserve Requirement shall also reflect any other reserves required to be maintained by such member banks by reason of any Regulatory Change against (1) any category of liabilities which includes deposits by reference to which the LIBOR Base Rate is to be determined as provided in the definition of “LIBOR Base Rate” in this Section 1.01 or (2) any category of extensions of credit or other assets which include loans the interest rate on which is determined on the basis of rates referred to in said definition of “LIBOR Base Rate”.

“Lien” means any mortgage, deed of trust, pledge, security interest, hypothecation, assignment for collateral purposes, deposit arrangement, lien (statutory or other), or other security agreement or charge of any kind or nature whatsoever of any third party (excluding any right of setoff but including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction to evidence any of the foregoing).

“Loan” means, with respect to each Bank, its Ratable Loan, Bid Rate Loan(s) and New Term Loan (if any), collectively.

“Loan Commitment” means, with respect to each Bank, the obligation to make a Ratable Loan in the principal amount set forth on Schedule 1 attached hereto and incorporated herein, as such amount may be reduced or increased from time to time in accordance with the provisions of Section 2.16 (upon the execution of Assignment and Assumption Agreements, the definition of Loan Commitment shall be deemed revised to reflect the assignment being effected pursuant to each such Assignment and Assumption Agreement).

“Loan Documents” means this Agreement, the Notes, the Authorization Letter and the Solvency Certificate.

“Material Adverse Change” means either (1) a material adverse change in the status of the business, results of operations, financial condition, or property of Borrower or (2) any event or occurrence of whatever nature which is likely to have a material adverse effect on the ability of Borrower to perform its obligations under the Loan Documents.

“Material Affiliates” means the Affiliates of Borrower listed on EXHIBIT F.

“Maturity Date” means January 31, 2022, subject to extension pursuant to Section 2.18.

“Maximum Rate” has the meaning specified in Section 2.07.

“Moody’s” means Moody’s Investors Service, Inc., and its successors.

“Multiemployer Plan” means a Plan defined as such in Section 3(37) of ERISA to which contributions have been or are required to be made by Borrower or General Partner or any ERISA Affiliate and which is covered by Title IV of ERISA.

“Net Equity Value” means, at any time, the total assets of the applicable business less the total liabilities of such business less the amounts attributable to the minority interest in such business, in each case as determined on a consolidated basis, in accordance with GAAP, subject to the last sentence of the definition of Capitalization Value.

“New Ratable Bank” has the meaning specified in Section 2.16(c).

“New Ratable Commitments” has the meaning specified in Section 2.16(c).

“New Ratable Loan” has the meaning specified in Section 2.16(c).

“New Term Bank” has the meaning specified in Section 2.16(c).

“New Term Commitments” has the meaning specified in Section 2.16(c).

“New Term Loan” has the meaning specified in Section 2.16(c).

“Note” and “Notes” have the respective meanings specified in Section 2.09.

“NYFRB” means the Federal Reserve Bank of New York.

“NYFRB Rate” means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Banking Day, for the immediately preceding Banking Day); provided that if none of such rates are published for any day that is a Banking Day, the term “NYFRB Rate” means the rate for a federal funds transaction quoted at 11:00 a.m. on such day received by the Administrative Agent from a federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Obligations” means each and every obligation, covenant and agreement of Borrower, now or hereafter existing, contained in this Agreement, and any of the other Loan Documents, whether for principal, reimbursement obligations, interest, fees, expenses, indemnities or otherwise, and any amendments or supplements thereto, extensions or renewals thereof or replacements therefor, including but not limited to all indebtedness, obligations and liabilities of Borrower to Administrative Agent and any Bank now existing or hereafter incurred under or arising out of or in connection with the Notes, this Agreement, the other Loan Documents, and any documents or instruments executed in connection therewith; in each case whether direct or indirect, joint or several, absolute or contingent, liquidated or unliquidated, now or hereafter existing, renewed or restructured, whether or not from time to time decreased or extinguished and later increased, created or incurred, and including all indebtedness of Borrower under any instrument now or hereafter evidencing or securing any of the foregoing.

“OFAC” means The Office of Foreign Assets Control of the United States Department of the Treasury.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan, Letter of Credit or Loan Document).

“Other Investment” means a Consolidated Business or UJV that does not own primarily Real Property Assets or publicly traded securities, including, without limitation, those entities more particularly set forth on Schedule 2 attached hereto.

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.07).

“Overnight Bank Funding Rate” means, for any day, the rate comprised of both overnight federal funds and overnight Eurodollar borrowings by U.S.-managed banking offices of depository institutions (as such composite rate shall be determined by the NYFRB as set forth on its public website from time to time) and published on the next succeeding Banking Day by the NYFRB as an overnight bank funding rate (from and after such date as the NYFRB shall commence to publish such composite rate).

“Parent” means, with respect to any Bank, any Person controlling such Bank.

“Participant” has the meaning specified in Section 12.05(b).

“Participant Register” has the meaning specified in Section 12.05(b).

“Payor” has the meaning specified in Section 10.12.

“PBGC” means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

“Person” means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, limited liability company, Governmental Authority or other entity of whatever nature.

“Plan” means any employee benefit or other plan (other than a Multiemployer Plan) established or maintained, or to which contributions have been or are required to be made, by Borrower or General Partner or any ERISA Affiliate and which is covered by Title IV of ERISA or to which Section 412 of the Code applies.

“presence”, when used in connection with any Environmental Discharge or Hazardous Materials, means and includes presence, generation, manufacture, installation, treatment, use, storage, handling, repair, encapsulation, disposal, transportation, spill, discharge and release.

“Prime Rate” means that rate of interest from time to time announced by the Bank serving as Administrative Agent in the United States as its prime commercial lending rate. Any change in the Prime Rate shall be effective as of the date such change is announced by the Bank serving as Administrative Agent.

“Pro Rata Share” means, with respect to each Bank, the percentage of the Total Loan Commitment represented by such Bank’s Loan Commitment; provided that solely in the case of Section 12.20(c) when a Defaulting Lender shall exist, “Pro Rata Share” shall mean the percentage of the Total Loan Commitment (disregarding any Defaulting Lender’s Loan

Commitment) represented by such Bank's Loan Commitment. If the Loan Commitments have terminated or expired, the Pro Rata Share shall be determined based upon the Loan Commitments most recently in effect, giving effect to any assignments and to any Bank's status as a Defaulting Lender at the time of determination.

"Prohibited Transaction" means any non-exempt transaction set forth in Section 406 of ERISA or Section 4975 of the Code.

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"Qualified Institution" means a Bank, or one or more banks, finance companies, insurance or other financial institutions which (A) has (or, in the case of a banking institution which is a subsidiary, such banking institution's parent has) a rating of its senior debt obligations of not less than BBB+ by S&P or Baal by Moody's or a comparable rating by a rating agency reasonably acceptable to the Administrative Agent and (B) has (or, in the case of a banking institution which is a subsidiary, such banking institution's parent has) total assets in excess of Ten Billion Dollars (\$10,000,000,000), but shall exclude any natural person, any Defaulting Lender and the Borrower or any of its Affiliates.

"Ratable Loan" has the meaning specified in Section 2.01(b).

"Ratable Loan Note" has the meaning specified in Section 2.09.

"Real Property Asset" means an asset from which income is, or upon completion expected by the Borrower to be, derived predominantly from contractual rent payments under leases with unaffiliated third party tenants, hotel operations, tradeshow operations or leasing commissions and management and development fees, and shall include those investments in mortgages and mortgage participations owned by the Borrower as to which the Borrower has demonstrated to the Administrative Agent, in the Administrative Agent's reasonable discretion, that Borrower has control of the decision-making functions of management and leasing of such mortgaged properties, has control of the economic benefits of such mortgaged properties, and holds the right to acquire such mortgaged properties.

"Real Property Business" means a Consolidated Business or UJV that owns primarily Real Property Assets.

"Real Property UJV" means a UJV that is a Real Property Business.

"Recipient" means the Administrative Agent, any Bank and any Fronting Bank, as applicable.

"Recourse" means, with reference to any obligation or liability, any liability or obligation that is not Without Recourse to the obligor thereunder, directly or indirectly. For purposes hereof, a Person shall not be deemed to be "indirectly" liable for the liabilities or obligations of an obligor solely by reason of the fact that such Person has an ownership interest in such obligor, provided that such Person is not otherwise legally liable, directly or indirectly, for such obligor's liabilities or obligations (e.g. by reason of a guaranty or contribution

obligation, by operation of law or by reason of such Person being a general partner of such obligor). A guaranty of Debt issued by Borrower or General Partner (as distinguished from a Subsidiary) shall be Recourse, but a guaranty for completion of improvements in connection with Debt shall be deemed Without Recourse, unless and except to the extent of a claim made under such guaranty that remains unpaid.

“Refinancing Mortgage” has the meaning specified in Section 12.21.

“Regulation D” means Regulation D of the Board of Governors of the Federal Reserve System, as the same may be amended or supplemented from time to time, or any similar Law from time to time in effect.

“Regulation U” means Regulation U of the Board of Governors of the Federal Reserve System, as the same may be amended or supplemented from time to time, or any similar Law from time to time in effect.

“Regulatory Change” means the occurrence after the date of this Agreement or, with respect to any Bank, such later date on which such Bank becomes a party to this Agreement, of (a) the adoption of or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the interpretation or application thereof by any Governmental Authority or (c) compliance by any Bank or any Fronting Bank (or, for purposes of Section 3.06, by any lending office of such Bank or by such Bank's or such Fronting Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall be deemed to be a “Regulatory Change,” regardless of the date enacted, adopted or issued, provided, however, that if the applicable Bank shall have implemented changes prior to the Execution Date in response to any such requests, rules, guidelines or directives, then the same shall not be deemed to be a Regulatory Change with respect to such Bank.

“REIT” means a “real estate investment trust,” as such term is defined in Section 856 of the Code.

“Relevant Documents” has the meaning specified in Section 11.02.

“Replacement Bank” has the meaning specified in Section 3.07.

“Replacement Notice” has the meaning specified in Section 3.07.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty (30) day notice period is waived by the PBGC.

“Required Banks” means at any time Banks having Loan Commitments and outstanding New Term Loans (if any) aggregating at least 51% of the total Loan Commitments and outstanding New Term Loans (if any) of all of the Banks (excluding, however, any Defaulting Lender); provided, however, that following the termination of the Loan Commitments, the “Required Banks” shall be the Banks holding at least 51% of the then aggregate unpaid principal amount of the Loans (excluding, however, any Defaulting Lender).

“Required Payment” has the meaning set forth in Section 10.12.

“Sanctioned Country” means, at any time, a country, region or territory which is itself the subject or target of any Sanctions (at the time of this Agreement, including but not limited to Cuba, Iran, North Korea, Sudan, Syria and Crimea).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC or the U.S. Department of State, or by the United Nations Security Council, the European Union, any European Union member state or Her Majesty’s Treasury of the United Kingdom, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any European Union member state or Her Majesty’s Treasury of the United Kingdom.

“SEC” means the United States Securities and Exchange Commission.

“SEC Reports” means the reports required to be delivered to the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

“Secured Indebtedness” means, at any time, that portion of Total Outstanding Indebtedness that is not Unsecured Indebtedness.

“Secured Indebtedness Adjustment” has the meaning set forth in Section 8.07.

“Series” has the meaning specified in Section 2.16(c).

“Solvency Certificate” means a certificate in substantially the form of EXHIBIT D, to be delivered by Borrower pursuant to the terms of this Agreement.

“Solvent” means, when used with respect to any Person, that (1) the fair value of the property of such Person, on a going concern basis, is greater than the total amount of liabilities (including, without limitation, contingent liabilities) of such Person; (2) the present fair saleable value of the assets of such Person, on a going concern basis, is not less than the amount that will be required to pay the probable liabilities of such Person on its debts as they become absolute and matured; (3) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay as such debts and liabilities mature; (4)

such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged; and (5) such Person has sufficient resources, provided that such resources are prudently utilized, to satisfy all of such Person's obligations. Contingent liabilities will be computed at the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"S&P" means S&P Global Ratings and its successors.

"Subsidiary" means, with respect to any Person, a corporation, partnership, joint venture, limited liability company or other entity, fifty percent (50%) or more of the outstanding voting stock, partnership interests or membership interests, as the case may be, of which are owned, directly or indirectly, by that Person or by one or more other Subsidiaries of that Person and over which that Person or one or more other Subsidiaries of that Person exercise sole control. For the purposes of this definition, "voting stock" means stock having voting power for the election of directors or trustees, as the case may be, whether at all times or only so long as no senior class of stock has voting power for the election of directors or trustees by reason of any contingency, and "control" means the power to direct the management and policies of a Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Total Loan Commitment" means an amount equal to the aggregate amount of all Loan Commitments.

"Total Outstanding Indebtedness" means, at any time, without duplication, the sum of Debt of the Borrower, the Borrower's Pro Rata Share of Debt in respect of Consolidated Businesses, and any Debt of UJVs to the extent Recourse to the Borrower, as determined on a consolidated basis in accordance with GAAP.

"UJVs" means, at any time, (1) investments of the Borrower that are accounted for under the equity method in the Borrower's Consolidated Financial Statements prepared in accordance with GAAP and (2) investments of the Borrower in which the Borrower owns less than 50% of the equity interests and that are consolidated in the Borrower's Consolidated Financial Statements prepared in accordance with GAAP.

"Unencumbered Assets" means, collectively, assets, reflected in the Borrower's Consolidated Financial Statements, owned in whole or in part, directly or indirectly, by Borrower and not subject to any Lien to secure all or any portion of Secured Indebtedness or to any negative pledge or similar agreement, and assets of Consolidated Businesses and UJVs which are not subject to any Lien to secure all or any portion of Secured Indebtedness or to any negative pledge or similar agreement, provided that any such Consolidated Business or UJV is not the borrower or guarantor of any Unsecured Indebtedness. For clarity, an agreement that conditions

the ability to encumber assets upon the maintenance of one or more specified ratios but that does not generally prohibit the encumbrance of assets, or the encumbrance of specific assets, shall not constitute a negative pledge or similar agreement.

“Unencumbered Combined EBITDA” means that portion of Combined EBITDA attributable to Unencumbered Assets; provided that Unencumbered Combined EBITDA shall include only general and administrative expenses that are attributable to the management and operation of the Unencumbered Assets in accordance with GAAP and shall not include any corporate general and administrative expenses of Borrower, General Partner, Consolidated Businesses or UJVs (e.g., salaries of corporate officers).

“Unfunded Current Liability” of any Plan means the amount, if any, by which the actuarial present value of accumulated plan benefits as of the close of its most recent plan year, based upon the actuarial assumptions used by such Plan’s actuary in the most recent annual valuation of such Plan, exceeds the fair market value of the assets allocable thereto, determined in accordance with Section 412 of the Code.

“Unrestricted Cash and Cash Equivalents” means Cash or Cash Equivalents owned by Borrower, and Borrower’s Pro Rata Share of any Cash or Cash Equivalents owned by any Consolidated Businesses or UJV, that are not subject to any pledge, lien or control agreement, less amounts placed with third parties as deposits or security for contractual obligations.

“Unsecured Indebtedness” means, at any time, Total Outstanding Indebtedness that is not secured by a lien on assets of the Borrower, a Consolidated Business or a UJV, as the case may be.

“Unsecured Indebtedness Adjustment” has the meaning set forth in Section 8.06.

“Unsecured Interest Expense” means, for any quarter, the Borrower’s Pro Rata Share of Interest Expense attributable to Total Outstanding Indebtedness constituting Unsecured Indebtedness.

“U.S. Person” means a “United States person” within the meaning of Section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate” has the meaning assigned to such term in Section 10.13(f)(ii)(B)(3).

“VRT Principals” means the trustees, executive officers and directors of Borrower (other than General Partner) or General Partner at any applicable time.

“Without Recourse” means, with reference to any obligation or liability, any obligation or liability for which the obligor thereunder is not liable or obligated other than as to its interest in a designated asset or assets only, subject to such exceptions to the non-recourse nature of such obligation or liability (such as, but not limited to, fraud, misappropriation, misapplication and environmental indemnities), as are usual and customary in like transactions involving institutional lenders at the time of the incurrence of such obligation or liability.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SECTION 1.02 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP, and, except as otherwise provided herein, all financial data required to be delivered hereunder shall be prepared in accordance with GAAP.

SECTION 1.03 Computation of Time Periods. Except as otherwise provided herein, in this Agreement, in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and words “to” and “until” each means “to but excluding”.

SECTION 1.04 Rules of Construction. When used in this Agreement: (1) “or” is not exclusive; (2) a reference to a Law includes any amendment or modification to such Law; (3) a reference to a Person includes its permitted successors and permitted assigns; (4) except as provided otherwise, all references to the singular shall include the plural and *vice versa*; (5) except as provided in this Agreement, a reference to an agreement, instrument or document shall include such agreement, instrument or document as the same may be amended, modified or supplemented from time to time in accordance with its terms and as permitted by the Loan Documents; (6) all references to Articles or Sections shall be to Articles and Sections of this Agreement unless otherwise indicated; and (7) all Exhibits to this Agreement shall be incorporated into this Agreement.

ARTICLE II

THE LOANS

SECTION 2.01 Ratable Loans; Bid Rate Loans. Subject to the terms and conditions of this Agreement, the Banks agree to make loans to Borrower as provided in this Article II.

(b) Each of the Banks severally agrees to make a loan to Borrower in Dollars (each such loan by a Bank, a “Ratable Loan”) in an amount up to its Loan Commitment pursuant to which such Bank shall from time to time advance and readvance to Borrower an amount equal to its Pro Rata Share of the excess (the “Available Total Loan Commitment”) of the Total Loan Commitment minus the sum of (1) all advances previously drawn and currently outstanding (including Bid Rate Loans) made by the Banks which remain unpaid and (2) the LC Exposure. Within the limits set forth herein, Borrower may borrow from time to time under this paragraph (b) and prepay from time to time pursuant to Section 2.10 (subject, however, to the restrictions on prepayment set forth in said Section), and thereafter reborrow pursuant to this paragraph (b). The Ratable Loans may be outstanding as: (1) Base Rate Loans; (2) LIBOR Loans; or (3) a combination of the foregoing, as Borrower shall elect and notify Administrative Agent in accordance with Section 2.14. Each LIBOR Loan, Bid Rate Loan and Base Rate Loan of each Bank shall be maintained at such Bank’s Applicable Lending Office.

(c) In addition to Ratable Loans pursuant to paragraph (b) above, so long as Borrower's Credit Rating is BBB- or better by S&P (if rated by S&P) or Baa3 or better by Moody's (if rated by Moody's), one or more Banks may, at Borrower's request and in their sole discretion, make non-ratable loans in Dollars which shall bear interest at the LIBOR Bid Rate in accordance with Section 2.02 (such loans being referred to in this Agreement as "Bid Rate Loans"). Borrower may borrow Bid Rate Loans from time to time pursuant to this paragraph (c) in an amount up to fifty percent (50%) of the Total Loan Commitment at the time of the borrowing (taking into account any repayments of the Loans made simultaneously therewith) (the "Bid Borrowing Limit"), provided that at no time shall the sum of all Loans outstanding plus the outstanding amount of all Letters of Credit exceed the Total Loan Commitment, and shall repay such Bid Rate Loans as required by Section 2.09, and it may thereafter reborrow pursuant to this paragraph (c) or paragraph (b) above; provided, however, that the aggregate outstanding principal amount of Bid Rate Loans at any particular time shall not exceed the Bid Borrowing Limit.

(d) The obligations of the Banks under this Agreement are several, and no Bank shall be responsible for the failure of any other Bank to make any advance of a Loan to be made by such other Bank. However, the failure of any Bank to make any advance of each Loan to be made by it hereunder on the date specified therefor shall not relieve any other Bank of its obligation to make any advance of its Loans specified hereby to be made on such date.

SECTION 2.02 Bid Rate Loans. When Borrower has the Credit Rating required by Section 2.01(c) and wishes to request offers from the Banks to make Bid Rate Loans, it shall transmit to Administrative Agent by facsimile a request (a "Bid Rate Quote Request") substantially in the form of EXHIBIT G-1 so as to be received not later than 10:30 a.m. (New York time) on the fourth Banking Day prior to the date for funding of the Bid Rate Loan(s) proposed therein, specifying:

- (1) the proposed date of funding of such Bid Rate Loan(s), which shall be a Banking Day;
- (2) the aggregate amount of the Bid Rate Loans requested, which shall be at least Five Million Dollars (\$5,000,000) and an integral multiple of One Million Dollars (\$1,000,000);
- (3) the prepayment terms of such Bid Rate Loan(s), which, if not specified, shall have the same prepayment terms as Ratable Loans; and
- (4) the duration of the Interest Period(s) applicable thereto, subject to the provisions of the definition of "Interest Period" in Section 1.01.

Borrower may request offers to make Bid Rate Loans for more than one (1) Interest Period in a single Bid Rate Quote Request. No Bid Rate Quote Request may be submitted by Borrower sooner than seven (7) calendar days after the submission of any other Bid Rate Quote Request.

(b) Promptly upon receipt of a Bid Rate Quote Request, Administrative Agent shall send to the Banks by facsimile an invitation (an "Invitation for Bid Rate Quotes") substantially in the form of EXHIBIT G-2, which shall constitute an invitation by Borrower to

the Banks to submit Bid Rate Quotes offering to make Bid Rate Loans to which such Bid Rate Quote Request relates in accordance with this Section 2.02.

(c) (1) Each Bank may submit a Bid Rate Quote containing an offer or offers to make Bid Rate Loans in response to any Invitation for Bid Rate Quotes. Each Bid Rate Quote must comply with the requirements of this paragraph (c) and must be submitted to Administrative Agent by facsimile not later than 10:00 a.m. (New York time) on the third Banking Day prior to the proposed date of the Bid Rate Loan(s); provided that Bid Rate Quotes submitted by the Bank serving as Administrative Agent (or any Affiliate of the Bank serving as Administrative Agent) in its capacity as a Bank may be submitted, and may only be submitted, if the Bank serving as Administrative Agent or such Affiliate notifies Borrower of the terms of the offer or offers contained therein not later than fifteen (15) minutes prior to the deadline for the other Banks. Any Bid Rate Quote so made shall (subject to Borrower's satisfaction of the conditions precedent set forth in this Agreement to its entitlement to an advance) be irrevocable except with the written consent of Administrative Agent given on the instructions of Borrower. Bid Rate Loans to be funded pursuant to a Bid Rate Quote may, as provided in Section 12.16, be funded by a Bank's Designated Lender. A Bank making a Bid Rate Quote shall specify in its Bid Rate Quote whether the related Bid Rate Loans are intended to be funded by such Bank's Designated Lender, as provided in Section 12.16.

(2) Each Bid Rate Quote shall be in substantially the form of EXHIBIT G-3 and shall in any case specify:

(i) the proposed date of funding of the Bid Rate Loan(s);

(ii) the principal amount of the Bid Rate Loan(s) for which each such offer is being made, which principal amount (w) may be greater than or less than the applicable Loan Commitment of the quoting Bank, (x) must be in the aggregate at least Five Million Dollars (\$5,000,000) and an integral multiple of One Hundred Thousand Dollars (\$100,000), (y) may not exceed the principal amount of Bid Rate Loans for which offers were requested and (z) may be subject to an aggregate limitation as to the principal amount of Bid Rate Loans for which offers being made by such quoting Bank may be accepted;

(iii) the margin above or below the applicable LIBOR Interest Rate (the "LIBOR Bid Margin") offered for each such Bid Rate Loan, expressed as a percentage per annum (specified to the nearest 1/1,000th of 1%) to be added to (or subtracted from) the applicable LIBOR Interest Rate;

(iv) the applicable Interest Period; and

(v) the identity of the quoting Bank.

A Bid Rate Quote may set forth up to five (5) separate offers by the quoting Bank with respect to each Interest Period specified in the related Invitation for Bid Rate Quotes.

(3) Any Bid Rate Quote shall be disregarded if it:

(i) is not substantially in conformity with EXHIBIT G-3 or does not specify all of the information required by sub-paragraph (c)(2) above;

(ii) contains qualifying, conditional or similar language (except for an aggregate limitation as provided in subparagraph (c)(2)(ii)(z) above);

(iii) proposes terms other than or in addition to those set forth in the applicable Invitation for Bid Rate Quotes (except for an aggregate limitation as provided in subparagraph (c)(2)(ii)(z) above); or

(iv) arrives after the time set forth in sub-paragraph (c)(1) above.

(d) Administrative Agent shall no later than 10:15 a.m. (New York City time) on the third Banking Day prior to the proposed date for the requested Bid Rate Loan notify Borrower in writing of the terms of any Bid Rate Quote submitted by a Bank that is in accordance with paragraph (c). Any subsequent Bid Rate Quote shall be disregarded by Administrative Agent unless such subsequent Bid Rate Quote is submitted solely to correct a manifest error in such former Bid Rate Quote. Administrative Agent's notice to Borrower shall specify (A) the aggregate principal amount of Bid Rate Loans for which offers have been received for each Interest Period specified in the related Bid Rate Quote Request, (B) the respective principal amounts and LIBOR Bid Margins so offered and (C) if applicable, limitations on the aggregate principal amount of Bid Rate Loans for which offers in any single Bid Rate Quote may be accepted.

(e) Not later than 11:00 a.m. (New York time) on the third Banking Day prior to the proposed date of funding of the Bid Rate Loan, Borrower shall notify Administrative Agent of its acceptance or non-acceptance of the offers so notified to it pursuant to paragraph (d). A notice of acceptance shall be substantially in the form of EXHIBIT G-4 and shall specify the aggregate principal amount of offers for each Interest Period that are accepted. Borrower may accept any Bid Rate Quote in whole or in part; provided that:

(i) the principal amount of each Bid Rate Loan may not exceed the applicable amount set forth in the related Bid Rate Quote Request or be less than Five Million Dollars (\$5,000,000) and shall be an integral multiple of One Hundred Thousand Dollars (\$100,000);

(ii) acceptance of offers with respect to a particular Interest Period may only be made on the basis of ascending LIBOR Bid Margins offered for such Interest Period from the lowest effective cost; and

(iii) Borrower may not accept any offer that is described in subparagraph (c)(3) or that otherwise fails to comply with the requirements of this Agreement.

(f) If offers are made by two (2) or more Banks with the same LIBOR Bid Margins, for a greater aggregate principal amount than the amount in respect of which such offers are permitted to be accepted for the related Interest Period, the principal amount of Bid Rate Loans in respect of which such offers are accepted shall be allocated by Administrative

Agent among such Banks as nearly as possible (in multiples of One Hundred Thousand Dollars (\$100,000)) in proportion to the aggregate principal amounts of such offers. Administrative Agent shall promptly (and in any event within one (1) Banking Day after such offers are accepted) notify Borrower and each such Bank in writing of any such allocation of Bid Rate Loans. Determinations by Administrative Agent of the allocation of Bid Rate Loans shall be conclusive in the absence of manifest error.

(g) In the event that Borrower accepts the offer(s) contained in one (1) or more Bid Rate Quotes in accordance with paragraph (e), the Bank(s) making such offer(s) shall make a Bid Rate Loan in the accepted amount (as allocated, if necessary, pursuant to paragraph (f)) on the date specified therefor, in accordance with the procedures specified in Section 2.05.

(h) Notwithstanding anything to the contrary contained herein, each Bank shall be required to fund its Pro Rata Share of the Available Total Loan Commitment in accordance with Section 2.01(b) despite the fact that any Bank's Loan Commitment may have been or may be exceeded as a result of such Bank's making Bid Rate Loans.

(i) A Bank who is notified that it has been selected to make a Bid Rate Loan as provided above may designate its Designated Lender (if any) to fund such Bid Rate Loan on its behalf, as described in Section 12.16. Any Designated Lender which funds a Bid Rate Loan shall on and after the time of such funding become the obligee under such Bid Rate Loan and be entitled to receive payment thereof when due. No Bank shall be relieved of its obligation to fund a Bid Rate Loan, and no Designated Lender shall assume such obligation, prior to the time the applicable Bid Rate Loan is funded.

SECTION 2.03 [Reserved]

SECTION 2.04 Advances, Generally. The Initial Advance shall be at least One Million Dollars (\$1,000,000) and in an integral multiple of One Hundred Thousand Dollars (\$100,000) and shall be made upon satisfaction of the conditions set forth in Section 4.01. Subsequent advances shall be made upon satisfaction of the conditions set forth in Section 4.02. The amount of each advance subsequent to the Initial Advance shall, subject to Section 2.13, be at least One Million Dollars (\$1,000,000) (unless less than One Million Dollars (\$1,000,000) is available for disbursement pursuant to the terms hereof at the time of any subsequent advance, in which case the amount of such subsequent advance shall be equal to such remaining availability) and in an integral multiple of One Hundred Thousand Dollars (\$100,000). Additional restrictions on the amounts and timing of, and conditions to the making of, advances of Bid Rate Loans are set forth in Section 2.02.

Each advance shall be subject, in addition to the limitations and conditions applicable to advances of the Loans generally, to Administrative Agent's receipt, on or immediately prior to the date the request for such advance is made, of a certificate from the officer requesting the advance certifying that Borrower is in compliance with all covenants enumerated in paragraphs 3(a) and 3(b) of Section 6.09 and containing covenant compliance calculations with respect to Sections 8.02 and 8.06 only, that include the proforma adjustments described below, which calculations shall demonstrate Borrower's compliance with covenants on a proforma basis.

In connection with each advance of Loan proceeds, the following proforma adjustments shall be made to the covenant compliance calculations required with respect to Sections 8.02 and 8.06 as of the end of the most recently ended calendar quarter for which financial results are required hereunder to have been reported by Borrower:

(i) Total Outstanding Indebtedness and Unsecured Indebtedness shall be adjusted by adding thereto, respectively, all Indebtedness and Unsecured Indebtedness, respectively, that is incurred by Borrower in connection with such advance;

(ii) Capitalization Value, shall be adjusted by adding thereto the purchase price of any Real Property Assets (including capitalized acquisition costs determined in accordance with GAAP) or the Net Equity Value of any Other Investments, together with the Borrower's Pro Rata Share of any Unrestricted Cash and Cash Equivalents, the book value of notes and mortgage loans receivable and marketable securities and the cost of non-marketable securities that are acquired in connection with such advance; and

(iii) Capitalization Value of Unencumbered Assets shall be adjusted by adding thereto the purchase price of any Real Property Assets (including capitalized acquisition costs determined in accordance with GAAP) that are Unencumbered Assets together with Borrower's Pro Rata Share of any Unrestricted Cash and Cash Equivalents, the book value of notes and mortgage loans receivable and marketable securities and the cost of non-marketable securities that are acquired in connection with such advance.

SECTION 2.05 Procedures for Advances. In the case of advances of Ratable Loans, Borrower shall submit to Administrative Agent a request for each advance, stating the amount requested and the expected purpose for which such advance is to be used, no later than 11:00 a.m. (New York time) on the date, in the case of advances of Base Rate Loans, which is the proposed date of such Base Rate Loan, and, in the case of advances of LIBOR Loans, which is three (3) Banking Days, prior to the date such advance is to be made. In the case of advances of Bid Rate Loans, Borrower shall submit a Bid Rate Quote Request at the time specified in Section 2.02. Administrative Agent, upon its receipt and approval of the request for advance, will so notify the Banks by facsimile. Not later than 11:30 a.m. (New York time) on the date of each advance (or 1:00 p.m. (New York time) in the case of a Base Rate Loan for which the Borrower has made a Loan request on such date), each Bank (in the case of Ratable Loans) or the applicable Banks (in the case of Bid Rate Loans) shall, through its Applicable Lending Office and subject to the conditions of this Agreement, make the amount to be advanced by it on such day available to Administrative Agent, at Administrative Agent's Office and in immediately available funds for the account of Borrower. The amount so received by Administrative Agent shall, subject to the conditions of this Agreement, be made available to Borrower, in immediately available funds, by Administrative Agent's to an account designated by Borrower.

SECTION 2.06 Interest Periods; Renewals. In the case of the LIBOR Loans, Borrower shall select an Interest Period of any duration in accordance with the definition of "Interest Period" in Section 1.01, subject to the following limitations: (1) no Interest Period may extend beyond the Maturity Date; (2) if an Interest Period would end on a day which is not a

Banking Day, such Interest Period shall be extended to the next Banking Day, unless such Banking Day would fall in the next calendar month, in which event such Interest Period shall end on the immediately preceding Banking Day; and (3) only eight (8) discrete segments of a Bank's Ratable Loan bearing interest at a LIBOR Interest Rate for a designated Interest Period pursuant to a particular Election, Conversion or Continuation, may be outstanding at any one time (each such segment of each Bank's Ratable Loan corresponding to a proportionate segment of each of the other Banks' Ratable Loans).

Upon notice to Administrative Agent as provided in Section 2.14, Borrower may Continue any LIBOR Loan on the last day of the Interest Period of the same or different duration in accordance with the limitations provided above.

SECTION 2.07 Interest. Borrower shall pay interest to Administrative Agent for the account of the applicable Bank on the outstanding and unpaid principal amount of the Loans, at a rate per annum as follows: (1) for Base Rate Loans at a rate equal to the Base Rate plus the Applicable Margin; (2) for LIBOR Loans at a rate equal to the applicable LIBOR Interest Rate plus the Applicable Margin; and (3) for Bid Rate Loans at a rate equal to the applicable LIBOR Bid Rate. Any principal amount not paid when due (when scheduled, at acceleration or otherwise) shall bear interest thereafter, payable on demand, at the Default Rate.

The interest rate on Base Rate Loans shall change when the Base Rate changes. Interest shall be calculated for the actual number of days elapsed on the basis of a year consisting of three hundred sixty (360) days.

Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively, the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Bank holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this paragraph shall be cumulated and the interest and Charges payable to such Bank in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Bank.

Accrued interest shall be due and payable in arrears, (x) in the case of both Base Rate Loans and LIBOR Loans, on the first Banking Day of each calendar month and (y) in the case of Bid Rate Loans, at the expiration of the Interest Period applicable thereto, but no less frequently than once every three (3) months determined on the basis of the first (1st) day of the Interest Period applicable to the Loan in question; provided, however, that interest accruing at the Default Rate shall be due and payable on demand.

SECTION 2.08 Fees. Borrower shall, during the term of the Loans commencing as of the Execution Date, pay to Administrative Agent for the account of each Bank a facility fee computed, on the daily Loan Commitment of such Bank, by multiplying the

aggregate Loan Commitments on such day by an amount equal to the daily Facility Fee, calculated on the basis of a year of three hundred sixty (360) days for the actual number of days elapsed. The accrued facility fee shall be due and payable in arrears on the first Banking Day of January, April, July and October of each year, commencing on the first such date after the Execution Date, and upon the Maturity Date (as the case may be accelerated) or earlier termination of the Loan Commitments.

SECTION 2.09 Notes. Unless otherwise requested by a Bank, any Ratable Loans made by each Bank under this Agreement shall be evidenced by, and repaid with interest in accordance with, a promissory note of Borrower in the form of EXHIBIT B duly completed and executed by Borrower, in a principal amount equal to such Bank's Loan Commitment, payable to such Bank for the account of its Applicable Lending Office (each such note, as the same may hereafter be amended, modified, extended, severed, assigned, substituted, renewed or restated from time to time, including any substitute note pursuant to Section 3.07 or 12.05, a "Ratable Loan Note"). The Bid Rate Loans of the Banks shall be evidenced by a single global promissory note of Borrower in the form of EXHIBIT C, duly completed and executed by Borrower, in the principal amount of Six Hundred Twenty Five Million Dollars (\$625,000,000), subject to adjustment pursuant to Sections 2.16(a) and (c), payable to Administrative Agent for the account of the respective Banks making Bid Rate Loans (such note, as the same may hereafter be amended, modified, extended, severed, assigned, substituted, renewed or restated from time to time, the "Bid Rate Loan Note"). A particular Bank's Ratable Loan Note, together with its interest, if any, in the Bid Rate Loan Note, are referred to collectively in this Agreement as such Bank's "Note"; all such Ratable Loan Notes and interests are referred to collectively in this Agreement as the "Notes". The Ratable Loans shall mature, and all outstanding principal and accrued interest and other Obligations shall be paid in full, on the Maturity Date as the same may be accelerated in accordance with this Agreement. The outstanding principal amount of each Bid Rate Loan evidenced by the Bid Rate Loan Note, and all accrued interest and other sums with respect thereto, shall become due and payable to the Bank making such Bid Rate Loan at the earlier of the expiration of the Interest Period applicable thereto or the Maturity Date, as the same may be accelerated in accordance with this Agreement.

Each Bank is hereby authorized by Borrower to endorse on the schedule attached to the Ratable Loan Note held by it, the amount of each advance, and each payment of principal received by such Bank for the account of its Applicable Lending Office(s) on account of its Ratable Loans, which endorsement shall, in the absence of manifest error, be conclusive as to the outstanding balance of the Ratable Loans made by such Bank. Administrative Agent is hereby authorized by Borrower to endorse on the schedule attached to the Bid Rate Loan Note the amount of each Bid Rate Loan, the name of the Bank making the same, the date of the advance thereof, the interest rate applicable thereto and the expiration of the Interest Period applicable thereto (i.e., the maturity date thereof). The failure by Administrative Agent or any Bank to make such notations with respect to the Loans or each advance or payment shall not limit or otherwise affect the obligations of Borrower under this Agreement or the Notes.

In connection with a Refinancing Mortgage, Borrower shall deliver to the Administrative Agent, a mortgage note, payable to the Administrative Agent for the account of the Banks, which shall be secured by the applicable Refinancing Mortgage. Such note shall be in such form as shall be requested by Borrower, subject to the Administrative Agent's reasonable

approval. Each reference in this Agreement to the “Notes” shall be deemed to refer to and include any or all of such mortgage notes, as the context may require.

SECTION 2.10 Prepayments.

Without prepayment premium or penalty but subject to Section 3.05, Borrower may, upon at least one (1) Banking Day’s notice to Administrative Agent in the case of the Base Rate Loans, and at least three (3) Banking Days’ notice to Administrative Agent in the case of LIBOR Loans, prepay the Ratable Loans, in whole or in part, provided that (1) any partial prepayment under this Section shall be in integral multiples of One Million Dollars (\$1,000,000); and (2) each prepayment under this Section shall include, at Administrative Agent’s option, all interest accrued on the amount of principal prepaid to (but excluding) the date of prepayment. Borrower shall have the right to prepay Bid Rate Loans only if so provided in the Bid Rate Loan Request, and otherwise with the consent of the Bank or the Designated Lender that funded the Bid Rate Loan that Borrower desires to prepay.

SECTION 2.11 Method of Payment.

Borrower shall make each payment under this Agreement and under the Notes not later than 1:00 p.m. (New York time) on the date when due in Dollars to Administrative Agent at Administrative Agent’s Office in immediately available funds, without condition or deduction for any counterclaim, defense, recoupment or setoff. Borrower shall deliver federal reference number(s) evidencing the applicable wire transfer(s) to Administrative Agent as soon as available thereafter on such day. Administrative Agent will thereafter, on the day of its receipt of each such payment(s), cause to be distributed to each Bank (1) such Bank’s appropriate share (based upon the respective outstanding principal amounts and interest due under the Loans of the Banks) of the payments of principal and interest in like funds for the account of such Bank’s Applicable Lending Office; and (2) fees payable to such Bank by Borrower in accordance with the terms of this Agreement. If and to the extent that the Administrative Agent shall receive any such payment for the account of the Banks on or before 11:00 a.m. (New York time) on any Banking Day, and Administrative Agent shall not have distributed to any Bank its applicable share of such payment on such day, Administrative Agent shall distribute such amount to such Bank together with interest thereon paid by the Administrative Agent, for each day from the date such amount should have been distributed to such Bank until the date Administrative Agent distributes such amount to such Bank, at the Prime Rate.

Except to the extent provided in this Agreement, whenever any payment to be made under this Agreement or under the Notes is due on any day other than a Banking Day, such payment shall be made on the next succeeding Banking Day, and such extension of time shall in such case be included in the computation of the payment of interest and other fees, as the case may be.

SECTION 2.12 Elections, Conversions or Continuation of Loans.

Subject to the provisions of Article III and Sections 2.06 and 2.13, Borrower shall have the right to Elect to have all or a portion of any advance of the Ratable Loans be LIBOR Loans, to Convert Base Rate Loans into LIBOR Loans, to Convert LIBOR Loans into Base Rate

Loans, or to Continue LIBOR Loans as LIBOR Loans, at any time or from time to time, provided that: (1) Borrower shall give Administrative Agent notice of each such Election, Conversion or Continuation as provided in Section 2.14; and (2) a LIBOR Loan may be Continued or Converted only on the last day of the applicable Interest Period for such LIBOR Loan. Except as otherwise provided in this Agreement, each Election, Continuation and Conversion shall be applicable to each Bank's Ratable Loan in accordance with its Pro Rata Share. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing, the Administrative Agent, at the request of the Required Banks, may require, by notice to Borrower, that (i) no outstanding Ratable Loan may be converted to or continued as a LIBOR Loan and (ii) unless repaid, each Ratable Loan shall be converted to a Base Rate Loan at the end of the Interest Period applicable thereto.

SECTION 2.13 Minimum Amounts.

With respect to the Ratable Loans as a whole, each Election and each Conversion shall be in an amount at least equal to One Million Dollars (\$1,000,000) and in integral multiples of One Hundred Thousand Dollars (\$100,000) or such lesser amount as shall be available or outstanding, as the case may be.

SECTION 2.14 Certain Notices Regarding Elections, Conversions and Continuations of Loans.

Notices by Borrower to Administrative Agent of Elections, Conversions and Continuations of LIBOR Loans shall be irrevocable and shall be effective only if received by Administrative Agent not later than 11:00 a.m. (New York time) on the number of Banking Days prior to the date of the relevant Election, Conversion or Continuation specified below:

<u>Notice</u>	<u>Number of Banking Days Prior Same Banking Day</u>
Conversions into or Continuations as Base Rate Loans	Three (3)
Elections of, Conversions into or Continuations as LIBOR Loans	Three (3)

Promptly following its receipt of any such notice, Administrative Agent shall so advise the Banks by facsimile. Each such notice of Election shall specify the portion of the amount of the advance that is to be LIBOR Loans (subject to Section 2.13) and the duration of the Interest Period applicable thereto (subject to Section 2.06); each such notice of Conversion shall specify the LIBOR Loans or Base Rate Loans to be Converted; and each such notice of Conversion or Continuation shall specify the date of Conversion or Continuation (which shall be a Banking Day), the amount thereof (subject to Section 2.13) and the duration of the Interest Period applicable thereto (subject to Section 2.06). In the event that Borrower fails to Elect to have any portion of an advance of the Ratable Loans be LIBOR Loans, the portion of such advance for which a LIBOR Loan Election is not made shall constitute Base Rate Loans. In the event that Borrower fails to Continue LIBOR Loans within the time period and as otherwise provided in this Section, such LIBOR Loans will be automatically Converted into Base Rate Loans on the last day of the then current applicable Interest Period for such LIBOR Loans.

SECTION 2.15 Payments Generally. If any Bank shall fail to make any payment required to be made by it pursuant to Section 2.17(h) or 10.05, then the Administrative Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Administrative Agent for the account of such Bank for the benefit of the Administrative Agent or the Fronting Bank to satisfy such Bank's obligations to it under such Section until all such unsatisfied obligations are fully paid, and/or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Bank under any such Section, in the case of each of clauses (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

SECTION 2.16 Changes of Loan Commitments.

(a) At any time, Borrower shall have the right, without premium or penalty, to terminate any unused Loan Commitments existing as of the date of such termination, in whole or in part, from time to time, provided that: (1) Borrower shall give notice of each such termination to Administrative Agent (which shall promptly notify each of the Banks) no later than 10:00 a.m. (New York time) on the date which is three (3) Banking Days prior to the effectiveness of such termination; (2) the Loan Commitments of each of the Banks must be terminated (and, in the case of a partial termination, on a pro rata basis) (taking into account, however, Section 2.02(h)) and simultaneously with those of the other Banks; and (3) each partial termination of the Loan Commitments in the aggregate (and corresponding reduction of the Total Loan Commitment) shall be in an integral multiple of One Million Dollars (\$1,000,000).

(b) The Loan Commitments, to the extent terminated pursuant to this Section 2.16, may not be reinstated.

(c) (i) Unless a Default or an Event of Default has occurred and is continuing, Borrower, by written notice to Administrative Agent, may request on up to four (4) occasions during the term of this Agreement that (A) the Total Loan Commitment be increased (the "New Ratable Commitments") or (B) new term loan commitments be established (the "New Term Commitments"), and together with the New Ratable Commitments, the "Incremental Commitments") by an amount not less than Twenty Five Million Dollars (\$25,000,000) per request for any Incremental Commitment and not more than Five Hundred Million Dollars (\$500,000,000) in the aggregate for all Incremental Commitments (such that the sum of the Total Loan Commitment plus the amount of all loans made pursuant to the New Term Commitments after such Incremental Commitments shall never exceed One Billion Seven Hundred Fifty Million Dollars (\$1,750,000,000) less any voluntary reductions in the Loan Commitments pursuant to Section 2.16(a)); provided that for any such request for an Incremental Commitment (a) the Borrower shall not have delivered an Extension Notice prior to, or simultaneously with, such request, (b) any Bank which is a party to this Agreement prior to such request for an Incremental Commitment, at its sole discretion, may elect to provide such Incremental Commitment but shall not have any obligation to provide any Incremental Commitment, and (c) in the event that each Bank does not elect to provide such Incremental Commitment, the Lead Arrangers shall use commercially reasonable efforts to locate additional Qualified Institutions willing to hold the requested Incremental Commitment, and Borrower may also identify additional Qualified Institutions willing to hold the requested Incremental Commitment; provided however that Administrative Agent and each Fronting Bank (in the case of a New

Ratable Commitment) shall have the right to approve any such additional Qualified Institutions, which approval will not be unreasonably withheld or delayed. If (x) Banks are willing to provide such New Ratable Commitments, the Loan Commitments may be increased from time to time by the addition of a new Bank or the increase of the Loan Commitment of an existing Bank (each, a “New Ratable Bank”, and the loans made pursuant to any New Ratable Commitment being referred to herein as “New Ratable Loans”) or (y) Banks are willing to provide such New Term Commitments, term loans may be made hereunder (the “New Term Loans”) by such Banks (each, a “New Term Bank”).

(ii) Any Incremental Commitments hereunder shall be evidenced by the execution and delivery of an amendment to this Agreement by the Borrower, the Administrative Agent, the Fronting Banks (in the case of New Ratable Commitments) and the New Ratable Banks or New Term Banks, as applicable, providing such Incremental Commitments, a copy of which shall be forwarded to each Bank by the Administrative Agent promptly after execution thereof. Each such amendment executed in connection with an Incremental Commitment hereunder may, without the consent of any other Banks, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the good faith judgment of Administrative Agent, to effect the provisions of this Section 2.16(c), subject to approval by the Borrower and the New Ratable Banks or New Term Banks, as applicable, including without limitation to (x) include the New Ratable Banks and/or New Term Banks as “Banks” hereunder, (y) to include the New Ratable Loans and New Term Loans as “Loans” hereunder, and (z) to include the New Ratable Banks and their Pro Rata Shares and/or the New Term Banks and their New Term Loans for purposes of the definition of “Required Banks”; provided however, that any amendments to Articles V through IX, inclusive, that adversely affect a Bank or any amendment to provisions of this Agreement other than those effecting this Section 2.16(c) shall be subject to Section 12.02. All such amendments and joinder agreements entered into with the Borrower by the Administrative Agent shall be binding and conclusive on all Banks.

(iii) On the effective date of any New Ratable Commitments, the Total Loan Commitment and the Loan Commitments of the New Ratable Banks shall be increased, the Pro Rata Shares shall be adjusted and the Borrower and the Administrative Agent shall cause the New Ratable Banks to hold their Pro Rata Share of all Ratable Loans outstanding at the close of business on such day, by either funding more than its or their pro rata share of new Ratable Loans made on such date or purchasing shares of outstanding Ratable Loans held by the other Banks or a combination thereof. The Banks agree to cooperate in any required sale and purchase of outstanding Ratable Loans to achieve such result. The Borrower agrees to pay all fees associated with the New Ratable Commitments including any amounts due under Section 3.05 in connection with any reallocation of LIBOR Loans. In no event will such New Ratable Banks be required to fund or purchase a portion of any Bid Rate Loan to comply with this Section 2.16(c) on such date.

(iv) On the effective date of any New Term Commitments of any Series, (a) each New Term Bank of any Series shall make a New Term Loan to the Borrower in an amount equal to its New Term Commitment of such Series, and (b) each New Term Bank of any Series shall become a Bank hereunder with respect to the New Term Commitments of such Series and the New Term Loans of such Series made pursuant thereto. Any New Term Loans made on such

effective date shall be designated a separate series (a “Series”) of New Term Loans for all purposes of this Agreement.

(v) The terms and provisions of the New Ratable Loans and New Ratable Commitments shall be identical to the existing Ratable Loans and Loan Commitments. The terms of any New Term Loans of any Series made hereunder (a) shall not provide for any amortization payments on or prior to the Maturity Date, but may permit voluntary prepayment, (b) shall provide that the applicable New Term Loan maturity date of each Series shall be no earlier than the Maturity Date and (c) subject to paragraph (c)(ii) above, shall include such other terms and pricing as may be agreed by the Borrower, the Administrative Agent and the New Term Banks.

(vi) Notwithstanding the foregoing, no Incremental Commitment shall become effective under this Section 2.16(c) unless (a) on the date of such effectiveness, the conditions set forth in Section 4.02 shall be satisfied or otherwise waived by the Banks with Incremental Commitments and the Administrative Agent shall have received a certificate to that effect dated such date and executed by an authorized signatory of the Borrower, (b) the Administrative Agent shall have received a certificate of an authorized signatory of the Borrower as to the board resolutions evidencing authority for such Incremental Commitment and as to any changes to the formation documents of the Borrower since the Closing Date, (c) the Borrower shall be in pro forma compliance with the covenants set forth in Article VIII after giving effect to the Loans to be made on such date pursuant to such Incremental Commitments and the application of the proceeds therefrom as if made and applied on such date, (d) the Borrower shall deliver any legal opinions reasonably requested by the Administrative Agent in connection with such Incremental Commitments, consistent with those delivered on the Closing Date, and (e) the Borrower shall have paid all reasonable and documented out-of-pocket costs and expenses of the Administrative Agent pursuant to Section 12.04 and all agreed-upon fees payable to the Administrative Agent and the New Ratable Banks or New Term Banks, as applicable, in connection with such Incremental Commitments.

(vii) Notwithstanding the foregoing, nothing in this Section 2.16(c) shall constitute or be deemed to constitute an agreement by any Bank to provide any Incremental Commitment.

SECTION 2.17 Letters of Credit.

(a) Borrower, by notice to Administrative Agent and the applicable Fronting Bank, may request, in lieu of advances of proceeds of the Ratable Loans, that such Fronting Bank issue unconditional, irrevocable standby letters of credit (each, a “Letter of Credit”) for the account of Borrower or its designee (which shall be an Affiliate of Borrower) (it being understood that the issuance of a Letter of Credit for the account of a designee shall not in any way relieve Borrower of any of its obligations hereunder), payable by sight drafts, for such beneficiaries and with such other terms as Borrower shall specify. Unless the applicable Fronting Bank has received written notice from the Administrative Agent, not less than one (1) Banking Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Section 4.02 shall not have been satisfied, then, subject to the terms and conditions hereof, such Fronting Bank, on the requested date, shall issue

a Letter of Credit for the account of the Borrower or enter into the applicable amendment, as the case may be, in each case in accordance with such Fronting Bank's usual and customary business practices. Promptly upon issuance of a Letter of Credit, the applicable Fronting Bank shall notify Administrative Agent and Administrative Agent shall notify each of the Banks by telephone or by facsimile. Notwithstanding anything herein to the contrary, the Fronting Banks shall have no obligation hereunder to issue, and shall not issue, any Letter of Credit the proceeds of which would be made available to any Person (i) to fund any activity or business of or with any Sanctioned Person, or in any country or territory that, at the time of such funding, is the subject of any Sanctions or (ii) in any manner that would result in a violation of any Sanctions by any party to this Agreement. In addition, a Fronting Bank shall not be under any obligation to issue any Letter of Credit if any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Fronting Bank from issuing the Letter of Credit, or any Law applicable to such Fronting Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Fronting Bank shall prohibit, or request that such Fronting Bank refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon such Fronting Bank with respect to the Letter of Credit any restriction, reserve or capital requirement (for which the L/C Issuer is not otherwise compensated hereunder) not in effect on the Execution Date, or shall impose upon the L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Execution Date and which such Fronting Bank in good faith deems material to it.

(b) To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the applicable Fronting Bank) to the Fronting Bank or Fronting Banks which are being requested to issue (or has or have issued, in the case of an amendment, renewal or extension) such Letter of Credit and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension, but in any event no less than three Banking Days or such shorter period as the applicable Fronting Bank shall agree to) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Banking Day), the identity of the Fronting Bank(s) selected to issue such Letter of Credit, the date on which such Letter of Credit is to expire (which shall comply with paragraph (e) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Fronting Bank, Borrower also shall submit a letter of credit application on the Fronting Bank's standard form in connection with any request for a Letter of Credit; provided that the provisions of this Agreement shall prevail if there is an inconsistency between this Agreement and such letter of credit application. The Borrower and the Fronting Banks shall use reasonable efforts, to the extent practical, to cause any Letters of Credit to be issued by the Fronting Banks on a proportionate basis in accordance with their respective Letter of Credit Commitments, although, for the avoidance of doubt, no single Letter of Credit will be required to be issued by more than one Fronting Bank unless the amount of such Letter of Credit will exceed the available Letter of Credit Commitment of the applicable Fronting Bank. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) (x) the aggregate

undrawn amount of all outstanding Letters of Credit issued by the applicable Fronting Bank at such time plus (y) the aggregate amount of all drawings under Letters of Credit issued by such Fronting Bank that have not yet been reimbursed by or on behalf of the Borrower (including, for clarity, by means of advances of Loans pursuant to this Agreement) at such time shall not exceed its Letter of Credit Commitment (unless agreed to by such Fronting Bank), (ii) the aggregate LC Exposure at such time shall not exceed \$200,000,000 (as such amount may be reduced by written notice from the Borrower consistent with Section 2.16(a) so long as the outstanding Letters of Credit do not exceed such reduced amount), (iii) the amount of such Letter of Credit shall not exceed the Available Total Loan Commitment, and (iv) the amount of such Letter of Credit shall not exceed the excess of the Fronting Bank's Loan Commitment minus the sum of the outstanding principal amount of such Fronting Bank's Ratable Loans and LC Exposure at such time. The Borrower may, at any time and from time to time, reduce the Letter of Credit Commitment of any Fronting Bank with the consent of such Fronting Bank; provided that the Borrower shall not reduce the Letter of Credit Commitment of any Fronting Bank if, after giving effect of such reduction, the conditions set forth in clauses (i) through (iv) of this paragraph (b) shall not be satisfied. The amount of each Letter of Credit issued and outstanding shall effect a reduction, by an equal amount, of the Available Total Loan Commitment as provided in Section 2.01(b) (such reduction to be allocated to each Bank's Loan Commitment ratably in accordance with the Banks' respective Pro Rata Shares).

(c) The amount of each Letter of Credit shall be further subject to the conditions and limitations applicable to amounts of advances set forth in Section 2.04 and, except as otherwise provided in clause (b) above, the procedures for the issuance of each Letter of Credit shall be the same as the procedures applicable to the making of advances as set forth in the first sentence of Section 2.05.

(d) The Fronting Bank's issuance of each Letter of Credit shall be subject to Borrower's satisfaction of all conditions precedent to its entitlement to an advance of proceeds of the Loans.

(e) Each Letter of Credit shall (i) unless approved by the Administrative Agent and the applicable Fronting Bank, expire no later than the earlier of (x) fourteen (14) days prior to the Maturity Date or (y) one (1) year after the date of its issuance (without regard to any automatic renewal provisions thereof), and (ii) be in a minimum amount of One Hundred Thousand Dollars (\$100,000), or such lesser amount approved by the Fronting Bank. In no event shall a Letter of Credit expire later than the first anniversary of the Maturity Date. Notwithstanding the foregoing, in the event that, with the approval of the Administrative Agent and the Fronting Bank, any Letters of Credit are issued and outstanding on the date that is fourteen (14) days prior to the Maturity Date, Borrower shall deliver to Administrative Agent on such date by wire transfer of immediately available funds a cash deposit in the amount of such Letters of Credit in accordance with the provisions of Section 2.17(i). Such funds shall be held by Administrative Agent and applied to repay the amount of each drawing under such Letters of Credit on or after the Maturity Date. Such funds, with any interest earned thereon, will be returned to Borrower (and may be returned from time to time with respect to any applicable Letter of Credit) on the earlier of (a) the date that the applicable Letter of Credit or Letters of Credit expire in accordance with their terms; and (b) the date that the applicable Letter of Credit or Letters of Credit are cancelled.

(f) In connection with, and as a further condition to the issuance of, each Letter of Credit, Borrower shall execute and deliver to the Fronting Bank an application for the Letter of Credit in such form, and together with such other documents, opinions and assurances, as the Fronting Bank shall reasonably require.

(g) In connection with each Letter of Credit, Borrower hereby covenants to pay (i) to Administrative Agent, quarterly in arrears (on the first Banking Day of each calendar quarter following the issuance of such Letter of Credit), a fee, payable to Administrative Agent for the account of the Banks, computed daily (calculated on the basis of a year of three hundred sixty (360) days for the actual number of days elapsed) on the face amount of such Letter of Credit issued and outstanding at a rate per annum equal to the "Banks' L/C Fee Rate" (as hereinafter defined) and (ii) to the Fronting Bank, payable quarterly in arrears, a fee, payable to the Fronting Bank for its own account, computed daily (calculated on the basis of a year of three hundred sixty (360) days for the actual number of days elapsed) on the amount of such Letter of Credit issued and outstanding at a rate per annum equal to 0.125%.

Administrative Agent shall have no responsibility for the collection of the fee for any Letter of Credit that is payable to the Fronting Bank. For purposes of this Agreement, the "Banks' L/C Fee Rate" shall mean, provided no Event of Default has occurred and is continuing, a rate per annum (calculated on the basis of a year of three hundred sixty (360) days for the actual number of days elapsed) equal to the Applicable Margin for LIBOR Loans minus 0.125% and, in the event an Event of Default has occurred and is continuing, a rate per annum (calculated on the basis of a year of three hundred sixty (360) days for the actual number of days elapsed) equal to 3%. It is understood and agreed that the last installment of the fees provided for in this paragraph (g) with respect to any particular Letter of Credit shall be due and payable on the first day of the calendar quarter following the surrender or cancellation, of such Letter of Credit.

(h) The Fronting Bank shall promptly notify Administrative Agent of any drawing under a Letter of Credit issued by such Fronting Bank. The parties hereto acknowledge and agree that, immediately upon notice from Administrative Agent of any drawing under a Letter of Credit, each Bank shall, notwithstanding the existence of a Default or Event of Default or the non-satisfaction of any conditions precedent to the making of an advance of the Loans, advance proceeds of its Ratable Loan, in an amount equal to its Pro Rata Share of such drawing, which advance shall be made to Administrative Agent for disbursement to the Fronting Bank issuing such Letter of Credit to reimburse the Fronting Bank, for its own account, for such drawing, all in satisfaction of Borrower's obligation to reimburse such drawing. Each of the Banks further acknowledges that its obligation to fund its Pro Rata Share of drawings under Letters of Credit as aforesaid shall survive the Banks' termination of this Agreement or enforcement of remedies hereunder or under the other Loan Documents. If any Ratable Loan cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under any applicable bankruptcy law with respect to Borrower), then Borrower shall immediately reimburse such drawing by paying to the Administrative Agent the amount of such drawing and each of the Banks shall purchase (on the date such Ratable Loan would otherwise have been made) from the Fronting Bank a participation interest in any unreimbursed drawing in an amount equal to its Pro Rata Share of such unreimbursed drawing.

(i) Borrower agrees, upon and during the occurrence of an Event of Default and at the request of Administrative Agent or the Required Banks (or automatically upon an Event of Default under Section 9.01(5)), (x) to deposit with Administrative Agent cash collateral in the amount of all the outstanding Letters of Credit, which cash collateral is hereby pledged and shall be held by Administrative Agent for the benefit of the Banks and the Fronting Banks in an account as security for Borrower's obligations in connection with the Letters of Credit and (y) to execute and deliver to Administrative Agent such documents as Administrative Agent requests to confirm and perfect the assignment of such cash collateral and such account to Administrative Agent for the benefit of the Banks. Any such cash collateral deposited with Administrative Agent shall be returned immediately to Borrower upon the cure of such Event of Default.

(j) It is hereby acknowledged and agreed by the Borrower, the Administrative Agent and all the Banks party hereto that on the Execution Date, the letters of credit previously issued by Bank of America, N.A., and/or JPMorgan Chase Bank, N.A. as "Fronting Bank" under the Existing 2014 Credit Agreement and set forth on Schedule 2.17(j) attached hereto, shall be transferred to this Agreement and shall be deemed to be Letters of Credit hereunder.

(k) A Fronting Bank may be replaced at any time by written agreement in a form reasonably satisfactory to the Administrative Agent among the Borrower, the Administrative Agent, the replaced Fronting Bank and the successor Fronting Bank. In addition, the Borrower, by written agreement in a form reasonably satisfactory to the Administrative Agent among Borrower, Administrative Agent and a Bank delivered to Administrative Agent, may designate such Bank as an additional Fronting Bank with such Letter of Credit Commitment as may be agreed on between such Bank and the Borrower provided that the sum of (x) all Letter of Credit Commitments plus (y) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (z) the aggregate amount of all drawings under Letters of Credit that have not yet been reimbursed by or on behalf of the Borrower (including, for clarity, by means of advances of Loans pursuant to this Agreement) shall not exceed \$200,000,000 (and the Letter of Credit Commitment of each other Fronting Bank shall be reduced pro rata by the amount of the additional Fronting Bank's Letter of Credit Commitment). The Administrative Agent shall notify the Banks of any such replacement of the Fronting Bank and any additional Fronting Bank. At the time any such replacement of a Fronting Bank shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Fronting Bank pursuant to Section 2.17(g). From and after the effective date of any such replacement or addition of a Fronting Bank, (x) the successor or additional (as applicable) Fronting Bank shall have all the rights and obligations of a Fronting Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (y) references herein to the term "Fronting Bank" shall be deemed to refer to such successor or additional Fronting Bank, or to any previous Fronting Bank, or to such successor or additional, and all previous, Fronting Banks and all other Fronting Banks, as the context shall require. After the replacement of a Fronting Bank hereunder, the replaced Fronting Bank shall remain a party hereto and shall continue to have all the rights and obligations of a Fronting Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit. Subject to the appointment and acceptance by Administrative Agent and Borrower of a successor Fronting Bank, any Fronting Bank may resign as a Fronting Bank at any time upon thirty days' prior written notice to the Administrative Agent, the Borrower and the Banks, in which case, such Fronting Bank shall be replaced as provided above.

(l) The Borrower's obligation to reimburse drawings under Letters of Credit as provided in paragraph (h) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Fronting Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Banks nor the Fronting Bank shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Fronting Bank; provided that the foregoing shall not be construed to excuse the Fronting Bank from liability to the Borrower to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Fronting Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Fronting Bank (as finally determined by a court of competent jurisdiction), the Fronting Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Fronting Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

SECTION 2.18 Extension Option. Borrower may extend the Maturity Date two (2) times only for a period of six (6) months per extension upon satisfaction of the following terms and conditions for each extension: (i) delivery by Borrower of a written notice to Administrative Agent (an "Extension Notice") on or before a date that is not more than one hundred twenty (120) days nor less than one (1) month prior to the then scheduled Maturity Date, which Extension Notice Administrative Agent shall promptly deliver to the Banks, which Extension Notice shall include a certification dated as of the date of such Extension Notice signed by a duly authorized signatory of Borrower, stating, to the best of the certifying party's knowledge, (x) all representations and warranties contained in this Agreement and in each of the other Loan Documents are true and correct on and as of the date of such Extension Notice (except in those cases where such representation or warranty expressly relates to an earlier date, in which case such representations and warranties were true and correct as of such date, and

except for changes in factual circumstances not prohibited under the Loan Documents), and (y) no Event of Default has occurred and is continuing; (ii) no Event of Default shall have occurred and be continuing on the original Maturity Date (an “Extension Date”), and (iii) Borrower shall pay to Administrative Agent on or before such Extension Date a fee equal to (x) for the first extension, 0.0625% of the Total Loan Commitment and (y) for the second extension, 0.075% of the Total Loan Commitment, in each case on such Extension Date, which fee shall be distributed by Administrative Agent pro rata to each of the Banks based on each Bank’s Pro Rata Share. Borrower’s delivery of an Extension Notice shall be irrevocable.

ARTICLE III

YIELD PROTECTION; ILLEGALITY; ETC.

SECTION 3.01 Additional Costs. Borrower shall pay directly to each Bank from time to time on demand such amounts as such Bank may reasonably determine to be necessary to compensate it for any increased costs which such Bank determines are attributable to its making or maintaining a LIBOR Loan or a Bid Rate Loan, or its obligation to make or maintain a LIBOR Loan or a Bid Rate Loan, or its obligation to Convert a Base Rate Loan to a LIBOR Loan hereunder, or any reduction in any amount receivable by such Bank hereunder in respect of its LIBOR Loan or Bid Rate Loan(s) or such obligations (such increases in costs and reductions in amounts receivable being herein called “Additional Costs”), in each case resulting from any Regulatory Change which:

(1) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, and (B) Excluded Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(2) (other than to the extent the LIBOR Reserve Requirement is taken into account in determining the LIBOR Rate at the commencement of the applicable Interest Period) imposes or modifies any reserve, special deposit, liquidity, deposit insurance or assessment, minimum capital, capital ratio or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, such Bank (including any LIBOR Loan or Bid Rate Loan or any deposits referred to in the definition of “LIBOR Interest Rate”), or any commitment of such Bank (including such Bank’s Loan Commitment hereunder); or

(3) imposes any other condition, cost or expense (other than Taxes) affecting this Agreement or the Notes (or any of such extensions of credit or liabilities).

Without limiting the effect of the provisions of the first paragraph of this Section, in the event that, by reason of any Regulatory Change, any Bank becomes subject to restrictions on the amount of such a category of liabilities or assets which it may hold, then, if such Bank so elects by notice to Borrower (with a copy to Administrative Agent), the obligation of such Bank to permit Elections of, to Continue, or to Convert Base Rate Loans into, LIBOR Loans shall be suspended (in which case the provisions of Section 3.04 shall be applicable) until such Regulatory Change ceases to be in effect.

The obligations of Borrower under this Section shall survive the repayment of all amounts due under or in connection with any of the Loan Documents and the termination of the Loan Commitments in respect of the period prior to such termination.

Determinations and allocations by a Bank for purposes of this Section of the effect of any Regulatory Change pursuant to the first or second paragraph of this Section, on its costs or rate of return of making or maintaining its Loan or portions thereof or on amounts receivable by it in respect of its Loan or portions thereof, and the amounts required to compensate such Bank under this Section, shall be included in a calculation of such amounts given to Borrower and shall be conclusive absent manifest error.

Notwithstanding anything contained in this Article III to the contrary, Borrower shall only be obligated to pay any amounts due under this Section 3.01 or under Section 3.06 if, and a Bank shall not exercise any right under this Section 3.01 or Sections 3.02, 3.03, 3.04 or 3.06 unless, the applicable Bank is generally imposing a similar charge on, or otherwise similarly enforcing its agreements with, its other similarly situated borrowers. In addition, Borrower shall not be obligated to compensate any Bank under any such provision for any amounts attributable to any period which is more than nine (9) months prior to such Bank's delivery of notice thereof to Borrower (except that if a Regulatory Change is retroactive, then such period shall be extended to include the period of retroactive effect, provided that such Bank delivered notice thereof to Borrower no later than nine (9) months after the date on which the Regulatory Change with such retroactive effect was made).

For purposes of this Section 3.01, the term "Bank" includes any Fronting Bank.

SECTION 3.02 Alternate Rate of Interest. If prior to the commencement of any Interest Period for a LIBOR Loan:

(1) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBOR Interest Rate or the LIBOR Base Rate, as applicable (including, without limitation, because the LIBO Screen Rate is not available or published on a current basis), for such Interest Period; or

(2) the Administrative Agent is advised by the Required Banks (or, in the case of a Bid Rate Loan, the Bank that is required to make such Loan) that the LIBOR Interest Rate or the LIBOR Base Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Banks (or Bank) of making or maintaining their Loans (or its Loan) included in such borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Banks by telephone or teletype as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Banks that the circumstances giving rise to such notice no longer exist, (i) any notice by the Borrower of Election, Conversion or Continuation that requests the Conversion of any Loan to, or Continuation of any Loan as, a LIBOR Loan shall be ineffective, (ii) if the Borrower requests a Ratable Loan, such Loan shall be made or Continued as a Base Rate Loan and (iii) any request by the Borrower for a Bid Rate Loan shall be ineffective;

provided that if the circumstances giving rise to such notice do not affect all the Banks, then requests by the Borrower for Bid Rate Loans may be made to Banks that are not affected thereby.

(b) If at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in clause (a)(1) have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (a)(1) have not arisen but the supervisor for the administrator of the LIBO Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the LIBO Screen Rate shall no longer be used for determining interest rates for loans, then the Administrative Agent and the Borrower shall endeavor to establish an alternate rate of interest to the LIBOR Base Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable. Notwithstanding anything to the contrary in Section 12.02, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five Banking Days of the date notice of such alternate rate of interest is provided to the Banks, a written notice from the Required Banks stating that such Required Banks object to such amendment. Until an alternate rate of interest shall be determined in accordance with this clause (b) (but, in the case of the circumstances described in clause (ii) of the first sentence of this Section 3.02(b), only to the extent the LIBO Screen Rate for such Interest Period is not available or published at such time on a current basis), (x) any notice by the Borrower of Election, Conversion or Continuation that requests the Conversion of any Loan to, or Continuation of any Loan as, a LIBOR Loan shall be ineffective, (y) if the Borrower requests a Ratable Loan, such Loan shall be made or Continued as a Base Rate Loan and (z) any request by the Borrower for a Bid Rate Loan shall be ineffective; provided that, if such alternate rate of interest shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

SECTION 3.03 Illegality. Notwithstanding any other provision of this Agreement, in the event that it becomes unlawful for any Bank or its Applicable Lending Office to honor its obligation to make or maintain a LIBOR Loan or Bid Rate Loan hereunder, to allow Elections or Continuations of a LIBOR Loan or to Convert a Base Rate Loan into a LIBOR Loan, then such Bank shall promptly notify Administrative Agent and Borrower thereof and such Bank's obligation to make or maintain a LIBOR Loan or Bid Rate Loan, or to permit Elections of, to Continue, or to Convert its Base Rate Loan into, a LIBOR Loan shall be suspended (in which case the provisions of Section 3.04 shall be applicable) until such time as such Bank may again make and maintain a LIBOR Loan or Bid Rate Loan.

SECTION 3.04 Treatment of Affected Loans. If the obligations of any Bank to make or maintain a LIBOR Loan or a Bid Rate Loan, or to permit an Election of a LIBOR Loan, to Continue its LIBOR Loan, or to Convert its Base Rate Loan into a LIBOR Loan, are suspended pursuant to Section 3.01 or 3.03 (each LIBOR Loan or Bid Rate Loan so affected being herein called an "Affected Loan"), such Bank's Affected Loan shall be automatically Converted into a Base Rate Loan (or, in the case of an Affected Loan that is a Bid Rate Loan, the interest rate thereon shall be converted to the rate applicable to Base Rate Loans)

on the last day of the then current Interest Period for the Affected Loan (or, in the case of a Conversion or conversion resulting from Section 3.03, on such earlier date as such Bank may specify to Borrower).

To the extent that such Bank's Affected Loan has been so Converted (or the interest rate thereon so converted), all payments and prepayments of principal which would otherwise be applied to such Bank's Affected Loan shall be applied instead to its Base Rate Loan (or to its Bid Rate Loan bearing interest at the converted rate) and such Bank shall have no obligation to Convert its Base Rate Loan into a LIBOR Loan.

SECTION 3.05 Certain Compensation. Other than in connection with a Conversion of an Affected Loan, Borrower shall pay to Administrative Agent for the account of the applicable Bank, upon the request of such Bank through Administrative Agent which request includes a calculation of the amount(s) due, such amount or amounts as shall be sufficient (in the reasonable opinion of such Bank) to compensate it for any loss, cost or expense which such Bank reasonably determines is attributable to:

(1) any payment or prepayment of a LIBOR Loan or Bid Rate Loan made by such Bank, or any Conversion of a LIBOR Loan (or conversion of the rate of interest on a Bid Rate Loan) made by such Bank, in any such case on a date other than the last day of an applicable Interest Period, whether by reason of acceleration or otherwise;

(2) any failure by Borrower for any reason to Convert a LIBOR Loan or a Base Rate Loan or to Continue a LIBOR Loan, as the case may be, to be Converted or Continued by such Bank on the date specified therefor in the relevant notice under Section 2.14;

(3) any failure by Borrower to borrow (or to qualify for a borrowing of) a LIBOR Loan or Bid Rate Loan which would otherwise be made hereunder on the date specified in the relevant Election notice under Section 2.14 or Bid Rate Quote acceptance under Section 2.02(e) given or submitted by Borrower; or

(4) any failure by Borrower to prepay a LIBOR Loan or Bid Rate Loan on the date specified in a notice of prepayment.

Without limiting the foregoing, such compensation shall include an amount equal to the present value (using as the discount rate an interest rate equal to the rate determined under (2) below) of the excess, if any, of (1) the amount of interest (less the Applicable Margin) which otherwise would have accrued on the principal amount so paid, prepaid, Converted or Continued (or not Converted, Continued or borrowed) for the period from the date of such payment, prepayment, Conversion or Continuation (or failure to Convert, Continue or borrow) to the last day of the then current applicable Interest Period (or, in the case of a failure to Convert, Continue or borrow, to the last day of the applicable Interest Period which would have commenced on the date specified therefor in the relevant notice) at the applicable rate of interest for the LIBOR Loan or Bid Rate Loan provided for herein, over (2) the amount of interest (as reasonably determined by such Bank) based upon the interest rate which such Bank would have bid in the London interbank market for Dollar deposits, for amounts comparable to such principal amount

and maturities comparable to such period. A determination of any Bank as to the amounts payable pursuant to this Section shall be conclusive absent manifest error.

The obligations of Borrower under this Section shall survive the repayment of all amounts due under or in connection with any of the Loan Documents and the termination of the Loan Commitments in respect of the period prior to such termination.

SECTION 3.06 Capital Adequacy. If any Bank shall have determined that, after the date hereof, due to any Regulatory Change or the adoption of, or any change in, any applicable law, rule or regulation regarding capital adequacy or liquidity requirements, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy or liquidity requirements (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of such Bank (or its Parent) as a consequence of such Bank's obligations hereunder to a level below that which such Bank (or its Parent) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy and liquidity) by an amount deemed by such Bank to be material, then from time to time, within fifteen (15) days after demand by such Bank (with a copy to Administrative Agent), Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank (or its Parent) for such reduction. A certificate of any Bank claiming compensation under this Section, setting forth in reasonable detail the basis therefor, shall be conclusive absent manifest error. The obligations of Borrower under this Section shall survive the repayment of all amounts due under or in connection with any of the Loan Documents and the termination of the Loan Commitments in respect of the period prior to such termination.

SECTION 3.07 Substitution of Banks. If any Bank (an "Affected Bank") (i) makes demand upon Borrower for (or if Borrower is otherwise required to pay) Additional Costs pursuant to Section 3.01, (ii) is unable to make or maintain a LIBOR Loan or Bid Rate Loan as a result of a condition described in Section 3.03 or clause (2) of Section 3.02, (iii) has any increased costs as described in Section 3.06, (iv) requires the Borrower to pay any Indemnified Taxes or other amounts to such Bank or any Governmental Authority pursuant to Section 10.13, or (v) becomes a Defaulting Lender, Borrower may, within ninety (90) days of receipt of such demand or notice of the occurrence of an event described above in this Section 3.07 (provided (A) such 90-day limit shall not be applicable for a Defaulting Lender and (B) such 90-day period shall be extended for an additional period of 60 days if Borrower shall have attempted during such 90-day period to secure a Replacement Bank (as defined below) and shall be diligently pursuing such attempt), give written notice (a "Replacement Notice") to Administrative Agent and to each Bank of Borrower's intention either (x) to prepay in full the Affected Bank's Loans and to terminate the Affected Bank's entire Loan Commitment or (y) to replace the Affected Bank with another financial institution (the "Replacement Bank") designated in such Replacement Notice. After its replacement, an Affected Bank shall remain entitled to the benefits of Sections 3.01, 3.06, 10.13 and 12.04 in respect of the period prior to its replacement.

In the event Borrower opts to give the notice provided for in clause (x) above, and if the Affected Bank shall not agree within thirty (30) days of its receipt thereof to waive the

payment of the Additional Costs, Indemnified Taxes or other amounts in question or the effect of the circumstances described in Section 3.03, in clause (2) of Section 3.02 or in Section 3.06 or the Affected Bank shall continue to be a Defaulting Lender, then, so long as no Event of Default shall exist, Borrower may (notwithstanding the provisions of clause (2) of Section 2.16(a)) terminate the Affected Bank's entire Loan Commitment, provided that in connection therewith it pays to the Affected Bank all outstanding principal and accrued and unpaid interest under the Affected Bank's Loans, together with all other amounts, if any, due from Borrower to the Affected Bank, including all amounts properly demanded and unreimbursed under Sections 3.01, 3.05 or 10.13. After any termination as provided in this paragraph, an Affected Bank shall remain entitled to the benefits of Sections 3.01, 3.06, 10.13 and 12.04 in respect of the period prior to such termination.

In the event Borrower opts to give the notice provided for in clause (y) above, and if Administrative Agent shall promptly (and in any event, within thirty (30) days of its receipt of the Replacement Notice), notify Borrower and each Bank in writing that the Replacement Bank is reasonably satisfactory to Administrative Agent, then the Affected Bank shall, so long as no Event of Default shall exist, assign its Loans and all of its rights and obligations under this Agreement to the Replacement Bank, and the Replacement Bank shall assume all of the Affected Bank's rights and obligations, pursuant to an agreement, substantially in the form of an Assignment and Assumption Agreement, executed by the Affected Bank and the Replacement Bank. In connection with such assignment and assumption, the Replacement Bank shall pay to the Affected Bank an amount equal to the outstanding principal amount of the Affected Bank's Loans plus all interest accrued thereon, plus all other amounts, if any (other than the Additional Costs in question), then due and payable to the Affected Bank; provided, however, that prior to or simultaneously with any such assignment and assumption, Borrower shall have paid to such Affected Bank all amounts properly demanded and unreimbursed under Sections 3.01, 3.05 and 10.13. Upon the effective date of such assignment and assumption, the Replacement Bank shall become a Bank Party to this Agreement and shall have all the rights and obligations of a Bank as set forth in such Assignment and Assumption Agreement, and the Affected Bank shall be released from its obligations hereunder, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this Section, a substitute Ratable Loan Note shall be issued to the Replacement Bank by Borrower, in exchange for the return of the Affected Bank's Ratable Loan Note. The obligations evidenced by such substitute note shall constitute "Obligations" for all purposes of this Agreement and the other Loan Documents. If the Replacement Bank is not incorporated under the laws of the United States of America or a state thereof, it shall, prior to the first date on which interest or fees are payable hereunder for its account, deliver to Borrower and Administrative Agent a certification as to exemption from deduction or withholding of any United States federal income taxes in accordance with Section 10.13. Each Replacement Bank shall be deemed to have made the representations contained in, and shall be bound by the provisions of, Section 10.13. After any assignment as provided in this paragraph, an Affected Bank shall remain entitled to the benefits of Sections 3.01, 3.06, 10.13 and 12.04 in respect of the period prior to such assignment.

Borrower, Administrative Agent and the Banks shall execute such modifications to the Loan Documents as shall be reasonably required in connection with and to effectuate the foregoing.

SECTION 3.08 Obligation of Banks to Mitigate.

Each Bank agrees that, as promptly as practicable after such Bank has actual knowledge of the occurrence of an event or the existence of a condition that would cause such Bank to become an Affected Bank or that would entitle such Bank to receive payments under Sections 3.01, 3.02, 3.03, 3.06 or 10.13, it will, to the extent not inconsistent with any applicable legal or regulatory restrictions, use reasonable efforts at the cost and expense of the Borrower (i) to make, issue, fund, or maintain the Loan Commitment of such Bank or the affected Loans of such Bank through another lending office of such Bank, or (ii) to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if as a result thereof the circumstances that would cause such Bank to be an Affected Bank would cease to exist or the additional amounts that would otherwise be required to be paid to such Bank pursuant to Sections 3.01, 3.02, 3.03, 3.06 or 10.13 would be reduced and if, as reasonably determined by such Bank in its sole discretion, the making, issuing, funding, or maintaining of such Loan Commitment or Loans through such other lending office or in accordance with such other measures, as the case may be, would not otherwise adversely affect such Loan Commitment or Loans or would not be otherwise disadvantageous to the interests of such Bank.

ARTICLE IV

CONDITIONS PRECEDENT

SECTION 4.01 Conditions Precedent to the Loans. The obligations of the Banks hereunder and the obligation of each Bank to make the Initial Advance are subject to the condition precedent that Administrative Agent shall have received on or before the Execution Date (other than with respect to paragraphs (11) and (14) below, which shall be required by the Closing Date) each of the following documents, and each of the following requirements shall have been fulfilled:

- (1) Fees and Expenses. The payment of all fees and expenses owed to or incurred by Administrative Agent in connection with the origination of the Loans (including, without limitation, the reasonable fees and expenses of legal counsel);
- (2) Note. A Ratable Loan Note for each Bank, unless not requested by such Bank, and the Bid Rate Loan Note for Administrative Agent, each duly executed by Borrower;
- (3) Financial Statements. Audited Borrower's Consolidated Financial Statements as of and for the year ended December 31, 2016;
- (4) Certificates of Limited Partnership/Trust. A copy of the Certificate of Limited Partnership for Borrower and a copy of the articles of trust of General Partner, each certified by the appropriate Secretary of State or equivalent state official;
- (5) Agreements of Limited Partnership/Bylaws. A copy of the Agreement of Limited Partnership for Borrower and a copy of the bylaws of General Partner, including all amendments thereto, each certified by the Secretary or an Assistant Secretary of General Partner as being in full force and effect on the Execution Date;

(6) Good Standing Certificates. A certified copy of a certificate from the Secretary of State or equivalent state official of the states where Borrower and General Partner are organized, dated as of the most recent practicable date, showing the good standing or partnership qualification of Borrower and General Partner;

(7) Foreign Qualification Certificates. A certified copy of a certificate from the Secretary of State or equivalent state official of the state where Borrower and General Partner maintain their principal places of business, dated as of the most recent practicable date, showing the qualification to transact business in such state as a foreign limited partnership or foreign trust, as the case may be, for Borrower and General Partner;

(8) Resolutions. A copy of a resolution or resolutions adopted by the Board of Trustees of General Partner, certified by the Secretary or an Assistant Secretary of General Partner as being in full force and effect on the Execution Date, authorizing the Loans provided for herein and the execution, delivery and performance of the Loan Documents to be executed and delivered by General Partner hereunder on behalf Borrower;

(9) Incumbency Certificate. A certificate, signed by the Secretary or an Assistant Secretary of General Partner and dated the Execution Date, as to the incumbency, and containing the specimen signature or signatures, of the Persons authorized to execute and deliver the Loan Documents to be executed and delivered by it and Borrower hereunder;

(10) Solvency Certificate. A Solvency Certificate, duly executed, from Borrower;

(11) Opinion of Counsel for Borrower. Favorable opinions, dated as of the Closing Date, from counsels for Borrower and General Partner, as to such matters as Administrative Agent may reasonably request;

(12) Authorization Letter. The Authorization Letter, duly executed by Borrower;

(13) Intentionally Omitted.

(14) Request for Advance. A request for an advance in accordance with Section 2.05;

(15) Certificate. The following statements shall be true and Administrative Agent shall have received a certificate dated as of the Execution Date signed by a duly authorized signatory of Borrower stating, to the best of the certifying party's knowledge, the following:

(a) All representations and warranties contained in this Agreement and in each of the other Loan Documents are true and correct on and as of the Execution Date as though made on and as of such date, and

(b) No Default or Event of Default has occurred and is continuing;

(16) Compliance Certificate. A certificate of the sort required by paragraph (3) of Section 6.09;

(17) Insurance. Evidence of the insurance described in Section 5.17; and

(18) KYC Information. The Administrative Agent and the Banks shall have received all documentation and other information about the Borrower as shall have been reasonably requested by the Administrative Agent or such Bank that it shall have reasonably determined is required by regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations.

SECTION 4.02 Conditions Precedent to Advances After the Initial Advance. The obligation of each Bank to make any advance of the Loans or issue, renew or increase the amount of any Letter of Credit subsequent to the Initial Advance shall be subject to satisfaction of the following conditions precedent:

(1) No Default or Event of Default shall have occurred and be continuing;

(2) Each of the representations and warranties of Borrower contained in this Agreement and in each of the other Loan Documents shall be true and correct in all material respects as of the date of the advance, issuance, renewal or increase (except in those cases where such representation or warranty expressly relates to an earlier date or is qualified as to “materiality”, “Material Adverse Change” or similar language (which shall be true and correct in all respects) and except for changes in factual circumstances permitted hereunder); and

(3) Administrative Agent shall have received a request for an advance in accordance with Section 2.05.

SECTION 4.03 Deemed Representations. Each request by Borrower for, and acceptance by Borrower of, an advance of proceeds of the Loans or the issuance, renewal or increase of any Letter of Credit, shall constitute a representation and warranty by Borrower that, as of both the date of such request and the date of such advance, issuance, renewal or increase (1) no Default or Event of Default has occurred and is continuing as of the date of such advance, issuance, renewal or increase, and (2) each of the representations and warranties by Borrower contained in this Agreement and in each of the other Loan Documents is true and correct in all material respects on and as of such date with the same effect as if made on and as of such date, except where such representation or warranty expressly relates to an earlier date and except for changes in factual circumstances not prohibited hereunder. In addition, the request by Borrower for, and acceptance by Borrower of, the Initial Advance shall constitute a representation and warranty by Borrower that, as of the Closing Date, each certificate delivered pursuant to Section 4.01 is true and correct in all material respects.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Administrative Agent and each Bank as follows:

SECTION 5.01 Existence. Borrower is a limited partnership duly organized and existing under the laws of the State of Delaware, with its principal executive office in the State of New York, and is duly qualified as a foreign limited partnership, properly licensed, in good standing and has all requisite authority to conduct its business in each jurisdiction in which it owns properties or conducts business except where the failure to be so qualified or to obtain such authority would not constitute a Material Adverse Change. Each of its Consolidated Businesses is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and has all requisite authority to conduct its business in each jurisdiction in which it owns property or conducts business, except where the failure to be so qualified or to obtain such authority would not constitute a Material Adverse Change. General Partner is a REIT duly organized and existing under the laws of the State of Maryland, with its principal executive office in the State of New York, is duly qualified as a foreign corporation or trust and properly licensed and in good standing in each jurisdiction where the failure to qualify or be licensed would constitute a Material Adverse Change. The common shares of beneficial interest of General Partner are listed on the New York Stock Exchange.

SECTION 5.02 Corporate/Partnership Powers. The execution, delivery and performance of this Agreement and the other Loan Documents required to be delivered by Borrower hereunder are within its partnership authority, have been duly authorized by all requisite action, and are not in conflict with the terms of any organizational documents of such entity, or any instrument or agreement to which Borrower or General Partner is a party or by which Borrower, General Partner or any of their respective assets may be bound or affected (which conflict with any such instrument or agreement would likely cause a Material Adverse Change to occur).

SECTION 5.03 Power of Officers. The officers of General Partner executing the Loan Documents required to be delivered by it on behalf of Borrower hereunder have been duly elected or appointed and were fully authorized to execute the same at the time each such Loan Document was executed.

SECTION 5.04 Power and Authority; No Conflicts; Compliance With Laws. The execution and delivery of, and the performance of the obligations required to be performed by Borrower under, the Loan Documents do not and will not (a) violate any provision of, or, except for those which have been made or obtained, require any filing (other than SEC disclosure filings), registration, consent or approval under, any Law (including, without limitation, Regulation U), order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to it, except for such violations, or filings, registrations, consents and approvals which if not done or obtained would not likely cause a Material Adverse Change to occur, (b) result in a breach of or constitute a default under or require any consent under any indenture or loan or credit agreement or any other agreement, lease or instrument to

which it may be a party or by which it or its properties may be bound or affected except for consents which have been obtained or which if not obtained are not likely to cause a Material Adverse Change to occur, (c) result in, or require, the creation or imposition of any Lien, upon or with respect to any of its properties now owned or hereafter acquired which would likely cause a Material Adverse Change to occur, or (d) cause it to be in default under any such Law, order, writ, judgment, injunction, decree, determination or award or any such indenture, agreement, lease or instrument which would likely cause a Material Adverse Change to occur; to the best of its knowledge, Borrower is in compliance with all Laws applicable to it and its properties where the failure to be in compliance would cause a Material Adverse Change to occur.

SECTION 5.05 Legally Enforceable Agreements. Each Loan Document is a legal, valid and binding obligation of Borrower, enforceable in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally, as well as general principles of equity.

SECTION 5.06 Litigation. Except as disclosed in General Partner's SEC Reports existing as of the date hereof, there are no investigations, actions, suits or proceedings pending or, to its knowledge, threatened against Borrower, General Partner or any of their Affiliates before any court or arbitrator or any Governmental Authority reasonably likely to (i) have a material effect on Borrower's ability to repay the Loans, (ii) result in a Material Adverse Change, or (iii) affect the validity or enforceability of any Loan Document.

SECTION 5.07 Good Title to Properties. Borrower and each of its Material Affiliates have good, marketable and legal title to all of the properties and assets each of them purports to own (including, without limitation, those reflected in the financial statements referred to in Sections 4.01(3) and 5.15 and only with exceptions which do not materially detract from the value of such property or assets or the use thereof in Borrower's and such Affiliate's businesses, and except to the extent that any such properties and assets have been encumbered or disposed of since the date of such financial statements without violating any of the covenants contained in Article VII or elsewhere in this Agreement) and except where failure to comply with the foregoing would likely result in a Material Adverse Change. Borrower and its Material Affiliates enjoy peaceful and undisturbed possession of all leased property under leases which are valid and subsisting and are in full force and effect, except to the extent that the failure to be so would not likely result in a Material Adverse Change.

SECTION 5.08 Taxes. Borrower has filed all tax returns (federal, state and local) required to be filed and has paid all taxes, assessments and governmental charges and levies due and payable without the imposition of a penalty, including interest and penalties, except to the extent they are the subject of a Good Faith Contest or where the failure to comply with the foregoing would not likely result in a Material Adverse Change.

SECTION 5.09 ERISA. To the knowledge of Borrower, each Plan is in compliance in all material respects with its terms and all applicable provisions of ERISA. Neither a Reportable Event nor a Prohibited Transaction has occurred with respect to any Plan that, assuming the taxable period of the transaction expired as of the date hereof, could subject Borrower, General Partner or any ERISA Affiliate to a tax or penalty imposed under Section

4975 of the Code or Section 502(i) of ERISA, except as would not reasonably be expected to result in a Material Adverse Change; except as would not likely result in a Material Adverse Change, no Reportable Event has occurred with respect to any Plan within the last six (6) years; except as would not likely result in a Material Adverse Change, no notice of intent to terminate a Plan has been filed nor has any Plan been terminated within the past five (5) years; to the knowledge of Borrower, there are no circumstances which constitute grounds under Section 4042 of ERISA entitling the PBGC to institute proceedings to terminate, or appoint a trustee to administer, a Plan, nor has the PBGC instituted any such proceedings; except as would not likely result in a Material Adverse Change, Borrower, General Partner and the ERISA Affiliates have met the minimum funding requirements of Section 412 of the Code and Section 302 of ERISA with respect to the Plans of each and except as disclosed in the Borrower's Consolidated Financial Statements there was no Unfunded Current Liability with respect to any Plan established or maintained by each as of the last day of the most recent plan year of each Plan; and except as would not likely result in a Material Adverse Change, Borrower, General Partner and the ERISA Affiliates have not incurred any liability to the PBGC under ERISA (other than for the payment of premiums under Section 4007 of ERISA) which is due and payable for more than 45 days and has not been reserved against. None of the assets of Borrower or General Partner under this Agreement constitute "plan assets" (within the meaning of C.F.R. §2510.3-101, as modified by Section 3(42) of ERISA) of any "employee benefit plan" within the meaning of ERISA or of any "plan" within the meaning of Section 4975(e)(1) of the Code.

SECTION 5.10 No Default on Outstanding Judgments or Orders. Borrower has satisfied all judgments which are not being appealed and is not in default with respect to any rule or regulation or any judgment, order, writ, injunction or decree applicable to Borrower, of any court, arbitrator or federal, state, municipal or other Governmental Authority, commission, board, bureau, agency or instrumentality, domestic or foreign, in each case which failure to satisfy or which being in default is likely to result in a Material Adverse Change.

SECTION 5.11 No Defaults on Other Agreements. Except as disclosed to the Bank Parties in writing or as disclosed in General Partner's SEC Reports existing as of the date hereof, Borrower, to the best of its knowledge, is not a party to any indenture, loan or credit agreement or any lease or other agreement or instrument or subject to any partnership, trust or other restriction which is likely to result in a Material Adverse Change. To the best of its knowledge, Borrower is not in default in any respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument which is likely to result in a Material Adverse Change.

SECTION 5.12 Government Regulation. Neither Borrower nor General Partner is or is required to be registered as an "investment company", or subject to regulation, under the Investment Company Act of 1940.

SECTION 5.13 Environmental Protection. To Borrower's knowledge, except as disclosed in General Partner's SEC Reports existing as of the date hereof, none of Borrower's or its Affiliates' properties contains any Hazardous Materials that, under any Environmental Law currently in effect, (1) would impose liability on Borrower that is likely to result in a Material Adverse Change, or (2) is likely to result in the imposition of a Lien on any assets of Borrower or any Material Affiliates that is likely to result in a Material Adverse

Change. To Borrower's knowledge, neither it nor any Material Affiliates are in violation of, or subject to any existing, pending or threatened investigation or proceeding by any Governmental Authority under any Environmental Law that is likely to result in a Material Adverse Change.

SECTION 5.14 Solvency. Borrower is, and upon consummation of the transactions contemplated by this Agreement, the other Loan Documents and any other documents, instruments or agreements relating thereto, will be, Solvent.

SECTION 5.15 Financial Statements. Borrower's Consolidated Financial Statements most recently delivered to the Banks prior to the date of this Agreement are in all material respects complete and fairly present the financial condition and results of operations of the subjects thereof as of the dates of and for the periods covered by such statements, all in accordance with GAAP. There has been no Material Adverse Change since the date of such most recently delivered Borrower's Consolidated Financial Statements or if any of Borrower's Consolidated Financial Statements have been delivered pursuant to Section 6.09(1) or (2) subsequent to the date of this Agreement, there has been no Material Adverse Change since the date of Borrower's Consolidated Financial Statements most recently delivered pursuant to one of such sections.

SECTION 5.16 Valid Existence of Affiliates. Each Material Affiliate is an entity duly organized and existing in good standing under the laws of the jurisdiction of its formation. As to each Material Affiliate, its correct name, the jurisdiction of its formation, Borrower's direct or indirect percentage of beneficial interest therein, and the type of business in which it is primarily engaged, are set forth on EXHIBIT F. Borrower and each of its Material Affiliates have the power to own their respective properties and to carry on their respective businesses now being conducted. Each Material Affiliate is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which the nature of the respective businesses conducted by it or its respective properties, owned or held under lease, make such qualification necessary and where the failure to be so qualified would likely cause a Material Adverse Change to occur.

SECTION 5.17 Insurance. Each of Borrower and each of its Material Affiliates has in force paid insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated.

SECTION 5.18 Accuracy of Information; Full Disclosure. Neither this Agreement nor any documents, financial statements, reports, notices, schedules, certificates, statements or other writings furnished by or on behalf of Borrower to Administrative Agent or any Bank in connection with the negotiation of this Agreement or the consummation of the transactions contemplated hereby, required herein to be furnished by or on behalf of Borrower (other than projections which are made by Borrower in good faith) or certified as being true and correct by or on behalf of the Borrower to the Administrative Agent or any Bank in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so certified) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein, in the light of the circumstances under which they were made, not misleading in any material respect; provided

that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time. There is no fact which Borrower has not disclosed to Administrative Agent and the Banks in writing or that is not included in General Partner's SEC Reports that materially affects adversely or, so far as Borrower can now reasonably foresee, will materially affect adversely the business or financial condition of Borrower or the ability of Borrower to perform this Agreement and the other Loan Documents.

SECTION 5.19 Use of Proceeds. All proceeds of the Loans will be used by Borrower for any purpose permitted by law, including, without limitation, working capital and other general corporate purposes. Neither the making of any Loan nor the use of the proceeds thereof nor any other extension of credit hereunder will violate the provisions of Regulations T, U, or X of the Federal Reserve Board. None of the General Partner, the Borrower or their Subsidiaries is engaged principally or as one of its important activities in the business of extending credit for the purposes of "purchasing" or "carrying" any "margin stock" within the respective meanings of such terms under Regulations T, U and X of the Federal Reserve Board.

SECTION 5.20 Governmental Approvals. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with the execution, delivery and performance of any Loan Document or the consummation of any of the transactions contemplated thereby other than those that have already been duly made or obtained and remain in full force and effect, those which, if not made or obtained, would not likely result in a Material Adverse Change and those which will be made in due course as SEC disclosure filings.

SECTION 5.21 Principal Offices. As of the Execution Date, the principal office, chief executive office and principal place of business of Borrower is 888 Seventh Avenue, New York, New York 10106.

SECTION 5.22 General Partner Status. General Partner is qualified and General Partner intends to continue to qualify as a REIT.

(1) As of the date hereof, the General Partner owns no assets other than ownership interests in Borrower or as disclosed on Schedule 2A attached hereto.

(2) The General Partner is neither the borrower nor guarantor of any Debt except as disclosed on Schedule 3 attached hereto.

SECTION 5.23 Labor Matters. Except for collective bargaining agreements disclosed on EXHIBIT I and Multiemployer Plans named in such collective bargaining agreements, (i) as of the date hereof, there are no collective bargaining agreements or Multiemployer Plans covering the employees of Borrower, General Partner, or any ERISA Affiliate and (ii) neither Borrower, General Partner, nor any ERISA Affiliate has suffered any strikes, walkouts, work stoppages or other material labor difficulty within the last five years which would likely result in a Material Adverse Change.

SECTION 5.24 Organizational Documents. The documents delivered pursuant to Section 4.01(4) and (5) constitute, as of the Execution Date, all of the organizational documents of the Borrower and General Partner. Borrower represents that it has delivered to Administrative Agent true, correct and complete copies of each such documents. General Partner is the general partner of the Borrower. General Partner holds (directly or indirectly) not less than ninety percent (90%) of the ownership interests in Borrower as of the Execution Date.

SECTION 5.25 Anti-Corruption Laws and Sanctions. The Borrower has implemented and maintains in effect policies and procedures designed to attain compliance by the General Partner, the Borrower, its Subsidiaries and their respective directors, trustees, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrower, its Subsidiaries and their respective officers and employees and to the knowledge of the Borrower its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the General Partner, the Borrower, any Subsidiary or any of their respective directors, trustees, officers or employees, or (b) to the knowledge of the Borrower, any agent of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Loan or Letter of Credit, use of proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions.

SECTION 5.26 EEA Financial Institutions. Neither Borrower nor any of its Subsidiaries is an EEA Financial Institution.

ARTICLE VI

AFFIRMATIVE COVENANTS

So long as any of the Loans shall remain unpaid or the Loan Commitments remain in effect, or any other amount is owing by Borrower to any Bank hereunder or under any other Loan Document or any Letter of Credit remains outstanding, Borrower shall:

SECTION 6.01 Maintenance of Existence. Preserve and maintain its legal existence and, if applicable, good standing in its jurisdiction of organization and, if applicable, qualify and remain qualified as a foreign entity in each jurisdiction in which such qualification is required, except to the extent that failure to so qualify would not likely result in a Material Adverse Change.

SECTION 6.02 Maintenance of Records. Keep adequate records and books of account, in which entries will be made in accordance with GAAP in all material respects, except as disclosed in Borrower's financial statements, reflecting all of its financial transactions.

SECTION 6.03 Maintenance of Insurance. At all times, maintain and keep in force, and cause each of its Material Affiliates to maintain and keep in force, insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated, which insurance may provide for reasonable deductibles from coverage thereof.

SECTION 6.04 Compliance with Laws: Payment of Taxes. Comply in all material respects with all Laws applicable to it or to any of its properties or any part thereof, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it or upon any of its property, except to the extent they are the subject of a Good Faith Contest or the failure to so comply would not cause a Material Adverse Change. The Borrower will maintain in effect and enforce policies and procedures designed to attain compliance by the General Partner, the Borrower, its Subsidiaries and their respective directors, trustees, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

SECTION 6.05 Right of Inspection. At any reasonable time and from time to time upon reasonable notice, but not more frequently than twice in any 12-month period provided that no Event of Default shall have occurred and be continuing, permit Administrative Agent or any Bank or any agent or representative thereof (provided that, at Borrower's request, Administrative Agent or such Bank, or such representative, must be accompanied by a representative of Borrower), to examine and make copies and abstracts from the records and books of account of, and visit the properties of, Borrower and to discuss the affairs, finances and accounts of Borrower with the independent accountants of Borrower. The request by any Bank or agent or representative thereof for such an inspection shall be made to the Administrative Agent and the Administrative Agent promptly shall notify all the Banks of such request (or if the Administrative Agent shall have requested the same on its behalf, the Administrative Agent shall notify all the Banks thereof) and any Bank that shall so desire may accompany Administrative Agent or such Bank, or such representative on such examination.

SECTION 6.06 Compliance With Environmental Laws. Comply in all material respects with all applicable Environmental Laws and immediately pay or cause to be paid all costs and expenses incurred in connection with such compliance, except to the extent there is a Good Faith Contest or the failure to so comply would not likely cause a Material Adverse Change.

SECTION 6.07 Payment of Costs. Pay all fees and expenses of the Administrative Agent required by this Agreement.

SECTION 6.08 Maintenance of Properties. Do all things reasonably necessary to maintain, preserve, protect and keep its and its Affiliates' properties in good repair, working order and condition except where the failure to do so would not result in a Material Adverse Change.

SECTION 6.09 Reporting and Miscellaneous Document Requirements. Furnish to Administrative Agent (which shall promptly distribute to each of the Banks):

(1) Annual Financial Statements. As soon as available and in any event within ninety-five (95) days after the end of each Fiscal Year, the Borrower's Consolidated Financial Statements as of the end of and for such Fiscal Year, audited by Borrower's Accountants;

(2) Quarterly Financial Statements. As soon as available and in any event within fifty (50) days after the end of each calendar quarter (other than the last quarter of the Fiscal Year), the unaudited Borrower's Consolidated Financial Statements as of the end of and for such calendar quarter, reviewed by Borrower's Accountants;

(3) Certificate of No Default and Financial Compliance. Within fifty (50) days after the end of each of the first three quarters of each Fiscal Year and within ninety-five (95) days after the end of each Fiscal Year, a certificate of the chief financial officer or other appropriate financial officer of General Partner (a) stating that, to the best of his or her knowledge, no Default or Event of Default has occurred and is continuing, or if a Default or Event of Default has occurred and is continuing, specifying the nature thereof and the action which is being taken with respect thereto; (b) stating that the covenants contained in Article VIII have been complied with (or specifying those that have not been complied with) and including computations demonstrating such compliance (or non-compliance); (c) setting forth all items comprising Total Outstanding Indebtedness (including amount, maturity, interest rate and amortization requirements), Capitalization Value, Secured Indebtedness, Combined EBITDA, Unencumbered Combined EBITDA, Interest Expense, Unsecured Interest Expense and Unsecured Indebtedness; and (d) only at the end of each Fiscal Year an estimate of Borrower's taxable income;

(4) Certificate of Borrower's Accountants. Within ninety-five (95) days after the end of each Fiscal Year, a report with respect thereto of Borrower's Accountants, which report shall be unqualified, except as provided in the second sentence of this clause (4), and shall state that such financial statements fairly present the consolidated financial position of each of the Borrower and its Subsidiaries as at the dates indicated and the consolidated results of their operations and cash flows for the periods indicated, in conformity with GAAP applied on a basis consistent with prior years (except for changes which shall have been disclosed in the notes to the financial statements). In the event that such report is qualified, a copy of the Borrower's Accountants' communications with those charged with governance or any similar report delivered to the General Partner or to any officer or employee thereof by Borrower's Accountants in connection with such financial statements (which letter or report shall be subject to the confidentiality limitations set forth herein), as well as a statement of Borrower's Accountants to the effect that in connection with their audit, nothing came to their attention that caused them to believe that the Borrower failed to comply with the terms, covenants, provisions or conditions of Article VIII, insofar as they relate to financial and accounting matters.

(5) Notice of Litigation. Promptly after the commencement and knowledge thereof, notice of all actions, suits, and proceedings before any court or arbitrator, affecting Borrower which, if determined adversely to Borrower is likely to result in a Material Adverse Change and which would be required to be reported in Borrower's SEC Reports;

(6) Notice of ERISA Events. Promptly after the occurrence thereof, notice of any action or event described in clauses (c) or (d) of Section 9.01(7);

(7) Notices of Defaults and Events of Default. As soon as possible and in any event within ten (10) days after Borrower becomes aware of the occurrence of a material Default or any Event of Default a written notice setting forth the details of such Default or Event of Default and the action which is proposed to be taken with respect thereto;

(8) Sales or Acquisitions of Assets. Promptly after the occurrence thereof, written notice of any Disposition or acquisition of an individual asset (other than acquisitions or Dispositions of investments such as certificates of deposit, Treasury securities and money market deposits in the ordinary course of Borrower's cash management) in excess of One Billion Dollars (\$1,000,000,000);

(9) Material Adverse Change. As soon as is practicable and in any event within five (5) days after knowledge of the occurrence of any event or circumstance which is likely to result in or has resulted in a Material Adverse Change and which would be required to be reported in Borrower's SEC Reports, written notice thereof;

(10) Bankruptcy of Tenants. Promptly after becoming aware of the same, written notice of the bankruptcy, insolvency or cessation of operations of any tenant in any Real Property Asset of Borrower or in which Borrower has an interest to which four percent (4%) or more of aggregate annual minimum rent payable to Borrower directly or through its Consolidated Businesses or UJVs is attributable;

(11) Offices. Thirty (30) days' prior written notice of any change in the principal executive office of Borrower;

(12) Environmental and Other Notices. As soon as possible and in any event within thirty (30) days after receipt, copies of all Environmental Notices received by Borrower which are not received in the ordinary course of business and which relate to a previously undisclosed situation which is likely to result in a Material Adverse Change;

(13) Insurance Coverage. Promptly, such information concerning Borrower's insurance coverage as Administrative Agent may reasonably request;

(14) Proxy Statements, Etc. Promptly after the sending or filing thereof, copies of all proxy statements, financial statements and reports which Borrower or General Partner sends to its respective shareholders, and copies of all regular, periodic and special reports, and all registration statements, which Borrower or General Partner files with the SEC or any Governmental Authority which may be substituted therefor, or with any national securities exchange;

(15) Capital Expenditures. If reasonably requested by the Administrative Agent, a schedule of such Fiscal Year's capital expenditures and a budget for the next Fiscal Year's planned capital expenditures for each Consolidated Business that is a Real Property Business;

(16) Change in Borrower's Credit Rating. Within two (2) Banking Days after Borrower's receipt of notice of any change in Borrower's Credit Rating, written notice of such change; and

General Information. Promptly, such other information respecting the condition or operations, financial or otherwise, of Borrower or any properties of Borrower as Administrative Agent or any Bank may from time to time reasonably request.

ARTICLE VII

NEGATIVE COVENANTS

So long as any of the Loans shall remain unpaid, or the Loan Commitments remain in effect, or any other amount is owing by Borrower to Administrative Agent or any Bank hereunder or under any other Loan Document or any Letter of Credit remains outstanding, Borrower shall not do any or all of the following:

SECTION 7.01 Mergers, Etc. Without the Required Banks' consent (which shall not be unreasonably withheld) merge or consolidate with (except where Borrower or General Partner is the surviving entity, or in a transaction of which the purpose is to redomesticate such entity in another United States jurisdiction, and no Default or Event of Default has occurred and is continuing (except where such Default or Event of Default shall be cured concurrently with the effectuation of such merger, consolidation or transaction), or sell, assign, lease or otherwise dispose of (whether in one transaction or in a series of transactions) Borrower's or General Partner's assets substantially as an entirety (whether now owned or hereafter acquired) or enter into any agreement to do any of the foregoing (unless Borrower's obligation to close thereunder is conditioned on obtaining the Required Banks' consent). Without the Required Banks' consent (which shall not be unreasonably withheld) neither Borrower nor General Partner shall liquidate, wind up or dissolve (or suffer any liquidation or dissolution) or discontinue its business.

SECTION 7.02 Distributions. Distribute cash and other property to the General Partner except only in anticipation of payment by the General Partner of dividends to its shareholders.

SECTION 7.03 Amendments to Organizational Documents.

(a) Amend Borrower's agreement of limited partnership or other organizational documents in any manner that would result in a Material Adverse Change without the Required Banks' consent, which consent shall not be unreasonably withheld. Without limitation of the foregoing, no Person shall be admitted as a general partner of the Borrower other than General Partner.

(b) Make any "in-kind" transfer of any of Borrower's property or assets to any of Borrower's constituent partners if such transfer would result in an Event of Default, without, in each case, the Required Banks' consent, which consent shall not be unreasonably withheld.

SECTION 7.04 Use of Proceeds and Letters of Credit. Request any Loan or Letter of Credit, and the Borrower shall not use, and shall procure that its Subsidiaries and its or their respective directors, trustees, officers, employees and agents shall not use, the proceeds of any Borrowing or Letter of Credit (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in

violation of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (C) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

ARTICLE VIII

FINANCIAL COVENANTS

So long as any of the Loans shall remain unpaid, or the Loan Commitments remain in effect, or any other amount is owing by Borrower to Administrative Agent or any Bank under this Agreement or under any other Loan Document or any Letter of Credit remains outstanding, Borrower shall not permit or suffer:

SECTION 8.01 Intentionally Omitted.

SECTION 8.02 Ratio of Total Outstanding Indebtedness to Capitalization Value. Total Outstanding Indebtedness to exceed sixty percent (60%) of Capitalization Value, each measured as of the most recently ended calendar quarter; provided, however, with respect to any fiscal quarter in which Borrower or any of its Consolidated Businesses or UJVs have acquired Real Property Assets, the ratio of Total Outstanding Indebtedness to Capitalization Value as of the end of such fiscal quarter and the next succeeding three (3) fiscal quarters may increase to 65%, provided such ratio does not exceed 60% as of the end of the fiscal quarter immediately thereafter; for purposes of this covenant, (i) Total Outstanding Indebtedness shall be adjusted by deducting therefrom an amount equal to the lesser of (x) Total Outstanding Indebtedness that by its terms is either (1) scheduled to mature (including by reason of the election of the borrower of such debt to call such debt prior to its maturity) on or before the date that is 24 months from the date of calculation, or (2) convertible Debt with the right to put all or a portion thereof on or before the date that is 24 months from the date of calculation, and (y) Unrestricted Cash and Cash Equivalents, and (ii) Capitalization Value shall be adjusted by deducting therefrom the amount by which Total Outstanding Indebtedness is adjusted under clause (i); for purposes of determining Capitalization Value for this covenant only, (A) costs and expenses incurred during the applicable period with respect to acquisitions that failed to close and were abandoned during such period shall not be deducted in determining EBITDA, and (B) Unrestricted Cash and Cash Equivalents shall be adjusted to deduct therefrom \$35,000,000 and without inclusion of Borrower's Pro Rata Share of any Cash or Cash Equivalents owned by any UJV.

SECTION 8.03 Intentionally Omitted

SECTION 8.04 Ratio of Combined EBITDA to Fixed Charges. The ratio of Combined EBITDA to Fixed Charges, each measured as of the most recently ended calendar quarter, to be less than 1.40 to 1.00.

SECTION 8.05 Ratio of Unencumbered Combined EBITDA to Unsecured Interest Expense. The ratio of Unencumbered Combined EBITDA to Unsecured Interest

Expense, each measured as of the most recently ended calendar quarter, to be less than 1.50 to 1.00.

SECTION 8.06 Ratio of Unsecured Indebtedness to Capitalization Value of Unencumbered Assets. Unsecured Indebtedness to exceed sixty percent (60%) of Capitalization Value of Unencumbered Assets, each measured as of the most recently ended calendar quarter; provided, however, with respect to any fiscal quarter in which Borrower or any of its Consolidated Businesses or UJVs has acquired Real Property Assets, the ratio of Unsecured Indebtedness to Capitalization Value of Unencumbered Assets as of the end of such fiscal quarter and the next succeeding three (3) fiscal quarters may increase to 65%, provided such ratio does not exceed 60% as of the end of the fiscal quarter immediately thereafter; for purposes of this covenant, (i) Unsecured Indebtedness shall be adjusted by deducting therefrom an amount equal to the lesser of (x) Unsecured Indebtedness that by its terms is either (1) scheduled to mature (including by reason of the election of the borrower of such debt to call such debt prior to its maturity) on or before the date that is 24 months from the date of calculation, or (2) convertible Debt with the right to put all or a portion thereof on or before the date that is 24 months from the date of calculation, and (y) Unrestricted Cash and Cash Equivalents or such lesser amount of Unrestricted Cash and Cash Equivalents as Borrower shall specify for this purpose (the “Unsecured Indebtedness Adjustment”), and (ii) Capitalization Value shall be adjusted by deducting therefrom the Unsecured Indebtedness Adjustment; for purposes of determining Capitalization Value of Unencumbered Assets for this covenant only, costs and expenses incurred during the applicable period with respect to acquisitions that failed to close and were abandoned during such period shall not be deducted in determining EBITDA; and for purposes of clause (i)(y) above, Unrestricted Cash and Cash Equivalents shall be adjusted to deduct therefrom \$35,000,000 as well as any Unrestricted Cash and Cash Equivalents used to determine the Secured Indebtedness Adjustment in Section 8.07, and without inclusion of Borrower’s Pro Rata Share of any Cash or Cash Equivalents owned by any UJV.

SECTION 8.07 Ratio of Secured Indebtedness to Capitalization Value. The ratio of Secured Indebtedness to Capitalization Value, each measured as of the most recently ended calendar quarter, to exceed 50%; for purposes of this covenant, (i) Secured Indebtedness shall be adjusted by deducting therefrom an amount equal to the lesser of (x) Secured Indebtedness that by its terms is either (1) scheduled to mature on (including by reason of the election of the borrower of such debt to call such debt prior to its maturity) or before the date that is 24 months from the date of calculation, or (2) convertible Debt with the right to put all or a portion thereof on or before the date that is 24 months from the date of calculation, and (y) Unrestricted Cash and Cash Equivalents or such lesser amount of Unrestricted Cash and Cash Equivalents as Borrower shall specify for this purpose (the “Secured Indebtedness Adjustment”), and (ii) Capitalization Value shall be adjusted by deducting therefrom the Secured Indebtedness Adjustment; for purposes of determining Capitalization Value for this covenant only, costs and expenses incurred during the applicable period with respect to acquisitions that failed to close and were abandoned during such period shall not be deducted in determining EBITDA; and for purposes of clause (i)(y) above, Unrestricted Cash and Cash Equivalents shall be adjusted to deduct therefrom \$35,000,000 as well as any Unrestricted Cash and Cash Equivalents used to determine the Unsecured Indebtedness Adjustment in Section 8.06, and without inclusion of Borrower’s Pro Rata Share of any Cash or Cash Equivalents owned by any UJV.

SECTION 8.08 Debt of the General Partner. Notwithstanding anything contained herein to the contrary, any Debt of the General Partner shall be deemed to be Debt of the Borrower (provided that the same shall be without duplication), for purposes of calculating the financial covenants set forth in this Article VIII.

ARTICLE IX

EVENTS OF DEFAULT

SECTION 9.01 Events of Default. Any of the following events shall be an “Event of Default”:

(1) If Borrower shall fail to pay the principal of any Loans or reimburse any drawing on a Letter of Credit as and when due; or fail to pay interest accruing on any Loans as and when due and such failure to pay shall continue unremedied for five (5) days after the due date of such amount; or fail to pay any fee or any other amount due under this Agreement or any other Loan Document as and when due and such failure to pay shall continue unremedied for five (5) days after notice by Administrative Agent of such failure to pay;

(2) If any representation or warranty made or deemed made by Borrower in this Agreement or in any other Loan Document or which is contained in any certificate, document, opinion, financial or other statement furnished at any time under or in connection with a Loan Document shall prove to have been incorrect in any material respect on or as of the date made or deemed made;

(3) If Borrower shall fail (a) to perform or observe any term, covenant or agreement contained in Article VII or Article VIII; or (b) to perform or observe any term, covenant or agreement contained in this Agreement (other than obligations specifically referred to elsewhere in this Section 9.01) and such failure shall remain unremedied for thirty (30) consecutive calendar days after notice thereof; provided, however, that if any such default under clause (b) above cannot by its nature be cured within such thirty (30) day grace period and so long as Borrower shall have commenced cure within such thirty (30) day grace period and shall, at all times thereafter, diligently prosecute the same to completion, Borrower shall have an additional period to cure such default; provided, however, that, in no event, is the foregoing intended to effect an extension of the Maturity Date;

(4) If Borrower shall fail (a) to pay any Debt (other than the payment obligations described in paragraph (1) of this Section 9.01 or obligations that are recourse to Borrower solely for fraud, misappropriation, environmental liability and other normal and customary bad-act carveouts to nonrecourse obligations) the Recourse portion of which to Borrower is an amount equal to or greater than Fifty Million Dollars (\$50,000,000) when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) after the expiration of any applicable grace period, or (b) to perform or observe any material term, covenant, or condition under any agreement or instrument relating to any such Debt, when required to be performed or observed, if

the effect of such failure to perform or observe is to accelerate, or to permit the acceleration of, after the giving of notice or the lapse of time, or both (other than in cases where, in the judgment of the Required Banks, meaningful discussions likely to result in (i) a waiver or cure of the failure to perform or observe or (ii) otherwise averting such acceleration are in progress between Borrower and the obligee of such Debt), the maturity of such Debt, or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled or otherwise required prepayment, repurchase or defeasance), prior to the stated maturity thereof;

(5) If either Borrower or General Partner shall (a) generally not, or be unable to, or shall admit in writing its inability to, pay its debts as such debts become due; (b) make an assignment for the benefit of creditors, petition or apply to any tribunal for the appointment of a custodian, receiver or trustee for it or a substantial part of its assets; (c) commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; (d) have had any such petition or application filed or any such proceeding shall have been commenced, against it, in which an adjudication or appointment is made or order for relief is entered, or which petition, application or proceeding remains undismissed or unstayed for a period of sixty (60) days or more; (e) be the subject of any proceeding under which all or a substantial part of its assets may be subject to seizure, forfeiture or divestiture by any governmental entity; (f) by any act or omission indicate its consent to, approval of or acquiescence in any such petition, application or proceeding or order for relief or the appointment of a custodian, receiver or trustee for all or any substantial part of its property; or (g) suffer any such custodianship, receivership or trusteeship for all or any substantial part of its property, to continue undischarged for a period of sixty (60) days or more;

(6) If one or more judgments, decrees or orders for the payment of money in excess of Fifty Million Dollars (\$50,000,000) in the aggregate shall be rendered against Borrower or General Partner, and any such judgments, decrees or orders shall continue unsatisfied and in effect for a period of thirty (30) consecutive days without being vacated, discharged, satisfied or stayed or bonded pending appeal;

(7) If any of the following events shall occur or exist with respect to any Plan: (a) any Prohibited Transaction; (b) any Reportable Event; (c) the filing under Section 4041 of ERISA of a notice of intent to terminate any Plan or the termination of any Plan; (d) receipt of notice of an application by the PBGC to institute proceedings under Section 4042 of ERISA for the termination of, or for the appointment of a trustee to administer, any Plan, or the institution by the PBGC of any such proceedings; (e) a condition exists which gives rise to imposition of a lien under Section 412(n) or (f) of the Code on Borrower, General Partner or any ERISA Affiliate, and in each case above, if either (1) such event or conditions, if any, result in Borrower, General Partner or any ERISA Affiliate being subject to any tax, penalty or other liability to a Plan, the PBGC or otherwise (or any combination thereof), which in the aggregate exceeds or is reasonably likely to exceed Twenty Million Dollars (\$20,000,000), and the same continues unremedied or unpaid for a period of forty-five (45) consecutive days or (2) such event or conditions, if any, is reasonably likely to result in Borrower, General Partner or any

ERISA Affiliate being subject to any tax, penalty or other liability to a Plan, the PBGC or otherwise (or any combination thereof), which in the aggregate exceeds or may exceed Twenty Million Dollars (\$20,000,000) and such event or condition is unremedied, or such tax, penalty or other liability is not reserved against or the payment thereof otherwise secured to the reasonable satisfaction of the Administrative Agent, for a period of forty-five (45) consecutive days after notice from the Administrative Agent;

(8) If General Partner shall fail at any time to (i) maintain at least one class of its common shares which has trading privileges on the New York Stock Exchange or the American Stock Exchange or is the subject of price quotations in the over-the-counter market as reported by the National Association of Securities Dealers Automated Quotation System, or (ii) maintain its status as a self-directed and self-administered REIT, and in either case such failure shall remain unremedied for thirty (30) consecutive calendar days after notice thereof;

(9) If General Partner acquires any material assets other than additional interests in Borrower or as permitted by Borrower's partnership agreement and shall fail to dispose of any such material asset for thirty (30) consecutive calendar days after notice thereof;

(10) If at any time assets of the Borrower or General Partner constitute Plan assets for ERISA purposes (within the meaning of C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA); or

(11) A default beyond applicable notice and grace periods (if any) under any of the other Loan Documents.

SECTION 9.02 Remedies. If any Event of Default shall occur and be continuing, Administrative Agent shall, upon request of the Required Banks, by notice to Borrower, (1) terminate the Loan Commitments, whereupon the Loan Commitments shall terminate and the Banks shall have no further obligation to extend credit hereunder; and/or (2) declare the unpaid balance of the Loans, all interest thereon, and all other Obligations payable under this Agreement to be forthwith due and payable, whereupon such balance, all such interest, and all such Obligations due under this Agreement shall become and be forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by Borrower; and/or (3) exercise any remedies provided in any of the Loan Documents or by law; provided, however, that upon the occurrence of any Event of Default specified in Section 9.01(5), the Loan Commitments shall automatically terminate (and the Banks shall have no further obligation to extend credit hereunder) and the unpaid balance of the Loans, all interest thereon, and all other Obligations payable under this Agreement shall automatically be and become forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by Borrower.

ARTICLE X

ADMINISTRATIVE AGENT; RELATIONS AMONG BANKS

SECTION 10.01 Appointment, Powers and Immunities of Administrative Agent. Each Bank hereby irrevocably appoints and authorizes Administrative Agent to act as its agent hereunder and under any other Loan Document with such powers as are specifically delegated to Administrative Agent by the terms of this Agreement and any other Loan Document, together with such other powers as are reasonably incidental thereto. Administrative Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and any other Loan Document or required by law, and shall not by reason of this Agreement be a fiduciary or trustee for any Bank except to the extent that Administrative Agent acts as an agent with respect to the receipt or payment of funds (nor shall Administrative Agent have any fiduciary duty to Borrower nor shall any Bank have any fiduciary duty to Borrower or to any other Bank). Administrative Agent shall not be responsible to the Banks for any recitals, statements, representations or warranties made by Borrower or any officer, partner or official of Borrower or any other Person contained in this Agreement or any other Loan Document, or in any certificate or other document or instrument referred to or provided for in, or received by any of them under, this Agreement or any other Loan Document, or for the value, legality, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or any other document or instrument referred to or provided for herein or therein, for the perfection or priority of any Lien securing the Obligations or for any failure by Borrower to perform any of its obligations hereunder or thereunder. Administrative Agent may employ agents and attorneys-in-fact and shall not be responsible, except as to money or securities received by it or its authorized agents, for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. Neither Administrative Agent nor any of its directors, officers, employees or agents shall be liable or responsible for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith, except for its or their own gross negligence or willful misconduct. Borrower shall pay any fee agreed to by Borrower and Administrative Agent with respect to Administrative Agent's services hereunder. Notwithstanding anything to the contrary contained in this Agreement, Administrative Agent agrees with the Banks that Administrative Agent shall perform its obligations under this Agreement in good faith according to the same standard of care as that customarily exercised by it in administering its own revolving credit loans.

SECTION 10.02 Reliance by Administrative Agent. Administrative Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telefax or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by Administrative Agent. Administrative Agent may deem and treat each Bank as the holder of the Loan made by it for all purposes hereof and shall not be required to deal with any Person who has acquired a participation in any Loan or participation from a Bank. As to any matters not expressly provided for by this Agreement or any other Loan Document, Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with instructions signed by the Required Banks, and such instructions of the Required Banks and any action taken

or failure to act pursuant thereto shall be binding on all of the Banks and any other holder of all or any portion of any Loan or participation.

SECTION 10.03 Defaults. Administrative Agent shall not be deemed to have knowledge of the occurrence of a Default or Event of Default (other than an Event of Default pursuant to Section 9.01(1)) unless Administrative Agent has received notice from a Bank or Borrower specifying such Default or Event of Default and stating that such notice is a "Notice of Default". In the event that Administrative Agent receives a "Notice of Default," Administrative Agent shall give prompt notice thereof to the Banks. Administrative Agent, following consultation with the Banks, shall (subject to Section 10.07 and Section 12.02) take such action with respect to such Default or Event of Default which is continuing as shall be directed by the Required Banks; provided that, unless and until Administrative Agent shall have received such directions, Administrative Agent may take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interest of the Banks; and provided further that Administrative Agent shall not send a notice of Default, Event of Default or acceleration to Borrower without the approval of the Required Banks. In no event shall Administrative Agent be required to take any such action which it determines to be contrary to law.

SECTION 10.04 Rights of Agent as a Bank. With respect to its Loan Commitment and the Loan provided by it, each Person serving as an Agent in its capacity as a Bank hereunder shall have the same rights and powers hereunder as any other Bank and may exercise the same as though it were not acting as such Agent, and the term any "Bank" or "Banks" shall include each Person serving as an Agent in its capacity as a Bank. Each Person serving as an Agent and its Affiliates may (without having to account therefor to any Bank) accept deposits from, lend money to (on a secured or unsecured basis), and generally engage in any kind of banking, trust or other business with, Borrower (and any Affiliates of Borrower) as if it were not acting as such Agent.

SECTION 10.05 Indemnification of Agents. Each Bank agrees to indemnify each Agent (to the extent not reimbursed under Section 12.04 or under the applicable provisions of any other Loan Document, but without limiting the obligations of Borrower under Section 12.04 or such provisions), for its Pro Rata Share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of this Agreement, any other Loan Document or any other documents contemplated by or referred to herein or the transactions contemplated hereby or thereby (including, without limitation, the costs and expenses which Borrower is obligated to pay under Section 12.04) or under the applicable provisions of any other Loan Document or the enforcement of any of the terms hereof or thereof or of any such other documents or instruments; provided that no Bank shall be liable for (1) any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the party to be indemnified, (2) any loss of principal or interest with respect to the Loan of any Bank serving as an Agent or (3) any loss suffered by such Agent in connection with a swap or other interest rate hedging arrangement entered into with Borrower.

SECTION 10.06 Non-Reliance on Agents and Other Banks. Each Bank agrees that it has, independently and without reliance on any Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own credit analysis of Borrower and the decision to enter into this Agreement and that it will, independently and without reliance upon any Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement or any other Loan Document. Each Agent shall not be required to keep itself informed as to the performance or observance by Borrower of this Agreement or any other Loan Document or any other document referred to or provided for herein or therein or to inspect the properties or books of Borrower. Except for notices, reports and other documents and information expressly required to be furnished to the Banks by any Agent hereunder, each Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the affairs, financial condition or business of Borrower (or any Affiliate of Borrower) which may come into the possession of such Agent or any of its Affiliates. Each Agent shall not be required to file this Agreement, any other Loan Document or any document or instrument referred to herein or therein for record, or give notice of this Agreement, any other Loan Document or any document or instrument referred to herein or therein, to anyone.

SECTION 10.07 Failure of Administrative Agent to Act. Except for action expressly required of Administrative Agent hereunder, Administrative Agent shall in all cases be fully justified in failing or refusing to act hereunder unless it shall have received further assurances (which may include cash collateral) of the indemnification obligations of the Banks under Section 10.05 in respect of any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

SECTION 10.08 Resignation or Removal of Administrative Agent. Administrative Agent shall have the right to resign at any time. Administrative Agent may be removed at any time with cause by the Required Banks, provided that Borrower and the other Banks shall be promptly notified in writing thereof. Upon any such removal or resignation, the Required Banks shall have the right to appoint a successor Administrative Agent which successor Administrative Agent, so long as it is reasonably acceptable both to the Required Banks and, provided that no Default or Event of Default shall then exist, the Borrower, shall be that Bank then having the greatest Loan Commitment (other than the Bank resigning or removed as Administrative Agent). If no successor Administrative Agent shall have been so appointed by the Required Banks and shall have accepted such appointment within thirty (30) days after the Required Banks' removal or resignation of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Banks, appoint a successor Administrative Agent, which shall be one of the Banks. The Required Banks or the retiring Administrative Agent, as the case may be, shall upon the appointment of a successor Administrative Agent promptly so notify in writing Borrower and the other Banks. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After any retiring Administrative Agent's removal or resignation hereunder as Administrative Agent, the provisions of this Article

X shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

SECTION 10.09 Amendments Concerning Agency Function. Notwithstanding anything to the contrary contained in this Agreement, no Agent shall be bound by any waiver, amendment, supplement or modification of this Agreement or any other Loan Document which affects its duties, rights, and/or function hereunder or thereunder unless it shall have given its prior written consent thereto.

SECTION 10.10 Liability of Administrative Agent. Administrative Agent shall not have any liabilities or responsibilities to Borrower on account of the failure of any Bank to perform its obligations hereunder or to any Bank on account of the failure of Borrower to perform its obligations hereunder or under any other Loan Document.

SECTION 10.11 Transfer of Agency Function. Without the consent of Borrower or any Bank, Administrative Agent may at any time or from time to time transfer its functions as Administrative Agent hereunder to any of its offices wherever located in the United States, provided that Administrative Agent shall promptly notify in writing Borrower and the Banks thereof.

SECTION 10.12 Non-Receipt of Funds by Administrative Agent. Unless Administrative Agent shall have received notice from a Bank or Borrower (either one as appropriate being the “Payor”) prior to the date on which such Bank is to make payment hereunder to Administrative Agent of the proceeds of a Loan or Borrower is to make payment to Administrative Agent, as the case may be (either such payment being a “Required Payment”), which notice shall be effective upon receipt, that the Payor will not make the Required Payment in full to Administrative Agent, Administrative Agent may assume that the Required Payment has been made in full to Administrative Agent on such date, and Administrative Agent in its sole discretion may, but shall not be obligated to, in reliance upon such assumption, make the amount thereof available to the intended recipient on such date. If and to the extent the Payor shall not have in fact so made the Required Payment in full to Administrative Agent, the recipient of such payment shall repay to Administrative Agent forthwith on demand such amount made available to it together with interest thereon, for each day from the date such amount was so made available by Administrative Agent until the date Administrative Agent recovers such amount, at the customary rate set by Administrative Agent for the correction of errors among Banks for three (3) Banking Days and thereafter at the Base Rate.

SECTION 10.13 Payments Free of Taxes. (a) Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by a withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable

under this Section 10.13) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for, Other Taxes.

(c) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 10.13, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Indemnification by the Borrower. The Borrower shall indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable out-of-pocket expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Recipient (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Recipient, shall be conclusive absent manifest error.

(e) Indemnification by the Banks. Each Bank shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Bank (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Bank's failure to comply with the provisions of Section 12.05(b) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Bank, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Bank by the Administrative Agent shall be conclusive absent manifest error. Each Bank hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Bank under any Loan Document or otherwise payable by the Administrative Agent to such Bank from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Status of Banks. (i) Any Bank that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Bank, if reasonably requested by the Borrower or the Administrative Agent, shall deliver

such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Bank is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 10.13(f)(ii)(A),(B) and (D) below) shall not be required if in the applicable Bank's reasonable judgment such completion, execution or submission would subject such Bank to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Bank.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,

(A) any Bank that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), an executed IRS Form W-9 certifying that such Bank is exempt from U.S. Federal backup withholding tax;

(B) any Foreign Bank shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Bank claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, an executed IRS Form W-8BEN or Form W-8BEN-E establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) in the case of a Foreign Bank claiming that its extension of credit will generate U.S. effectively connected income, an executed IRS Form W-8ECI;

(3) in the case of a Foreign Bank claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of EXHIBIT K-1 to the effect that such Foreign Bank is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" within the meaning of Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) an executed IRS Form W-8BEN or W-8BEN-E; or

(4) to the extent a Foreign Bank is not the beneficial owner, an executed IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, or IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of EXHIBIT K-2 or EXHIBIT K-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Bank is a partnership and one or more direct or indirect partners of such Foreign Bank are claiming the portfolio interest exemption, such Foreign Bank may provide a U.S. Tax Compliance Certificate substantially in the form of EXHIBIT K-4 on behalf of each such direct and indirect partner;

(C) any Foreign Bank shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. Federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Bank under any Loan Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Bank were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Bank shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Bank has complied with such Bank's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Bank agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 10.13 (including by the payment of additional amounts pursuant to this Section 10.13), it shall pay to the indemnifying party an amount equal to such

refund (but only to the extent of indemnity payments made under this Section 10.13 with respect to the Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will any indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place such indemnified party in a less favorable net after-Tax position than such indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to, or to apply for or seek a refund of any Taxes on behalf of, any indemnifying party or any other Person.

(h) Survival. Each party's obligations under this Section 10.13 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Bank, the termination of the Loan Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

(i) Defined Terms. For purposes of this Section 10.13, the term "**Bank**" includes any Fronting Bank or Designated Bank and the term "**applicable law**" includes FATCA.

(j) FATCA Acknowledgement. The Borrower, the Administrative Agent and the Banks acknowledge and agree that, solely for purposes of determining the applicability of U.S. Federal withholding Taxes imposed by FATCA, this Agreement will continue to not be treated as a "grandfathered obligation" under FATCA.

SECTION 10.14 Pro Rata Treatment. Except to the extent otherwise provided, (1) each advance of proceeds of the Ratable Loans shall be made by the Banks, (2) each reduction of the amount of the Total Loan Commitment under Section 2.16 shall be applied to the Loan Commitments of the Banks and (3) each payment of the facility fee accruing under Section 2.08 shall be made for the account of the Banks, ratably according to the amounts of their respective Loan Commitments.

SECTION 10.15 Sharing of Payments Among Banks. If a Bank shall obtain payment of any principal of or interest on any Loan made by it through the exercise of any right of setoff, banker's lien or counterclaim, or by any other means (including direct payment), and such payment results in such Bank receiving a greater payment than it would have been entitled to had such payment been paid directly to Administrative Agent for disbursement to the Banks, then such Bank shall promptly purchase for cash from the other Banks participations in the Loans made by the other Banks in such amounts, and make such other adjustments from time to time as shall be equitable to the end that all the Banks shall share ratably the benefit of such payment; provided that (i) if any such participations are purchased and all or any portion of the

payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Bank as consideration for the assignment of or sale of a participation in any of its Loans or participations in Letters of Credit to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). To such end the Banks shall make appropriate adjustments among themselves (by the resale of participations sold or otherwise) if such payment is rescinded or must otherwise be restored. Borrower agrees that any Bank so purchasing a participation in the Loans made by other Banks may exercise all rights of setoff, banker's lien, counterclaim or similar rights with respect to such participation. Nothing contained herein shall require any Bank to exercise any such right or shall affect the right of any Bank to exercise, and retain the benefits of exercising, any such right with respect to any other indebtedness of Borrower.

SECTION 10.16 Possession of Documents. Each Bank shall keep possession of its own Ratable Loan Note. Administrative Agent shall hold all the other Loan Documents and related documents in its possession and maintain separate records and accounts with respect thereto, and shall permit the Banks and their representatives access at all reasonable times to inspect such Loan Documents, related documents, records and accounts.

SECTION 10.17 Syndication Agents and Documentation Agents. The Banks serving as Syndication Agents or Documentation Agents shall have no duties or obligations in such capacities. In addition, in acting as an Agent, no Bank will have any responsibility except as set forth herein and shall in no event be subject to any fiduciary or other implied duties.

SECTION 10.18 Certain ERISA Matters.

(a) Each Bank (x) represents and warrants, as of the date such Person became a Bank party hereto, to, and (y) covenants, from the date such Person became a Bank party hereto to the date such Person ceases being a Bank party hereto, for the benefit of, the Administrative Agent and each Lead Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that at least one of the following is and will be true:

(i) such Bank is not using "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Loan Commitments,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Bank's entrance into, participation in, administration of

and performance of the Loans, the Letters of Credit, the Loan Commitments and this Agreement,

(iii) (A) such Bank is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Bank to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Loan Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Loan Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Bank, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Bank’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Loan Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Bank.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Bank or such Bank has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Bank further (x) represents and warrants, as of the date such Person became a Bank party hereto, to, and (y) covenants, from the date such Person became a Bank party hereto to the date such Person ceases being a Bank party hereto, for the benefit of, the Administrative Agent and each Lead Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that:

(i) none of the Administrative Agent or any Lead Arranger or any of their respective Affiliates is a fiduciary with respect to the assets of such Bank (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related to hereto or thereto),

(ii) the Person making the investment decision on behalf of such Bank with respect to the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Loan Commitments and this Agreement is independent (within the meaning of 29 CFR § 2510.3-21) and is a bank, an insurance carrier, an investment adviser, a broker-dealer or other person that holds, or has under management or control, total assets of at least \$50 million, in each case as described in 29 CFR § 2510.3-21(c)(1)(i)(A)-(E),

(iii) the Person making the investment decision on behalf of such Bank with respect to the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Loan Commitments and this Agreement is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies (including in respect of the Obligations),

(iv) the Person making the investment decision on behalf of such Bank with respect to the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Loan Commitments and this Agreement is a fiduciary under ERISA or the Code, or both, with respect to the Loans, the Letters of Credit, the Loan Commitments and this Agreement and is responsible for exercising independent judgment in evaluating the transactions hereunder, and

(v) no fee or other compensation is being paid directly to the Administrative Agent or any Lead Arranger or any their respective Affiliates for investment advice (as opposed to other services) in connection with the Loans, the Letters of Credit, the Commitments or this Agreement.

(c) The Administrative Agent and each Lead Arranger hereby informs the Banks that each such Person is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Letters of Credit, the Loan Commitments and this Agreement, (ii) may recognize a gain if it extended the Loans, the Letters of Credit or the Loan Commitments for an amount less than the amount being paid for an interest in the Loans, the Letters of Credit or the Loan Commitments by such Bank or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

ARTICLE XI

NATURE OF OBLIGATIONS

SECTION 11.01 Absolute and Unconditional Obligations. Borrower acknowledges and agrees that its obligations and liabilities under this Agreement and under the other Loan Documents shall be absolute and unconditional irrespective of (1) any lack of validity or enforceability of any of the Obligations, any Loan Documents, or any agreement or instrument relating thereto; (2) any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the Obligations, or any other amendment or waiver of or consent to any departure from any Loan Documents or any other documents or instruments executed in connection with or related to the Obligations; (3) any exchange or release of any collateral, if any, or of any other Person from all or any of the Obligations; or (4) any other circumstances which might otherwise constitute a defense available to, or a discharge of, Borrower or any other Person in respect of the Obligations.

The obligations and liabilities of Borrower under this Agreement and the other Loan Documents shall not be conditioned or contingent upon the pursuit by any Bank or any other Person at any time of any right or remedy against Borrower, General Partner or any other

Person which may be or become liable in respect of all or any part of the Obligations or against any collateral or security or guarantee therefor or right of setoff with respect thereto.

SECTION 11.02 Non-Recourse to VRT Principals and the General Partner. This Agreement and the obligations hereunder and under the other Loan Documents are fully recourse to Borrower. Notwithstanding anything to the contrary contained in this Agreement, in any of the other Loan Documents, or in any other instruments, certificates, documents or agreements executed in connection with the Loans (all of the foregoing, for purposes of this Section, hereinafter referred to, individually and collectively, as the "Relevant Documents"), and notwithstanding any applicable law that would make the General Partner liable for the debts or obligations of the Borrower, including as a general partner, no recourse under or upon any Obligation, representation, warranty, promise or other matter whatsoever shall be had against any of the VRT Principals or the General Partner, and each Bank expressly waives and releases, on behalf of itself and its successors and assigns, all right to assert any liability whatsoever under or with respect to the Relevant Documents against, or to satisfy any claim or obligation arising thereunder against, any of the VRT Principals or the General Partner or out of any assets of the VRT Principals or the General Partner, provided, however, that nothing in this Section shall be deemed to (1) release Borrower from any liability pursuant to, or from any of its obligations under, the Relevant Documents, or from liability for its fraudulent actions or fraudulent omissions; (2) release any VRT Principals or the General Partner from personal liability arising outside of the terms of this Agreement for its, his or her own fraudulent actions, fraudulent omissions, misappropriation of funds, rents or insurance proceeds, gross negligence or willful misconduct; (3) constitute a waiver of any obligation evidenced or secured by, or contained in, the Relevant Documents or affect in any way the validity or enforceability of the Relevant Documents; or (4) limit the right of Administrative Agent and/or the Banks to proceed against or realize upon any collateral hereafter given for the Loans and Letters of Credit or any and all of the assets of Borrower (notwithstanding the fact that the VRT Principals and the General Partner have an ownership interest in Borrower and, thereby, an interest in the assets of Borrower) or to name Borrower (or, to the extent that the same are required by applicable law or are determined by a court to be necessary parties in connection with an action or suit against Borrower or any collateral hereafter given for the Loans, the General Partner) as a party defendant in, and to enforce against any collateral hereafter given for the Loans and/or assets of Borrower any judgment obtained by Administrative Agent and/or the Banks with respect to, any action or suit under the Relevant Documents so long as no judgment shall be taken (except to the extent taking a judgment is required by applicable law or determined by a court to be necessary to preserve Administrative Agent's and/or Banks' rights against any collateral hereafter given for the Loans or Borrower, but not otherwise) or shall be enforced against any of the VRT Principals or the General Partner or their assets.

ARTICLE XII

MISCELLANEOUS

SECTION 12.01 Binding Effect of Request for Advance. Borrower agrees that, by its acceptance of any advance of proceeds of the Loans under this Agreement or the issuance of any Letter of Credit, it shall be bound in all respects by the request for advance or Letter of Credit submitted on its behalf in connection therewith with the same force and effect as

if Borrower had itself executed and submitted the request for advance or Letter of Credit and whether or not the request for advance is executed and/or submitted by an authorized person.

SECTION 12.02 Amendments and Waivers. Subject to Section 2.16(c) (with respect to the Incremental Commitments) and Section 3.02(b), no amendment, forbearance or material waiver of any provision of this Agreement or any other Loan Document nor consent to any material departure by Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Banks and, solely for purposes of its acknowledgment thereof, Administrative Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given, provided, however, that no amendment, waiver, consent or forbearance shall, unless in writing and signed by all the Banks (or in the case of (1), (2) and (6) below, signed by all the Banks affected thereby) do any of the following: (1) forgive or reduce the principal of, or interest on, the Loans or any fees due hereunder or any other amount due hereunder or under any other Loan Document; (2) postpone or extend any date fixed for any payment of principal of, or interest on, the Loans or any fees or other amounts due hereunder or under any other Loan Document; (3) change the definition of Required Banks or Pro Rata Share or change Section 10.14 or 10.15 in a manner that would alter the pro rata sharing of payments required thereby; (4) amend this Section 12.02 or any other provision requiring the unanimous consent of the Banks; (5) waive any default in payment under paragraph (1) of Section 9.01 or any default under paragraph (5) of Section 9.01; (6) increase or decrease any Loan Commitment of any Bank (except changes in Loan Commitments pursuant to Section 2.16); (7) release any guaranty (other than a guaranty given pursuant to Section 12.21); (8) permit the expiration date of any Letter of Credit to be later than the first anniversary of the Maturity Date; or (9) permit the assignment or transfer by the Borrower of any of its rights or obligations hereunder or under any other Loan Document except in a transaction permitted (with or without the Required Banks' consent) pursuant to Section 7.01; and provided further, that (A) an amendment, waiver or consent relating to the time specified for payment of principal, interest and fees with respect to Bid Rate Loans shall only be binding if in writing and signed by the affected Bank or Designated Lender and (B) an amendment, waiver or consent relating to the Letters of Credit (including any letter of credit application; provided that the provisions of this Agreement shall prevail if there is an inconsistency between this Agreement and such amendment, waiver or consent to a letter of credit application) shall only be binding if in writing and signed by the Fronting Banks affected thereby. Any advance of proceeds of the Loans made prior to or without the fulfillment by Borrower of all of the conditions precedent thereto, whether or not known to Administrative Agent and the Banks, shall not constitute a waiver of the requirement that all conditions, including the non-performed conditions, shall be required with respect to all future advances. No failure on the part of Administrative Agent or any Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof or preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. All communications from Administrative Agent to the Banks requesting the Banks' determination, consent, approval or disapproval (i) shall be given in the form of a written notice to each Bank, (ii) shall be accompanied by a description of the matter or thing as to which such determination, approval, consent or disapproval is requested and (iii) shall include Administrative Agent's recommended course of action or determination in respect thereof. Each Bank shall reply promptly, but in any event within fifteen (15) Banking Days (or five (5) Banking Days with respect to any decision to accelerate or stop acceleration of

the Loan) after receipt of the request therefor by Administrative Agent (the “Bank Reply Period”). Unless a Bank shall give written notice to Administrative Agent that it objects to the recommendation or determination of Administrative Agent within the Bank Reply Period, such Bank shall be deemed to have approved or consented to such recommendation or determination.

SECTION 12.03 Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Bank may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as any Obligations hereunder are outstanding and unpaid.

SECTION 12.04 Expenses; Indemnification. Borrower agrees to reimburse Administrative Agent on demand for all reasonable out-of-pocket costs, expenses, and charges (including, without limitation, all reasonable fees and charges of engineers, appraisers and external legal counsel) incurred by Administrative Agent in connection with the Loans and to reimburse each of the Banks for reasonable out-of-pocket legal costs, expenses and charges incurred by each of the Banks in connection with the performance or enforcement of this Agreement, the Notes, or any other Loan Documents; provided, however, that Borrower is not responsible for costs, expenses and charges incurred by the Bank Parties in connection with the administration or syndication of the Loans (other than any administration fee payable to Administrative Agent). Borrower agrees to indemnify Administrative Agent, each Bank, Affiliates of the foregoing, and their respective directors, officers, employees, agents and advisors (each, an “indemnified person”) from, and hold each of them harmless against, any and all losses, liabilities, claims, damages or expenses incurred by any of them arising out of or by reason of (w) the execution, delivery or performance of the Loan Documents by Borrower or the use of the proceeds of the Loans or Letters of Credit, directly or indirectly, by Borrower, (x) any claims by brokers due to acts or omissions by Borrower, (y) any investigation or litigation or other proceedings (including any threatened investigation or litigation or other proceedings) relating to any actual or proposed use by Borrower of the proceeds of the Loans, including without limitation, the reasonable fees and disbursements of third-party counsel incurred in connection with any such investigation or litigation or other proceedings or (z) third party claims or actions against any indemnified person relating to or arising from this Agreement and the transactions contemplated pursuant to this Agreement or the other Loan Documents; provided, however, that such indemnification shall exclude any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of such indemnified person to be indemnified as determined by a final and non-appealable judgment of a court of competent jurisdiction.

The obligations of Borrower under this Section shall survive the repayment of all amounts due under or in connection with any of the Loan Documents and the termination of the Loan Commitments.

SECTION 12.05 Assignment; Participation. (a) This Agreement shall be binding upon, and shall inure to the benefit of, Borrower, Administrative Agent, the Banks and their respective successors and permitted assigns. Except as provided in Section 7.01, the Borrower may not assign or transfer any of its rights or obligations hereunder or under any other Loan Document without the prior written consent of all the Banks (and any attempted such assignment or transfer without such consent shall be null and void). Except as otherwise provided under Section 12.04, nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Fronting Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (b) of this Section) and, to the extent expressly contemplated hereby, the Affiliates and their respective directors, officers, employees, agents and advisors of each of the Administrative Agent, the Fronting Bank and the Banks) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Subject to Section 12.05(e), prior to the occurrence of an Event of Default, any Bank may at any time, grant to an existing Bank or one or more banks, finance companies, insurance companies or other entities, other than a natural person, the Borrower and its Affiliates or a Defaulting Lender (a "Participant"), in minimum amounts of not less than \$5,000,000 (or any lesser amount in the case of participations to an existing Bank or any lesser amount equal to such Bank's entire remaining amount of Loans and Loan Commitments) participating interests in its Loan Commitment or any or all of its Loans. After the occurrence and during the continuance of an Event of Default, any Bank may at any time grant to any Person, other than a natural person or the Borrower and its Affiliates, in any amount (also a "Participant"), participating interests in its Loan Commitment or any or all of its Loans. Any participation made during the continuation of an Event of Default shall not be affected by the subsequent cure of such Event of Default. In the event of any such grant by a Bank of a participating interest to a Participant, whether or not upon notice to Borrower and Administrative Agent, such Bank shall remain responsible for the performance of its obligations hereunder, and Borrower and Administrative Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement. Any agreement pursuant to which any Bank may grant such a participating interest shall provide that such Bank shall retain the sole right and responsibility to enforce the obligations of Borrower hereunder and under any other Loan Document, including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement or any other Loan Document; provided that such participation agreement may provide that such Bank will not agree to any modification, amendment or waiver of this Agreement described in clause (1), (2), (3), (4), (5), (6) or (7) of Section 12.02 without the consent of the Participant (subject to the final proviso of the first sentence of Section 12.02). The Borrower agrees that each Participant shall, to the extent provided in its participation agreement, be entitled to the benefits of Article III with respect to its participating interest. The Borrower agrees that each Participant shall be entitled to the benefits of Section 10.13 (subject to the requirements and limitations therein, including the requirements under Section 10.13(f) (it being understood that the documentation required under Section 10.13(f) shall be delivered to the participating Bank)) to the same extent as if it were a Bank and had acquired its interest by assignment pursuant to paragraph (c) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 3.07 and 3.08 as if it were an assignee under paragraph (c) of this Section; and (B) shall not be entitled to receive any greater payment under Section 10.13, with respect to any participation, than its participating

Bank would have been entitled to receive. Each Bank that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 3.07 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 12.08 as though it were a Bank; provided that such Participant agrees to be subject to Section 10.15 as though it were a Bank. Each Bank that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Bank shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Loan Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Loan Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Bank shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent shall have no responsibility for maintaining a Participant Register.

(c) Subject to Section 12.05(e), any Bank may at any time assign to a Qualified Institution (in each case, an "Assignee") (i) prior to the occurrence of an Event of Default, in minimum amounts of not less than Five Million Dollars (\$5,000,000) and integral multiples of One Million Dollars (\$1,000,000) thereafter (or any lesser amount in the case of assignments to an existing Bank or an assignment by a Bank to a Bank Affiliate or any lesser amount equal to such Bank's entire remaining amount of Loans and Loan Commitments) and (ii) after the occurrence and during the continuance of an Event of Default, in any amount, all or a proportionate part of all, of its rights and obligations under this Agreement, the Notes and the other Loan Documents, and, in either case, such Assignee shall assume such rights and obligations, pursuant to an Assignment and Assumption Agreement executed by such Assignee and such transferor Bank; provided, that such assignment shall be subject to the consent of the Administrative Agent and the Fronting Bank and if no Event of Default shall have occurred and be continuing, the consent of Borrower, which consents shall not be unreasonably withheld or delayed; and provided further that if an Assignee is a Bank Affiliate of such transferor Bank or was a Bank immediately prior to such assignment, no such consents shall be required unless in either case the Assignee is a Defaulting Lender or an Affiliate of a Defaulting Lender (in which case, such consent may be withheld in the sole discretion of the Administrative Agent or the Borrower); and provided further that such assignment may, but need not, include rights of the transferor Bank in respect of outstanding Bid Rate Loans. Upon execution and delivery of such instrument and an Administrative Questionnaire and payment by such Assignee to such transferor Bank of an amount equal to the purchase price agreed between such transferor Bank and such Assignee, such Assignee shall be a Bank party to this Agreement and shall have all the rights and obligations of a Bank with a Loan Commitment as set forth in such Assignment and Assumption Agreement, and no further consent or action by any party shall be required and the transferor Bank shall be released from its obligations hereunder to a corresponding extent. Upon the consummation of any assignment pursuant to this subsection (c), the transferor Bank, Administrative Agent and Borrower shall make appropriate arrangements so that, if required, a

new Note is issued to the Assignee. In connection with any such assignment (other than an assignment by a Bank to a Bank Affiliate), the transferor Bank shall pay to Administrative Agent an administrative fee for processing such assignment in the amount of \$3,500. If the Assignee is not incorporated under the laws of the United States of America or a state thereof, it shall, prior to the first date on which interest or fees are payable hereunder for its account, deliver to Borrower and Administrative Agent certification as to exemption from deduction or withholding of any United States federal income taxes in accordance with Section 10.13. Any assignment made during the continuation of an Event of Default shall not be affected by any subsequent cure of such Event of Default. Any consent required hereunder shall be given or denied within ten (10) Banking Days after receipt by the applicable Person of request therefor; any failure to respond within such ten (10) Banking Day period shall be deemed a denial. The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption Agreement delivered to it and a register for the recordation of the names and addresses of the Banks, and the Loan Commitment of, and principal amount (and stated interest) of the Loans and Letter of Credit participations owing to, each Bank pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent, the Fronting Bank and the Banks shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Fronting Bank and any Bank, at any reasonable time and from time to time upon reasonable prior notice.

(d) Any Bank may at any time assign or pledge all or any portion of its rights under this Agreement and its Note to secure the obligations of such Bank, including to a Federal Reserve Bank or other central bank having jurisdiction over such Bank. No such assignment shall release the transferor Bank from its obligations hereunder.

(e) Except as provided in Section 12.05(d), so long as no Event of Default shall have occurred and be continuing, no Bank shall be permitted to enter into an assignment of, or sell a participation interest in, its Loans and Loan Commitment, which would result in such Bank holding Loans and a Loan Commitment, without Participants, of less than Ten Million Dollars (\$10,000,000), which minimum amount shall be reduced pro rata as a result of a decrease of the aggregate Loan Commitments pursuant to Section 2.16; provided, however, that no Bank shall be prohibited from assigning its entire Loans and Loan Commitment so long as such assignment is otherwise permitted hereby.

(f) Borrower recognizes that in connection with a Bank's selling of Participations or making of assignments, any or all documentation, financial statements and other data, or copies thereof, relevant to Borrower or the Loans may be exhibited to and retained by any such Participant or assignee or prospective Participant or assignee. In connection with a Bank's delivery of any financial statements and appraisals to any such Participant or assignee or prospective Participant or assignee, such Bank shall also indicate that the same are delivered on a confidential basis. Borrower agrees to provide all assistance reasonably requested by a Bank to enable such Bank to sell Participations or make assignments of its Loan and Loan Commitment as permitted by this Section 12.05. Each Bank agrees to provide Borrower with advance notice of all Participations to be sold by such Bank.

SECTION 12.06 Documentation Satisfactory. All documentation required from or to be submitted on behalf of Borrower in connection with this Agreement and the documents relating hereto shall be subject to the prior approval of, and be satisfactory in form and substance to, Administrative Agent, its counsel and, where specifically provided herein, the Banks. In addition, the persons or parties responsible for the execution and delivery of, and signatories to, all of such documentation, shall be acceptable to, and subject to the approval of, Administrative Agent and its counsel and the Banks.

SECTION 12.07 Notices. (a) Unless the party to be notified otherwise notifies the other parties in writing as provided in this Section, and except as otherwise provided in this Agreement, notices shall be given to Administrative Agent by telephone, confirmed by writing, and to the Banks and to Borrower by ordinary mail or overnight courier or telecopy, receipt confirmed, addressed to such party at (i) if to the Borrower, the Administrative Agent or a Fronting Bank, its address on the signature page of this Agreement, or (ii) if to any other Bank, its address (or telecopy number) set forth in its Administrative Questionnaire. Notices shall be effective: (1) if by telephone, at the time of such telephone conversation, (2) if given by mail, three (3) calendar days after mailing; (3) if given by overnight courier, upon receipt; and (4) if given by telecopy, upon receipt if received by the recipient during its normal business hours. Notices delivered through Electronic Systems, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Notices and other communications to the Banks and the Fronting Banks hereunder may be delivered or furnished by using Electronic Systems pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Bank. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Banking Day for the recipient.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto in accordance with this Section 12.07, except that each Bank must only give such notice to the Administrative Agent, the Borrower and the Fronting Banks.

(d) Electronic Systems.

(i) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make Communications (as defined below) available to the Fronting Banks and the other Banks by posting the Communications on Debt Domain, Intralinks, Syndtrak, ClearPar or a substantially similar Electronic System.

(ii) Any Electronic System used by the Administrative Agent is provided “as is” and “as available”. None of the Administrative Agent or the Borrower or any of their respective Affiliates and such Affiliates’ respective directors, officers, employees, agents or advisors (the “Communications Parties”) warrant the adequacy of such Electronic Systems and each expressly disclaims liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Communications Party in connection with the Communications or any Electronic System. In no event shall any Communications Party have any liability to the other parties hereto or any other Person or entity for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of the Borrower’s or the Administrative Agent’s transmission of communications through an Electronic System. “Communications” means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of the Borrower pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent, any Bank or any Fronting Bank by means of electronic communications pursuant to this Section, including through an Electronic System.

SECTION 12.08 Setoff. Upon the occurrence of an Event of Default, to the extent permitted or not expressly prohibited by applicable law, Borrower agrees that, in addition to (and without limitation of) any right of setoff, bankers’ lien or counterclaim a Bank may otherwise have, each Bank shall be entitled, at its option, to offset balances (general or special, time or demand, provisional or final) held by it for the account of Borrower at any of such Bank’s offices, in Dollars or in any other currency, against any amount payable by Borrower to such Bank under this Agreement or such Bank’s Note, or any other Loan Document, which is not paid when due (regardless of whether such balances are then due to Borrower or General Partner), in which case it shall promptly notify Borrower and Administrative Agent thereof; provided that such Bank’s failure to give such notice shall not affect the validity thereof. Payments by Borrower hereunder or under the other Loan Documents shall be made without setoff or counterclaim.

SECTION 12.09 Table of Contents; Headings. Any table of contents and the headings and captions hereunder are for convenience only and shall not affect the interpretation or construction of this Agreement.

SECTION 12.10 Severability. The provisions of this Agreement are intended to be severable. If for any reason any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting

the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

SECTION 12.11 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing any such counterpart. Delivery of an executed counterpart of a signature page of this Agreement by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that nothing herein shall require the Administrative Agent to accept electronic signatures in any form or format without its prior written consent..

SECTION 12.12 Integration. The Loan Documents set forth the entire agreement among the parties hereto relating to the transactions contemplated thereby (except with respect to agreements relating solely to compensation, consideration and the coordinated syndication of the Loan) and supersede any prior oral or written statements or agreements with respect to such transactions.

SECTION 12.13 Governing Law. This Agreement shall be governed by, and interpreted and construed in accordance with, the laws of the State of New York.

SECTION 12.14 Waivers. To the extent permitted or not expressly prohibited by applicable law, in connection with the obligations and liabilities as aforesaid, Borrower hereby waives (1) notice of any actions taken by any Bank Party under this Agreement, any other Loan Document or any other agreement or instrument relating hereto or thereto except to the extent otherwise provided herein; (2) all other notices, demands and protests, and all other formalities of every kind in connection with the enforcement of the Obligations, the omission of or delay in which, but for the provisions of this Section 12.14, might constitute grounds for relieving Borrower of its obligations hereunder; (3) any requirement that any Bank Party protect, secure, perfect or insure any Lien on any collateral or exhaust any right or take any action against Borrower or any other Person or any collateral; (4) any right or claim of right to cause a marshalling of the assets of Borrower; and (5) all rights of subrogation or contribution, whether arising by contract or operation of law (including, without limitation, any such right arising under the Bankruptcy Code) or otherwise by reason of payment by Borrower, pursuant to this Agreement or any other Loan Document.

SECTION 12.15 Jurisdiction; Immunities. Borrower, Administrative Agent and each Bank hereby irrevocably submit to the exclusive jurisdiction of any New York State or United States Federal court sitting in New York City, Borough of Manhattan, over any action or

proceeding arising out of or relating to this Agreement, the Notes or any other Loan Document. Borrower, Administrative Agent, and each Bank irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such New York State or United States Federal court. Borrower, Administrative Agent, and each Bank irrevocably consent to the service of any and all process in any such action or proceeding by the mailing of copies of such process to Borrower, Administrative Agent or each Bank, as the case may be, at the addresses specified herein. Borrower, Administrative Agent and each Bank agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Borrower, Administrative Agent and each Bank further waive any objection to venue in the State of New York and any objection to an action or proceeding in the State of New York on the basis of forum non conveniens. Borrower, Administrative Agent and each Bank agree that any action or proceeding brought against Borrower, Administrative Agent or any Bank, as the case may be, shall be brought only in a New York State court sitting in New York City, Borough of Manhattan, or a United States Federal court sitting in New York City, Borough of Manhattan, to the extent permitted or not expressly prohibited by applicable law.

Nothing in this Section shall affect the right of Borrower, Administrative Agent or any Bank to serve legal process in any other manner permitted by law.

To the extent that Borrower, Administrative Agent or any Bank have or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether from service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, Borrower, Administrative Agent and each Bank hereby irrevocably waive such immunity in respect of its obligations under this Agreement, the Notes and any other Loan Document.

BORROWER, ADMINISTRATIVE AGENT AND EACH BANK WAIVE ANY RIGHT EACH SUCH PARTY MAY HAVE TO JURY TRIAL IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING BROUGHT WITH RESPECT TO THIS AGREEMENT, THE NOTES OR THE LOAN. IN ADDITION, BORROWER HEREBY WAIVES, IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING BROUGHT BY ADMINISTRATIVE AGENT OR THE BANKS WITH RESPECT TO THE NOTES, ANY RIGHT BORROWER MAY HAVE (1) TO THE EXTENT PERMITTED OR NOT EXPRESSLY PROHIBITED BY APPLICABLE LAW, TO INTERPOSE ANY COUNTERCLAIM THEREIN (OTHER THAN A COUNTERCLAIM THAT IF NOT BROUGHT IN THE SUIT, ACTION OR PROCEEDING BROUGHT BY ADMINISTRATIVE AGENT OR THE BANKS COULD NOT BE BROUGHT IN A SEPARATE SUIT, ACTION OR PROCEEDING OR WOULD BE SUBJECT TO DISMISSAL OR SIMILAR DISPOSITION FOR FAILURE TO HAVE BEEN ASSERTED IN SUCH SUIT, ACTION OR PROCEEDING BROUGHT BY ADMINISTRATIVE AGENT OR THE BANKS) OR (2) TO THE EXTENT PERMITTED OR NOT EXPRESSLY PROHIBITED BY APPLICABLE LAW, TO HAVE THE SAME CONSOLIDATED WITH ANY OTHER OR SEPARATE SUIT, ACTION OR PROCEEDING. NOTHING HEREIN CONTAINED SHALL PREVENT OR PROHIBIT BORROWER FROM INSTITUTING OR MAINTAINING A SEPARATE ACTION AGAINST ADMINISTRATIVE AGENT OR THE BANKS WITH RESPECT TO ANY ASSERTED CLAIM.

To the extent not prohibited by applicable law, Borrower shall not assert, and Borrower hereby waives, any claim against any Bank or any Agent, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, any Loan or other extension of credit hereunder or the use of the proceeds thereof.

SECTION 12.16 Designated Lender. Any Bank (other than an Affected Bank or a Bank which is such solely because it is a Designated Lender) (each, a “Designating Lender”) may at any time designate one (1) Designated Lender to fund Bid Rate Loans on behalf of such Designating Lender subject to the terms of this Section and the provisions in Section 12.05 shall not apply to such designation. No Bank may designate more than one (1) Designated Lender. The parties to each such designation shall execute and deliver to Administrative Agent for its acceptance a Designation Agreement. Upon such receipt of an appropriately completed Designation Agreement executed by a Designating Lender and a designee representing that it is a Designated Lender, Administrative Agent will accept such Designation Agreement and give prompt notice thereof to Borrower, whereupon, (i) from and after the “Effective Date” specified in the Designation Agreement, the Designated Lender shall become a party to this Agreement with a right to make Bid Rate Loans on behalf of its Designating Lender pursuant to Section 2.02 after Borrower has accepted the Bid Rate Quote of the Designating Lender and (ii) the Designated Lender shall not be required to make payments with respect to any obligations in this Agreement except to the extent of excess cash flow of such Designated Lender which is not otherwise required to repay obligations of such Designated Lender which are then due and payable; provided, however, that regardless of such designation and assumption by the Designated Lender, the Designating Lender shall be and remain obligated to Borrower, Administrative Agent and the Banks for each and every of the obligations of the Designating Lender and its related Designated Lender with respect to this Agreement, including, without limitation, any indemnification obligations under Section 10.05. Each Designating Lender shall serve as the administrative agent of its Designated Lender and shall on behalf of, and to the exclusion of, the Designated Lender (i) receive any and all payments made for the benefit of the Designated Lender and (ii) give and receive all communications and notices and take all actions hereunder, including, without limitation, votes, approvals, waivers and consents under or relating to this Agreement and the other Loan Documents. Any such notice, communication, vote, approval, waiver or consent shall be signed by the Designating Lender as administrative agent for the Designated Lender and shall not be signed by the Designated Lender on its own behalf, but shall be binding on the Designated Lender to the same extent as if actually signed by the Designated Lender. Borrower, Administrative Agent and the Banks may rely thereon without any requirement that the Designated Lender sign or acknowledge the same. No Designated Lender may assign or transfer all or any portion of its interest hereunder or under any other Loan Document, other than assignments to the Designating Lender which originally designated such Designated Lender.

SECTION 12.17 No Bankruptcy Proceedings. Each of Borrower, the Banks and Administrative Agent hereby agrees that it will not institute against any Designated Lender or join any other Person in instituting against any Designated Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any federal or state

bankruptcy or similar law, for 366 days after the payment in full of the latest maturing commercial paper note issued by such Designated Lender.

SECTION 12.18 Intentionally Omitted.

SECTION 12.19 USA Patriot Act. Each Bank hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”), it is required to obtain, verify and record information that identifies the Borrower and the General Partner, which information includes the name and address of the Borrower and the General Partner and other information that will allow such Bank to identify the Borrower and the General Partner in accordance with the Act. The Borrower shall provide such information and take such actions as are reasonably requested by the Administrative Agent or any Bank in order to assist the Administrative Agent and the Banks in maintaining compliance with applicable “know your customer” and anti-money laundering rules and regulations, including, without limitation, the Act.

SECTION 12.20 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Bank becomes a Defaulting Lender, then the following provisions shall apply for so long as such Bank is a Defaulting Lender:

(a) fees shall cease to accrue on the Loan Commitment of such Defaulting Lender pursuant to Section 2.08;

(b) the Loan Commitment and outstanding New Term Loans (if any) of such Defaulting Lender shall not be included in determining whether the Required Banks have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 12.02); provided, that (i) such Defaulting Lender’s Loan Commitment may not be increased or extended without its consent and (ii) the principal amount of, or interest or fees payable on, Loans or Letters of Credit may not be reduced or excused or the scheduled date of payment may not be postponed as to such Defaulting Lender without such Defaulting Lender’s consent;

(c) if any Letters of Credit are outstanding at the time such Bank becomes a Defaulting Lender then:

(1) all or any part of such Defaulting Lender’s Pro Rata Share of such Letters of Credit shall be reallocated among the non-Defaulting Lenders in accordance with their respective Pro Rata Shares but only (x) to the extent (A) the sum of all non-Defaulting Lenders’ Pro Rata Shares of Loans (other than Bid Rate Loans) and Letters of Credit plus such Defaulting Lender’s Pro Rata Share of Letters of Credit does not exceed (B) the total of all non-Defaulting Lenders’ Loan Commitments and (y) if the conditions set forth in Sections 4.02(1) and (2) are satisfied at such time;

(2) to the extent the reallocation described in clause (1) above cannot be effected, Borrower shall within one Banking Day following notice by the Administrative Agent cash collateralize for the benefit of the Fronting Bank only the Borrower’s obligations corresponding to such Defaulting Lender’s Pro Rata Share of the Letters of Credit (after giving effect to any partial reallocation pursuant to clause (1) above) in

accordance with the procedures set forth in Section 2.17(e) for so long as such Letters of Credit are outstanding or until such time and to the extent that, as a result of the paydown of the Loans, the reallocation described in clause (1) above can be effected;

(3) if Borrower cash collateralizes any portion of such Defaulting Lender's Pro Rata Share of the Letters of Credit pursuant to clause (2) above, Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.17(g) with respect to such Defaulting Lender's Pro Rata Share of the Letters of Credit during the period such Defaulting Lender's Pro Rata Share of the Letters of Credit is cash collateralized;

(4) if the Pro Rata Shares of the non-Defaulting Lenders are reallocated pursuant to clause (1) above, then the fees payable to the Banks pursuant to Section 2.08 and Section 2.17(g) shall be adjusted in accordance with such non-Defaulting Lenders' reallocated Pro Rata Shares;

(5) if all or any portion of such Defaulting Lender's Pro Rata Share of outstanding Letters of Credit is neither reallocated nor cash collateralized pursuant to clause (1) or (2) above, then, without prejudice to any rights or remedies of the Fronting Bank or any other Bank hereunder, all facility fees that otherwise would have been payable to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender's Loan Commitment that was utilized by such Pro Rata Share of the outstanding Letters of Credit) and letter of credit fees payable under Section 2.17(g) with respect to such Defaulting Lender's Pro Rata Share of the outstanding Letters of Credit shall be payable to the Fronting Bank until and to the extent that such Pro Rata Share is reallocated and/or cash collateralized; and

(6) so long as such Bank is a Defaulting Lender, the Fronting Bank shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding Pro Rata Share of outstanding Letters of Credit will be 100% covered by the Loan Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 12.20(c)(2), and participating interests in any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 12.20(c)(1) (and such Defaulting Lender shall not participate therein).

(d) If (i) a Bankruptcy Event or a Bail-In Action with respect to a Parent of any Bank shall occur following the date hereof and for so long as such event shall continue or (ii) the Fronting Bank has a good faith belief that any Bank has defaulted in fulfilling its obligations under one or more other agreements in which such bank commits to extend credit, the Fronting Bank shall not be required to issue, amend or increase any Letter of Credit, unless the Fronting Bank (x) shall have entered into arrangements with Borrower or such Bank, satisfactory to the Fronting Bank to defease any risk to it in respect of such Bank hereunder, or (y) is satisfied that the related exposure and such Bank's then outstanding Pro Rata Share of outstanding Letters of Credit will be 100% covered by the Loan Commitments of the other Banks and/or cash collateral will be provided by the Borrower in accordance with Section 12.20(c)(2), and participating

interests in any newly issued or increased Letter of Credit shall be allocated among the other Banks in a manner consistent with Section 12.20(c)(1) (and such Bank shall not participate therein).

(e) In the event that the Administrative Agent, the Borrower and the Fronting Bank each agrees that a Defaulting Lender has adequately remedied all matters that caused such Bank to be a Defaulting Lender, then such Bank shall thereupon cease to be a Defaulting Lender and the Pro Rata Shares of the Banks with respect to the outstanding Letters of Credit shall be readjusted to reflect the inclusion of such Bank's Loan Commitment and on such date such Bank shall purchase at par such of the Loans of the other Banks (other than Bid Rate Loans) as the Administrative Agent shall determine may be necessary in order for such Bank to hold such Loans in accordance with its Pro Rata Share and cash collateral under Section 12.20(c)(3) to be redelivered to the Borrower.

(f) In the event that a Bank shall become a Defaulting Lender, then, provided that no Event of Default shall have occurred and be outstanding, and subject to the provisions of applicable law, for so long as such Bank shall remain a Defaulting Lender, Borrower shall have the right to replace such Defaulting Lender as though it were an Affected Bank, in accordance with the provisions of Section 3.07.

SECTION 12.21 Use for Mortgages. From time to time, on not less than ten (10) Banking Days' notice, the Borrower may request proceeds of the Loans be used to refinance or acquire properties secured by certain secured mortgage Debt of the Borrower and/or its Subsidiaries, in which event, a portion of the Loans equal to the amount of the advances made hereunder in connection with such refinancing or acquisition, at the Borrower's election, may be secured by an amended and restated mortgage on the property securing the mortgage Debt to be so refinanced or acquired (a "Refinancing Mortgage") and evidenced by a mortgage note executed by Borrower and/or one or more Subsidiaries (provided that if Borrower shall not execute such mortgage note, the Borrower shall execute a guaranty of such mortgage note), as more particularly set forth in Section 2.09, provided that no Refinancing Mortgage may encumber a property located in a Special Flood Hazard Area as designated by the Federal Emergency Management Agency. At least seven (7) Banking Days prior to the recordation of any Refinancing Mortgage, the Administrative Agent shall provide all Banks with a legal description and special flood hazard determination form for all property proposed to be encumbered thereby. Any such Refinancing Mortgage and any other agreement, certifications, opinions and other documents will be (i) in form and substance reasonably acceptable to the Administrative Agent and its counsel, (ii) be consistent in all respects with the terms of this Agreement, and (iii) subject to being released or assigned by the Administrative Agent at the request of the Borrower (it being understood and agreed that the Administrative Agent and the Banks shall not be required to give any representations or warranties with respect to any such release or assignment, including with respect to any aspects of the Debt secured thereby, except that it is the holder thereof and authorized to execute and deliver the same). In addition, in connection with each Refinancing Mortgage, the Administrative Agent, at the request and expense of Borrower, will provide subordination, non-disturbance and attornment agreements and intercreditor and/or subordination agreements with respect to any other Debt secured by the related mortgaged property, in each case in form and substance reasonably satisfactory to the Administrative Agent. Unless otherwise directed by Borrower, any prepayments made by the

Borrower shall be applied first to any and all Loans outstanding that are not secured by a Refinancing Mortgage, and only to Loans secured by Refinancing Mortgages if there shall be no other Loans outstanding at the time.

SECTION 12.22 Reserved.

SECTION 12.23 Confidentiality. Each of the Administrative Agent, the Fronting Banks and the Banks agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees, and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any Governmental Authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower, (h) on a confidential basis to any rating agency in connection with rating the Borrower or the Loans or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Fronting Bank or any Bank on a non-confidential basis from a source other than the Borrower. For the purposes of this Section, "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such information that was available to the Administrative Agent, any Fronting Bank or any Bank on a non-confidential basis prior to disclosure by the Borrower. In addition, the Administrative Agent and the Banks may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Administrative Agent and the Banks in connection with the administration of this Agreement, the other Loan Documents, and the Loan Commitments.

SECTION 12.24 Transitional Arrangements.

(a) Existing 2014 Credit Agreement Superseded. This Agreement shall supersede the Existing 2014 Credit Agreement in its entirety, except as provided in this Section 12.24. On the Execution Date, (i) the loans outstanding under the Existing 2014 Credit Agreement shall become Loans hereunder, (ii) the rights and obligations of the parties under the Existing 2014 Credit Agreement and the "Notes" defined therein shall be subsumed within and be governed by this Agreement and the Notes; provided, however, that for purposes of this clause (ii) any of the "Obligations" (as defined in the Existing 2014 Credit Agreement) outstanding under the Existing 2014 Credit Agreement shall, for purposes of this Agreement, be Obligations hereunder, (iii) this Agreement shall not in any way release or impair the rights, duties or obligations created pursuant to the Existing 2014 Credit Agreement or any other Loan

Document or affect the relative priorities thereof, in each case to the extent in force and effect thereunder as of the Execution Date, except as modified hereby or by documents, instruments and agreements executed and delivered in connection herewith, and all of such rights, duties and obligations are assumed, ratified and affirmed by the Borrower; (iv) the obligations incurred under the Existing 2014 Credit Agreement shall, to the extent outstanding on the Execution Date, continue outstanding under this Agreement and shall not be deemed to be paid, released, discharged or otherwise satisfied by the execution of this Agreement, and this Agreement shall not constitute a refinancing, substitution or novation of such obligations or any of the other rights, duties and obligations of the parties hereunder; and (v) the execution, delivery and effectiveness of this Agreement shall not operate as a waiver of any right, power or remedy of the Banks or the Administrative Agent under the Existing 2014 Credit Agreement, or constitute a waiver of any covenant, agreement or obligation under the Existing 2014 Credit Agreement, except to the extent that any such covenant, agreement or obligation is no longer set forth herein or is modified hereby. The Banks' interests in such obligations, and participations in letters of credit under the Existing 2014 Credit Agreement, shall be reallocated on the Execution Date in accordance with each Bank's Pro Rata Share. On the Execution Date, (A) the loan commitment of each Bank that is a party to the Existing 2014 Credit Agreement but is not a party to this Agreement (an "Exiting Bank") shall be terminated, all outstanding obligations owing to such Exiting Banks under the Existing 2014 Credit Agreement on the Execution Date shall be paid in full, and each Exiting Bank shall cease to be a Bank under this Agreement; provided, however, that, notwithstanding anything else provided herein or otherwise, any rights of an Exiting Bank under the Loan Documents that are intended by their express terms to survive termination of the Loan Commitments and/or the repayment, satisfaction or discharge of obligations under any Loan Document shall survive for such Exiting Bank hereunder, and (B) each Person listed on Schedule 1 attached to this Agreement shall be a Bank under this Agreement with the Loan Commitment set forth opposite its name on such Schedule 1.

(b) Interest and Fees under Existing 2014 Credit Agreement. All interest and all commitment, facility and other fees and expenses owing or accruing under or in respect of the Existing 2014 Credit Agreement shall be calculated as of the Execution Date (prorated in the case of any fractional periods), and shall be paid on the Execution Date in accordance with the method specified in the Existing 2014 Credit Agreement as if such agreement were still in effect.

SECTION 12.25 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Lead Arrangers, and the Banks are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Administrative Agent, the Lead Arrangers, and the Banks, on the other hand, (B) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Administrative Agent, each Lead Arranger and each Bank is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates, or any other Person and

(B) neither the Administrative Agent, any Lead Arranger nor any Bank has any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, the Lead Arrangers and the Banks and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and neither the Administrative Agent, any Lead Arranger, nor any Bank has any obligation to disclose any of such interests to the Borrower or its Affiliates. The Borrower agrees that it will not assert any claim against the Administrative Agent, any Lead Arranger or any Bank based on an alleged breach of fiduciary duty by such Person in connection with this Agreement and the transactions contemplated hereby.

SECTION 12.26 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

VORNADO REALTY L.P.,
a Delaware limited partnership

By: Vornado Realty Trust,
a Maryland real estate investment trust,
general partner

By: /s/ Alan Rice
Name: Alan J. Rice
Title: Senior Vice President

Address for Notices:

210 Route 4 East
Paramus, New Jersey 07652-0910
Attention: Chief Financial Officer
Telephone: (201) 587-1000
Telecopy: (201) 587-0600

with copies to:

Vornado Realty Trust
888 Seventh Avenue
New York, New York 10106
Attention: Executive Vice President - Capital Markets
Telephone: (212) 894-7000
Telecopy: (212) 894-7073

and

Vornado Realty Trust
888 Seventh Avenue
New York, New York 10106
Attention: Senior Vice President - Corporation Counsel
Telephone: (212) 894-7000
Telecopy: (212) 894-7996

JPMORGAN CHASE BANK, N.A., as
Administrative Agent and as a Bank and Fronting
Bank

By: /s/ Sangeeta Mahadevan
Name: Sangeeta Mahadevan
Title: Executive Director

Address for Notices:

JPMorgan Chase Bank, N.A.
383 Park Avenue, 24th Floor
New York, New York 10179
Attn: Sangeeta Mahadevan
Telephone: (212) 834-7029
Telecopy: (212) 270-3279

and

JPMorgan Chase Bank, N.A.
500 Stanton Christiana Road, Ops 2, Floor 03
Newark, DE 19713-2107
Attn: Shannon Reaume
Telephone: (302) 634-1156
Telecopy: (302) 634-4733

BANK OF AMERICA, N.A. as a Bank and
Fronting Bank

By: /s/ Jonathan Salzinger
Name: Jonathan Salzinger
Title: Vice President

Address for Notices:

Bank of America, N.A.
1 Bryant Park, 35th Floor
New York, NY 10044
Attn: Jonathan Salzinger, Vice President
Telephone: (646) 855-3541
Telecopy: (312) 453-6052

WELLS FARGO, NATIONAL ASSOCIATION,
as Syndication Agent and as a Bank and as a Fronting Bank

By: /s/ D. Bryan Gregory
Name: D. Bryan Gregory
Title: Director

Address for Notices:

CITIBANK, N.A.

By: /s/ John Rowland
Name: John Rowland
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Denise Smyth
Name: Denise Smyth
Title: Senior Vice President

TD BANK, N.A.

By: /s/ Jonathan Asta
Name: Jonathan Asta
Title: Vice President

THE TORONTO-DOMINION BANK, NEW
YORK BRANCH

By: /s/ Elisa Pileggi

Name: Elisa Pileggi

Title: Authorized Signatory

U.S. BANK NATIONAL ASSOCIATION

By: /s/ David Heller

Name: David Heller

Title: Senior Vice President

GOLDMAN SACHS BANK USA

By: /s/ Annie Carr

Name: Annie Carr

Title: Authorized Signatory

MORGAN STANLEY BANK, N.A.

By: /s/ Michael King

Name: Michael King

Title: Authorized Signatory

DEUTSCHE BANK AG NEW YORK BRANCH

By: /s/ James Rolison
Name: James Rolison
Title: Managing Director

By: /s/ Darrell L. Gustafson
Name: Darrell L. Gustafson
Title: Managing Director

BARCLAYS BANK PLC

By: /s/ Craig Malloy
Name: Craig Malloy
Title: Director

BMO HARRIS BANK, N.A.

By: /s/ Michael Kauffman

Name: Michael Kauffman

Title: Managing Director

SOCIÉTÉ GÉNÉRALE

By: /s/ Richard Bernal
Name: Richard Bernal
Title: Managing Director

BRANCH BANKING AND TRUST COMPANY

By: /s/ Brian Waldron

Name: Brian Waldron

Title: Assistant Vice President

THE BANK OF NEW YORK MELLON

By: /s/ Carol Murray
Name: Carrol Murray
Title: Managing Director

ASSOCIATED BANK, NATIONAL
ASSOCIATION

By: /s/ Michael J. Sedivy
Name: Michael J. Sedivy
Title: Senior Vice President

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
NEW YORK BRANCH

By: /s/ John Feeney
Name: John Feeney
Title: Director

CREDIT AGRICOLE CORPORATE AND
INVESTMENT BANK

By: /s/ Adam Jenner
Name: Adam Jenner
Title: Director

By: /s/ Steven Jonassen
Name: Steven Jonassen
Title: Managing Director

FIFTH THIRD BANK, an Ohio banking
corporation

By: /s/ Casey Ciccone

Name: Casey Ciccone

Title: Vice President

HSBC BANK USA, NATIONAL ASSOCIATION

By: /s/ Barbara Isaacman
Name: Barbara Isaacman
Title: Senior Vice President

ING CAPITAL LLC

By: /s/ Elizabeth M. Whitworth
Name: Elizabeth M. Whitworth
Title: Director

By: /s/ Jeffrey B. Schwartz
Name: Jeffrey B. Schwartz
Title: Director

LANDESBANK BADEN-WÜRTTEMBERG,
NEW YORK BRANCH

By: /s/ David McGannon

Name: David McGannon

Title: Senior Relationship Manager Vice President

By: /s/ Rayna Karaivanov

Name: Rayna Karaivanov

Title: AVP Relationship Manager

FIRST COMMERCIAL BANK, LTD., a Republic
of China Bank Acting Through Its Los Angeles
Branch

By: /s/ Yuan-Gan Ju

Name: Yuan-Gan Ju

Title: Senior Vice President & General Manager

CIT BANK, N.A.

By: /s/ Christopher Niederpruem
Name: Christopher Niederpruem
Title: Managing Director

MANUFACTURERS AND TRADERS TRUST
COMPANY

By: /s/ Jonathan Tolpin

Name: Jonathan Tolpin

Title: Administrative Vice President

SCHEDULE 1

<u>Bank</u>	<u>Loan Commitment</u>
JPMorgan Chase Bank, N.A.	\$90,000,000
Bank of America, N.A.	\$90,000,000
Wells Fargo Bank, National Association	\$90,000,000
Citibank, N.A.	\$72,500,000
PNC Bank, National Association	\$72,500,000
TD Bank, N.A.	\$40,000,000
The Toronto-Dominion Bank, New York Branch	\$32,500,000
U.S. Bank National Association	\$72,500,000
Goldman Sachs Bank USA	\$70,000,000
Morgan Stanley Bank, N.A.	\$70,000,000
Deutsche Bank AG New York Branch	\$65,000,000
Barclays Bank PLC	\$62,500,000
BMO Harris Bank N.A.	\$62,500,000
Societe Generale	\$60,000,000
Branch Banking and Trust Company	\$35,000,000
The Bank of New York Mellon	\$35,000,000
Associated Bank, National Association	\$30,000,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	\$30,000,000
Credit Agricole Corporate and Investment Bank	\$25,000,000
Fifth Third Bank	\$25,000,000
HSBC Bank USA, National Association	\$25,000,000
ING Capital LLC	\$25,000,000
Landesbank Baden-Württemberg, New York Branch	\$25,000,000
First Commercial Bank	\$20,000,000
CIT Bank, N.A.	\$15,000,000
Manufacturers and Traders Trust Company	\$10,000,000
Total	\$1,250,000,000

Schedule 2
(Other Investments)

Toys 'R' Us
Dune
Island Global Yachting

Schedule 2A
General Partner Investments

[See attached]

SCHEDULE 2A General
Partner Investments

<u>Entity</u>	<u>State of Organization</u>	<u>Percentage of Ownership</u>	<u>Asset Owned (other than VRLP units)</u>
825 Seventh Avenue Holding Corporation	New York	100%	None
Ninety Park Lender QRS, Inc.	Delaware	100%	None
Trees Acquisitions Subsidiary, Inc.	Delaware	100%	1% interest in loan from Ninety Park Lenders LLC
Vornado Finance SPE, Inc.	Delaware	100%	None
Vornado Green Acres SPE Managing Member, Inc.	Delaware	100%	None
Vornado 90 Park QRS, Inc.	New York	100%	1% interest in mortgage from Vornado 90 Park Avenue LLC
Vornado Investments Corporation	Delaware	100%	None

Schedule 3
(General Partner Debt)

NONE

Schedule 2.17(j)

[See attached]

Vornado Realty Trust
Letters of Credit
09/30/17

Under Vornado \$1.25 Billion Revolving Credit Facility:

Issue Date	Property/entity	LOC Number	Issuing Bank	Amount	Beneficiary	Status	Expiration	Purpose
1/23/2013	Springfield Mall (Franconia Twp, LP)	CPCS-357172	JP Morgan	218,300	Board of Supervisors of Fairfax County, Virginia Dept of Public Works & Environmental Services	(A)	11/1/2017	Springfield Mall Renovation Project - LC required in accordance with Conservation Agreement
2/3/2010	2011 Crystal Drive / Crystal Park 1	S - 817452	JP Morgan	1,562,820	TIAA - CPPIB REIT, LLC	(C)	1/31/2018	Guaranty for lender on space that has not been re-leased
3/8/2010	Captive Insurance Co. - Workmen's Comp.	S - 770015	JP Morgan	5,098,308	CHUBB, Inc.	(C)	6/15/2018	Security for Workmen's Comp covered by Captive Insurance Co.
6/27/2016	VNO 99-01 Queens Boulevard L:LC	TFTS-954076	JP Morgan	1,500,000	Commonwealth Land Title Insurance Company as Escrow Agent	(C)	1/28/2018	Serves as an escrow deposit in connection with Vornado's efforts of obtaining a qualifying C/O for the sale of Queens Boulevard
8/4/2010	Hotel Pennsylvania (Workmen's Comp.)	S - 859521	JP Morgan	1,564,404	National Union Fire Insurance	(C)	8/2/2018	Worker's Comp program for Hotel Pennsylvania
10/16/2006	Wasserman RE Fund (Granite Park/Boston)	S-283949	JP Morgan	531,003	National Union Fire Insurance	(B)	9/20/2018	WREC OCIP Insurance Policy - Guaranty to put up deductible
11/12/2013	Bergen Mall	TFTS-752078	JP Morgan	26,280	New Jersey Dept. of Environmental Protection (NJDEP) - Site Remediation Program	(A)	9/30/2018	Required by the NJDEP Site Remediation Program
Total Letters of Credit with JP Morgan				<u><u>10,501,115</u></u>				

EXHIBIT A

AUTHORIZATION LETTER

October __, 2017

JPMorgan Chase Bank, N.A.
270 Park Avenue
New York, New York 10017

Re: Amended and Restated Revolving Credit Agreement dated as of the date hereof (the "Loan Agreement"; capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement) among us, as Borrower, the Banks named therein, and you, as Administrative Agent for said Banks

Gentlemen:

In connection with the captioned Loan Agreement, we hereby designate any of the following persons to give to you instructions, including notices required pursuant to the Loan Agreement, orally, by telephone or teleprocess, or in writing:

Steven Roth;
Michael Franco
Joseph Macnow; and
Mark Hudspeth.

Instructions may be honored on the oral, telephonic, teleprocess or written instructions of anyone purporting to be any one of the above designated persons even if the instructions are for the benefit of the person delivering them. We will furnish you with confirmation of each such instruction in writing signed by any person designated above (including any telecopy or .pdf via e-mail which, in each case, appears to bear the signature of any person designated above) on the same day that the instruction is provided to you but your responsibility with respect to any instruction shall not be affected by your failure to receive such confirmation or by its contents.

Without limiting the foregoing, we hereby unconditionally authorize any one of the above-designated persons to execute and submit requests for advances of proceeds of the Loans (including the Initial Advance) and notices of Elections, Conversions and Continuations to you under the Loan Agreement with the identical force and effect in all respects as if executed and submitted by us.

You and the Banks shall be fully protected in, and shall incur no liability to us for, acting upon any instructions which you in good faith believe to have been given by any person designated above, and in no event shall you or any Bank be liable for special, consequential or punitive damages.

Upon written notice to us, you may, at your option, refuse to execute any instruction, or part thereof, without incurring any responsibility for any loss, liability or expense arising out of such refusal if you in good faith believe that the person delivering the instruction is not one of the persons designated above or if the instruction is not accompanied by an authentication method that we have agreed to in writing.

We will promptly notify you in writing of any change in the persons designated above and, until you have actually received such written notice and have had a reasonable opportunity to act upon it, you are authorized to act upon instructions, even though the person delivering them may no longer be authorized.

Very truly yours,

VORNADO REALTY L.P.,
a Delaware limited partnership

By: Vornado Realty Trust,
a Maryland real estate investment trust, general partner

By: _____

Name:

Title:

EXHIBIT B

RATABLE LOAN NOTE

\$ _____

New York, New York
October __, 2017

For value received, Vornado Realty L.P., a Delaware limited partnership (“Borrower”), hereby promises to pay to the order of _____ or its successors or assigns (collectively, the “Bank”), at the principal office of JPMorgan Chase Bank, N.A. located at 270 Park Avenue, New York, New York 10017 (“Administrative Agent”) for the account of the Applicable Lending Office of the Bank, the principal sum of _____ Dollars (\$ _____) or, if less, the amount loaned by the Bank as Ratable Loans to Borrower pursuant to the Loan Agreement (as defined below) and actually outstanding, in lawful money of the United States and in immediately available funds, in accordance with the terms set forth in the Loan Agreement. Borrower also promises to pay interest on the unpaid principal balance hereof, for the period such balance is outstanding, in like money, at said office for the account of said Applicable Lending Office, at the times and at the rates per annum as provided in the Loan Agreement. Any amount of principal hereof which is not paid when due, whether at stated maturity, by acceleration, or otherwise, shall bear interest from the date when due until said principal amount is paid in full, payable on demand, at the rates set forth in the Loan Agreement.

The date and amount of each advance of a Ratable Loan made by the Bank to Borrower under the Loan Agreement, and each payment of said Ratable Loan shall be recorded by the Bank on its books and, prior to any transfer of this Note (or, at the discretion of the Bank, at any other earlier time), may be endorsed by the Bank on the schedule attached hereto and any continuation thereof.

This Note is one of the Ratable Loan Notes referred to in the Amended and Restated Revolving Credit Agreement dated as of October __, 2017 (as the same may be amended from time to time, the “Loan Agreement”) among Borrower, the Banks named therein (including the Bank) and Administrative Agent, as administrative agent for the Banks. All of the terms, conditions and provisions of the Loan Agreement are hereby incorporated by reference. All capitalized terms used herein and not defined herein shall have the meanings given to them in the Loan Agreement.

The Loan Agreement contains, among other things, provisions for the prepayment of and acceleration of this Note upon the happening of certain stated events.

No recourse shall be had under this Note against the General Partner or the VRT Principals except as and to the extent set forth in Section 11.02 of the Loan Agreement.

All parties to this Note, whether principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest, notice of protest and notice of dishonor.

This Note shall be governed by the laws of the State of New York.

IN WITNESS WHEREOF, Borrower has executed and delivered this Note on the day and year first above written.

VORNADO REALTY L.P.,
a Delaware limited partnership

By: Vornado Realty Trust,
a Maryland real estate investment trust, general partner

By. _____

Name:

Title:

<u>Date</u>	<u>Type of Advance</u>	<u>Amount of Advance</u>	<u>Amount of Payment</u>	<u>Balance Outstanding</u>	<u>Notation By.</u>

EXHIBIT C

BID RATE LOAN NOTE

\$625,000,000

New York, New York
October __, 2017

For value received, Vornado Realty L.P., a Delaware limited partnership (“Borrower”), hereby promises to pay to the order of JPMorgan Chase Bank, N.A. (“Administrative Agent”) or its successors or assigns as Administrative Agent for the account of the respective Banks making Bid Rate Loans or their respective successors or assigns (for the further account of their respective Applicable Lending Offices), at the principal office of Administrative Agent located at 270 Park Avenue, New York, New York 10017, the principal sum of Six Hundred Twenty Five Million Dollars (\$625,000,000) or, if less, the amount loaned by said Banks as Bid Rate Loans to Borrower pursuant to the Loan Agreement (as defined below) and actually outstanding, in lawful money of the United States and in immediately available funds, in accordance with the terms set forth in the Loan Agreement. Borrower also promises to pay interest on the unpaid principal balance hereof, for the period such balance is outstanding, in like money, at said office for the account of said Banks for the further account of their respective Applicable Lending Offices, at the times and at the rates per annum as provided in the Loan Agreement. Any amount of principal hereof which is not paid when due, whether at stated maturity, by acceleration, or otherwise, shall bear interest from the date when due until said principal amount is paid in full, payable on demand, at the rate set forth in the Loan Agreement.

The date and amount of each Bid Rate Loan to Borrower under the Loan Agreement referred to below, the name of the Bank making the same, the interest rate applicable thereto and the maturity date thereof (i.e., the end of the Interest Period applicable thereto) shall be recorded by Administrative Agent on its records and may be endorsed by Administrative Agent on the schedule attached hereto and any continuation thereof.

This Note is the Bid Rate Loan Note referred to in the Amended and Restated Revolving Credit Agreement dated as of October __, 2017 (as the same may be amended from time to time, the “Loan Agreement”) among Borrower, the Banks named therein and Administrative Agent, as administrative agent for the Banks. All of the terms, conditions and provisions of the Loan Agreement are hereby incorporated by reference. All capitalized terms used herein and not defined herein shall have the meanings given to them in the Loan Agreement.

The Loan Agreement contains, among other things, provisions for the prepayment of and acceleration of this Note upon the happening of certain stated events.

No recourse shall be had under this Note against the General Partner or the VRT Principals except as and to the extent set forth in Section 11.02 of the Loan Agreement.

All parties to this Note, whether principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest, notice of protest and notice of dishonor.

This Note shall be governed by the laws of the State of New York.

IN WITNESS WHEREOF, Borrower has executed and delivered this Note on the day and year first above written.

VORNADO REALTY L.P.,
a Delaware limited partnership

By: Vornado Realty Trust,
a Maryland real estate investment trust,
general partner

By. _____

Name:

Title:

<u>Date</u>	<u>Type of Advance</u>	<u>Amount of Advance</u>	<u>Amount of Payment</u>	<u>Balance Outstanding</u>	<u>Notation By</u>

EXHIBIT D

SOLVENCY CERTIFICATE

The officer executing this Certificate is the _____ of Vornado Realty Trust, a Maryland real estate investment trust (“General Partner”), the sole general partner of Vornado Realty L.P., a Delaware limited partnership (“Borrower”), and is familiar with its properties, assets and businesses, and is duly authorized to execute this Certificate on behalf of Borrower pursuant to the Amended and Restated Revolving Credit Agreement dated the date hereof (the “Loan Agreement”) among Borrower, the banks party thereto (each a “Bank” and collectively, the “Banks”) and JPMorgan Chase Bank, N.A., as agent for the Banks (in such capacity, together with its successors in such capacity, the “Agent”). In executing this Certificate, such individual is acting solely in [his] [her] capacity as the _____ of General Partner, and not in [his] [her] individual capacity. Unless otherwise defined herein, terms defined in the Loan Agreement are used herein as therein defined.

The undersigned further certifies that [he] [she] has carefully reviewed the Loan Agreement and the other Loan Documents and the contents of this Certificate and, in connection herewith, has made such investigation and inquiries as [he] [she] deems necessary and prudent therefor. The undersigned further certifies that the financial information and assumptions which underlie and form the basis for the representations made in this Certificate were reasonable when made and were made in good faith and continue to be reasonable as of the date hereof.

The undersigned understands that the Agent is relying on the truth and accuracy of this Certificate in connection with the transactions contemplated by the Loan Agreement.

The undersigned certifies that Borrower is Solvent.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on _____.

Name:
Title:

EXHIBIT E

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption (the “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the “Assignor”) and [*Insert name of Assignee*] (the “Assignee”). Capitalized terms used but not defined herein shall have the meanings given to them in the Loan Agreement identified below (as amended, restated, extended, supplemented or otherwise modified from time to time, the “Loan Agreement”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Loan Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor’s rights and obligations in its capacity as a Bank under the Loan Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit and guarantees included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Bank) against any Person, whether known or unknown, arising under or in connection with the Loan Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the “Assigned Interest”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

- 1. Assignor: _____
- 2. Assignee: _____
[and is [a Bank] [a Bank Affiliate of [*identify Bank*]¹]]
- 3. Borrower: Vornado Realty L.P.

¹ Select as applicable

4. Administrative Agent: JPMorgan Chase Bank, N.A., as the administrative agent under the Loan Agreement
5. Loan Agreement: The Amended and Restated Revolving Credit Agreement dated as of October __, 2017 among Vornado Realty L.P., the Banks from time to time party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent for the Banks
6. Assigned Interest:

Aggregate Amount of Loan Commitment/Loans for all Banks	Amount of Loan Commitment/Loans Assigned	Percentage Assigned of Loan Commitment/Loans ²
\$	\$	%
\$	\$	%
\$	\$	%

Effective Date: _____, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The Assignee, if not already a Bank, agrees to deliver to the Administrative Agent a completed Administrative Questionnaire in which the Assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its Affiliates or their respective securities) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable laws, including Federal and state securities laws.

This Assignment and Assumption is conditioned upon the consent of the Administrative Agent and, if no Event of Default shall have occurred and be continuing, Borrower pursuant to Section 12.05(c) of the Loan Agreement. The execution of this Assignment and Assumption by the Borrower and the Administrative Agent is evidence of this consent and acknowledgment, respectively.

Reference is made to Section 10.13 of the Loan Agreement. The Assignee hereby represents that it is entitled to receive any payments to be made to it under the Loan Agreement or hereunder without the withholding of any tax and agrees to furnish the evidence of such exemption as specified therein and otherwise to comply with the provisions of said Section 10.13.

[Signature pages follow]

² Set forth, to at least 9 decimals, as a percentage of the applicable Loan Commitment/Loans of all Banks thereunder.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____

Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____

Title:

[Consented to and]³ Accepted:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By _____

Name:

Title:

VORNADO REALTY L.P.,
Delaware limited partnership

By: Vornado Realty Trust,
a Maryland real estate investment trust, general partner

By _____

Name:

Title:

[FRONTING BANKS]

By _____

Name:

Title:

³ To be added only if the consent of the Administrative Agent and /or Borrower and/or Fronting Bank is required by the terms of the Loan Agreement.

**STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION**

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim created by the Assignor, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is not a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Loan Agreement, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Agreement or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of the Loan Agreement or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under the Loan Agreement.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Bank under the Loan Agreement, (ii) it satisfies the requirements, if any, specified in the Loan Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Bank, (iii) from and after the Effective Date, it shall be bound by the provisions of the Loan Agreement as a Bank thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Bank thereunder, (iv) it has received a copy of the Loan Agreement, together with copies of the most recent financial statements referred to in Section 5.15 thereof or delivered pursuant to Section 6.09(1) and Section 6.09(2) thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent, the Assignor or any other Bank, and (v) attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Loan Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Agreement, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Agreement are required to be performed by it as a Bank.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Acceptance and adoption of the terms of this Assignment and Assumption by the Assignee and the Assignor by electronic signature or delivery of an executed counterpart of a signature page of this Assignment and Assumption by any Electronic System shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT F

MATERIAL AFFILIATES

None

F-1

EXHIBIT G-1

BID RATE QUOTE REQUEST

[Date]

To: JPMorgan Chase Bank, NA, as Administrative Agent (the “Administrative Agent”)

From: Vornado Realty L.P.

Re: Amended and Restated Revolving Credit Agreement (as amended, the “Loan Agreement”) dated as of October __, 2017 among Vornado Realty L.P., the Banks party thereto and the Administrative Agent

We hereby give notice pursuant to Section 2.02 of the Loan Agreement that we request Bid Rate Quotes for the following proposed Bid Rate Loans:

Date of Borrowing: _____

Principal Amount* Interest Period**

\$

Such Bid Rate Quotes should offer a LIBOR Bid Margin. [Such Bid Rate Quotes should offer the following prepayment terms: _____.]***

Terms used herein have the meanings assigned to them in the Loan Agreement.

VORNADO REALTY L.P.,
a Delaware limited partnership

By: Vornado Realty Trust,
a Maryland real estate investment trust,
general partner

By _____

Name:

Title:

* Subject to the minimum amount and other requirements set forth in Section 2.02 of the Loan Agreement.

** Subject to the provisions of the definition of “Interest Period” in the Loan Agreement.

*** To be included if Borrower requests prepayment terms different than those applicable to Ratable Loans.

EXHIBIT G-2

INVITATION FOR BID RATE QUOTES

To: [Bank]

Re: Invitation for Bid Rate Quotes to Vornado Realty L.P. ("Borrower")

Pursuant to Section 2.02 of the Amended and Restated Revolving Credit Agreement dated as of October __, 2017 among Borrower, the Banks party thereto and the undersigned, as Administrative Agent (as amended, the "Loan Agreement"), we are pleased on behalf of Borrower to invite you to submit Bid Rate Quotes to Borrower for the following proposed Bid Rate Loans:

Date of Borrowing: _____

Principal Amount

Interest Period

\$

Such Bid Rate Quotes should offer a LIBOR Bid Margin. [Such Bid Rate Quotes should offer the following prepayment terms: _____.]*

Please respond to this invitation by no later than 10:00 a.m. (New York time) on [date] (the third Banking Day prior to the Date of Borrowing).

Terms used herein have the meanings assigned to them in the Loan Agreement.

JPMORGAN CHASE BANK, NA.,
as Administrative Agent

By _____

Name:

Title:

* To be included if Borrower requests prepayment terms different than those applicable to Ratable Loans.

EXHIBIT G-3

BID RATE QUOTE

To: JPMorgan Chase Bank, N.A., as Administrative Agent

Re: Bid Rate Quote to Vornado Realty L.P. (“Borrower”) pursuant to Amended and Restated Revolving Credit Agreement dated October __, 2017 among Borrower, the Banks party thereto and Administrative Agent (as amended, the “Loan Agreement”)

In response to your invitation on behalf of Borrower dated _____ 20__, we hereby make the following Bid Rate Quote on the following terms:

1. Quoting Bank: _____
2. Person to contact at Quoting Bank: _____
3. Date of borrowing: _____*
4. We hereby offer to make Bid Rate Loan(s) in the following principal amounts, for the following Interest Periods and at the following rates:

Principal Amount**	Interest Period***	LIBOR Bid Margin*****
\$		
\$		

[Provided, that the aggregate principal amount of Bid Rate Loans for which the above offers may be accepted shall not exceed \$____.]

5. LIBOR Reserve Requirement, if any _____:
6. Prepayment terms if different from Ratable Loans: _____
7. Terms used herein have the meanings assigned to them in the Loan Agreement.

We understand and agree that the offer(s) set forth above, subject to the satisfaction of the applicable conditions set forth in the Loan Agreement, irrevocably obligates us to make the Bid Rate Loan(s) for which any offer(s) are accepted, in whole or in part.

Very truly yours,
[NAME OF BANK]

Date: _____

By: _____
Authorized Officer

* As specified in the related Invitation for Bid Rate Quotes.

** Principal amount bid for each Interest Period may not exceed principal amount requested. Specify aggregate limitation if the sum of the individual offers exceeds the amount the Bank is willing to lend. Amounts of bids are subject to the requirements of Section 2.02(c) of the Loan Agreement.

*** No more than five (5) bids are permitted for each Interest Period.

**** Margin over or under the LIBOR Interest Rate determined for the applicable Interest Period. Specify percentage (to the nearest 1/1,000 of 1 %) and specify whether “PLUS” or “MINUS”.

EXHIBIT G-4

ACCEPTANCE OF BID RATE QUOTE

To: JPMorgan Chase Bank, N.A., as Administrative Agent (the "Administrative Agent")

From: Vornado Realty L.P. ("Borrower")

Re: Amended and Restated Revolving Credit Agreement (as amended, the "Loan Agreement") dated as of October __, 2017 among Borrower, the Banks party thereto and the Administrative Agent

We hereby accept the offers to make Bid Rate Loan(s) set forth in the Bid Rate Quote(s) identified below:

<u>Bank</u>	<u>Date of Bid Rate Quote</u>	<u>Principal Amount</u>	<u>Interest Period</u>	<u>LIBOR Bid Margin</u>
-------------	-----------------------------------	-----------------------------	----------------------------	-----------------------------

Terms used herein have the meanings assigned to them in the Loan Agreement.

Very truly yours,

VORNADO REALTY L.P.,
a Delaware limited partnership

By: Vornado Realty Trust,
a Maryland real estate investment trust,
general partner

By _____
Name:
Title:

EXHIBIT H

DESIGNATION AGREEMENT

Reference is made to that certain Amended and Restated Revolving Credit Agreement dated as of October __, 2017 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement") among Vornado Realty L.P., the Banks party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent for said banks. Terms defined in the Loan Agreement and not otherwise defined herein are used herein with the same meaning.

[BANK] ("Designor") and _____, a _____ ("Designee"), agree as follows:

1. Designor hereby designates Designee, and Designee hereby accepts such designation, to have a right to make Bid Rate Loans pursuant to Section 2.02 of the Loan Agreement. Any assignment by Designor to Designee of its rights to make a Bid Rate Loan pursuant to such Section shall be effective at the time of the funding of such Bid Rate Loan and not before such time.
2. Except as set forth in Section 6 below, Designor makes no representation or warranty and assumes no responsibility pursuant to this Designation Agreement with respect to (a) any statements, warranties or representations made in or in connection with any Loan Document or any other instrument or document furnished pursuant thereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of any Loan Document or any other instrument and document furnished pursuant thereto or (b) the financial condition of Borrower or the performance or observance by Borrower of any of their obligations under any Loan Document or any other instrument or document furnished pursuant thereto.
3. Designee (a) confirms that it has received a copy of each Loan Document, together with copies of such financial statements and other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Designation Agreement; (b) agrees that it will independently and without reliance upon Administrative Agent, Designor or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under any Loan Document; (c) represents that it is a Designated Lender; (d) appoints and authorizes Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under any Loan Document as are delegated to Administrative Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; and (e) agrees that it will perform in accordance with their terms all of the obligations which by the terms of any Loan Document are required to be performed by it as a Bank.
4. Designee hereby appoints Designor as Designee's agent and attorney-in-fact, and grants to Designor an irrevocable power of attorney, to receive payments made for the benefit of Designee under the Loan Agreement, to deliver and receive all communications and notices under the Loan Agreement and other Loan Documents and to exercise on Designee's behalf all rights to vote and to grant and make approvals, waivers, consents or amendments to or under the Loan Agreement or other Loan Documents. Any document executed by Designor on

Designee's behalf in connection with the Loan Agreement or other Loan Documents shall be binding on Designee. Borrower, Administrative Agent and each of the Banks may rely on and are beneficiaries of this Designation Agreement.

5. Following the execution of this Designation Agreement by Designor and Designee, it will be delivered to Administrative Agent for acceptance by Administrative Agent. The effective date for this Designation Agreement (the "Effective Date") shall be the date of acceptance hereof by Administrative Agent.

6. Designor unconditionally agrees to pay or reimburse Designee and save Designee harmless against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed or asserted by any of the parties to the Loan Documents against Designee, in its capacity as such, in any way relating to or arising out of this Agreement or any other Loan Documents or any action taken or omitted by the Designee hereunder or thereunder, provided that Designor shall not be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements if the same results from Designee's gross negligence or willful misconduct.

7. As of the Effective Date, Designee shall be a party to the Loan Agreement with a right to make Bid Rate Loans as a Bank pursuant to Section 2.02 of the Loan Agreement and the rights and obligations of a Bank related thereto; provided, however, that Designee shall not be required to make payments with respect to such obligations except to the extent of excess cash flow of Designee which is not otherwise required to repay obligations of Designee which are then due and payable, Notwithstanding the foregoing, Designor, as administrative agent for Designee, shall be and remain obligated to Borrower, Administrative Agent and the Banks for each and every of the obligations of Designee and Designor with respect to the Loan Agreement, including, without limitation, any indemnification obligations under Section 10.05 of the Loan Agreement.

8. This Designation Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

9. This Designation Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, Designor and Designee have executed and delivered this Designation Agreement as of the date first set forth above.

[DESIGNOR]

By _____

Name:

Title:

[DESIGNEE]

By _____

Name:

Title:

Applicable Lending Office
and Address for Notices:

Attention: _____

Telephone: () _____

Telecopy: () _____

ACCEPTED AS OF THE __ DAY OF _____, 20__

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By _____

Name:

Title:

EXHIBIT I

2012 Contractors Agreement between Service Employees International Union Local 32B/J, AFL-CIO and The Realty Advisory Board on Labor Relations, Inc., 1/1/16-12/31/19

2012 Commercial Building Agreement between Local 32B/J Service Employees International Union, AFL-CIO and The Realty Advisory Board on Labor Relations, Inc., 1/1/16-12/31/19

Security Officers Collective Bargaining Agreement between the Service Employees International Union Local 32B/J, AFL-CIO and Guard Management Service Corp., 1/1/16-12/31/19

Metal Polishers Production and Novelty Workers Union Local 8A-28A and Metal Brite Service Corp., 6/1/14-5/31/17

Local Union No. 7 Tile, Marble, and Terrazzo, AFL-CIO of New York and New Jersey and The Marble Industry of New York, Inc., 7/1/12 - 6/30/18

Collective Bargaining Agreement between Hotel Association of New York City, Inc. and New York Hotel-Motel Trades Council, AFL-CIO, 7/1/12 - 6/30/18

2012 New Jersey Contractors Agreement Local 32B/J, Service Employees International Union and Building Maintenance Service LLC, 1/1/16-12/31/19

Engineer Agreement between Realty Advisory Board on Labor Relations, Incorporated, and Local 94-94A-94B International Union of Operating Engineers AFL-CIO, 1/1/15-12/31/18

Collective Bargaining Agreement between Service Employees International Union Local 32BJ and Washington Service Contractors Association, 10/16/15-10/15/19

Collective Bargaining Agreement between Local 670, Stationary Engineers, Firemen, Maintenance and Building Service Union and Building Maintenance Service LLC, 1/1/16-12/31/19

Agreement by and between Building Maintenance Service LLC and Service Employees International Union Local 32BJ for Metal Marble Workers, 1/25/15-1/24/19

2012 Window Cleaners Agreement between Service Employees International Union, Local 32BJ and The Realty Advisory Board on Labor Relations, Inc. 1/1/16 – 12/31/19

Collective Bargaining Agreement between Service Employees International Union Local 32BJ and Building Maintenance Service, LLC at Riverhouse Apartments Complex, 9/1/17 - 9/30/20

Local 1, Janitorial Agreement between Building Owners and Management Association of Chicago and Building Service Division, Service Employees International Union, Local 1 Janitorial Employees, 4/6/15 - 4/8/18

Local 1, Security Agreement between Building Owners and Management Association of Chicago and Service Employees International Union, Local 1, 4/25/16 - 4/28/19

Engineer Agreement between Building Owners and Management Association of Chicago and Local 399 of the International Union of Operating Engineers, 5/22/17 - 5/17/20

Electricians Agreement between The Electrical Contractors' Association of City of Chicago and Local Union No. 134 International Brotherhood of Electrical Workers, 6/5/2017 – 6/6/2021

Joint Agreement between the Builders' Association, Mason Contractors' Association of Greater Chicago, Lake County Contractors Association, Illinois Road and Transportation Builders Association, Underground Contractors Association and the Construction and General Laborers' District Council of Chicago and Vicinity, affiliated with the Laborers International Union of North America, 6/1/2017 – 5/31/2020

Collective Bargaining Agreement between the Chicago Journeymen Plumbers' Local Union 130, U.A. and Plumbing Contractors Association, 6/1/2017 – 5/31/2020

Agreement between Mid-America Regional Bargaining Association and the Chicago Regional Council of Carpenters, 6/1/2014 – 5/31/2019

Agreement between VNO 3300 Northern Blvd. LLC and United Industrial Service, Transportation, Professional and Government Worker of North America, AFL-CIO, 11/29/17 – 11/30/2020

Agreement between Production and Service Employees International Union Local #143, IND, and Building Maintenance Service LLC, 9/1/16 – 8/31/19

EXHIBIT J

[RESERVED]

EXHIBIT K-1

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Banks That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Amended and Restated Revolving Credit Agreement dated as of October __, 2017 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement"), among Vornado Realty, L.P., as Borrower, JPMorgan Chase Bank, N.A., as Administrative Agent, and each Bank from time to time party thereto.

Pursuant to the provisions of Section 10.13(f)(ii)(B)(3) of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(c)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

[NAME OF BANK]

By: _____

Name:

Title:

Date: _____, 20__

EXHIBIT K-2

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Banks That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Amended and Restated Revolving Credit Agreement dated as of October __, 2017 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement"), among Vornado Realty, L.P., as Borrower, JPMorgan Chase Bank, N.A., as Administrative Agent, and each Bank from time to time party thereto.

Pursuant to the provisions of Section 10.13(f)(ii)(B)(4) of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Loan Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(c)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

[NAME OF BANK]

By: _____

Name:

Title:

Date: _____, 20__

EXHIBIT K-3

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Amended and Restated Revolving Credit Agreement dated as of October __, 2017 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement"), among Vornado Realty, L.P., as Borrower, JPMorgan Chase Bank, N.A., as Administrative Agent, and each Bank from time to time party thereto.

Pursuant to the provisions of Section 10.13(f)(ii)(B)(4) of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(c)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Bank with a certificate of its non-U.S. Person status on IRS Form W-8BEN or W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Bank in writing, and (2) the undersigned shall have at all times furnished such Bank with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

[NAME OF PARTICIPANT]

By: _____

Name:

Title:

Date: _____, 20__

EXHIBIT K-4

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Amended and Restated Revolving Credit Agreement dated as of October __, 2017 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement"), among Vornado Realty, L.P., as Borrower, JPMorgan Chase Bank, N.A., as Administrative Agent, and each Bank from time to time party thereto.

Pursuant to the provisions of Section 10.13(f)(ii)(B)(4) of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect to such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(c)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Bank with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Bank and (2) the undersigned shall have at all times furnished such Bank with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

[NAME OF PARTICIPANT]

By: _____

Name:

Title:

Date: _____, 20__

**FORM OF VORNADO REALTY TRUST 2010 OMNIBUS SHARE PLAN
AO LTIP UNIT AWARD AGREEMENT**

AO LTIP UNIT AWARD AGREEMENT made as of 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 employee of the Company or one of its affiliates listed on Schedule A (the "Employee").

RECITALS

A. In accordance with the Vornado Realty Trust 2010 Omnibus Share Plan, as it may be amended from time to time (the "Share Plan"), the Company desires in connection with the employment of the Employee, to provide the Employee with an opportunity to acquire Class A Units (as defined in the agreement of limited partnership of the Partnership, as amended (the "Partnership Agreement")) ("Class A Units") upon conversion of AO LTIP Units (as defined in the Partnership Agreement) having the rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption and conversion set forth herein, in the Share Plan and in the Partnership Agreement, and thereby provide additional incentive for the Employee to promote the progress and success of the business of the Company, the Partnership and its subsidiaries (the "Award"). The Award was approved by the Compensation Committee (the "Committee") of the Board of Trustees of the Company (the "Board") 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, be redeemed through the delivery of common shares of beneficial interest, par value \$0.04 per share, of the Company (the "Common Shares") reserved for issuance under the Share Plan.

B. Schedule A hereto sets forth certain significant details of the AO LTIP Unit grant herein, including regarding the right to convert AO LTIP Units into Class A Units, and is incorporated herein by reference. Capitalized terms used herein and not otherwise defined have the meanings provided on Schedule A or, if such terms are not defined on Schedule A, the meanings provided in the Share Plan.

NOW, THEREFORE, the Company, the Partnership and the Employee hereby agree as follows:

AGREEMENT

1. GRANT OF AO LTIP UNITS: On the terms and conditions set forth below, as well as the terms and conditions of the Share Plan and subject to adjustment as provided in Section 7 hereof, the Company hereby grants to the Employee an aggregate of such number of AO LTIP Units as is set forth on Schedule A having an AO LTIP Unit Participation Threshold as is set forth on Schedule A (the "Award AO LTIP Units").

2. **TERM OF AWARD:** The term of the Award shall be the time period indicated on Schedule A from the Grant Date set forth on Schedule A until the Final Conversion Date set forth on Schedule A, subject to earlier termination or cancellation as provided in this Agreement.

Except as otherwise permitted under Section 6 hereof, the Award AO LTIP Units shall not be convertible into Class A Units unless (i) they are Vested AO LTIP Units and (ii) the Employee shall, at the time of conversion, be an employee of the Company or its affiliates.

3. **RESTRICTIONS ON TRANSFER:** Except as otherwise permitted by the Committee, none of the Award AO LTIP Units granted hereunder nor any of the Class A Units into which such Award AO LTIP Units may be converted (the "Award Class A 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 Class A Units, provided that, at any time after the date that is at least two (2) years after the Grant Date, (i) Award AO LTIP Units may be Transferred to the Employee's Family Members by gift or pursuant to domestic relations order in settlement of marital property rights; (ii) Award AO LTIP Units may be Transferred to an entity in which fifty percent (50%) of the voting interests are owned by Family Members (or the Employee) in exchange for an interest in such entity; and (iii) the Redemption Right may be exercised with respect to Award Class A Units, and Award Class A 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 the Partnership Agreement and that subsequent transfers shall be prohibited except those in accordance with this Section 3 and all Transfers of Award AO LTIP Units must be in compliance with all applicable securities laws (including, without limitation, the Securities Act of 1933, as amended (the "Securities Act")) and the applicable terms and conditions of the Partnership Agreement. In connection with any Transfer of Award AO LTIP Units, the Partnership may require the Employee 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 AO LTIP Units not in accordance with the terms and conditions of this Section 3 shall be null and void, and the Partnership shall not reflect on its records any change in record ownership of any Award AO LTIP 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 AO LTIP Units. Except as provided expressly in this Section 3, this Agreement is personal to the Employee, 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.

For purposes of this Section 3, "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 Employee, any person sharing the Employee'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 Employee) control the management of assets, and any

other entity in which one or more of these persons (or the Employee) own more than fifty percent (50%) of the voting interests.

4. CONVERSION: From and after the date on which an Award AO LTIP Unit vests, as set forth on Schedule A, it shall be convertible into Class A Units in accordance with the terms of the Partnership Agreement. The Mandatory Conversion Date, for purposes of the Partnership Agreement, for the Award AO LTIP Units will be the earlier of (i) the Termination Conversion Date (as set forth on Schedule A) or (ii) the Final Conversion Date (as set forth on Schedule A). As set forth in the Partnership Agreement, any Award AO LTIP Units that are Vested AO LTIP Units and have not been converted prior to the Mandatory Conversion Date will automatically be converted on such date. In addition, as set forth in the Partnership Agreement, the Company, as the general partner of the Partnership, may elect to convert the Award AO LTIP Units as provided in the Partnership Agreement.

Notwithstanding the foregoing or anything to the contrary set forth herein, upon (a) the occurrence of a Change in Control (as defined below) and (b) the termination of employment of the Employee with the Company or its affiliates within 24 months of such Change in Control either (i) by the Company (or its successor) without Cause (as defined below) or (ii) by the Employee for Good Reason (as defined below), then all unvested Award AO LTIP Units shall become Vested AO LTIP Units and be subject to conversion into Class A Units as provided in the Partnership Agreement at the times and in the manner set forth herein and in the Partnership Agreement. For purposes of this Agreement, a "Change in Control" of the Company means the occurrence of one of the following events:

(i) individuals who, on the date hereof, 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 date hereof 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 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 date hereof, 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)), (E) (a) any of the partners (as of the date hereof) 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)(1) 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”); 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 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 the Company Voting Securities immediately prior to such liquidation and such ongoing entity assumes all existing obligations of the Company to Employee under this Agreement.

For the purposes of this Section and Section 6, “Cause” will mean (A) if the Employee is a party to any employment, consulting or similar service agreement (including without limitation a separation, severance or similar agreement if any) between the Employee on the one hand and the Company or one of its affiliates on the other hand (a “Service Agreement”) immediately prior to the termination of the Employee’s employment with the Company or one of its affiliates and “Cause” or a substantially equivalent term is defined therein, then “Cause” shall have the meaning set forth in such Service Agreement for such term (or its substantial equivalent); or (B) if the Employee is not party to a Service Agreement immediately prior to such termination or the Employee’s Service Agreement does not define “Cause” or a substantially equivalent term, then “Cause” shall mean: with respect to the Employee, the Employee’s: (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.

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

5. DISTRIBUTIONS: The holder of the Award AO LTIP Units shall be entitled to receive distributions with respect to such Award AO LTIP Units to the extent provided for in the Partnership Agreement. The Distribution Measurement Date (as defined in the Partnership Agreement) with respect to the Award AO LTIP Units shall be the Grant Date. The AO LTIP Unit Sharing Percentage (as defined in the Partnership Agreement) with respect to the Award AO LTIP Units shall be 10%.

6. TERMINATION OF EMPLOYMENT: Any Award AO LTIP Units held by the Employee upon termination of employment shall be treated as follows:

(I) If the Employee’s termination of employment is due to death, all unvested Award AO LTIP Units shall become Vested AO LTIP Units and be entitled to conversion into Class A Units as provided in the Partnership Agreement by the Employee’s designated beneficiary, or, if none, the person(s) to whom such Employee’s rights under the Award are transferred by will or the laws of descent and distribution until the Mandatory Conversion Date (which is the earlier of the applicable Termination Conversion Date or the Final Conversion Date set forth on Schedule A);

(II) If the Employee’s termination of employment is due to Disability (as defined below), all unvested Award AO LTIP Units shall become Vested AO LTIP Units and be entitled to conversion into Class A Units as provided in the Partnership Agreement until the Mandatory Conversion Date (which is the earlier of the applicable Termination Conversion Date or the Final Conversion Date set forth on Schedule A);

(III) If the Employee’s termination of employment is due to Retirement (as defined below), all unvested Award AO LTIP Units shall become Vested AO LTIP Units and be entitled to conversion into Class A Units as provided in the Partnership Agreement until the Final Conversion Date. If the Employee is eligible for Retirement at a time when termination of employment occurs due to death or Disability or circumstances in which clause (V) would apply, then the provisions of this clause (III) above shall apply as if termination had been due to Retirement, instead of the provisions of clauses (I), (II) or (V), as the case may be;

(IV) If the Employee's termination of employment is for Cause, all Award AO LTIP Units, to the extent not vested, shall terminate on the date of termination and, all other Award AO LTIP Units, to the extent convertible under the terms of the Partnership Agreement as of the date of termination, shall be convertible until the Mandatory Conversion Date (which is the earlier of the applicable Termination Conversion Date or the Final Conversion Date set forth on Schedule A);

(V) If the Employee's termination of employment is for any reason (other than as set forth in clause in (I), (II), (III) or (IV) of this Section 6 or a qualifying termination in connection with a Change in Control pursuant to Section 4), all unvested Award AO LTIP Units shall terminate on the date of termination and, all other Award AO LTIP Units, to the extent convertible under the terms of the Partnership Agreement as of the date of termination, shall be convertible until the Mandatory Conversion Date (which is the earlier of the applicable Termination Conversion Date or the Final Conversion Date set forth on Schedule A); and

(VI) Notwithstanding the foregoing, in the event that the Employee is a party to a Service Agreement (to the extent in effect as of the date of termination) that would provide for stock options granted by the Company to the Employee to remain exercisable through a date after the date on which the Employee ceases to be an employee of the Company or any of its subsidiaries that is later than the Termination Conversion Date set forth above, then the Termination Conversion Date shall be such later date (but in no event after the Final Conversion Date). An Employee's status as an employee shall not be considered terminated in the case of a leave of absence agreed to in writing by the Company (including, but not limited to, military and sick leave); provided, that, such leave is for a period of not more than one year or re-employment upon expiration of such leave is guaranteed by contract or statute.

For purposes of this Section, "Disability" will mean: (A) if the Employee 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 Employee is not party to a Service Agreement immediately prior to such event or the Employee's Service Agreement does not define "Disability" or a substantially equivalent term, then "Disability" shall mean a disability which renders the Employee 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.

For purposes of this Section, "Retirement" will mean: (A) if the Employee 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 Employee is not party to a Service Agreement immediately prior to such event and/or the Employee's Service Agreement does not define "Retirement" or a substantially equivalent term, then "Retirement" shall mean the Employee's termination of his or her employment with the Company and its affiliates after attainment of age 65 or attainment of age 60 and completion of twenty (20) years of employment with the Company and/or an affiliate.

7. 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 shares 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 Award AO LTIP Units to avoid distortion in the value of this Award, then the Committee shall take such action as it deems necessary to maintain the Employee's rights hereunder so that they are substantially proportionate to the rights existing under this Award and the terms of the Award AO LTIP 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.

8. 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 Employee hereunder must be consented to by the Employee to be effective as against the Employee. 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 Employee's rights hereunder. This grant shall in no way affect the Employee'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) Payments by Award Recipients; Status as Partner. No amount shall be payable to the Company or the Partnership by the Employee at any time in respect of this Agreement. The Employee 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 Employee 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 Employee, Exhibit A of the Partnership Agreement shall be updated to reflect the issuance to the Employee of the AO LTIP Units so

accepted. Thereupon, the Employee shall have all the rights of a Limited Partner of the Partnership with respect to the number of AO LTIP Units specified on Schedule A hereto, as set forth in the Partnership Agreement, subject, however, to the restrictions and conditions specified herein. Award AO LTIP Units constitute and shall be treated for all purposes as the property of the Employee, subject to the terms of this Agreement and the Partnership Agreement.

(d) Status of Award AO LTIP Units under the Share Plan. This Award constitutes an award of OP Units by the Company under the Share Plan. The Award AO LTIP Units are interests in the Partnership. The number of Common Shares reserved for issuance under the Share Plan underlying outstanding Award AO LTIP Units will be determined by the Committee in light of all applicable circumstances, including calculations made or to be made hereunder, vesting, capital account allocations and/or balances under the Partnership Agreement, the conversion ratio in effect between AO LTIP Units and Class A Units and the conversion factor in effect with respect to the redemption of Class A Units by delivery of Common Shares. Upon any permitted exercise by a holder of the redemption right with respect to Award Class A Units, the Company will have the right at its option, as set forth in the Partnership Agreement, to issue Common Shares in exchange for Award Class A 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 Employee must be eligible to receive the Award AO LTIP 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 Employee acknowledges that the Employee will have no right to approve or disapprove such determination by the Committee.

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

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

(g) Investment Representations; Registration. The Employee 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 Employee. The Partnership will have no obligation to register under the Securities Act any Award AO LTIP Units or any Award Class A Units or any other securities issued pursuant to this Agreement or upon conversion or redemption of Award AO LTIP Units or Award Class A Units. The Employee agrees that any sale of Award Class A Units or of Common Shares received upon the redemption of Award Class A Units 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 such sale shall only 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).

(h) Section 83(b) Election. In connection with the issuance of AO LTIP Units pursuant hereto the Employee hereby agrees to make an election to include in gross income in the year of transfer the applicable AO LTIP Units pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (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 Employee agrees to file the election (or to permit the Partnership to file such election on the Employee's behalf) within thirty (30) days after the award of the AO LTIP Units hereunder.

(i) 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.

(j) 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.

(k) 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 Employee as an employee, consultant or advisor and this Agreement shall not interfere in any way with the right of the Company or any subsidiary to terminate the Employee's employment with the Company and its subsidiaries at any time.

(l) 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 Employee shall be addressed to the Employee at the Employee's address as it appears on the employment records of the Company, or at such other address as the Company or the Employee may hereafter designate in writing to the other.

(m) Withholding and Taxes. No later than the date as of which an amount first becomes includible in the gross income of the Employee for income tax purposes or subject to the Federal Insurance Contributions Act withholding with respect to this Award, the Employee 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 AO LTIP Units or Class A Units into which Award AO LTIP Units have been converted are withheld (or returned), the number of Award AO LTIP Units or Award Class A 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 Employee.

(n) 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.

(o) 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.

(p) 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 Employee, 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 Employee.

(q) 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 Employee, 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 12th day of January, 2018.

VORNADO REALTY TRUST

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

EMPLOYEE

Name:

SCHEDULE A TO AO LTIP UNIT AWARD AGREEMENT

(Terms being defined are in quotation marks.)

Date of AO LTIP Unit Award Agreement: [____], 20__

Name of Employee:

Number of AO LTIP Units:

“AO LTIP Unit Participation Threshold”:

“Grant Date”: [____], 20__

Distributions: Upon conversion into Class A Units, special distribution per AO LTIP Unit that was converted equal to __% of the per unit distributions received by holders of Class A Units during the period from the Grant Date to the date of conversion.

“Final Conversion Date”: [____], 20__

Vesting: Number of AO LTIP Units that vest on each of the following dates:

“Termination Conversion Date”: The date following the applicable date of termination of employment that falls on the last day of the period set forth below:

Death (Section 6(I)): __

Disability (Section 6(II)): __

Retirement (Section 6(III)): Final Conversion Date

Cause (Section 6(IV)): __

Other Termination (Section 6(V)): __

Initials of Company representative: ____

Initials of Employee: ____

EXHIBIT A

FORM OF LIMITED PARTNER SIGNATURE PAGE

The Employee, 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 Employee 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 Employee):

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 LTIP Units shall not be redeemable by the Limited Partner pursuant to Section 8.6 of the Partnership Agreement.

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

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

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

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

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

Signature Line for Limited Partner:

Name: _____

Date: _____, 2018

Address of Limited Partner:

EXHIBIT B

EMPLOYEE'S COVENANTS, REPRESENTATIONS AND WARRANTIES

The Employee hereby represents, warrants and covenants as follows:

(a) The Employee 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 Employee 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 Employee as a holder of AO LTIP Units shall not constitute an offer of AO LTIP Units until such determination of suitability shall be made.

(b) The Employee hereby represents and warrants that

(i) The Employee 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 Employee, together with the business and financial experience of those persons, if any, retained by the Employee to represent or advise him with respect to the grant to him of AO LTIP Units, the potential conversion of AO 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 Employee (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 Employee, 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 Employee understands that (A) the Employee 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 Employee is or by reason of the award of AO LTIP Units may become subject, to his particular situation; (B) the Employee 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 Employee 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 Employee believes to be necessary and appropriate to make an informed decision to accept this Award of AO LTIP Units; and (D) an investment in the Partnership and/or the Company involves substantial risks. The Employee has been given the opportunity to make a thorough investigation of matters relevant to the AO 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 Employee has been afforded the opportunity to obtain any additional information (including any exhibits to the Background Documents) deemed necessary by the Employee to verify the accuracy of information conveyed to the Employee. The Employee confirms that all documents, records, and books pertaining to his receipt of AO LTIP Units which were requested by the Employee have been made available or delivered to the Employee. The Employee 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 AO LTIP Units. **The Employee has relied upon, and is making its decision solely upon, the Background Documents and other written information provided to the Employee by the Partnership or the Company.**

(iv) The AO LTIP Units to be issued, the Common Units issuable upon conversion of the AO 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 Employee 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 Employee's right (subject to the terms of the AO LTIP Units, the Share Plan and this

Agreement) at all times to sell or otherwise dispose of all or any part of his AO 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 Employee acknowledges that (A) neither the AO LTIP Units to be issued, nor the Common Units issuable upon conversion of the AO 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 AO 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 Employee contained herein, (C) such AO 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 AO LTIP Units and Common Units and (E) neither the Partnership nor the Company has any obligation or intention to register such AO LTIP Units or the Common Units issuable upon conversion of the AO 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 Employee 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 Employee hereby acknowledges that because of the restrictions on transfer or assignment of such AO LTIP Units acquired hereby and the Common Units issuable upon conversion of the AO LTIP Units which are set forth in the Partnership Agreement or this Agreement, the Employee may have to bear the economic risk of his ownership of the AO LTIP Units acquired hereby and the Common Units issuable upon conversion of the AO LTIP Units for an indefinite period of time.

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

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

(c) So long as the Employee holds any AO LTIP Units, the Employee shall disclose to the Partnership in writing such information as may be reasonably requested with respect to ownership of AO 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 Employee's principal residence, and the Employee 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.

EXHIBIT C

Section 83(b) Election¹

The undersigned hereby elects pursuant to §83(b) of the Internal Revenue Code of 1986, as amended, to include in gross income as compensation for services the excess (if any) of the fair market value of the units described below over the amount paid for those shares.

1. The name, taxpayer identification number, address of the undersigned, and the taxable year for which this election is being made are:

Taxpayer's Name: _____

Taxpayer's Social Security Number: _____

Address: _____

Taxable Year: Calendar Year 201__

2. The property which is the subject of this election is _____ AO LTIP Units in Vornado Realty L.P.

3. The property was transferred to the undersigned on _____, 201__.

4. The property is subject to the following restrictions:

The AO LTIP Units will be subject to restrictions on transfer and risk of forfeiture upon termination of service relationship and in certain other events.

5. The fair market value of the property at time of transfer (determined without regard to any restrictions other than nonlapse restrictions as defined in §1.83-3(h) of the Income Tax Regulations) is \$0.

6. For the property transferred, the undersigned paid \$0.

7. The amount to include in gross income is \$0.

The undersigned taxpayer will file this election with the Internal Revenue Service Office with which the taxpayer files his or her annual income tax return not later than 30 days after the date of transfer of the property. A copy of the election will also be furnished to the

¹ The 83(b) Election must be filed no later than 30 days after the date on which the property is transferred. The IRS has indicated that the election form should be sent to the IRS address listed for the taxpayer's state under "Are you not including a check or money order . . ." given in *Where Do You File* in the Instructions for Form 1040 and the Instructions for Form 1040A (this information can also be found by clicking on your state at: <http://www.irs.gov/file/content/0,,id=105690,00.html>).

person for whom the services were performed. The undersigned is the person performing services in connection with which the property was transferred.

Dated: _____, 20__

Taxpayer

C-2

Schedule to Section 83(b) Election – Vesting Provisions of AO LTIP Units

AO LTIP Units are subject to time-based vesting with [__]% vesting on each of [__], provided that the Taxpayer remains an employee of Vornado Realty Trust or its subsidiaries through such dates, subject to acceleration in the event of certain extraordinary transactions. Unvested AO LTIP Units are subject to forfeiture in the event of failure to vest based on the passage of time and continued employment with the Company or its subsidiaries.

COMPUTATION OF RATIOS FOR VORNADO REALTY TRUST
(UNAUDITED)

Our consolidated ratios of earnings to fixed charges and earnings to combined fixed charges and preference dividends for each of the fiscal years ended December 31, 2017, 2016, 2015, 2014, and 2013 are as follows:

(Amounts in thousands)	For the Year Ended December 31,				
	2017	2016	2015	2014	2013
Income (loss) from continuing operations before income taxes and income from partially owned entities	\$ 303,246	\$ 415,291	\$ 560,854	\$ 389,689	\$ 239,583
Fixed charges	407,480	374,178	374,413	407,576	377,160
Income distributions from partially owned entities	81,467	214,617	65,149	91,243	58,434
Capitalized interest and debt expense	(48,231)	(30,343)	(53,425)	(59,241)	(41,201)
Preferred unit distributions	(194)	(194)	(158)	(50)	(1,158)
Earnings - Numerator	\$ 743,768	\$ 973,549	\$ 946,833	\$ 829,217	\$ 632,818
Interest and debt expense	\$ 345,654	\$ 330,240	\$ 309,298	\$ 337,360	\$ 323,505
Capitalized interest and debt expense	48,231	30,343	53,425	59,241	41,201
1/3 of rental expense – interest factor	13,401	13,401	11,532	10,925	11,296
Preferred unit distributions	194	194	158	50	1,158
Fixed charges - Denominator	407,480	374,178	374,413	407,576	377,160
Preferred share dividends	65,399	75,903	80,578	81,464	82,807
Combined fixed charges and preference dividends - Denominator	\$ 472,879	\$ 450,081	\$ 454,991	\$ 489,040	\$ 459,967
Ratio of earnings to fixed charges	\$ 1.83	\$ 2.60	\$ 2.53	\$ 2.03	\$ 1.68
Ratio of earnings to combined fixed charges and preference dividends	\$ 1.57	\$ 2.16	\$ 2.08	\$ 1.70	\$ 1.38

Earnings equals (i) income from continuing operations before income taxes and income from partially owned entities, plus, (ii) fixed charges, (iii) income distributions from partially owned entities, minus (iv) capitalized interest and debt expense and (v) preferred unit distributions of the Operating Partnership. Fixed charges equals (i) interest and debt expense, plus (ii) capitalized interest and debt expense, (iii) the portion of operating lease rental expense that is representative of the interest factor, which is one-third of operating lease rentals and (iv) preferred unit distributions of the Operating Partnership. Combined fixed charges and preference dividends equals fixed charges plus preferred share dividends.

COMPUTATION OF RATIOS FOR VORNADO REALTY L.P.
(UNAUDITED)

Our consolidated ratios of earnings to fixed charges and earnings to combined fixed charges and preference dividends for each of the fiscal years ended December 31, 2017, 2016, 2015, 2014 and 2013 are as follows:

(Amounts in thousands)	For the Year Ended December 31,				
	2017	2016	2015	2014	2013
Income (loss) from continuing operations before income taxes and income from partially owned entities	\$ 303,246	\$ 415,291	\$ 560,854	\$ 389,689	\$ 239,583
Fixed charges	407,286	373,984	374,255	407,526	376,002
Income distributions from partially owned entities	81,467	214,617	65,149	91,243	58,434
Capitalized interest and debt expense	(48,231)	(30,343)	(53,425)	(59,241)	(41,201)
Earnings - Numerator	\$ 743,768	\$ 973,549	\$ 946,833	\$ 829,217	\$ 632,818
Interest and debt expense	\$ 345,654	\$ 330,240	\$ 309,298	\$ 337,360	\$ 323,505
Capitalized interest and debt expense	48,231	30,343	53,425	59,241	41,201
1/3 of rental expense – interest factor	13,401	13,401	11,532	10,925	11,296
Fixed charges - Denominator	407,286	373,984	374,255	407,526	376,002
Preferred unit distributions	65,593	76,097	80,736	81,514	83,965
Combined fixed charges and preference dividends - Denominator	472,879	\$ 450,081	\$ 454,991	\$ 489,040	\$ 459,967
Ratio of earnings to fixed charges	\$ 1.83	\$ 2.60	\$ 2.53	\$ 2.03	\$ 1.68
Ratio of earnings to combined fixed charges and preference dividends	\$ 1.57	\$ 2.16	\$ 2.08	\$ 1.70	\$ 1.38

Earnings equals (i) income from continuing operations before income taxes and income from partially owned entities, plus, (ii) fixed charges, (iii) income distributions from partially owned entities, minus (iv) capitalized interest and debt expense and (v) preferred unit distributions of the Operating Partnership. Fixed charges equals (i) interest and debt expense, plus (ii) capitalized interest and debt expense, (iii) the portion of operating lease rental expense that is representative of the interest factor, which is one-third of operating lease rentals and (iv) preferred unit distributions of the Operating Partnership. Combined fixed charges and preference dividends equals fixed charges plus preferred share dividends.

All of the following are subsidiaries of both Vornado Realty Trust and Vornado Realty, L.P. as of December 31, 2017, except Vornado Realty, L.P. is only a subsidiary of Vornado Realty Trust.

VORNADO REALTY TRUST
FORM 10-K
SUBSIDIARIES OF THE REGISTRANT
AS OF DECEMBER 31, 2017

Name of Subsidiary	State of Organization
11 East 68th Parallel REIT LLC	Delaware
11 East 68th REIT Holding LLC	Delaware
11 East 68th REIT LLC	Delaware
11 East 68th Residential Owner LLC	Delaware
11 East 68th Retail Owner LLC	Delaware
11 East 68th Street I Corp.	British Virgin Islands
11 East 68th Street II Corp.	British Virgin Islands
11 East 68th Street LLC	Delaware
11 East 68th Street Unit C Owner LLC	Delaware
11 East 68th TRS LLC	Delaware
1290 Management II, LLC	Delaware
131 West 33rd Street Owner LLC	Delaware
137 West 33rd Street Owner LLC	Delaware
138-142 West 32nd EAT LLC	Delaware
144-150 West 34th Street EAT LLC	Delaware
148 Spring Street, LLC	Delaware
14th Street Owner LLC	Delaware
14th Street Purchaser LLC	Delaware
150 East 58th Street, L.L.C.	New York
150 Spring Street LLC	Delaware
1535 Broadway LLC	Delaware
1800 Park REIT LLC	Delaware
201 East 66th Street LLC	New York
205-217 E. 138th Street LLC	Delaware
220 Building Owner LLC	Delaware
265 West 34th Street EAT LLC	Delaware
265 West 34th Street Owner LLC	Delaware
27 Washington Sq North Owner LLC	Delaware
280 Park Administration LLC	Delaware
280 Park Cleaning LLC	Delaware
280 Park Junior Mezzanine LLC	Delaware
280 Park Senior Mezzanine LLC	Delaware
29 West 57th Street Owner LLC	Delaware
304-306 Canal Street LLC	Delaware
31 West 57th Street Owner LLC	Delaware
330 Madison Company LLC	Delaware
330 Madison Property Owner LLC	Delaware
334 Canal Street LLC	Delaware

350 Park EAT LLC	Delaware
4 USS LLC	Delaware
40 East 14 Realty Associates, L.L.C.	New York
40 Fulton Street LLC	New York
401 Commercial Son II LLC	Delaware
401 Commercial Son, LLC	Delaware
401 Commercial, L.P.	Delaware
401 General Partner, L.L.C.	Delaware
401 Hotel General Partner, L.L.C.	Delaware
401 Hotel REIT, LLC	Delaware
401 Hotel TRS, Inc.	Delaware
401 Hotel, L.P.	Delaware
408 West 15th Street Owner LLC	Delaware
480-486 Broadway, LLC	Delaware
486 8th Avenue Owner LLC	Delaware
488 Eighth Avenue Owner LLC	Delaware
49 West 57th Street Owner LLC	Delaware
50 East 86th Street Owner LLC	Delaware
501 Broadway Parallel REIT LLC	Delaware
501 Broadway REIT LLC	Delaware
527 West Kinzie LLC	Delaware
555 California TRS LLC	Delaware
58 Central Park III LLC	Delaware
58 Central Park LLC	Delaware
61 Ninth Avenue Development Holdings LLC	Delaware
61 Ninth Avenue Development LLC	Delaware
61 Ninth Avenue Development Member LLC	Delaware
61 Ninth Avenue Management LLC	Delaware
61 Ninth Retail Manager LLC	Delaware
650 Madison GP LLC	Delaware
650 Madison GP LP	Delaware
650 Madison Junior Mezz LLC	Delaware
650 Madison Office Manager LLC	Delaware
650 Madison Owner LLC	Delaware
650 Madison Retail Manager LLC	Delaware
650 Madison Senior Mezz LLC	Delaware
655 Fifth Avenue LLC	Delaware
655 Fifth Avenue Owner LLC	Delaware
655 Fifth Holdings LLC	Delaware
655 Fifth II LLC	Delaware
655 Fifth III LLC	Delaware
655 Fifth IV LLC	Delaware
666 Fifth Cleaning LLC	Delaware
666 Fifth Management LLC	Delaware
689 Fifth Avenue L.L.C.	New York
697 Fifth/2 East 55th Street Manager LLC	Delaware

697 Fifth/2 East 55th Street TIC A Holdings LLC	Delaware
697 Fifth/2 East 55th Street TIC A Master Lessee LLC	Delaware
697 Fifth/2 East 55th Street TIC A Mezz LLC	Delaware
697 Fifth/2 East 55th Street TIC B Lower-Tier LLC	Delaware
697 Fifth/2 East 55th Street TIC B Mezz LLC	Delaware
697 Fifth/2 East 55th Street TIC B Upper-Tier LLC	Delaware
697 Fifth/2 East 55th TIC B Holdings LLC	Delaware
697 Fifth/2 East 55th TIC B Mortgage Borrower LLC	Delaware
6M Investor LP	Delaware
6M REIT LLC	Delaware
7 West 34th Street LLC	New York
715 Lexington Avenue LLC	New York
715 Lexington Avenue TIC II LLC	Delaware
715 Lexington Avenue TIC LLC	Delaware
770 Broadway Company LLC	New York
770 Broadway Mezzanine LLC	Delaware
770 Broadway Owner LLC	Delaware
825 Seventh Avenue Holding Corporation	New York
825 Seventh Avenue Holding L.L.C.	New York
85 Tenth Junior Mezz LLC	Delaware
888 Seventh Avenue LLC	Delaware
909 Third Avenue Assignee LLC	New York
909 Third Company, L.P.	New York
909 Third GP, LLC	Delaware
968 Third, L.L.C.	New York
Alexander's, Inc.	Delaware
Arbor Property, L.P.	Delaware
Balena Real Estate Development II LLC	Delaware
Balena Real Estate Development III LLC	Delaware
Balena Real Estate Development IV LLC	Delaware
Balena Real Estate Development LLC	Delaware
Bensalem VF, L.L.C.	Pennsylvania
Building Maintenance Service LLC	Delaware
CESC 1750 Pennsylvania Avenue L.L.C.	Delaware
Circle 1 LLC	Delaware
CPTS Domestic Owner LLC	Delaware
CPTS Hotel Lessee LLC	Delaware
CPTS Hotel Lessee Mezz 1 LLC	Delaware
CPTS Hotel Lessee Mezz 2 LLC	Delaware
CPTS Hotel Lessee Mezz 3 LLC	Delaware
CPTS Parallel Owner LLC	Delaware
CPTS TRS LLC	Delaware
CV Harlem Park LLC	Delaware
Design Center Owner (D.C.), L.L.C.	Delaware
Durham Leasing II L.L.C.	New Jersey
Durham Leasing L.L.C.	New Jersey

Eleven Penn Plaza LLC	New York
Farley Building Leasing LLC	Delaware
Farley Building Master Tenant LLC	Delaware
Farley Building TRS LLC	Delaware
Farley Cleaning LLC	Delaware
Farley Developer LLC	Delaware
Farley Property Manager LLC	Delaware
Franconia GP, L.L.C.	Delaware
Fuller Madison LLC	New York
Gallery Market Holding Company, L.L.C.	Pennsylvania
Gallery Market Holding Company, L.P.	Pennsylvania
Gallery Market Properties Holding Company, L.L.C.	Pennsylvania
Gallery Market Properties Holding Company, L.P.	Pennsylvania
Garfield Parcel L.L.C.	New Jersey
Geneva Associates Owner LLC	Delaware
Green Acres 666 Fifth Retail EAT TIC Owner LLC	Delaware
Green Acres 666 Fifth Retail TIC Owner LLC	Delaware
Green Acres Mall, L.L.C.	Delaware
Guard Management Service Corp.	Delaware
HBR Annapolis Properties, L.L.C.	Delaware
HBR Properties Pennsylvania LLC	Delaware
HBR Properties, L.L.C.	Delaware
IP Mezz Borrower I LLC	Delaware
IP Mezz Borrower II LLC	Delaware
IP Mortgage Borrower LLC	Delaware
LaSalle Hubbard L.L.C.	Delaware
Lincoln Road II LLC	Delaware
Lincoln Road Management LLC	Delaware
Lincoln Road Parallel REIT LLC	Delaware
Lincoln Road REIT LLC	Delaware
M 330 Associates L.P.	New York
M 393 Associates LLC	New York
Mart Parking II, LLC	Delaware
Mart Parking LLC	Delaware
Mart Trade Show L.L.C.	Delaware
Menands Holding Corporation	New York
Menands VF L.L.C.	New York
Merchandise Mart First Mezzanine Borrower L.L.C.	Delaware
Merchandise Mart Holdco L.L.C.	Delaware
Merchandise Mart L.L.C.	Delaware
Merchandise Mart Properties, Inc.	Delaware
Merchandise Mart Second Mezzanine Borrower L.L.C.	Delaware
MMPI Piers MTS L.L.C.	Delaware
MMPI Volta LLC	Delaware
Mortgage Owner LLC	Delaware
Moynihan Interim Tenant LLC	Delaware

Moynihan Train Hall Developer LLC	Delaware
MTS-MM L.L.C.	Delaware
New Jersey GL LLC	Delaware
Ninety Park Lender LLC	New York
Ninety Park Lender QRS, Inc.	Delaware
Ninety Park Manager LLC	New York
Ninety Park Property LLC	New York
Office Center Owner (D.C.) L.L.C.	Delaware
One Park Owner JV LP	Delaware
One Penn Plaza LLC	New York
One Penn Plaza TRS, Inc.	Delaware
Orleans Hubbard LLC	Delaware
Paris Associates Owner LLC	Delaware
PCJ I Inc.	New York
Peak Power One LLC	Delaware
Penn Plaza Insurance Company, L.L.C.	Vermont
Philadelphia VF L.L.C.	Pennsylvania
Philadelphia VF L.P.	Pennsylvania
Piers 92/94 LLC	Delaware
Pike Holding Company, L.L.C.	Pennsylvania
Pike Holding Company, L.P.	Pennsylvania
Pike VF L.L.C.	Pennsylvania
Pike VF L.P.	Pennsylvania
Powerspace & Services, Inc.	Delaware
Rahway Leasing L.L.C.	New Jersey
Restaurant Corp Lessor LLC	Delaware
RTR VW LLC	Delaware
RV Farley Developer LLC	Delaware
RVS Partners LLC	Delaware
Shenandoah DC Holding, LLC	Delaware
Shenandoah Parent LLC	Delaware
Skyline Parent LLC	Delaware
SMB Administration LLC	Delaware
SMB Tenant Services LLC	Delaware
SO Hudson 555 Management, Inc.	Delaware
SO Hudson Westside I Corp.	Delaware
T53 Condominium, L.L.C.	New York
The Armory Show Inc.	New York
The Palisades A/V Company, L.L.C.	Delaware
The Park Laurel Condominium	Delaware
The Pennsy Holdings LLC	Delaware
Thebes I LLC	Delaware
theMart Manager LLC	Delaware
TheMart Tots LLC	Delaware
TMO 1 LLC	Delaware
Trees Acquisition Subsidiary, Inc.	Delaware

Two Guys from Harrison N.Y. (DE), L.L.C.	Delaware
Two Guys From Harrison N.Y. L.L.C.	New York
Two Guys From Harrison NY Member LLC	Delaware
Two Guys-Connecticut Holding L.L.C.	Connecticut
Two Penn Plaza REIT, Inc.	New York
Umbra Holdings LLC	Delaware
Upper Moreland Holding Company, L.L.C.	Pennsylvania
Upper Moreland Holding Company, L.P.	Pennsylvania
Upper Moreland VF, L.L.C.	Pennsylvania
VBL Company, L.L.C.	New York
VCP COI One Park LP	Delaware
VCP IM L.L.C.	Delaware
VCP Lincoln Road LLC	Delaware
VCP LP L.L.C.	Delaware
VCP One Park Parallel REIT LLC	Delaware
VCP Parallel COI One Park LP	Delaware
VFC Connecticut Holding, L.L.C.	Delaware
VFC New Jersey Holding, L.L.C.	Delaware
Virgin Sign L.L.C.	Delaware
VMS Lender LLC	Delaware
VNK L.L.C.	Delaware
VNO 100 West 33rd Street LLC	Delaware
VNO 11 East 68th Street Holding Company LLC	Delaware
VNO 11 East 68th Street Mezz LLC	Delaware
VNO 11 East 68th Street Property Owner LLC	Delaware
VNO 125 West 31st Street Mezz LLC	Delaware
VNO 1399 GP LLC	Delaware
VNO 154 Spring Street LLC	Delaware
VNO 155 Spring Street LLC	Delaware
VNO 1800 Park LLC	Delaware
VNO 220 Development LLC	Delaware
VNO 225 West 58th Street LLC	Delaware
VNO 225 West 58th Street Mezz Owner LLC	Delaware
VNO 267 West 34th LLC	Delaware
VNO 280 Park JV Member LLC	Delaware
VNO 33 West 57th Street LLC	Delaware
VNO 33-00 Northern Blvd LLC	Delaware
VNO 3500 US Highway 9 LLC	Delaware
VNO 401 Commercial Leasee LLC	Delaware
VNO 431 Seventh Avenue LLC	Delaware
VNO 435 Seventh Avenue LLC	Delaware
VNO 443 Broadway Holdings II LLC	Delaware
VNO 443 Broadway Holdings III LLC	Delaware
VNO 443 Broadway LLC	Delaware
VNO 501 Broadway LLC	Delaware
VNO 510 Fifth LLC	Delaware

VNO 510 West 22nd JV Member LLC	Delaware
VNO 510 West 22nd Lender LLC	Delaware
VNO 535-545 5th Loan LLC	Delaware
VNO 555 Fifth LLC	Delaware
VNO 606 Broadway LLC	Delaware
VNO 606 Broadway Manager Member LLC	Delaware
VNO 61 Ninth Avenue Member LLC	Delaware
VNO 63rd Street LLC	Delaware
VNO 650 Madison Investor LLC	Delaware
VNO 650 Madison LLC	Delaware
VNO 655 Partners LLC	Delaware
VNO 666 Fifth Holding LLC	Delaware
VNO 666 Fifth Lender LLC	Delaware
VNO 666 Fifth Member LLC	Delaware
VNO 666 Fifth Retail TIC Lessee LLC	Delaware
VNO 7 West 34th Street Owner LLC	Delaware
VNO 7 West 34th Street Sub LLC	Delaware
VNO 701 Seventh Avenue Mezz LLC	Delaware
VNO 701 Seventh Avenue TRS LLC	Delaware
VNO 757 Third Avenue LLC	Delaware
VNO 78 11TH Avenue Mezz LLC	Delaware
VNO 86 Lex LLC	Delaware
VNO 93rd Street LLC	Delaware
VNO 966 Third Avenue LLC	Delaware
VNO AC LLC	Delaware
VNO Belmont Wonderland LLC	Delaware
VNO Broad Street LLC	Delaware
VNO Building Acquisition LLC	Delaware
VNO Capital Partners REIT LLC	Delaware
VNO Capital Partners TRS LLC	Delaware
VNO CP Co-Investor LP	Delaware
VNO CP GP LLC	Delaware
VNO CP LLC	Delaware
VNO CPPIB Member LLC	Delaware
VNO Fashion LLC	Delaware
VNO IF Delaware PI LLC	Delaware
VNO IF GP LLC	Delaware
VNO IF LLC	Delaware
VNO IP Loan LLC	Delaware
VNO IP Warrant LLC	Delaware
VNO Island Global LLC	Delaware
VNO LF 50 West 57th Street Holding LLC	Delaware
VNO LF 50 West 57th Street JV LLC	Delaware
VNO LF 50 West 57th Street LLC	Delaware
VNO LF 50 West 57th Street Management LLC	Delaware
VNO LNR Holdco, L.L.C.	Delaware

VNO Morris Avenue GL LLC	Delaware
VNO New York Office Management LLC	Delaware
VNO One Park LLC	Delaware
VNO One Park Management LLC	Delaware
VNO Pentagon City LLC	Delaware
VNO Pune Township LLC	Delaware
VNO Roosevelt Hotel Mezz II LLC	Delaware
VNO Roosevelt Hotel Mezz LLC	Delaware
VNO RTR AP, LLC	Delaware
VNO SC Note LLC	Delaware
VNO SM GP LLC	Delaware
VNO SM LLC	Delaware
VNO Suffolk II LLC	Delaware
VNO Surplus 2006 LLC	Delaware
VNO T-Hotel Loan LLC	Delaware
VNO TRU Beckley Road LLC	Delaware
VNO TRU Eastman Avenue LLC	Delaware
VNO TRU Kennedy Road LLC	Delaware
VNO TRU Lafayette Street LLC	Delaware
VNO TRU Mall Drive L.P.	Delaware
VNO TRU MICH L.P.	Delaware
VNO TRU Military Road L.P.	Delaware
VNO TRU Princeton Road LLC	Delaware
VNO TRU Rand Road LLC	Delaware
VNO TRU Route 50 LLC	Delaware
VNO TRU South Wadsworth Avenue LLC	Delaware
VNO TRU TX LLC	Delaware
VNO TRU University Drive LLC	Delaware
VNO VE LLC	Delaware
VNO Wayne License LLC	Delaware
VNO Wayne Towne Center Holding LLC	Delaware
VNO Wayne Towne Center LLC	Delaware
VNO/Farley BL Member LLC	Delaware
VNO/Farley Developer LLC	Delaware
VNO/Farley PM Member LLC	Delaware
VNO-MM Mezzanine Lender LLC	Delaware
Vornado 1399 LLC	Delaware
Vornado 1540 Broadway LLC	Delaware
Vornado 220 Central Park South II LLC	Delaware
Vornado 220 Central Park South LLC	Delaware
Vornado 25W14 LLC	Delaware
Vornado 3040 M Street LLC	Delaware
Vornado 330 W 34 Mezz LLC	Delaware
Vornado 330 West 34th Street L.L.C.	Delaware
Vornado 40 East 66th Street LLC	Delaware
Vornado 40 East 66th Street Member LLC	Delaware
Vornado 40 East 66th Street TRS LLC	Delaware

Vornado 401 Commercial LLC	Delaware
Vornado 601 Madison Avenue, L.L.C.	Delaware
Vornado 620 Sixth Avenue L.L.C.	Delaware
Vornado 640 Fifth Avenue L.L.C.	Delaware
Vornado 677 Madison LLC	Delaware
Vornado 692 Broadway, L.L.C.	Delaware
Vornado 90 Park Avenue L.L.C.	Delaware
Vornado 90 Park Member L.L.C.	Delaware
Vornado 90 Park QRS, Inc.	Delaware
Vornado Acquisition Co. LLC	Delaware
Vornado Air Rights LLC	Delaware
Vornado Auto L.L.C.	Delaware
Vornado BAP LLC	Delaware
Vornado Capital Partners GP LLC	Delaware
Vornado Capital Partners Parallel GP LLC	Delaware
Vornado Capital Partners Parallel LP	Delaware
Vornado Capital Partners Parallel REIT LLC	Delaware
Vornado Capital Partners, L.P.	Delaware
Vornado Cogen Holdings LLC	Delaware
Vornado Communications, LLC	Delaware
Vornado Concierge LLC	Delaware
Vornado Condominium Management LLC	Delaware
Vornado DC Holding LLC	Delaware
Vornado Dune LLC	Delaware
Vornado Eleven Penn Plaza LLC	Delaware
Vornado Eleven Penn Plaza Owner LLC	Delaware
Vornado Everest Lender, L.L.C.	Delaware
Vornado Everest, L.L.C.	Delaware
Vornado Farley LLC	Delaware
Vornado Farley Member LLC	Delaware
Vornado Finance GP L.L.C.	Delaware
Vornado Finance L.P.	Delaware
Vornado Finance SPE, Inc.	Delaware
Vornado Fort Lee L.L.C.	Delaware
Vornado Fortress LLC	Delaware
Vornado Green Acres Acquisition L.L.C.	Delaware
Vornado Green Acres Holdings L.L.C.	Delaware
Vornado Green Acres SPE Managing Member, Inc.	Delaware
Vornado Harlem Park LLC	Delaware
Vornado India Retail LLC	Delaware
Vornado India Retail Management LLC	Delaware
Vornado Investment Corporation	Delaware
Vornado Investments L.L.C.	Delaware
Vornado Lending L.L.C.	New Jersey
Vornado Lodi L.L.C.	Delaware
Vornado LXP, L.L.C.	Delaware
Vornado M 330 L.L.C.	Delaware
Vornado M 393 L.L.C.	Delaware
Vornado Management Corp.	Delaware

Vornado Manhattan House Mortgage LLC	Delaware
Vornado Marketing LLC	Delaware
Vornado Mauritius Advisors LLC	Delaware
Vornado Mauritius II LLC	Delaware
Vornado New York RR One L.L.C.	Delaware
Vornado Newkirk Advisory LLC	Delaware
Vornado Newkirk L.L.C.	Delaware
Vornado NK Loan L.L.C.	Delaware
Vornado Office Inc.	Delaware
Vornado Office Management LLC	Delaware
Vornado PC LLC	Delaware
Vornado Penn Plaza Master Plan Developer LLC	Delaware
Vornado Property Advisor LLC	Delaware
Vornado Realty L.L.C.	Delaware
Vornado Realty, L.P.	Delaware
Vornado Records 2006, L.L.C.	Delaware
Vornado Retail Finance Manager LLC	Delaware
Vornado Rosslyn LLC	Delaware
Vornado RTR DC LLC	Delaware
Vornado RTR Lessee JV LLC	Delaware
Vornado RTR Sub LLC	Delaware
Vornado RTR Urban Development LLC	Delaware
Vornado RTR Urban Development TMP LLC	Delaware
Vornado RTR, Inc.	Delaware
Vornado San Jose LLC	Delaware
Vornado Savanna LLC	Delaware
Vornado Savanna SM LLC	Delaware
Vornado SB 11 L.P.	Delaware
Vornado SB 9 L.P.	Delaware
Vornado SB LLC	Delaware
Vornado SC Properties II LLC	Delaware
Vornado SC Properties LLC	Delaware
Vornado Shenandoah Holdings II LLC	Delaware
Vornado Sign LLC	Delaware
Vornado Springfield Mall LLC	Delaware
Vornado Springfield Mall Manager LLC	Delaware
Vornado Square Mile LLC	Delaware
Vornado Suffolk LLC	Delaware
Vornado Sun LLC	Delaware
Vornado Title L.L.C.	Delaware
Vornado Toys Bridge LLC	Delaware
Vornado Truck LLC	Delaware
Vornado TSQ LLC	Delaware
Vornado Two Penn Plaza L.L.C.	Delaware
Vornado Two Penn Property L.L.C.	Delaware
Vornado Westbury Retail II LLC	Delaware
Vornado Westbury Retail LLC	Delaware
VRT Development Rights LLC	New York
VRT New Jersey Holding L.L.C.	Delaware

VSPS LLC	Delaware
Washington Design Center L.L.C.	Delaware
Washington Design Center Subsidiary L.L.C.	Delaware
Washington Mart SPE LLC	Delaware
Washington Office Center L.L.C.	Delaware
Wasserman Vornado Strategic Real Estate Fund LLC	Delaware
WDC 666 Fifth Retail TIC Owner LLC	Delaware
Wells Kinzie L.L.C.	Delaware
West 57th Street Holding LLC	Delaware
West 57th Street JV LLC	Delaware
West 57th Street Management LLC	Delaware
WOC 666 Fifth Retail TIC Owner LLC	Delaware
WREC Quadrille LLC	Delaware
WREC San Pasqual LLC	Delaware
York VF L.L.C.	Pennsylvania

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements of our reports dated February 12, 2018, relating to the financial statements of Vornado Realty Trust and subsidiaries, and the effectiveness of Vornado Realty Trust and subsidiaries' internal control over financial reporting, appearing in the Annual Report on Form 10-K of Vornado Realty Trust and Vornado Realty L.P. for the year ended December 31, 2017:

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

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

Registration Statement No. 333-203294 on Form S-3

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
February 12, 2018

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement No. 333-203294 on Form S-3 of our reports dated February 12, 2018, relating to the financial statements of Vornado Realty L.P., and subsidiaries, and the effectiveness of Vornado Realty L. P. and subsidiaries' internal control over financial reporting, appearing in the Annual Report on Form 10-K of Vornado Realty L.P. and subsidiaries and Vornado Realty Trust for the year ended December 31, 2017.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
February 12, 2018

CERTIFICATION

I, Steven Roth, certify that:

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

February 12, 2018

/s/ Steven Roth

Steven Roth

Chairman of the Board and Chief Executive Officer

CERTIFICATION

I, Joseph Macnow, certify that:

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

February 12, 2018

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

February 12, 2018

/s/ Steven Roth

Steven Roth

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

CERTIFICATION

I, Joseph Macnow, certify that:

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

February 12, 2018

/s/ Joseph Macnow

Joseph Macnow

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

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 Annual Report on Form 10-K for the year ended December 31, 2017 (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.

February 12, 2018

/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 Annual Report on Form 10-K for the year ended December 31, 2017 (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.

February 12, 2018

Name: /s/ Joseph Macnow
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 Annual Report on Form 10-K for the year ended December 31, 2017 (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.

February 12, 2018

/s/ Steven Roth

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

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 Annual Report on Form 10-K for the year ended December 31, 2017 (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.

February 12, 2018

/s/ Joseph Macnow

Name: _____
Joseph Macnow

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