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

(Mark one)

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

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

Or

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

For the transition period from: ________ **to** ________

Commission File Number:	**001-11954 (Vornado Realty Trust)**
Commission File Number:	**001-34482 (Vornado Realty L.P.)**

Vornado Realty Trust
Vornado Realty L.P.

(Exact name of registrants as specified in its charter)

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

888 Seventh Avenue, New York, New York 10019
(Address of principal executive offices) (Zip Code)

(212) 894-7000
(Registrants' telephone number, including area code)

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Vornado Realty Trust: Yes ☑ No ☐ Vornado Realty L.P.: Yes ☑ No ☐

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

Vornado Realty Trust:

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

Vornado Realty L.P.:

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

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

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

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

Registrant	Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Vornado Realty Trust	Common Shares of beneficial interest, $.04 par value per share	VNO	New York Stock Exchange

	Cumulative Redeemable Preferred Shares of beneficial interest, liquidation preference $25.00 per share		
Vornado Realty Trust	5.70% Series K	VNO/PK	New York Stock Exchange
Vornado Realty Trust	5.40% Series L	VNO/PL	New York Stock Exchange
Vornado Realty Trust	5.25% Series M	VNO/PM	New York Stock Exchange

As of June 30, 2019, 190,813,470 of Vornado Realty Trust’s common shares of beneficial interest are outstanding.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended June 30, 2019 of Vornado Realty Trust and Vornado Realty L.P. Unless stated otherwise or the context otherwise requires, references to “Vornado” refer to Vornado Realty Trust, a Maryland real estate investment trust (“REIT”), and references to the “Operating Partnership” refer to Vornado Realty L.P., a Delaware limited partnership. References to the “Company,” “we,” “us” and “our” mean collectively Vornado, the Operating Partnership and those subsidiaries consolidated by Vornado.

The Operating Partnership is the entity through which we conduct substantially all of our business and own, either directly or through subsidiaries, substantially all of our assets. Vornado is the sole general partner and also a 93.1% limited partner of the Operating Partnership. As the sole general partner of the Operating Partnership, Vornado has exclusive control of the Operating Partnership’s day-to-day management.

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

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

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

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

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

- Item 1. Financial Statements (unaudited), which includes the following specific disclosures for Vornado Realty Trust and Vornado Realty L.P.:
  - Note 11. Redeemable Noncontrolling Interests/Redeemable Partnership Units
  - Note 12. Shareholders' Equity/Partners' Capital
  - Note 19. Income Per Share/Income Per Class A Unit
- Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations includes information specific to each entity, where applicable.

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

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

VORNADO REALTY TRUST
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(Amounts in thousands, except unit, share, and per share amounts)	June 30, 2019	December 31, 2018
ASSETS		
Real estate, at cost:		
Land	$ 2,609,869	$ 3,306,280
Buildings and improvements	7,813,812	10,110,992
Development costs and construction in progress	1,835,054	2,266,491
Moynihan Train Hall development expenditures	665,226	445,693
Leasehold improvements and equipment	118,428	108,427
Total	13,042,389	16,237,883
Less accumulated depreciation and amortization	(2,894,202)	(3,180,175)
Real estate, net	10,148,187	13,057,708
Right-of-use assets	380,214	—
Cash and cash equivalents	922,604	570,916
Restricted cash	154,306	145,989
Marketable securities	41,081	152,198
Tenant and other receivables, net of allowance for doubtful accounts of $4,154 as of December 31, 2018	85,153	73,322
Investments in partially owned entities	4,025,534	858,113
Real estate fund investments	306,596	318,758
220 Central Park South condominium units ready for sale	328,786	99,627
Receivable arising from the straight-lining of rents, net of allowance of $1,644 as of December 31, 2018	749,198	935,131
Deferred leasing costs, net of accumulated amortization of $187,478 and $207,529	357,511	400,313
Identified intangible assets, net of accumulated amortization of $98,187 and $172,114	32,478	136,781
Other assets	382,209	431,938
	$ 17,913,857	$ 17,180,794
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Mortgages payable, net	$ 6,256,808	$ 8,167,798
Senior unsecured notes, net	445,465	844,002
Unsecured term loan, net	745,331	744,821
Unsecured revolving credit facilities	80,000	80,000
Lease liabilities	483,011	—
Moynihan Train Hall obligation	665,226	445,693
Accounts payable and accrued expenses	392,581	430,976
Deferred revenue	66,835	167,730
Deferred compensation plan	99,879	96,523
Other liabilities	320,515	311,806
Total liabilities	9,555,651	11,289,349
Commitments and contingencies		
Redeemable noncontrolling interests:		
Class A units - 13,377,956 and 12,544,477 units outstanding	857,527	778,134
Series D cumulative redeemable preferred units - 141,401 and 177,101 units outstanding	4,535	5,428
Total redeemable noncontrolling interests	862,062	783,562
Shareholders' equity:		
Preferred shares of beneficial interest: no par value per share; authorized 110,000,000 shares; issued and outstanding 36,797,280 and 36,798,580 shares	891,256	891,294
Common shares of beneficial interest: $0.04 par value per share; authorized 250,000,000 shares; issued and outstanding 190,813,470 and 190,535,499 shares	7,611	7,600
Additional capital	7,845,748	7,725,857
Earnings less than distributions	(1,845,995)	(4,167,184)
Accumulated other comprehensive (loss) income	(38,066)	7,664
Total shareholders' equity	6,860,554	4,465,231
Noncontrolling interests in consolidated subsidiaries	635,590	642,652
Total equity	7,496,144	5,107,883
	$ 17,913,857	$ 17,180,794

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(Amounts in thousands, except per share amounts)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
REVENUES:				
Rental revenues	$ 421,299	$ 502,907	$ 921,176	$ 1,003,327
Fee and other income	41,804	38,911	76,595	74,928
Total revenues	463,103	541,818	997,771	1,078,255
EXPENSES:				
Operating	(220,752)	(235,981)	(467,647)	(473,583)
Depreciation and amortization	(113,035)	(111,846)	(229,744)	(220,532)
General and administrative	(38,872)	(34,427)	(96,892)	(76,960)
Expense from deferred compensation plan liability	(1,315)	(2,077)	(6,748)	(1,673)
Transaction related costs, impairment losses and other	(101,590)	(1,017)	(101,739)	(14,173)
Total expenses	(475,564)	(385,348)	(902,770)	(786,921)
Income (loss) from partially owned entities	22,873	8,757	30,193	(1,147)
Loss from real estate fund investments	(15,803)	(28,976)	(15,970)	(37,783)
Interest and other investment income, net	7,840	30,892	12,885	6,508
Income from deferred compensation plan assets	1,315	2,077	6,748	1,673
Interest and debt expense	(63,029)	(87,657)	(165,492)	(175,823)
Net gain on transfer to Fifth Avenue and Times Square JV	2,571,099	—	2,571,099	—
Net gains on disposition of wholly owned and partially owned assets	111,713	23,559	332,007	23,559
Income before income taxes	2,623,547	105,122	2,866,471	108,321
Income tax expense	(26,914)	(467)	(56,657)	(3,021)
Income from continuing operations	2,596,633	104,655	2,809,814	105,300
Income (loss) from discontinued operations	60	683	(77)	320
Net income	2,596,693	105,338	2,809,737	105,620
Less net (income) loss attributable to noncontrolling interests in:				
Consolidated subsidiaries	(21,451)	26,175	(28,271)	34,449
Operating Partnership	(162,515)	(7,445)	(174,717)	(6,321)
Net income attributable to Vornado	2,412,727	124,068	2,606,749	133,748
Preferred share dividends	(12,532)	(12,534)	(25,066)	(25,569)
Preferred share issuance costs	—	—	—	(14,486)
NET INCOME attributable to common shareholders	$ 2,400,195	$ 111,534	$ 2,581,683	$ 93,693
INCOME PER COMMON SHARE – BASIC:				
Net income per common share	$ 12.58	$ 0.59	$ 13.53	$ 0.49
Weighted average shares outstanding	190,781	190,200	190,735	190,141
INCOME PER COMMON SHARE – DILUTED:				
Net income per common share	$ 12.56	$ 0.58	$ 13.51	$ 0.49
Weighted average shares outstanding	191,058	191,168	191,030	191,190

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Net income	$ 2,596,693	$ 105,338	$ 2,809,737	$ 105,620
Other comprehensive income (loss):				
Other comprehensive income (loss) of nonconsolidated subsidiaries	25	390	(960)	736
(Reduction) increase in value of interest rate swaps and other	(28,512)	2,908	(45,541)	13,166
Amount reclassified from accumulated other comprehensive loss relating to a nonconsolidated subsidiary	—	—	(2,311)	—
Comprehensive income	2,568,206	108,636	2,760,925	119,522
Less comprehensive (income) loss attributable to noncontrolling interests	(182,160)	18,525	(199,906)	27,269
Comprehensive income attributable to Vornado	$ 2,386,046	$ 127,161	$ 2,561,019	$ 146,791

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	Preferred Shares		Common Shares		Additional Capital	Earnings Less Than Distributions	Accumulated Other Comprehensive Loss	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Shares	Amount	Shares	Amount					
For the Three Months Ended June 30, 2019:									
Balance, March 31, 2019	36,798	$ 891,263	190,761	$ 7,609	$ 7,676,770	$ (4,120,265)	$ (11,385)	$ 646,900	$ 5,090,892
Net income attributable to Vornado	—	—	—	—	—	2,412,727	—	—	2,412,727
Net income attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	—	21,451	21,451
Dividends on common shares ($0.66 per share)	—	—	—	—	—	(125,927)	—	—	(125,927)
Dividends on preferred shares (see Note 12 for dividends per share amounts)	—	—	—	—	—	(12,532)	—	—	(12,532)
Common shares issued:									
Upon redemption of Class A units, at redemption value	—	—	44	2	2,946	—	—	—	2,948
Under employees' share option plan	—	—	3	—	174	—	—	—	174
Under dividend reinvestment plan	—	—	5	—	361	—	—	—	361
Contributions	—	—	—	—	—	—	—	3,121	3,121
Distributions	—	—	—	—	—	—	—	(24,440)	(24,440)
Conversion of Series A preferred shares to common shares	(1)	(7)	1	—	7	—	—	—	—
Deferred compensation shares and options	—	—	(1)	—	266	—	—	—	266
Other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	—	25	—	25
Reduction in value of interest rate swaps	—	—	—	—	—	—	(28,515)	—	(28,515)
Adjustments to carry redeemable Class A units at redemption value	—	—	—	—	165,225	—	—	—	165,225
Redeemable noncontrolling interests' share of above adjustments	—	—	—	—	—	—	1,806	—	1,806
Deconsolidation of partially owned entity	—	—	—	—	—	—	—	(11,441)	(11,441)
Other	—	—	—	—	(1)	2	3	(1)	3
Balance, June 30, 2019	36,797	$ 891,256	190,813	$ 7,611	$ 7,845,748	$ (1,845,995)	$ (38,066)	$ 635,590	$ 7,496,144

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	Preferred Shares		Common Shares						
	Shares	Amount	Shares	Amount	Additional Capital	Earnings Less Than Distributions	Accumulated Other Comprehensive Income	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
For the Three Months Ended June 30, 2018:									
Balance, March 31, 2018	36,800	$ 891,325	190,169	$ 7,584	$ 7,629,013	$ (4,198,088)	$ 30,258	$ 664,786	$ 5,024,878
Net income attributable to Vornado	—	—	—	—	—	124,068	—	—	124,068
Net loss attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	—	(26,175)	(26,175)
Dividends on common shares ($0.63 per share)	—	—	—	—	—	(119,830)	—	—	(119,830)
Dividends on preferred shares (see Note 12 for dividends per share amounts)	—	—	—	—	—	(12,534)	—	—	(12,534)
Common shares issued:									
Upon redemption of Class A units, at redemption value	—	—	58	2	3,852	—	—	—	3,854
Under employees' share option plan	—	—	6	1	351	—	—	—	352
Under dividend reinvestment plan	—	—	5	—	350	—	—	—	350
Contributions:									
Real estate fund investments	—	—	—	—	—	—	—	43,653	43,653
Other	—	—	—	—	—	—	—	7,535	7,535
Distributions:									
Real estate fund investments	—	—	—	—	—	—	—	(8,336)	(8,336)
Other	—	—	—	—	—	—	—	(19,751)	(19,751)
Deferred compensation shares and options	—	—	—	—	287	—	—	—	287
Other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	—	390	—	390
Increase in value of interest rate swaps	—	—	—	—	—	—	2,908	—	2,908
Adjustments to carry redeemable Class A units at redemption value	—	—	—	—	(78,406)	—	—	—	(78,406)
Redeemable noncontrolling interests' share of above adjustments	—	—	—	—	—	—	(205)	—	(205)
Other	—	—	—	—	546	3	—	—	549
Balance, June 30, 2018	36,800	$ 891,325	190,238	$ 7,587	$ 7,555,993	$ (4,206,381)	$ 33,351	$ 661,712	$ 4,943,587

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	Preferred Shares		Common Shares						
	Shares	**Amount**	**Shares**	**Amount**	**Additional Capital**	**Earnings Less Than Distributions**	**Accumulated Other Comprehensive Income (Loss)**	**Non-controlling Interests in Consolidated Subsidiaries**	**Total Equity**
For the Six Months Ended June 30, 2019:									
Balance, December 31, 2018	36,800	$ 891,294	190,535	$ 7,600	$ 7,725,857	$ (4,167,184)	$ 7,664	$ 642,652	$ 5,107,883
Net income attributable to Vornado	—	—	—	—	—	2,606,749	—	—	2,606,749
Net income attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	—	28,271	28,271
Dividends on common shares ($1.32 per share)	—	—	—	—	—	(251,803)	—	—	(251,803)
Dividends on preferred shares (see Note 12 for dividends per share amounts)	—	—	—	—	—	(25,066)	—	—	(25,066)
Common shares issued:									
Upon redemption of Class A units, at redemption value	—	—	92	4	6,125	—	—	—	6,129
Under employees' share option plan	—	—	165	7	1,338	(8,692)	—	—	(7,347)
Under dividend reinvestment plan	—	—	10	—	701	—	—	—	701
Contributions:									
Real estate fund investments	—	—	—	—	—	—	—	3,384	3,384
Other	—	—	—	—	—	—	—	4,931	4,931
Distributions	—	—	—	—	—	—	—	(32,204)	(32,204)
Conversion of Series A preferred shares to common shares	(2)	(38)	3	—	38	—	—	—	—
Deferred compensation shares and options	—	—	8	—	563	—	—	—	563
Amount reclassified related to a nonconsolidated subsidiary	—	—	—	—	—	—	(2,311)	—	(2,311)
Other comprehensive loss of nonconsolidated subsidiaries	—	—	—	—	—	—	(960)	—	(960)
Reduction in value of interest rate swaps	—	—	—	—	—	—	(45,544)	—	(45,544)
Unearned 2016 Out-Performance Plan awards acceleration	—	—	—	—	11,720	—	—	—	11,720
Adjustments to carry redeemable Class A units at redemption value	—	—	—	—	99,407	—	—	—	99,407
Redeemable noncontrolling interests' share of above adjustments	—	—	—	—	—	—	3,082	—	3,082
Deconsolidation of partially owned entity	—	—	—	—	—	—	—	(11,441)	(11,441)
Other	(1)	—	—	—	(1)	1	3	(3)	—
Balance, June 30, 2019	36,797	$ 891,256	190,813	$ 7,611	$ 7,845,748	$ (1,845,995)	$ (38,066)	$ 635,590	$ 7,496,144

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	Preferred Shares		Common Shares		Additional Capital	Earnings Less Than Distributions	Accumulated Other Comprehensive Income	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Shares	Amount	Shares	Amount					
For the Six Months Ended June 30, 2018:									
Balance, December 31, 2017	36,800	$ 891,988	189,984	$ 7,577	$ 7,492,658	$ (4,183,253)	$ 128,682	$ 670,049	$ 5,007,701
Cumulative effect of accounting change	—	—	—	—	—	122,893	(108,374)	—	14,519
Net income attributable to Vornado	—	—	—	—	—	133,748	—	—	133,748
Net loss attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	—	(34,449)	(34,449)
Dividends on common shares ($1.26 per share)	—	—	—	—	—	(239,594)	—	—	(239,594)
Dividends on preferred shares (see Note 12 for dividends per share amounts)	—	—	—	—	—	(25,569)	—	—	(25,569)
Preferred share issuance costs	—	—	—	—	—	(14,486)	—	—	(14,486)
Common shares issued:									
Upon redemption of Class A units, at redemption value	—	—	176	7	12,239	—	—	—	12,246
Under employees' share option plan	—	—	61	3	3,783	—	—	—	3,786
Under dividend reinvestment plan	—	—	10	—	685	—	—	—	685
Contributions:									
Real estate fund investments	—	—	—	—	—	—	—	45,347	45,347
Other	—	—	—	—	—	—	—	14,211	14,211
Distributions:									
Real estate fund investments	—	—	—	—	—	—	—	(10,246)	(10,246)
Other	—	—	—	—	—	—	—	(23,201)	(23,201)
Preferred share issuance	—	(663)	—	—	—	—	—	—	(663)
Deferred compensation shares and options	—	—	7	—	585	(121)	—	—	464
Other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	—	736	—	736
Increase in value of interest rate swaps	—	—	—	—	—	—	13,166	—	13,166
Unearned 2015 Out-Performance Plan awards acceleration	—	—	—	—	9,046	—	—	—	9,046
Adjustments to carry redeemable Class A units at redemption value	—	—	—	—	36,450	—	—	—	36,450
Redeemable noncontrolling interests' share of above adjustments	—	—	—	—	—	—	(859)	—	(859)
Other	—	—	—	—	547	1	—	1	549
Balance, June 30, 2018	36,800	$ 891,325	190,238	$ 7,587	$ 7,555,993	$ (4,206,381)	$ 33,351	$ 661,712	$ 4,943,587

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Amounts in thousands)	For the Six Months Ended June 30,	
	2019	**2018**
Cash Flows from Operating Activities:		
Net income	$ 2,809,737	$ 105,620
Adjustments to reconcile net income to net cash provided by operating activities:		
Net gain on transfer to Fifth Avenue and Times Square JV	(2,571,099)	—
Net gains on disposition of wholly owned and partially owned assets	(332,007)	(23,559)
Depreciation and amortization (including amortization of deferred financing costs)	240,866	233,748
Non-cash impairment loss on 608 Fifth Avenue right-of-use asset	75,220	—
Stock-based compensation expense	42,174	20,645
Distributions of income from partially owned entities	31,820	45,999
Equity in net (income) loss of partially owned entities	(30,193)	1,147
Real estate impairment losses	26,140	—
Prepayment penalty on redemption of senior unsecured notes due 2022	22,058	—
Net realized and unrealized loss on real estate fund investments	16,162	30,426
Amortization of below-market leases, net	(11,168)	(21,107)
Straight-lining of rents	3,733	(10,122)
(Increase) decrease in fair value of marketable securities	(1,773)	17,102
Return of capital from real estate fund investments	—	20,291
Other non-cash adjustments	18,588	3,675
Changes in operating assets and liabilities:		
Real estate fund investments	(4,000)	(68,950)
Tenant and other receivables, net	(12,759)	(7,511)
Prepaid assets	(5,702)	(19,092)
Other assets	(8,498)	(114,881)
Accounts payable and accrued expenses	(11,482)	(11,036)
Other liabilities	(4,965)	38,865
Net cash provided by operating activities	292,852	241,260
Cash Flows from Investing Activities:		
Proceeds from transfer of interest in Fifth Avenue and Times Square JV (net of $35,562 of transaction costs and $10,899 of deconsolidated cash and restricted cash)	1,255,756	—
Proceeds from sale of condominium units at 220 Central Park South	690,734	—
Proceeds from redemption of 640 Fifth Avenue preferred equity	500,000	—
Development costs and construction in progress	(289,532)	(185,039)
Moynihan Train Hall expenditures	(205,783)	—
Proceeds from sales of marketable securities	167,852	—
Additions to real estate	(120,060)	(113,300)
Proceeds from sale of real estate and related investments	108,512	44,599
Distributions of capital from partially owned entities	24,880	81,997
Investments in partially owned entities	(15,588)	(26,663)
Acquisitions of real estate and other	(3,260)	(56,500)
Net cash provided by (used in) investing activities	2,113,511	(254,906)

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	For the Six Months Ended June 30, 2019	For the Six Months Ended June 30, 2018
Cash Flows from Financing Activities:		
Repayments of borrowings	$ (1,943,157)	$ (148,408)
Proceeds from borrowings	458,955	189,042
Purchase of marketable securities in connection with defeasance of mortgage payable	(407,126)	—
Dividends paid on common shares	(251,803)	(239,594)
Moynihan Train Hall reimbursement from Empire State Development	205,783	—
Distributions to noncontrolling interests	(49,140)	(49,338)
Dividends paid on preferred shares	(25,066)	(30,047)
Prepayment penalty on redemption of senior unsecured notes due 2022	(22,058)	—
Debt issuance costs	(13,522)	(3,289)
Repurchase of shares related to stock compensation agreements and related tax withholdings and other	(8,692)	(784)
Contributions from noncontrolling interests	8,315	59,558
Proceeds received from exercise of employee share options and other	2,046	4,471
Redemption of preferred shares	(893)	(470,000)
Debt prepayment and extinguishment costs	—	(818)
Net cash used in financing activities	(2,046,358)	(689,207)
Net increase (decrease) in cash and cash equivalents and restricted cash	360,005	(702,853)
Cash and cash equivalents and restricted cash at beginning of period	716,905	1,914,812
Cash and cash equivalents and restricted cash at end of period	$ 1,076,910	$ 1,211,959
Reconciliation of Cash and Cash Equivalents and Restricted Cash:		
Cash and cash equivalents at beginning of period	$ 570,916	$ 1,817,655
Restricted cash at beginning of period	145,989	97,157
Cash and cash equivalents and restricted cash at beginning of period	$ 716,905	$ 1,914,812
Cash and cash equivalents at end of period	$ 922,604	$ 1,090,791
Restricted cash at end of period	154,306	121,168
Cash and cash equivalents and restricted cash at end of period	$ 1,076,910	$ 1,211,959
Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest, excluding capitalized interest of $39,643 and $28,558	$ 165,022	$ 155,875
Cash payments for income taxes	$ 28,697	$ 4,365
Non-Cash Investing and Financing Activities:		
Investments received in exchange for transfer to Fifth Avenue and Times Square JV:		
Preferred equity	$ 2,327,750	$ —
Common equity	1,449,495	—
Reclassification of condominium units from "development costs and construction in progress" to "220 Central Park South condominium units ready for sale"	647,683	—
Lease liabilities arising from the recognition of right-of-use assets	526,866	—
Marketable securities transferred in connection with the defeasance of mortgage payable	(407,126)	—
Defeasance of mortgage payable	390,000	—
Adjustments to carry redeemable Class A units at redemption value	99,407	36,450
Write-off of fully depreciated assets	(93,390)	(38,117)
Accrued capital expenditures included in accounts payable and accrued expenses	68,900	54,176
Amounts related to our investment in Pennsylvania Real Estate Investment Trust reclassified from "investments in partially owned entities" and "accumulated other comprehensive (loss) income" to "marketable securities" upon conversion of operating partnership units to common shares	54,962	—

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands, except unit amounts)	June 30, 2019	December 31, 2018
ASSETS		
Real estate, at cost:		
Land	$ 2,609,869	$ 3,306,280
Buildings and improvements	7,813,812	10,110,992
Development costs and construction in progress	1,835,054	2,266,491
Moynihan Train Hall development expenditures	665,226	445,693
Leasehold improvements and equipment	118,428	108,427
Total	13,042,389	16,237,883
Less accumulated depreciation and amortization	(2,894,202)	(3,180,175)
Real estate, net	10,148,187	13,057,708
Right-of-use assets	380,214	—
Cash and cash equivalents	922,604	570,916
Restricted cash	154,306	145,989
Marketable securities	41,081	152,198
Tenant and other receivables, net of allowance for doubtful accounts of $4,154 as of December 31, 2018	85,153	73,322
Investments in partially owned entities	4,025,534	858,113
Real estate fund investments	306,596	318,758
220 Central Park South condominium units ready for sale	328,786	99,627
Receivable arising from the straight-lining of rents, net of allowance of $1,644 as of December 31, 2018	749,198	935,131
Deferred leasing costs, net of accumulated amortization of $187,478 and $207,529	357,511	400,313
Identified intangible assets, net of accumulated amortization of $98,187 and $172,114	32,478	136,781
Other assets	382,209	431,938
	$ 17,913,857	$ 17,180,794
LIABILITIES, REDEEMABLE PARTNERSHIP UNITS AND EQUITY		
Mortgages payable, net	$ 6,256,808	$ 8,167,798
Senior unsecured notes, net	445,465	844,002
Unsecured term loan, net	745,331	744,821
Unsecured revolving credit facilities	80,000	80,000
Lease liabilities	483,011	—
Moynihan Train Hall obligation	665,226	445,693
Accounts payable and accrued expenses	392,581	430,976
Deferred revenue	66,835	167,730
Deferred compensation plan	99,879	96,523
Other liabilities	320,515	311,806
Total liabilities	9,555,651	11,289,349
Commitments and contingencies		
Redeemable partnership units:		
Class A units - 13,377,956 and 12,544,477 units outstanding	857,527	778,134
Series D cumulative redeemable preferred units - 141,401 and 177,101 units outstanding	4,535	5,428
Total redeemable partnership units	862,062	783,562
Partners' equity:		
Partners' capital	8,744,615	8,624,751
Earnings less than distributions	(1,845,995)	(4,167,184)
Accumulated other comprehensive (loss) income	(38,066)	7,664
Total partners' equity	6,860,554	4,465,231
Noncontrolling interests in consolidated subsidiaries	635,590	642,652
Total equity	7,496,144	5,107,883
	$ 17,913,857	$ 17,180,794

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands, except per unit amounts)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
REVENUES:				
Rental revenues	$ 421,299	$ 502,907	$ 921,176	$ 1,003,327
Fee and other income	41,804	38,911	76,595	74,928
Total revenues	463,103	541,818	997,771	1,078,255
EXPENSES:				
Operating	(220,752)	(235,981)	(467,647)	(473,583)
Depreciation and amortization	(113,035)	(111,846)	(229,744)	(220,532)
General and administrative	(38,872)	(34,427)	(96,892)	(76,960)
Expense from deferred compensation plan liability	(1,315)	(2,077)	(6,748)	(1,673)
Transaction related costs, impairment losses and other	(101,590)	(1,017)	(101,739)	(14,173)
Total expenses	(475,564)	(385,348)	(902,770)	(786,921)
Income (loss) from partially owned entities	22,873	8,757	30,193	(1,147)
Loss from real estate fund investments	(15,803)	(28,976)	(15,970)	(37,783)
Interest and other investment income, net	7,840	30,892	12,885	6,508
Income from deferred compensation plan assets	1,315	2,077	6,748	1,673
Interest and debt expense	(63,029)	(87,657)	(165,492)	(175,823)
Net gain on transfer to Fifth Avenue and Times Square JV	2,571,099	—	2,571,099	—
Net gains on disposition of wholly owned and partially owned assets	111,713	23,559	332,007	23,559
Income before income taxes	2,623,547	105,122	2,866,471	108,321
Income tax expense	(26,914)	(467)	(56,657)	(3,021)
Income from continuing operations	2,596,633	104,655	2,809,814	105,300
Income (loss) from discontinued operations	60	683	(77)	320
Net income	2,596,693	105,338	2,809,737	105,620
Less net (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(21,451)	26,175	(28,271)	34,449
Net income attributable to Vornado Realty L.P.	2,575,242	131,513	2,781,466	140,069
Preferred unit distributions	(12,573)	(12,582)	(25,148)	(25,666)
Preferred unit issuance costs	—	—	—	(14,486)
NET INCOME attributable to Class A unitholders	$ 2,562,669	$ 118,931	$ 2,756,318	$ 99,917
INCOME PER CLASS A UNIT – BASIC:				
Net income per Class A unit	$ 12.58	$ 0.58	$ 13.53	$ 0.49
Weighted average units outstanding	202,924	202,064	202,848	201,997
INCOME PER CLASS A UNIT – DILUTED:				
Net income per Class A unit	$ 12.54	$ 0.58	$ 13.50	$ 0.48
Weighted average units outstanding	203,480	203,354	203,391	203,266

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Net income	$ 2,596,693	$ 105,338	$ 2,809,737	$ 105,620
Other comprehensive income (loss):				
Other comprehensive income (loss) of nonconsolidated subsidiaries	25	390	(960)	736
(Reduction) increase in value of interest rate swaps and other	(28,512)	2,908	(45,541)	13,166
Amount reclassified from accumulated other comprehensive loss relating to a nonconsolidated subsidiary	—	—	(2,311)	—
Comprehensive income	2,568,206	108,636	2,760,925	119,522
Less comprehensive (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(21,451)	26,175	(28,271)	34,449
Comprehensive income attributable to Vornado Realty L.P.	$ 2,546,755	$ 134,811	$ 2,732,654	$ 153,971

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	Preferred Units		Class A Units Owned by Vornado		Earnings Less Than Distributions	Accumulated Other Comprehensive Loss	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Units	Amount	Units	Amount				
For the Three Months Ended June 30, 2019:								
Balance, March 31, 2019	36,798	$ 891,263	190,761	$ 7,684,379	$ (4,120,265)	$ (11,385)	$ 646,900	$ 5,090,892
Net income attributable to Vornado Realty L.P.	—	—	—	—	2,575,242	—	—	2,575,242
Net income attributable to redeemable partnership units	—	—	—	—	(162,515)	—	—	(162,515)
Net income attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	21,451	21,451
Distributions to Vornado ($0.66 per unit)	—	—	—	—	(125,927)	—	—	(125,927)
Distributions to preferred unitholders (see Note 12 for distributions per unit amounts)	—	—	—	—	(12,532)	—	—	(12,532)
Class A Units issued to Vornado:								
Upon redemption of redeemable Class A units, at redemption value	—	—	44	2,948	—	—	—	2,948
Under Vornado's employees' share option plan	—	—	3	174	—	—	—	174
Under Vornado's dividend reinvestment plan	—	—	5	361	—	—	—	361
Contributions	—	—	—	—	—	—	3,121	3,121
Distributions	—	—	—	—	—	—	(24,440)	(24,440)
Conversion of Series A preferred units to Class A units	(1)	(7)	1	7	—	—	—	—
Deferred compensation units and options	—	—	(1)	266	—	—	—	266
Other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	25	—	25
Reduction in value of interest rate swaps	—	—	—	—	—	(28,515)	—	(28,515)
Adjustments to carry redeemable Class A units at redemption value	—	—	—	165,225	—	—	—	165,225
Redeemable partnership units' share of above adjustments	—	—	—	—	—	1,806	—	1,806
Deconsolidation of partially owned entity	—	—	—	—	—	—	(11,441)	(11,441)
Other	—	—	—	(1)	2	3	(1)	3
Balance, June 30, 2019	36,797	$ 891,256	190,813	$ 7,853,359	$ (1,845,995)	$ (38,066)	$ 635,590	$ 7,496,144

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	Preferred Units		Class A Units Owned by Vornado		Earnings Less Than Distributions	Accumulated Other Comprehensive Income	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Units	Amount	Units	Amount				
For the Three Months Ended June 30, 2018:								
Balance, March 31, 2018	36,800	$ 891,325	190,169	$ 7,636,597	$ (4,198,088)	$ 30,258	$ 664,786	$ 5,024,878
Net income attributable to Vornado Realty L.P.	—	—	—	—	131,513	—	—	131,513
Net income attributable to redeemable partnership units	—	—	—	—	(7,445)	—	—	(7,445)
Net loss attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	(26,175)	(26,175)
Distributions to Vornado ($0.63 per unit)	—	—	—	—	(119,830)	—	—	(119,830)
Distributions to preferred unitholders (see Note 12 for distributions per unit amounts)	—	—	—	—	(12,534)	—	—	(12,534)
Class A Units issued to Vornado:								
Upon redemption of redeemable Class A units, at redemption value	—	—	58	3,854	—	—	—	3,854
Under Vornado's employees' share option plan	—	—	6	352	—	—	—	352
Under Vornado's dividend reinvestment plan	—	—	5	350	—	—	—	350
Contributions:								
Real estate fund investments	—	—	—	—	—	—	43,653	43,653
Other	—	—	—	—	—	—	7,535	7,535
Distributions:								
Real estate fund investments	—	—	—	—	—	—	(8,336)	(8,336)
Other	—	—	—	—	—	—	(19,751)	(19,751)
Deferred compensation units and options	—	—	—	287	—	—	—	287
Other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	390	—	390
Increase in value of interest rate swaps	—	—	—	—	—	2,908	—	2,908
Adjustments to carry redeemable Class A units at redemption value	—	—	—	(78,406)	—	—	—	(78,406)
Redeemable partnership units' share of above adjustments	—	—	—	—	—	(205)	—	(205)
Other	—	—	—	546	3	—	—	549
Balance, June 30, 2018	36,800	$ 891,325	190,238	$ 7,563,580	$ (4,206,381)	$ 33,351	$ 661,712	$ 4,943,587

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	Preferred Units		Class A Units Owned by Vornado		Earnings Less Than Distributions	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Units	Amount	Units	Amount				
For the Six Months Ended June 30, 2019:								
Balance, December 31, 2018	36,800	$ 891,294	190,535	$ 7,733,457	$ (4,167,184)	$ 7,664	$ 642,652	$ 5,107,883
Net income attributable to Vornado Realty L.P.	—	—	—	—	2,781,466	—	—	2,781,466
Net income attributable to redeemable partnership units	—	—	—	—	(174,717)	—	—	(174,717)
Net income attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	28,271	28,271
Distributions to Vornado ($1.32 per unit)	—	—	—	—	(251,803)	—	—	(251,803)
Distributions to preferred unitholders (see Note 12 for distributions per unit amounts)	—	—	—	—	(25,066)	—	—	(25,066)
Upon redemption of redeemable Class A units, at redemption value	—	—	92	6,129	—	—	—	6,129
Under Vornado's employees' share option plan	—	—	165	1,345	(8,692)	—	—	(7,347)
Under Vornado's dividend reinvestment plan	—	—	10	701	—	—	—	701
Contributions:								
Real estate fund investments	—	—	—	—	—	—	3,384	3,384
Other	—	—	—	—	—	—	4,931	4,931
Distributions	—	—	—	—	—	—	(32,204)	(32,204)
Preferred unit issuance	(2)	(38)	3	38	—	—	—	—
Deferred compensation units and options	—	—	8	563	—	—	—	563
Amount reclassified related to a nonconsolidated subsidiary	—	—	—	—	—	(2,311)	—	(2,311)
Other comprehensive loss of nonconsolidated subsidiaries	—	—	—	—	—	(960)	—	(960)
Reduction in value of interest rate swaps	—	—	—	—	—	(45,544)	—	(45,544)
Unearned 2016 Out-Performance Plan awards acceleration	—	—	—	11,720	—	—	—	11,720
Adjustments to carry redeemable Class A units at redemption value	—	—	—	99,407	—	—	—	99,407
Redeemable partnership units' share of above adjustments	—	—	—	—	—	3,082	—	3,082
Deconsolidation of partially owned entity							(11,441)	(11,441)
Other	(1)	—	—	(1)	1	3	(3)	—
Balance, June 30, 2019	36,797	$ 891,256	190,813	$ 7,853,359	$ (1,845,995)	$ (38,066)	$ 635,590	$ 7,496,144

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	Preferred Units		Class A Units Owned by Vornado		Earnings Less Than Distributions	Accumulated Other Comprehensive Income	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Units	Amount	Units	Amount				
For the Six Months Ended June 30, 2018:								
Balance, December 31, 2017	36,800	$ 891,988	189,984	$ 7,500,235	$ (4,183,253)	$ 128,682	$ 670,049	$ 5,007,701
Cumulative effect of accounting change	—	—	—	—	122,893	(108,374)	—	14,519
Net income attributable to Vornado Realty L.P.	—	—	—	—	140,069	—	—	140,069
Net income attributable to redeemable partnership units	—	—	—	—	(6,321)	—	—	(6,321)
Net loss attributable to noncontrolling interests in consolidated subsidiaries	—	—	—	—	—	—	(34,449)	(34,449)
Distributions to Vornado ($1.26 per unit)	—	—	—	—	(239,594)	—	—	(239,594)
Distributions to preferred unitholders (see Note 12 for distributions per unit amounts)	—	—	—	—	(25,569)	—	—	(25,569)
Preferred unit issuance costs	—	—	—	—	(14,486)	—	—	(14,486)
Class A Units issued to Vornado:								
Upon redemption of redeemable Class A units, at redemption value	—	—	176	12,246	—	—	—	12,246
Under Vornado's employees' share option plan	—	—	61	3,786	—	—	—	3,786
Under Vornado's dividend reinvestment plan	—	—	10	685	—	—	—	685
Contributions:								
Real estate fund investments	—	—	—	—	—	—	45,347	45,347
Other	—	—	—	—	—	—	14,211	14,211
Distributions:								
Real estate fund investments	—	—	—	—	—	—	(10,246)	(10,246)
Other	—	—	—	—	—	—	(23,201)	(23,201)
Preferred unit issuance	—	(663)	—	—	—	—	—	(663)
Deferred compensation units and options	—	—	7	585	(121)	—	—	464
Other comprehensive income of nonconsolidated subsidiaries	—	—	—	—	—	736	—	736
Increase in value of interest rate swaps	—	—	—	—	—	13,166	—	13,166
Unearned 2015 Out-Performance Plan awards acceleration	—	—	—	9,046	—	—	—	9,046
Adjustments to carry redeemable Class A units at redemption value	—	—	—	36,450	—	—	—	36,450
Redeemable partnership units' share of above adjustments	—	—	—	—	—	(859)	—	(859)
Other	—	—	—	547	1	—	1	549
Balance, June 30, 2018	36,800	$ 891,325	190,238	$ 7,563,580	$ (4,206,381)	$ 33,351	$ 661,712	$ 4,943,587

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	For the Six Months Ended June 30,	
	2019	2018
Cash Flows from Operating Activities:		
Net income	$ 2,809,737	$ 105,620
Adjustments to reconcile net income to net cash provided by operating activities:		
Net gain on transfer to Fifth Avenue and Times Square JV	(2,571,099)	—
Net gains on disposition of wholly owned and partially owned assets	(332,007)	(23,559)
Depreciation and amortization (including amortization of deferred financing costs)	240,866	233,748
Non-cash impairment loss on 608 Fifth Avenue right-of-use asset	75,220	—
Stock-based compensation expense	42,174	20,645
Distributions of income from partially owned entities	31,820	45,999
Equity in net (income) loss of partially owned entities	(30,193)	1,147
Real estate impairment losses	26,140	—
Prepayment penalty on redemption of senior unsecured notes due 2022	22,058	—
Net realized and unrealized loss on real estate fund investments	16,162	30,426
Amortization of below-market leases, net	(11,168)	(21,107)
Straight-lining of rents	3,733	(10,122)
(Increase) decrease in fair value of marketable securities	(1,773)	17,102
Return of capital from real estate fund investments	—	20,291
Other non-cash adjustments	18,588	3,675
Changes in operating assets and liabilities:		
Real estate fund investments	(4,000)	(68,950)
Tenant and other receivables, net	(12,759)	(7,511)
Prepaid assets	(5,702)	(19,092)
Other assets	(8,498)	(114,881)
Accounts payable and accrued expenses	(11,482)	(11,036)
Other liabilities	(4,965)	38,865
Net cash provided by operating activities	292,852	241,260
Cash Flows from Investing Activities:		
Proceeds from transfer of interest in Fifth Avenue and Times Square JV (net of $35,562 of transaction costs and $10,899 of deconsolidated cash and restricted cash)	1,255,756	—
Proceeds from sale of condominium units at 220 Central Park South	690,734	—
Proceeds from redemption of 640 Fifth Avenue preferred equity	500,000	—
Development costs and construction in progress	(289,532)	(185,039)
Moynihan Train Hall expenditures	(205,783)	—
Proceeds from sales of marketable securities	167,852	—
Additions to real estate	(120,060)	(113,300)
Proceeds from sale of real estate and related investments	108,512	44,599
Distributions of capital from partially owned entities	24,880	81,997
Investments in partially owned entities	(15,588)	(26,663)
Acquisitions of real estate and other	(3,260)	(56,500)
Net cash provided by (used in) investing activities	2,113,511	(254,906)

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	For the Six Months Ended June 30, 2019	2018
Cash Flows from Financing Activities:		
Repayments of borrowings	$ (1,943,157)	$ (148,408)
Proceeds from borrowings	458,955	189,042
Purchase of marketable securities in connection with defeasance of mortgage payable	(407,126)	—
Distributions to Vornado	(251,803)	(239,594)
Moynihan Train Hall reimbursement from Empire State Development	205,783	—
Distributions to redeemable security holders and noncontrolling interests in consolidated subsidiaries	(49,140)	(49,338)
Distributions to preferred unitholders	(25,066)	(30,047)
Prepayment penalty on redemption of senior unsecured notes due 2022	(22,058)	—
Debt issuance costs	(13,522)	(3,289)
Repurchase of Class A units related to stock compensation agreements and related tax withholdings and other	(8,692)	(784)
Contributions from noncontrolling interests in consolidated subsidiaries	8,315	59,558
Proceeds received from exercise of Vornado stock options and other	2,046	4,471
Redemption of preferred units	(893)	(470,000)
Debt prepayment and extinguishment costs	—	(818)
Net cash used in financing activities	(2,046,358)	(689,207)
Net increase (decrease) in cash and cash equivalents and restricted cash	360,005	(702,853)
Cash and cash equivalents and restricted cash at beginning of period	716,905	1,914,812
Cash and cash equivalents and restricted cash at end of period	$ 1,076,910	$ 1,211,959
Reconciliation of Cash and Cash Equivalents and Restricted Cash:		
Cash and cash equivalents at beginning of period	$ 570,916	$ 1,817,655
Restricted cash at beginning of period	145,989	97,157
Cash and cash equivalents and restricted cash at beginning of period	$ 716,905	$ 1,914,812
Cash and cash equivalents at end of period	$ 922,604	$ 1,090,791
Restricted cash at end of period	154,306	121,168
Cash and cash equivalents and restricted cash at end of period	$ 1,076,910	$ 1,211,959
Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest, excluding capitalized interest of $39,643 and $28,558	$ 165,022	$ 155,875
Cash payments for income taxes	$ 28,697	$ 4,365
Non-Cash Investing and Financing Activities:		
Investments received in exchange for transfer to Fifth Avenue and Times Square JV:		
Preferred equity	$ 2,327,750	$ —
Common equity	1,449,495	—
Reclassification of condominium units from "development costs and construction in progress" to "220 Central Park South condominium units ready for sale"	647,683	—
Lease liabilities arising from the recognition of right-of-use assets	526,866	—
Marketable securities transferred in connection with the defeasance of mortgage payable	(407,126)	—
Defeasance of mortgage payable	390,000	—
Adjustments to carry redeemable Class A units at redemption value	99,407	36,450
Write-off of fully depreciated assets	(93,390)	(38,117)
Accrued capital expenditures included in accounts payable and accrued expenses	68,900	54,176
Amounts related to our investment in Pennsylvania Real Estate Investment Trust reclassified from "investments in partially owned entities" and "accumulated other comprehensive (loss) income" to "marketable securities" upon conversion of operating partnership units to common shares	54,962	—

See notes to consolidated financial statements (unaudited).

1. Organization

Vornado Realty Trust (“Vornado”) is a fully-integrated real estate investment trust (“REIT”) and conducts its business through, and substantially all of its interests in properties are held by, Vornado Realty L.P., a Delaware limited partnership (the “Operating Partnership”). Vornado is the sole general partner of, and owned approximately 93.1% of the common limited partnership interest in the Operating Partnership as of June 30, 2019. All references to the “Company,” “we,” “us” and “our” mean, collectively, Vornado, the Operating Partnership and those entities/subsidiaries consolidated by Vornado.

2. Basis of Presentation

The accompanying consolidated financial statements are unaudited and include the accounts of Vornado and the Operating Partnership and their consolidated subsidiaries. All inter-company amounts have been eliminated and all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and changes in cash flows have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been condensed or omitted. These condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q of the Securities and Exchange Commission (“SEC”) and should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC.

We have made estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The results of operations for the three and six months ended June 30, 2019 are not necessarily indicative of the operating results for the full year.

Certain prior year balances have been reclassified in order to conform to the current period presentation. For the three and six months ended June 30, 2018, "property rentals" of $444,595,000 and $884,705,000, respectively, and "tenant expense reimbursements" of $58,312,000 and $118,622,000, respectively, were grouped into "rental revenues" on our consolidated statements of income in accordance with Accounting Standards Codification ("ASC") Topic 205, *Presentation of Financial Statements.*

3. Recently Issued Accounting Literature

In February 2016, the Financial Accounting Standards Board ("FASB") issued an update (“ASU 2016-02”) establishing ASC Topic 842, *Leases* ("ASC 842"), as amended by subsequent ASUs on the topic, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. ASU 2016-02 requires lessees to apply a two-method approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase. Lessees are required to record a right-of-use ("ROU") asset and a lease liability for all leases with a term of greater than 12 months. Lease liabilities equal the present value of future lease payments. Right-of-use assets equal the lease liabilities adjusted for accrued rent expense, initial direct costs, lease incentives and prepaid lease payments. Leases with a term of 12 months or less will be accounted for similar to the previously existing lease guidance under ASC Topic 840, *Leases* ("ASC 840"). Lease expense is recognized based on the effective interest method for finance leases or on a straight-line basis for operating leases. The accounting applied by the lessor is largely unchanged from that applied under ASC 840. We adopted this standard effective January 1, 2019. We have completed our evaluation of the overall impact of the adoption of ASU 2016-02 on our consolidated financial statements and accounting policies. In transitioning to ASC 842, we elected to use the practical expedient package available to us and did not elect to use hindsight. As of January 1, 2019, we had 12 ground leases classified as operating leases, for which we were required to record a right-of-use asset and a lease liability equal to the present value of the future lease payments. We will continue to recognize expense on a straight-line basis for these leases. We recorded an aggregate of $526,866,000 of ROU assets and a corresponding $526,866,000 of lease liabilities as a result of the adoption of this standard (see Note 20 - *Leases*).

3. Recently Issued Accounting Literature - continued

Under ASU 2016-02, initial direct costs for both lessees and lessors would include only those costs that are incremental to the arrangement and would not have been incurred if the lease had not been obtained. As a result, beginning January 1, 2019, we no longer capitalize internal leasing costs and instead expense these costs as incurred, as a component of "general and administrative" expense on our consolidated statements of income. For the three and six months ended June 30, 2018, we capitalized $1,358,000 and $2,706,000, respectively, of internal leasing costs. In addition, we have made changes to our provision policy for lease receivables. Under ASC 842, we must assess on an individual lease basis whether it is probable that we will collect the future lease payments. We consider the tenant's payment history and current credit status when assessing collectability. When collectability is not deemed probable we write-off the tenant's receivables, including straight-line rent receivable, and limit lease income to cash received. Changes to the collectability of our operating leases are recorded as adjustments to "rental revenues" on our consolidated statements of income which resulted in a $14,492,000 and $15,382,000 decrease in income for the three and six months ended June 30, 2019, respectively.

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

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

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

4. Revenue Recognition

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

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

4. Revenue Recognition - continued

Below is a summary of our revenues by segment. Additional financial information related to these reportable segments for the three and six months ended June 30, 2019 and 2018 is set forth in Note 22 - *Segment Information.*

(Amounts in thousands)	For the Three Months Ended June 30, 2019			For the Three Months Ended June 30, 2018		
	Total	New York	Other	Total	New York	Other
Property rentals[(1)(2)]	$ 372,160	$ 300,925	$ 71,235	$ 450,711	$ 383,440	$ 67,271
Hotel Pennsylvania	25,525	25,525	—	27,082	27,082	—
Trade shows	11,547	—	11,547	11,586	—	11,586
Lease revenues	409,232	326,450	82,782	489,379	410,522	78,857
Tenant services	12,067	9,337	2,730	13,528	10,394	3,134
Rental revenues	421,299	335,787	85,512	502,907	420,916	81,991
BMS cleaning fees	32,570	34,944	(2,374) [(3)]	30,867	33,407	(2,540) [(3)]
Management and leasing fees	4,500	4,472	28	2,707	2,464	243
Other income	4,734	1,178	3,556	5,337	1,765	3,572
Fee and other income	41,804	40,594	1,210	38,911	37,636	1,275
Total revenues	$ 463,103	$ 376,381	$ 86,722	$ 541,818	$ 458,552	$ 83,266

(1) Includes $14,492 for the write-off of operating lease receivables deemed uncollectible for the three months ended June 30, 2019. For periods prior to the adoption of ASC 842 on January 1, 2019, changes to the collectability of our operating leases is included in "operating expenses" on our consolidated statements of income.
(2) Includes $2,499 of lease termination income for the three months ended June 30, 2019. For periods prior to the adoption of ASC 842 on January 1, 2019, $804 of lease termination income is included in other income.
(3) Represents the elimination of theMART and 555 California Street BMS cleaning fees which are included as income in the New York segment.

(Amounts in thousands)	For the Six Months Ended June 30, 2019			For the Six Months Ended June 30, 2018		
	Total	New York	Other	Total	New York	Other
Property rentals[(1)(2)]	$ 829,901	$ 686,728	$ 143,173	$ 905,142	$ 772,840	$ 132,302
Hotel Pennsylvania	38,134	38,134	—	41,754	41,754	—
Trade shows	28,503	—	28,503	30,461	—	30,461
Lease revenues	896,538	724,862	171,676	977,357	814,594	162,763
Tenant services	24,638	18,562	6,076	25,970	20,158	5,812
Rental revenues	921,176	743,424	177,752	1,003,327	834,752	168,575
BMS cleaning fees	62,355	66,701	(4,346) [(3)]	59,222	63,560	(4,338) [(3)]
Management and leasing fees	6,737	6,723	14	5,471	4,945	526
Other income	7,503	2,818	4,685	10,235	3,779	6,456
Fee and other income	76,595	76,242	353	74,928	72,284	2,644
Total revenues	$ 997,771	$ 819,666	$ 178,105	$ 1,078,255	$ 907,036	$ 171,219

(1) Includes $15,382 for the write-off of operating lease receivables deemed uncollectible for the six months ended June 30, 2019. For periods prior to the adoption of ASC 842 on January 1, 2019, changes to the collectability of our operating leases is included in "operating expenses" on our consolidated statements of income.
(2) Includes $2,499 of lease termination income for the six months ended June 30, 2019. For periods prior to the adoption of ASC 842 on January 1, 2019, $1,149 of lease termination income is included in other income.
(3) Represents the elimination of theMART and 555 California Street BMS cleaning fees which are included as income in the New York segment.

5. Real Estate Fund Investments

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

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

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

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

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Net investment income	$ 459	$ 539	$ 192	$ 3,273
Net unrealized loss on held investments	(16,262)	(29,513)	(16,162)	(29,513)
Net realized loss on exited investments	—	(2)	—	(913)
New York City real property transfer tax (the "Transfer Tax")	—	—	—	(10,630) (1)
Loss from real estate fund investments	(15,803)	(28,976)	(15,970)	(37,783)
Less (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(4,955)	29,527	(7,692)	34,896
(Loss) income from real estate fund investments attributable to the Operating Partnership	(20,758)	551	(23,662)	(2,887)
Less loss (income) attributable to noncontrolling interests in the Operating Partnership	1,316	(34)	1,498	178
(Loss) income from real estate fund investments attributable to Vornado	$ (19,442)	$ 517	$ (22,164)	$ (2,709)

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

6. Marketable Securities

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

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

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

On March 12, 2019 (the "Conversion Date"), we converted all of our 6,250,000 PREIT operating partnership units into common shares and began accounting for our investment as a marketable security in accordance with ASC Topic 321, *Investments - Equity Securities* ("ASC 321"). Prior to the Conversion Date, we accounted for our investment under the equity method. For the three and six months ended June 30, 2019, we recorded a $1,313,000 increase and $14,336,000 decrease, respectively, in the value of our investment based on PREIT's June 28, 2019 quarter ended closing share price, which is included in "interest and other investment income, net" on our consolidated statements of income.

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

(Amounts in thousands)	For the Six Months Ended June 30, 2019			
	Total	Lexington Realty Trust	PREIT	Other
Beginning balance, December 31, 2018	$ 152,198	$ 151,630	$ —	$ 568
Sale of marketable securities	(167,852)	(167,698)	—	(154)
Transfer of PREIT investment balance at Conversion Date	54,962	—	54,962	—
Increase (decrease) in fair value of marketable securities[(1)]	1,773	16,068	(14,336)	41
Ending balance, June 30, 2019	$ 41,081	$ —	$ 40,626	$ 455

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

7. Investments in Partially Owned Entities

Fifth Avenue and Times Square JV

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

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

Net cash proceeds from the Transaction were $1.186 billion, after (i) deductions for the defeasance of a $390,000,000 mortgage loan on 666 Fifth Avenue and the repayment of a $140,000,000 mortgage loan on 655 Fifth Avenue, (ii) proceeds from a $500,000,000 mortgage loan on 640 Fifth Avenue, described below, (iii) approximately $23,000,000 used to purchase noncontrolling investors' interests and (iv) approximately $53,000,000 of transaction costs (including $17,000,000 of costs related to the defeasance of the 666 Fifth Avenue mortgage loan).

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

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

Related Party Transactions

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

We receive an annual fee for managing the Properties equal to 2% of the gross revenues from the Properties. In addition, we are entitled to a development fee of 5% of development costs, plus reimbursement of certain costs, for development projects performed by us. We are entitled to 1.5% of development costs, plus reimbursement of certain costs, as a supervisory fee for development projects not performed by us. We provide leasing services for fees calculated based on a percentage of rents, less any commissions paid to third-party real estate brokers, if applicable. We jointly provide leasing services for the retail space with Crown Acquisitions Inc. ("Crown"), and exclusively provide leasing services for the office space. During the three and six months ended June 30, 2019, we recognized $830,000 of property management fee income.

BMS, our wholly-owned subsidiary, supervises cleaning, security and engineering services at certain of the Properties. During the three and six months ended June 30, 2019, we recognized $791,000 of income for these services.

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

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

7. Investments in Partially Owned Entities - continued

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

As of June 30, 2019, we own 1,654,068 Alexander's common shares, or approximately 32.4% of Alexander's common equity. We manage, lease and develop Alexander's properties pursuant to agreements which expire in March of each year and are automatically renewable.

As of June 30, 2019, the market value ("fair value" pursuant to ASC 820) of our investment in Alexander's, based on Alexander's June 28, 2019 quarter ended closing share price of $370.30, was $612,501,000, or $509,496,000 in excess of the carrying amount on our consolidated balance sheet. As of June 30, 2019, the carrying amount of our investment in Alexander's, excluding amounts owed to us, exceeds our share of the equity in the net assets of Alexander's by approximately $38,928,000. 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.

512 West 22nd Street

On June 28, 2019, a joint venture, in which we have a 55% interest, completed a $145,700,000 refinancing of 512 West 22nd Street, a 173,000 square foot office building in the West Chelsea submarket of Manhattan. The four-year interest only loan carries a rate of LIBOR plus 2.00% (4.40% as of June 30, 2019) and matures in June 2023 with a one-year extension option. The loan replaces the previous $126,000,000 construction loan that bore interest at LIBOR plus 2.65% and was scheduled to mature in 2019.

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

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

61 Ninth Avenue

On January 28, 2019, a joint venture, in which we have a 45.1% interest, completed a $167,500,000 refinancing of 61 Ninth Avenue, a 166,000 square foot office and retail property in the Meatpacking district of Manhattan which is fully leased to Aetna and Starbucks. The seven-year interest only loan carries a rate of LIBOR plus 1.35% (3.77% as of June 30, 2019) and matures in January 2026. We realized net proceeds of approximately $31,000,000. The loan replaces the previous $90,000,000 construction loan that bore interest at LIBOR plus 3.05% and was scheduled to mature in 2021.

330 Madison Avenue

On July 11, 2019, we sold our 25% interest in 330 Madison Avenue to our joint venture partner. We received net proceeds of approximately $100,000,000 after deducting our share of the existing $500,000,000 mortgage loan. The third quarter financial statement gain will be approximately $159,000,000. The tax gain will be approximately $138,000,000.

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

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

7. Investments in Partially Owned Entities - continued

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

(Amounts in thousands)	Percentage Ownership at June 30, 2019	Balance as of June 30, 2019	Balance as of December 31, 2018
Investments:			
Fifth Avenue and Times Square JV (see page 30 for details)	51.5%	$ 3,306,389	$ —
Partially owned office buildings/land[1]	Various	469,264	499,005
Alexander’s	32.4%	103,005	107,983
PREIT[2]	N/A	—	59,491
UE[3]	N/A	—	45,344
Other investments[4]	Various	146,876	146,290
		$ 4,025,534	$ 858,113
Investments in partially owned entities included in other liabilities[5]:			
330 Madison Avenue[6]	25.0%	$ (60,097)	$ (58,117)
7 West 34th Street	53.0%	(53,143)	(51,579)
85 Tenth Avenue	49.9%	(5,098)	—
		$ (118,338)	$ (109,696)

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

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

(Amounts in thousands)	Percentage Ownership at June 30, 2019	For the Three Months Ended June 30, 2019	For the Three Months Ended June 30, 2018	For the Six Months Ended June 30, 2019	For the Six Months Ended June 30, 2018
Our share of net income (loss):					
Fifth Avenue and Times Square JV (see page 30 for details):					
Equity in net income	51.5%	$ 11,217	$ —	$ 11,217	$ —
Return on preferred equity, net of our share of the expense		8,586	—	8,586	—
		19,803	—	19,803	—
Alexander's (see page 31 for details):					
Equity in net income[1]	32.4%	3,597	6,146	9,314	2,937
Management, leasing and development fees		1,122	1,021	2,179	2,229
		4,719	7,167	11,493	5,166
Partially owned office buildings[2]	Various	(1,451)	2,002	(1,345)	(2,281)
Other investments[3]	Various	(198)	(412)	242	(4,032)
		$ 22,873	$ 8,757	$ 30,193	$ (1,147)

(1) The six months ended June 30, 2018 includes our $7,708 share of Alexander's disputed additional Transfer Tax related to the November 2012 sale of Kings Plaza Regional Shopping Center. Alexander's recorded this expense based on the precedent established by the Tax Tribunal's decision regarding One Park Avenue (see Note 5 - *Real Estate Fund Investments*).
(2) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 7 West 34th Street, 330 Madison Avenue (sold on July 11, 2019), 512 West 22nd Street, 85 Tenth Avenue and others. The three and six months ended June 30, 2019 includes a $1,079 reduction in income from the non-cash write-off of straight-line rent receivable related to The Four Seasons Restaurant at 280 Park Avenue. The six months ended June 30, 2018 includes our $4,978 share of disputed additional Transfer Tax related to the March 2011 acquisition of One Park Avenue (see Note 5 - *Real Estate Fund Investments*).
(3) Includes interests in Independence Plaza, Fashion Centre Mall/Washington Tower, Rosslyn Plaza, 50-70 West 93rd Street, 666 Fifth Avenue Office Condominium (sold on August 3, 2018), UE (sold on March 4, 2019), PREIT (accounted as a marketable security from March 12, 2019) and others.

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

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

During the three months ended June 30, 2019, we closed on the sale of 11 condominium units at 220 CPS for net proceeds aggregating $265,250,000 resulting in a financial statement net gain of $111,713,000 which is included in "net gains on disposition of wholly owned and partially owned assets" on our consolidated statements of income. In connection with these sales, $22,792,000 of income tax expense was recognized in our consolidated statements of income. During the six months ended June 30, 2019, we closed on the sale of 23 condominium units at 220 CPS for net proceeds of $690,734,000 resulting in a financial statement net gain of $269,612,000. In connection with these sales, $49,737,000 of income tax expense was recognized in our consolidated statements of income. From inception to June 30, 2019, we closed on the sale of 34 units for aggregate net proceeds of $905,510,000 which was used to pay $901,117,000 of the $950,000,000 220 CPS loan.

9. Identified Intangible Assets and Liabilities

The following summarizes our identified intangible assets (primarily above-market leases) and liabilities (primarily acquired below-market leases) as of June 30, 2019 and December 31, 2018.

(Amounts in thousands)	Balance as of	
	June 30, 2019	December 31, 2018
Identified intangible assets:		
Gross amount	$ 130,665	$ 308,895
Accumulated amortization	(98,187)	(172,114)
Total, net	$ 32,478	$ 136,781
Identified intangible liabilities (included in deferred revenue):		
Gross amount	$ 325,449	$ 503,373
Accumulated amortization	(264,493)	(341,779)
Total, net	$ 60,956	$ 161,594

Amortization of acquired below-market leases, net of acquired above-market leases, resulted in an increase to rental revenues of $4,643,000 and $10,526,000 for the three months ended June 30, 2019 and 2018, respectively, and $11,168,000 and $21,107,000 for the six months ended June 30, 2019 and 2018, respectively. Estimated annual amortization of acquired below-market leases, net of acquired above-market leases, for each of the five succeeding years commencing January 1, 2020 is as follows:

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

Amortization of all other identified intangible assets (a component of depreciation and amortization expense) was $1,935,000 and $4,876,000 for the three months ended June 30, 2019 and 2018, respectively, and $5,480,000 and $9,735,000 for the six months ended June 30, 2019 and 2018, respectively. Estimated annual amortization of all other identified intangible assets including acquired in-place leases for each of the five succeeding years commencing January 1, 2020 is as follows:

(Amounts in thousands)	
2020	$ 6,308
2021	4,779
2022	3,049
2023	2,962
2024	2,350

10. Debt

On February 4, 2019, we completed a $95,700,000 refinancing of 435 Seventh Avenue, a 43,000 square foot Manhattan retail property. The interest-only loan carries a rate of LIBOR plus 1.30% (3.73% as of June 30, 2019) and matures in 2024. The recourse loan replaces the previous $95,700,000 loan that bore interest at LIBOR plus 2.25% and was scheduled to mature in August 2019.

On February 12, 2019, we completed a $580,000,000 refinancing of 100 West 33rd Street, a 1.1 million square foot Manhattan property comprised of 859,000 square feet of office space and the 256,000 square foot Manhattan Mall. The interest-only loan carries a rate of LIBOR plus 1.55% (3.98% as of June 30, 2019) and matures in April 2024, with two one-year extension options. The loan replaces the previous $580,000,000 loan that bore interest at LIBOR plus 1.65% and was scheduled to mature in July 2020.

On May 24, 2019, we extended our $375,000,000 mortgage loan on 888 Seventh Avenue, a 886,000 square foot Manhattan office building, from December 2020 to December 2025. The interest rate on the extended mortgage loan is LIBOR plus 1.70% (4.11% as of June 30, 2019). Pursuant to an existing swap agreement, the interest rate on the $375,000,000 mortgage loan has been swapped to 3.25% through December 2020.

Senior Unsecured Notes

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

Unsecured Revolving Credit Facility

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

The following is a summary of our debt:

(Amounts in thousands)	Weighted Average Interest Rate at June 30, 2019	Balance as of June 30, 2019	Balance as of December 31, 2018
Mortgages Payable:			
Fixed rate	3.52%	$ 4,608,463	$ 5,003,465
Variable rate	4.09%	1,683,182	3,212,382
Total	3.68%	6,291,645	8,215,847
Deferred financing costs, net and other		(34,837)	(48,049)
Total, net		$ 6,256,808	$ 8,167,798
Unsecured Debt:			
Senior unsecured notes	3.50%	$ 450,000	$ 850,000
Deferred financing costs, net and other		(4,535)	(5,998)
Senior unsecured notes, net		445,465	844,002
Unsecured term loan	3.87%	750,000	750,000
Deferred financing costs, net and other		(4,669)	(5,179)
Unsecured term loan, net		745,331	744,821
Unsecured revolving credit facilities	3.40%	80,000	80,000
Total, net		$ 1,270,796	$ 1,668,823

11. Redeemable Noncontrolling Interests/Redeemable Partnership Units

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

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Beginning balance	$ 867,085	$ 857,026	$ 783,562	$ 984,937
Net income	162,515	7,445	174,717	6,321
Other comprehensive (loss) income	(1,806)	205	(3,082)	859
Distributions	(8,448)	(7,985)	(16,936)	(15,891)
Redemption of Class A units for Vornado common shares, at redemption value	(2,948)	(3,854)	(6,129)	(12,246)
Adjustments to carry redeemable Class A units at redemption value	(165,225)	78,406	(99,407)	(36,450)
Other, net	10,889	6,798	29,337	10,511
Ending balance	$ 862,062	$ 938,041	$ 862,062	$ 938,041

As of June 30, 2019 and December 31, 2018, the aggregate redemption value of redeemable Class A units of the Operating Partnership, which are those units held by third parties, was $857,527,000 and $778,134,000, respectively.

Redeemable noncontrolling interests/redeemable partnership units exclude our Series G-1 through G-4 convertible preferred units and Series D-13 cumulative redeemable preferred units, as they are accounted for as liabilities in accordance with ASC Topic 480, *Distinguishing Liabilities and Equity*, because of their possible settlement by issuing a variable number of Vornado common shares. Accordingly, the fair value of these units is included as a component of "other liabilities" on our consolidated balance sheets and aggregated $50,561,000 as of June 30, 2019 and December 31, 2018. Changes in the value from period to period, if any, are charged to "interest and debt expense" on our consolidated statements of income.

12. Shareholders' Equity/Partners' Capital

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

(Per share/unit)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Shares/Units:				
Common shares/Class A units held by Vornado: authorized 250,000,000 shares/units	$ 0.66	$ 0.63	$ 1.32	$ 1.26
Convertible Preferred[(1)]:				
6.5% Series A: authorized 83,977 shares/units[(2)]	0.8125	0.8125	1.6250	1.6250
Cumulative Redeemable Preferred[(1)]:				
5.70% Series K: authorized 12,000,000 shares/units[(3)]	0.3563	0.3563	0.7126	0.7126
5.40% Series L: authorized 12,000,000 shares/units[(3)]	0.3375	0.3375	0.6750	0.6750
5.25% Series M: authorized 12,780,000 shares/units[(3)]	0.3281	0.3281	0.6562	0.6562

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

Accumulated Other Comprehensive (Loss) Income

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

(Amounts in thousands)	Total	Marketable securities	Pro rata share of nonconsolidated subsidiaries' OCI	Interest rate swaps	Other
For the three months ended June 30, 2019:					
Balance, March 31, 2019	$ (11,385)	$ —	$ (43)	$ (5,270)	$ (6,072)
Net current period other comprehensive (loss) income	(26,681)	—	25	(28,515)	1,809
Balance, June 30, 2019	$ (38,066)	$ —	$ (18)	$ (33,785)	$ (4,263)
For the three months ended June 30, 2018:					
Balance, March 31, 2018	$ 30,258	$ —	$ 2,444	$ 36,651	$ (8,837)
Net current period other comprehensive income (loss)	3,093	—	390	2,908	(205)
Balance, June 30, 2018	$ 33,351	$ —	$ 2,834	$ 39,559	$ (9,042)
For the six months ended June 30, 2019:					
Balance, December 31, 2018	$ 7,664	$ —	$ 3,253	$ 11,759	$ (7,348)
Net current period other comprehensive (loss) income	(43,419)	—	(960)	(45,544)	3,085
Amount reclassified from AOCI [(1)]	(2,311)	—	(2,311)	—	—
Balance, June 30, 2019	$ (38,066)	$ —	$ (18)	$ (33,785)	$ (4,263)
For the six months ended June 30, 2018:					
Balance, December 31, 2017	$ 128,682	$ 109,554	$ 3,769	$ 23,542	$ (8,183)
Cumulative effect of accounting change	(108,374)	(109,554)	(1,671)	2,851	—
Net current period other comprehensive income (loss)	13,043	—	736	13,166	(859)
Balance, June 30, 2018	$ 33,351	$ —	$ 2,834	$ 39,559	$ (9,042)

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

13. Variable Interest Entities ("VIEs")

Unconsolidated VIEs

As of June 30, 2019 and December 31, 2018, we have several unconsolidated VIEs. We do not consolidate these entities because we are not the primary beneficiary and the nature of our involvement in the activities of these entities does not give us power over decisions that significantly affect these entities' economic performance. We account for our investment in these entities under the equity method. As of June 30, 2019 and December 31, 2018, the net carrying amount of our investments in these entities was $214,623,000 and $257,882,000, respectively. Our maximum exposure to loss in these entities is limited to the carrying amount of our investments.

Consolidated VIEs

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

As of June 30, 2019, the total assets and liabilities of our consolidated VIEs, excluding the Operating Partnership, were $4,633,391,000 and $2,421,708,000, respectively. As of December 31, 2018, the total assets and liabilities of our consolidated VIEs, excluding the Operating Partnership, were $4,445,436,000 and $2,533,753,000, respectively.

14. Fair Value Measurements

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

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

Financial assets and liabilities that are measured at fair value on our consolidated balance sheets consist of (i) marketable securities, (ii) real estate fund investments, (iii) the assets in our deferred compensation plan (for which there is a corresponding liability on our consolidated balance sheets), (iv) interest rate swaps and (v) mandatorily redeemable instruments (Series G-1 through G-4 convertible preferred units and Series D-13 cumulative redeemable preferred units). The tables below aggregate the fair values of these financial assets and liabilities by their levels in the fair value hierarchy as of June 30, 2019 and December 31, 2018, respectively.

(Amounts in thousands)	As of June 30, 2019			
	Total	Level 1	Level 2	Level 3
Marketable securities	$ 41,081	$ 41,081	$ —	$ —
Real estate fund investments	306,596	—	—	306,596
Deferred compensation plan assets ($25,133 included in restricted cash and $74,746 in other assets)	99,879	77,888	—	21,991
Interest rate swaps (included in other assets)	9,295	—	9,295	—
Total assets	$ 456,851	$ 118,969	$ 9,295	$ 328,587
Mandatorily redeemable instruments (included in other liabilities)	$ 50,561	$ 50,561	$ —	$ —
Interest rate swaps (included in other liabilities)	43,047	—	43,047	—
Total liabilities	$ 93,608	$ 50,561	$ 43,047	$ —

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

14. Fair Value Measurements - continued

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

Real Estate Fund Investments

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

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

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

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

The table below summarizes the changes in the fair value of real estate fund investments that are classified as Level 3, for the three and six months ended June 30, 2019 and 2018.

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Beginning balance	$ 322,858	$ 336,552	$ 318,758	$ 354,804
Purchases/additional fundings	—	66,000	4,000	68,950
Net unrealized loss on held investments	(16,262)	(29,513)	(16,162)	(29,513)
Dispositions	—	—	—	(20,291)
Net realized loss on exited investments	—	(2)	—	(913)
Other, net	—	2	—	2
Ending balance	$ 306,596	$ 373,039	$ 306,596	$ 373,039

14. Fair Value Measurements - continued

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

Deferred Compensation Plan Assets

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

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

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Beginning balance	$ 37,562	$ 39,485	$ 37,808	$ 40,128
Sales	(18,041)	(1,874)	(20,155)	(3,509)
Purchases	1,969	1,619	2,877	1,633
Realized and unrealized gains	215	34	738	712
Other, net	286	606	723	906
Ending balance	$ 21,991	$ 39,870	$ 21,991	$ 39,870

Fair Value Measurements on a Nonrecurring Basis

Assets measured at fair value on a nonrecurring basis on our consolidated balance sheets consist primarily of real estate and right-of-use assets required to be measured for impairment as of June 30, 2019 and December 31, 2018. As of June 30, 2019, our estimate of the fair value of the 608 Fifth Avenue assets was measured using a discounted cash flow analysis based upon market conditions and expectations of growth, resulting in a write-down to zero (see Note 16 - *Transaction Related Costs, Impairment Losses and Other*). For real estate assets to be sold, the sales price per the executed purchase and sale agreement, net of closing costs, was utilized to determine the fair value. As of December 31, 2018, the fair value of real estate assets required to be measured for impairment were determined using comparable sales activity.

(Amounts in thousands)	As of June 30, 2019			
	Total	Level 1	Level 2	Level 3
Real estate assets	$ 67,102	$ —	$ 67,102	$ —
Right-of-use assets	$ —	$ —	$ —	$ —

	As of December 31, 2018			
	Total	Level 1	Level 2	Level 3
Real estate assets	$ 14,971	$ —	$ —	$ 14,971

14. Fair Value Measurements - continued

Financial Assets and Liabilities not Measured at Fair Value

Financial assets and liabilities that are not measured at fair value on our consolidated balance sheets include cash equivalents (primarily money market funds, which invest in obligations of the United States government), and our secured and unsecured debt. Estimates of the fair value of these instruments are determined by the standard practice of modeling the contractual cash flows required under the instrument and discounting them back to their present value at the appropriate current risk adjusted interest rate, which is provided by a third-party specialist. For floating rate debt, we use forward rates derived from observable market yield curves to project the expected cash flows we would be required to make under the instrument. The fair values of cash equivalents and borrowings under our unsecured revolving credit facilities and unsecured term loan are classified as Level 1. The fair values of our secured and unsecured debt are classified as Level 2. The table below summarizes the carrying amounts and fair value of these financial instruments as of June 30, 2019 and December 31, 2018.

(Amounts in thousands)	As of June 30, 2019		As of December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash equivalents	$ 749,035	$ 749,000	$ 261,981	$ 262,000
Debt:				
Mortgages payable	$ 6,291,645	$ 6,336,000	$ 8,215,847	$ 8,179,000
Senior unsecured notes	450,000	459,000	850,000	847,000
Unsecured term loan	750,000	750,000	750,000	750,000
Unsecured revolving credit facilities	80,000	80,000	80,000	80,000
Total	$ 7,571,645 (1)	$ 7,625,000	$ 9,895,847 (1)	$ 9,856,000

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(1) Excludes $44,041 and $59,226 of deferred financing costs, net and other as of June 30, 2019 and December 31, 2018, respectively.

15. Stock-based Compensation

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

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

We account for all equity-based compensation in accordance with ASC Topic 718, *Compensation - Stock Compensation*. Stock-based compensation expense, a component of "general and administrative" expense on our consolidated statements of income, was $10,520,000 and $6,976,000 for the three months ended June 30, 2019 and 2018, respectively, and $42,174,000 and $20,645,000 for the six months ended June 30, 2019 and 2018, respectively.

Stock-based compensation expense for the three months ended March 31, 2019 included $16,211,000 from the accelerated vesting of previously issued OP units and Vornado restricted stock due to the removal of the time-based vesting requirement to participants who have reached 65 years of age. The right to sell such awards remains subject to original terms of grant. The increase in expense in the first quarter of 2019 was partially offset by lower stock-based compensation expense of $2,578,000 in the three months ended June 30, 2019; and will be completely offset by lower stock-based compensation expense of $2,578,000 in each of the third and fourth quarters of 2019 and $8,477,000 thereafter.

Stock-based compensation expense for the three and six months ended June 30, 2019 also includes $5,316,000 for OP units granted outside of the Plan to an executive officer in connection with his employment in reliance on the employment inducement exception to shareholder approval provided under the New York Stock Exchange Listing Rule 303A.08, and $329,000 for OP units granted under the Plan to certain executive officers as a result of promotions. The award granted outside of the Plan has a grant date fair value of $25,500,000 and vests 20% on the grant date, 40% on the three-year anniversary of the date of grant, and 40% on the four-year anniversary of the date of grant. The awards granted under the Plan have an aggregate grant date fair value of $15,000,000 and cliff vest after four years. Compensation expense related to OP unit grants are recognized ratably over the vesting period. Additional non-cash expense associated with these awards will be $2,401,000 in each of the next two quarters, $9,603,000 in each of 2020 and 2021, $7,718,000 in 2022 and $2,655,000 in 2023.

16. Transaction Related Costs, Impairment Losses and Other

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

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Non-cash impairment losses, substantially 608 Fifth Avenue (see below)	$ 101,360	$ —	$ 101,360	$ —
Transaction related costs	230	1,017	379	1,070
Transfer tax[(1)]	—	—	—	13,103
	$ 101,590	$ 1,017	$ 101,739	$ 14,173

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

608 Fifth Avenue

During the second quarter of 2019, Arcadia Group US Ltd ("Arcadia Group"), the operator of Topshop, our retail tenant at 608 Fifth Avenue, filed for Chapter 15 bankruptcy protection in the United States. On June 28, 2019, Arcadia Group closed all of its stores in the United States. 608 Fifth Avenue is subject to a land and building lease which expires in 2033. The non-recourse lease calls for fixed lease payments through the term, plus payments for real estate taxes, insurance and operating expenses. Based on current market rental rates, the cash flows of the property would not be sufficient to cover the operating expenses, including the fixed lease payments. Consequently, we concluded that the carrying amount of the property, which includes our right-of-use asset, was not recoverable. Our estimate of fair value of the property was derived from a discounted cash flow model based upon market conditions and expectations of growth. We recognized a $93,860,000 non-cash impairment loss on our consolidated statements of income, of which $75,220,000 resulted from the impairment of our right-of-use asset. A corresponding $72,588,000 lease liability remains, which will be recognized as income if and when the non-recourse lease is terminated.

17. Interest and Other Investment Income, Net

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

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Increase (decrease) in fair value of marketable securities:				
PREIT (see page 29 for details)	$ 1,313	$ —	$ (14,336)	$ —
Lexington (see page 29 for details)	—	15,883	16,068	(16,992)
Other	(1)	1	41	(110)
	1,312	15,884	1,773	(17,102)
Interest on cash and cash equivalents and restricted cash	2,626	4,487	4,693	8,044
Interest on loans receivable[(1)]	1,635	6,205	3,241	6,948
Dividends on marketable securities	1,313	3,353	1,313	6,706
Other, net	954	963	1,865	1,912
	$ 7,840	$ 30,892	$ 12,885	$ 6,508

(1) 2018 includes $5,457 of income from profit participation on the April 2018 sale of 701 Seventh Avenue. We received this income in connection with our 25% participation in an October 2012, $137,500 mezzanine loan, which was repaid in January 2014.

18.Interest and Debt Expense

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

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Interest expense[(1)]	$ 76,605	$ 96,377	$ 194,252	$ 191,165
Capitalized interest and debt expense	(19,812)	(16,754)	(43,137)	(31,480)
Amortization of deferred financing costs	6,236	8,034	14,377	16,138
	$ 63,029	$ 87,657	$ 165,492	$ 175,823

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

19. Income Per Share/Income Per Class A Unit

Vornado Realty Trust

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

(Amounts in thousands, except per share amounts)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Numerator:				
Income from continuing operations, net of income attributable to noncontrolling interests	$ 2,412,671	$ 123,427	$ 2,606,821	$ 133,448
Income (loss) from discontinued operations, net of income attributable to noncontrolling interests	56	641	(72)	300
Net income attributable to Vornado	2,412,727	124,068	2,606,749	133,748
Preferred share dividends	(12,532)	(12,534)	(25,066)	(25,569)
Preferred share issuance costs	—	—	—	(14,486)
Net income attributable to common shareholders	2,400,195	111,534	2,581,683	93,693
Earnings allocated to unvested participating securities	(239)	(11)	(258)	(22)
Numerator for basic income per share	2,399,956	111,523	2,581,425	93,671
Impact of assumed conversions:				
Convertible preferred share dividends	14	16	29	—
Earnings allocated to Out-Performance Plan units	—	—	9	37
Numerator for diluted income per share	$ 2,399,970	$ 111,539	$ 2,581,463	$ 93,708
Denominator:				
Denominator for basic income per share – weighted average shares	190,781	190,200	190,735	190,141
Effect of dilutive securities[(1)]:				
Employee stock options and restricted stock awards	243	930	256	934
Convertible preferred shares	34	38	35	—
Out-Performance Plan units	—	—	4	115
Denominator for diluted income per share – weighted average shares and assumed conversions	191,058	191,168	191,030	191,190
INCOME PER COMMON SHARE – BASIC:				
Income from continuing operations, net	$ 12.58	$ 0.59	$ 13.53	$ 0.49
Net income per common share	$ 12.58	$ 0.59	$ 13.53	$ 0.49
INCOME PER COMMON SHARE – DILUTED:				
Income from continuing operations, net	$ 12.56	$ 0.58	$ 13.51	$ 0.49
Net income per common share	$ 12.56	$ 0.58	$ 13.51	$ 0.49

(1) The effect of dilutive securities excludes an aggregate of 12,609 and 12,299 weighted average common share equivalents, for the three months ended June 30, 2019 and 2018, respectively, and 12,521 and 12,252 weighted average common share equivalents for the six months ended June 30, 2019 and 2018, respectively, as their effect was anti-dilutive.

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

Vornado Realty L.P.

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

(Amounts in thousands, except per unit amounts)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Numerator:				
Income from continuing operations, net of income attributable to noncontrolling interests in consolidated subsidiaries	$ 2,575,182	$ 130,830	$ 2,781,543	$ 139,749
Income (loss) from discontinued operations	60	683	(77)	320
Net income attributable to Vornado Realty L.P.	2,575,242	131,513	2,781,466	140,069
Preferred unit distributions	(12,573)	(12,582)	(25,148)	(25,666)
Preferred unit issuance costs	—	—	—	(14,486)
Net income attributable to Class A unitholders	2,562,669	118,931	2,756,318	99,917
Earnings allocated to unvested participating securities	(10,162)	(772)	(10,860)	(1,544)
Numerator for basic income per Class A unit	2,552,507	118,159	2,745,458	98,373
Impact of assumed conversions:				
Convertible preferred unit distributions	14	16	29	—
Numerator for diluted income per Class A unit	$ 2,552,521	$ 118,175	$ 2,745,487	$ 98,373
Denominator:				
Denominator for basic income per Class A unit – weighted average units	202,924	202,064	202,848	201,997
Effect of dilutive securities[1]:				
Vornado stock options, Vornado restricted stock awards, OP Units and OPPs	522	1,252	508	1,269
Convertible preferred units	34	38	35	—
Denominator for diluted income per Class A unit – weighted average units and assumed conversions	203,480	203,354	203,391	203,266
INCOME PER CLASS A UNIT – BASIC:				
Income from continuing operations, net	$ 12.58	$ 0.58	$ 13.53	$ 0.49
Net income per Class A unit	$ 12.58	$ 0.58	$ 13.53	$ 0.49
INCOME PER CLASS A UNIT – DILUTED:				
Income from continuing operations, net	$ 12.54	$ 0.58	$ 13.50	$ 0.48
Net income per Class A unit	$ 12.54	$ 0.58	$ 13.50	$ 0.48

(1) The effect of dilutive securities excludes an aggregate of 187 and 112 weighted average Class A unit equivalents, for the three months ended June 30, 2019 and 2018 respectively, and 160 and 175 weighted average Class A unit equivalents for the six months ended June 30, 2019 and 2018, respectively, as their effect was anti-dilutive.

20. Leases

As lessor

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

(Amounts in thousands)	As of June 30, 2019
For the remainder of 2019	$ 664,483
For the year ended December 31,	
2020	1,278,724
2021	1,250,716
2022	1,182,435
2023	1,056,135
2024	876,527
Thereafter	4,239,951

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

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

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

(Amounts in thousands)	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2019
Fixed lease revenues	$ 377,524	$ 807,611
Variable lease revenues	31,708	88,927
Lease revenues	$ 409,232	$ 896,538

20. Leases - continued

As lessee

We have a number of ground leases which are classified as operating leases. On January 1, 2019, we recorded $526,866,000 of ROU assets and lease liabilities. Our ROU assets were reduced by $37,269,000 of accrued rent expense reclassified from “other liabilities” and $4,267,000 of acquired above-market lease liabilities, net, reclassified from “deferred revenue” and increased by $23,665,000 of acquired below-market lease assets, net, reclassified from “identified intangible assets, net of accumulated amortization” and $1,584,000 of prepaid lease payments reclassified from "other assets." As of June 30, 2019, our ROU assets and lease liabilities were $380,214,000 and $483,011,000, respectively.

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

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

(Amounts in thousands)		As of June 30, 2019
Weighted average remaining lease term (in years)		41.33
Weighted average discount rate		4.89%
Cash paid for operating leases	$	13,158

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

(Amounts in thousands)		For the Three Months Ended June 30, 2019		For the Six Months Ended June 30, 2019
Fixed rent expense	$	8,689	$	19,315
Variable rent expense		534		1,154
Rent expense	$	9,223	$	20,469

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

(Amounts in thousands)		As of June 30, 2019
For the remainder of 2019	$	13,369
For the year ended December 31,		
2020		28,352
2021		28,745
2022		29,646
2023		30,061
2024		30,495
Thereafter		1,037,252
Total undiscounted cash flows		1,197,920
Present value discount		(714,909)
Lease liabilities	$	483,011

20. Leases - continued

As lessee - continued

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

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

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

Farley Office and Retail Building

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

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

(Amounts in thousands)		As of June 30, 2019
For the remainder of 2019	$	3,411
For the year ended December 31,		
2020		10,402
2021		7,229
2022		7,444
2023		7,809
2024		8,330
Thereafter		519,048

21. Commitments and Contingencies

Insurance

We maintain general liability insurance with limits of $300,000,000 per occurrence and per property, and all risk property and rental value insurance with limits of $2.0 billion per occurrence, with sub-limits for certain perils such as flood and earthquake. Our California properties have earthquake insurance with coverage of $350,000,000 per occurrence and in the aggregate, subject to a deductible in the amount of 5% of the value of the affected property. We maintain coverage for terrorism acts with limits of $4.0 billion per occurrence and in the aggregate, and $2.0 billion per occurrence and in the aggregate for terrorism involving nuclear, biological, chemical and radiological (“NBCR”) terrorism events, as defined by the Terrorism Risk Insurance Program Reauthorization Act of 2015, which expires in December 2020.

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 $1,453,000 and 19% of the balance of a covered loss and the Federal government is responsible for the remaining portion of a covered loss. We are ultimately responsible for any loss incurred by PPIC.

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

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

21. Commitments and Contingencies - continued

Other Commitments and Contingencies

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

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

Our mortgage loans are non-recourse to us, except for the mortgage loans secured by 640 Fifth Avenue, 7 West 34th Street and 435 Seventh Avenue, which we guaranteed and therefore are part of our tax basis. In certain cases, we have provided guarantees or master leased tenant space. These guarantees and master leases terminate either upon the satisfaction of specified circumstances or repayment of the underlying loans. As of June 30, 2019, the aggregate dollar amount of these guarantees and master leases is approximately $1,031,000,000.

As of June 30, 2019, $15,880,000 of letters of credit was outstanding under one of our unsecured revolving credit facilities. Our unsecured revolving credit facilities contain financial covenants that require us to maintain minimum interest rate coverage and maximum debt to market capitalization ratios and provide for higher interest rates in the event of a decline in our ratings below Baa3/BBB. Our unsecured revolving credit facilities contain customary conditions precedent to borrowing, including representations and warranties, and also contain customary events of default that could give rise to accelerated repayment, including such items as failure to pay interest or principal.

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

As of June 30, 2019, we expect to fund additional capital to certain of our partially owned entities aggregating approximately $15,400,000.

As of June 30, 2019, we have construction commitments aggregating approximately $730,000,000.

22. Segment Information

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

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

Below is a summary of NOI at share and NOI at share - cash basis by segment for the three and six months ended June 30, 2019 and 2018.

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

(Amounts in thousands)	For the Three Months Ended June 30, 2018		
	Total	New York	Other
Total revenues	$ 541,818	$ 458,552	$ 83,266
Operating expenses	235,981	200,903	35,078
NOI - consolidated	305,837	257,649	48,188
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(17,160)	(11,560)	(5,600)
Add: NOI from partially owned entities	65,752	49,778	15,974
NOI at share	354,429	295,867	58,562
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	(12,481)	(12,713)	232
NOI at share - cash basis	$ 341,948	$ 283,154	$ 58,794

(Amounts in thousands)	For the Six Months Ended June 30, 2019		
	Total	New York	Other
Total revenues	$ 997,771	$ 819,666	$ 178,105
Operating expenses	467,647	385,914	81,733
NOI - consolidated	530,124	433,752	96,372
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(33,819)	(21,437)	(12,382)
Add: NOI from partially owned entities	150,376	128,745	21,631
NOI at share	646,681	541,060	105,621
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	4,567	1,819	2,748
NOI at share - cash basis	$ 651,248	$ 542,879	$ 108,369

(Amounts in thousands)	For the Six Months Ended June 30, 2018		
	Total	New York	Other
Total revenues	$ 1,078,255	$ 907,036	$ 171,219
Operating expenses	473,583	398,819	74,764
NOI - consolidated	604,672	508,217	96,455
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(34,472)	(23,305)	(11,167)
Add: NOI from partially owned entities	133,265	99,551	33,714
NOI at share	703,465	584,463	119,002
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(30,429)	(30,036)	(393)
NOI at share - cash basis	$ 673,036	$ 554,427	$ 118,609

22. Segment Information - continued

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

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Net income	$ 2,596,693	$ 105,338	$ 2,809,737	$ 105,620
Deduct:				
Net gain on transfer to Fifth Avenue and Times Square JV	(2,571,099)	—	(2,571,099)	—
(Income) loss from partially owned entities	(22,873)	(8,757)	(30,193)	1,147
Interest and other investment income, net	(7,840)	(30,892)	(12,885)	(6,508)
Net gains on disposition of wholly owned and partially owned assets	(111,713)	(23,559)	(332,007)	(23,559)
NOI attributable to noncontrolling interests in consolidated subsidiaries	(16,416)	(17,160)	(33,819)	(34,472)
(Income) loss from discontinued operations	(60)	(683)	77	(320)
Add:				
Loss from real estate fund investments	15,803	28,976	15,970	37,783
Depreciation and amortization expense	113,035	111,846	229,744	220,532
General and administrative expense	38,872	34,427	96,892	76,960
Transaction related costs, impairment losses and other	101,590	1,017	101,739	14,173
NOI from partially owned entities	82,974	65,752	150,376	133,265
Interest and debt expense	63,029	87,657	165,492	175,823
Income tax expense	26,914	467	56,657	3,021
NOI at share	308,909	354,429	646,681	703,465
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	9,748	(12,481)	4,567	(30,429)
NOI at share - cash basis	$ 318,657	$ 341,948	$ 651,248	$ 673,036

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated balance sheet of Vornado Realty Trust and subsidiaries (the "Company") as of June 30, 2019, the related consolidated statements of income, comprehensive income, and changes in equity for the three-month and six-month periods ended June 30, 2019 and 2018, and cash flows, for the six-month periods ended June 30, 2019 and 2018, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2018, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended; and in our report dated February 11, 2019, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2018, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

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

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

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
July 29, 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners of Vornado Realty L.P.

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated balance sheet of Vornado Realty L.P. and subsidiaries (the "Partnership") as of June 30, 2019, the related consolidated statements of income, comprehensive income, and changes in equity for the three-month and six-month periods ended June 30, 2019 and 2018, and cash flows, for the six-month periods ended June 30, 2019 and 2018, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Partnership as of December 31, 2018, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended; and in our report dated February 11, 2019, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2018, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

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

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

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
July 29, 2019

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

Certain statements contained in this Quarterly Report constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are not guarantees of performance. They represent our intentions, plans, expectations and beliefs and are subject to numerous assumptions, risks and uncertainties. Our future results, financial condition and business may differ materially from those expressed in these forward-looking statements. You can find many of these statements by looking for words such as "approximates," "believes," "expects," "anticipates," "estimates," "intends," "plans," "would," "may" or other similar expressions in this Quarterly Report on Form 10-Q. We also note the following forward-looking statements: in the case of our development and redevelopment projects, the estimated completion date, estimated project cost and cost to complete; and estimates of future capital expenditures, dividends to common and preferred shareholders and operating partnership distributions. Many of the factors that will determine the outcome of these and our other forward-looking statements are beyond our ability to control or predict. For further discussion of factors that could materially affect the outcome of our forward-looking statements, see "Item 1A. Risk Factors" in Part I of our Annual Report on Form 10-K for the year ended December 31, 2018. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q or the date of any document incorporated by reference. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to our forward-looking statements to reflect events or circumstances occurring after the date of this Quarterly Report on Form 10-Q.

Management's Discussion and Analysis of Financial Condition and Results of Operations includes a discussion of our consolidated financial statements for the three and six months ended June 30, 2019. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The results of operations for the three and six months ended June 30, 2019 are not necessarily indicative of the operating results for the full year. Certain prior year balances have been reclassified in order to conform to the current year presentation.

Overview

Vornado Realty Trust ("Vornado") is a fully-integrated real estate investment trust ("REIT") and conducts its business through, and substantially all of its interests in properties are held by, Vornado Realty L.P., a Delaware limited partnership (the "Operating Partnership"). Vornado is the sole general partner of, and owned approximately 93.1% of the common limited partnership interest in the Operating Partnership as of June 30, 2019. All references to the "Company," "we," "us" and "our" mean, collectively, Vornado, the Operating Partnership and those entities/subsidiaries consolidated by Vornado.

We compete with a large number of real estate property owners and developers, some of which may be willing to accept lower returns on their investments. Principal factors of competition are rents charged, sales prices, attractiveness of location, the quality of the property and the breadth and the quality of services provided. Our success depends upon, among other factors, trends of the global, national, regional and local economies, the financial condition and operating results of current and prospective tenants and customers, availability and cost of capital, construction and renovation costs, taxes, governmental regulations, legislation, population and employment trends. See "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2018 for additional information regarding these factors.

Vornado Realty Trust

Quarter Ended June 30, 2019 Financial Results Summary

Net income attributable to common shareholders for the quarter ended June 30, 2019 was $2,400,195,000, or $12.56 per diluted share, compared to $111,534,000, or $0.58 per diluted share, for the prior year's quarter. The quarters ended June 30, 2019 and 2018 include certain items that impact the comparability of period to period net income attributable to common shareholders, which are listed in the table on page 58. The aggregate of these items, net of amounts attributable to noncontrolling interests, increased net income attributable to common shareholders for the quarter ended June 30, 2019 by $2,357,643,000, or $12.34 per diluted share, and increased net income attributable to common shareholders by $42,775,000, or $0.22 per diluted share, for the quarter ended June 30, 2018.

The increase in net income attributable to common shareholders was partially offset by $8,387,000, or $0.04 per diluted share, of our share of the non-cash write-off of straight-line rent receivables and $5,645,000, or $0.03 per diluted share, of non-cash expense for the time-based equity compensation granted in connection with our previously announced new leadership group.

Funds From Operations ("FFO") attributable to common shareholders plus assumed conversions for the quarter ended June 30, 2019 was $164,329,000, or $0.86 per diluted share, compared to $194,653,000, or $1.02 per diluted share, for the prior year's quarter. FFO attributable to common shareholders plus assumed conversions for the quarters ended June 30, 2019 and 2018 include certain items that impact the comparability of period to period FFO, which are listed in the table on page 59. The aggregate of these items, net of amounts attributable to noncontrolling interests, decreased FFO attributable to common shareholders plus assumed conversions for the quarter ended June 30, 2019 by $9,446,000, or $0.05 per diluted share, and increased FFO attributable to common shareholders plus assumed conversions by $8,248,000, or $0.04 per diluted share, for the quarter ended June 30, 2018.

The decrease in FFO attributable to common shareholders was partially due to $8,387,000, or $0.04 per diluted share, of our share of the non-cash write-off of straight-line rent receivables and $5,645,000, or $0.03 per diluted share, of non-cash expense for the time-based equity compensation granted in connection with our previously announced new leadership group.

Overview - continued

Six Months Ended June 30, 2019 Financial Results Summary

Net income attributable to common shareholders for the six months ended June 30, 2019 was $2,581,683,000, or $13.51 per diluted share, compared to $93,693,000, or $0.49 per diluted share, for the six months ended June 30, 2018. The six months ended June 30, 2019 and 2018 include certain items that impact the comparability of period to period net income attributable to common shareholders, which are listed in the table on the following page. The aggregate of these items, net of amounts attributable to noncontrolling interests, increased net income attributable to common shareholders for the six months ended June 30, 2019 by $2,514,217,000, or $13.16 per diluted share, and decreased net income attributable to common shareholders for the six months ended June 30, 2018 by $30,541,000, or $0.16 per diluted share.

The increase in net income attributable to common shareholders was partially offset by (i) $8,387,000, or $0.04 per diluted share, of our share of the non-cash write-off of straight-line rent receivables, (ii) $5,645,000, or $0.03 per diluted share, of non-cash expense for the time-based equity compensation granted in connection with our previously announced new leadership group and (iii) $13,633,000, or $0.07 per share, of non-cash expense for the accelerated vesting of previously issued OP Units and Vornado restricted stock due to the removal of the time-based vesting requirement to participants who have reached 65 years of age.

FFO attributable to common shareholders plus assumed conversions for the six months ended June 30, 2019 was $412,013,000, or $2.16 per diluted share, compared to $329,653,000, or $1.72 per diluted share, for the six months ended June 30, 2018. FFO attributable to common shareholders plus assumed conversions for the six months ended June 30, 2019 and 2018 include certain items that impact the comparability of period to period FFO, which are listed in the table page 59. The aggregate of these items, net of amounts attributable to noncontrolling interests, increased FFO attributable to common shareholders plus assumed conversions for the six months ended June 30, 2019 by $88,223,000, or $0.46 per diluted share, and decreased FFO attributable to common shareholders plus assumed conversions for the six months ended June 30, 2018 by $29,623,000, or $0.16 per diluted share.

The decrease in FFO attributable to common shareholders was partially due to (i) $8,387,000, or $0.04 per diluted share, of our share of the non-cash write-off of straight-line rent receivables, (ii) $5,645,000, or $0.03 per diluted share, of non-cash expense for the time-based equity compensation granted in connection with our previously announced new leadership group and (iii) $13,633,000, or $0.07 per share, of non-cash expense for the accelerated vesting of previously issued OP Units and Vornado restricted stock due to the removal of the time-based vesting requirement to participants who have reached 65 years of age.

Overview - continued

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

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Certain (income) expense items that impact net income attributable to common shareholders:				
Net gain on transfer to Fifth Avenue and Times Square retail JV, net of $11,945 attributable to noncontrolling interests	$ (2,559,154)	$ —	$ (2,559,154)	$ —
Non-cash impairment losses and related write-offs, substantially 608 Fifth Avenue	108,592	—	108,592	—
After-tax net gain on sale of 220 Central Park South ("220 CPS") condominium units	(88,921)	—	(219,875)	—
Our share of loss (income) from real estate fund investments	20,758	(551)	23,662	(1,365)
Mark-to-market (increase) decrease in Pennsylvania Real Estate Investment Trust ("PREIT") common shares (accounted for as a marketable security from March 12, 2019)	(1,313)	—	14,336	—
Net gains on sale of real estate	—	(24,449)	—	(24,436)
Mark-to-market (increase) decrease in Lexington Realty Trust ("Lexington") common shares (sold on March 1, 2019)	—	(15,883)	(16,068)	16,992
Profit participation on the April 2018 sale of 701 Seventh Avenue	—	(5,457)	—	(5,457)
Previously capitalized internal leasing costs[(1)]	—	(1,358)	—	(2,706)
Our share of loss from 666 Fifth Avenue Office Condominium (49.5% interest)	—	1,269	—	4,761
Net gain from sale of Urban Edge Properties ("UE") common shares (sold on March 4, 2019)	—	—	(62,395)	—
Prepayment penalty in connection with redemption of $400 million 5.00% senior unsecured notes due January 2022	—	—	22,540	—
Our share of disputed additional New York City transfer taxes	—	—	—	23,503
Preferred share issuance costs	—	—	—	14,486
Other	2,802	817	3,954	6,792
	(2,517,236)	(45,612)	(2,684,408)	32,570
Noncontrolling interests' share of above adjustments	159,593	2,837	170,191	(2,029)
Total of certain (income) expense items that impact net income attributable to common shareholders	$ (2,357,643)	$ (42,775)	$ (2,514,217)	$ 30,541

(1) The three and six months ended June 30, 2018 have been reduced by $1,358 and $2,706, respectively, for previously capitalized internal leasing cost to present 2018 “as adjusted” financial results on a comparable basis with the current year as a result of the January 1, 2019 adoption of a new GAAP accounting standard under which internal leasing costs can no longer be capitalized.

Overview - continued

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

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Certain (income) expense items that impact FFO attributable to common shareholders plus assumed conversions:				
After-tax net gain on sale of 220 CPS condominium units	$ (88,921)	$ —	$ (219,875)	$ —
Non-cash impairment loss and related write-offs on 608 Fifth Avenue	77,156	—	77,156	—
Our share of loss (income) from real estate fund investments	20,758	(551)	23,662	(1,365)
Profit participation on the April 2018 sale of 701 Seventh Avenue	—	(5,457)	—	(5,457)
Our share of FFO from 666 Fifth Avenue Office Condominium (49.5% interest)	—	(2,178)	—	(2,041)
Previously capitalized internal leasing costs(1)	—	(1,358)	—	(2,706)
Prepayment penalty in connection with redemption of $400 million 5.00% senior unsecured notes due January 2022	—	—	22,540	—
Our share of disputed additional New York City transfer taxes	—	—	—	23,503
Preferred share issuance costs	—	—	—	14,486
Other	1,092	749	2,298	5,033
	10,085	(8,795)	(94,219)	31,453
Noncontrolling interests' share of above adjustments	(639)	547	5,996	(1,830)
Total of certain expense (income) items that impact FFO attributable to common shareholders plus assumed conversions, net	$ 9,446	$ (8,248)	$ (88,223)	$ 29,623

(1) The three and six months ended June 30, 2018 have been reduced by $1,358 and $2,706, respectively, for previously capitalized internal leasing cost to present 2018 “as adjusted” financial results on a comparable basis with the current year as a result of the January 1, 2019 adoption of a new GAAP accounting standard under which internal leasing costs can no longer be capitalized.

Overview - continued

Vornado Realty Trust and Vornado Realty L.P.

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

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

	Total	New York[(1)]	theMART	555 California Street
Same store NOI at share % increase (decrease):				
Three months ended June 30, 2019 compared to June 30, 2018	1.2%	(0.7)%	12.1%	13.0%
Six months ended June 30, 2019 compared to June 30, 2018	0.5%	(0.4)%	4.7%	10.2%
Three months ended June 30, 2019 compared to March 31, 2019	7.2%	4.1 %	42.3%	6.4%
Same store NOI at share - cash basis % increase:				
Three months ended June 30, 2019 compared to June 30, 2018	4.3%	2.5 %	15.5%	12.9%
Six months ended June 30, 2019 compared to June 30, 2018	3.7%	2.6 %	8.9%	13.9%
Three months ended June 30, 2019 compared to March 31, 2019	8.3%	5.5 %	38.1%	5.8%

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(1)

	Increase
Excluding Hotel Pennsylvania, same store NOI at share % increase:	
Three months ended June 30, 2019 compared to June 30, 2018	0.0%
Six months ended June 30, 2019 compared to June 30, 2018	0.3%
Three months ended June 30, 2019 compared to March 31, 2019	0.0%
Excluding Hotel Pennsylvania, same store NOI at share - cash basis % increase:	
Three months ended June 30, 2019 compared to June 30, 2018	3.3%
Six months ended June 30, 2019 compared to June 30, 2018	3.3%
Three months ended June 30, 2019 compared to March 31, 2019	1.2%

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

Overview - continued

Dispositions

220 CPS

During the three months ended June 30, 2019, we closed on the sale of 11 condominium units at 220 CPS for net proceeds aggregating $265,250,000 resulting in a financial statement net gain of $111,713,000 which is included in "net gains on disposition of wholly owned and partially owned assets" on our consolidated statements of income. In connection with these sales, $22,792,000 of income tax expense was recognized in our consolidated statements of income. During the six months ended June 30, 2019, we closed on the sale of 23 condominium units at 220 CPS for net proceeds of $690,734,000 resulting in a financial statement net gain of $269,612,000. In connection with these sales, $49,737,000 of income tax expense was recognized in our consolidated statements of income. From inception to June 30, 2019, we closed on the sale of 34 units for aggregate net proceeds of $905,510,000 which was used to pay $901,117,000 of the $950,000,000 220 CPS loan.

Lexington

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

UE

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

Fifth Avenue and Times Square JV

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

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

Net cash proceeds from the Transaction were $1.186 billion, after (i) deductions for the defeasance of a $390,000,000 mortgage loan on 666 Fifth Avenue and the repayment of a $140,000,000 mortgage loan on 655 Fifth Avenue, (ii) proceeds from a $500,000,000 mortgage loan on 640 Fifth Avenue, described below, (iii) approximately $23,000,000 used to purchase noncontrolling investors' interests and (iv) approximately $53,000,000 of transaction costs (including $17,000,000 of costs related to the defeasance of the 666 Fifth Avenue mortgage loan).

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

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

Overview - continued

Dispositions - continued

330 Madison Avenue

On July 11, 2019, we sold our 25% interest in 330 Madison Avenue to our joint venture partner. We received net proceeds of approximately $100,000,000 after deducting our share of the existing $500,000,000 mortgage loan. The third quarter financial statement gain will be approximately $159,000,000. The tax gain will be approximately $138,000,000.

Financings

On January 28, 2019, a joint venture, in which we have a 45.1% interest, completed a $167,500,000 refinancing of 61 Ninth Avenue, a 166,000 square foot office and retail property in the Meatpacking district of Manhattan which is fully leased to Aetna and Starbucks. The seven-year interest only loan carries a rate of LIBOR plus 1.35% (3.77% as of June 30, 2019) and matures in January 2026. We realized net proceeds of approximately $31,000,000. The loan replaces the previous $90,000,000 construction loan that bore interest at LIBOR plus 3.05% and was scheduled to mature in 2021.

On February 4, 2019, we completed a $95,700,000 refinancing of 435 Seventh Avenue, a 43,000 square foot Manhattan retail property. The interest-only loan carries a rate of LIBOR plus 1.30% (3.73% as of June 30, 2019) and matures in 2024. The recourse loan replaces the previous $95,700,000 loan that bore interest at LIBOR plus 2.25% and was scheduled to mature in August 2019.

On February 12, 2019, we completed a $580,000,000 refinancing of 100 West 33rd Street, a 1.1 million square foot Manhattan property comprised of 859,000 square feet of office space and the 256,000 square foot Manhattan Mall. The interest-only loan carries a rate of LIBOR plus 1.55% (3.98% as of June 30, 2019) and matures in April 2024, with two one-year extension options. The loan replaces the previous $580,000,000 loan that bore interest at LIBOR plus 1.65% and was scheduled to mature in July 2020.

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

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

On May 24, 2019, we extended our $375,000,000 mortgage loan on 888 Seventh Avenue, a 886,000 square foot Manhattan office building, from December 2020 to December 2025. The interest rate on the extended mortgage loan is LIBOR plus 1.70% (4.11% as of June 30, 2019). Pursuant to an existing swap agreement, the interest rate on the $375,000,000 mortgage loan has been swapped to 3.25% through December 2020.

On June 28, 2019, a joint venture, in which we have a 55% interest, completed a $145,700,000 refinancing of 512 West 22nd Street, a 173,000 square foot office building in the West Chelsea submarket of Manhattan. The four-year interest only loan carries a rate of LIBOR plus 2.00% (4.40% as of June 30, 2019) and matures in June 2023 with a one-year extension option. The loan replaces the previous $126,000,000 construction loan that bore interest at LIBOR plus 2.65% and was scheduled to mature in 2019.

Overview - continued

Leasing Activity

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

(Square feet in thousands)	New York		theMART	555 California Street
	Office	Retail		
Three Months Ended June 30, 2019				
Total square feet leased	221	70	30	30
Our share of square feet leased:	155	67	30	21
Initial rent[1]	$ 83.54	$ 162.44	$ 63.83	$ 86.00
Weighted average lease term (years)	7.2	19.6	4.1	5.1
Second generation relet space:				
Square feet	80	64	30	21
GAAP basis:				
Straight-line rent[2]	$ 73.75	$ 173.54	$ 65.58	$ 87.22
Prior straight-line rent	$ 69.67	$ 120.22	$ 57.09	$ 65.98
Percentage increase	5.9%	44.4%	14.9%	32.2%
Cash basis:				
Initial rent[1]	$ 76.02	$ 152.10	$ 63.83	$ 86.00
Prior escalated rent	$ 73.57	$ 128.16	$ 60.22	$ 76.23
Percentage increase	3.3%	18.7%	6.0%	12.8%
Tenant improvements and leasing commissions:				
Per square foot	$ 70.76	$ 73.23	$ 6.23	$ 31.28
Per square foot per annum	$ 9.83	$ 3.74	$ 1.52	$ 6.13
Percentage of initial rent	11.8%	2.3%	2.4%	7.1%

See notes on following page.

Overview - continued

Leasing Activity - continued

(Square feet in thousands)	New York			
	Office	Retail	theMART	555 California Street
Six Months Ended June 30, 2019				
Total square feet leased	617	118	189	92
Our share of square feet leased:	505	110	189	64
Initial rent[1]	$ 78.25	$ 143.18	$ 49.41	$ 82.69
Weighted average lease term (years)	8.4	13.2	6.5	5.1
Second generation relet space:				
Square feet	391	102	187	64
GAAP basis:				
Straight-line rent[2]	$ 73.37	$ 152.41	$ 48.62	$ 85.29
Prior straight-line rent	$ 72.04	$ 118.08	$ 43.39	$ 55.25
Percentage increase	1.8%	29.1%	12.1%	54.4%
Cash basis:				
Initial rent[1]	$ 74.76	$ 138.37	$ 49.36	$ 82.69
Prior escalated rent	$ 73.22	$ 127.39	$ 46.48	$ 64.66
Percentage increase	2.1%	8.6%	6.2%	27.9%
Tenant improvements and leasing commissions:				
Per square foot	$ 82.04	$ 52.40	$ 30.58	$ 43.22
Per square foot per annum	$ 9.77	$ 3.97	$ 4.70	$ 8.47
Percentage of initial rent	12.5%	2.8%	9.5%	10.2%

(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 June 30, 2019

(Square feet in thousands)	Number of Properties	Square Feet (in service) Total Portfolio	Square Feet (in service) Our Share	Occupancy %
New York:				
Office	36	19,948	16,484	96.7%
Retail (includes retail properties that are in the base of our office properties)	71	2,577	2,104	94.7%
Residential - 1,683 units	10	1,529	796	95.9%
Alexander's, Inc. ("Alexander's") including 312 residential units	7	2,254	730	97.3%
Hotel Pennsylvania	1	1,400	1,400	
		27,708	21,514	96.5%
Other:				
theMART	3	3,693	3,684	94.8%
555 California Street	3	1,741	1,218	99.5%
Other	10	2,527	1,192	93.0%
		7,961	6,094	
Total square feet as of June 30, 2019		35,669	27,608	

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

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

Critical Accounting Policies

A summary of our critical accounting policies is included in our Annual Report on Form 10-K for the year ended December 31, 2018. For the six months ended June 30, 2019, there were no material changes to these policies, other than the adoption of the Accounting Standards Codification Topic 842, *Leases*, described in Note 3 - *Recently Issued Accounting Literature* and Note 20 - *Leases* to the unaudited consolidated financial statements in Part I, Item I of this Quarterly Report on Form 10-Q.

Recently Issued Accounting Literature

Refer to Note 3 - *Recently Issued Accounting Literature* to the unaudited consolidated financial statements in Part I, Item I of this Quarterly Report on Form 10-Q for information regarding recent accounting pronouncements that may affect us.

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

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

Below is a summary of NOI at share and NOI at share - cash basis by segment for the three months ended June 30, 2019 and 2018.

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

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

(Amounts in thousands)	For the Three Months Ended June 30, 2018		
	Total	**New York**	**Other**
Total revenues	$ 541,818	$ 458,552	$ 83,266
Operating expenses	235,981	200,903	35,078
NOI - consolidated	305,837	257,649	48,188
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(17,160)	(11,560)	(5,600)
Add: NOI from partially owned entities	65,752	49,778	15,974
NOI at share	354,429	295,867	58,562
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	(12,481)	(12,713)	232
NOI at share - cash basis	$ 341,948	$ 283,154	$ 58,794

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

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

(Amounts in thousands)	For the Three Months Ended June 30, 2019	For the Three Months Ended June 30, 2018
New York:		
Office[(1)]	$ 179,592	$ 184,867
Retail[(1)]	57,063	87,109
Residential	5,908	6,338
Alexander's	11,108	11,909
Hotel Pennsylvania	4,031	5,644
Total New York	257,702	295,867
Other:		
theMART	30,974	27,816
555 California Street	15,358	13,660
Other investments[(2)]	4,875	17,086
Total Other	51,207	58,562
NOI at share	$ 308,909	$ 354,429

(1) Reflects the transfer of 45.4% of common equity in the properties contributed to the Fifth Avenue and Times Square JV on April 18, 2019.
(2) The three months ended June 30, 2018 includes $5,135 from 666 Fifth Avenue Office Condominium (sold on August 3, 2018), $4,509 from PREIT (accounted for as a marketable security beginning March 12, 2019) and $2,893 from UE (sold on March 4, 2019).

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

(Amounts in thousands)	For the Three Months Ended June 30, 2019	For the Three Months Ended June 30, 2018
New York:		
Office[(1)]	$ 178,806	$ 180,710
Retail[(1)]	66,726	79,139
Residential	5,303	5,463
Alexander's	11,322	12,098
Hotel Pennsylvania	3,982	5,744
Total New York	266,139	283,154
Other:		
theMART	31,984	27,999
555 California Street	15,595	13,808
Other investments[(2)]	4,939	16,987
Total Other	52,518	58,794
NOI at share - cash basis	$ 318,657	$ 341,948

(1) Reflects the transfer of 45.4% of common equity in the properties contributed to the Fifth Avenue and Times Square JV on April 18, 2019.
(2) The three months ended June 30, 2018 includes $5,141 from 666 Fifth Avenue Office Condominium (sold on August 3, 2018), $4,351 from PREIT (accounted for as a marketable security beginning March 12, 2019) and $2,789 from UE (sold on March 4, 2019).

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

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

(Amounts in thousands)	For the Three Months Ended June 30,	
	2019	2018
Net income	$ 2,596,693	$ 105,338
Deduct:		
Net gain on transfer to Fifth Avenue and Times Square JV	(2,571,099)	—
Income from partially owned entities	(22,873)	(8,757)
Interest and other investment income, net	(7,840)	(30,892)
Net gains on disposition of wholly owned and partially owned assets	(111,713)	(23,559)
NOI attributable to noncontrolling interests in consolidated subsidiaries	(16,416)	(17,160)
Income from discontinued operations	(60)	(683)
Add:		
Loss from real estate fund investments	15,803	28,976
Depreciation and amortization expense	113,035	111,846
General and administrative expense	38,872	34,427
Transaction related costs, impairment losses and other	101,590	1,017
NOI from partially owned entities	82,974	65,752
Interest and debt expense	63,029	87,657
Income tax expense	26,914	467
NOI at share	308,909	354,429
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	9,748	(12,481)
NOI at share - cash basis	$ 318,657	$ 341,948

NOI At Share by Region

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

	For the Three Months Ended June 30,	
	2019	2018
Region:		
New York City metropolitan area	85%	88%
Chicago, IL	10%	8%
San Francisco, CA	5%	4%
	100%	100%

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

Revenues

Our revenues, which consist of rental revenues and fee and other income, were $463,103,000 for the three months ended June 30, 2019 compared to $541,818,000 for the prior year's quarter, a decrease of $78,715,000. Below are the details of the (decrease) increase by segment:

(Amounts in thousands)	Total	New York	Other
(Decrease) increase due to:			
Rental revenues:			
Acquisitions, dispositions and other	$ (8,679)	$ (8,621) [(1)]	$ (58)
Development and redevelopment	(2,978)	(3,072)	94
Hotel Pennsylvania	(1,493)	(1,493)	—
Trade shows	355	—	355
Properties transferred to Fifth Avenue and Times Square JV	(62,630)	(62,630)	—
Same store operations	(6,183)	(9,313) [(2)]	3,130
	(81,608)	(85,129)	3,521
Fee and other income:			
BMS cleaning fees	1,703	1,537	166
Management and leasing fees	1,393	1,608	(215)
Properties transferred to Fifth Avenue and Times Square JV	(232)	(232)	—
Other income	29	45	(16)
	2,893	2,958	(65)
Total (decrease) increase in revenues	$ (78,715)	$ (82,171)	$ 3,456

(1) Primarily due to reduction in income from the non-cash write-off of straight-line rent receivables in the second quarter of 2019 of (i) $7,232 related to Topshop at 608 Fifth Avenue and (ii) $1,834 related to J. Crew at 770 Broadway for the space which has been re-leased to Facebook.

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

Expenses

Our expenses, which consist of operating, depreciation and amortization, general and administrative, expense from deferred compensation plan liability, and transaction related costs, impairment loss and other, were $475,564,000 for the three months ended June 30, 2019, compared to $385,348,000 for the prior year's quarter, an increase of $90,216,000. Below are the details of the increase (decrease) by segment:

(Amounts in thousands)	Total	New York	Other
Increase (decrease) due to:			
Operating:			
Acquisitions, dispositions and other	$ 550	$ 550	$ —
Development and redevelopment	(59)	(250)	191
Non-reimbursable expenses	(4,181)	(3,155)	(1,026)
Hotel Pennsylvania	124	124	—
Trade shows	353	—	353
BMS expenses	933	933	—
Properties transferred to Fifth Avenue and Times Square JV	(15,718)	(15,718)	—
Same store operations	2,769	4,432	(1,663)
	(15,229)	(13,084)	(2,145)
Depreciation and amortization:			
Acquisitions, dispositions and other	1,864	1,864	—
Development and redevelopment	(2,908)	(2,951)	43
Properties transferred to Fifth Avenue and Times Square JV	(16,051)	(16,051)	—
Same store operations	18,284	17,007	1,277
	1,189	(131)	1,320
General and administrative	4,445 [(1)]	6,539	(2,094)
Expense from deferred compensation plan liability	(762)	—	(762)
Transaction related costs, impairment losses and other	100,573	101,360 [(2)]	(787)
Total increase in expenses	$ 90,216	$ 94,684	$ (4,468)

(1) Primarily due to $5,645 of non-cash stock-based compensation expense in the second quarter of 2019 for the time-based equity compensation granted in connection with the previously announced new leadership group (additional non-cash expense associated with these awards will be $2,401 in each of the next two quarters, $9,603 in each of 2020 and 2021, $7,718 in 2022 and $2,655 in 2023), partially offset by lower non-cash stock-based compensation expense of $2,578 for the accelerated vesting of previously issued OP Units and Vornado restricted stock in the first quarter of 2019 due to the removal of the time-based vesting requirement to participants who have reached 65 years of age.

(2) Non-cash impairment losses, substantially 608 Fifth Avenue.

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

Income from Partially Owned Entities

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

(Amounts in thousands)	Ownership Percentage at June 30, 2019	For the Three Months Ended June 30,	
		2019	2018
Our share of net income (loss):			
Fifth Avenue and Times Square JV[1]:			
Equity in net income	51.5%	$ 11,217	$ —
Return on preferred equity, net of our share of the expense		8,586	—
		19,803	—
Alexander's	32.4%	4,719	7,167
Partially owned office buildings[2]	Various	(1,451)	2,002
Other investments[3]	Various	(198)	(412)
		$ 22,873	$ 8,757

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

(2) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 7 West 34th Street, 330 Madison Avenue (sold on July 11, 2019), 512 West 22nd Street, 85 Tenth Avenue and others. The three months ended June 30, 2019 includes a $1,079 reduction in income from the non-cash write-off of straight-line rent receivable related to The Four Seasons Restaurant at 280 Park Avenue.

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

(Loss) Income from Real Estate Fund Investments

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

(Amounts in thousands)	For the Three Months Ended June 30,	
	2019	2018
Net investment income	$ 459	$ 539
Net unrealized loss on held investments	(16,262)	(29,513)
Net realized loss on exited investments	—	(2)
Loss from real estate fund investments	(15,803)	(28,976)
Less (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(4,955)	29,527
(Loss) income from real estate fund investments attributable to the Operating Partnership	(20,758)	551
Less loss (income) attributable to noncontrolling interests in the Operating Partnership	1,316	(34)
(Loss) income from real estate fund investments attributable to Vornado	$ (19,442)	$ 517

Interest and Other Investment Income, net

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

(Amounts in thousands)	For the Three Months Ended June 30,	
	2019	2018
Interest on cash and cash equivalents and restricted cash	$ 2,626	$ 4,487
Interest on loans receivable[1]	1,635	6,205
Dividends on marketable securities	1,313	3,353
Increase in fair value of marketable securities	1,312	15,884
Other, net	954	963
	$ 7,840	$ 30,892

(1) 2018 includes $5,457 of income from profit participation on the April 2018 sale of 701 Seventh Avenue. We received this income in connection with our 25% participation in an October 2012, $137,500 mezzanine loan, which was repaid in January 2014.

Interest and Debt Expense

Interest and debt expense for the three months ended June 30, 2019 was $63,029,000 compared to $87,657,000 for the prior year's quarter, a decrease of $24,628,000.This decrease was primarily due to (i) $9,386,000 of lower interest expense resulting from the deconsolidation of mortgages payable of the properties contributed to Fifth Avenue and Times Square JV, (ii) $7,197,000 of lower interest expense resulting from paydowns of the 220 CPS loan (iii) $4,265,000 lower capital lease interest and (iv) $3,058,000 higher capitalized interest and debt expense, partially offset by (v) $2,728,000 of higher interest expense resulting from higher average interest rates on our variable rate loans.

Net Gain on Transfer to Fifth Avenue and Times Square JV

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

Net Gains on Disposition of Wholly Owned and Partially Owned Assets

Net gains on disposition of wholly owned and partially owned assets for the three months ended June 30, 2019 were $111,713,000 compared to $23,559,000 for the prior year's quarter, an increase of $88,154,000. This increase was due to (i) $111,713,000 of net gains on sale of 220 CPS condominium units in 2019, partially offset by (ii) a $23,559,000 net gain on sale of 27 Washington Square North in 2018.

Income Tax Expense

Income tax expense for the three months ended June 30, 2019 was $26,914,000 compared to $467,000 for the prior year's quarter, an increase of $26,447,000. This increase resulted primarily from $22,792,000 of income tax expense on the sale of 220 CPS condominium units in the three months ended June 30, 2019.

Income from Discontinued Operations

Income from discontinued operations for the three months ended June 30, 2019 was $60,000 compared to $683,000 for the prior year's quarter, a decrease of $623,000.

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

Net income attributable to noncontrolling interests in consolidated subsidiaries was $21,451,000 for the three months ended June 30, 2019, compared to a loss of $26,175,000 for the prior year's quarter, an increase in income of $47,626,000. This increase resulted primarily from (i) $34,482,000 increase from the lower net loss subject to allocation to the noncontrolling interest of our real estate fund, and (ii) $11,945,000 resulting from the net gain on transfer to Fifth Avenue and Times Square JV attributable to noncontrolling interests in the three months ended June 30, 2019.

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

Net income attributable to noncontrolling interests in the Operating Partnership was $162,515,000 for the three months ended June 30, 2019, compared to $7,445,000 for the prior year's quarter, an increase of $155,070,000. This increase resulted primarily from higher net income subject to allocation to unitholders.

Preferred Share Dividends of Vornado Realty Trust

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

Preferred Unit Distributions of Vornado Realty L.P.

Preferred unit distributions were $12,573,000 for the three months ended June 30, 2019, compared to $12,582,000 for the prior year's quarter, a decrease of $9,000.

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

Same Store Net Operating Income At Share

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

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

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
NOI at share for the three months ended June 30, 2019	$ 308,909	$ 257,702	$ 30,974	$ 15,358	$ 4,875
Less NOI at share from:					
Acquisitions	8	8	—	—	—
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(5,479)	(5,479)	—	—	—
Dispositions	(50)	(50)	—	—	—
Development properties	(11,392)	(11,392)	—	—	—
Lease termination income, net of write-offs of straight-line receivables and acquired below-market leases, net	2,979	2,979	—	—	—
Other non-same store expense (income), net	85	4,984	(98)	74	(4,875)
Same store NOI at share for the three months ended June 30, 2019	$ 295,060	$ 248,752	$ 30,876	$ 15,432	$ —
NOI at share for the three months ended June 30, 2018	$ 354,429	$ 295,867	$ 27,816	$ 13,660	$ 17,086
Less NOI at share from:					
Acquisitions	(3)	(3)	—	—	—
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(26,365)	(26,365)	—	—	—
Dispositions	(309)	(309)	—	—	—
Development properties	(16,451)	(16,451)	—	—	—
Lease termination income, net of write-offs of straight-line receivables and acquired below-market leases, net	1,984	1,984	—	—	—
Other non-same store income, net	(21,689)	(4,323)	(280)	—	(17,086)
Same store NOI at share for the three months ended June 30, 2018	$ 291,596	$ 250,400	$ 27,536	$ 13,660	$ —
Increase (decrease) in same store NOI at share for the three months ended June 30, 2019 compared to June 30, 2018	$ 3,464	$ (1,648)	$ 3,340	$ 1,772	$ —
% increase (decrease) in same store NOI at share	1.2%	(0.7)% (1)	12.1%	13.0%	—%

(1) Excluding Hotel Pennsylvania, same store NOI at share was flat.

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

Same Store Net Operating Income At Share - continued

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

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
NOI at share - cash basis for the three months ended June 30, 2019	$ 318,657	$ 266,139	$ 31,984	$ 15,595	$ 4,939
Less NOI at share - cash basis from:					
Acquisitions	8	8	—	—	—
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(5,183)	(5,183)	—	—	—
Dispositions	(50)	(50)	—	—	—
Development properties	(13,005)	(13,005)	—	—	—
Lease termination income	(1,606)	(1,606)	—	—	—
Other non-same store income, net	(9,740)	(4,703)	(98)	—	(4,939)
Same store NOI at share - cash basis for the three months ended June 30, 2019	$ 289,081	$ 241,600	$ 31,886	$ 15,595	$ —
NOI at share - cash basis for the three months ended June 30, 2018	$ 341,948	$ 283,154	$ 27,999	$ 13,808	$ 16,987
Less NOI at share - cash basis from:					
Acquisitions	(3)	(3)	—	—	—
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(24,732)	(24,732)	—	—	—
Dispositions	(240)	(240)	—	—	—
Development properties	(17,489)	(17,489)	—	—	—
Lease termination income	—	—	—	—	—
Other non-same store income, net	(22,345)	(4,960)	(398)	—	(16,987)
Same store NOI at share - cash basis for the three months ended June 30, 2018	$ 277,139	$ 235,730	$ 27,601	$ 13,808	$ —
Increase in same store NOI at share - cash basis for the three months ended June 30, 2019 compared to June 30, 2018	$ 11,942	$ 5,870	$ 4,285	$ 1,787	$ —
% increase in same store NOI at share - cash basis	4.3%	2.5% (1)	15.5%	12.9%	—%

(1) Excluding Hotel Pennsylvania, same store NOI at share - cash basis increased by 3.3%.

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

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

Below is a summary of NOI at share and NOI at share - cash basis by segment for the six months ended June 30, 2019 and 2018.

(Amounts in thousands)	For the Six Months Ended June 30, 2019		
	Total	**New York**[1]	**Other**
Total revenues	$ 997,771	$ 819,666	$ 178,105
Operating expenses	467,647	385,914	81,733
NOI - consolidated	530,124	433,752	96,372
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(33,819)	(21,437)	(12,382)
Add: NOI from partially owned entities	150,376	128,745	21,631
NOI at share	646,681	541,060	105,621
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	4,567	1,819	2,748
NOI at share - cash basis	$ 651,248	$ 542,879	$ 108,369

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

(Amounts in thousands)	For the Six Months Ended June 30, 2018		
	Total	**New York**	**Other**
Total revenues	$ 1,078,255	$ 907,036	$ 171,219
Operating expenses	473,583	398,819	74,764
NOI - consolidated	604,672	508,217	96,455
Deduct: NOI attributable to noncontrolling interests in consolidated subsidiaries	(34,472)	(23,305)	(11,167)
Add: NOI from partially owned entities	133,265	99,551	33,714
NOI at share	703,465	584,463	119,002
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	(30,429)	(30,036)	(393)
NOI at share - cash basis	$ 673,036	$ 554,427	$ 118,609

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

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

(Amounts in thousands)	For the Six Months Ended June 30,	
	2019	2018
New York:		
Office[1]	$ 363,132	$ 372,023
Retail [1]	145,330	175,018
Residential	11,953	12,479
Alexander's	22,430	23,484
Hotel Pennsylvania	(1,785)	1,459
Total New York	541,060	584,463
Other:		
theMART	54,497	54,691
555 California Street	29,859	27,171
Other investments[2]	21,265	37,140
Total Other	105,621	119,002
NOI at share	$ 646,681	$ 703,465

(1) Reflects the transfer of 45.4% of common equity in the properties contributed to the Fifth Avenue and Times Square JV on April 18, 2019.
(2) The six months ended June 30, 2018 includes $10,408 from 666 Fifth Avenue Office Condominium (sold on August 3, 2018), $10,230 from PREIT (accounted for as a marketable security beginning March 12, 2019) and $5,765 from UE (sold on March 4, 2019).

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

(Amounts in thousands)	For the Six Months Ended June 30,	
	2019	2018
New York:		
Office[1]	$ 363,176	$ 358,909
Retail[1]	147,662	158,728
Residential	11,074	11,062
Alexander's	22,849	24,137
Hotel Pennsylvania	(1,882)	1,591
Total New York	542,879	554,427
Other:		
theMART	56,896	55,078
555 California Street	30,340	26,634
Other investments[2]	21,133	36,897
Total Other	108,369	118,609
NOI at share - cash basis	$ 651,248	$ 673,036

(1) Reflects the transfer of 45.4% of common equity in the properties contributed to the Fifth Avenue and Times Square JV on April 18, 2019.
(2) The six months ended June 30, 2018 includes $10,321 from 666 Fifth Avenue Office Condominium (sold on August 3, 2018), $9,998 from PREIT (accounted for as a marketable security beginning March 12, 2019) and $5,555 from UE (sold on March 4, 2019).

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

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

(Amounts in thousands)	For the Six Months Ended June 30,	
	2019	2018
Net income	$ 2,809,737	$ 105,620
Deduct:		
Net gain on transfer to Fifth Avenue and Times Square JV	(2,571,099)	—
(Income) loss from partially owned entities	(30,193)	1,147
Interest and other investment income, net	(12,885)	(6,508)
Net gains on disposition of wholly owned and partially owned assets	(332,007)	(23,559)
NOI attributable to noncontrolling interests in consolidated subsidiaries	(33,819)	(34,472)
Loss (income) from discontinued operations	77	(320)
Add:		
Loss from real estate fund investments	15,970	37,783
Depreciation and amortization expense	229,744	220,532
General and administrative expense	96,892	76,960
Transaction related costs, impairment losses and other	101,739	14,173
NOI from partially owned entities	150,376	133,265
Interest and debt expense	165,492	175,823
Income tax expense	56,657	3,021
NOI at share	646,681	703,465
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net and other	4,567	(30,429)
NOI at share - cash basis	$ 651,248	$ 673,036

NOI At Share by Region

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

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

Results of Operations – Six Months Ended June 30, 2019 Compared to June 30, 2018

Revenues

Our revenues, which consist of rental revenues and fee and other income, were $997,771,000 for the six months ended June 30, 2019, compared to $1,078,255,000 for the prior year's six months, a decrease of $80,484,000. Below are the details of the (decrease) increase by segment:

(Amounts in thousands)	Total	New York	Other
(Decrease) increase due to:			
Rental revenues:			
Acquisitions, dispositions and other	$ (10,631)	$ (10,585) (1)	$ (46)
Development and redevelopment	(4,771)	(4,931)	160
Hotel Pennsylvania	(3,362)	(3,362)	—
Trade shows	(1,720)	—	(1,720)
Properties transferred to Fifth Avenue and Times Square JV	(62,630)	(62,630)	—
Same store operations	963	(9,820) (2)	10,783
	(82,151)	(91,328)	9,177
Fee and other income:			
BMS cleaning fees	3,133	3,141	(8)
Management and leasing fees	1,266	1,778	(512)
Properties transferred to Fifth Avenue and Times Square JV	(232)	(232)	—
Other income	(2,500)	(729)	(1,771)
	1,667	3,958	(2,291)
Total (decrease) increase in revenues	$ (80,484)	$ (87,370)	$ 6,886

(1) Primarily due to reduction in income from the non-cash write-off of straight-line rent receivables in the second quarter of 2019 of (i) $7,232 related to Topshop at 608 Fifth Avenue and (ii) $2,573 related to J. Crew at 770 Broadway for the space which has been re-leased to Facebook.

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

Results of Operations – Six Months Ended June 30, 2019 Compared to June 30, 2018 - continued

Expenses

Our expenses, which consist of operating, depreciation and amortization, general and administrative, expense from deferred compensation plan liability, and transaction related costs, impairment loss and other, were $902,770,000 for the six months ended June 30, 2019, compared to $786,921,000 for the prior year's six months, an increase of $115,849,000. Below are the details of the increase by segment:

(Amounts in thousands)	Total	New York	Other
Increase (decrease) due to:			
Operating:			
Acquisitions, dispositions and other	$ 836	$ 836	$ —
Development and redevelopment	(644)	(1,012)	368
Non-reimbursable expenses	(7,773)	(6,967)	(806)
Hotel Pennsylvania	(108)	(108)	—
Trade shows	493	—	493
BMS expenses	2,629	2,629	—
Properties transferred to Fifth Avenue and Times Square JV	(15,718)	(15,718)	—
Same store operations	14,349	7,435	6,914
	(5,936)	(12,905)	6,969
Depreciation and amortization:			
Acquisitions, dispositions and other	1,936	1,936	—
Development and redevelopment	(4,602)	(4,662)	60
Properties transferred to Fifth Avenue and Times Square JV	(16,051)	(16,051)	—
Same store operations	27,929	26,307	1,622
	9,212	7,530	1,682
General and administrative	19,932 (1)	11,987	7,945
Expense from deferred compensation plan liability	5,075	—	5,075
Transaction related costs, impairment losses and other	87,566	88,257 (2)	(691)
Total increase in expenses	$ 115,849	$ 94,869	$ 20,980

(1) 2019 includes (i) $13,633 of non-cash stock-based compensation expense for the accelerated vesting of previously issued OP Units and Vornado restricted stock due to the removal of the time-based vesting requirement to participants who have reached 65 years of age, and (ii) $5,645 of non-cash stock-based compensation expense for the time-based equity compensation granted in connection with the previously announced new leadership group (additional non-cash expense associated with these awards will be $2,401 in each of the next two quarters, $9,603 in each of 2020 and 2021, $7,718 in 2022 and $2,655 in 2023),

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

Results of Operations – Six Months Ended June 30, 2019 Compared to June 30, 2018 - continued

Income (Loss) from Partially Owned Entities

Below are the components of income (loss) from partially owned entities for the six months ended June 30, 2019 and 2018.

(Amounts in thousands)	Percentage Ownership at June 30, 2019	For the Six Months Ended June 30, 2019	2018
Our share of net income (loss):			
Fifth Avenue and Times Square JV[1]:			
Equity in net income	51.5%	$ 11,217	$ —
Return on preferred equity, net of our share of the expense		8,586	—
		19,803	—
Alexander's[2]	32.4%	11,493	5,166
Partially owned office buildings[3]	Various	(1,345)	(2,281)
Other investments[4]	Various	242	(4,032)
		$ 30,193	$ (1,147)

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

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

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

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

Loss from Real Estate Fund Investments

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

(Amounts in thousands)	For the Six Months Ended June 30, 2019	2018
Net investment income	$ 192	$ 3,273
Net unrealized loss on held investments	(16,162)	(29,513)
Net realized loss on exited investments	—	(913)
Transfer Tax	—	(10,630)
Loss from real estate fund investments	(15,970)	(37,783)
Less (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(7,692)	34,896
Loss from real estate fund investments attributable to the Operating Partnership	(23,662)	(2,887)
Less loss attributable to noncontrolling interests in the Operating Partnership	1,498	178
Loss from real estate fund investments attributable to Vornado	$ (22,164)	$ (2,709)

Results of Operations – Six Months Ended June 30, 2019 Compared to June 30, 2018 - continued

Interest and Other Investment Income, net

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

(Amounts in thousands)	For the Six Months Ended June 30,	
	2019	2018
Interest on cash and cash equivalents and restricted cash	$ 4,693	$ 8,044
Interest on loans receivable(1)	3,241	6,948
Increase (decrease) in fair value of marketable securities(2)	1,773	(17,102)
Dividends on marketable securities	1,313	6,706
Other, net	1,865	1,912
	$ 12,885	$ 6,508

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(1) 2018 includes $5,457 of income from profit participation on the April 2018 sale of 701 Seventh Avenue. We received this income in connection with our 25% participation in an October 2012, $137,500 mezzanine loan, which was repaid in January 2014.

(2) 2019 includes a $16,068 mark-to-market increase in fair value of our Lexington common shares through March 1, 2019, the date of sale of our investment, partially offset by a $14,336 decrease in the value of our investment in PREIT.

Interest and Debt Expense

Interest and debt expense was $165,492,000 for the six months ended June 30, 2019, compared to $175,823,000 for the prior year's six months, a decrease of $10,331,000. This decrease was primarily due to (i) $11,657,000 higher capitalized interest and debt expense, (ii) $11,050,000 of lower interest expense resulting from paydowns of the 220 CPS loan, (iii) $9,386,000 of lower interest expense resulting from the deconsolidation of mortgages payable of the properties contributed to Fifth Avenue and Times Square JV, and (iv) $8,905,000 lower capital lease interest, partially offset by (v) $22,540,000 of debt prepayment costs relating to redemption of our $400,000,000 5.00% senior unsecured notes, and (vi) $6,662,000 of higher interest expense resulting from higher average interest rates on our variable rate loans.

Net Gain on Transfer to Fifth Avenue and Times Square JV

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

Net Gains on Disposition of Wholly Owned and Partially Owned Assets

Net gains on disposition of wholly owned and partially owned assets for the six months ended June 30, 2019 were $332,007,000 compared to $23,559,000 for the prior year's six months, an increase of $308,448,000. This increase was due to $269,612,000 of net gains on sale of 220 CPS condominium units in 2019, and (ii) a $62,395,000 net gain from the sale of all our UE partnership units in the first quarter of 2019, partially offset by (iii) a $23,559,000 net gain on sale of 27 Washington Square North in the second quarter of 2018.

Income Tax Expense

Income tax expense for the six months ended June 30, 2019 was $56,657,000 compared to $3,021,000 for the prior year's six months, an increase of $53,636,000. This increase resulted primarily from $49,737,000 of income tax expense on the sale of 220 CPS condominium units.

Loss (Income) from Discontinued Operations

Loss from discontinued operations for the six months ended June 30, 2019 was $77,000 compared to income of $320,000 for the prior year's six months, a decrease in income of $397,000.

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

Net income attributable to noncontrolling interests in consolidated subsidiaries was $28,271,000 for the six months ended June 30, 2019, compared to a loss of $34,449,000 for the prior year's six months, an increase in income of $62,720,000. This increase resulted primarily from (i) $42,588,000 increase from the lower net loss subject to allocation to the noncontrolling interest of our real estate fund, (ii) $11,945,000 resulting from the net gain on transfer to Fifth Avenue and Times Square JV attributable to noncontrolling interests in the six months ended June 30, 2019 and (iii) $6,538,000 of disputed additional Transfer Tax allocated to noncontrolling interests related to the December 2012 acquisition of Independence Plaza in the six months ended June 30, 2018.

Results of Operations – Six Months Ended June 30, 2019 Compared to June 30, 2018 - continued

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

Net income attributable to noncontrolling interests in the Operating Partnership was $174,717,000 for the six months ended June 30, 2019, compared to $6,321,000 for the prior year's six months, an increase of $168,396,000. The increase resulted primarily from higher net income subject to allocation to Class A unitholders due to the net gain on transfer to Fifth Avenue and Times Square JV.

Preferred Share Dividends of Vornado Realty Trust

Preferred share dividends were $25,066,000 for the six months ended June 30, 2019, compared to $25,569,000 for the prior year's six months, a decrease of $503,000.

Preferred Unit Distributions of Vornado Realty L.P.

Preferred unit distributions were $25,148,000 for the six months ended June 30, 2019, compared to $25,666,000 for the prior year's six months, a decrease of $518,000.

Preferred Share/Unit Issuance Costs

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

Same Store Net Operating Income At Share

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

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
NOI at share for the six months ended June 30, 2019	$ 646,681	$ 541,060	$ 54,497	$ 29,859	$ 21,265
Less NOI at share from:					
Acquisitions	(219)	(219)	—	—	—
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(5,479)	(5,479)	—	—	—
Dispositions	(47)	(47)	—	—	—
Development properties	(23,101)	(23,101)	—	—	—
Lease termination income, net of write-offs of straight-line receivables and acquired below-market leases, net	4,881	4,881	—	—	—
Other non-same store (income) expense, net	(18,697)	4,424	(1,930)	74	(21,265)
Same store NOI at share for the six months ended June 30, 2019	$ 604,019	$ 521,519	$ 52,567	$ 29,933	$ —
NOI at share for the six months ended June 30, 2018	$ 703,465	$ 584,463	$ 54,691	$ 27,171	$ 37,140
Less NOI at share from:					
Acquisitions	(124)	(124)	—	—	—
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(26,365)	(26,365)	—	—	—
Dispositions	(371)	(371)	—	—	—
Development properties	(30,138)	(30,138)	—	—	—
Lease termination income, net of write-offs of straight-line receivables and acquired below-market leases, net	857	857	—	—	—
Other non-same store income, net	(46,492)	(4,873)	(4,479)	—	(37,140)
Same store NOI at share for the six months ended June 30, 2018	$ 600,832	$ 523,449	$ 50,212	$ 27,171	$ —
Increase (decrease) in same store NOI at share for the six months ended June 30, 2019 compared to June 30, 2018	$ 3,187	$ (1,930)	$ 2,355	$ 2,762	$ —
% increase (decrease) in same store NOI at share	0.5%	(0.4)% (1)	4.7%	10.2%	—%

(1) Excluding Hotel Pennsylvania, same store NOI at share increased by 0.3%.

Same Store Net Operating Income At Share - continued

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

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
NOI at share - cash basis for the six months ended June 30, 2019	$ 651,248	$ 542,879	$ 56,896	$ 30,340	$ 21,133
Less NOI at share - cash basis from:					
Acquisitions	(220)	(220)	—	—	—
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(5,183)	(5,183)	—	—	—
Dispositions	(47)	(47)	—	—	—
Development properties	(27,291)	(27,291)	—	—	—
Lease termination income	(2,035)	(2,035)	—	—	—
Other non-same store income, net	(28,326)	(5,264)	(1,929)	—	(21,133)
Same store NOI at share - cash basis for the six months ended June 30, 2019	$ 588,146	$ 502,839	$ 54,967	$ 30,340	$ —
NOI at share - cash basis for the six months ended June 30, 2018	$ 673,036	$ 554,427	$ 55,078	$ 26,634	$ 36,897
Less NOI at share - cash basis from:					
Acquisitions	(124)	(124)	—	—	—
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(24,732)	(24,732)	—	—	—
Dispositions	(306)	(306)	—	—	—
Development properties	(32,434)	(32,434)	—	—	—
Lease termination income	(1,061)	(1,061)	—	—	—
Other non-same store income, net	(47,004)	(5,509)	(4,598)	—	(36,897)
Same store NOI at share - cash basis for the six months ended June 30, 2018	$ 567,375	$ 490,261	$ 50,480	$ 26,634	$ —
Increase in same store NOI at share - cash basis for the six months ended June 30, 2019 compared to June 30, 2018	$ 20,771	$ 12,578	$ 4,487	$ 3,706	$ —
% increase in same store NOI at share - cash basis	3.7%	2.6% (1)	8.9%	13.9%	—%

(1) Excluding Hotel Pennsylvania, same store NOI at share - cash basis increased by 3.3%.

SUPPLEMENTAL INFORMATION

Net Operating Income At Share by Segment for the Three Months Ended June 30, 2019 and March 31, 2019

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

Below is a summary of NOI at share and NOI at share - cash basis by segment for the three months ended June 30, 2019 and March 31, 2019.

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

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

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

SUPPLEMENTAL INFORMATION - CONTINUED

Net Operating Income At Share by Segment for the Three Months Ended June 30, 2019 and March 31, 2019 - continued

The elements of our New York and Other NOI at share for the three months ended June 30, 2019 and March 31, 2019 are summarized below.

(Amounts in thousands)	For the Three Months Ended	
	June 30, 2019	March 31, 2019
New York:		
Office[(1)]	$ 179,592	$ 183,540
Retail[(1)]	57,063	88,267
Residential	5,908	6,045
Alexander's	11,108	11,322
Hotel Pennsylvania	4,031	(5,816)
Total New York	257,702	283,358
Other:		
theMART	30,974	23,523
555 California Street	15,358	14,501
Other investments[(2)]	4,875	16,390
Total Other	51,207	54,414
NOI at share	$ 308,909	$ 337,772

(1) Reflects the transfer of 45.4% of common equity in the properties contributed to the Fifth Avenue and Times Square JV on April 18, 2019.
(2) The three months ended March 31, 2019 includes $9,824 from PREIT (accounted for as a marketable security beginning March 12, 2019) and $4,902 from UE (sold on March 4, 2019).

The elements of our New York and Other NOI at share - cash basis for the three months ended June 30, 2019 and March 31, 2019 are summarized below.

(Amounts in thousands)	For the Three Months Ended	
	June 30, 2019	March 31, 2019
New York:		
Office[(1)]	$ 178,806	$ 184,370
Retail[(1)]	66,726	80,936
Residential	5,303	5,771
Alexander's	11,322	11,527
Hotel Pennsylvania	3,982	(5,864)
Total New York	266,139	276,740
Other:		
theMART	31,984	24,912
555 California Street	15,595	14,745
Other investments[(2)]	4,939	16,194
Total Other	52,518	55,851
NOI at share - cash basis	$ 318,657	$ 332,591

(1) Reflects the transfer of 45.4% of common equity in the properties contributed to the Fifth Avenue and Times Square JV on April 18, 2019.
(2) The three months ended March 31, 2019 includes $9,774 from PREIT (accounted for as a marketable security beginning March 12, 2019) and $4,638 from UE (sold on March 4, 2019).

SUPPLEMENTAL INFORMATION - CONTINUED

Reconciliation of Net Income to Net Operating Income At Share for the Three Months Ended June 30, 2019 and March 31, 2019

(Amounts in thousands)	For the Three Months Ended	
	June 30, 2019	March 31, 2019
Net income	$ 2,596,693	$ 213,044
Deduct:		
Net gain on transfer to Fifth Avenue and Times Square JV	(2,571,099)	—
Income from partially owned entities	(22,873)	(7,320)
Interest and other investment income, net	(7,840)	(5,045)
Net gains on disposition of wholly owned and partially owned assets	(111,713)	(220,294)
NOI attributable to noncontrolling interests in consolidated subsidiaries	(16,416)	(17,403)
(Income) loss from discontinued operations	(60)	137
Add:		
Loss from real estate fund investments	15,803	167
Depreciation and amortization expense	113,035	116,709
General and administrative expense	38,872	58,020
Transaction related costs, impairment losses and other	101,590	149
NOI from partially owned entities	82,974	67,402
Interest and debt expense	63,029	102,463
Income tax expense	26,914	29,743
NOI at share	308,909	337,772
Non-cash adjustments for straight-line rents, amortization of acquired below-market leases, net, and other	9,748	(5,181)
NOI at share - cash basis	$ 318,657	$ 332,591

SUPPLEMENTAL INFORMATION - CONTINUED

Three Months Ended June 30, 2019 Compared to March 31, 2019

Same Store Net Operating Income At Share

Below are reconciliations of NOI at share to same store NOI at share for our New York segment, theMART, 555 California Street and other investments for the three months ended June 30, 2019 compared to March 31, 2019.

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
NOI at share for the three months ended June 30, 2019	$ 308,909	$ 257,702	$ 30,974	$ 15,358	$ 4,875
Less NOI at share from:					
Acquisitions	(5)	(5)	—	—	—
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(5,479)	(5,479)	—	—	—
Dispositions	(50)	(50)	—	—	—
Development properties	(11,392)	(11,392)	—	—	—
Lease termination income, net of write-offs of straight-line receivables and acquired below-market leases, net	2,979	2,979	—	—	—
Other non-same store expense (income), net	85	4,984	(98)	74	(4,875)
Same store NOI at share for the three months ended June 30, 2019	$ 295,047	$ 248,739	$ 30,876	$ 15,432	$ —
NOI at share for the three months ended March 31, 2019	$ 337,772	$ 283,358	$ 23,523	$ 14,501	$ 16,390
Less NOI at share from:					
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(30,292)	(30,292)	—	—	—
Dispositions	3	3	—	—	—
Development properties	(11,460)	(11,460)	—	—	—
Lease termination income, net of write-offs of straight-line receivables and acquired below-market leases, net	1,902	1,902	—	—	—
Other non-same store income, net	(22,743)	(4,522)	(1,831)	—	(16,390)
Same store NOI at share for the three months ended March 31, 2019	$ 275,182	$ 238,989	$ 21,692	$ 14,501	$ —
Increase in same store NOI at share for the three months ended June 30, 2019 compared to March 31, 2019	$ 19,865	$ 9,750	$ 9,184	$ 931	$ —
% increase in same store NOI at share	7.2%	4.1% (1)	42.3%	6.4%	—%

(1) Excluding Hotel Pennsylvania, same store NOI at share was flat.

SUPPLEMENTAL INFORMATION - CONTINUED

Three Months Ended June 30, 2019 Compared to March 31, 2019 - continued

Same Store Net Operating Income At Share - continued

Below are reconciliations of NOI at share - cash basis to same store NOI at share - cash basis for our New York segment, theMART, 555 California Street and other investments for the three months ended June 30, 2019 compared to March 31, 2019.

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
NOI at share - cash basis for the three months ended June 30, 2019	$ 318,657	$ 266,139	$ 31,984	$ 15,595	$ 4,939
Less NOI at share - cash basis from:					
Acquisitions	(5)	(5)	—	—	—
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(5,183)	(5,183)	—	—	—
Dispositions	(50)	(50)	—	—	—
Development properties	(13,005)	(13,005)	—	—	—
Lease termination income	(1,606)	(1,606)	—	—	—
Other non-same store income, net	(9,740)	(4,703)	(98)	—	(4,939)
Same store NOI at share - cash basis for the three months ended June 30, 2019	$ 289,068	$ 241,587	$ 31,886	$ 15,595	$ —
NOI at share - cash basis for the three months ended March 31, 2019	$ 332,591	$ 276,740	$ 24,912	$ 14,745	$ 16,194
Less NOI at share - cash basis from:					
Change in ownership interests in properties contributed to Fifth Avenue and Times Square JV	(27,722)	(27,722)	—	—	—
Dispositions	2	2	—	—	—
Development properties	(14,184)	(14,184)	—	—	—
Lease termination income	(429)	(429)	—	—	—
Other non-same store income, net	(23,406)	(5,381)	(1,831)	—	(16,194)
Same store NOI at share - cash basis for the three months ended March 31, 2019	$ 266,852	$ 229,026	$ 23,081	$ 14,745	$ —
Increase in same store NOI at share - cash basis for the three months ended June 30, 2019 compared to March 31, 2019	$ 22,216	$ 12,561	$ 8,805	$ 850	$ —
% increase in same store NOI at share - cash basis	8.3%	5.5% (1)	38.1%	5.8%	—%

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

Liquidity and Capital Resources

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

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

We expect to generate net cash of approximately $2 billion resulting from the sales of 100% of the 220 CPS condominium units, including $1 billion of after-tax net gain, of which $287,211,000 was recognized in our consolidated statements of income from inception to June 30, 2019.

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

Cash Flows for the Six Months Ended June 30, 2019 and 2018

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

(Amounts in thousands)	For the Six Months Ended June 30,		Increase (Decrease) in Cash Flow
	2019	2018	
Net cash provided by operating activities	$ 292,852	$ 241,260	$ 51,592
Net cash provided by (used in) investing activities	2,113,511	(254,906)	2,368,417
Net cash used in financing activities	(2,046,358)	(689,207)	(1,357,151)

Cash and cash equivalents and restricted cash was $1,076,910,000 at June 30, 2019, a $360,005,000 increase from the balance at December 31, 2018.

Net cash provided by operating activities of $292,852,000 for the six months ended June 30, 2019 was comprised of $340,258,000 of cash from operations, including distributions of income from partially owned entities of $31,820,000, and a net decrease of $47,406,000 in cash due to the timing of cash receipts and payments related to changes in operating assets and liabilities.

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

(Amounts in thousands)	For the Six Months Ended June 30,		Increase (Decrease) in Cash Flow
	2019	2018	
Proceeds from transfer of interest in Fifth Avenue and Times Square JV (net of $35,562 of transaction costs and $10,899 of deconsolidated cash and restricted cash)	$ 1,255,756	$ —	$ 1,255,756
Proceeds from sale of condominium units at 220 Central Park South	690,734	—	690,734
Proceeds from redemption of 640 Fifth Avenue preferred equity	500,000	—	500,000
Development costs and construction in progress	(289,532)	(185,039)	(104,493)
Moynihan Train Hall expenditures	(205,783)	—	(205,783)
Proceeds from sales of marketable securities	167,852	—	167,852
Additions to real estate	(120,060)	(113,300)	(6,760)
Proceeds from sale of real estate and related investments	108,512	44,599	63,913
Distributions of capital from partially owned entities	24,880	81,997	(57,117)
Investments in partially owned entities	(15,588)	(26,663)	11,075
Acquisitions of real estate and other	(3,260)	(56,500)	53,240
Net cash provided by (used in) investing activities	$ 2,113,511	$ (254,906)	$ 2,368,417

Cash Flows for the Six Months Ended June 30, 2019 and 2018 - continued

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

(Amounts in thousands)	For the Six Months Ended June 30, 2019	For the Six Months Ended June 30, 2018	(Decrease) Increase in Cash Flow
Repayments of borrowings	$ (1,943,157)	$ (148,408)	$ (1,794,749)
Proceeds from borrowings	458,955	189,042	269,913
Purchase of marketable securities in connection with defeasance of mortgage payable	(407,126)	—	(407,126)
Dividends paid on common shares/Distributions to Vornado	(251,803)	(239,594)	(12,209)
Moynihan Train Hall reimbursement from Empire State Development	205,783	—	205,783
Distributions to redeemable security holders and noncontrolling interests in consolidated subsidiaries	(49,140)	(49,338)	198
Dividends paid on preferred shares/Distributions to preferred unitholders	(25,066)	(30,047)	4,981
Prepayment penalty on redemption of senior unsecured notes due 2022	(22,058)	—	(22,058)
Debt issuance costs	(13,522)	(3,289)	(10,233)
Repurchase of shares/Class A units related to stock compensation agreements and related tax withholdings and other	(8,692)	(784)	(7,908)
Contributions from noncontrolling interests in consolidated subsidiaries	8,315	59,558	(51,243)
Proceeds received from exercise of Vornado stock options and other	2,046	4,471	(2,425)
Redemption of preferred shares/units	(893)	(470,000)	469,107
Debt prepayment and extinguishment costs	—	(818)	818
Net cash used in financing activities	$ (2,046,358)	$ (689,207)	$ (1,357,151)

Capital Expenditures for the Six Months Ended June 30, 2019

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

Below is a summary of amounts paid for capital expenditures and leasing commissions for the six months ended June 30, 2019.

(Amounts in thousands)	Total	New York	theMART	555 California Street
Expenditures to maintain assets	$ 53,457	$ 46,850	$ 4,822	$ 1,785
Tenant improvements	36,080	31,068	1,806	3,206
Leasing commissions	13,009	12,289	376	344
Recurring tenant improvements, leasing commissions and other capital expenditures	102,546	90,207	7,004	5,335
Non-recurring capital expenditures	21,505	19,780	86	1,639
Total capital expenditures and leasing commissions	$ 124,051	$ 109,987	$ 7,090	$ 6,974

Liquidity and Capital Resources - continued

Development and Redevelopment Expenditures for the Six Months Ended June 30, 2019

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

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

We are redeveloping a 78,000 square foot Class A office building at 345 Montgomery Street, a part of our 555 California Street complex in San Francisco (70.0% interest) located at the corner of California and Pine Street. The development cost of this project is estimated to be approximately $46,000,000, of which our share is $32,000,000. As of June 30, 2019, $31,235,000 has been expended, of which our share is $21,865,000.

We are redeveloping a 165,000 square foot office building at 825 Seventh Avenue, located at the corner of 53rd Street and Seventh Avenue (50.0% interest). The redevelopment cost of this project is estimated to be approximately $30,000,000, of which our share is $15,000,000. As of June 30, 2019, $19,051,000 has been expended, of which our share is $9,526,000.

We are redeveloping PENN1, a 2,543,000 square foot office building located on 34th Street between Seventh and Eighth Avenue. The development cost of this project is estimated to be $325,000,000, of which $48,832,000 has been expended as of June 30, 2019.

We are redeveloping PENN2, a 1,795,000 square foot office building located on the west side of 7th Avenue between 31st and 33rd Street. The development cost of this project is estimated to be $750,000,000, of which $26,713,000 has been expended as of June 30, 2019.

Farley Office and Retail Building and Moynihan Train Hall

Our 95.0% joint venture (the remaining 5.0% is owned by the Related Companies ("Related")) is developing the Farley Office and Retail Building (the "Project"), which will include approximately 845,000 rentable square feet of commercial space, comprised of approximately 725,000 square feet of office space and approximately 120,000 square feet of retail space. The total development cost of the Project is estimated to be approximately $1,030,000,000 (inclusive of $230,000,000 upfront contribution and net of anticipated historic tax credits). As of June 30, 2019, $438,581,000 has been expended.

The joint venture has entered into a development agreement with Empire State Development (“ESD”), an entity of New York State, to build the adjacent Moynihan Train Hall, with Vornado and Related each guaranteeing the joint venture's obligations. The joint venture has entered into a design-build contract with Skanska Moynihan Train Hall Builders pursuant to which they will build the Moynihan Train Hall, thereby fulfilling all of the joint venture's obligations to ESD. The obligations of Skanska Moynihan Train Hall Builders have been bonded by Skanska USA and bear a full guaranty from Skanska AB. The development expenditures for the Moynihan Train Hall are estimated to be approximately $1.6 billion, which will be funded by governmental agencies. Pursuant to Accounting Standards Codification 842-40-55, the joint venture, which we consolidate on our consolidated balance sheets, is required to recognize all development expenditures for the Moynihan Train Hall. Accordingly, the development expenditures paid for by governmental agencies through June 30, 2019 and December 31, 2018 of $665,226,000 and $445,693,000, respectively, are shown as “Moynihan Train Hall development expenditures” with a corresponding obligation recorded in “Moynihan Train Hall obligation” on our consolidated balance sheets. Upon completion of the development, the "Moynihan Train Hall development expenditures" and the offsetting “Moynihan Train Hall obligation” will be removed from our consolidated balance sheets.

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

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

Development and Redevelopment Expenditures for the Six Months Ended June 30, 2019 - continued

Below is a summary of amounts paid for development and redevelopment expenditures for the six months ended June 30, 2019. These expenditures include interest and debt expense of $43,138,000, payroll of $10,515,000 and other soft costs (primarily architectural and engineering fees, permits, real estate taxes and professional fees) aggregating $32,535,000, which were capitalized in connection with the development and redevelopment of these projects.

(Amounts in thousands)	Total	New York	theMART	555 California Street	Other
Farley Office and Retail Building	$ 106,980	$ 106,980	$ —	$ —	$ —
220 Central Park South	102,926	—	—	—	102,926
PENN1	24,584	24,584	—	—	—
345 Montgomery Street	9,736	—	—	9,736	—
606 Broadway	7,464	7,464	—	—	—
1535 Broadway	1,031	1,031	—	—	—
Other	36,811	32,387	1,231	3,193	—
	$ 289,532	$ 172,446	$ 1,231	$ 12,929	$ 102,926

Capital Expenditures for the Six Months Ended June 30, 2018

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

(Amounts in thousands)	Total	New York	theMART	555 California Street
Expenditures to maintain assets	$ 43,793	$ 29,524	$ 7,436	$ 6,833
Tenant improvements	47,985	36,576	8,489	2,920
Leasing commissions	24,832	22,270	392	2,170
Recurring tenant improvements, leasing commissions and other capital expenditures	116,610	88,370	16,317	11,923
Non-recurring capital expenditures	20,439	15,242	—	5,197
Total capital expenditures and leasing commissions	$ 137,049	$ 103,612	$ 16,317	$ 17,120

Development and Redevelopment Expenditures for the Six Months Ended June 30, 2018

Below is a summary of amounts paid for development and redevelopment expenditures for the six months ended June 30, 2018. These expenditures include interest and debt expense of $31,481,000, payroll of $4,958,000, and other soft costs (primarily architectural and engineering fees, permits, real estate taxes and professional fees) aggregating $23,083,000, 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	$ 152,178	$ —	$ —	$ —	$ 152,178
606 Broadway	8,593	8,593	—	—	—
345 Montgomery Street	7,575	—	—	7,575	—
PENN1	2,565	2,565	—	—	—
Other	14,128	10,666	3,037	190	235
	$ 185,039	$ 21,824	$ 3,037	$ 7,765	$ 152,413

Liquidity and Capital Resources - continued

Other Commitments and Contingencies

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

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

Our mortgage loans are non-recourse to us, except for the mortgage loans secured by 640 Fifth Avenue, 7 West 34th Street and 435 Seventh Avenue, which we guaranteed and therefore are part of our tax basis. In certain cases, we have provided guarantees or master leased tenant space. These guarantees and master leases terminate either upon the satisfaction of specified circumstances or repayment of the underlying loans. As of June 30, 2019, the aggregate dollar amount of these guarantees and master leases is approximately $1,031,000,000.

As of June 30, 2019, $15,880,000 of letters of credit was outstanding under one of our unsecured revolving credit facilities. Our unsecured revolving credit facilities contain financial covenants that require us to maintain minimum interest rate coverage and maximum debt to market capitalization ratios and provide for higher interest rates in the event of a decline in our ratings below Baa3/BBB. Our unsecured revolving credit facilities contain customary conditions precedent to borrowing, including representations and warranties, and also contain customary events of default that could give rise to accelerated repayment, including such items as failure to pay interest or principal.

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

As of June 30, 2019, we expect to fund additional capital to certain of our partially owned entities aggregating approximately $15,400,000.

As of June 30, 2019, we have construction commitments aggregating approximately $730,000,000.

Funds From Operations ("FFO")

Vornado Realty Trust

FFO is computed in accordance with the definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"). NAREIT defines FFO as GAAP net income or loss adjusted to exclude net gains from sales of depreciable real estate assets, real estate impairment losses, depreciation and amortization expense from real estate assets and other specified items, including the pro rata share of such adjustments of unconsolidated subsidiaries. FFO and FFO per diluted share are non-GAAP financial measures used by management, investors and analysts to facilitate meaningful comparisons of operating performance between periods and among our peers because it excludes the effect of real estate depreciation and amortization and net gains on sales, which are based on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions. FFO does not represent cash generated from operating activities and is not necessarily indicative of cash available to fund cash requirements and should not be considered as an alternative to net income as a performance measure or cash flow as a liquidity measure. FFO may not be comparable to similarly titled measures employed by other companies. The calculations of both the numerator and denominator used in the computation of income per share are disclosed in Note 19 – *Income Per Share/Income Per Class A Unit*, in our consolidated financial statements on page 44 of this Quarterly Report on Form 10-Q.

In accordance with the NAREIT December 2018 restated definition of FFO, we have elected to exclude the mark-to-market adjustments of marketable equity securities from the calculation of FFO. FFO for the three months ended June 30, 2018 has been adjusted to exclude the $16,024,000, or $0.08 per share, increase in fair value of marketable equity securities previously reported. FFO for the six months ended June 30, 2018 has been adjusted to exclude the $18,636,000, or $0.09 per share, decrease in fair value of marketable equity securities previously reported.

FFO attributable to common shareholders plus assumed conversions was $164,329,000, or $0.86 per diluted share for the three months ended June 30, 2019, compared to $194,653,000, or $1.02 per diluted share, for the prior year's three months. FFO attributable to common shareholders plus assumed conversions was $412,013,000, or $2.16 per diluted share for the six months ended June 30, 2019, compared to $329,653,000, or $1.72 per diluted share, for the prior year's six months. Details of certain adjustments to FFO are discussed in the financial results summary of our "Overview".

Funds From Operations ("FFO") - continued

Below is a reconciliation of net income attributable to common shareholders to FFO attributable to common shareholders for the three and six months ended June 30, 2019 and 2018.

(Amounts in thousands, except per share amounts)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Reconciliation of our net income attributable to common shareholders to FFO attributable to common shareholders plus assumed conversions:				
Net income attributable to common shareholders	$ 2,400,195	$ 111,534	$ 2,581,683	$ 93,693
Per diluted share	$ 12.56	$ 0.58	$ 13.51	$ 0.49
FFO adjustments:				
Depreciation and amortization of real property	$ 105,453	$ 103,599	$ 213,936	$ 204,009
Net gains on sale of real estate	—	(24,177)	—	(24,177)
Real estate impairment losses	31,436	—	31,436	—
Net gain on transfer to Fifth Avenue and Times Square JV, net of $11,945 attributable to noncontrolling interests	(2,559,154)	—	(2,559,154)	—
Net gain from sale of UE common shares (sold on March 4, 2019)	—	—	(62,395)	—
(Increase) decrease in fair value of marketable securities:				
PREIT	(1,313)	—	14,336	—
Lexington (sold on March 1, 2019)	—	(15,883)	(16,068)	16,992
Other	1	(1)	(41)	110
Proportionate share of adjustments to equity in net income (loss) of partially owned entities to arrive at FFO:				
Depreciation and amortization of real property	34,631	25,488	59,621	53,594
Net gains on sale of real estate	—	(272)	—	(577)
Decrease (increase) in fair value of marketable securities	1,709	(140)	1,697	1,534
	(2,387,237)	88,614	(2,316,632)	251,485
Noncontrolling interests' share of above adjustments	151,357	(5,511)	146,933	(15,557)
FFO adjustments, net	$ (2,235,880)	$ 83,103	$ (2,169,699)	$ 235,928
FFO attributable to common shareholders	$ 164,315	$ 194,637	$ 411,984	$ 329,621
Convertible preferred share dividends	14	16	29	32
FFO attributable to common shareholders plus assumed conversions	$ 164,329	$ 194,653	$ 412,013	$ 329,653
Per diluted share	$ 0.86	$ 1.02	$ 2.16	$ 1.72
Reconciliation of Weighted Average Shares				
Weighted average common shares outstanding	190,781	190,200	190,735	190,141
Effect of dilutive securities:				
Employee stock options and restricted share awards	243	930	256	934
Convertible preferred shares	34	38	35	38
Denominator for FFO per diluted share	191,058	191,168	191,026	191,113

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

(Amounts in thousands, except per share and per unit amounts)	2019			2018	
	June 30, Balance	Weighted Average Interest Rate	Effect of 1% Change In Base Rates	December 31, Balance	Weighted Average Interest Rate
Consolidated debt:					
Variable rate	$ 1,763,182	4.06%	$ 17,632	$ 3,292,382	4.31%
Fixed rate	5,808,463	3.57%	—	6,603,465	3.65%
	$ 7,571,645	3.68%	17,632	$ 9,895,847	3.87%
Pro rata share of debt of non-consolidated entities[(1)(2)]:					
Variable rate	$ 1,475,815	4.04%	14,758	$ 1,237,388	4.06%
Fixed rate	1,452,471	4.02%	—	1,382,068	4.19%
	$ 2,928,286	4.03%	14,758	$ 2,619,456	4.13%
Noncontrolling interests' share of consolidated subsidiaries			(293)		
Total change in annual net income attributable to the Operating Partnership			32,097		
Noncontrolling interests' share of the Operating Partnership			(2,035)		
Total change in annual net income attributable to Vornado			$ 30,062		
Total change in annual net income attributable to the Operating Partnership per diluted Class A unit			$ 0.16		
Total change in annual net income attributable to Vornado per diluted share			$ 0.17		

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

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

We may utilize various financial instruments to mitigate the impact of interest rate fluctuations on our cash flows and earnings, including hedging strategies, depending on our analysis of the interest rate environment and the costs and risks of such strategies. As of June 30, 2019, we have an interest rate swap on a $375,000,000 mortgage loan on 888 Seventh Avenue that swapped the rate from LIBOR plus 1.70% (4.11% as of June 30, 2019) to a fixed rate of 3.25% through December 2020; an interest rate swap on a $700,000,000 mortgage loan on 770 Broadway that swapped the rate from LIBOR plus 1.75% (4.17% as of June 30, 2019) to a fixed rate of 2.56% through September 2020; an interest rate swap on a $100,000,000 mortgage loan on 33-00 Northern Boulevard that swapped the rate from LIBOR plus 1.80% (4.22% as of June 30, 2019) to a fixed rate of 4.14% through January 2025; and an interest rate swap on our $750,000,000 unsecured term loan that swapped the rate from LIBOR plus 1.00% (3.40% as of June 30, 2019) to a fixed rate of 3.87% through October 2023.

Fair Value of Debt

The estimated fair value of our consolidated debt is calculated based on current market prices and discounted cash flows at the current rate at which similar loans would be made to borrowers with similar credit ratings for the remaining term of such debt. As of June 30, 2019, the estimated fair value of our consolidated debt was $7,625,000,000.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures (Vornado Realty Trust)

Disclosure Controls and Procedures: Our management, with the participation of Vornado’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on such evaluation, Vornado’s Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2019, such disclosure controls and procedures were effective.

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

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

Disclosure Controls and Procedures: Vornado Realty L.P.’s management, with the participation of Vornado’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on such evaluation, Vornado’s Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2019, such disclosure controls and procedures were effective.

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

There were no material changes to the Risk Factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018.

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

Vornado Realty Trust

None.

Vornado Realty L.P.

During the quarter ended June 30, 2019, we issued 641,103 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 $534,872 in cash proceeds. Such units were issued in reliance on an exemption from registration under Section 4(2) of the Securities Act of 1933, as amended.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

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

EXHIBIT INDEX

Exhibit No.			
10.41	—	Form of Vornado Realty Trust's 2019 Omnibus Share Plan - Incorporated by reference to Annex B to Vornado Realty Trust's Proxy Statement dated April 5, 2019 (File No. 001-11954) filed on April 5, 2019.	*
10.42	—	Transaction Agreement between Vornado Realty L.P. and Crown Jewel Partner LLC, dated April 18, 2019.	
15.1	—	Letter regarding Unaudited Interim Financial Information of Vornado Realty Trust	
15.2	—	Letter regarding Unaudited Interim Financial Information of Vornado Realty L.P.	
31.1	—	Rule 13a-14 (a) Certification of the Chief Executive Officer of Vornado Realty Trust	
31.2	—	Rule 13a-14 (a) Certification of the Chief Financial Officer of Vornado Realty Trust	
31.3	—	Rule 13a-14 (a) Certification of the Chief Executive Officer of Vornado Realty L.P.	
31.4	—	Rule 13a-14 (a) Certification of the Chief Financial Officer of Vornado Realty L.P.	
32.1	—	Section 1350 Certification of the Chief Executive Officer of Vornado Realty Trust	
32.2	—	Section 1350 Certification of the Chief Financial Officer of Vornado Realty Trust	
32.3	—	Section 1350 Certification of the Chief Executive Officer of Vornado Realty L.P.	
32.4	—	Section 1350 Certification of the Chief Financial Officer of Vornado Realty L.P.	
101.INS	—	XBRL Instance Document of Vornado Realty Trust and Vornado Realty L.P. - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	
101.SCH	—	XBRL Taxonomy Extension Schema of Vornado Realty Trust and Vornado Realty L.P.	
101.CAL	—	XBRL Taxonomy Extension Calculation Linkbase of Vornado Realty Trust and Vornado Realty L.P.	
101.DEF	—	XBRL Taxonomy Extension Definition Linkbase of Vornado Realty Trust and Vornado Realty L.P.	
101.LAB	—	XBRL Taxonomy Extension Label Linkbase of Vornado Realty Trust and Vornado Realty L.P.	
101.PRE	—	XBRL Taxonomy Extension Presentation Linkbase of Vornado Realty Trust and Vornado Realty L.P.	

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* Incorporated by reference

SIGNATURES

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

		VORNADO REALTY TRUST
		(Registrant)
Date: July 29, 2019	By:	/s/ Matthew Iocco
		Matthew Iocco, Chief Accounting Officer (duly authorized officer and principal accounting officer)

SIGNATURES

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

		VORNADO REALTY L.P.
		(Registrant)
Date: July 29, 2019	By:	/s/ Matthew Iocco
		Matthew Iocco, Chief Accounting Officer of Vornado Realty Trust, sole General Partner of Vornado Realty L.P. (duly authorized officer and principal accounting officer)

TRANSACTION AGREEMENT

between

VORNADO REALTY L.P.,
a Delaware limited partnership,

and

CROWN JEWEL PARTNER LLC,
a Delaware limited liability company.

Dated April 18, 2019

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TRANSACTION AGREEMENT

This TRANSACTION AGREEMENT (this "**Agreement**") is made as of April ___, 2019 (the "**Effective Date**") by and between VORNADO REALTY L.P., a Delaware limited partnership ("**VRLP**"), and CROWN JEWEL PARTNER LLC, a Delaware limited liability company ("**Investor**"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in **Exhibit A** hereto.

RECITALS

WHEREAS, VRLP is the sole limited partner of Manhattan High Street Holdings LP, a Delaware limited partnership (the "**Partnership**");

WHEREAS, as more particularly set forth on **Exhibit B-1** hereto (the "**Partnership Organizational Chart**") the Partnership owns, directly or indirectly, interests in the entities depicted on **Exhibit B-1** and listed on **Exhibit B-2** (each such entity, a "**Subsidiary**" and collectively, the "**Subsidiaries**"; the Partnership and the Subsidiaries are, collectively, the "**Partnership Group**");

WHEREAS, the Property Owners (as defined below) are the respective owners of certain real property more particularly described on **Exhibit C** hereto (collectively, the "**Properties**", and the portion of the Properties owned by each Property Owner, a "**Property**");

WHEREAS, on the Closing Date, (i) the Partnership will implement the transactions described on **Schedule 1** (the "**Closing Date Subsidiary Transactions**") (ii) immediately after the consummation of the Closing Date Subsidiary Transactions, VRLP will sell to Investor, and Investor will purchase from VRLP (the "**Additional Interest Purchase**"), a limited partnership interest (the "**Purchased Interest**") in the Partnership such that the aggregate limited partnership interest in the Partnership acquired by Investor on the Closing Date pursuant to the Investor Initial Contribution (as defined below) and the Additional Interest Purchase shall be a forty-eight and five-tenths percent (48.5%) limited partnership interest in the Partnership (the "**Investor Interests**"), and (iii) immediately after the Additional Interest Purchase, Investor will make a capital contribution to the Partnership in the amount of $842,444,524.00 (the "**Investor Initial Contribution**") in exchange for a limited partnership interest, following which VRLP will retain a fifty-one and five-tenths percent (51.5%) limited partnership interest in the Partnership; and

WHEREAS, on the Closing Date, VRLP and Investor, as the limited partners of the Partnership, shall enter into an Amended and Restated Limited Partnership Agreement of the Partnership (the "**Amended and Restated Partnership Agreement**") and the Partnership shall enter into an Amended and Restated Limited Liability Company Agreement for each REIT (as defined below) (each, an "**Amended and Restated REIT Agreement**").

NOW, THEREFORE, in consideration of the mutual representations, warranties and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
CONTRIBUTION, PURCHASE AND SALE

Section 1.1 Agreement of Contribution, Purchase and Sale. Subject to the terms and conditions hereof, (i) Investor agrees to make the Investor Initial Contribution, and the Partnership agrees to accept the Investor Initial Contribution, and (ii) VRLP agrees to sell and convey to Investor, and Investor agrees to purchase from VRLP, all of VRLP's right, title and interest in and to the Purchased Interest.

Section 1.2 Consideration.

(a) (1) The Investor Initial Contribution shall be Eight Hundred Forty-Two Million Four Hundred Forty-Four Thousand Five Hundred Twenty-Four and 00/100 Dollars ($842,444,524.00) and (1) the purchase price for the Purchased Interest (the "**Purchase Price**" and, together with the Investor Initial Contribution, the "**Consideration**") shall be Four Hundred Sixty-Seven Million Seven Hundred Forty-Eight Thousand Eight Hundred Thirteen and 13/100 Dollars ($467,748,813.33).

(b) Payment. The Consideration shall be paid by Investor as follows:

(i) Prior to the execution and delivery hereof, Investor has delivered to Chicago Title Insurance Company (the "**Escrow Agent**") the sum of One Hundred Million and No/100 Dollars ($100,000,000.00) (such sum, together with all interest earned thereon, the "**Deposit**"), in immediately available funds by a wire transfer to an escrow account established pursuant to the terms of the Escrow Agreement.

(ii) At Closing, interest on the Deposit shall be paid to VRLP and credited against the Purchase Price payable by Investor.

(iii) On or before the Closing Date, Investor shall deposit with Escrow Agent, by wire transfer of immediately available funds made in accordance with the wiring instructions set forth on **Exhibit D**, an amount (such amount, the "**Balance of the Consideration**") equal to the sum of:

(x) the Consideration, as adjusted for the prorations and credits as provided for in this Agreement, minus

(y) the Deposit (including any interest accrued thereon).

(c) Return of Deposit. Investor hereby acknowledges and agrees that, except as otherwise expressly provided in this Agreement, Investor shall not be entitled to any refund of the Deposit for any reason.

(d) Withholding. Investor shall be entitled to deduct and withhold from any payments made pursuant to this Agreement such amounts as it is required to deduct and withhold with respect to the making of any such payment under any applicable Tax law. To the extent that amounts are so withheld, and paid to the proper taxing authority pursuant to any applicable Tax law, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to such Person in respect of which such deduction and withholding was made. Notwithstanding the foregoing, Investor agrees not to withhold any amounts to the extent that VRLP complies with its obligations under Section 4.3 of this agreement.

Section 1.3 Credits and Prorations.

(a) Cash and Reserves; Liabilities. In addition to the Purchase Price, VRLP shall receive a credit at Closing in an amount equal to the Investor's Percentage of the aggregate amount of all cash and cash equivalents held by the Partnership Group (other than security deposits held by the Partnership Group). At Closing, Investor shall receive a credit against the Purchase Price in the amount of $1,440,450.00.

(b) Closing Costs. Each party shall pay its own legal fees related to the negotiation and preparation of this Agreement and all documents required to consummate the transaction contemplated hereby. VRLP shall pay (x) all costs and recording fees associated with VRLP's cure or removal of any title exceptions that VRLP elects or is obligated to cure or remove and (y) any real estate transfer taxes and similar amounts owed to the City of New York and the State of New York (including as a result of the Closing Date Subsidiary Transactions, the transactions contemplated by this Agreement and any other transfers of the Properties or any member of the Partnership Group, directly or indirectly, prior to the date hereof). Investor shall pay (i) all costs associated with its due diligence, including the cost of architectural, engineering, environmental and other third party due diligence reports, (ii) all sales and use taxes, if any, applicable to the sale of the Investor Interests, (iii) except as provided in clause (x) above, all amounts payable to the Title Company (other than in its capacity as Escrow Agent), including all premiums for any title insurance policy and endorsements thereto and all costs and fees for title examination, title insurance and related Title Company charges associated with the issuance of any title commitment or policy and (iv) all costs for obtaining any survey or any update thereto. VRLP and Investor shall each pay one-half of all reasonable escrow charges, if any, of Escrow Agent related to the Deposit and the Closing. All other customary purchase and sale closing costs shall be paid by VRLP or Investor in accordance with the custom in the City of New York.

(c) Certain Contracts. Whether paid or payable prior to or after Closing, VRLP shall be responsible for 100% of (i) all costs relating to the construction work described on **Schedule 1.3(c)-1** and (ii) to the extent the applicable Property Owner is responsible for curing such violation (or any costs, expenses or fees related thereto), all costs or expenses related to curing the violation set forth on **Schedule 1.3(c)-2** (including any fees, penalties and the cost of any construction work related to curing the violation) and, in each case, VRLP shall not be entitled to any credit for such amounts described in this Section 1.3(c).

(d) 640 Fifth Avenue Mortgage Financing. At Closing, (A) Investor shall contribute to the Partnership an additional amount equal to Investor's Percentage of the estimated closing costs set forth on the Closing Statement (the "**Estimated 640 Closing Costs**") for the anticipated financing of 640 Fifth Avenue and (B) VRLP shall contribute to the Partnership an amount equal to VRLP's Percentage of the Estimated 640 Closing Costs. Notwithstanding anything to the contrary, (i) any yield maintenance premium, defeasance premium (i.e., the cost of defeasance securities in excess of principal balance of the loan defeased) or other prepayment premium incurred in connection with the repayment or defeasance of Existing Indebtedness on or prior to the Closing Date and all other costs and expenses (including legal fees) incurred by the Partnership Group with respect to such repayment or defeasance and (ii) and any costs or expenses (including attorney fees) relating to the issuance of any preferred equity investments by VRLP or its Affiliates in any Subsidiary or any affiliate debt (collectively, the "**Financing Costs**"), in each case, shall be paid by VRLP and shall not be borne by Investor.

(e) Prorations. The following shall be prorated between VRLP and Investor as of 11:59 p.m. on the day immediately preceding the day of Closing (the "**Cut-Off Time**") on the basis of the actual number of days of the month which shall have elapsed as of the Closing Date and based upon the actual number of days in the month or year, as applicable:

(i) Real Estate Taxes. Real estate Taxes and personal property Taxes on the Property ("**Property Taxes**") shall be prorated based upon the payment period (i.e., calendar or other tax fiscal year) to which same are attributable, regardless of whether or not any such Property Taxes are then due and payable or are a lien. VRLP shall cause the Partnership Group to pay at or prior to Closing any unpaid Property Taxes attributable to periods prior to the date of Closing that are then due and payable. VRLP shall receive credit in an amount equal to the Investor's Percentage of any previously paid or prepaid Property Taxes attributable to periods from and after the date of Closing. VRLP shall be entitled to one hundred percent (100%) of any and all tax refunds relating to Property Taxes payable in respect of the period before the Closing, regardless of when the refunds are received; provided, however, that if any such refund creates an obligation to reimburse any tenants for any rents paid or to be paid, that portion of such refund equal to the amount of such required reimbursement shall be paid by the Partnership Group directly to the tenants entitled thereto and VRLP shall not be entitled to such amounts. In the event that as of the date Closing occurs the actual tax bills for the tax year or years in question are not available and the amount of Property Taxes to be prorated as aforesaid cannot be ascertained, then rates, millages and assessed valuation of the previous year, with known changes and taking into account all applicable discounts for early payment, shall be used for purposes of the proration at Closing. If the proration at Closing is based on the Property Taxes for the previous year as described above, the parties agree to re-prorate the applicable Property Taxes for the year of Closing based on the actual Property Taxes (with maximum discount) once the bills are available.

VRLP shall have the right to continue to prosecute and/or settle any pending tax reduction proceedings in respect of any of the Properties (or any portion thereof); provided, however, that VRLP shall not settle any such proceeding without Investor's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Any refunds or savings in the payment of Property Taxes resulting from such tax reduction proceedings applicable to the period prior to the date of the Closing shall belong to and be the property of VRLP, and any refunds or savings in the payment of Property Taxes applicable to the period from and after the date of the Closing shall belong to and be the property of the Partnership. All attorneys' fees and other expenses incurred in obtaining such refunds or savings shall be apportioned between VRLP and the Partnership in proportion to the gross amount of such refunds or savings payable to VRLP and the Partnership, respectively.

(ii) Rent.

(A) Fixed rents and Additional Rents under Leases in respect of Current Month (as defined below) shall be prorated on a per diem basis based upon the number of days in the month in which Closing occurs (the "**Current Month**") prior to the Closing Date (which shall be allocated to VRLP) and the number of days in the Current Month on and after the Closing Date (which shall be allocated to the Partnership).

(B) If, at the Closing, any fixed rents or Additional Rents are past due by any tenant at a Property, there shall be no adjustment between the parties at the Closing with respect to such items, provided that payments in respect thereof received after the closing by VRLP, Investor or the Partnership Group from such tenant shall be received and held by such party in trust, and shall be disbursed as follows:

(i) First, on account of fixed rent and Additional Rent in respect of the month in which such amounts are collected, to be apportioned in accordance with subsection (A) above, (x) if such month is the Current Month, to VRLP and the Partnership prorated based on the number of days in the current month prior to the Closing Date or (y) if such month is after the Current Month, the Partnership, as applicable;

(ii) Second, without duplication of amounts applied pursuant to clause (i), on account of fixed rent and Additional Rent in respect of the Current Month, to be apportioned between VRLP and the Partnership in accordance with subsection (A), above;

(iii) Third, to the Partnership, in an amount equal to all fixed rent and Additional Rent in respect of all periods after the Current Month; and

(iv) Fourth, to VRLP, in an amount equal to all fixed rent and Additional Rent in respect of all periods prior to the Current Month.

Each party agrees to remit reasonably promptly to the other the amount of such rents to which such party is so entitled and to account to the other party monthly in respect of same.

(C) The parties shall cause the Partnership to prepare and provide to the tenants under the Leases a statement of the reconciliation of expenses between the landlord and the tenants under the Leases in accordance with the terms of the Leases with respect to the year in which Closing occurs. If the Closing shall occur prior to the time when any particular item constituting Additional Rent for the applicable accounting period is payable, then such Additional Rent shall be apportioned after the Closing. VRLP and the Partnership shall each be entitled to a prorated amount of such Additional Rent (net of the reasonable out-of-pocket costs and expenses incurred in the collection thereof) based upon the portion of such accounting period which occurs prior to and after the Closing. In addition, without duplication of any amounts prorated under this Section 1.3(e)(ii), the parties shall cause the Property Owners to pay VRLP any Additional Rent payable subsequent to the Closing with respect to an accounting period which expired prior to the Closing. VRLP shall furnish to the Property Owners all information with respect to the period prior to the Closing reasonably necessary for the billing of such Additional Rent (including any required certificates and audited statements required to be delivered under the Leases with respect to periods accruing prior to the Closing). If, prior to the Closing, the Partnership Group shall collect any sums on account of Additional Rent or fixed rent for a year or other period, or any portion of such year or other period, beginning before but ending after the Closing, such sum shall be apportioned at the Closing as of the date of the Closing.

(D) Additional Rent payable by tenants based on an estimated amount and subject to adjustment or reconciliation pursuant to the related Leases subsequent to the Closing shall be re-apportioned as and when the related tenant's actual obligation for such Additional Rent is reconciled pursuant to the related Lease. Percentage rents shall be apportioned between VRLP and Investor on an annual basis, i.e., on a per diem basis based upon the number of days in the calendar year (or other applicable Lease year, if not a calendar year) prior to the Closing Date (which shall be allocated to VRLP) and the number of days in the calendar year (or other applicable Lease year, if not a calendar year) on and after the Closing Date (which shall be allocated to the Partnership).

(E) Notwithstanding the foregoing, the rents and other payments for historical signage use set forth on **Schedule 1.3(e)(ii)(E)** shall be solely for the account of VRLP and shall be paid over to VRLP promptly upon receipt.

(iii) Tenant Inducement Costs and Leasing Commissions. The Partnership shall be responsible for the payment of all Tenant Inducement Costs and Leasing Commissions which become due and payable (whether before or after Closing) as a result of any Leases set forth on **Schedule 1.3(e)(*iii*)(A)** (the "**New Leases**"), or any Lease renewals, amendments or expansions (whether or not entered into pursuant to an option), arising as a result of any New Leases and (B) all Tenant Inducement Costs and Leasing Commissions with respect to Existing Leases set forth on **Schedule 1.3(e)(*iii*)(B)** (the "**Partnership Leasing Costs**"). With respect to Tenant Inducement Costs and Leasing Commissions as a result of Leases existing as of the date hereof other than Partnership Leasing Costs pursuant to New Leases, but including those described on **Schedule 1.3(e)(*iii*)**, to the extent the same are unpaid as of Closing by

VRLP or the Partnership Group, Investor shall receive a credit against the Purchase Price in the amount of the Investor's Percentage of such Tenant Inducement Costs and Leasing Commissions, and the Partnership shall be responsible for the payment of the same as and when due.

(iv) Contracts. With respect to the Contracts, (A) the Purchase Price shall be increased by Investor's Percentage of sums prepaid by the Partnership Group under the Contracts to the extent such payments relate to periods from and after the Closing Date, and (B) Investor shall be credited for Investor's Percentage of any amounts which as of Closing are due or accrued and relate to the period prior to Closing.

(v) Utilities. If any electricity, telephone, television, gas, water and sewer services and other utilities are metered, VRLP shall use reasonable efforts to have the respective companies providing such utilities read the meters at or immediately prior to the Cut-Off Time. VRLP shall be responsible for all charges based on such final meter readings. If such readings are not obtained (and if such readings are obtained, then with respect to any period between such reading and the Closing Date), fees related to electricity, telephone, television, gas, water and sewer services and other utilities, if any, shall be apportioned based upon the last meter readings, subject to reapportionment when readings for the relevant period are obtained after the Closing Date.

(vi) Condominium Charges. With respect to the Condominium Documents, (A) the Purchase Price shall be increased by Investor's Percentage of assessments, common charges or other amounts prepaid by the Partnership Group under the Condominium Documents to the extent such payments relate to periods from and after the Closing Date, and (B) Investor shall be credited for Investor's Percentage of any assessments, common charges or other amounts under the Condominium Documents which as of Closing are due or accrued and relate to the period prior to Closing.

(f) Employee Costs. Accrued and unpaid salaries, wages, unused sick time, unused vacation time, employee benefit fund contributions, social security taxes, workers' compensation, pension, fringe benefits and other compensation and benefits costs for the employees at the Properties shall be prorated as of the Closing Date.

(g) Closing Statement. In connection with the Closing, VRLP shall prepare in good faith a preliminary statement of closing adjustments and prorations in accordance with this Agreement showing the net amount due to VRLP or Investor as the result thereof (the "**Closing Statement**"), and that net amount will be added to, or deducted from, the Balance of the Consideration. The parties acknowledge and agree that certain of the prorations and estimates set forth on the Closing Statement agreed to by the parties were made as of April 8, 2019 and will be revised in the Post-Closing Statement to reflect the actual Closing Date and the failure of the Closing Statement to prorate or address any item shall not preclude the proration of the same pursuant to the Post-Closing Statement. Within one hundred twenty (120) days following the Closing, representatives of Investor and VRLP shall jointly prepare in good faith a revised statement (the "**Post-Closing Statement**", and together with the Closing Statement, the "**Closing Statements**"), setting forth the final determination of all items to be included in the Closing Statements, and any necessary payment shall be made within thirty (30) days after completion of such Post-Closing Statement. Any item which cannot be finally prorated because of the unavailability of information shall be tentatively prorated on the basis of the best data then available and re-prorated when the information is available. Notwithstanding anything to the contrary contained herein, the parties agree that in addition to any credits owed to Investor pursuant to this Section 1.3, Investor shall be entitled to any other credit specifically provided for in the Closing Statement.

(h) Purpose of Prorations. Investor and VRLP acknowledge and agree that, except as otherwise expressly provided herein, the purpose and intent of the provisions set forth in this Section 1.2(d) and elsewhere in this Agreement as to prorations and apportionments is that VRLP shall bear all expenses of the ownership and operation of the Properties (for which buyers and sellers of similar buildings in the City of New York would customarily prorate or apportion) and shall receive all income therefrom accruing through the Cut-Off Time and Investor and VRLP shall bear all such expenses and receive all income accruing thereafter, pro rata in accordance with the Investor's Percentage and VRLP's Percentage, respectively. Any revenues and/or expenses affecting any Property that are not otherwise specifically addressed in this Section 1.2(d) shall be apportioned consistently with the foregoing provisions.

(i) Errors and Omissions. Any errors or omissions in computing prorations, credits and apportionments at the Closing shall be corrected promptly after their discovery. If at any time after the Closing Date but before July 1, 2020, the amount of an item to be prorated or calculated in accordance with this Section shall prove to have been incorrect, the party in whose favor the error was made shall promptly pay to the other party the sum necessary to correct such error upon receipt of proof of such error.

(j) Post-Closing Payment Obligations. Any post-Closing payment obligation of Investor to VRLP or VRLP to Investor under this Section 1.3 shall be payable exclusively from amounts otherwise distributable by the Partnership to the party liable for such payment through the mechanism provided in Section 4.4 of the Amended and Restated Partnership Agreement.

(k) Survival. The provisions of this Section 1.2(d) shall survive the Closing until July 1, 2020; provided that (x) the provisions of Section 1.3(c) shall survive indefinitely and (y) the provisions of Section 1.3(a) shall survive the Closing for a period of 60 (sixty) days following the applicable statute of limitations and that the provisions of Section 1.3(e)(i) shall be subject to Section 7.2(b) of this Agreement.

ARTICLE II
INTENTIONALLY OMITTED

ARTICLE III
ACCEPTANCE OF PROPERTY

Section 3.1 Certain Acknowledgments.

(a) VRLP's Due Diligence Materials. On or prior to the Effective Date, VRLP has provided to Investor certain documents, records and other information (together with any other materials previously or hereafter provided by VRLP to Investor or Investor's agents, employees and representatives, "**VRLP Due Diligence Materials**"). Any and all VRLP Due Diligence Materials or other such materials and information delivered or made available by VRLP or its agents or consultants to Investor were delivered and made available solely as an accommodation to Investor and may not be relied upon by Investor in connection with the purchase of the Properties or as a complete and accurate source of information with respect to the Properties (including the Properties' environmental, structural, architectural, mechanical, physical, financial and economic condition), and Investor agrees that VRLP shall have no liability or obligation whatsoever for or due to any inaccuracy in or omission from any such materials and information and that any reliance on or use of such materials and information shall be at the sole risk of Investor.

(b) Release and Indemnification. Investor (for itself and the other Investor Parties) hereby releases VRLP and the other VRLP Parties for any and all Losses incurred by any Investor Party arising from or in connection with the Inspections (including any liens placed on the Property or any other property owned by a Person other than Investor as a result of such Inspections), except to the extent resulting from VRLP's gross negligence or willful misconduct. To the fullest extent permitted by law, Investor shall defend, indemnify and hold harmless the VRLP Parties from and against any Losses incurred by any VRLP Party arising from or in connection with the Inspections, except to the extent resulting from VRLP's gross negligence or willful misconduct, or the mere discovery of a pre-existing condition at any of the Properties (except to the extent exacerbated by Investor). At VRLP's request, Investor, at its sole cost and expense, shall repair any damage to a Property or any other property owned by a Person other than Investor arising from or in connection with the Inspections and restore such Property or such other third-party property to the same condition as existed prior to such Inspections, or replace such Property or such third-party property with property of the same quantity and quality.

(c) Survival. The provisions of this Section 3.1 shall survive Closing for a period of one (1) year.

ARTICLE IV
CLOSING

Section 4.1 Time and Place. The Closing shall be consummated through an escrow administered by Escrow Agent pursuant to additional escrow instructions that are consistent with this Agreement. The actual date of the Closing is referred to herein as the "**Closing Date**".

Section 4.2 Contribution and Conveyance. At Closing, (i) the Partnership shall cause the Closing Date Subsidiary Transactions to be consummated (ii) immediately after the consummation of the Closing Date Subsidiary Transactions, Investor shall make the Investor Initial Contribution and shall be admitted as a limited partner of the Partnership, and (iii) immediately after the Investor Initial Contribution, VRLP shall convey and transfer to Investor, and Investor shall accept from VRLP, the Purchased Interest. For the avoidance of doubt, all of the transactions described in this Section 4.2 shall occur on the Closing Date pursuant to a single escrow arrangement reasonably acceptable to VRLP and Investor.

Section 4.3 VRLP's Deliverables. On or before the Closing Date, VRLP shall:

(a) execute and deliver, or cause to be executed and delivered, to Escrow Agent (i) written acknowledgment from the general partner of the Partnership of Investor's admission to the Partnership upon Investor making the Investor Initial Contribution and (ii) an executed copy of an assignment of the Investor Interests in the form attached hereto as **Exhibit E** (the "**Assignment of Investor Interests**");

(b) execute and deliver to Escrow Agent executed copies of the Amended and Restated Partnership Agreement and the Amended and Restated REIT Agreements;

(c) execute and deliver to Escrow Agent and Investor a certificate substantially in the form attached hereto as **Exhibit F** duly executed by VRLP stating that VRLP is not a "foreign person" as defined in the Federal Foreign Investment in Real Property Tax Act of 1980;

(d) execute and deliver to Escrow Agent and Investor a Form W-9 or a certificate reasonably acceptable to Investor stating that VRLP is not a "foreign person" within the meaning of Section 1446(f) of the Code;

(e) execute and deliver to Escrow Agent the Closing Statement contemplated by Section 1.3(f), in a form reasonably acceptable to VRLP and Investor;

(f) OMITTED;

(g) execute and deliver to Title Company an owner's title affidavit and non-imputation affidavit for each Property in the form attached hereto as **Exhibit G**;

(h) deliver to the Title Company and Investor such evidence as may be reasonably required by the Title Company with respect to the good standing and authority of VRLP, the approval of VRLP of the transactions contemplated herein, and the authority of the person(s) executing the documents required to be executed by VRLP in connection with this Agreement;

(i) if available as of the Closing Date, execute and deliver to Escrow Agent all transfer tax returns which are required by law and the regulations issued pursuant thereto in connection with the payment of all state, county or municipal real property transfer taxes that are payable or arise as a result of the consummation of the transactions contemplated by this Agreement, in each case, as prepared by VRLP and reasonably approved by Investor (the "**Transfer Tax Returns**"); provided, that, in the event that the Transfer Tax Returns are not available as of the Closing Date, VRLP shall execute and deliver the Transfer Tax Returns to Investor within ten (10) days following the Closing Date and Investor shall have five (5) days following such delivery to reasonably approve such Transfer Tax Returns (provided that if

Investor fails to approve or disapprove such Transfer Tax Returns within such five (5) day period, such Transfer Tax Returns shall be deemed approved by Investor);

(j) deliver to Investor evidence reasonably satisfactory to Investor that an Internal Revenue Service Form 8832 has been filed with respect to each REIT electing to treat such REIT as a corporation for U.S. federal income tax purposes effective as of one day prior to the Closing Date; and

(k) execute and deliver to Escrow Agent such additional documents as shall be reasonably required to consummate the transactions contemplated by this Agreement.

Section 4.4 Investor's Deliverables.

(a) On or before 1:00 p.m. (Eastern time) on the Closing Date, Investor shall deliver in escrow to Escrow Agent the full amount of the Balance of the Consideration, as adjusted pursuant to this Agreement, in immediately available wire transferred funds.

(b) On or before the Closing Date, Investor shall:

(i) deliver to Escrow Agent an executed copy of each of the following: the Assignment of Investor Interests, the Amended and Restated Partnership Agreement, the Closing Statement and the Transfer Tax Returns;

(ii) deliver to the Title Company and VRLP such evidence as may be reasonably required by the Title Company with respect to the good standing and authority of Investor, the approval of Investor of the transactions contemplated herein, and the authority of the person(s) executing the documents required to be executed by Investor in connection with this Agreement;

(iii) execute and deliver to VRLP an executed IRS Form W-9 showing that Investor is a U.S. person that is classified as a partnership for U.S. federal income tax purposes; and

(iv) execute and deliver to Escrow Agent such additional documents as shall be customary and reasonably required to consummate the transactions contemplated by this Agreement; provided that the foregoing shall in no event increase in any material respect the cost or obligations of Investor.

ARTICLE V
INTENTIONALLY OMITTED

ARTICLE VI
REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 6.1 Representations and Warranties Related to VRLP and the Partnership. VRLP makes the following representations and warranties as to itself and as applicable the Partnership to and for the benefit of Investor, as of the Effective Date:

(a) Legal Existence. Each of VRLP and the Partnership is a limited partnership, duly created, validly existing and in good standing under the Laws of the State of Delaware.

(b) Power and Authority, Enforceability. Each of VRLP and the Partnership has the requisite power and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement and each other agreement contemplated hereby to which it is a party, and perform its obligations hereunder and thereunder. The execution and delivery of this Agreement by VRLP and the Partnership and the performance by VRLP and the Partnership of their respective obligations under this Agreement and each other agreement contemplated hereby to which VRLP or the Partnership is a party have been duly authorized by all necessary action on the part of VRLP and the Partnership. This Agreement and each other agreement contemplated hereby to which it is a party has been duly executed and delivered by VRLP and the Partnership and constitutes a valid, legal and binding obligation of VRLP and the Partnership, enforceable against VRLP and the Partnership in accordance with and subject to its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other Laws affecting the rights of creditors generally and subject to the rules of law governing (and all limitations on) specific performance, injunctive relief and other equitable remedies.

(c) No Conflicts. The execution and delivery by VRLP and the Partnership of, and the compliance with and performance of the terms of, this Agreement and each other agreement contemplated hereby to which VRLP or the Partnership is a party, and the sale of the Investor Interests, does not, and the consummation of the transactions contemplated hereby and thereby will not, conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or result in the creation of any lien on any Property or any lien, charge, covenant, adverse claim, demand, encumbrance, security interest, mortgage, commitment, pledge, proxy, voting trust, agreement, or any other restriction of any kind upon (i) the Investor Interests under the organizational documents or operating agreement of VRLP or the Partnership, (ii) any contract, agreement, or commitment to which VRLP, any member of the Partnership Group or the assets or any portion thereof is a party or is bound, or (iii) any Law applicable to VRLP, or any Partnership Group member, or their property, including the Properties, or any order of any court or governmental instrumentality binding upon VRLP or any Partnership Group member or their property, including the Properties.

(d) Consents. No consent, approval, order, license, permit, or authorization of, or registration, declaration or filing with, any Governmental Authority or instrumentality, domestic or foreign, or any third party, is required by or with respect to VRLP or any Partnership Group member in connection with the execution, performance and delivery by VRLP or the Partnership of this Agreement and each other agreement contemplated hereby to which it is a party or the consummation by VRLP or the Partnership of the transactions contemplated hereby and thereby, except for the filing of transfer and other tax returns which are required to be filed after the consummation of the transactions contemplated by this Agreement.

(e) No Receiver or Bankruptcy. Neither VRLP nor the Partnership nor any Partnership Group member (i) is a party to or contemplates being the subject of a voluntary or involuntary proceeding under chapter 11 of title 11 of the U.S. Code or under any state Laws relating to debtors, or subject to any general assignment for the benefit of creditors, (ii) is a debtor under any bankruptcy proceedings, voluntary or involuntary, (iii) has made an assignment for the benefit of creditors, (iv) has suffered the appointment of a receiver to take possession of all, or substantially all, of its assets, which remains pending, (v) has suffered the attachment or other judicial seizure of all, or substantially all, of its assets, which remains pending, and to VRLP's Knowledge, no such action is being threatened against it and (vi) is subject to execution proceedings, reorganization or similar action or proceeding. VRLP, the Partnership and each member of the Partnership Group are each solvent and able to pay their debts as they become due.

(f) Compliance.

(i) Compliance with Anti-Terrorism and Economic Sanctions Laws. None of VRLP, the Partnership or any Person who owns a controlling interest in or otherwise controls either of them is (i) listed on the Specially Designated Nationals and Blocked Persons List or any other similar list of blocked or restricted persons maintained by the Office of Foreign Assets Control, Department of the Treasury ("**OFAC**"), (ii) a "specially designated global terrorist" or other person listed in Appendix A to Chapter V of 31 C.F.R., as the same has been from time to time updated and amended, or (iii) a person either (A) included within the term "designated national" as defined in the Cuban Assets Control Regulations, 31 C.F.R. Part 515 or (B) designated under Sections 1(a), 1(b), 1(c) or 1(d) of Executive Order No. 13224, 66 Fed. Reg. 49079 (published September 25, 2001) or a person similarly designated under any related enabling legislation or any other similar Executive Orders. Neither VRLP nor the Partnership is knowingly acting, directly, or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, or nation pursuant to any law that is enforced or administered by OFAC, or engaging in, instigating, or facilitating this transaction for or on behalf of any such person, group, entity, or nation.

(g) Compliance with Anti-Bribery Laws. None of VRLP, the Partnership or their respective officers, directors, nor, to VRLP's Knowledge, employees or agents of the foregoing, have made, offered or promised to make any improper payments to any other person or entity to obtain or keep business or to secure some other improper advantage, the payment of which would violate applicable law, including the U.S. Foreign Corrupt Practices Act, or any other applicable anti-corruption or anti-bribery laws (collectively, "**Anti-Bribery Laws**"), and, to VRLP's Knowledge, the Properties have been managed and operated in compliance with Anti-Bribery Laws.

(h) Compliance with Anti-Money Laundering Measures. VRLP and the Partnership have taken measures as required by applicable Law to ensure that they are operated in accordance with the Bank Secrecy Act, 31 U.S.C. §§ 5311 *et seq.*, and all applicable Laws, regulations and government guidance on compliance therewith and on the prevention and detection of money laundering violations under 18 U.S.C. §§ 1956 and 1957.

(i) ERISA. (i) Neither VRLP nor the Partnership is a Plan, a “governmental plan” (as defined in Section 3(32) of ERISA (a “**Governmental Plan**”)) or entity whose assets constitute the assets of a Governmental Plan and (ii) neither VRLP nor the Partnership have the present intent to transfer any Property or any interest in a Partnership Group member to any Plan, Governmental Plan or entity whose assets constitute the assets of a Governmental Plan.

(j) U.S. Person and Domestically Controlled Qualified Investment Entity Status. As of the Effective Date, VRLP is a “United States person” within the meaning of Section 7701(a)(30) of the Code. As of the Effective Date, approximately ninety-four percent (94%) of the interests in VRLP are owned by a domestically controlled qualified investment entity within the meaning of Section 897(h)(4)(B) of the Code and the ownership of the other interests in VRLP would not cause any Subsidiary REIT to be other than a domestically controlled qualified investment entity, if all of the Investor Interests were treated as owned by a “foreign person” within the meaning of Section 897 of the Code and U.S. Treasury Regulations Section 1.897-9T(c).

(k) Taxes. The Partnership and each of its Subsidiaries have filed all necessary returns with respect to Taxes and have paid all Taxes that are due and payable.

Section 6.2 Representations and Warranties Related to Investor Interests and Properties. VRLP makes the following representations and warranties to and for the benefit of Investor, as of the Effective Date:

(a) Legal Existence. Each Subsidiary is validly existing and in good standing under the Laws of its state of formation. Each Partnership Group member has the requisite power and authority to conduct its business and to own its assets, including the Properties. Each Partnership Group member is duly qualified to do business as a foreign entity and is in good standing under the laws of each jurisdiction that requires such qualification. The Partnership does not own, directly, any indebtedness, capital stock or other securities of any other Person, other than Manhattan High Street Holdings LLC and Manhattan High Street REIT Holdings LLC. Except as set forth on **Schedule 6.2(a)**, none of the Subsidiaries own, directly or indirectly, any indebtedness, capital stock or other securities of any other Person, other than the applicable other Subsidiaries as depicted on the Partnership Organizational Chart. Neither VRLP nor any Partnership Group member is a “foreign person,” “foreign trust” or “foreign corporation” within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(b) Capitalization. Upon the Closing, the Investor Interests will be duly authorized and validly issued. There are no existing options, liens, charges, claims, restrictions, pledges, warrants, calls, puts, purchase rights, subscription rights, conversion rights, exchange rights, encumbrances or restrictions of any kind or nature, or other rights, agreements, arrangements or commitments of any character to acquire, or any pre-emptive rights, rights of first refusal or other similar rights relating to, any of the Investor Interests or obligating the Partnership to issue, transfer or sell any limited partnership interests. Except for this Agreement and, upon the Closing, the Amended and Restated Partnership Agreement, there are no contracts in effect with respect to the voting or transfer of any of the Investor Interests or any other interest in the Partnership.

(c) Partnership Financial Statements; No Undisclosed Liabilities.

(i) **Schedule 6.2(c)** describes certain financial information provided to Investor with respect to the Partnership Group (the "**Financial Statements**"), which have been furnished by VRLP to the Investor. VRLP has provided Investor true and correct copies of the Financial Statements described on **Schedule 6.2(c)**.

(ii) The Financial Statements have been prepared in accordance with cash basis accounting consistently applied on a historical cost basis during the periods involved (except as may be indicated in the notes thereto) and fairly and accurately present in all material respects, in accordance with a historical cost basis, the financial position of the Partnership Group members, as of the dates thereof and the combined or consolidated, as applicable, results of operations and cash flows for the period then ended. Except as set forth on **Schedule 6.2(c)** or provided in the documents listed on Schedules 6.2(i)(1), 6.2(j), 6.2(l)(i), 6.2(m), 6.2(p) or 6.2(s), which, in each case, have been made available to Investor prior to the date hereof, the Partnership Group members do not have any Liabilities (whether known or unknown, whether absolute or contingent, whether liquidated or unliquidated and whether due or to become due), except for Liabilities stated or adequately reserved against on the Financial Statements.

(iii) Except as disclosed in **Schedule 6.2(c)**, from February 28, 2019 the members of the Partnership Group have conducted their business only in the ordinary course of business consistent with past practices, there has not been any material adverse change, payment of any dividend or other distribution, any material change in accounting methods, principles or practices by the members of the Partnership Group, except insofar as may have been required by a change in GAAP consistently applied on a historical cost basis; or incurrence or guaranty of indebtedness or other liability of any unaffiliated third party by the Partnership and the Property Owners.

(d) Organizational Documents. **Schedule 6.2(d)** sets forth a true, complete and correct list of the certificate of limited partnership, certificate of formation, limited partnership agreement and limited liability company agreement, as applicable, of each Partnership Group member (the "**Organizational Documents**"). VRLP has provided Investor with true, complete and correct copies of each of the Organizational Documents listed on **Schedule 6.2(d)** prior to the date of this Agreement. The Organizational Documents remain in full force and effect and have not been amended, supplemented, or otherwise modified in any respect, except as set forth on **Schedule 6.2(d)**. Neither VRLP nor the Partnership Group members, nor to VRLP's Knowledge, any other party is in default under the Organizational Documents.

(e) Limited Partnership Interests & Membership Interests.

(i) VRLP is the legal and beneficial owner of all of the limited partnership interests in the Partnership (including the Investor Interests), free and clear of all options, liens, charges, claims, restrictions, pledges, encumbrances or restrictions of any kind or nature other than any liens, pledges, security interests or other restrictions granted under this Agreement or the Organizational Documents of the Partnership.

(ii) The Partnership is the legal and beneficial owner of all of the Membership Interests in each of the REITs, free and clear of all options, liens, charges, claims, restrictions, pledges, encumbrances or restrictions of any kind or nature other than any liens, pledges, security interests or other restrictions granted under this Agreement or the Organizational Documents of such REIT.

(iii) Each Subsidiary owns, legally and beneficially, the ownership interests in other Subsidiaries as shown in the Partnership Organizational Chart, free and clear of all options, liens, charges, claims, restrictions, pledges, encumbrances or restrictions of any kind or nature other than any liens, pledges, security interests or other restrictions granted under this Agreement or the Organizational Documents of such Subsidiary.

(iv) Except as set forth on **Schedule 6.2(e)**, each member of the Partnership Group has never owned any assets or interests other than its interest in the Subsidiary shown on Exhibit B-2 or, in the case of the Property Owners, the Property owned by such Property Owner and has no business and has engaged in no activity other than the ownership of such Subsidiary shown on Exhibit B-2 or, in the case of the Property Owners, the Property owned by such Property Owner. The Investor Interests have never been certificated under Article 8 of the UCC.

(f) Litigation. Except as set forth on **Schedule 6.2(f)** and except for any claim arising in the ordinary course which is covered by insurance and is for monetary damages in an amount of less than $50,000, there are no litigations, arbitrations, claims, government investigations, suits, actions or proceedings related to any Property, or any member of the Partnership Group or VRLP (with respect to the Properties or the Partnership Group) that are pending or, to VRLP's Knowledge, threatened in writing against any member of the Partnership Group or any Property or VRLP (with respect to the Properties or the Partnership Group), nor is there any judgment, decree, injunction, rule or order of any court or Governmental Authority or arbitrator outstanding against VRLP (with respect to the Properties or the Partnership Group), any member of the Partnership Group or the Properties which has not been satisfied. Neither VRLP (with respect to the Properties or the Partnership Group) nor any member of the Partnership Group are party to or subject to the provision of any judgment, order, writ, injunction, decree, enforcement action, penalty, monitorship or award of any Governmental Authority which would be reasonably likely to affect in any material respect either (i) the ability of VRLP or the Partnership, or both, to consummate any of the transactions contemplated by this Agreement or to perform its obligations hereunder, or (ii) the value, ownership or operation of the Properties.

(g) Casualty; Condemnation. Neither VRLP nor any member of the Partnership Group has received written notice of any pending, threatened or contemplated condemnation, expropriation, eminent domain or similar proceedings relating to the Property or any portion thereof. There are no pending condemnation, expropriation, eminent domain or similar proceedings against the Property or any portion thereof with respect to which the condemning authority has made service of process on VRLP, any Affiliate thereof, or any member of the Partnership Group. There is no material unrepaired casualty damage to any portion of the Property.

(h) No Rights of First Refusal or Rights to Purchase. (i) No party has any right of first refusal, rights of first offer or other rights to purchase all or any portion of any Property or any direct or indirect interest therein, except as set forth on **Schedule 6.2(h)**; and (ii) VRLP has not entered into any written agreement providing for its sale of any Property to any party which agreement remains in effect on the date hereof. Neither VRLP nor any member of the Partnership Group is a party to any other Contract for the sale or contribution of the Investor Interests, any direct or indirect ownership interests in any Subsidiary or any Property.

(i) Leases.

(i) The list of Leases identified in **Schedule 6.2(*i*)(1)** (the "**Lease Schedule**") lists each Lease (other than short-term signage leases made to advertisers in the ordinary course of business, or signage leases that do not provide for the payment of $500,000 or more in any calendar year (including extension options); provided the Lease Schedule includes any agreement relating to signage with a tenant under a Lease (or an Affiliate thereof)) in effect at each Property with respect to which any member of the Partnership Group is the landlord. Such list is a true, correct and complete list of the Leases and there are no other leases, licenses or other similar occupancy agreements with respect to the leasing or occupancy of the Properties other than as set forth on the Lease Schedule (other than short-term signage leases made to advertisers in the ordinary course of business; provided the Lease Schedule includes any agreement relating to signage with a tenant under a Lease (or an Affiliate thereof)). The Leases identified in the Lease Schedule (x) have not been modified or amended except as stated in the Lease Schedule and (y) represent the entire agreement between the relevant landlord and the tenants named therein.

(ii) VRLP has made available to Investor true, correct and complete copies of all Leases described in the Lease Schedule, including all amendments, modifications, supplements, renewals, extensions and guarantees related thereto.

(iii) Except as set forth on **Schedule 6.2(*i*)(2)** (the "**TI/LC Schedule**"), there is no obligation on the part of VRLP or any member of the Partnership Group that will be binding on Investor or any member of the Partnership Group after the Closing to pay to any broker or other party any Leasing Commissions with respect to the current term or renewal of the term or expansion of the space covered by any Lease.

(iv) The TI/LC Schedule is a true and complete list of all Tenant Inducement Costs with respect to the Leases or any renewal thereof other than (i) work that has been completed and paid in full, and (ii) any work or allowance that may be owed in connection with any future expansion of the leased premises or future renewal term (in each case, only to the extent such expansion or renewal has not been exercised).

(v) Except as set forth on the Lease Schedule, no fixed rents have been prepaid under any Lease more than thirty (30) days in advance.

(vi) Except as set forth on **Schedule 6.2(*i*)(3)**, VRLP has not received written notice from any tenant under any Lease that VRLP or any member of the Partnership Group is in default of any monetary or material non-monetary obligation of landlord under such Lease which default remains uncured and to VRLP's Knowledge, there exists no circumstance or event which, with the giving of notice or passage of time, or both, would constitute a monetary default or a material non-monetary default by either any member of the Partnership Group or a tenant under any Lease. Neither VRLP nor any member of the Partnership Group has sent any written notice to any tenant under any Lease that such tenant is in default of any obligation under such Lease which default which remains uncured.

(vii) Except as set forth in **Schedule 6.2(*i*)(4)**, as of the Business Day immediately preceding the Closing Date, all fixed rents and Additional Rent were being collected under the Leases without offset, counterclaim or deduction. No tenant under any Lease has commenced an audit with respect tenant reimbursements in the past three (3) years.

(viii) **Schedule 6.2(*i*)(5)** sets forth a true and complete list of all unapplied security and escrow deposits and letters of credit held by any of VRLP, its Affiliates, or any member of the Partnership Group (or any lender to any of the foregoing, in which case, such fact is set forth on **Schedule 6.2(*i*)(5)**) in connection with any Lease (including accrued interest thereon) whether in the form of cash, letter of credit or otherwise (specifying whether in the form of cash, letter of credit or otherwise). All such deposits in the form of cash are currently held, and have been held during VRLP's or applicable member of the Partnership Group's, period of ownership, in segregated interest-bearing accounts that comply with the New York General Obligations Law. No Person, other than VRLP or a member of the Partnership Group (or, with respect to any letter of credit set forth on Schedule 6.2(i)(5)) any lender to any of the foregoing), is holding any security, any deposits or any letters of credit made by any tenant under any Lease.

(ix) To VRLP's Knowledge, no tenant under any Lease has (i) discontinued operations at the Property or (ii) filed for bankruptcy and, in each case, no tenant has provided VRLP (or any Affiliate thereof) written notice of its intent to do so.

(j) Contracts. Except as set forth on **Schedule 6.2(j)**, (i) each of the Material Contracts is in full force and effect, neither VRLP nor any member of the Partnership Group have given nor received any written notice of breach or default under any such Material Contracts that has not been cured or rescinded, (ii) neither the Partnership nor any member of the Partnership Group nor, to VRLP's Knowledge, any counterparty to any Contract is in material default beyond applicable notice and cure periods pursuant to such Contract and (iii) there exists no circumstance or event which, with the giving of notice or passage of time, or both, would constitute a monetary default or a material non-monetary default by either VRLP, any member of the Partnership Group or a counterparty under any Material Contract. VRLP has delivered or made available to Investor true and complete copies of all Material Contracts affecting the Properties. Except as set forth on **Schedule 6.2(j)**, there are no Material Contracts affecting the Properties, and the same have not been amended, supplemented or otherwise modified, except as shown in such **Schedule 6.2(j)**.

(k) Employees; Collective Bargaining Agreements.

(i) **Schedule 6.2(k)(i)** identifies all of the individuals regularly employed or assigned by VRLP, its Affiliates or its property managers to provide services with respect to the Properties, including in connection with the use, management, maintenance or operation of the Properties (the "**Employees**") and denotes which Employees are employed by the Partnership Group (the "**Partnership Group Employees**"). No individual independent contractor provides full-time or continuing services at the Properties.

(ii) The collective bargaining agreements identified on **Schedule 6.2(k)(ii)** (the "**Collective Bargaining Agreements**") are the only collective bargaining agreements covering the Employees which are binding on the owners of the Properties (or their Affiliates or property managers with respect to the Properties). VRLP has made available to Investor true, correct and complete copies of all of the Collective Bargaining Agreements. Except as set forth on **Schedule 6.2(k)(ii)**, there are no Collective Bargaining Agreements covering the Employees presently being negotiated.

(iii) (x) to VRLP's Knowledge, there is no organized work stoppage, labor strike or union organizing activity pending with respect to any Employees; (y) the Partnership Group, VRLP, its Affiliates and its property managers are in compliance in all material respects with all Laws regarding the employment of labor or employment practices or any Collective Bargaining Agreement and (z) none of the Partnership Group, VRLP or their Affiliates has received written notice that the Partnership or any Property is in violation in any material respect of any Law regarding the employment of labor or employment practices or any Collective Bargaining Agreement, except for violations that have been cured.

(l) Employee Benefits. **Schedule 6.2(l)(i)** sets forth each material Employee Plan and indicates whether such plan is a Partnership Plan or VRLP Plan. "**Employee Plan**" means any employee benefit plan, program or arrangement including but not limited to employee pension benefit plans, as defined in Section 3(2) of the ERISA, employee welfare benefit plans, as defined in Section 3(1) of ERISA, deferred compensation plans, stock option or other equity compensation plans, stock purchase plans, phantom stock plans, bonus or incentive plans, fringe benefit plans, life, health, dental, vision, hospitalization, disability and other insurance plans, employment, employee assistance program, severance or termination pay plans and policies, and sick pay and vacation plans or arrangements, whether or not described in Section 3(3) of ERISA, (x) maintained, sponsored or contributed to by the Partnership Group or for which the Partnership Group has any liability or obligation (contingent or otherwise) (a "**Partnership Plan**") or (y) maintained, sponsored or contributed to by VRLP or its Affiliates (other than the Partnership Group) or its property manager, if any, which provides material compensation or benefits to Employees (a "**VRLP Plan**"). Each

Employee Plan has been operated in compliance with its terms and applicable Law, including ERISA and the Code. No member of the Partnership Group nor any of their ERISA Affiliates has or would reasonably be expected to have any material liability or obligation under, (i) any "employee pension benefit plan," as defined in Section 3(2) of ERISA, that is subject to Title IV of ERISA or Section 412 of the Code, (ii) any "multiemployer plan," as defined in Section 3(37) of ERISA, or (iii) any multiple employer plan as described in Section 413(c) of the Code. Except as would not reasonably be expected to result in material liability to any member of the Partnership Group, no non-exempt prohibited transactions under Section 4975 of the Code or Section 406 of ERISA have occurred with respect to the Employee Plans.

(m) Existing Indebtedness. All outstanding indebtedness (including all principal and penalty payments) currently due and payable on Existing Indebtedness has been paid in full. **Schedule 6.2(m)** contains a true, correct and complete list of all of the agreements and instruments delivered in connection with the Existing Indebtedness, such agreements and instruments have not been modified or amended except as set forth on **Schedule 6.2(m)** and VRLP has delivered to Investor true and complete copies of the same. All Existing Indebtedness is current on interest payments due, except as set forth on **Schedule 6.2(m)**. Neither VRLP (or any Affiliate thereof) nor any member of the Partnership Group has received any written notice alleging a default under any Existing Indebtedness. To VRLP's Knowledge, (i) there is no existing monetary or material non-monetary default under any Existing Indebtedness, and (ii) the existing lender is not in default thereunder. Neither VRLP nor any member of the Partnership Group has received or sent any written notice of default with respect to the Existing Indebtedness that remains uncured. As of the last monthly payment date applicable to each Existing Indebtedness, (i) the outstanding principal balance (including all accrued and unpaid interest) of the Existing Indebtedness is as set forth in **Schedule 6.2(m)** and (ii) the amount of all reserves held by the Existing Indebtedness lender under the Existing Indebtedness documents are as set forth on **Schedule 6.2(m)**.

(n) Violations. Except as set forth on **Schedule 6.2(n)**, neither VRLP (or any Affiliate thereof) nor any member of the Partnership Group have received written notice of any Violation with respect to any Property except for Violations which either (x) have been cured or dismissed or (y) the cure of which are the obligation of the applicable tenant under its Lease or another condominium unit owner or a condominium board pursuant to the applicable Condo Documents.

(o) Environmental Matters. Neither VRLP (or any Affiliate thereof) nor any member of the Partnership Group has received written notice from any Governmental Authority or other Person of any Environmental Claims, Environmental Liabilities or violations of any Environmental Laws with respect to any Property. To VRLP's Knowledge, there has been no violation of any Environmental Laws at or relating to any Property. Except as set forth in any environmental report obtained by Investor, neither VRLP nor any member of the Partnership Group has made any report or disclosure to any Government Entity relating to any hazardous materials contamination at the Property.

(p) Condominium Matters. **Schedule 6.2(p)** sets forth all documents and agreements evidencing any condominiums established with respect to a Property, including all amendments and modifications thereto, (collectively, the "**Condo Documents**"). VRLP has provided Investor with true and complete copies of the Condo Documents and all other agreements between any member of the Partnership Group and the applicable Other Unit Owner related to or arising from the Condo Documents. To VRLP's Knowledge, the Condo Documents are in full force and effect. The Condo Documents have not been amended or modified other than as set forth on **Schedule 6.2(o)**. (i) No written notice of default under the Condo Documents has been sent or received by any member of the Partnership Group with respect to a default which remains uncured under the Condo Documents and (ii) to VRLP's Knowledge, (x) no member of the Partnership Group is in monetary default or material non-monetary default under the Condo Documents, (y) there is no event or circumstance that, with the giving of notice or the passage of time or both, would become a monetary default or material non-monetary default, under the Condo Documents on the part of any member of the Partnership Group or on the part of any Other Unit Owner and (z) no Other Unit Owner is in monetary default or material non-monetary default under the Condo Documents. The applicable member of the Partnership Group is current in the payment of its share of all common charges and other amounts due and payable with respect to any Property under the Condo Documents (or, notwithstanding anything to the contrary contained in this Agreement or the Amended and Restated Partnership Agreement to the extent such common charges and other amounts due and payable have not been paid, VRLP shall remain 100% liable for such common charges and other amounts to the extent relating to the time period prior to the Closing Date).

(q) Taxes. **Schedule 6.2(q)** sets forth a list of the entity classification and tax status of the Partnership and each Subsidiary for U.S. federal income Tax purposes as of the date of this Agreement, any prior classification of the Partnership and the Subsidiaries, and the date of any change in classification. No entity that is a partnership for U.S. federal income tax purposes made an election under Section 1101(g) of the Bipartisan Budget Act of 2015 to be subject to Sections 6221 through 6241 of the Code (as amended by the Bipartisan Budget Act of 2015) for any taxable year prior to the taxable year commencing January 1, 2018 (or any comparable election for state or local Tax purposes). Each of the Partnership and the Subsidiaries has paid all Taxes due and payable and filed all Tax Returns required to be filed. None of the Partnership or its Subsidiaries (i) is a party to any action, suit, proceeding, investigation, audit or claim with respect to any Taxes nor is aware of any proceeding by any Governmental Authority for enforcement of collection of Taxes, (ii) has granted any waiver of any statute of limitation with respect to, or any extension of a period for, the assessment of any Taxes, and (iii) has received any written notice of any special Tax or Tax assessment to be levied, deficiencies, audits or other proceedings with respect to any Property (and, to VRLP's Knowledge, no such special Tax or assessment is contemplated). Each of the REITs has made a valid election under Treas. Reg. Section 301.7701-3 to be taxable as a corporation for U.S. federal income Tax purposes as of one day prior to the Closing Date. Each of the REITs is a domestically controlled qualified investment entity within the meaning of Section 897(h)(4)(B) of the Code and a real estate investment trust within the meaning of Section 856 of the Code.

(r) Affiliate Agreements. **Schedule 6.2(r)** sets forth a true, correct and complete list of all Affiliate Agreements.

(s) 666 Fifth Overlease Lease and Ancillary Lease. With respect to 666 Fifth Avenue, **Schedule 6.2(s)** sets forth the entire agreements between the lessor(s) and the lessee named therein and includes all amendments, modifications, supplements, extensions, side letters and guaranties thereof (collectively, the "**666 Fifth Leases**"). Neither VRLP nor any member of the Partnership Group have received nor delivered any notice of default with respect to the 666 Fifth Leases and, to VRLP's Knowledge, there exists no circumstances or event which, with the giving of notice or passage of time, or both, would constitute a material breach or default by any lessee or lessor under the 666 Fifth Leases. The 666 Fifth Leases are in full force and effect and VRLP has delivered true and complete copies of the 666 Fifth Leases to Investor.

(t) Governmental Plan. No Partnership Group member is a Plan or a Governmental Plan, and no portion of any Partnership Group member or Property constitutes the assets of any Governmental Plan.

(u) Material Signage Agreements. The list of agreements identified in **Schedule 6.2(u)** (the "**Signage Schedule**") is a true, correct and complete list of the Material Signage Agreements in effect at each Property. The Material Signage Agreements identified in the Signage Schedule have not been modified or amended except as stated in the Signage Schedule. Except as set forth on **Schedule 6.2(u)**, (i) each of the Material Signage Agreements is in full force and effect, neither VRLP nor any member of the Partnership Group have given nor received any written notice of breach or default under any such Material Signage Agreements that has not been cured or rescinded, (ii) neither the Partnership nor any member of the Partnership Group nor, to VRLP's Knowledge, any counterparty to any Material Signage Agreement is in material default beyond applicable notice and cure periods pursuant to such Material Signage Agreement and (iii) there exists no circumstance or event which, with the giving of notice or passage of time, or both, would constitute a monetary default or a material non-monetary default by either VRLP, any member of the Partnership Group or a counterparty under any Material Signage Agreement. VRLP has delivered or made available to Investor true and complete copies of all Material Signage Agreements.

Section 6.3 Limitations. VRLP's representations and warranties in this Agreement are subject to the following express limitations:

(a) Investor is experienced in and knowledgeable about the ownership, management, leasing and purchase of commercial real estate and office properties, and except solely for the representations, warranties, covenants and agreements set forth in this Agreement or as provided in the documents delivered at Closing, has relied and will rely exclusively on its own consultants, advisors, counsel, employees, agents, principals and/or studies, investigations and/or inspections with respect to the Investor Interests and the Properties, their tax or legal status, condition, value and potential. Investor agrees that, notwithstanding the fact that it has received certain information from VRLP or its agents or consultants, Investor has relied solely upon and will continue to rely solely upon its own analysis and will not rely on any information provided by VRLP or its agents or consultants, except solely for the representations and warranties in this Agreement or as provided in the closing documents.

(b) Notwithstanding anything to the contrary in this Agreement, to the extent that, as of the Effective Date, either Investor has actual knowledge of any breach of a representation, warranty or certification of VRLP, or VRLP's Due Diligence Materials contain any information that conflicts with any representation, warranty or certification of VRLP, then such representation, warranty or certification shall be deemed to be modified by such knowledge or information.

(c) No claim for any misrepresentation or breach of warranty by VRLP with respect to this Agreement shall be actionable or payable (i) unless the valid claims of Investor for all misrepresentations and breaches of warranty or covenant of VRLP or other Losses of Investor with respect to this Agreement collectively aggregate more than two million dollars ($2,000,000.00) (the "**Threshold Amount**"), in which case only claims and Losses of Investor above the Threshold Amount shall be actionable or payable, and (ii) to the extent such claims and Losses of Investor shall exceed in the aggregate fifty million dollars ($50,000,000.00) (the "**Cap Amount**"); provided, that notwithstanding the foregoing, claims under Article VII and claims for misrepresentation or breach of warranty of VRLP with respect to the representations and warranties in Section 6.1, Section 6.2(a), Section 6.2(b), Section 6.2(c), Section 6.2(d) and Section 6.2(e) (collectively, the "**Fundamental Representations**") shall not be subject to such limitations. The provisions of this Section 6.3(c) shall survive the Closing.

Section 6.4 Representations and Warranties of Investor. Investor hereby makes the following representations and warranties to VRLP as of the Effective Date:

(a) Legal Existence. Investor is a limited liability company, duly created, validly existing and in good standing under the Laws of the State of Delaware.

(b) Power and Authority, Enforceability. Investor has the requisite power and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement and each other agreement contemplated hereby to which it is a party, and perform its obligations hereunder and thereunder. The execution and delivery of this Agreement by Investor and the performance by Investor of its obligations under this Agreement and each other agreement contemplated hereby to which Investor is a party have been duly authorized by all necessary action on the part of Investor. This Agreement and each other agreement contemplated hereby to which it is a party has been duly executed and delivered by Investor and constitutes a valid and binding obligation of Investor, enforceable against Investor in accordance with and subject to its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other Laws affecting the rights of creditors generally and subject to the rules of law governing (and all limitations on) specific performance, injunctive relief and other equitable remedies.

(c) No Conflicts. The execution and delivery by Investor of, and the compliance with and performance of the terms of, this Agreement and each other agreement contemplated hereby to which it is a party, and the purchase of the Investor Interests, does not and the consummation of the transactions contemplated by hereby and thereby will not, conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation of Investor.

(d) Consents. No consent, approval, order, license, permit, or authorization of, or registration, declaration or filing with, any Governmental Authority or instrumentality, domestic or foreign, or any third party, is required by or with respect to Investor in connection with the execution, performance and delivery by Investor of this Agreement and each other agreement contemplated hereby to which it is a party or the consummation by Investor of the transactions contemplated hereby and thereby.

(e) Pending Actions. There are no suits, actions or proceedings that are pending or, to Investor's Knowledge, threatened in writing against Investor or any that, if adversely determined, would be reasonably likely individually or in the aggregate to materially interfere with the consummation of the transaction contemplated by this Agreement.

(f) ERISA. Either (A) Investor is not using the assets of (1) an "employee benefit plan" (within the meaning of Section 3(3) of ERISA), (2) a "plan" (within the meaning of Section 4975 of the Code or (3) an entity whose underlying assets are treated as "plan assets" for purposes of ERISA by reason of an employee benefit plan's or a plan's investment in such entity, to fund its purchase of the Properties (each of (1), (2) and (3) of this subparagraph (A), a "**Plan**") or (B) the purchase of the Properties by Investor is exempt from the prohibited transaction restrictions of Section 406 of ERISA and Section 4975 of the Code pursuant to a prohibited transaction statutory or class exemption.

(g) Compliance with Anti-Terrorism and Economic Sanctions Laws. Neither Investor nor any Person who owns a controlling interest in or otherwise controls Investor is (i) listed on the Specially Designated Nationals and Blocked Persons List or any other similar list of blocked or restricted persons maintained by OFAC, (ii) a "specially designated global terrorist" or other person listed in Appendix A to Chapter V of 31 C.F.R., as the same has been from time to time updated and amended, or (iii) a person either (A) included within the term "designated national" as defined in the Cuban Assets Control Regulations, 31 C.F.R. Part 515 or (B) designated under Sections 1(a), 1(b), 1(c) or 1(d) of Executive Order No. 13224, 66 Fed. Reg. 49079 (published September 25, 2001) or a person similarly designated under any related enabling legislation or any other similar Executive Orders. Investor is not knowingly acting, directly, or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, or nation pursuant to any law that is enforced or administered OFAC, or engaging in, instigating, or facilitating this transaction for or on behalf of any such person, group, entity, or nation.

(h) Compliance with Anti-Money Laundering Measures. Investor has taken measures as required by applicable Law to assure that (i) funds to be used to pay the Consideration and other amounts payable hereunder and (ii) with respect to each holder of a direct interest in Investor, funds invested by such holders in Investor, are derived from legal sources and such measures have been undertaken in accordance with the Bank Secrecy Act, 31 U.S.C. §§ 5311 *et seq.*, and all applicable Laws, regulations and government guidance on compliance therewith and on the prevention and detection of money laundering violations under 18 U.S.C. §§ 1956 and 1957.

(i) No Bankruptcy. Investor is not a debtor under any voluntary or involuntary proceeding under chapter 11 of title 11 of the U.S. Code or under any state Laws relating to debtors and has not made any general assignment for the benefit of creditors, and Investor is solvent and able to pay its debts as they become due.

(j) United States Person. Investor is a "United States person" within the meaning of Section 7701(a)(30) of the Code.

(k) Intentionally omitted.

Section 6.5 Survival of Representations and Warranties. VRLP's representations and warranties set forth in Section 6.2 (other than Fundamental Representations) shall survive for a period of twelve (12) months following the Closing Date (the applicable time frame, the "**Survival Period**") (except that a claim duly noticed by one party to the other prior to such expiration may be pursued thereafter to conclusion, provided that legal action with respect to the same is commenced no later than three (3) months following the delivery of notice thereof). Notwithstanding anything to the contrary contained herein, (x) the Fundamental Representations and Investor's representations and warranties set forth in Section 6.4 shall not be limited by the Survival Period and shall survive the Closing indefinitely (provided that the representations and warranties set forth in Section 6.2(q) shall survive for the period described in Section 7.2(b)) and (y) the representations and warranties contained in Section 6.2(c) shall not be limited by the Survival Period and shall survive the Closing for a period of eighteen (18) months.

Section 6.6 Employee Liability Indemnification by VRLP. Employee Liability. As between VRLP and Investor, Investor shall not be responsible, and VRLP shall indemnify Investor, for any claims arising out of any liabilities or obligations (contingent or otherwise) of the VRLP Parties' or their ERISA Affiliates under Title IV of ERISA that could reasonably be expected to become liabilities or obligations of Investor as a result of the transactions contemplated by this Agreement, other than obligations with respect to Partnership Group Employees that accrue after the Closing. The provisions of this Section 6.6 shall survive Closing indefinitely and shall not be subject to any limitations set forth in Section 6.3 (including, without limitation, the Threshold Amount and the Cap Amount).

ARTICLE VII
TAX MATTERS

Section 7.1 Taxes.

(a) All Taxes relating to the Partnership Group or any of the Properties for any taxable year or period (or portion thereof) ending prior to the Closing (the "**Pre-Closing Tax Period**") other than Property Taxes (which shall be allocated pursuant to Section 1.3(e)(i)) ("**Other Taxes**"), will be the responsibility of VRLP. Except as otherwise provided herein, all Other Taxes relating to the Partnership Group or any of the Properties for any taxable year or period (or portion thereof) beginning on or after the Closing (the "**Post-Closing Tax Period**") will be the responsibility of the Partnership and not of VRLP; provided, that the Partnership shall only be responsible for Other Taxes relating to the Property Owners and the Properties to the extent of the applicable REIT's interest in the Property Owners or any other Subsidiary. Any prepaid Other Taxes or estimated Other Tax payments made by VRLP (either directly or on behalf of the Partnership Group) allocable to the Partnership for a Pre-Closing Tax Period shall be allocated to VRLP in determining VRLP's obligations hereunder. As used in this Agreement, "**Tax**" means any tax, assessment, levy, duty, tariff, impost or other charge in the nature of a tax (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Governmental Authority, including all income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, ad valorem, value added, inventory, franchise, profits, withholding, social security (or similar), unemployment, disability, personal property, sales, use, transfer, registration, alternative or add-on minimum or estimated tax.

(b) Whenever it is necessary for purposes of this Section 7.1(b) to determine the liability for Other Taxes of the Partnership Group for any taxable period beginning prior to and ending on or after the Closing Date (a "**Straddle Period**"), the determination shall be made by assuming that the Partnership Group had a taxable year or period which ended as of the Closing Date, except that exemptions, allowances or deductions that are calculated on an annual basis (such as the deduction for depreciation) shall be apportioned on a time basis.

(c) To the extent any refunds, interest or credits with respect to Other Taxes allocable to the Partnership are attributable to a Pre-Closing Tax Period, other than with respect to Property Taxes which shall be allocated pursuant to Section 1.3(e)(i), such refunds, interest or credits shall be for the account of VRLP; provided, however, that if any such refund creates an obligation to reimburse any tenants for any rents paid or to be paid, that portion of such refund equal to the amount of such required reimbursement shall be paid by the Partnership Group directly to the tenants entitled thereto and VRLP shall not be entitled to such amounts. To the extent that any refunds, interest or credits with respect to Other Taxes allocable to the Partnership are attributable to a Post-Closing Tax Period, such refunds, interest or credits shall be for the account of the Partnership. To the extent any refunds, interest or credits with respect to Other Taxes allocable to the Partnership are attributable to a Straddle Period, such refunds, interest or credits with respect to Other Taxes shall be apportioned between VRLP and the Partnership based on the appropriate allocation method set forth in Section 7.1(b). The parties shall cause the Partnership Group to forward to VRLP or reimburse VRLP for any such refunds, interest or credits that are for the account of VRLP within ten (10) Business Days from receipt thereof by the Partnership Group, Investor or any of their respective Affiliates.

Section 7.2 Indemnification.

(a) Following the Closing, VRLP shall indemnify and hold Investor harmless with respect to all Other Taxes relating to a Pre-Closing Tax Period and any Taxes resulting from a breach of the representations in Sections 6.1i), Section 6.1(i) and 6.2q) and any Taxes attributable to any actions on the Closing Date before Closing whether or not described herein.

(b) Notwithstanding anything in this Agreement to the contrary, the provisions in this Article VII and the representations referenced therein shall survive the Closing for a period of 60 (sixty) days following the applicable statute of limitations and shall not be subject to the limitations set forth in Section 6.3.

ARTICLE VIII
INTENTIONALLY OMITTED

ARTICLE IX
INTENTIONALLY OMITTED

ARTICLE X
BROKERAGE COMMISSIONS

Section 10.1 Brokerage Commissions. Each of Investor and VRLP represents and warrants that it has dealt with no Person who might claim a commission, finder's fee or other compensation in connection with the proposed transaction contemplated by this Agreement. Each party hereto agrees that if any Person makes a claim for brokerage commissions, finder's fees or similar compensation related to the sale or proposed sale of the Investor Interests by VRLP to Investor, and such claim is made by, through or on account of any acts or alleged acts of said party or its representatives, then said party will protect, indemnify, defend and hold the other party free and harmless from and against any and all Losses in connection therewith. The provisions of this Section 10.1 shall survive Closing.

ARTICLE XI
DISCLAIMERS AND WAIVERS

Section 11.1 No Reliance. Except for VRLP's express representations, warranties and covenants (including any indemnities) in this Agreement, the other closing documents delivered pursuant to this Agreement or the Amended and Restated Partnership Agreement (the "**Express Representations and Warranties**"), VRLP makes no representation or warranty as to the truth, accuracy or completeness of any materials, data or information delivered or given by VRLP or its agents to Investor in connection with the transaction contemplated hereby (including the VRLP Due Diligence Materials). Investor acknowledges and agrees that all materials, data and information delivered or given by VRLP to Investor in connection with the transaction contemplated hereby are provided to Investor as a convenience only and that any reliance on or use of such materials, data or information by Investor shall be at the sole risk of Investor, except as otherwise expressly stated herein or in the other closing documents delivered pursuant to this Agreement. Except for the Express Representations and Warranties, neither VRLP, nor any Affiliate of VRLP, shall have any liability to Investor for any inaccuracy in or omission from any such reports. In addition, VRLP does not make, and has not made, any representations or warranties relating to it, the Partnership, the Investor Interests or the Properties, or the operations or businesses of itself or conducted on, at or with respect to the Properties, or otherwise in connection with the transactions contemplated hereby, other than the Express Representations and Warranties. Other than as provided by the Express Representations and Warranties, VRLP hereby specifically disclaims any warranty, guaranty or representation, oral or written, past, present or future, of, as to, or concerning (i) the nature and condition of the Properties, any Partnership Group member or the Investor Interests, including (A) for any and all activities and uses that the Investor may elect to conduct on the Properties, (B) the water, soil and geology or any other matter affecting the stability or integrity of the Properties, and the suitability thereof and (C) the existence of any Hazardous Materials thereon, (ii) the compliance of the Properties, any Partnership Group member or the Investor Interests with any Law to which they or VRLP is or may be subject, (iii) the condition of title to the Properties or the Investor Interests or the nature and extent of any right of way, lease, license, reservation or contract, (iv) the profitability or losses or expenses relating to any of the Properties, any Partnership Group member or the Investor Interests and the businesses conducted in connection therewith, (v) the value of any of the Properties, any Partnership Group member or the Investor Interests, (vi) the existence, quality, nature or adequacy of any utility servicing any of the Properties, (vii) the physical condition of any of the Properties, (viii) the use, operation or physical condition of any adjoining property, and (ix) the legal or tax consequences of this Agreement or the transactions contemplated hereby.

Section 11.2 AS-IS SALE; DISCLAIMERS. EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES, IT IS UNDERSTOOD AND AGREED THAT VRLP IS NOT MAKING AND HAS NOT AT ANY TIME MADE ANY WARRANTIES, REPRESENTATIONS, GUARANTIES, COVENANTS OR STATEMENTS OF ANY TYPE, KIND, NATURE OR CHARACTER WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTIES, ANY PARTNERSHIP GROUP MEMBER OR THE INVESTOR INTERESTS, INCLUDING ANY WARRANTIES, REPRESENTATIONS, GUARANTIES, COVENANTS OR STATEMENTS AS TO HABITABILITY, MERCHANTABILITY OR FITNESS OF THE PROPERTIES OR THE INVESTOR INTERESTS FOR A PARTICULAR PURPOSE, THE INCOME, EXPENSES, OPERATION OR PROFITABILITY OF THE PROPERTIES OR ANY PARTNERSHIP GROUP MEMBER, THE OPERATING HISTORY OF OR ANY PROJECTIONS RELATING TO THE PROPERTIES OR ANY PARTNERSHIP GROUP MEMBER, THE VALUATION OF THE PROPERTIES, ANY PARTNERSHIP GROUP MEMBER OR THE INVESTOR INTERESTS, ANY TAX TREATMENT, WHETHER INCOME OR OTHERWISE, RELATED TO THE PROPERTIES, ANY PARTNERSHIP GROUP MEMBER OR THE INVESTOR INTERESTS, THE CONTENT, COMPLETENESS OR ACCURACY OF VRLP'S DUE DILIGENCE INFORMATION, OR AS TO THE PHYSICAL, STRUCTURAL, OR ENVIRONMENTAL CONDITION OF THE PROPERTIES (INCLUDING HAZARDOUS MATERIALS IN, ON, ABOUT, OR MIGRATING FROM THE PROPERTIES), ITS COMPLIANCE WITH LAWS OR WITH RESPECT TO THE ZONING OF, OR ANY APPROVALS, LICENSES OR PERMITS REQUIRED FOR THE PROPERTIES, OR THE SUITABILITY OF THE PROPERTIES OR THE INVESTOR INTERESTS FOR INVESTOR'S INTENDED USE THEREOF OR THE ABILITY OR FEASIBILITY TO CONVERT ANY OF THE PROPERTIES OR ANY PORTION THEREOF TO ANY OTHER OR PARTICULAR USE, OR WITH RESPECT TO THE AVAILABILITY OF ACCESS, INGRESS OR EGRESS TO ANY PROPERTY, THE NEED FOR OR COMPLIANCE WITH GOVERNMENTAL OR THIRD PARTY APPROVALS OR GOVERNMENTAL REGULATIONS, OR ANY OTHER MATTER OR THING OF ANY TYPE, KIND, NATURE OR CHARACTER WHATSOEVER RELATING TO OR AFFECTING SUCH PROPERTY, ANY PARTNERSHIP GROUP MEMBER OR THE INVESTOR INTERESTS.

INVESTOR ACKNOWLEDGES AND AGREES THAT UPON CLOSING VRLP SHALL SELL AND CONVEY TO INVESTOR AND INVESTOR SHALL ACCEPT THE INVESTOR INTERESTS (AND THE INDIRECT INTERESTS IN THE PROPERTIES) "AS IS, WHERE IS, WITH ALL FAULTS," EXCEPT WITH RESPECT TO THE EXPRESS

REPRESENTATIONS AND WARRANTIES. INVESTOR HAS NOT RELIED AND WILL NOT RELY ON, AND VRLP IS NOT LIABLE FOR OR BOUND BY, ANY EXPRESS OR IMPLIED WARRANTIES, GUARANTIES, COVENANTS, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTIES, ANY PARTNERSHIP GROUP MEMBER OR THE INVESTOR INTERESTS OR RELATING THERETO (INCLUDING OFFERING PACKAGES DISTRIBUTED WITH RESPECT TO THE PROPERTIES, ANY PARTNERSHIP GROUP MEMBER OR THE INVESTOR INTERESTS) MADE OR FURNISHED BY VRLP, TO WHOMEVER MADE OR GIVEN, DIRECTLY OR INDIRECTLY, ORALLY OR IN WRITING, UNLESS AND TO THE EXTENT EXPRESSLY SET FORTH IN THE EXPRESS REPRESENTATIONS AND WARRANTIES. INVESTOR ALSO ACKNOWLEDGES THAT THE CONSIDERATION REFLECTS AND TAKES INTO ACCOUNT THAT THE INVESTOR INTERESTS (AND THE INDIRECT INTERESTS IN THE PROPERTIES AND THE PARTNERSHIP GROUP) ARE BEING SOLD "AS-IS, WHERE IS, WITH ALL FAULTS," AND THE PROPERTIES' ENVIRONMENTAL, STRUCTURAL, ARCHITECTURAL, MECHANICAL, PHYSICAL, FINANCIAL AND ECONOMIC CONDITION OTHER THAN AS SET FORTH IN THE EXPRESS REPRESENTATIONS AND WARRANTIES.

INVESTOR REPRESENTS TO VRLP THAT INVESTOR HAS CONDUCTED OR HAD THE OPPORTUNITY TO CONDUCT PRIOR TO THE EFFECTIVE DATE, SUCH INVESTIGATIONS OF THE PROPERTIES, THE PARTNERSHIP GROUP AND THE INVESTOR INTERESTS, INCLUDING THE ENVIRONMENTAL, STRUCTURAL, ARCHITECTURAL, MECHANICAL, PHYSICAL, FINANCIAL AND ECONOMIC CONDITIONS, THE INCOME AND EXPENSES OF AND FROM THE PROPERTIES AND THE PROFITABILITY OF THE PROPERTIES AND ANY TAX TREATMENT, WHETHER INCOME OR OTHERWISE, RELATED TO THE PROPERTIES, THE PARTNERSHIP GROUP OR THE INVESTOR INTERESTS, AS INVESTOR DEEMED NECESSARY OR DESIRABLE TO SATISFY ITSELF AS TO THE CONDITION OF THE PROPERTIES, THE PARTNERSHIP GROUP AND THE INVESTOR INTERESTS AND THE EXISTENCE OR NONEXISTENCE OF, OR REMEDIAL ACTION REQUIRED TO BE TAKEN WITH RESPECT TO, ANY HAZARDOUS MATERIALS IN, ON ABOUT OR MIGRATING FROM THE PROPERTIES, AND IS RELYING SOLELY AND EXCLUSIVELY AND WILL RELY SOLELY AND EXCLUSIVELY UPON SAME AND NOT UPON ANY INFORMATION PROVIDED BY OR ON BEHALF OF VRLP OR ITS AGENTS OR EMPLOYEES WITH RESPECT THERETO, OTHER THAN THE EXPRESS REPRESENTATIONS AND WARRANTIES. EXCEPT AS IS SET FORTH IN THE EXPRESS REPRESENTATIONS AND WARRANTIES, UPON CLOSING, INVESTOR SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING CONSTRUCTION DEFECTS AND ADVERSE PHYSICAL, ENVIRONMENTAL, FINANCIAL AND ECONOMIC CONDITIONS, MAY NOT HAVE BEEN REVEALED BY INVESTOR'S INVESTIGATIONS.

EXCEPT WITH RESPECT TO THE EXPRESS REPRESENTATIONS AND WARRANTIES, INVESTOR, UPON CLOSING, SHALL BE DEEMED TO HAVE WAIVED, RELINQUISHED AND RELEASED VRLP, AND VRLP'S AFFILIATES, IF ANY, AND THEIR RESPECTIVE PARTNERS, MEMBERS, STOCKHOLDERS, DIRECTORS, OFFICERS, PARTICIPANTS, EMPLOYEES, CONSULTANTS, BROKERS AND AGENTS

FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION (INCLUDING CAUSES OF ACTION IN TORT, EQUITABLE CAUSES OF ACTION, INCLUDING CLAIMS FOR OR RIGHTS OF CONTRIBUTION OF ANY NATURE, AND ALL CAUSES OF ACTION ARISING UNDER, OR ALLEGING VIOLATION OF, ENVIRONMENTAL LAWS), LOSSES, DAMAGES, LIABILITIES, COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) OF ANY AND EVERY TYPE, KIND, CHARACTER OR NATURE WHATSOEVER, KNOWN OR UNKNOWN, ARISING OR FIRST DISCOVERED IN THE PAST, PRESENT OR FUTURE, WHICH INVESTOR MIGHT HAVE ASSERTED OR ALLEGED AGAINST VRLP AND/OR VRLP'S AFFILIATES AND VRLP'S AFFILIATED PREDECESSORS-IN-TITLE AND THEIR RESPECTIVE OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES AND AGENTS AT ANY TIME BY REASON OF OR ARISING OUT OF THE ENVIRONMENTAL, STRUCTURAL, ARCHITECTURAL, MECHANICAL, PHYSICAL, FINANCIAL AND ECONOMIC CONDITION OF THE PROPERTIES, FAILURE TO DISCLOSE ANY CONDITION OF THE PROPERTIES, ANY PARTNERSHIP GROUP MEMBER OR THE INVESTOR INTERESTS, ANY LATENT OR PATENT CONSTRUCTION OR OTHER DEFECTS RELATED TO THE PROPERTIES, VIOLATIONS OF ANY APPLICABLE LAWS RELATED TO THE PROPERTIES, ANY PARTNERSHIP GROUP MEMBER OR THE INVESTOR INTERESTS, THE HABITABILITY, MERCHANTABILITY OR FITNESS OF THE PROPERTIES OR THE INVESTOR INTERESTS FOR ANY PARTICULAR PURPOSE, THE INCOME, EXPENSES OR PROFITABILITY OF THE PROPERTIES, ANY PARTNERSHIP GROUP MEMBER OR THE INVESTOR INTERESTS, ANY TAX TREATMENT, WHETHER INCOME OR OTHERWISE, RELATED TO THE PROPERTIES, ANY PARTNERSHIP GROUP MEMBER OR THE INVESTOR INTERESTS, THE PROPERTIES' AND THE PARTNERSHIP GROUP MEMBERS' COMPLIANCE WITH LAWS OR WITH RESPECT TO THE ZONING OF, APPROVALS REQUIRED FOR, OR THE SUITABILITY OF THE PROPERTIES OR THE INVESTOR INTERESTS FOR INVESTOR'S INTENDED USE THEREOF OR THE ABILITY OR THE FEASIBILITY TO CONVERT ANY OF THE PROPERTIES OR ANY PORTION THEREOF TO ANY OTHER OR PARTICULAR USE, OR WITH RESPECT TO THE AVAILABILITY OF ACCESS, INGRESS OR EGRESS, OPERATING HISTORY OR PROJECTIONS, VALUATION, GOVERNMENTAL OR THIRD-PARTY APPROVALS, GOVERNMENTAL REGULATIONS OR ANY OTHER MATTER OR THING OF ANY TYPE, KIND, NATURE OR CHARACTER WHATSOEVER RELATING TO OR AFFECTING ANY OF THE PROPERTIES, ANY PARTNERSHIP GROUP MEMBER OR THE INVESTOR INTERESTS, AND ANY AND ALL OTHER ACTS, OMISSIONS, EVENTS, CIRCUMSTANCES OR MATTERS OF ANY TYPE, CHARACTER OR NATURE WHATSOEVER REGARDING ANY OF THE PROPERTIES, ANY PARTNERSHIP GROUP MEMBER OR THE INVESTOR INTERESTS. INVESTOR ACKNOWLEDGES THAT SUCH ADVERSE MATTERS (INCLUDING OBLIGATIONS, DEFECTS, OR LEGAL REQUIREMENTS RELATED TO OR ARISING FROM THE PROPERTIES' ENVIRONMENTAL, STRUCTURAL, ARCHITECTURAL, MECHANICAL AND PHYSICAL CONDITION) MAY AFFECT INVESTOR'S ABILITY TO SELL, LEASE, OPERATE OR FINANCE THE PROPERTIES OR THE INVESTOR INTERESTS AT ANY TIME AND FROM TIME TO TIME. TO THE EXTENT PERMITTED BY LAW, IN CONNECTION WITH THE RELEASE GIVEN HEREIN, INVESTOR REALIZES AND ACKNOWLEDGES THAT FACTUAL MATTERS

NOW KNOWN TO IT MAY HAVE GIVEN OR MAY HEREAFTER GIVE RISE TO CAUSES OF ACTION, CLAIMS, DEMANDS, DEBTS, CONTROVERSIES, DAMAGES, COSTS, LOSSES AND EXPENSES THAT ARE PRESENTLY UNKNOWN, UNANTICIPATED AND UNSUSPECTED, AND INVESTOR FURTHER AGREES THAT, AS A MATERIAL PORTION OF THE CONSIDERATION GIVEN TO VRLP BY INVESTOR IN EXCHANGE FOR VRLP'S PERFORMANCE HEREUNDER, THE WAIVERS AND RELEASES HEREIN HAVE BEEN NEGOTIATED AND AGREED UPON IN LIGHT OF THAT REALIZATION AND THAT INVESTOR, SUBJECT TO THE TERMS OF THIS SECTION 11.2 AND OTHER THAN THE EXPRESS REPRESENTATIONS AND WARRANTIES, NEVERTHELESS HEREBY INTENDS TO RELEASE, DISCHARGE AND ACQUIT VRLP, VRLP'S AFFILIATES AND SUBSIDIARIES AND AFFILIATED PREDECESSORS-IN-TITLE, AND THEIR RESPECTIVE PARTNERS, MEMBERS, STOCKHOLDERS, DIRECTORS, OFFICERS, PARTICIPANTS, EMPLOYEES, CONSULTANTS, BROKERS AND AGENTS, FROM ANY SUCH UNKNOWN CAUSES OF ACTION, CLAIMS, DEMANDS, DEBTS, CONTROVERSIES, DAMAGES, COSTS, LOSSES AND EXPENSES.

Section 11.3 Survival. The provisions of this Article XI shall survive Closing.

Section 11.4 Limitation. Notwithstanding anything to the contrary contained in this Agreement (including in this Article XI), Investor does not and shall not be deemed to waive or release (on behalf of itself or any Affiliate) any right or claim resulting from any representation, warranty or covenant made by VRLP or any Affiliate of VRLP pursuant to any other contract or agreement, including, without limitation, the Amended and Restated Partnership Agreement, any Affiliate Agreement and any existing documents relating to ownership of the St. Regis Property.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Assignment. Neither Investor nor VRLP may assign its rights under this Agreement, directly or indirectly, without first obtaining the other party's written approval, which approval may be given or withheld in such other party's sole discretion, and any such attempted assignment without such prior written approval shall be null and void.

Section 12.2 Entire Agreement. This Agreement, any confidentiality agreement or access agreement and the Amended and Restated Partnership Agreement (and any document delivered pursuant to any of the foregoing) among the parties constitute the entire agreement between the parties hereto with respect to the transactions contemplated herein, and this Agreement supersedes all prior discussions, understandings, letters of intent or agreements between the parties other than any confidentiality agreement.

Section 12.3 Exhibits and Schedules. All Exhibits and Schedules attached hereto are a part of this Agreement and are incorporated herein by reference. The information and disclosures contained in any Exhibit or Schedule shall be deemed to be disclosed and incorporated by reference in any other section of this Agreement if such disclosure is responsive to such other section.

Section 12.4 Successors and Assigns. Subject to Section 12.1, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 12.5 Waiver. The excuse or waiver of the performance by a party of any obligation of the other party under this Agreement shall only be effective if evidenced by a written statement signed by the party so excusing or waiving. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by VRLP or Investor of the breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

Section 12.6 Governing Law; Submission to Jurisdiction.

(a) This Agreement shall be governed by and construed under the internal Laws of the State of New York, without regard to the principles of conflicts of law.

(b) The parties hereto acknowledge and agree that all disputes arising, directly or indirectly, out of or relating to this Agreement, and all actions to enforce this Agreement, shall be dealt with and adjudicated only in the state courts of the State of New York located in the County of New York or the federal courts sitting in the County of New York. The parties hereto hereby expressly and irrevocably submit to the jurisdiction of such courts in any suit, action or proceeding arising, directly or indirectly, out of or relating to this Agreement. To the extent permitted under applicable Law, this consent to personal jurisdiction shall be self-operative and no further instrument or action, other than service of process in one of the manners specified in this Agreement, or as otherwise permitted by Law, shall be necessary in order to confer jurisdiction upon the parties hereto in any such court.

(c) Provided that service of process is effected upon a party in one of the manners hereafter specified in this Agreement or as otherwise permitted by Law, that party irrevocably waives, to the fullest extent permitted by Law, and agrees not to assert, by way of motion, as a defense or otherwise, (i) any objection which it may have or may hereafter have to the laying of the venue of any such suit, action or proceeding brought in such a court as is mentioned in the previous paragraph, (ii) any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum, or (iii) any claim that it is not personally subject to the jurisdiction of the above-named courts. Provided that service of process is effected upon a party in one of the manners specified in this Agreement or as otherwise permitted by Law, that party agrees that a final non-appealable judgment of any such court of competent jurisdiction shall be conclusive and binding upon that party and may, so far as it permitted under the applicable Law, be enforced in the courts of any state or any federal court and in any other courts to the jurisdiction of which that party is subject, including the courts of the State of New York by a suit upon such judgment and that party will not assert any defense, counterclaim, or setoff in any such suit upon such judgment.

(d) The parties hereto agree to execute, deliver and file all such further instruments as may be necessary under the Laws of the State of New York, in order to make effective the consent of the parties hereto to jurisdiction of the courts of the State of New York and the federal courts sitting in the State of New York.

(e) Provided that service is made in accordance with this Section or otherwise as permitted by Law, each of Investor and VRLP irrevocably waives, to the fullest extent permitted by Law, all claim of error by reason of any such service and agrees that such service (i) shall be deemed in every respect effective service of process upon Investor and VRLP in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by Law, be taken and held to be valid personal service upon and personal delivery to Investor and VRLP.

(f) Nothing in this Agreement shall affect the right of the parties hereto to serve process in any manner permitted by Law.

Section 12.7 Notices. All notices, demands and other communications required or permitted hereunder (each, a "**notice**") shall be in writing, personally delivered by Federal Express or another nationally recognized overnight commercial courier against receipt, sent by email in PDF format to the email address below provided that a confirming copy is simultaneously sent by Federal Express or other nationally recognized overnight commercial courier (unless the recipient waives the same by reply email), or sent by facsimile provided that a confirming copy is simultaneously sent by Federal Express or other nationally recognized overnight commercial courier:

if to VRLP:

c/o Vornado Realty Trust
888 Seventh Avenue, 44th Floor
New York, New York 10019
Attention: President
Facsimile: (212) 894-7474
Email: mfranco@vno.com

and:

c/o Vornado Realty Trust
888 Seventh Avenue, 44th Floor
New York, New York 10019
Attention: Vice Chairman
Facsimile: (212) 894-7477
Email: dgreenbaum@vno.com

and:

Vornado Realty Trust
210 Route 4 East
Paramus, New Jersey 07652
Attention: Chief Financial Officer
Facsimile: (201) 843-2198
Email: jmacnow@vno.com

With a copy to:

Vornado Realty Trust
888 Seventh Avenue, 44th Floor
New York, New York 10019
Attention: Corporate Counsel
Facsimile: (212) 894-7070
Email: arice@vno.com

and:

Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004
Attention: Arthur S. Adler, Esq.
Facsimile: (212) 291-9001
Email: adlera@sullcrom.com

if to Investor:

c/o Crown Acquisitions Inc.
667 Madison Avenue, 12th Floor
New York, NY 10065
Attention: Haim Chera
Attention: Brittany Bragg
Facsimile: 347-649-9259
Email: HChera@cacq.com
Email: BBragg@cacq.com

with a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Scott M. Kobak, Esq.
Attention: Whitney W. Salinas, Esq.
Facsimile: 212-455-2502
Email: skobak@stblaw.com
Email: whitney.salinas@stblaw.com

Notices shall be deemed given on the date of receipt by the addressee or the date receipt would have been effectuated if delivery were not refused. Notice delivered by a party's attorney shall be deemed to be notice given by such party. Each party may designate a new or additional address by written notice to the other in accordance with this Section. The inability to deliver a notice because of a changed address of which proper notice was not given shall be deemed a refusal of such notice.

Section 12.8 Attorneys' Fees. In the event of a judicial or administrative proceeding or action by VRLP against Investor or by Investor against VRLP with respect to the interpretation or enforcement of this Agreement, the prevailing party shall be entitled to recover reasonable costs and expenses, including reasonable attorneys' fees and expenses, whether at the investigative, pretrial, trial or appellate level. The prevailing party shall be determined by the court based upon an assessment of which party's major arguments or position prevailed. The provisions of this Section shall survive the Closing, and shall not be deemed merged into any instrument of conveyance delivered at the Closing.

Section 12.9 WAIVER OF CERTAIN DAMAGES. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THE PARTIES HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE AND RELEASE ANY RIGHT, POWER OR PRIVILEGE EITHER MAY HAVE TO CLAIM OR RECEIVE FROM THE OTHER PARTY ANY PUNITIVE, EXEMPLARY, STATUTORY OR TREBLE DAMAGES OR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES WITH RESPECT TO ANY BREACH OF ITS OBLIGATIONS UNDER THIS AGREEMENT; PROVIDED THAT THE FOREGOING SHALL NOT BE A WAIVER OR RELEASE OF THE PARTIES RIGHTS TO SEEK ANY AND ALL DAMAGES WITH RESPECT TO ANY CLAIMS ASSERTED BY A THIRD PARTY. THE FOREGOING WAIVER AND RELEASE SHALL APPLY IN ALL ACTIONS OR PROCEEDINGS BETWEEN THE PARTIES. This Section 12.9 shall survive Closing or any earlier termination of this Agreement.

Section 12.10 Time Periods. In the event any period for the performance of an obligation hereunder, or during which a party has a right or option hereunder, expires on a day that is not a Business Day, then such period shall be extended to the next Business Day.

Section 12.11 Modification of Agreement. No modification of this Agreement shall be deemed effective unless in writing and signed by the party to be charged. Without limiting the foregoing, the written consent of Escrow Agent shall not be necessary to change any provision of this Agreement that does not affect the responsibilities of Escrow Agent.

Section 12.12 Further Instruments. Each party, promptly upon the request of the other, shall execute and have acknowledged and delivered to the other or to Escrow Agent, as may be appropriate, any and all further instruments reasonably requested or appropriate to evidence or give effect to the provisions of, and the transactions contemplated under, this Agreement and which are consistent with the provisions of this Agreement.

Section 12.13 Descriptive Headings. The descriptive headings of the paragraphs of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any provisions of this Agreement.

Section 12.14 Time of the Essence. **TIME IS OF THE ESSENCE** with respect to each of the provisions of this Agreement, except as otherwise specified herein.

Section 12.15 Construction of Agreement. This Agreement shall not be construed more strictly against one party than against the other merely by virtue of the fact that it may have been prepared primarily by counsel for one of the parties, it being recognized that each of Investor and VRLP has contributed substantially and materially to the preparation of this Agreement. References herein to the singular shall include the plural and to the plural shall include the singular, and references to the masculine gender shall include the feminine and neuter genders (and vice versa), except where the same shall not be appropriate. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, (a) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision, and (b) the words "including" and "include" and other words of similar import are deemed to be followed by the phrase "without limitation".

Section 12.16 JURY TRIAL WAIVER. THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER IN CONTRACT OR TORT) BROUGHT BY EITHER INVESTOR, ON THE ONE HAND, OR VRLP, ON THE OTHER HAND, AGAINST THE OTHER IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

Section 12.17 Survival. Any obligations or liabilities of VRLP or Investor hereunder shall survive the Closing Date only to the extent expressly provided herein. Unless expressly stated otherwise, all terms and provisions contained herein shall not survive Closing.

Section 12.18 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument. The submission of a manually executed signature page transmitted by facsimile (or similar electronic transmission facility including by PDF) shall be considered as an "original" signature page for purposes of this Agreement.

Section 12.19 Recordation. This Agreement may not be recorded by any party hereto without the prior written consent of the other party hereto. The provisions of this Section shall survive the Closing or any termination of this Agreement.

Section 12.20 No Third Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto, their respective successors and permitted assigns, and no other person or entity shall be entitled to rely upon or receive any benefit from this Agreement or any term hereof (except with respect to the indemnification provisions hereof).

Section 12.21 Press Releases. Neither VRLP nor Investor shall issue or cause or permit its Affiliates to issue any press release or public statement with respect to the transactions contemplated by this Agreement except in compliance with Section 11.13 of the Amended and Restated Partnership Agreement.

[*Signature pages follow*]

IN WITNESS WHEREOF, the parties hereto have executed this Transaction Agreement as of the date first written above.

VRLP:

VORNADO REALTY L.P., a Delaware limited partnership

By: Vornado Realty Trust, a Maryland real estate investment trust, its general partner

By: /s/ Alan J. Rice
Name: Alan J. Rice
Title: Senior Vice President

[*Signatures continued on next page*]

INVESTOR:

CROWN JEWEL PARTNER LLC, a Delaware limited liability company

By: /s/ Brittany Bragg
Name: Brittany Bragg
Title: Authorized Person

Exhibit A

DEFINITIONS

"**666 Fifth Leases**" is defined in Section 6.2(s).

"**Additional Rent**" means any payments for utilities, so-called escalation rent or charges based upon operating expenses, labor costs, costs of living increases, a percentage of sales or like items and other amounts and charges payable by tenants.

"**Affiliate**" shall mean, for any Person, any other Person that directly or indirectly through one or more intermediaries controls or is controlled by or is under common control with that Person.

"**Affiliate Agreement**" shall mean any agreement, license or contract between any member of the Partnership Group, on the one hand, and any VRLP Party (excluding any member of the Partnership Group), on the other hand.

"**Agreement**" is defined in the Introduction.

"**Amended and Restated Partnership Agreement**" is defined in the Recitals.

"**Amended and Restated REIT Agreement**" is defined in the Recitals.

"**Anti-Bribery Laws**" is defined in Section 6.1(g).

"**Balance of the Consideration**" is defined in Section 1.2(b)(iii).

"**Business Day**" means any day other than Saturday, Sunday and any day on which banks in New York, New York are authorized or required to close.

"**Cap Amount**" is defined in Section 6.3(c).

"**Closing**" means the consummation of the transaction contemplated by this Agreement.

"**Closing Date**" is defined in Section 4.1.

"**Closing Statement**" is defined in Section 1.3(g).

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

"**Collective Bargaining Agreements**" is defined in Section 6.2(k)(ii).

"**Condo Documents**" is defined in Section 6.2(p).

“**Contracts**” means all contracts and agreements between a Partnership Group member and any third party for the provision of any services, repairs, materials, equipment, maintenance, management, utilities or supplies to any of the Properties binding upon the Partnership Group or any Property, together with any additional contracts, equipment leases, agreements, and any modifications of any of the foregoing that are entered into in accordance with the terms of Article VI above, but excluding the 666 Fifth Leases, the Condo Documents and the Collective Bargaining Agreements.

“**Current Month**” is defined in Section 1.3(e)(ii)(A).

“**Cut-Off Time**” is defined in Section 1.3(e).

“**Deposit**” is defined in Section 1.2(b)(i).

“**Effective Date**” is defined in the Introduction.

“**Employee Plan**” is defined in Section 6.2(l).

“**Employees**” is defined in Section 6.2(k)(i).

“**Environmental Claims**” shall mean any claim for reimbursement or remediation expense, contribution, personal injury, property damage or damage to natural resources made by any Governmental Authority or other Person arising from or in connection with the presence or release of any Hazardous Materials over, on, in or under any Property, or the violation of any Environmental Laws with respect to any Property.

“**Environmental Law**” means any Law now or hereafter in effect relating to the protection of human health, the environment, or occupational health and safety. Environmental Law includes (a) (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601 et seq.; (ii) the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; (iii) the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq.; (iv) the Clean Water Act, 33 U.S.C. § 1251 et seq.; (v) the Clean Air Act, 42 U.S.C. § 7401 et seq.; (vi) the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; (vii) the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq., (viii) the Federal Water Pollution Control Act, 33 U.S.C. § 2601 et seq. and (viv) each state or local Law corresponding thereto, all as amended, modified or revised as of the Closing Date; and (b) common law duties and obligations that might give rise to claims for personal injury, contribution, or property damage allegedly due to, or arising from acts or omissions related to, releases of or exposure to Hazardous Materials.

“**Environmental Liabilities**” shall mean any liabilities or obligations of any kind or nature imposed on the Person in question pursuant to any Environmental Laws, including, without limitation, any (i) obligations to manage, control, contain, remove, remedy, respond to, clean up or abate any actual or potential release of Hazardous Materials or other pollution or contamination of any water, soil, sediment, air or other environmental media, whether or not located on the applicable Property and whether or not arising from the operations or activities with respect to the applicable Property, and (ii) liabilities or obligations with respect to the manufacture, generation, formulation, processing, use, treatment, handling, storage, disposal, distribution or transportation of any Hazardous Materials.

"**Environmental Reports**" is defined in Section 6.2(n).

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**ERISA Affiliate**" means any entity that is considered a single employer with any other Person under Section 4001(b) of ERISA or part of the same "controlled group" as any other Person for purposes of Section 302(d)(3) of ERISA and/or Section 414 of the Code.

"**Escrow Agent**" is defined in Section 1.2(b)(i).

"**Escrow Agreement**" means that certain Escrow Agreement by and between Crown Jewel JV LLC, Vornado Realty L.P. and Chicago Title Insurance Company, dated January 11, 2019.

"**Existing Indebtedness**" means the loans identified on **Schedule 6.2(m)** attached hereto.

"**Existing Leases**" means the leases and agreements listed in the Lease Schedule attached hereto.

"**Express Representations and Warranties**" is defined in Section 11.1.

"**Financial Statements**" is defined in Section 6.2(c)(i).

"**Financing Costs**" is defined in Section 1.3(d).

"**Fundamental Representations**" is defined in Section 6.3(c).

"**Governmental Authority**" means any federal, state or local government or other political subdivision thereof, including, without limitation, any agency, commission, tribunal, arbitral body or entity exercising executive, legislative, judicial, regulatory or administrative governmental powers or functions, in each case to the extent the same has jurisdiction over the Person or property in question.

"Governmental Plan" is defined in Section 6.1(i).

"**Hazardous Materials**" means any and all substances (whether solid, liquid or gas) defined, listed or otherwise classified as pollutants (as defined at 33 U.S.C. § 1362(6)), contaminants, solid waste (as defined at 42 U.S.C. § 6903(27), hazardous wastes (as defined at 42 U.S.C. § 6903(5)), hazardous substances (as defined at 42 U.S.C. § 9601(14)), hazardous materials, extremely hazardous wastes or words of similar meaning or regulatory effect under any present or future Environmental Laws, including petroleum and petroleum products and constituents, asbestos and asbestos-containing materials, polychlorinated biphenyls, lead, radon, radioactive materials, flammables, explosives, "mold" or "microbial" matter, but excluding substances of kinds and in amounts ordinarily and customarily used or stored in similar properties for the purposes of cleaning or other maintenance or operations and otherwise in compliance with Laws.

"**Inspections**" means examinations, tests, investigations and studies of the Properties by Investor or its agents, Affiliates, contractors or employees, whether before or after the Effective Date.

"**Investor**" is defined in the Introduction.

"**Investor Initial Contribution**" is defined in the Recitals.

"**Investor Interests**" is defined in the Recitals.

"**Investor Parties**" means Investor and its successors, assigns, partners, directors, officers, employees, agents, advisers, attorneys, administrators, subsidiaries, members, direct and indirect owners, Affiliates, shareholders and representatives, but excluding the Partnership Group.

"**Investor's Knowledge**" or other references to the knowledge of the Investor means the current actual knowledge of Haim Chera and Brittany Bragg, without any duty of inquiry, and shall not be construed, by imputation or otherwise, to refer to the knowledge of the Investor, any Affiliate of the Investor or any other Person. The named individual shall have no personal liability by virtue of inclusion in this definition.

"**Investor's Percentage**" means the Investor's effective indirect ownership interest in the applicable Property after taking into account (x) any common equity interests held by VRLP or its Affiliates in any Subsidiary and (ii) any equity interest held by any party other than a member of the Partnership Group in any Subsidiary.

"**Law**" means any constitution, treaty, statute, common law duty or obligation, administrative rule, regulation, guidance, consent, agreement, permit, ordinance, code, determination, judgment, directive, requirement or order.

"**Lease**" means any leases, subleases, licenses or other similar occupancy agreements affecting any of the Properties and entered into by the applicable Property Owner (or a predecessor-in-interest) as landlord, together with all amendments, renewals, modifications, written waivers and guaranties thereof, if any.

"**Lease Schedule**" is defined in Section 6.2(i).

"**Leasing Commission**" means a commission, finder's fee or similar compensation payable to a third party with respect to the execution, expansion or renewal of a Lease.

"**Liabilities**" means any and all debts, liabilities, commitments and obligations of any kind, whether fixed, contingent or absolute, matured or unmatured, liquidated or unliquidated, accrued or not accrued, determined, determinable or otherwise, however arising (including whether arising out of any contract or tort based on negligence or strict liability) to the extent the same would be required by U.S. generally accepted accounting principles to be reflected in financial statements or disclosed in the notes thereto.

"**Losses**" means claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings (including informal proceedings) and orders, judgments, remedial action, requirements, enforcement actions of any kind, and all reasonable costs and expenses incurred in connection therewith (including the reasonable fees and expenses of attorneys, paralegals, experts, consultant and other professional advisers).

"**Material Contracts**" shall mean all Contracts that are either (i) not terminable as of right and without cause on thirty (30) days' or less notice without cost or penalty or (ii) require the payment by, or on behalf of, any member of the Partnership Group of more than $100,000 in any calendar year.

"**Material Signage Agreement**" means (i) any lease, advertising agreement or other agreement with respect to signage at a Property that either (x) if a service contract, has a term (including all extension options) of greater than six (6) months and requires the payment of more than $100,000 in any calendar year or (y) if a lease or sublease, requires the payment of more than $500,000 in any calendar year or (ii) is a brokerage or management agreement entered into by a member of the Partnership Group or any VRLP Party with respect to signage at a Property.

"**Membership Interest**" means the entire interest of a Member in a limited liability company, including such Member's limited liability company interest in such limited liability company and such Member's right to vote and participate in management of such limited liability company and to receive and inspect information relating to such limited liability company and all other rights afforded a Member under the Delaware Limited Liability Company Act and the Organizational Documents of such limited liability company.

"**New Leases**" is defined in Section 1.3(e)(iii).

"**OFAC**" is defined in Section 6.1(f)(i).

"**Organizational Documents**" is defined in Section 6.2(d).

"**Other Unit Owner**" shall mean the owner (other than a member of the Partnership Group) of a unit in a condominium established pursuant to the Condo Documents.

"**Other Taxes**" is defined in Section 7.1(a).

"**Partnership**" is defined in the Recitals.

"**Partnership Group**" is defined in the Recitals.

"**Partnership Group Employees**" is defined in Section 6.2(k)(i).

"**Partnership Plan**" is defined in Section 6.2(l).

“**Person**” means an individual, partnership, corporation, limited liability company, trust or other legal entity.

“**Plan**” is defined in Section 6.4(f).

“**Post-Closing Statement**” is defined in Section 1.3(g).

“**Post-Closing Tax Period**” is defined in Section 7.1(a).

“**Pre-Closing Tax Period**” is defined in Section 7.1(a).

“**Property**” and “**Properties**” are defined in the Recitals.

“**Property Owner**” means each Subsidiary identified as a Property Owner on Exhibit B-2.

“**Property Taxes**” is defined in Section 1.3(e)(i).

“**Purchase Price**” is defined in Section 1.2.

“**REIT**” means each Subsidiary identified as a “REIT” on Exhibit B-2.

“**Signage Schedule**” is defined in Section 6.2(u).

“**Straddle Period**” is defined in Section 7.1(b).

“**Survival Period**” is defined in Section 6.5.

“**Tax**” is defined in Section 7.1(a).

“**Tax Return**” shall mean any return, declaration, report, claim for refund, information return, statement or other information relating to Taxes filed or required to be filed with any Governmental Authority, including any schedule or attachment thereto, and including any amendment thereof.

“**Tenant Inducement Costs**” shall mean costs under any Lease required to be paid or incurred by the landlord thereunder to or for the benefit of the tenant thereunder which is in the nature of a tenant inducement, including completion by the landlord of tenant improvements and the cost thereof (including hard and soft costs), tenant improvement and other tenant allowances or other tenant inducements, lease buyout costs or other payments made for purposes of satisfying or terminating the obligations of the tenant under such Lease, relocation costs, loss of income resulting from any free rental period or rent abatements, and moving, design and refurbishment, attorney’s fees and expenses and architectural fees.

“**Threshold Amount**” is defined in Section 6.3(c).

“**TI/LC Schedule**” is defined in Section 6.2(i).

"**Title Company**" means Chicago Title Insurance Company or another nationally recognized title insurance company.

"**Transfer Tax Returns**" is defined in Section 4.3(i).

"**Violations**" shall mean all violations of applicable Law relating to the applicable Property now or hereafter issued or noted, including but not limited to (i) any open or expired building permits or (ii) building, zoning or fire code violations, and any fines or penalties associated with each of the foregoing.

"**VRLP**" is defined in the Introduction.

"**VRLP Due Diligence Materials**" is defined in Section 3.1(a).

"**VRLP Employees**" is defined in Section 6.2(k)(i).

"**VRLP Parties**" means VRLP, the Partnership Group, VRLP's property managers, and their successors, assigns, partners, directors, officers, employees, agents, advisers, attorneys, administrators, subsidiaries, members, direct and indirect owners, Affiliates, shareholders and representatives.

"**VRLP Plan**" is defined in Section 6.2(l).

"**VRLP's Knowledge**" or other references to the knowledge of VRLP means the current actual knowledge of Michael Franco, Tom Sanelli, Steve Santora, Michael Schnitt and Craig Stern, and shall not be construed, by imputation or otherwise, to refer to the knowledge of VRLP, any Affiliate of VRLP or any other Person or to impose upon the parties listed herein any duty to investigate the matter to which such actual knowledge, or the absence thereof, pertains. The named individuals shall have no personal liability by virtue of inclusion in this definition.

"**VRLP's Percentage**" means 100% minus the Investor's Percentage.

EXHIBIT 15.1

July 29, 2019

Vornado Realty Trust
New York, New York

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited consolidated interim financial information of Vornado Realty Trust and subsidiaries for the periods ended June 30, 2019, and 2018, and have issued our report dated July 29, 2019. As indicated in our report, because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, is incorporated by reference in the following Registration Statements of Vornado Realty Trust:

Amendment No.1 to Registration Statement No. 333-36080 on Form S-3
Registration Statement No. 333-64015 on Form S-3
Amendment No.1 to Registration Statement No. 333-50095 on Form S-3
Registration Statement No. 333-76327 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. 333-114146 on Form S-3
Registration Statement No. 333-121929 on Form S-3
Amendment No.1 to Registration Statement No. 333-120384 on Form S-3
Registration Statement No. 333-126963 on Form S-3
Registration Statement No. 333-139646 on Form S-3
Registration Statement No. 333-141162 on Form S-3
Registration Statement No. 333-150592 on Form S-3
Registration Statement No. 333-166856 on Form S-3
Registration Statement No. 333-172880 on Form S-8
Registration Statement No. 333-191865 on Form S-4
Registration Statement No. 333-232056 on Form S-8

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

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

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

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey

EXHIBIT 15.2

July 29, 2019

Vornado Realty L.P.
New York, New York

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited consolidated interim financial information of Vornado Realty L.P. and subsidiaries for the periods ended June 30, 2019, and 2018, and have issued our report dated July 29, 2019. As indicated in our report, because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, is incorporated by reference in the joint Registration Statement No. 333-224104 on Form S-3 of Vornado Realty Trust and Vornado Realty L.P.

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

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey

EXHIBIT 31.1

CERTIFICATION

I, Steven Roth, certify that:

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

July 29, 2019

/s/ Steven Roth

Steven Roth
Chairman of the Board and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Joseph Macnow, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vornado Realty Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure control and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 29, 2019

/s/ Joseph Macnow

Joseph Macnow

Executive Vice President – Chief Financial Officer and
Chief Administrative Officer

CERTIFICATION

I, Steven Roth, certify that:

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

July 29, 2019

/s/ Steven Roth

Steven Roth

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

CERTIFICATION

I, Joseph Macnow, certify that:

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

July 29, 2019

/s/ Joseph Macnow

Joseph Macnow

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

EXHIBIT 32.1

CERTIFICATION

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

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

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 (the “Report”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 29, 2019		/s/ Steven Roth
	Name:	Steven Roth
	Title:	Chairman of the Board and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION

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

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

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 29, 2019		/s/ Joseph Macnow
	Name:	Joseph Macnow
	Title:	Executive Vice President – Chief Financial Officer and Chief Administrative Officer

EXHIBIT 32.3

CERTIFICATION

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

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

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 (the “Report”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 29, 2019		/s/ Steven Roth
	Name:	Steven Roth
	Title:	Chairman of the Board and Chief Executive Officer of Vornado Realty Trust, sole General Partner of Vornado Realty L.P.

EXHIBIT 32.4

CERTIFICATION

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

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

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 (the “Report”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 29, 2019		/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.