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

FORM 10-Q

(Mark one)

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

For the quarterly period ended: **March 31, 2017**

Or

o **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 and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Vornado Realty Trust: Yes ☑ No ☐ Vornado Realty L.P.: Yes ☑ No ☐

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

Vornado Realty Trust:

☑Large Accelerated Filer	o Accelerated Filer
oNon-Accelerated Filer (Do not check if smaller reporting company)	o Smaller Reporting Company
	o Emerging Growth Company

Vornado Realty L.P.:

o Large Accelerated Filer	o Accelerated Filer
☑Non-Accelerated Filer (Do not check if smaller reporting company)	o Smaller Reporting Company
	o 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 ☑

As of March 31, 2017, 189,343,482 of Vornado Realty Trust’s common shares of beneficial interest are outstanding.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended March 31, 2017 of Vornado Realty Trust and Vornado Realty L.P. Unless stated otherwise or the context otherwise requires, references to "Vornado" refer to Vornado Realty Trust, a Maryland real estate investment trust ("REIT"), and references to the "Operating Partnership" refer to Vornado Realty L.P., a Delaware limited partnership. References to the "Company," "we," "us" and "our" mean collectively Vornado, the Operating Partnership and those 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 93.6% 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 other significant assets, liabilities or operations, other than its investment in the Operating Partnership. The Operating Partnership, not Vornado, generally executes all significant business relationships other than transactions involving the securities of Vornado. The Operating Partnership holds substantially all of the assets of Vornado. The Operating Partnership conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for the net proceeds from equity offerings by Vornado, which are contributed to the capital of the Operating Partnership in exchange for units of limited partnership in 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 10. Redeemable Noncontrolling Interests/Redeemable Partnership Units
  - Note 18. Income (Loss) Per Share/Income (Loss) 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)	March 31, 2017	December 31, 2016
ASSETS		
Real estate, at cost:		
Land	$ 4,056,666	$ 4,065,142
Buildings and improvements	12,727,776	12,727,980
Development costs and construction in progress	1,564,647	1,430,276
Leasehold improvements and equipment	117,246	116,560
Total	18,466,335	18,339,958
Less accumulated depreciation and amortization	(3,604,348)	(3,513,574)
Real estate, net	14,861,987	14,826,384
Cash and cash equivalents	1,484,814	1,501,027
Restricted cash	98,191	98,295
Marketable securities	188,695	203,704
Tenant and other receivables, net of allowance for doubtful accounts of $10,711 and $10,920	86,753	94,467
Investments in partially owned entities	1,415,747	1,428,019
Real estate fund investments	454,946	462,132
Receivable arising from the straight-lining of rents, net of allowance of $1,744 and $2,227	1,048,940	1,032,736
Deferred leasing costs, net of accumulated amortization of $239,415 and $228,862	452,187	454,345
Identified intangible assets, net of accumulated amortization of $203,668 and $207,330	184,009	192,731
Assets related to discontinued operations	4,416	5,570
Other assets	450,763	515,437
	$ 20,731,448	$ 20,814,847
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Mortgages payable, net	$ 9,281,280	$ 9,278,263
Senior unsecured notes, net	845,932	845,577
Unsecured term loan, net	372,595	372,215
Unsecured revolving credit facilities	115,630	115,630
Accounts payable and accrued expenses	451,156	458,694
Deferred revenue	274,477	287,846
Deferred compensation plan	124,933	121,374
Liabilities related to discontinued operations	2,670	2,870
Other liabilities	433,374	435,436
Total liabilities	11,902,047	11,917,905
Commitments and contingencies		
Redeemable noncontrolling interests:		
Class A units - 12,567,493 and 12,197,162 units outstanding	1,260,646	1,273,018
Series D cumulative redeemable preferred units - 177,101 units outstanding	5,428	5,428
Total redeemable noncontrolling interests	1,266,074	1,278,446
Vornado shareholders' equity:		
Preferred shares of beneficial interest: no par value per share; authorized 110,000,000 shares; issued and outstanding 42,824,829 shares	1,038,049	1,038,055
Common shares of beneficial interest: $.04 par value per share; authorized 250,000,000 shares; issued and outstanding 189,343,482 and 189,100,876 shares	7,551	7,542
Additional capital	7,183,324	7,153,332
Earnings less than distributions	(1,506,236)	(1,419,382)
Accumulated other comprehensive income	119,019	118,972
Total Vornado shareholders' equity	6,841,707	6,898,519
Noncontrolling interests in consolidated subsidiaries	721,620	719,977
Total equity	7,563,327	7,618,496
	$ 20,731,448	$ 20,814,847

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(Amounts in thousands, except per share amounts)	For the Three Months Ended March 31, 2017	2016
REVENUES:		
Property rentals	$ 513,818	$ 519,492
Tenant expense reimbursements	67,670	59,575
Fee and other income	39,360	33,970
Total revenues	620,848	613,037
EXPENSES:		
Operating	260,907	256,349
Depreciation and amortization	138,811	142,957
General and administrative	56,658	48,704
Acquisition and transaction related costs	8,005	4,607
Skyline properties impairment loss	-	160,700
Total expenses	464,381	613,317
Operating income (loss)	156,467	(280)
Income (loss) from partially owned entities	1,445	(4,240)
Income from real estate fund investments	268	11,284
Interest and other investment income, net	9,228	3,518
Interest and debt expense	(94,285)	(100,489)
Net gains on disposition of wholly owned and partially owned assets	501	714
Income (loss) before income taxes	73,624	(89,493)
Income tax expense	(2,205)	(2,831)
Income (loss) from continuing operations	71,419	(92,324)
Income from discontinued operations	2,428	716
Net income (loss)	73,847	(91,608)
Less net (income) loss attributable to noncontrolling interests in:		
Consolidated subsidiaries	(6,737)	(9,678)
Operating Partnership	(3,229)	7,487
Net income (loss) attributable to Vornado	63,881	(93,799)
Preferred share dividends	(16,129)	(20,364)
NET INCOME (LOSS) attributable to common shareholders	$ 47,752	$ (114,163)
INCOME (LOSS) PER COMMON SHARE - BASIC:		
Income (loss) from continuing operations, net	$ 0.24	$ (0.61)
Income from discontinued operations, net	0.01	-
Net income (loss) per common share	$ 0.25	$ (0.61)
Weighted average shares outstanding	189,210	188,658
INCOME (LOSS) PER COMMON SHARE - DILUTED:		
Income (loss) from continuing operations, net	$ 0.24	$ (0.61)
Income from discontinued operations, net	0.01	-
Net income (loss) per common share	$ 0.25	$ (0.61)
Weighted average shares outstanding	190,372	188,658
DIVIDENDS PER COMMON SHARE	$ 0.71	$ 0.63

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(Amounts in thousands)	For the Three Months Ended March 31, 2017	2016
Net income (loss)	$ 73,847	$ (91,608)
Other comprehensive (loss) income:		
(Reduction) increase in unrealized net gain on available-for-sale securities	(15,009)	11,094
Pro rata share of amounts reclassified from accumulated other comprehensive income of a nonconsolidated subsidiary	9,268	-
Pro rata share of other comprehensive (loss) income of nonconsolidated subsidiaries	(51)	6
Increase (reduction) in value of interest rate swaps and other	5,842	(4,195)
Comprehensive income (loss)	73,897	(84,703)
Less comprehensive income attributable to noncontrolling interests	(9,969)	(2,618)
Comprehensive income (loss) attributable to Vornado	$ 63,928	$ (87,321)

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	Earnings Less Than	Accumulated Other Comprehensive	Non-controlling Interests in Consolidated	Total
	Shares	Amount	Shares	Amount	Capital	Distributions	Income	Subsidiaries	Equity
Balance, December 31, 2016	42,825	$ 1,038,055	189,101	$ 7,542	$ 7,153,332	$ (1,419,382)	$ 118,972	$ 719,977	$ 7,618,496
Net income attributable to Vornado	-	-	-	-	-	63,881	-	-	63,881
Net income attributable to noncontrolling interests in consolidated subsidiaries	-	-	-	-	-	-	-	6,737	6,737
Dividends on common shares	-	-	-	-	-	(134,332)	-	-	(134,332)
Dividends on preferred shares	-	-	-	-	-	(16,129)	-	-	(16,129)
Common shares issued:									
Upon redemption of Class A units, at redemption value	-	-	140	6	14,733	-	-	-	14,739
Under employees' share option plan	-	-	96	3	8,094	-	-	-	8,097
Under dividend reinvestment plan	-	-	3	-	387	-	-	-	387
Contributions	-	-	-	-	-	-	-	75	75
Distributions:									
Real estate fund investments	-	-	-	-	-	-	-	(4,528)	(4,528)
Other	-	-	-	-	-	-	-	(590)	(590)
Conversion of Series A preferred shares to common shares	-	(6)	-	-	6	-	-	-	-
Deferred compensation shares and options	-	-	3	-	575	(264)	-	-	311
Reduction in unrealized net gain on available-for-sale securities	-	-	-	-	-	-	(15,009)	-	(15,009)
Pro rata share of amounts reclassified related to a nonconsolidated subsidiary	-	-	-	-	-	-	9,268	-	9,268
Pro rata share of other comprehensive loss of nonconsolidated subsidiaries	-	-	-	-	-	-	(51)	-	(51)
Increase in value of interest rate swaps	-	-	-	-	-	-	5,842	-	5,842
Adjustments to carry redeemable Class A units at redemption value	-	-	-	-	6,197	-	-	-	6,197
Redeemable noncontrolling interests' share of above adjustments	-	-	-	-	-	-	(3)	-	(3)
Other	-	-	-	-	-	(10)	-	(51)	(61)
Balance, March 31, 2017	42,825	$ 1,038,049	189,343	$ 7,551	$ 7,183,324	$ (1,506,236)	$ 119,019	$ 721,620	$ 7,563,327

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	Earnings Less Than	Accumulated Other Comprehensive	Non-controlling Interests in Consolidated	Total
	Shares	Amount	Shares	Amount	Capital	Distributions	Income	Subsidiaries	Equity
Balance, December 31, 2015	52,677	$ 1,276,954	188,577	$ 7,521	$ 7,132,979	$ (1,766,780)	$ 46,921	$ 778,483	$ 7,476,078
Net loss attributable to Vornado	-	-	-	-	-	(93,799)	-	-	(93,799)
Net income attributable to noncontrolling interests in consolidated subsidiaries	-	-	-	-	-	-	-	9,678	9,678
Dividends on common shares	-	-	-	-	-	(118,867)	-	-	(118,867)
Dividends on preferred shares	-	-	-	-	-	(20,364)	-	-	(20,364)
Common shares issued:									
Upon redemption of Class A units, at redemption value	-	-	157	6	14,476	-	-	-	14,482
Under employees' share option plan	-	-	26	1	2,165	-	-	-	2,166
Under dividend reinvestment plan	-	-	4	-	357	-	-	-	357
Distributions:									
Real estate fund investments	-	-	-	-	-	-	-	(13,487)	(13,487)
Other	-	-	-	-	-	-	-	(152)	(152)
Deferred compensation shares and options	-	-	7	1	535	(186)	-	-	350
Increase in unrealized net gain on available-for-sale securities	-	-	-	-	-	-	11,094	-	11,094
Pro rata share of other comprehensive income of nonconsolidated subsidiaries	-	-	-	-	-	-	6	-	6
Reduction in value of interest rate swaps	-	-	-	-	-	-	(4,195)	-	(4,195)
Adjustments to carry redeemable Class A units at redemption value	-	-	-	-	36,524	-	-	-	36,524
Redeemable noncontrolling interests' share of above adjustments	-	-	-	-	-	-	(427)	-	(427)
Other	-	-	-	-	-	2	-	110	112
Balance, March 31, 2016	52,677	$ 1,276,954	188,771	$ 7,529	$ 7,187,036	$ (1,999,994)	$ 53,399	$ 774,632	$ 7,299,556

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Amounts in thousands)	For the Three Months Ended March 31,	
	2017	2016
Cash Flows from Operating Activities:		
Net income (loss)	$ 73,847	$ (91,608)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization (including amortization of deferred financing costs)	145,886	150,648
Distributions of income from partially owned entities	18,226	24,747
Other non-cash adjustments	17,535	15,248
Straight-lining of rents	(15,522)	(41,626)
Amortization of below-market leases, net	(11,459)	(17,507)
Net realized and unrealized loss (gain) on real estate fund investments	6,946	(6,611)
Net gains on sale of real estate and other	(2,267)	-
Equity in net (income) loss of partially owned entities	(1,445)	4,240
Net gains on disposition of wholly owned and partially owned assets	(501)	(714)
Skyline properties impairment loss	-	160,700
Return of capital from real estate fund investments	-	14,676
Changes in operating assets and liabilities:		
Tenant and other receivables, net	6,947	800
Prepaid assets	68,445	64,851
Other assets	(12,766)	(20,113)
Accounts payable and accrued expenses	8,315	12,774
Other liabilities	(902)	1,027
Net cash provided by operating activities	301,285	271,532
Cash Flows from Investing Activities:		
Development costs and construction in progress	(98,227)	(127,283)
Additions to real estate	(67,363)	(77,243)
Distributions of capital from partially owned entities	11,592	30,637
Investments in partially owned entities	(6,679)	(63,188)
Proceeds from sales of real estate and related investments	5,180	2,867
Acquisitions of real estate and other	(1,171)	(938)
Proceeds from repayments of mortgage loans receivable	14	11
Net cash used in investing activities	(156,654)	(235,137)

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	For the Three Months Ended March 31, 2017	2016
Cash Flows from Financing Activities:		
Dividends paid on common shares	$ (134,332)	$ (118,867)
Dividends paid on preferred shares	(16,129)	(20,364)
Distributions to noncontrolling interests	(14,281)	(21,474)
Proceeds received from exercise of employee share options	8,484	2,523
Repayments of borrowings	(6,987)	(909,617)
Proceeds from borrowings	2,529	887,500
Repurchase of shares related to stock compensation agreements and related tax withholdings and other	(264)	(185)
Contributions from noncontrolling interests	75	-
Debt issuance and other costs	(43)	(16,704)
Net cash used in financing activities	(160,948)	(197,188)
Net decrease in cash and cash equivalents and restricted cash	(16,317)	(160,793)
Cash and cash equivalents and restricted cash at beginning of period	1,599,322	1,943,506
Cash and cash equivalents and restricted cash at end of period	$ 1,583,005	$ 1,782,713
Reconciliation of Cash and Cash Equivalents and Restricted Cash:		
Cash and cash equivalents at beginning of period	$ 1,501,027	$ 1,835,707
Restricted cash at beginning of period	98,295	107,799
Cash and cash equivalents and restricted cash at beginning of period	$ 1,599,322	$ 1,943,506
Cash and cash equivalents at end of period	$ 1,484,814	$ 1,673,566
Restricted cash at end of period	98,191	109,147
Cash and cash equivalents and restricted cash at end of period	$ 1,583,005	$ 1,782,713
Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest, excluding capitalized interest of $9,364 and $7,497	$ 88,078	$ 91,719
Cash payments for income taxes	$ 1,512	$ 2,193
Non-Cash Investing and Financing Activities:		
Accrued capital expenditures included in accounts payable and accrued expenses	$ 57,993	$ 113,755
Write-off of fully depreciated assets	(15,809)	(187,419)
(Reduction) increase in unrealized net gain on available-for-sale securities	(15,009)	11,094
Adjustments to carry redeemable Class A units at redemption value	6,197	36,524

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands, except unit amounts)	March 31, 2017	December 31, 2016
ASSETS		
Real estate, at cost:		
Land	$ 4,056,666	$ 4,065,142
Buildings and improvements	12,727,776	12,727,980
Development costs and construction in progress	1,564,647	1,430,276
Leasehold improvements and equipment	117,246	116,560
Total	18,466,335	18,339,958
Less accumulated depreciation and amortization	(3,604,348)	(3,513,574)
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Deferred leasing costs, net of accumulated amortization of $239,415 and $228,862	452,187	454,345
Identified intangible assets, net of accumulated amortization of $203,668 and $207,330	184,009	192,731
Assets related to discontinued operations	4,416	5,570
Other assets	450,763	515,437
	$ 20,731,448	$ 20,814,847
LIABILITIES, REDEEMABLE PARTNERSHIP UNITS AND EQUITY		
Mortgages payable, net	$ 9,281,280	$ 9,278,263
Senior unsecured notes, net	845,932	845,577
Unsecured term loan, net	372,595	372,215
Unsecured revolving credit facilities	115,630	115,630
Accounts payable and accrued expenses	451,156	458,694
Deferred revenue	274,477	287,846
Deferred compensation plan	124,933	121,374
Liabilities related to discontinued operations	2,670	2,870
Other liabilities	433,374	435,436
Total liabilities	11,902,047	11,917,905
Commitments and contingencies		
Redeemable partnership units:		
Class A units - 12,567,493 and 12,197,162 units outstanding	1,260,646	1,273,018
Series D cumulative redeemable preferred units - 177,101 units outstanding	5,428	5,428
Total redeemable partnership units	1,266,074	1,278,446
Equity:		
Partners' capital	8,228,924	8,198,929
Earnings less than distributions	(1,506,236)	(1,419,382)
Accumulated other comprehensive income	119,019	118,972
Total Vornado Realty L.P. equity	6,841,707	6,898,519
Noncontrolling interests in consolidated subsidiaries	721,620	719,977
Total equity	7,563,327	7,618,496
	$ 20,731,448	$ 20,814,847

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands, except per unit amounts)	For the Three Months Ended March 31, 2017	2016
REVENUES:		
Property rentals	$ 513,818	$ 519,492
Tenant expense reimbursements	67,670	59,575
Fee and other income	39,360	33,970
Total revenues	620,848	613,037
EXPENSES:		
Operating	260,907	256,349
Depreciation and amortization	138,811	142,957
General and administrative	56,658	48,704
Acquisition and transaction related costs	8,005	4,607
Skyline properties impairment loss	-	160,700
Total expenses	464,381	613,317
Operating income (loss)	156,467	(280)
Income (loss) from partially owned entities	1,445	(4,240)
Income from real estate fund investments	268	11,284
Interest and other investment income, net	9,228	3,518
Interest and debt expense	(94,285)	(100,489)
Net gains on disposition of wholly owned and partially owned assets	501	714
Income (loss) before income taxes	73,624	(89,493)
Income tax expense	(2,205)	(2,831)
Income (loss) from continuing operations	71,419	(92,324)
Income from discontinued operations	2,428	716
Net income (loss)	73,847	(91,608)
Less net income attributable to noncontrolling interests in consolidated subsidiaries	(6,737)	(9,678)
Net income (loss) attributable to Vornado Realty L.P.	67,110	(101,286)
Preferred unit distributions	(16,178)	(20,412)
NET INCOME (LOSS) attributable to Class A unitholders	$ 50,932	$ (121,698)
INCOME (LOSS) PER CLASS A UNIT - BASIC:		
Income (loss) from continuing operations, net	$ 0.24	$ (0.61)
Income from discontinued operations, net	0.01	-
Net income (loss) per Class A unit	$ 0.25	$ (0.61)
Weighted average units outstanding	200,845	200,072
INCOME (LOSS) PER CLASS A UNIT - DILUTED:		
Income (loss) from continuing operations, net	$ 0.24	$ (0.61)
Income from discontinued operations, net	0.01	-
Net income (loss) per Class A unit	$ 0.25	$ (0.61)
Weighted average units outstanding	202,647	200,072
DISTRIBUTIONS PER CLASS A UNIT	$ 0.71	$ 0.63

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	For the Three Months Ended March 31,	
	2017	2016
Net income (loss)	$ 73,847	$ (91,608)
Other comprehensive (loss) income:		
(Reduction) increase in unrealized net gain on available-for-sale securities	(15,009)	11,094
Pro rata share of amounts reclassified from accumulated other comprehensive income of a nonconsolidated subsidiary	9,268	-
Pro rata share of other comprehensive (loss) income of nonconsolidated subsidiaries	(51)	6
Increase (reduction) in value of interest rate swaps and other	5,842	(4,195)
Comprehensive income (loss)	73,897	(84,703)
Less comprehensive income attributable to noncontrolling interests in consolidated subsidiaries	(6,737)	(9,678)
Comprehensive income (loss) attributable to Vornado Realty L.P.	$ 67,160	$ (94,381)

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 Income	Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Units	Amount	Units	Amount				
Balance, December 31, 2016	42,825	$ 1,038,055	189,101	$ 7,160,874	$ (1,419,382)	$ 118,972	$ 719,977	$ 7,618,496
Net income attributable to Vornado Realty L.P.	-	-	-	-	67,110	-	-	67,110
Net income attributable to redeemable partnership units	-	-	-	-	(3,229)	-	-	(3,229)
Net income attributable to noncontrolling interests in consolidated subsidiaries	-	-	-	-	-	-	6,737	6,737
Distributions to Vornado	-	-	-	-	(134,332)	-	-	(134,332)
Distributions to preferred unitholders	-	-	-	-	(16,129)	-	-	(16,129)
Class A Units issued to Vornado:								
Upon redemption of redeemable Class A units, at redemption value	-	-	140	14,739	-	-	-	14,739
Under Vornado's employees' share option plan	-	-	96	8,097	-	-	-	8,097
Under Vornado's dividend reinvestment plan	-	-	3	387	-	-	-	387
Contributions	-	-	-	-	-	-	75	75
Distributions:								
Real estate fund investments	-	-	-	-	-	-	(4,528)	(4,528)
Other	-	-	-	-	-	-	(590)	(590)
Conversion of Series A preferred units to Class A units	-	(6)	-	6	-	-	-	-
Deferred compensation units and options	-	-	3	575	(264)	-	-	311
Reduction in unrealized net gain on available-for-sale securities	-	-	-	-	-	(15,009)	-	(15,009)
Pro rata share of amounts reclassified related to a nonconsolidated subsidiary	-	-	-	-	-	9,268	-	9,268
Pro rata share of other comprehensive loss of nonconsolidated subsidiaries	-	-	-	-	-	(51)	-	(51)
Increase in value of interest rate swaps	-	-	-	-	-	5,842	-	5,842
Adjustments to carry redeemable Class A units at redemption value	-	-	-	6,197	-	-	-	6,197
Redeemable partnership units' share of the above adjustments	-	-	-	-	-	(3)	-	(3)
Other	-	-	-	-	(10)	-	(51)	(61)
Balance, March 31, 2017	42,825	$ 1,038,049	189,343	$ 7,190,875	$ (1,506,236)	$ 119,019	$ 721,620	$ 7,563,327

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				
Balance, December 31, 2015	52,677	$ 1,276,954	188,577	$ 7,140,500	$ (1,766,780)	$ 46,921	$ 778,483	$ 7,476,078
Net loss attributable to Vornado Realty L.P.	-	-	-	-	(101,286)	-	-	(101,286)
Net loss attributable to redeemable partnership units	-	-	-	-	7,487	-	-	7,487
Net income attributable to noncontrolling interests in consolidated subsidiaries	-	-	-	-	-	-	9,678	9,678
Distributions to Vornado	-	-	-	-	(118,867)	-	-	(118,867)
Distributions to preferred unitholders	-	-	-	-	(20,364)	-	-	(20,364)
Class A Units issued to Vornado:								
Upon redemption of redeemable Class A units, at redemption value	-	-	157	14,482	-	-	-	14,482
Under Vornado's employees' share option plan	-	-	26	2,166	-	-	-	2,166
Under Vornado's dividend reinvestment plan	-	-	4	357	-	-	-	357
Distributions:								
Real estate fund investments	-	-	-	-	-	-	(13,487)	(13,487)
Other	-	-	-	-	-	-	(152)	(152)
Deferred compensation units and options	-	-	7	536	(186)	-	-	350
Increase in unrealized net gain on available-for-sale securities	-	-	-	-	-	11,094	-	11,094
Pro rata share of other comprehensive income of nonconsolidated subsidiaries	-	-	-	-	-	6	-	6
Reduction in value of interest rate swaps	-	-	-	-	-	(4,195)	-	(4,195)
Adjustments to carry redeemable Class A units at redemption value	-	-	-	36,524	-	-	-	36,524
Redeemable partnership units' share of the above adjustments	-	-	-	-	-	(427)	-	(427)
Other	-	-	-	-	2	-	110	112
Balance, March 31, 2016	52,677	$ 1,276,954	188,771	$ 7,194,565	$ (1,999,994)	$ 53,399	$ 774,632	$ 7,299,556

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	For the Three Months Ended March 31,	
	2017	**2016**
Cash Flows from Operating Activities:		
Net income (loss)	$ 73,847	$ (91,608)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization (including amortization of deferred financing costs)	145,886	150,648
Distributions of income from partially owned entities	18,226	24,747
Other non-cash adjustments	17,535	15,248
Straight-lining of rents	(15,522)	(41,626)
Amortization of below-market leases, net	(11,459)	(17,507)
Net realized and unrealized loss (gain) on real estate fund investments	6,946	(6,611)
Net gains on sale of real estate and other	(2,267)	-
Equity in net (income) loss of partially owned entities	(1,445)	4,240
Net gains on disposition of wholly owned and partially owned assets	(501)	(714)
Skyline properties impairment loss	-	160,700
Return of capital from real estate fund investments	-	14,676
Changes in operating assets and liabilities:		
Tenant and other receivables, net	6,947	800
Prepaid assets	68,445	64,851
Other assets	(12,766)	(20,113)
Accounts payable and accrued expenses	8,315	12,774
Other liabilities	(902)	1,027
Net cash provided by operating activities	301,285	271,532
Cash Flows from Investing Activities:		
Development costs and construction in progress	(98,227)	(127,283)
Additions to real estate	(67,363)	(77,243)
Distributions of capital from partially owned entities	11,592	30,637
Investments in partially owned entities	(6,679)	(63,188)
Proceeds from sales of real estate and related investments	5,180	2,867
Acquisitions of real estate and other	(1,171)	(938)
Proceeds from repayments of mortgage loans receivable	14	11
Net cash used in investing activities	(156,654)	(235,137)

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	For the Three Months Ended March 31, 2017	2016
Cash Flows from Financing Activities:		
Distributions to Vornado	$ (134,332)	$ (118,867)
Distributions to preferred unitholders	(16,129)	(20,364)
Distributions to redeemable security holders and noncontrolling interests in consolidated subsidiaries	(14,281)	(21,474)
Proceeds received from exercise of Vornado stock options	8,484	2,523
Repayments of borrowings	(6,987)	(909,617)
Proceeds from borrowings	2,529	887,500
Repurchase of Class A units related to stock compensation agreements and related tax withholdings and other	(264)	(185)
Contributions from noncontrolling interests in consolidated subsidiaries	75	-
Debt issuance and other costs	(43)	(16,704)
Net cash used in financing activities	(160,948)	(197,188)
Net decrease in cash and cash equivalents and restricted cash	(16,317)	(160,793)
Cash and cash equivalents and restricted cash at beginning of period	1,599,322	1,943,506
Cash and cash equivalents and restricted cash at end of period	$ 1,583,005	$ 1,782,713
Reconciliation of Cash and Cash Equivalents and Restricted Cash:		
Cash and cash equivalents at beginning of period	$ 1,501,027	$ 1,835,707
Restricted cash at beginning of period	98,295	107,799
Cash and cash equivalents and restricted cash at beginning of period	$ 1,599,322	$ 1,943,506
Cash and cash equivalents at end of period	$ 1,484,814	$ 1,673,566
Restricted cash at end of period	98,191	109,147
Cash and cash equivalents and restricted cash at end of period	$ 1,583,005	$ 1,782,713
Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest, excluding capitalized interest of $9,364 and $7,497	$ 88,078	$ 91,719
Cash payments for income taxes	$ 1,512	$ 2,193
Non-Cash Investing and Financing Activities:		
Accrued capital expenditures included in accounts payable and accrued expenses	$ 57,993	$ 113,755
Write-off of fully depreciated assets	(15,809)	(187,419)
(Reduction) increase in unrealized net gain on available-for-sale securities	(15,009)	11,094
Adjustments to carry redeemable Class A units at redemption value	6,197	36,524

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 93.6% of the common limited partnership interest in, the Operating Partnership at March 31, 2017. All references to the "Company," "we," "us," and "our" mean collectively Vornado, the Operating Partnership and those entities/subsidiaries consolidated by Vornado.

On October 31, 2016, Vornado's Board of Trustees approved the tax-free spin-off of our Washington, DC segment and we entered into a definitive agreement to combine it with the management business and certain Washington, DC assets of The JBG Companies ("JBG"), a Washington, DC real estate company. Steven Roth, the Chairman of the Board of Trustees and Chief Executive Officer of Vornado, will be Chairman of the Board of Trustees of the new company, which will be named JBG SMITH Properties. Mitchell Schear, President of our Washington, DC business, will be a member of the Board of Trustees of the new company. The pro rata distribution to Vornado common shareholders and Class A Operating Partnership unitholders is intended to be treated as a tax-free spin-off for U.S. federal income tax purposes. It is expected to be made on a pro rata 1:2 basis. We expect the spin-off and merger to be completed by the end of the second quarter of 2017, subject to certain conditions, including the SEC declaring the Form 10 registration statement effective, filing and approval of the new company's listing application, receipt of regulatory approvals and third party consents by each of the Company and JBG, and formal declaration of the distribution by Vornado's Board of Trustees. The distribution and combination are not subject to a vote by Vornado's shareholders or Operating Partnership unitholders. Vornado's Board of Trustees has approved the transaction. JBG has obtained all requisite approvals from its investment funds for this transaction. There can be no assurance that this transaction will be completed.

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. In our opinion, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and changes in cash flows have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("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, as amended, for the year ended December 31, 2016, as filed with the SEC.

We have made estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The results of operations for the three months ended March 31, 2017 are not necessarily indicative of the operating results for the full year.

3. Recently Issued Accounting Literature

In May 2014, the Financial Accounting Standards Board ("FASB") issued an update ("ASU 2014-09") establishing Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). ASU 2014-09, as amended by subsequent ASUs on the topic, establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. This standard, which is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2017, requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and also requires certain additional disclosures. When adopting this standard, we are permitted to use either the full retrospective method or the modified retrospective method. We will adopt this standard effective as of January 1, 2018 and currently expect to utilize the modified retrospective method of adoption. We have commenced the execution of our project plan for adopting this standard, which consists of gathering and evaluating the inventory of our revenue streams. We expect this standard will have an impact on the presentation of certain lease and non-lease components of revenue from leases upon the adoption of ("ASU 2016-02") *Leases* with no impact on "total revenues." We expect this standard will have an impact on the timing of gains on certain sales of real estate. We are continuing to evaluate the impact of this standard on our consolidated financial statements.

In January 2016, the FASB issued an update ("ASU 2016-01") *Recognition and Measurement of Financial Assets and Financial Liabilities* to ASC Topic 825, *Financial Instruments*. ASU 2016-01 amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2017. While the adoption of this standard requires us to continue to measure "marketable securities" at fair value at each reporting date, the changes in fair value will be recognized in current period earnings as opposed to "other comprehensive income."

In February 2016, the FASB issued an update ASU 2016-02 establishing ASC Topic 842, *Leases*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. ASU 2016-02 requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase. Lessees are required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. Lessees will recognize expense based on the effective interest method for finance leases or on a straight-line basis for operating leases. ASU 2016-02 is effective for reporting periods beginning after December 15, 2018, with early adoption permitted. We are currently evaluating the overall impact of the adoption of ASU 2016-02 on our consolidated financial statements, including the timing of adopting this standard. ASU 2016-02 will more significantly impact the accounting for leases in which we are a lessee. We have a number of ground leases for which we will be required to record a right-of-use asset and lease liability equal to the present value of the remaining minimum lease payments upon adoption of this standard. We also expect that this standard will have an impact on the presentation of certain lease and non-lease components of revenue from leases with no impact on "total revenues." In particular, lease components, such as reimbursable real estate taxes and insurance expenses, will be presented in "property rentals" and non-lease components, such as reimbursable operating expenses, will be presented in "expense reimbursements" on our consolidated statements of income.

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

3. Recently Issued Accounting Literature - continued

In August 2016, the FASB issued an update ("ASU 2016-15") *Classification of Certain Cash Receipts and Cash Payments* to ASC Topic 230, *Statement of Cash Flows*. ASU 2016-15 clarifies guidance on the classification of certain cash receipts and payments in the statement of cash flows to reduce diversity in practice with respect to (i) debt prepayment or debt extinguishment costs, (ii) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing, (iii) contingent consideration payments made after a business combination, (iv) proceeds from the settlement of insurance claims, (v) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies, (vi) distributions received from equity method investees, (vii) beneficial interests in securitization transactions, and (viii) separately identifiable cash flows and application of the predominance principle. ASU 2016-15 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2017, with early adoption permitted. We elected to early adopt ASU 2016-15 effective January 1, 2017, with retrospective application to our consolidated statements of cash flows. The adoption of ASU 2016-15 impacted our classification of distributions received from equity method investees. We selected the nature of earnings approach for classifying distributions. Under this approach, the distributions from equity method investees are classified on the basis of the nature of the activity of the investee that generated the distribution. The retrospective application of ASU 2016-15 resulted in the reclassification of certain distributions of income from partially owned entities to distributions of capital from partially owned entities, which reduced net cash provided by operating activities and net cash used in investing activities by $5,113,000 for the three months ended March 31, 2016.

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

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

4. 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 has an eight-year term and a three-year investment period that ended in July 2013. The Fund is accounted for under ASC 946, *Financial Services – Investment Companies* ("ASC 946") and its investments are reported on its balance sheet at fair value, with changes in value each period recognized in earnings. We consolidate the accounts of the Fund into our consolidated financial statements, retaining the fair value basis of accounting.

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

At March 31, 2017, we had six real estate fund investments through the Fund and the Crowne Plaza Joint Venture with an aggregate fair value of $454,946,000, or $142,346,000 in excess of cost, and had remaining unfunded commitments of $117,907,000, of which our share was $34,422,000. Below is a summary of income from the Fund and the Crowne Plaza Joint Venture for the three months ended March 31, 2017 and 2016.

(Amounts in thousands)	For the Three Months Ended March 31,	
	2017	2016
Net investment income	$ 7,214	$ 4,673
Net realized gains on exited investments	241	14,676
Previously recorded unrealized gain on exited investment	-	(14,254)
Net unrealized (loss) gain on held investments	(7,187)	6,189
Income from real estate fund investments (1)	268	11,284
Less income attributable to noncontrolling interests in consolidated subsidiaries	(3,503)	(5,973)
(Loss) income from real estate fund investments attributable to the Operating Partnership	(3,235)	5,311
Less loss (income) attributable to noncontrolling interests in the Operating Partnership	202	(329)
(Loss) income from real estate fund investments attributable to Vornado	$ (3,033)	$ 4,982

(1) Excludes $1,000 and $760 of management and leasing fees for the three months ended March 31, 2017 and 2016, respectively, which are included as a component of "fee and other income" on our consolidated statements of income.

5. Marketable Securities

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

(Amounts in thousands)	As of March 31, 2017			As of December 31, 2016		
	Fair Value	GAAP Cost	Unrealized Gain	Fair Value	GAAP Cost	Unrealized Gain
Equity securities:						
Lexington Realty Trust	$ 184,320	$ 72,549	$ 111,771	$ 199,465	$ 72,549	$ 126,916
Other	4,375	650	3,725	4,239	650	3,589
	$ 188,695	$ 73,199	$ 115,496	$ 203,704	$ 73,199	$ 130,505

6. Investments in Partially Owned Entities

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

As of March 31, 2017, we own 1,654,068 Alexander's common shares, representing a 32.4% interest in Alexander's. We account for our investment in Alexander's under the equity method. We manage, lease and develop Alexander's properties pursuant to agreements which expire in March of each year and are automatically renewable.

As of March 31, 2017, the market value ("fair value" pursuant to ASC Topic 820, *Fair Value Measurements* ("ASC 820")) of our investment in Alexander's, based on Alexander's March 31, 2017 closing share price of $431.86, was $714,326,000, or $586,418,000 in excess of the carrying amount on our consolidated balance sheet. As of March 31, 2017, the carrying amount of our investment in Alexander's, excluding amounts owed to us, exceeds our share of the equity in the net assets of Alexander's by approximately $39,651,000. 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.

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

As of March 31, 2017, we own 5,717,184 UE operating partnership units, representing a 5.4% ownership interest in UE. We account for our investment in UE under the equity method and record our share of UE's net income or loss on a one-quarter lag basis. In 2017 and 2016, we provided UE with information technology support. UE is providing us with leasing and property management services for (i) certain small retail properties that we plan to sell, and (ii) our affiliate, Alexander's, Rego Park retail assets. As of March 31, 2017, the fair value of our investment in UE, based on UE's March 31, 2017 closing share price of $26.30, was $150,362,000, or $126,004,000 in excess of the carrying amount on our consolidated balance sheet.

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

As of March 31, 2017, we own 6,250,000 PREIT operating partnership units, representing an 8.0% interest in PREIT. We account for our investment in PREIT under the equity method and record our share of PREIT's net income or loss on a one-quarter lag basis. As of March 31, 2017, the fair value of our investment in PREIT, based on PREIT's March 31, 2017 closing share price of $15.14, was $94,625,000, or $25,018,000 below the carrying amount on our consolidated balance sheet. As of March 31, 2017, the carrying amount of our investment in PREIT exceeds our share of the equity in the net assets of PREIT by approximately $68,845,000. The majority of this basis difference resulted from the excess of the fair value of the PREIT operating units received over our share of the book value of PREIT's net assets. Substantially all of this basis difference was allocated, based on our estimates of the fair values of PREIT's assets and liabilities, to real estate (land and buildings). We are amortizing the basis difference related to the buildings into earnings as additional depreciation expense over their estimated useful lives. This depreciation is not material to our share of equity in PREIT's net loss. The basis difference related to the land will be recognized upon disposition of our investment.

6. Investments in Partially Owned Entities – continued

Below are schedules summarizing our investments in, and income (loss) from, partially owned entities.

(Amounts in thousands)	Percentage Ownership at March 31, 2017	Balance as of March 31, 2017	Balance as of December 31, 2016
Investments:			
Partially owned office buildings (1)	Various	$ 786,387	$ 797,205
Alexander’s	32.4%	127,908	129,324
PREIT	8.0%	119,643	122,883
India real estate ventures	4.1%-36.5%	31,519	30,290
UE	5.4%	24,358	24,523
Other investments (2)	Various	325,932	323,794
		$ 1,415,747	$ 1,428,019
7 West 34th Street (3)	53.0%	$ (44,291)	$ (43,022)

(1) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 666 Fifth Avenue (Office), 330 Madison Avenue, 512 West 22nd Street, 85 Tenth Avenue and others.
(2) Includes interests in Independence Plaza, Fashion Centre Mall/Washington Tower, 50-70 West 93rd Street, Toys "R" Us, Inc. (which has a carrying amount of zero) and others.
(3) Our negative basis results from a deferred gain from the sale of a 47.0% ownership interest in the property and is included in "other liabilities" on our consolidated balance sheet.

(Amounts in thousands)	Percentage Ownership at March 31, 2017	For the Three Months Ended March 31, 2017	For the Three Months Ended March 31, 2016
Our Share of Net Income (Loss):			
Alexander's (see page 23 for details):			
Equity in net income	32.4%	$ 6,892	$ 6,937
Management, leasing and development fees		1,509	1,725
		8,401	8,662
UE (see page 23 for details):			
Equity in net income	5.4%	1,091	876
Management fees		209	209
		1,300	1,085
Partially owned office buildings (1)	Various	(10,054)	(14,249)
India real estate ventures	4.1%-36.5%	1,654	(686)
PREIT (see page 23 for details)	8.0%	(2,830)	(4,288)
Other investments (2)	Various	2,974	5,236
		$ 1,445	$ (4,240)

(1) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 666 Fifth Avenue (Office), 7 West 34th Street, 330 Madison Avenue, 512 West 22nd Street, 85 Tenth Avenue and others.
(2) Includes interests in Independence Plaza, Fashion Centre Mall/Washington Tower, 50-70 West 93rd Street, Toys "R" Us, Inc. and others.

7. Dispositions

Discontinued Operations

The tables below set forth the assets and liabilities related to discontinued operations as of March 31, 2017 and December 31, 2016 and their combined results of operations and cash flows for the three months ended March 31, 2017 and 2016.

(Amounts in thousands)	Balance as of	
	March 31, 2017	**December 31, 2016**
Assets related to discontinued operations:		
Real estate, net	$ 1,927	$ 2,642
Other assets	2,489	2,928
	$ 4,416	$ 5,570
Liabilities related to discontinued operations:		
Other liabilities	$ 2,670	$ 2,870

(Amounts in thousands)	For the Three Months Ended March 31,	
	2017	**2016**
Income from discontinued operations:		
Total revenues	$ 324	$ 1,182
Total expenses	163	466
	161	716
Net gain on sale of real estate	2,267	-
Income from discontinued operations	$ 2,428	$ 716
Cash flows related to discontinued operations:		
Cash flows from operating activities	$ (37)	$ 1,654
Cash flows from investing activities	3,419	-

8. 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 March 31, 2017 and December 31, 2016.

(Amounts in thousands)	Balance as of	
	March 31, 2017	December 31, 2016
Identified intangible assets:		
Gross amount	$ 387,677	$ 400,061
Accumulated amortization	(203,668)	(207,330)
Net	$ 184,009	$ 192,731
Identified intangible liabilities (included in deferred revenue):		
Gross amount	$ 586,969	$ 586,969
Accumulated amortization	(335,798)	(323,183)
Net	$ 251,171	$ 263,786

Amortization of acquired below-market leases, net of acquired above-market leases, resulted in an increase to rental income of $11,459,000 and $17,507,000 for the three months ended March 31, 2017 and 2016, respectively. Estimated annual amortization of acquired below-market leases, net of acquired above-market leases, for each of the five succeeding years commencing January 1, 2018 is as follows:

(Amounts in thousands)	
2018	$ 44,346
2019	32,168
2020	23,343
2021	18,159
2022	15,009

Amortization of all other identified intangible assets (a component of depreciation and amortization expense) was $7,108,000 and $7,793,000 for the three months ended March 31, 2017 and 2016, respectively. Estimated annual amortization of all other identified intangible assets including acquired in-place leases, customer relationships, and third party contracts for each of the five succeeding years commencing January 1, 2018 is as follows:

(Amounts in thousands)	
2018	$ 20,059
2019	15,720
2020	12,275
2021	11,177
2022	9,395

We are a tenant under ground leases for certain properties. Amortization of these acquired below-market leases, net of above-market leases, resulted in an increase to rent expense (a component of operating expense) of $458,000 and $458,000 for the three months ended March 31, 2017 and 2016. Estimated annual amortization of these below-market leases, net of above-market leases, for each of the five succeeding years commencing January 1, 2018 is as follows:

(Amounts in thousands)	
2018	$ 1,832
2019	1,832
2020	1,832
2021	1,832
2022	1,832

9. Debt

The following is a summary of our debt:

(Amounts in thousands)	Interest Rate at March 31, 2017	Balance as of March 31, 2017	Balance as of December 31, 2016
Mortgages Payable:			
Fixed rate	3.84%	$ 6,092,346	$ 6,099,873
Variable rate	2.68%	3,277,493	3,274,424
Total	3.43%	9,369,839	9,374,297
Deferred financing costs, net and other		(88,559)	(96,034)
Total, net		$ 9,281,280	$ 9,278,263
Unsecured Debt:			
Senior unsecured notes	3.68%	$ 850,000	$ 850,000
Deferred financing costs, net and other		(4,068)	(4,423)
Senior unsecured notes, net		845,932	845,577
Unsecured term loan	2.11%	375,000	375,000
Deferred financing costs, net and other		(2,405)	(2,785)
Unsecured term loan, net		372,595	372,215
Unsecured revolving credit facilities	1.88%	115,630	115,630
Total, net		$ 1,334,157	$ 1,333,422

10. 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)		
Balance at December 31, 2015	$	1,229,221
Net loss		(7,487)
Other comprehensive income		427
Distributions		(7,835)
Redemption of Class A units for common shares/units, at redemption value		(14,482)
Adjustments to carry redeemable Class A units at redemption value		(36,524)
Other, net		14,364
Balance at March 31, 2016	$	1,177,684
Balance at December 31, 2016	$	1,278,446
Net income		3,229
Other comprehensive income		3
Distributions		(9,163)
Redemption of Class A units for common shares/units, at redemption value		(14,739)
Adjustments to carry redeemable Class A units at redemption value		(6,197)
Other, net		14,495
Balance at March 31, 2017	$	1,266,074

As of March 31, 2017 and December 31, 2016, the aggregate redemption value of redeemable Class A units of the Operating Partnership, which are those units held by third parties, was $1,260,646,000 and $1,273,018,000, 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 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 March 31, 2017 and December 31, 2016. Changes in the value from period to period, if any, are charged to "interest and debt expense" on our consolidated statements of income.

11. Accumulated Other Comprehensive Income ("AOCI")

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

(Amounts in thousands)	Total	Securities available-for-sale	Pro rata share of nonconsolidated subsidiaries' OCI	Interest rate swaps	Other
For the Three Months Ended March 31, 2017					
Balance as of December 31, 2016	$ 118,972	$ 130,505	$ (12,058)	$ 8,066	$ (7,541)
OCI before reclassifications	(9,221)	(15,009)	(51)	5,842	(3)
Amounts reclassified from AOCI	9,268	-	9,268 **(1)**	-	-
Net current period OCI	47	(15,009)	9,217	5,842	(3)
Balance as of March 31, 2017	$ 119,019	$ 115,496	$ (2,841)	$ 13,908	$ (7,544)

(1) Reclassified upon receipt of proceeds related to the sale of an investment by a nonconsolidated subsidiary.

	Total	Securities available-for-sale	Pro rata share of nonconsolidated subsidiaries' OCI	Interest rate swaps	Other
For the Three Months Ended March 31, 2016					
Balance as of December 31, 2015	$ 46,921	$ 78,448	$ (9,319)	$ (19,368)	$ (2,840)
OCI before reclassifications	6,478	11,094	6	(4,195)	(427)
Amounts reclassified from AOCI	-	-	-	-	-
Net current period OCI	6,478	11,094	6	(4,195)	(427)
Balance as of March 31, 2016	$ 53,399	$ 89,542	$ (9,313)	$ (23,563)	$ (3,267)

12. Variable Interest Entities ("VIEs")

Unconsolidated VIEs

As of March 31, 2017 and December 31, 2016, we have several unconsolidated VIEs. We do not consolidate these entities because we are not the primary beneficiary and the nature of our involvement in the activities of these entities does not give us power over decisions that significantly affect these entities' economic performance. We account for our investment in these entities under the equity method (see Note 6 – *Investments in Partially Owned Entities*). As of March 31, 2017 and December 31, 2016, the net carrying amount of our investments in these entities was $385,487,000 and $392,150,000, respectively, and our maximum exposure to loss in these entities is limited to our investments.

Consolidated VIEs

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

As of March 31, 2017, the total assets and liabilities of our consolidated VIEs, excluding the Operating Partnership, were $3,664,609,000 and $1,765,238,000, respectively. As of December 31, 2016, the total assets and liabilities of our consolidated VIEs, excluding the Operating Partnership, were $3,638,483,000 and $1,762,322,000, respectively.

13. 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 sheet), (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 March 31, 2017 and December 31, 2016, respectively.

(Amounts in thousands)	As of March 31, 2017			
	Total	Level 1	Level 2	Level 3
Marketable securities	$ 188,695	$ 188,695	$ -	$ -
Real estate fund investments	454,946	-	-	454,946
Deferred compensation plan assets (included in other assets)	124,933	68,023	-	56,910
Interest rate swaps (included in other assets)	24,513	-	24,513	-
Total assets	$ 793,087	$ 256,718	$ 24,513	$ 511,856
Mandatorily redeemable instruments (included in other liabilities)	$ 50,561	$ 50,561	$ -	$ -
Interest rate swap (included in other liabilities)	7,221	-	7,221	-
Total liabilities	$ 57,782	$ 50,561	$ 7,221	$ -

(Amounts in thousands)	As of December 31, 2016			
	Total	Level 1	Level 2	Level 3
Marketable securities	$ 203,704	$ 203,704	$ -	$ -
Real estate fund investments	462,132	-	-	462,132
Deferred compensation plan assets (included in other assets)	121,374	63,930	-	57,444
Interest rate swaps (included in other assets)	21,816	-	21,816	-
Total assets	$ 809,026	$ 267,634	$ 21,816	$ 519,576
Mandatorily redeemable instruments (included in other liabilities)	$ 50,561	$ 50,561	$ -	$ -
Interest rate swap (included in other liabilities)	10,122	-	10,122	-
Total liabilities	$ 60,683	$ 50,561	$ 10,122	$ -

13. Fair Value Measurements - continued

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

Real Estate Fund Investments

At March 31, 2017, we had six real estate fund investments with an aggregate fair value of $454,946,000, or $142,346,000 in excess of cost. These investments are classified as Level 3. We use a discounted cash flow valuation technique to estimate the fair value of each of these investments, which is updated quarterly by personnel responsible for the management of each investment and reviewed by senior management at each reporting period. The discounted cash flow valuation technique requires us to estimate cash flows for each investment over the anticipated holding period, which currently ranges from 0.8 to 3.8 years. Cash flows are derived from property rental revenue (base rents plus reimbursements) less operating expenses, real estate taxes and capital and other costs, plus projected sales proceeds in the year of exit. Property rental revenue is based on leases currently in place and our estimates for future leasing activity, which are based on current market rents for similar space plus a projected growth factor. Similarly, estimated operating expenses and real estate taxes are based on amounts incurred in the current period plus a projected growth factor for future periods. Anticipated sales proceeds at the end of an investment's expected holding period are determined based on the net cash flow of the investment in the year of exit, divided by a terminal capitalization rate, less estimated selling costs.

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

	Range		Weighted Average (based on fair value of investments)	
Unobservable Quantitative Input	**March 31, 2017**	**December 31, 2016**	**March 31, 2017**	**December 31, 2016**
Discount rates	10.0% to 14.9%	10.0% to 14.9%	12.4%	12.6%
Terminal capitalization rates	4.3% to 5.8%	4.3% to 5.8%	5.4%	5.3%

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

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

(Amounts in thousands)	For the Three Months Ended March 31,	
	2017	**2016**
Beginning balance	$ 462,132	$ 574,761
Net unrealized (loss) gain	(7,187)	6,189
Dispositions/distributions	-	(14,676)
Net realized gains	241	422
Other	(240)	-
Ending balance	$ 454,946	$ 566,696

13. Fair Value Measurements - continued

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

Deferred Compensation Plan Assets

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

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

(Amounts in thousands)	For the Three Months Ended March 31, 2017	2016
Beginning balance	$ 57,444	$ 59,186
Purchases	463	1,166
Sales	(2,737)	(1,372)
Realized and unrealized gain (loss)	1,075	(1,907)
Other, net	665	111
Ending balance	$ 56,910	$ 57,184

Fair Value Measurements on a Nonrecurring Basis

There were no assets measured at fair value on a nonrecurring basis on our consolidated balance sheets as of March 31, 2017 and December 31, 2016.

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 March 31, 2017 and December 31, 2016.

(Amounts in thousands)	As of March 31, 2017 Carrying Amount	Fair Value	As of December 31, 2016 Carrying Amount	Fair Value
Cash equivalents	$ 1,249,832	$ 1,250,000	$ 1,307,105	$ 1,307,000
Debt:				
Mortgages payable	$ 9,369,839	$ 9,383,000	$ 9,374,297	$ 9,356,000
Senior unsecured notes	850,000	884,000	850,000	899,000
Unsecured term loan	375,000	375,000	375,000	375,000
Unsecured revolving credit facilities	115,630	116,000	115,630	116,000
Total	$ 10,710,469 **(1)**	$ 10,758,000	$ 10,714,927 **(1)**	$ 10,746,000

(1) Excludes $95,032 and $103,242 of deferred financing costs, net and other as of March 31, 2017 and December 31, 2016, respectively.

14. Stock-based Compensation

Vornado's 2010 Omnibus Share Plan provides for grants of incentive and non-qualified Vornado stock options, restricted stock, restricted Operating Partnership units and Out-Performance Plan awards to certain of our employees and officers. We account for all equity-based compensation in accordance with ASC 718. Equity-based compensation expense was $14,277,000 and $14,571,000 for the three months ended March 31, 2017 and 2016, respectively.

15. Fee and Other Income

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

(Amounts in thousands)	For the Three Months Ended March 31,	
	2017	**2016**
BMS cleaning fees	$ 21,996	$ 18,146
Management and leasing fees	4,637	4,799
Lease termination fees	4,166	2,405
Other income	8,561	8,620
	$ 39,360	$ 33,970

Management and leasing fees include management fees from Interstate Properties, a related party, of $128,000 and $134,000 for the three months ended March 31, 2017 and 2016, respectively. The above table excludes fee income from partially owned entities, which is included in "income (loss) from partially owned entities" (see Note 6 – *Investments in Partially Owned Entities*).

16. 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 March 31,	
	2017	**2016**
Dividends on marketable securities	$ 3,445	$ 3,215
Mark-to-market income (loss) of investments in our deferred compensation plan **(1)**	2,469	(1,938)
Interest on loans receivable	743	748
Other, net	2,571	1,493
	$ 9,228	$ 3,518

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

17. Interest and Debt Expense

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

(Amounts in thousands)	For the Three Months Ended March 31,	
	2017	**2016**
Interest expense	$ 96,574	$ 100,295
Amortization of deferred financing costs	8,981	9,265
Capitalized interest and debt expense	(11,270)	(9,071)
	$ 94,285	$ 100,489

18. Income (Loss) Per Share/Income (Loss) Per Class A Unit

Vornado Realty Trust

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

(Amounts in thousands, except per share amounts)	For the Three Months Ended March 31,	
	2017	2016
Numerator:		
Income (loss) from continuing operations, net of income attributable to noncontrolling interests	$ 61,605	$ (94,471)
Income from discontinued operations, net of income attributable to noncontrolling interests	2,276	672
Net income (loss) attributable to Vornado	63,881	(93,799)
Preferred share dividends	(16,129)	(20,364)
Net income (loss) attributable to common shareholders	47,752	(114,163)
Earnings allocated to unvested participating securities	(15)	(16)
Numerator for basic and diluted income (loss) per share	$ 47,737	$ (114,179)
Denominator:		
Denominator for basic income (loss) per share – weighted average shares	189,210	188,658
Effect of dilutive securities[(1)]:		
Employee stock options and restricted share awards	1,162	-
Denominator for diluted income (loss) per share – weighted average shares and assumed conversions	190,372	188,658
INCOME (LOSS) PER COMMON SHARE – BASIC:		
Income (loss) from continuing operations, net	$ 0.24	$ (0.61)
Income from discontinued operations, net	0.01	-
Net income (loss) per common share	$ 0.25	$ (0.61)
INCOME (LOSS) PER COMMON SHARE – DILUTED:		
Income (loss) from continuing operations, net	$ 0.24	$ (0.61)
Income from discontinued operations, net	0.01	-
Net income (loss) per common share	$ 0.25	$ (0.61)

(1) The effect of dilutive securities for the three months ended March 31, 2017 and 2016 excludes an aggregate of 12,405 and 13,281 weighted average common share equivalents, respectively, as their effect was anti-dilutive.

18. Income (Loss) Per Share/Income (Loss) Per Class A Unit - continued

Vornado Realty L.P.

The following table provides a reconciliation of both net income (loss) and the number of Class A units used in the computation of (i) basic income (loss) 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 (loss) per Class A unit - which includes the weighted average Class A units and dilutive unit equivalents. Dilutive unit equivalents may include our Series A convertible preferred units, Vornado stock options, restricted unit awards and Out-Performance Plan awards.

(Amounts in thousands, except per unit amounts)	For the Three Months Ended March 31,	
	2017	2016
Numerator:		
Income (loss) from continuing operations, net of income attributable to noncontrolling interests	$ 64,682	$ (102,002)
Income from discontinued operations	2,428	716
Net income (loss) attributable to Vornado Realty L.P.	67,110	(101,286)
Preferred unit distributions	(16,178)	(20,412)
Net income (loss) attributable to Class A unitholders	50,932	(121,698)
Earnings allocated to unvested participating securities	(1,018)	(772)
Numerator for basic and diluted income (loss) per Class A unit	$ 49,914	$ (122,470)
Denominator:		
Denominator for basic income (loss) per Class A unit – weighted average units	200,845	200,072
Effect of dilutive securities (1):		
Vornado stock options and restricted unit awards	1,802	-
Denominator for diluted income (loss) per Class A unit – weighted average units and assumed conversions	202,647	200,072
INCOME (LOSS) PER CLASS A UNIT – BASIC:		
Income (loss) from continuing operations, net	$ 0.24	$ (0.61)
Income from discontinued operations, net	0.01	-
Net income (loss) per Class A unit	$ 0.25	$ (0.61)
INCOME (LOSS) PER CLASS A UNIT – DILUTED:		
Income (loss) from continuing operations, net	$ 0.24	$ (0.61)
Income from discontinued operations, net	0.01	-
Net income (loss) per Class A unit	$ 0.25	$ (0.61)

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(1) The effect of dilutive securities for the three months ended March 31, 2017 and 2016 excludes an aggregate of 130 and 1,867 weighted average Class A unit equivalents, respectively, as their effect was anti-dilutive.

19. Commitments and Contingencies

Insurance

We maintain general liability insurance with limits of $300,000,000 per occurrence and per property, and all risk property and rental value insurance with limits of $2.0 billion per occurrence, with sub-limits for certain perils such as flood and earthquake. Our California properties have earthquake insurance with coverage of $180,000,000 per occurrence and in the annual 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 $1,976,000 and 17% 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.

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

Other Commitments and Contingencies

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

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

Generally, our mortgage loans are non-recourse to us. However, in certain cases we have provided guarantees or master leased tenant space. These guarantees and master leases terminate either upon the satisfaction of specified circumstances or repayment of the underlying loans. As of March 31, 2017, the aggregate dollar amount of these guarantees and master leases is approximately $723,000,000.

As of March 31, 2017, $19,895,000 of letters of credit were outstanding under one of our unsecured revolving credit facilities. Our unsecured revolving credit facilities contain financial covenants that require us to maintain minimum interest 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 also contain customary conditions precedent to borrowing, including representations and warranties, and also contain customary events of default that could give rise to accelerated repayment, including such items as failure to pay interest or principal.

As of March 31, 2017, we expect to fund additional capital to certain of our partially owned entities aggregating approximately $170,000,000, which includes our share for the commitments of the Farley Post Office redevelopment joint venture.

As of March 31, 2017, we have construction commitments aggregating approximately $584,000,000.

20. Segment Information

Below is a summary of net income and a reconciliation of net income to EBITDA[1] by segment for the three months ended March 31, 2017.

(Amounts in thousands)	For the Three Months Ended March 31, 2017			
	Total	New York	Washington, DC	Other
Total revenues	$ 620,848	$ 426,239	$ 116,207	$ 78,402
Total expenses	464,381	280,821	83,988	99,572
Operating income (loss)	156,467	145,418	32,219	(21,170)
Income (loss) from partially owned entities	1,445	(2,093)	32	3,506
Income from real estate fund investments	268	-	-	268
Interest and other investment income, net	9,228	1,472	64	7,692
Interest and debt expense	(94,285)	(57,987)	(11,561)	(24,737)
Net gains on disposition of wholly owned and partially owned assets	501	-	-	501
Income (loss) before income taxes	73,624	86,810	20,754	(33,940)
Income tax expense	(2,205)	(143)	(354)	(1,708)
Income (loss) from continuing operations	71,419	86,667	20,400	(35,648)
Income from discontinued operations	2,428	-	-	2,428
Net income (loss)	73,847	86,667	20,400	(33,220)
Less net income attributable to noncontrolling interests in consolidated subsidiaries	(6,737)	(2,844)	-	(3,893)
Net income (loss) attributable to the Operating Partnership	67,110	83,823	20,400	(37,113)
Interest and debt expense[2]	116,327	75,923	13,499	26,905
Depreciation and amortization[2]	171,537	112,810	36,383	22,344
Income tax expense [2]	2,429	227	367	1,835
EBITDA[1]	$ 357,403	$ 272,783 (3)	$ 70,649 (4)	$ 13,971 (5)

See notes on pages 39 and 40.

20. Segment Information - continued

Below is a summary of net income and a reconciliation of net income to EBITDA[(1)] by segment for the three months ended March 31, 2016.

(Amounts in thousands)	For the Three Months Ended March 31, 2016			
	Total	New York	Washington, DC	Other
Total revenues	$ 613,037	$ 410,825	$ 128,012	$ 74,200
Total expenses	613,317	269,595	256,565	87,157
Operating (loss) income	(280)	141,230	(128,553)	(12,957)
(Loss) income from partially owned entities	(4,240)	(3,563)	(2,265)	1,588
Income from real estate fund investments	11,284	-	-	11,284
Interest and other investment income, net	3,518	1,115	58	2,345
Interest and debt expense	(100,489)	(54,586)	(15,935)	(29,968)
Net gains on disposition of wholly owned and partially owned assets	714	-	-	714
(Loss) income before income taxes	(89,493)	84,196	(146,695)	(26,994)
Income tax expense	(2,831)	(959)	(264)	(1,608)
(Loss) income from continuing operations	(92,324)	83,237	(146,959)	(28,602)
Income from discontinued operations	716	-	-	716
Net (loss) income	(91,608)	83,237	(146,959)	(27,886)
Less net income attributable to noncontrolling interests in consolidated subsidiaries	(9,678)	(3,429)	-	(6,249)
Net (loss) income attributable to the Operating Partnership	(101,286)	79,808	(146,959)	(34,135)
Interest and debt expense[(2)]	126,120	71,198	18,996	35,926
Depreciation and amortization[(2)]	174,811	108,403	42,230	24,178
Income tax expense[(2)]	3,261	1,090	265	1,906
EBITDA[(1)]	$ 202,906	$ 260,499 (3)	$ (85,468) (4)	$ 27,875 (5)

See notes on the following pages.

20. Segment Information – continued

Notes to preceding tabular information:

(1) EBITDA represents "Earnings Before Interest, Taxes, Depreciation and Amortization." We calculate EBITDA on an Operating Partnership basis which is before allocation to the noncontrolling interest of the Operating Partnership. We consider EBITDA a 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 a multiple of EBITDA, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. EBITDA should not be considered a substitute for net income. EBITDA may not be comparable to similarly titled measures employed by other companies.

Our 7.5% interest in Fashion Centre Mall/Washington Tower will not be included in the spin-off of our Washington, DC segment and has been reclassified to Other. The prior year's presentation has been conformed to the current year. In addition, on January 1, 2017, we reclassified our investment in 85 Tenth Avenue from Other to the New York segment as a result of the December 1, 2016 repayment of our loans receivable and the receipt of a 49.9% ownership interest in the property.

(2) Interest and debt expense, depreciation and amortization and income tax expense in the reconciliation of net income (loss) to EBITDA includes our share of these items from partially owned entities.

(3) The elements of "New York" EBITDA are summarized below.

(Amounts in thousands)	For the Three Months Ended March 31,	
	2017	**2016**
Office	$ 170,077	$ 156,643 **(a)**
Retail	89,264	89,409 **(a)**
Residential	6,278	6,350
Alexander's	11,562	11,569
Hotel Pennsylvania	(4,398)	(3,472)
Total New York EBITDA	272,783	260,499
EBITDA from sold properties	-	(1,442)
Total New York EBITDA, as adjusted	$ 272,783	$ 259,057

(a) Beginning in January 2017 for office buildings with retail at the base, we have adjusted the allocation of real estate taxes between the retail and office elements above. This has no effect on our consolidated financial statements, but resulted in a reallocation of $3,914 of income from retail to office for the three months ended March 31, 2016.

(4) The elements of "Washington, DC" EBITDA are summarized below.

(Amounts in thousands)	For the Three Months Ended March 31,	
	2017	**2016**
Office, excluding the Skyline properties	$ 57,032	$ 59,208
Skyline properties	-	(155,083)
Total Office	57,032	(95,875)
Residential	13,617	10,407
Total Washington, DC EBITDA	70,649	(85,468)
Certain items that impact EBITDA:		
Skyline properties impairment loss	-	160,700
EBITDA from sold properties	-	(5,945)
Total of certain items that impact EBITDA	-	154,755
Total Washington, DC EBITDA, as adjusted	$ 70,649	$ 69,287

20. Segment Information – continued

Notes to preceding tabular information - continued:

(5) The elements of "Other" EBITDA are summarized below.

(Amounts in thousands)	For the Three Months Ended March 31, 2017	2016
Our share of real estate fund investments:		
Income before net realized/unrealized gains and losses	$ 2,875	$ 2,231
Net realized/unrealized (losses) gains on investments	(1,737)	1,561
Carried interest	(4,373)	1,519
Total	(3,235)	5,311
theMART (including trade shows)	24,184	23,028
555 California Street	12,083	11,615
Other investments	10,462	14,724
	43,494	54,678
Corporate general and administrative expenses[(a)]	(32,987)	(30,606)
Investment income and other, net[(a)]	8,540	6,975
Acquisition and transaction related costs[(b)]	(8,005)	(4,607)
Residual retail properties discontinued operations	2,428	721
Net gains on sale of residential condominiums	501	714
Total Other	$ 13,971	$ 27,875

(a) The amounts in these captions (for this table only) exclude the results of the mark-to-market of our deferred compensation plan of $2,469 of income for the three months ended March 31, 2017 and $1,938 of loss for the three months ended March 31, 2016.

(b) The three months ended March 31, 2017 includes $7,253 of transaction costs related to the spin-off of our Washington, DC business.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have reviewed the accompanying consolidated balance sheet of Vornado Realty Trust (the "Company") as of March 31, 2017, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month periods ended March 31, 2017 and 2016. These interim financial statements are the responsibility of the Company's management.

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

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

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Vornado Realty Trust as of December 31, 2016, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended (not presented herein); and in our report dated February 13, 2017, 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, 2016 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
May 1, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have reviewed the accompanying consolidated balance sheet of Vornado Realty L.P. and consolidated subsidiaries (the “Partnership”) as of March 31, 2017, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the three month periods ended March 31, 2017 and 2016. These interim financial statements are the responsibility of the Partnership’s management.

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

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

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Vornado Realty L.P. as of December 31, 2016, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended (not presented herein); and in our report dated February 13, 2017, 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, 2016 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
May 1, 2017

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 our Annual Report on Form 10-K, as amended, for the year ended December 31, 2016. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q or the date of any document incorporated by reference. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to our forward-looking statements to reflect events or circumstances occurring after the date of this Quarterly Report on Form 10-Q.

Management’s Discussion and Analysis of Financial Condition and Results of Operations includes a discussion of our consolidated financial statements for the three months ended March 31, 2017. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The results of operations for the three months ended March 31, 2017 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 93.6% of the common limited partnership interest in, the Operating Partnership at March 31, 2017. All references to the "Company," "we," "us," and "our" mean collectively Vornado, the Operating Partnership and those entities/subsidiaries consolidated by Vornado.

On October 31, 2016, Vornado's Board of Trustees approved the tax-free spin-off of our Washington, DC segment and we entered into a definitive agreement to combine it with the management business and certain Washington, DC assets of The JBG Companies ("JBG"), a Washington, DC real estate company. Steven Roth, the Chairman of the Board of Trustees and Chief Executive Officer of Vornado, will be Chairman of the Board of Trustees of the new company, which will be named JBG SMITH Properties. Mitchell Schear, President of our Washington, DC business, will be a member of the Board of Trustees of the new company. The pro rata distribution to Vornado common shareholders and Class A Operating Partnership unitholders is intended to be treated as a tax-free spin-off for U.S. federal income tax purposes. It is expected to be made on a pro rata 1:2 basis. We expect the spin-off and merger to be completed by the end of the second quarter of 2017, subject to certain conditions, including the SEC declaring the Form 10 registration statement effective, filing and approval of the new company's listing application, receipt of regulatory approvals and third party consents by each of the Company and JBG, and formal declaration of the distribution by Vornado's Board of Trustees. The distribution and combination are not subject to a vote by Vornado's shareholders or Operating Partnership unitholders. Vornado's Board of Trustees has approved the transaction. JBG has obtained all requisite approvals from its investment funds for this transaction. There can be no assurance that this transaction will be completed.

Business Objective and Operating Strategy

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

	Total Return(1)		
	Vornado	**Office REIT**	**MSCI**
Three-month	(3.3%)	1.6%	1.0%
One-year	9.1%	14.5%	3.2%
Three-year	21.6%	30.5%	33.3%
Five-year	54.2%	58.0%	59.8%
Ten-year	33.9%	32.0%	58.5%

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

Overview – continued

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

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

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

We compete with a large number of real estate property owners and developers, some of which may be willing to accept lower returns on their investments. Principal factors of competition are rents charged, sales prices, attractiveness of location, the quality of the property and the breadth and the quality of services provided. Our success depends upon, among other factors, trends of the global, national, regional and local economies, the financial condition and operating results of current and prospective tenants and customers, availability and cost of capital, construction and renovation costs, taxes, governmental regulations, legislation, population and employment trends. See "Item 1A. Risk Factors" in our Annual Report on Form 10-K, as amended, for the year ended December 31, 2016, for additional information regarding these factors.

Vornado Realty Trust

Three Months Ended March 31, 2017 Financial Results Summary

Net income attributable to common shareholders for the quarter ended March 31, 2017 was $47,752,000, or $0.25 per diluted share, compared to a net loss attributable to common shareholders of $114,163,000, or $0.61 per diluted share, for the quarter ended March 31, 2016. The quarters ended March 31, 2017 and 2016 include certain items that impact net income attributable to common shareholders and net loss attributable to common shareholders, respectively, which are listed in the table on the following page. The aggregate of these items, net of amounts attributable to noncontrolling interests, decreased net income attributable to common shareholders for the quarter ended March 31, 2017 by $8,916,000, or $0.05 per diluted share, and increased net loss attributable to common shareholders for the quarter ended March 31, 2016 by $154,724,000, or $0.82 per diluted share.

Funds From Operations attributable to common shareholders plus assumed conversions ("FFO") for the quarter ended March 31, 2017 was $205,729,000, or $1.08 per diluted share, compared to $203,137,000, or $1.07 per diluted share, for the quarter ended March 31, 2016. FFO for the quarters ended March 31, 2017 and 2016 include certain items that impact FFO, which are listed in the table on the following page. The aggregate of these items, net of amounts attributable to noncontrolling interests, decreased FFO for the quarter ended March 31, 2017 by $9,918,000, or $0.05 per diluted share, and increased FFO by $4,576,000, or $0.02 per diluted share, for the quarter ended March 31, 2016.

Overview – continued

Vornado Realty Trust** - **continued

(Amounts in thousands)	For the Three Months Ended March 31,	
	2017	2016
Certain items that impact net income (loss) attributable to common shareholders:		
Acquisition and transaction related costs	$ (8,005)	$ (4,607)
(Loss) income from real estate fund investments, net	(3,235)	5,311
Net income (loss) from discontinued operations and sold properties	2,428	(1,429)
Net gains on sale of residential condominiums	501	714
Skyline properties impairment loss	-	(160,700)
Our share of partially owned entities:		
Real estate impairment losses	(3,051)	(4,353)
Net gain on sale of real estate	1,853	-
	(9,509)	(165,064)
Noncontrolling interests' share of above adjustments	593	10,340
Total of certain items that impact net income (loss) attributable to common shareholders, net	$ (8,916)	$ (154,724)

Certain items that impact FFO:		
Acquisition and transaction related costs	$ (8,005)	$ (4,607)
(Loss) income from real estate fund investments, net	(3,235)	5,311
Net gains on sale of residential condominiums	501	714
FFO from discontinued operations and sold properties	161	3,460
	(10,578)	4,878
Noncontrolling interests' share of above adjustments	660	(302)
Total of certain items that impact FFO, net	$ (9,918)	$ 4,576

Overview – continued

Vornado Realty L.P.

Three Months Ended March 31, 2017 Financial Results Summary

Net income attributable to Class A unitholders for the quarter ended March 31, 2017 was $50,932,000, or $0.25 per diluted Class A unit, compared to net loss attributable to Class A unitholders of $121,698,000, or $0.61 per diluted Class A unit, for the quarter ended March 31, 2016. The quarters ended March 31, 2017 and 2016 include certain items that impact net income attributable to Class A unitholders and net loss attributable to Class A unitholders, respectively, which are listed in the table below. The aggregate of these items decreased net income attributable to Class A unitholders for the quarter ended March 31, 2017 by $9,509,000, or $0.05 per diluted Class A unit, and increased net loss attributable to Class A unitholders for the quarter ended March 31, 2016 by $165,064,000, or $0.83 per diluted Class A unit.

(Amounts in thousands)	For the Three Months Ended March 31,	
	2017	**2016**
Certain items that impact net income (loss) attributable to Class A unitholders:		
Acquisition and transaction related costs	$ (8,005)	$ (4,607)
(Loss) income from real estate fund investments, net	(3,235)	5,311
Net income (loss) from discontinued operations and sold properties	2,428	(1,429)
Net gains on sale of residential condominiums	501	714
Skyline properties impairment loss	-	(160,700)
Our share of partially owned entities:		
Real estate impairment losses	(3,051)	(4,353)
Net gain on sale of real estate	1,853	-
Total of certain items that impact net income (loss) attributable to Class A unitholders	$ (9,509)	$ (165,064)

Vornado Realty Trust and Vornado Realty L.P.

Same Store EBITDA

The percentage increase (decrease) in same store Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") and cash basis same store EBITDA of our operating segments are summarized below.

	New York		**Washington, DC**
Same store EBITDA % increase (decrease):			
Three months ended March 31, 2017 compared to March 31, 2016	3.7%	**(1)**	0.7%
Three months ended March 31, 2017 compared to December 31, 2016	(6.9%)	**(2)**	(1.2%)
Cash basis same store EBITDA % increase (decrease):			
Three months ended March 31, 2017 compared to March 31, 2016	15.5%	**(1)**	0.3%
Three months ended March 31, 2017 compared to December 31, 2016	(4.0%)	**(2)**	(2.1%)

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(1) Excluding Hotel Pennsylvania, same store EBITDA increased by 4.0% and by 15.7% on a cash basis.
(2) Excluding Hotel Pennsylvania, same store EBITDA decreased by 3.5% and by 0.1% on a cash basis.

Calculations of same store EBITDA, reconciliations of our net income to EBITDA 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.

Recently Issued Accounting Literature

In May 2014, the Financial Accounting Standards Board ("FASB") issued an update ("ASU 2014-09") establishing Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). ASU 2014-09, as amended by subsequent ASUs on the topic, establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. This standard, which is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2017, requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and also requires certain additional disclosures. When adopting this standard, we are permitted to use either the full retrospective method or the modified retrospective method. We will adopt this standard effective as of January 1, 2018 and currently expect to utilize the modified retrospective method of adoption. We have commenced the execution of our project plan for adopting this standard, which consists of gathering and evaluating the inventory of our revenue streams. We expect this standard will have an impact on the presentation of certain lease and non-lease components of revenue from leases upon the adoption of ("ASU 2016-02") *Leases* with no impact on "total revenues." We expect this standard will have an impact on the timing of gains on certain sales of real estate. We are continuing to evaluate the impact of this standard on our consolidated financial statements.

In January 2016, the FASB issued an update ("ASU 2016-01") *Recognition and Measurement of Financial Assets and Financial Liabilities* to ASC Topic 825, *Financial Instruments*. ASU 2016-01 amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2017. While the adoption of this standard requires us to continue to measure "marketable securities" at fair value at each reporting date, the changes in fair value will be recognized in current period earnings as opposed to "other comprehensive income."

In February 2016, the FASB issued an update ASU 2016-02 establishing ASC Topic 842, *Leases*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. ASU 2016-02 requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase. Lessees are required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. Lessees will recognize expense based on the effective interest method for finance leases or on a straight-line basis for operating leases. ASU 2016-02 is effective for reporting periods beginning after December 15, 2018, with early adoption permitted. We are currently evaluating the overall impact of the adoption of ASU 2016-02 on our consolidated financial statements, including the timing of adopting this standard. ASU 2016-02 will more significantly impact the accounting for leases in which we are a lessee. We have a number of ground leases for which we will be required to record a right-of-use asset and lease liability equal to the present value of the remaining minimum lease payments upon adoption of this standard. We also expect that this standard will have an impact on the presentation of certain lease and non-lease components of revenue from leases with no impact on "total revenues." In particular, lease components, such as reimbursable real estate taxes and insurance expenses, will be presented in "property rentals" and non-lease components, such as reimbursable operating expenses, will be presented in "expense reimbursements" on our consolidated statements of income.

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

Overview – continued

Recently Issued Accounting Literature – continued

In August 2016, the FASB issued an update ("ASU 2016-15") *Classification of Certain Cash Receipts and Cash Payments* to ASC Topic 230, *Statement of Cash Flows*. ASU 2016-15 clarifies guidance on the classification of certain cash receipts and payments in the statement of cash flows to reduce diversity in practice with respect to (i) debt prepayment or debt extinguishment costs, (ii) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing, (iii) contingent consideration payments made after a business combination, (iv) proceeds from the settlement of insurance claims, (v) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies, (vi) distributions received from equity method investees, (vii) beneficial interests in securitization transactions, and (viii) separately identifiable cash flows and application of the predominance principle. ASU 2016-15 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2017, with early adoption permitted. We elected to early adopt ASU 2016-15 effective January 1, 2017, with retrospective application to our consolidated statements of cash flows. The adoption of ASU 2016-15 impacted our classification of distributions received from equity method investees. We selected the nature of earnings approach for classifying distributions. Under this approach, the distributions from equity method investees are classified on the basis of the nature of the activity of the investee that generated the distribution. The retrospective application of ASU 2016-15 resulted in the reclassification of certain distributions of income from partially owned entities to distributions of capital from partially owned entities, which reduced net cash provided by operating activities and net cash used in investing activities by $5,113,000 for the three months ended March 31, 2016.

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

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

Critical Accounting Policies

A summary of our critical accounting policies is included in our Annual Report on Form 10-K, as amended, for the year ended December 31, 2016 in Management's Discussion and Analysis of Financial Condition and Results of Operations. There have been no significant changes to our policies during 2017.

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			555 California	Washington, DC
	Office	Retail	theMART	Street	Office
Three Months Ended March 31, 2017					
Total square feet leased	553	12	100	66	545
Our share of square feet leased:	380	11	100	46	525
Initial rent[1]	$ 75.20	$ 241.38	$ 47.62	$ 86.88	$ 43.04
Weighted average lease term (years)	7.3	2.3	8.1	11.1	8.8
Second generation relet space:					
Square feet	204	4	96	46	482
GAAP basis:					
Straight-line rent[2]	$ 72.34	$ 568.95	$ 47.67	$ 95.09	$ 43.96
Prior straight-line rent	$ 66.23	$ 422.44	$ 31.75	$ 80.31	$ 41.58
Percentage increase	9.2%	34.7%	50.1%	18.4%	5.7%
Cash basis:					
Initial rent[1]	$ 74.32	$ 532.53	$ 47.06	$ 86.49	$ 42.67
Prior escalated rent	$ 70.01	$ 454.54	$ 32.86	$ 78.67	$ 45.68
Percentage increase (decrease)	6.2%	17.2%	43.2%	9.9%	(6.6%)
Tenant improvements and leasing commissions:					
Per square foot	$ 81.72	$ 43.04	$ 56.65	$ 92.17	$ 67.07
Per square foot per annum	$ 11.19	$ 18.71	$ 6.99	$ 8.30	$ 7.62
Percentage of initial rent	14.9%	7.8%	14.7%	9.6%	17.7%

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

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

Overview - continued

Square footage (in service) and Occupancy as of March 31, 2017

(Square feet in thousands)	Number of Properties	Square Feet (in service) Total Portfolio	Square Feet (in service) Our Share	Occupancy %
New York:				
Office	36	20,236	16,965	96.7%
Retail	70	2,668	2,463	95.3%
Residential - 1,692 units	11	1,559	826	95.4%
Alexander's, including 312 residential units	7	2,437	790	99.6%
Hotel Pennsylvania	1	1,400	1,400	
		28,300	22,444	96.6%
Washington, DC:				
Office	44	10,837	9,846	87.8%
Residential - 3,234 units	9	3,310	3,168	97.9%
Other	5	330	330	100.0%
		14,477	13,344	90.2%
Other:				
theMART	3	3,682	3,673	98.9%
555 California Street	3	1,737	1,216	93.1%
Other	4	1,832	871	99.8%
		7,251	5,760	
Total square feet as of March 31, 2017		50,028	41,548	

Overview - continued

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

(Square feet in thousands)		Square Feet (in service)		
	Number of properties	Total Portfolio	Our Share	Occupancy %
New York:				
Office	36	20,227	16,962	96.3%
Retail	70	2,672	2,464	97.1%
Residential - 1,692 units	11	1,559	826	95.7%
Alexander's, including 312 residential units	7	2,437	790	99.8%
Hotel Pennsylvania	1	1,400	1,400	
		28,295	22,442	96.5%
Washington, DC:				
Office	44	11,141	10,123	88.3%
Residential - 3,156 units	9	3,245	3,103	97.8%
Other	5	330	330	100.0%
		14,716	13,556	90.5%
Other:				
theMART	3	3,671	3,662	98.9%
555 California Street	3	1,738	1,217	92.4%
Other	4	1,811	850	99.8%
		7,220	5,729	
Total square feet as of December 31, 2016		50,231	41,727	

Washington, DC Segment

Our Washington, DC segment EBITDA as adjusted was $70,649,000 for the three months ended March 31, 2017, which is $1,362,000 ahead of the prior year's first quarter as a result of an increase in EBITDA from the core business of $4,385,000, offset by a decline in EBITDA from properties taken out-of-service of $3,023,000.

We expect to complete the spin-off of our Washington, DC segment by the end of second quarter of 2017. Our expectation of Washington, DC's EBITDA as adjusted for the first half of 2017 has improved, and is expected to be approximately even to the first half of 2016, comprised of:

(i) an increase in core business of approximately $6,000,000 to $8,000,000, offset by,
(ii) a reduction in EBITDA of approximately $6,000,000 to $8,000,000 from 1700 M Street, 1800 South Bell and 1750 Crystal Drive being taken out-of-service for redevelopment.

Net Income and EBITDA by Segment for the Three Months Ended March 31, 2017 and 2016

Below is a summary of net income and a reconciliation of net income to EBITDA[1] by segment for the three months ended March 31, 2017.

(Amounts in thousands)	For the Three Months Ended March 31, 2017			
	Total	New York	Washington, DC	Other
Total revenues	$ 620,848	$ 426,239	$ 116,207	$ 78,402
Total expenses	464,381	280,821	83,988	99,572
Operating income (loss)	156,467	145,418	32,219	(21,170)
Income (loss) from partially owned entities	1,445	(2,093)	32	3,506
Income from real estate fund investments	268	-	-	268
Interest and other investment income, net	9,228	1,472	64	7,692
Interest and debt expense	(94,285)	(57,987)	(11,561)	(24,737)
Net gains on disposition of wholly owned and partially owned assets	501	-	-	501
Income (loss) before income taxes	73,624	86,810	20,754	(33,940)
Income tax expense	(2,205)	(143)	(354)	(1,708)
Income (loss) from continuing operations	71,419	86,667	20,400	(35,648)
Income from discontinued operations	2,428	-	-	2,428
Net income (loss)	73,847	86,667	20,400	(33,220)
Less net income attributable to noncontrolling interests in consolidated subsidiaries	(6,737)	(2,844)	-	(3,893)
Net income (loss) attributable to the Operating Partnership	67,110	83,823	20,400	(37,113)
Interest and debt expense[2]	116,327	75,923	13,499	26,905
Depreciation and amortization[2]	171,537	112,810	36,383	22,344
Income tax expense [2]	2,429	227	367	1,835
EBITDA[1]	$ 357,403	$ 272,783 (3)	$ 70,649 (4)	$ 13,971 (5)

See notes on pages 55 and 56.

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

Below is a summary of net income and a reconciliation of net income to EBITDA[1] by segment for the three months ended March 31, 2016.

(Amounts in thousands)	For the Three Months Ended March 31, 2016			
	Total	New York	Washington, DC	Other
Total revenues	$ 613,037	$ 410,825	$ 128,012	$ 74,200
Total expenses	613,317	269,595	256,565	87,157
Operating (loss) income	(280)	141,230	(128,553)	(12,957)
(Loss) income from partially owned entities	(4,240)	(3,563)	(2,265)	1,588
Income from real estate fund investments	11,284	-	-	11,284
Interest and other investment income, net	3,518	1,115	58	2,345
Interest and debt expense	(100,489)	(54,586)	(15,935)	(29,968)
Net gains on disposition of wholly owned and partially owned assets	714	-	-	714
(Loss) income before income taxes	(89,493)	84,196	(146,695)	(26,994)
Income tax expense	(2,831)	(959)	(264)	(1,608)
(Loss) income from continuing operations	(92,324)	83,237	(146,959)	(28,602)
Income from discontinued operations	716	-	-	716
Net (loss) income	(91,608)	83,237	(146,959)	(27,886)
Less net income attributable to noncontrolling interests in consolidated subsidiaries	(9,678)	(3,429)	-	(6,249)
Net (loss) income attributable to the Operating Partnership	(101,286)	79,808	(146,959)	(34,135)
Interest and debt expense[2]	126,120	71,198	18,996	35,926
Depreciation and amortization[2]	174,811	108,403	42,230	24,178
Income tax expense[2]	3,261	1,090	265	1,906
EBITDA[1]	$ 202,906	$ 260,499 **(3)**	$ (85,468) **(4)**	$ 27,875 **(5)**

See notes on the following pages.

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

Notes to preceding tabular information:

(1) We calculate EBITDA on an Operating Partnership basis which is before allocation to the noncontrolling interest of the Operating Partnership. We consider EBITDA a 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 a multiple of EBITDA, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. EBITDA should not be considered a substitute for net income. EBITDA may not be comparable to similarly titled measures employed by other companies.

Our 7.5% interest in Fashion Centre Mall/Washington Tower will not be included in the spin-off of our Washington, DC segment and has been reclassified to Other. The prior year's presentation has been conformed to the current year. In addition, on January 1, 2017, we reclassified our investment in 85 Tenth Avenue from Other to the New York segment as a result of the December 1, 2016 repayment of our loans receivable and the receipt of a 49.9% ownership interest in the property.

(2) Interest and debt expense, depreciation and amortization and income tax expense in the reconciliation of net income (loss) to EBITDA includes our share of these items from partially owned entities.

(3) The elements of "New York" EBITDA are summarized below.

(Amounts in thousands)	For the Three Months Ended March 31, 2017	2016
Office	$ 170,077	$ 156,643 **(a)**
Retail	89,264	89,409 **(a)**
Residential	6,278	6,350
Alexander's	11,562	11,569
Hotel Pennsylvania	(4,398)	(3,472)
Total New York EBITDA	272,783	260,499
EBITDA from sold properties	-	(1,442)
Total New York EBITDA, as adjusted	$ 272,783	$ 259,057

(a) Beginning in January 2017, for office buildings with retail at the base, we have adjusted the allocation of real estate taxes between the retail and office elements above. This has no effect on our consolidated financial statements, but resulted in a reallocation of $3,914 of income from retail to office for the three months ended March 31, 2016.

(4) The elements of "Washington, DC" EBITDA are summarized below.

(Amounts in thousands)	For the Three Months Ended March 31, 2017	2016
Office, excluding the Skyline properties	$ 57,032	$ 59,208
Skyline properties	-	(155,083)
Total Office	57,032	(95,875)
Residential	13,617	10,407
Total Washington, DC EBITDA	70,649	(85,468)
Certain items that impact EBITDA:		
Skyline properties impairment loss	-	160,700
EBITDA from sold properties	-	(5,945)
Total of certain items that impact EBITDA	-	154,755
Total Washington, DC EBITDA, as adjusted	$ 70,649	$ 69,287

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

Notes to preceding tabular information - continued:

(5) The elements of "Other" EBITDA are summarized below.

(Amounts in thousands)	For the Three Months Ended March 31,	
	2017	**2016**
Our share of real estate fund investments:		
Income before net realized/unrealized gains and losses	$ 2,875	$ 2,231
Net realized/unrealized (losses) gains on investments	(1,737)	1,561
Carried interest	(4,373)	1,519
Total	(3,235)	5,311
theMART (including trade shows)	24,184	23,028
555 California Street	12,083	11,615
Other investments	10,462	14,724
	43,494	54,678
Corporate general and administrative expenses[(a)]	(32,987)	(30,606)
Investment income and other, net[(a)]	8,540	6,975
Acquisition and transaction related costs[(b)]	(8,005)	(4,607)
Residual retail properties discontinued operations	2,428	721
Net gains on sale of residential condominiums	501	714
Total Other	$ 13,971	$ 27,875

(a) The amounts in these captions (for this table only) exclude the results of the mark-to-market of our deferred compensation plan of $2,469 of income for the three months ended March 31, 2017 and $1,938 of loss for the three months ended March 31, 2016.

(b) The three months ended March 31, 2017 includes $7,253 of transaction costs related to the spin-off of our Washington, DC business.

EBITDA by Region

Below is a summary of the percentages of EBITDA by geographic region, excluding gains on sale of real estate, non-cash impairment losses and operations of sold properties.

	For the Three Months Ended March 31,	
	2017	**2016**
Region:		
New York City metropolitan area	72%	71%
Washington, DC / Northern Virginia area	19%	19%
Chicago, IL	6%	7%
San Francisco, CA	3%	3%
	100%	100%

Results of Operations – Three Months Ended March 31, 2017 Compared to March 31, 2016

Revenues

Our revenues, which consist of property rentals, tenant expense reimbursements, and fee and other income, were $620,848,000 for the three months ended March 31, 2017, compared to $613,037,000 for the prior year's three months, an increase of $7,811,000. Below are the details of the increase (decrease) by segment:

(Amounts in thousands)	Total	New York	Washington, DC	Other
Increase (decrease) due to:				
Property rentals:				
Acquisitions, dispositions and other	$ (10,339)	$ (943)	$ (9,396)**(1)**	$ -
Development and redevelopment	(583)	-	(952)	369
Hotel Pennsylvania	82	82	-	-
Trade shows	993	-	-	993
Same store operations	4,173	1,876	529	1,768
	(5,674)	1,015	(9,819)	3,130
Tenant expense reimbursements:				
Acquisitions, dispositions and other	(961)	(834)	(127)	-
Development and redevelopment	145	-	(228)	373
Same store operations	8,911	9,376	(649)	184
	8,095	8,542	(1,004)	557
Fee and other income:				
BMS cleaning fees	3,850	3,464	-	386
Management and leasing fees	(162)	474	(674)	38
Lease termination fees	1,761	1,537	151	73
Other income	(59)	382	(459)	18
	5,390	5,857	(982)	515
Total increase (decrease) in revenues	$ 7,811	$ 15,414	$ (11,805)	$ 4,202

(1) Primarily from the disposition of the Skyline properties by the receiver on December 21, 2016.

Results of Operations – Three Months Ended March 31, 2017 Compared to March 31, 2016 - continued

Expenses

Our expenses, which consist of operating, depreciation and amortization, general and administrative expenses, acquisition and transaction related costs and Skyline properties impairment loss, were $464,381,000 for the three months ended March 31, 2017, compared to $613,317,000 for the prior year's three months, a decrease of $148,936,000. Below are the details of the (decrease) increase by segment:

(Amounts in thousands)	Total	New York	Washington, DC	Other
(Decrease) increase due to:				
Operating:				
Acquisitions, dispositions and other	$ (6,917)	$ (2,046)	$ (4,871) **(1)**	$ -
Development and redevelopment	(1,013)	(10)	(1,027)	24
Non-reimbursable expenses, including bad debt reserves	(3,499)	(2,280)	(1,286)	67
Hotel Pennsylvania	1,070	1,070	-	-
Trade shows	591	-	-	591
BMS expenses	3,276	2,890	-	386
Same store operations	11,050	8,176	1,218	1,656
	4,558	7,800	(5,966)	2,724
Depreciation and amortization:				
Acquisitions, dispositions and other	(4,298)	(270)	(4,028) **(1)**	-
Development and redevelopment	(6,197)	-	(6,125) **(2)**	(72)
Same store operations	6,349	1,420	5,254	(325)
	(4,146)	1,150	(4,899)	(397)
General and administrative:				
Mark-to-market of deferred compensation plan liability	4,407	-	-	4,407 **(3)**
Same store operations	3,547	2,276	(1,012)	2,283
	7,954	2,276	(1,012)	6,690
Acquisition and transaction related costs	3,398	-	-	3,398 **(4)**
Skyline properties impairment loss	(160,700)	-	(160,700) **(5)**	-
Total (decrease) increase in expenses	$ (148,936)	$ 11,226	$ (172,577)	$ 12,415

(1) Primarily from the disposition of the Skyline properties by the receiver on December 21, 2016.

(2) Primarily due to the demolition of two adjacent office properties, 1726 M Street and 1150 17th Street.

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

(4) Primarily from the transaction costs related to the spin-off of our Washington, DC business.

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

Income (Loss) from Partially Owned Entities

Summarized below are the components of income (loss) from partially owned entities for the three months ended March 31, 2017 and 2016.

(Amounts in thousands)	Percentage Ownership at March 31, 2017	For the Three Months Ended March 31, 2017	2016
Our Share of Net (Loss) Income:			
Partially owned office buildings (1)	Various	$ (10,054)	$ (14,249)
Alexander's	32.4%	8,401	8,662
PREIT	8.0%	(2,830)	(4,288)
India real estate ventures	4.1%-36.5%	1,654	(686)
UE	5.4%	1,300	1,085
Other investments(2)	Various	2,974	5,236
		$ 1,445	$ (4,240)

(1) Includes interests in 280 Park Avenue, 650 Madison Avenue, One Park Avenue, 666 Fifth Avenue (Office), 7 West 34th Street, 330 Madison Avenue, 512 West 22nd Street, 85 Tenth Avenue and others.

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

Income from Real Estate Fund Investments

Below are the components of the income from our real estate fund investments for the three months ended March 31, 2017 and 2016.

(Amounts in thousands)	For the Three Months Ended March 31, 2017	2016
Net investment income	$ 7,214	$ 4,673
Net realized gains on exited investments	241	14,676
Previously recorded unrealized gain on exited investment	-	(14,254)
Net unrealized (loss) gain on held investments	(7,187)	6,189
Income from real estate fund investments (1)	268	11,284
Less income attributable to noncontrolling interests in consolidated subsidiaries	(3,503)	(5,973)
(Loss) income from real estate fund investments attributable to the Operating Partnership	(3,235)	5,311
Less loss (income) attributable to noncontrolling interests in the Operating Partnership	202	(329)
(Loss) income from real estate fund investments attributable to Vornado	$ (3,033)	$ 4,982

(1) Excludes $1,000 and $760 of management and leasing fees for the three months ended March 31, 2017 and 2016, respectively, which are included as a component of "fee and other income" on our consolidated statements of income.

Interest and Other Investment Income, net

Interest and other investment income, net was $9,228,000 for the three months ended March 31, 2017, compared to $3,518,000 for the prior year’s three months, an increase of $5,710,000. This increase resulted primarily from an increase in the value of investments in our deferred compensation plan (offset by a corresponding decrease in the liability for plan assets in general and administrative expenses).

Interest and Debt Expense

Interest and debt expense was $94,285,000 for the three months ended March 31, 2017, compared to $100,489,000 for the prior year's three months, a decrease of $6,204,000. This decrease was primarily due to (i) $7,512,000 of interest savings from the disposition of the Skyline properties and the refinancing of theMART and (ii) $2,199,000 higher capitalized interest partially offset by (iii) $1,952,000 of higher interest expense from the refinancing of 350 Park Avenue and the $375,000,000 drawn on our $750,000,000 delayed draw term loan and (iv) $1,083,000 of higher interest expense from the 1535 Broadway capital lease obligation.

Income Tax Expense

For the three months ended March 31, 2017, income tax expense was $2,205,000, compared to $2,831,000 for the prior year's three months, a decrease of $626,000.

Income from Discontinued Operations

The table below sets forth the combined results of operations of assets related to discontinued operations for the three months ended March 31, 2017 and 2016.

(Amounts in thousands)	For the Three Months Ended March 31,	
	2017	2016
Total revenues	$ 324	$ 1,182
Total expenses	163	466
	161	716
Net gain on sale of real estate	2,267	-
Income from discontinued operations	$ 2,428	$ 716

Net Income Attributable to Noncontrolling Interests in Consolidated Subsidiaries

Net income attributable to noncontrolling interests in consolidated subsidiaries was $6,737,000 for the three months ended March 31, 2017, compared to $9,678,000 for the prior year's three months, a decrease of $2,941,000. This decrease resulted primarily from lower net income allocated to the noncontrolling interests, including noncontrolling interests of our real estate fund investments.

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

Net income attributable to noncontrolling interests in the Operating Partnership was $3,229,000 for the three months ended March 31, 2017, compared to net loss attributable to noncontrolling interests in the Operating Partnership of $7,487,000 for the prior year's three months, an increase in income of $10,716,000. This increase resulted from higher net income subject to allocation to unitholders primarily due to a $160,700,000 non-cash impairment loss on the Skyline properties recognized in the prior year's quarter.

Preferred Share Dividends of Vornado Realty Trust

Preferred share dividends were $16,129,000 for the three months ended March 31, 2017, compared to $20,364,000 for the prior year's three months, a decrease of $4,235,000. This decrease resulted primarily from the redemption of the 6.875% Series J cumulative redeemable preferred shares on September 1, 2016.

Preferred Unit Distributions of Vornado Realty L.P.

Preferred unit distributions were $16,178,000 for the three months ended March 31, 2017, compared to $20,412,000 for the prior year's three months, a decrease of $4,234,000. This decrease resulted primarily from the redemption of the 6.875% Series J cumulative redeemable preferred units on September 1, 2016.

Results of Operations – Three Months Ended March 31, 2017 Compared to March 31, 2016 - continued

Same Store EBITDA

Same store EBITDA represents EBITDA from property level operations which are owned by us in both the current and prior year reporting periods. Same store EBITDA excludes segment-level overhead expenses, which are expenses that we do not consider to be property-level expenses, as well as other non-operating items. We also present same store EBITDA on a cash basis which excludes income from the straight-lining of rents, amortization of below-market leases, net of above-market leases and other non-cash adjustments. We present these non-GAAP measures to (i) facilitate meaningful comparisons of the operational performance of our properties and segments, (ii) make decisions on whether to buy, sell or refinance properties, and (iii) compare the performance of our properties and segments to those of our peers. Same store EBITDA 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 EBITDA to same store EBITDA for each of our segments for the three months ended March 31, 2017 compared to March 31, 2016.

(Amounts in thousands)	New York	Washington, DC
EBITDA for the three months ended March 31, 2017	$ 272,783	$ 70,649
Add-back:		
Non-property level overhead expenses included above	12,243	6,952
Less EBITDA from:		
Acquisitions	(5,195) **(1)**	-
Dispositions, including net gains on sale	(299)	-
Development properties placed into service	-	(2,191) **(3)**
Other non-operating income, net	(8,243) **(2)**	(317)
Same store EBITDA for the three months ended March 31, 2017	$ 271,289	$ 75,093
EBITDA for the three months ended March 31, 2016	$ 260,499	$ (85,468)
Add-back:		
Non-property level overhead expenses included above	9,967	7,964
Less EBITDA from:		
Acquisitions	-	-
Dispositions, including net gains on sale	(1,032)	(5,901)
Development properties placed into service	-	(2,572)
Other non-operating (income) expenses, net	(7,782) **(2)**	160,535
Same store EBITDA for the three months ended March 31, 2016	$ 261,652	$ 74,558
Increase in same store EBITDA for the three months ended March 31, 2017 compared to March 31, 2016	$ 9,637 **(4)**	$ 535
% increase in same store EBITDA	3.7% **(5)**	0.7%

(1) Primarily 85 Tenth Avenue. On January 1, 2017, we reclassified our investment in 85 Tenth Avenue from Other to the New York segment as a result of the December 1, 2016 repayment of our loans receivable and the receipt of a 49.9% ownership interest in the property.

(2) Primarily 666 Fifth Avenue Office Condominium.

(3) Primarily The Bartlett.

(4) The $9,637 increase in New York same store EBITDA resulted primarily from increases in Office and Retail EBITDA of $8,147 and $2,445 respectively, partially offset by a decrease in Hotel Pennsylvania EBITDA of $926. The Office EBITDA increase resulted primarily from higher tenant reimbursements, net of operating expenses. The Retail EBITDA increase resulted primarily from higher rents partially offset by higher operating expenses, net of reimbursements.

(5) Excluding Hotel Pennsylvania, same store EBITDA increased by 4.0%.

Results of Operations – Three Months Ended March 31, 2017 Compared to March 31, 2016 - continued

Reconciliation of Same Store EBITDA to Cash Basis Same Store EBITDA

(Amounts in thousands)	New York	Washington, DC
Same store EBITDA for the three months ended March 31, 2017	$ 271,289	$ 75,093
Less: Adjustments for straight-line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	(26,118)	(4,830)
Cash basis same store EBITDA for the three months ended March 31, 2017	$ 245,171	$ 70,263
Same store EBITDA for the three months ended March 31, 2016	$ 261,652	$ 74,558
Less: Adjustments for straight-line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	(49,358)	(4,485)
Cash basis same store EBITDA for the three months ended March 31, 2016	$ 212,294	$ 70,073
Increase in cash basis same store EBITDA for the three months ended March 31, 2017 compared to March 31, 2016	$ 32,877	$ 190
% increase in cash basis same store EBITDA	15.5% **(1)**	0.3%

(1) Excluding Hotel Pennsylvania, same store EBITDA increased by 15.7% on a cash basis.

SUPPLEMENTAL INFORMATION

Reconciliation of Net Income to EBITDA for the Three Months Ended December 31, 2016

(Amounts in thousands)	New York	Washington, DC
Net income attributable to Vornado for the three months ended December 31, 2016	$ 113,299	$ 519,457
Interest and debt expense	71,880	19,934
Depreciation and amortization	104,513	41,007
Income tax expense	1,487	199
EBITDA for the three months ended December 31, 2016	$ 291,179	$ 580,597

Reconciliation of EBITDA to Same Store EBITDA – Three Months Ended March 31, 2017 Compared to December 31, 2016

(Amounts in thousands)	New York	Washington, DC
EBITDA for the three months ended March 31, 2017	$ 272,783	$ 70,649
Add-back:		
Non-property level overhead expenses included above	12,243	6,952
Less EBITDA from:		
Acquisitions	(4,582)**(1)**	-
Dispositions, including net gains on sale	(228)	-
Development properties placed into service	-	(2,191)**(3)**
Other non-operating income, net	(8,243)**(2)**	(317)
Same store EBITDA for the three months ended March 31, 2017	$ 271,973	$ 75,093
EBITDA for the three months ended December 31, 2016	$ 291,179	$ 580,597
Add-back:		
Non-property level overhead expenses included above	8,307	7,612
Less EBITDA from:		
Dispositions, including net gains on sale	(35)	(508,492)
Development properties placed into service	-	(3,719)
Other non-operating (income) expenses, net	(7,218)**(2)**	23
Same store EBITDA for the three months ended December 31, 2016	$ 292,233	$ 76,021
Decrease in same store EBITDA for the three months ended March 31, 2017 compared to December 31, 2016	$ (20,260)	$ (928)
% decrease in same store EBITDA	(6.9%)**(4)**	(1.2%)

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(1) Primarily 85 Tenth Avenue. On January 1, 2017, we reclassified our investment in 85 Tenth Avenue from Other to the New York segment as a result of the December 1, 2016 repayment of our loans receivable and the receipt of a 49.9% ownership interest in the property.

(2) Primarily 666 Fifth Avenue Office Condominium.

(3) Primarily The Bartlett.

(4) Excluding Hotel Pennsylvania, same store EBITDA decreased by 3.5%.

Reconciliation of Same Store EBITDA to Cash Basis Same Store EBITDA – Three Months Ended March 31, 2017 Compared to December 31, 2016

(Amounts in thousands)	New York	Washington, DC
Same store EBITDA for the three months ended March 31, 2017	$ 271,973	$ 75,093
Less: Adjustments for straight-line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	(26,538)	(4,830)
Cash basis same store EBITDA for the three months ended March 31, 2017	$ 245,435	$ 70,263
Same store EBITDA for the three months ended December 31, 2016	$ 292,233	$ 76,021
Less: Adjustments for straight-line rents, amortization of acquired below-market leases, net, and other non-cash adjustments	(36,488)	(4,252)
Cash basis same store EBITDA for the three months ended December 31, 2016	$ 255,745	$ 71,769
Decrease in cash basis same store EBITDA for the three months ended March 31, 2017 compared to December 31, 2016	$ (10,310)	$ (1,506)
% decrease in cash basis same store EBITDA	(4.0%) **(1)**	(2.1%)

(1) Excluding Hotel Pennsylvania, same store EBITDA decreased by 0.1% on a cash basis.

Liquidity and Capital Resources

Property rental income is our primary source of cash flow and is dependent upon the occupancy and rental rates of our properties. Our cash requirements include property operating expenses, capital improvements, tenant improvements, debt service, leasing commissions, dividends to shareholders, 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, and our 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 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 Three Months Ended March 31, 2017

Our cash and cash equivalents and restricted cash were $1,583,005,000 at March 31, 2017, a $16,317,000 decrease from the balance at December 31, 2016. Our consolidated outstanding debt, net was $10,615,437,000 at March 31, 2017, a $3,752,000 increase from the balance at December 31, 2016. As of March 31, 2017 and December 31, 2016, $115,630,000 was outstanding under our revolving credit facilities. During the remainder of 2017 and 2018, $118,255,000 and $208,560,000, respectively, of our outstanding debt matures; we may refinance this maturing debt as it comes due or choose to repay it.

Net Cash Provided by Operating Activities

Net cash provided by operating activities of $301,285,000 was comprised of (i) net income of $73,847,000, (ii) distributions of income from partially owned entities of $18,226,000, (iii) $139,173,000 of non-cash adjustments, which include depreciation and amortization expense, the effect of straight-lining of rents, amortization of below-market leases, net, net realized and unrealized loss and gain on real estate fund investments, net gains on sale of real estate and other, equity in net income from partially owned entities and net gains on disposition of wholly owned and partially owned assets, and (iv) the net change in operating assets and liabilities of $70,039,000.

Net Cash Used in Investing Activities

Net cash used in investing activities of $156,654,000 was primarily comprised of (i) $98,227,000 of development costs and construction in progress, (ii) $67,363,000 of additions to real estate and (iii) $6,679,000 of investments in partially owned entities, partially offset by (iv) $11,592,000 of capital distributions from partially owned entities and (v) $5,180,000 of proceeds from sales of real estate and related investments.

Net Cash Used in Financing Activities

Net cash used in financing activities of Vornado Realty Trust of $160,948,000 was primarily comprised of (i) $134,332,000 of dividends paid on common shares, (ii) $16,129,000 of dividends paid on preferred shares, (iii) $14,281,000 of distributions to noncontrolling interests and (iv) $6,987,000 for the repayments of borrowings, partially offset by (v) $8,484,000 of proceeds received from exercise of employee share options and (vi) $2,529,000 of proceeds from borrowings.

Net cash used in financing activities of the Operating Partnership of $160,948,000 was primarily comprised of (i) $134,332,000 of distributions to Vornado, (ii) $16,129,000 of distributions to preferred unitholders, (iii) $14,281,000 of distributions to redeemable security holders and noncontrolling interests in consolidated subsidiaries and (iv) $6,987,000 for the repayments of borrowings, partially offset by (v) $8,484,000 of proceeds received from exercise of Vornado stock options and (vi) $2,529,000 of proceeds from borrowings.

Capital Expenditures for the Three Months Ended March 31, 2017

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

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

(Amounts in thousands)	Total	New York	Washington, DC	Other
Expenditures to maintain assets	$ 23,867	$ 17,830	$ 4,485	$ 1,552
Tenant improvements	45,801	9,041	28,544	8,216
Leasing commissions	10,267	3,889	4,776	1,602
Non-recurring capital expenditures	22,327	20,916	1,265	146
Total capital expenditures and leasing commissions (accrual basis)	102,262	51,676	39,070	11,516
Adjustments to reconcile to cash basis:				
Expenditures in the current year applicable to prior periods	33,810	13,940	10,649	9,221
Expenditures to be made in future periods for the current period	(58,120)	(27,379)	(30,002)	(739)
Total capital expenditures and leasing commissions (cash basis)	$ 77,952	$ 38,237	$ 19,717	$ 19,998
Tenant improvements and leasing commissions:				
Per square foot per annum	*$ 9.00*	*$ 11.26*	*$ 7.62*	*$ n/a*
Percentage of initial rent	*15.3%*	*14.1%*	*17.7%*	*n/a*

Development and Redevelopment Expenditures for the Three Months Ended March 31, 2017

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

We are constructing a residential condominium tower containing 397,000 salable square feet on our 220 Central Park South development site. The incremental development cost of this project is estimated to be approximately $1.3 billion, of which $680,737,000 has been expended as of March 31, 2017.

We are developing a 173,000 square foot Class A office building, located along the western edge of the High Line at 512 West 22nd Street in the West Chelsea submarket of Manhattan (55.0% owned). The incremental development cost of this project is estimated to be approximately $130,000,000, of which our share is $72,000,000. As of March 31, 2017, $40,821,000 has been expended, of which our share is $22,452,000.

We are developing a 170,000 square foot office and retail building at 61 Ninth Avenue, located on the southwest corner of Ninth Avenue and 15th Street in the West Chelsea submarket of Manhattan. In February 2016, the venture purchased an adjacent five story loft building and air rights in exchange for a 10% common and preferred equity interest in the venture valued at $19,400,000, which reduced our ownership interest to 45.1% from 50.1%. The incremental development cost of this project is estimated to be approximately $150,000,000, of which our share is $68,000,000. As of March 31, 2017, $48,824,000 has been expended, of which our share is $22,020,000.

Liquidity and Capital Resources – continued

Development and Redevelopment Expenditures for the Three Months Ended March 31, 2017 - continued

We are developing a 34,000 square foot office and retail building at 606 Broadway, located on the northeast corner of Broadway and Houston Street in Manhattan (50.0% owned). The venture's incremental development cost of this project is estimated to be approximately $60,000,000, of which our share is $30,000,000. As of March 31, 2017, $23,954,000 has been expended, of which our share is $11,977,000.

During the first quarter of 2017, we completed the demolition of two adjacent Washington, DC office properties, 1726 M Street and 1150 17th Street, and will replace them in the future with a new 335,000 square foot Class A office building, to be addressed 1700 M Street. The incremental development cost of the project is estimated to be approximately $170,000,000, of which $13,991,000 has been expended as of March 31, 2017.

In September 2016, a joint venture between the Related Companies and Vornado was designated by New York State to redevelop the historic Farley Post Office building. The building will include a new Moynihan Train Hall and approximately 850,000 rentable square feet of office space and ancillary train hall retail. The joint venture will enter into a 99-year, triple-net lease and make a $230,000,000 contribution towards the construction of the train hall. Total costs for the redevelopment of the office and retail space are yet to be determined.

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

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

Below is a summary of development and redevelopment expenditures incurred in the three months ended March 31, 2017. These expenditures include interest of $11,270,000, payroll of $2,105,000 and other soft costs (primarily architectural and engineering fees, permits, real estate taxes and professional fees) aggregating $7,380,000, which were capitalized in connection with the development and redevelopment of these projects.

(Amounts in thousands)	Total	New York	Washington, DC	Other
220 Central Park South	$ 66,284	$ -	$ -	$ 66,284
The Bartlett	6,315	-	6,315	-
90 Park Avenue	3,447	3,447	-	-
315/345 Montgomery Street (555 California Street)	3,294	-	-	3,294
606 Broadway	2,765	2,765	-	-
1700 M Street	2,503	-	2,503	-
304 Canal Street	2,128	2,128	-	-
Penn Plaza	1,274	1,274	-	-
Marriott Marquis Times Square - retail and signage	1,266	1,266		
640 Fifth Avenue	1,090	1,090	-	-
theMART	1,034	-	-	1,034
Other	6,827	847	5,260	720
	$ 98,227	$ 12,817	$ 14,078	$ 71,332

Cash Flows for the Three Months Ended March 31, 2016

Our cash and cash equivalents and restricted cash were $1,782,713,000 at March 31, 2016, a $160,793,000 decrease from the balance at December 31, 2015. The decrease is primarily due to cash flows from investing and financing activities, partially offset by cash flows from operating activities, as discussed below.

Net Cash Provided by Operating Activities

Net cash provided by operating activities of $271,532,000 was comprised of (i) a net loss of $91,608,000, (ii) $264,378,000 of non-cash adjustments, which include Skyline properties impairment loss, depreciation and amortization expense, the effect of straight-lining of rents, amortization of below-market leases, net, net realized and unrealized gain on real estate fund investments and equity in net loss from partially owned entities, (iii) distributions of income from partially owned entities of $24,747,000, (iv) return of capital from real estate fund investments of $14,676,000, and (v) the net change in operating assets and liabilities of $59,339,000.

Net Cash Used in Investing Activities

Net cash used in investing activities of $235,137,000 was comprised of (i) $127,283,000 of development costs and construction in progress, (ii) $77,243,000 of additions to real estate, (iii) $63,188,000 of investments in partially owned entities and (iv) $938,000 of acquisitions of real estate and other, partially offset by (v) $30,637,000 of capital distributions from partially owned entities, (vi) $2,867,000 of proceeds from sales of real estate and related investments, and (vii) $11,000 of proceeds from repayments of mortgage loans receivable.

Net Cash Used in Financing Activities

Net cash used in financing activities of Vornado Realty Trust of $197,188,000 was comprised of (i) $909,617,000 for the repayments of borrowings, (ii) $118,867,000 of dividends paid on common shares, (iii) $21,474,000 of distributions to noncontrolling interests, (iv) $20,364,000 of dividends paid on preferred shares, (v) $16,704,000 of debt issuance and other costs, and (vi) $185,000 for the repurchase of shares related to stock compensation agreements and related tax withholdings and other, partially offset by (vii) $887,500,000 of proceeds from borrowings, and (viii) $2,523,000 of proceeds received from exercise of employee share options.

Net cash used in financing activities of the Operating Partnership of $197,188,000 was comprised of (i) $909,617,000 for the repayments of borrowings, (ii) $118,867,000 of distributions to Vornado, (iii) $21,474,000 of distributions to redeemable security holders and noncontrolling interests in consolidated subsidiaries, (iv) $20,364,000 of distributions to preferred unitholders, (v) $16,704,000 of debt issuance and other costs, and (vi) $185,000 for the repurchase of Class A units related to stock compensation agreements and related tax withholdings and other, partially offset by (vii) $887,500,000 of proceeds from borrowings, and (viii) $2,523,000 of proceeds received from exercise of Vornado stock options.

Liquidity and Capital Resources – continued

Capital Expenditures for the Three Months Ended March 31, 2016

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

(Amounts in thousands)	Total	New York	Washington, DC	Other
Expenditures to maintain assets	$ 14,046	$ 9,443	$ 2,255	$ 2,348
Tenant improvements	29,792	27,216	2,219	357
Leasing commissions	15,023	13,962	1,061	-
Non-recurring capital expenditures	8,004	5,498	2,241	265
Total capital expenditures and leasing commissions (accrual basis)	66,865	56,119	7,776	2,970
Adjustments to reconcile to cash basis:				
Expenditures in the current year applicable to prior periods	50,564	39,550	9,533	1,481
Expenditures to be made in future periods for the current period	(23,182)	(24,146)	(5,323)	6,287
Total capital expenditures and leasing commissions (cash basis)	$ 94,247	$ 71,523	$ 11,986	$ 10,738
Tenant improvements and leasing commissions:				
Per square foot per annum	$ *6.16*	$ *6.99*	$ *3.01*	$ *n/a*
Percentage of initial rent	*9.3%*	*7.5%*	*7.8%*	*n/a*

Development and Redevelopment Expenditures for the Three Months Ended March 31, 2016

Below is a summary of development and redevelopment expenditures incurred in the three months ended March 31, 2016. These expenditures include interest of $9,071,000, payroll of $3,166,000, and other soft costs (primarily architectural and engineering fees, permits, real estate taxes and professional fees) aggregating $27,514,000, which were capitalized in connection with the development and redevelopment of these projects.

(Amounts in thousands)	Total	New York	Washington, DC	Other
220 Central Park South	$ 55,291	$ -	$ -	$ 55,291
The Bartlett	25,911	-	25,911	-
640 Fifth Avenue	9,755	9,755	-	-
2221 South Clark Street (residential conversion)	9,310	-	9,310	-
90 Park Avenue	6,635	6,635	-	-
Wayne Towne Center	3,777	-	-	3,777
Penn Plaza	2,744	2,744	-	-
330 West 34th Street	1,790	1,790	-	-
Other	12,070	2,406	4,829	4,835
	$ 127,283	$ 23,330	$ 40,050	$ 63,903

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.

Generally, our mortgage loans are non-recourse to us. However, in certain cases we have provided guarantees or master leased tenant space. These guarantees and master leases terminate either upon the satisfaction of specified circumstances or repayment of the underlying loans. As of March 31, 2017, the aggregate dollar amount of these guarantees and master leases is approximately $723,000,000.

As of March 31, 2017, $19,895,000 of letters of credit were outstanding under one of our unsecured revolving credit facilities. Our unsecured revolving credit facilities contain financial covenants that require us to maintain minimum interest 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 also contain customary conditions precedent to borrowing, including representations and warranties, and also contain customary events of default that could give rise to accelerated repayment, including such items as failure to pay interest or principal.

As of March 31, 2017, we expect to fund additional capital to certain of our partially owned entities aggregating approximately $170,000,000, which includes our share for the commitments of the Farley Post Office redevelopment joint venture.

As of March 31, 2017, we have construction commitments aggregating approximately $584,000,000.

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 depreciated real estate assets, real estate impairment losses, depreciation and amortization expense from real estate assets and other specified non-cash items, including the pro rata share of such adjustments of unconsolidated subsidiaries. FFO and FFO per diluted share are non-GAAP financial measures used by management, investors and analysts to facilitate meaningful comparisons of operating performance between periods and among our peers because it excludes the effect of real estate depreciation and amortization and net gains on sales, which are based on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions. FFO does not represent cash generated from operating activities and is not necessarily indicative of cash available to fund cash requirements and should not be considered as an alternative to net income as a performance measure or cash flow as a liquidity measure. FFO may not be comparable to similarly titled measures employed by other companies. The calculations of both the numerator and denominator used in the computation of income per share are disclosed in Note 18 – *Income (Loss) Per Share/Income (Loss) Per Class A Unit*, in our consolidated financial statements on page 34 of this Quarterly Report on Form 10-Q.

FFO for the Three Months Ended March 31, 2017 and 2016

FFO attributable to common shareholders plus assumed conversions was $205,729,000, or $1.08 per diluted share for the three months ended March 31, 2017, compared to $203,137,000, or $1.07 per diluted share, for the prior year's three months. Details of certain adjustments to FFO are discussed in the financial results summary of our "Overview".

(Amounts in thousands, except per share amounts)	For the Three Months Ended March 31,	
	2017	**2016**
Reconciliation of our net income (loss) to FFO:		
Net income (loss) attributable to common shareholders	$ 47,752	$ (114,163)
Per diluted share	$ 0.25	$ (0.61)
FFO adjustments:		
Depreciation and amortization of real property	$ 130,469	$ 134,121
Net gain on sale of real estate	(2,267)	-
Real estate impairment loss	-	160,700
Proportionate share of adjustments to equity in net income (loss) of partially owned entities to arrive at FFO:		
Depreciation and amortization of real property	39,074	39,046
Net gain on sale of real estate	(1,853)	-
Real estate impairment losses	3,051	4,353
	168,474	338,220
Noncontrolling interests' share of above adjustments	(10,517)	(20,942)
FFO adjustments, net	$ 157,957	$ 317,278
FFO attributable to common shareholders	$ 205,709	$ 203,115
Convertible preferred share dividends	20	22
FFO attributable to common shareholders plus assumed conversions	$ 205,729	$ 203,137
Per diluted share	$ 1.08	$ 1.07
Reconciliation of Weighted Average Shares		
Weighted average common shares outstanding	189,210	188,658
Effect of dilutive securities:		
Employee stock options and restricted share awards	1,162	964
Convertible preferred shares	40	42
Denominator for FFO per diluted share	190,412	189,664

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 amounts)	2017			2016	
	March 31, Balance	Weighted Average Interest Rate	Effect of 1% Change In Base Rates	December 31, Balance	Weighted Average Interest Rate
Consolidated debt:					
Variable rate	$ 3,768,123	2.60%	$ 37,681	$ 3,765,054	2.40%
Fixed rate	6,942,346	3.82%	-	6,949,873	3.82%
	$ 10,710,469	3.39%	37,681	$ 10,714,927	3.32%
Pro rata share of debt of non-consolidated entities (non-recourse):					
Variable rate – excluding Toys "R" Us, Inc.	$ 1,113,023	2.69%	11,130	$ 1,109,376	2.49%
Variable rate – Toys "R" Us, Inc.	1,111,001	6.69%	11,110	1,162,072	6.05%
Fixed rate (including $465,194 and $671,181 of Toys "R" Us, Inc. debt in 2017 and 2016)	2,584,813	5.95%	-	2,791,249	6.09%
	$ 4,808,837	5.36%	22,240	$ 5,062,697	5.30%
Noncontrolling interests' share of consolidated subsidiaries			(1,405)		
Total change in annual net income attributable to the Operating Partnership			58,516		
Noncontrolling interests' share of the Operating Partnership			(3,651)		
Total change in annual net income attributable to Vornado			$ 54,865		
Total change in annual net income attributable to the Operating Partnership per diluted Class A unit			$ 0.29		
Total change in annual net income attributable to Vornado per diluted share			$ 0.29		

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 March 31, 2017, we have an interest rate swap on a $411,000,000 mortgage loan on Two Penn Plaza that swapped the rate from LIBOR plus 1.65% (2.43% at March 31, 2017) to a fixed rate of 4.78% through March 2018, an interest rate swap on a $375,000,000 mortgage loan on 888 Seventh Avenue that swapped the rate from LIBOR plus 1.60% (2.38% at March 31, 2017) to a fixed rate of 3.15% through December 2020 and an interest rate swap on a $700,000,000 mortgage loan on 770 Broadway that swapped the rate from LIBOR plus 1.75% (2.58% at March 31, 2017) to a fixed rate of 2.56% through September 2020.

Fair Value of Debt

The estimated fair value of our consolidated debt is calculated based on current market prices and discounted cash flows at the current rate at which similar loans would be made to borrowers with similar credit ratings for the remaining term of such debt. As of March 31, 2017, the estimated fair value of our consolidated debt was $10,758,000,000.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures (Vornado Realty Trust)

Disclosure Controls and Procedures: Our management, with the participation of Vornado's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on such evaluation, Vornado's Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2017, 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 March 31, 2017, 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, as amended, for the year ended December 31, 2016.

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

Vornado Realty Trust

None.

Vornado Realty L.P.

During the quarter ended March 31, 2017, we issued 618,342 Class A units in connection with equity awards issued pursuant to Vornado's omnibus share plan, including with respect to grants of restricted Vornado commons shares and restricted units of the Company and upon conversion, surrender or exchange of the Company's units or Vornado stock options, and consideration received included $8,964,908 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.

SIGNATURES

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

VORNADO REALTY TRUST
(Registrant)

Date: May 1, 2017

By: /s/ Matthew Iocco
Matthew Iocco, Chief Accounting Officer (duly
authorized officer and principal accounting officer)

SIGNATURES

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

		VORNADO REALTY L.P.
		(Registrant)
Date: May 1, 2017	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)

EXHIBIT INDEX

Exhibit No.			
10.30	**	-	Amendment to Employment Agreement, dated March 10, 2017, between Vornado Realty Trust and Mitchell Schear.
10.31	**	-	Consulting Agreement, dated March 10, 2017, between JBG SMITH Properties and Mitchell Schear.
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.
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.

** Management contract or compensatory agreement.

EXHIBIT 10.30

AMENDMENT TO EMPLOYMENT AGREEMENT

WHEREAS, VORNADO REALTY TRUST (the "Company") and Mitchell N. Schear ("Employee") are each a party (the "Parties") to an employment agreement dated as of April 19, 2007 and amended December 29, 2008 (the "2008 Agreement");

WHEREAS, the Company and certain of its affiliates, and JBG Properties Inc. and certain of its affiliates did, on October 31, 2016, enter into the Master Transaction Agreement (the "Transaction Agreement"), pursuant to which there will be consummated a series of transactions resulting in the acquisition, transfer and contribution of assets and interests to JBG SMITH Properties ("Newco") and JBG SMITH Properties LP upon the occurrence of the "Effective Time" (within the meaning of the Transaction Agreement);

WHEREAS, pursuant to this amendment (the "Amendment") the Parties wish to further amend the 2008 Agreement to certain reflect certain agreements in respect of Employee's compensation and employment arrangements in connection with the occurrence of the Effective Time;

WHEREAS, terms not otherwise defined in this Amendment will have the meaning provided to them in the 2008 Agreement;

NOW, THEREFORE, pursuant to Section 16 of the 2008 Agreement, effective as of the date hereof and subject to the occurrence of the Effective Time as provided below, the Parties hereby agree to amend the 2008 Agreement as follows:

1. Compensation Prior to the Effective Time: From the date hereof through the date upon which the Effective Time occurs, Employee will continue to provide services to the Company and its affiliates as contemplated by the terms of the 2008 Agreement, and will continue to receive a Base Salary at the annual rate of $1,000,000 and, except as set forth below, other payments and benefits under the 2008 Agreement. Until the Effective Time, Employee will remain eligible for the cash payment in respect of health benefits described in the last sentence of Section 5(c) of the 2008 Agreement, provided that the aggregate of such payments for 2017 will equal $10,000 *prorated* based on the number of days from January 1, 2017 through and including the date on which the Effective Time occurs (or, if greater, the amount, not to exceed $10,000, of unreimbursed eligible medical expenses incurred by Employee (and his eligible dependents) on or prior to the Company Separation Date).

2. Termination of Employment with the Company.

(a) Employment Transition. As of immediately prior to the Effective Time, Employee will cease to be an employee of the Company and will become a consultant to Newco (such date, the "Company Separation Date"). Accordingly, on the Company Separation Date, the Employment Period will end (and on that date any notices required under Section 2 of the 2008 Agreement will be deemed satisfied by this Amendment).

(b) 2017 Pre-Closing Annual Bonus and Incentive. Subject to the occurrence of and Employee's continued employment with the Company through the Effective Time, as soon as administratively feasible following the Effective Time, but in no event later than March 15, 2018, the Company will pay Employee an amount, in respect of and in full satisfaction of Employee's Bonus for 2017, equal to $1,800,000 *prorated* (based on the number of days from January 1, 2017 through and including the date on which the Effective Time occurs) and less applicable withholding

(c) Transition Service Payments. Subject to the occurrence of and Employee's continued employment through the Effective Time, as soon as administratively feasible following but in no event later than seventy (70) days after the Company Separation Date, the Company will commence payments to Employee, at an annual rate of $1,000,000 (less applicable withholdings) and paid ratably in accordance with the Company's customary payroll practices following the Company Separation Date and through the end of the Active Newco Consulting Period (such payments, the "Transition Service Payments"). "Active Newco Consulting Period" means the period in which Employee continues to actively provide consulting services to Newco pursuant to and during the "Term" of Employee's consulting agreement with Newco dated as of March 10, 2017 (the "Newco Agreement"), without regard to whether Newco continues to pay Employee under the terms of the Newco Agreement after the Term of the Newco Agreement is terminated for any reason. For the avoidance of doubt, (1) the Transition Service Payments will terminate at the end of the Active Newco Consulting Period, (2) in no event will the Transition Service Payments continue for more than two (2) years following the Company Separation Date and (3) in no event will the Transition Service Payments exceed $2,000,000. Subject to Employee's continued employment with the Company through the Effective Time, the Company will, (A) during the 24-month "Term" of the Newco Agreement continue to provide Employee with health coverage under the Company's plans, subject to Employee's payment of active employee rates, and upon conclusion of such Term , if elected by Employee provide or reimburse Employee for COBRA continuation for the applicable COBRA coverage period (provided, that the coverage under this clause (A) will terminate earlier if Employee becomes eligible for coverage from another employer), and (B) upon confirmation from Newco of the benefits provided to its active executives, continue to provide directly, or reimburse the Employee for his cost in procuring, the benefits (other than health benefits) which would have been provided to Employee during the Active Newco Consulting Period had he been actively employed by Newco, and in any case including payment of premiums for the supplemental life insurance policies maintained by the Company for Employee's benefit and payment of Employee's monthly auto allowance, in each case, as in effect as of the date of this Amendment and to the same extent and in the same manner the Company provides such benefits and/or pays such amounts or allowances and premiums as of the date of this Amendment, and, as of the end of the Active Newco Consulting Period, the Company will cease to provide such benefits and/or pay such amounts and premiums and Employee will be eligible to exercise any policy conversion ownership rights that may then apply to such policies in accordance with their terms; provided, that Employee will be responsible for all tax consequences to Employee arising in respect of such policies or benefits, including with respect to the Company's payment of premiums and Employee's exercise of any conversion or ownership rights. For purposes of Section 409A of the Code, each payment or installment under this Amendment will be treated as a separate payment. In addition, subject to the occurrence of and Employee's continued employment through the Effective Time, as soon as administratively feasible following the Effective Time, the Company will assign to Employee full title and ownership of the Company-owned automobile used by Employee as of the date of this Amendment, subject to Employee providing the Company the mileage and condition of such automobile through the date on which the Effective Time occurs. In connection with such transfer, Employee will be responsible for making arrangements with the Company for payment of Employee's portion of applicable withholding taxes and Employee will be responsible for all other income tax consequences.

(d) Spinoff Payments. Subject to the occurrence of and Employee's continued employment with the Company through the Effective Time, Employee will be entitled to receive additional payments totaling $3,600,000 (the "Spinoff Payments"), paid in two equal installments (in each case, less applicable withholdings) as soon as administratively feasible (but no later than seventy (70) days) following the occurrence of (1) for the first installment of $1,800,000, the Effective Time, and (2) for the second installment of $1,800,000, the first business day in calendar 2018. For the avoidance of doubt, these Spinoff Payments will be made to Employee regardless of whether Employee continues as a consultant to Newco for any period of time following the Effective Time.

(e) Termination due to Involuntary Termination without Cause or Termination following a Material Breach. Upon termination of Employee's employment with the Company prior to the Effective Time due to involuntary termination by the Company without Cause or termination by Employee following a material breach (within the meaning of Section 6(e) of the 2008 Agreement), the amounts due Employee under Section 2(d) will be paid to Employee at such time or times as the payments would be made hereunder if Employee's employment had not terminated.

3. Severance Payments. Notwithstanding the terms of the 2008 Agreement or any other agreement with the Company or its affiliates, subject to the occurrence of the Effective Time and upon Employee's "separation from service" (within the meaning of Section 409A of the Code) from the Company upon the Effective Time, the Company will pay to Employee, in full satisfaction of any other payments due pursuant to Section 8 of the 2008 Agreement, Severance Payments in the aggregate totaling $2,000,000, less any applicable withholdings, which will be paid ratably in accordance with the Company's customary payroll practices over the 18-month period following the Company Separation Date. Such payments will commence as soon as administratively feasible following the Company Separation Date, but in no event later than seventy (70) days after the Company Separation Date, conditioned upon the effectiveness of a release of claims in favor of the Company substantially in the form attached as Exhibit A (the "Release") and subject to any delay that may be required pursuant to Section 8(e) of the 2008 Agreement (and if the period specified under applicable law that the Employee has to consider the Release spans two calendar years, the Severance Payments will commence during the later calendar year).

4. Company Equity Awards. Notwithstanding the terms of the 2008 Agreement or any other agreement with the Company or its affiliates, it is understood that Employee will not receive grants of equity awards of the Company or its affiliates ("Company Equity Awards") from and after the date hereof. Employee's Company Equity Awards outstanding as of the Effective Time will be adjusted commensurate with the treatment of similar Company Equity Awards in connection with the transactions contemplated by the Transaction Agreement and will be treated as follows, subject in each case to Employee's continued employment with the Company through the Effective Time. Until the Effective Time, any outstanding Company Equity Awards will continue to be governed by the terms of the Company's 2010 Omnibus Share Plan (the "2010 Plan") and award agreements applicable to the Company Equity Awards.

(a) Company Stock Options: It is understood that all options to purchase Company stock granted by the Company ("Company Stock Options") to Employee are, as of the date of this Amendment, fully vested and exercisable. All of Employee's Company Stock Options will remain exercisable for 60 days after the Effective Time (or if earlier, the expiration date specified in the applicable Company Stock Option award agreement) in accordance with their terms. The Company will pay Employee, as soon as practicable (but no later than 30 days) following the Effective Time, a one-time cash payment (less applicable withholdings) to compensate for the decline in the fair value of the Company Stock Options attributable to the shorter term than Employee originally had to exercise such Company Stock Options, determined by the Company in its discretion consistent with determinations applicable to outstanding Company Stock Options generally in connection with the transactions contemplated by the Transaction Agreement.

(b) Company OPP Partnership Units: At the Effective Time, any outstanding outperformance plan partnership units ("OPP Units") granted to Employee under the 2010 Plan (1) in 2013 and 2014 that have been earned as of the Effective Time, will become fully vested and be convertible in accordance with (and otherwise subject to the terms of) the 2010 Plan and applicable OPP Unit award agreement and (2) in 2015 and 2016 that have not been earned as of the Effective Time, will remain subject to the performance requirement and be earned based on actual Company performance through the Final Valuation Date (within the meaning of the applicable OPP Unit award agreement). The OPP Units that are earned as described in the preceding clause (2) will then fully vest upon the Final Valuation Date, without the proration that would result from application of a "Partial Service Factor" pursuant to the applicable OPP Unit award agreement, and thereafter will be convertible in accordance with (and otherwise subject to the terms of) the 2010 Plan and applicable OPP Unit award agreement. The provisions of this Section 4(b) will govern the treatment of Employee's OPP Units notwithstanding the provisions of Section 4(a) of the OPP Unit award agreements if and to the extent the terms of this Amendment are inconsistent with the terms of the applicable OPP Unit award agreement. For the avoidance of doubt, the OPP Units in the preceding clauses (1) and (2) will remain subject to the "Restrictions on Transfer" to the extent set forth in Section 7 of the applicable OPP Unit award agreement.

(c) Company LTIP Partnership Units: At the Effective Time, each outstanding restricted long-term incentive plan partnership unit ("Restricted LTIP Unit") granted to Employee under the 2010 Plan will become fully vested and be convertible in accordance with (and otherwise subject to the terms of) the 2010 Plan and applicable Restricted LTIP Unit agreement, including with respect to the two-year post-issuance holding periods applicable to such Restricted LTIP Units immediately prior to the Effective Time.

5. Non-Competition. From and after the Company Separation Date, Section 10 of the 2008 Agreement will cease to apply, and will be superseded by the non-competition covenant set forth in the Newco Agreement. All payments and benefits under this Amendment are conditioned upon Employee's continued compliance with Section 10, and other applicable provisions, of the 2008 Agreement though the Company Separation Date.

6. Incorporation by Reference; No Other Modifications. Other than as set forth in the preceding paragraphs 1 to 5, the remainder of the 2008 Agreement shall remain unmodified in any manner, and the 2008 Agreement will be deemed to be modified, mutatis mutandis, to reflect the provisions of this Amendment. It is agreed that the payments and benefits set forth in this amendment are the sole payments and benefits to which Employee is entitled with respect to the termination of his employment with the Company.

*   *   *

VORNADO REALTY TRUST

By: /s/ Joseph Macnow

/s/ Mitchell N. Schear
Mitchell N. Schear

Date: March 10, 2017

EXHIBIT A
GENERAL RELEASE AND WAIVER OF CLAIMS

GENERAL RELEASE AND WAIVER OF CLAIMS (this "Release"), by Mitchell Schear ("Employee") in favor of Vornado Realty Trust, a Maryland real estate investment trust (together with its affiliates, the "Company"), stockholders, beneficial owners of its stock, its current or former officers, directors, employees, members, attorneys and agents, and their predecessors, successors and assigns, individually and in their official capacities (together, the "Released Parties").

WHEREAS, Employee has been employed as an employee of the Company;

WHEREAS, Employee has entered into an employment agreement with the Company dated as of April 19, 2007, amended December 29, 2008 and March 10, 2017 (the "Second Amendment"); and

WHEREAS, Employee is seeking certain payments under Section 3 of the Second Amendment that are conditioned on the effectiveness of this Release.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth, the parties agree as follows:

1. General Release. Employee knowingly and voluntarily waives, terminates, cancels, releases and discharges forever the Released Parties from any and all suits, actions, causes of action, claims, allegations, rights, obligations, liabilities, demands, entitlements or charges (collectively, "Claims") that Employee (or Employee's heirs, executors, administrators, successors and assigns) has or may have, whether known, unknown or unforeseen, vested or contingent, by reason of any matter, cause or thing occurring at any time before and including the date of this Release arising under or in connection with Employee's employment or termination of employment with the Company or the Released Parties, including, without limitation: Claims under United States federal, state or local law and the national or local law of any foreign country (statutory or decisional), for wrongful, abusive, constructive or unlawful discharge or dismissal, for breach of any contract, or for discrimination based upon race, color, ethnicity, sex, age, national origin, religion, disability, sexual orientation, or any other unlawful criterion or circumstance, including rights or Claims under the Age Discrimination in Employment Act of 1967 ("ADEA"), violations of the Equal Pay Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans with Disabilities Act of 1991, the Employee Retirement Income Security Act, the Worker Adjustment Retraining and Notification Act, the Family Medical Leave Act, including all amendments to any of the aforementioned acts; and violations of any other federal, state, or municipal fair employment statutes or laws, including, without limitation, violations of any other law, rule, regulation, or ordinance pertaining to employment, wages, compensation, hours worked, or any other Claims for compensation or bonuses, whether or not paid under any compensation plan or arrangement; breach of contract; tort and other common law Claims; defamation; libel; slander; impairment of economic opportunity defamation; sexual harassment; retaliation; attorneys' fees; emotional distress; intentional infliction of emotional distress; assault; battery, pain and suffering; and punitive or exemplary damages. In addition, in consideration of the provisions of this Release, Employee further agrees to waive any and all rights under the laws of any jurisdiction in the United States, or any other country, that limit a general release to those Claims that are known or suspected to exist in Employee's favor as of the Effective Date (as defined below).

2. Surviving Claims. Notwithstanding anything herein to the contrary, this Release shall not:

(i) release any Claims for payment of amounts payable under the Employment Agreement (including under Section 3 thereof);

(ii) release any Claims for employee benefits under plans covered by ERISA to the extent any such Claim may not lawfully be waived or for any payments or benefits under any plans of the Company that have vested in accordance with the terms of such plans and accrued but unused vacation pay;

(iii) release any Claim that may not lawfully be waived;

(iv) release any Claim for indemnification and D&O insurance in accordance with applicable laws and the corporate governance documents of the Company; or

(v) prohibit Employee from reporting possible violations of federal law or regulation or making other disclosures that are protected under (or claiming any award under) the whistleblower provisions of federal law or regulation.

3. Additional Representations. Employee further represents and warrants that Employee has not filed any civil action, suit, arbitration, administrative charge, or legal proceeding against any Released Party nor, has Employee assigned, pledged, or hy pothecated as of the Effective Date any Claim to any person and no other person has an interest in the Claims that he is releasing.

4. Acknowledgements by Employee. Employee acknowledges and agrees that Employee has read this Release in its entirety and that this Release is a general release of all known and unknown Claims. Employee further acknowledges and agrees that:

(i) this Release does not release, waive or discharge any rights or Claims that may arise for actions or omissions after the Effective Date of this Release and Employee acknowledges that he is not releasing, waiving or discharging any ADEA Claims that may arise after the Effective Date of this Release;

(ii) Employee is entering into this Release and releasing, waiving and discharging rights or Claims only in exchange for consideration which he is not already entitled to receive;

(iii) Employee has been advised, and is being advised by the Release, to consult with an attorney before executing this Release; Employee acknowledges that he has consulted with counsel of his choice concerning the terms and conditions of this Release;

(iv) Employee has been advised, and is being advised by this Release, that he has been given at least **[**21**][**45**]** days within which to consider the Release, but Employee can execute this Release at any time prior to the expiration of such review period; and

(v) Employee is aware that this Release shall become null and void if he revokes his agreement to this Release within seven (7) days following the date of execution of this Release. Employee may revoke this Release at any time during such seven-day period by delivering (or causing to be delivered) to the Company written notice of his revocation of this Release no later than 5:00 p.m. Eastern time on the seventh (7th) full day following the date of execution of this Release (the "Effective Date"). Employee agrees and acknowledges that a letter of revocation that is not received by such date and time will be invalid and will not revoke this Release.

5. Cooperation With Investigations and Litigation. Employee agrees, upon the Company's advance request, to reasonably cooperate with the Company in any investigation, litigation, arbitration or regulatory proceeding regarding events that occurred during Employee's tenure with the Company or its affiliate, including making himself or herself reasonably available to consult with Company's counsel, to provide information and to give testimony; it being understood that such cooperation will, if feasible, be scheduled in coordination with Employee such that it not unreasonably interfere with Employee's then current business, employment and personal commitments. Company will reimburse Employee for reasonable out-of-pocket expenses Employee incurs in extending such cooperation (including his legal fees and expenses incurred if the Company and Employee agree in good faith that he needs to retain independent counsel in order to provide such cooperation), so long as Employee provides advance written notice (if reasonably feasible under the then prevailing circumstances) of Employee's request for reimbursement and provides satisfactory documentation of the expenses. Nothing in this section is intended to, and shall not, restrict or limit the Employee from exercising his or her protected rights in Section 2 hereof or restrict or limit the Employee from providing truthful information in response to a subpoena, other legal process or valid governmental inquiry.

6. Non-Disparagement. Employee agrees not to make any defamatory or derogatory statements concerning the Company or any of its affiliates or predecessors and their respective directors, officers and employees. Nothing in this section is intended to, and shall not, restrict or limit the Employee from exercising his or her protected rights in Section 2 hereof or restrict or limit the Employee from providing truthful information in response to a subpoena, other legal process or valid governmental inquiry or in the event of litigation between the Employee and the Company or its affiliates.

7. Governing Law. To the extent not subject to federal law, this Release will be governed by and construed in accordance with the law of the State of New York applicable to contracts made and to be performed entirely within that state.

8. Severability. If any provision of this Release should be declared to be unenforceable by any administrative agency or court of law, then remainder of the Release shall remain in full force and effect.

9. Captions; Section Headings. Captions and section headings used herein are for convenience only and are not a part of this Release and shall not be used in construing it.

10. Counterparts; Facsimile Signatures. This Release may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original instrument without the production of any other counterpart. Any signature on this Release, delivered by either party by photographic, facsimile or PDF shall be deemed to be an original signature thereto.

IN WITNESS WHEREOF, Employee has signed this Release on _________ ____, 20___. **[To be dated on or after the Company Separation Date.]**

____

EXHIBIT 10.31

CONSULTING AGREEMENT

Consulting Agreement (the "Agreement"), dated as of March 10, 2017, by and between JBG SMITH Properties, a Maryland real estate investment trust (together with its affiliates, the "Company"), with its principal offices in Chevy Chase, Maryland and Mitchell Schear ("Consultant").

Recitals

The Company and Consultant desire to set forth the terms upon which Consultant will enter into an engagement with the Company to provide consulting services;

Vornado Realty Trust, a Maryland real estate investment trust and Vornado Realty L.P., a Delaware limited partnership (the "Vornado Parties"), and JBG Properties Inc., a Maryland corporation and JBG/Operating Partners, L.P., a Delaware limited partnership, together with certain JBG entities (the "JBG Parties"), and the Company, entered into that certain Master Transaction Agreement dated October 31, 2016 (the "Transaction Agreement"), pursuant to which the Vornado Parties and the JBG Parties will effectuate a series of transactions resulting in the acquisition, transfer and contribution of assets and interests to JBG SMITH Properties and JBG SMITH Properties LP, a Delaware limited partnership; and

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

Agreement

1. Engagement of Consultant. The Company hereby agrees to engage Consultant, and Consultant hereby accepts such engagement, on the terms and conditions hereinafter set forth. Consultant's engagement hereunder will be as an independent contractor, rather than as an employee of the Company.

2. Term. The term of this Agreement and Consultant's engagement by the Company hereunder will commence on the Closing Date (as defined in the Transaction Agreement) (the "Effective Date") and will continue until December 31, 2017 (the "Initial Period"). The term will renew for a single period from January 1, 2018 through the 24-month anniversary of the Effective Date (the "Renewal Period") upon agreement by each party in writing of renewal at least 60 days prior to the end of the Initial Period (the Initial Period and the Renewal Period, if applicable, the "Term"). This Agreement and the Term may be terminated earlier by either party as set forth in Section 5. The effectiveness of this Agreement is contingent on the occurrence of the Closing (as defined in the Transaction Agreement). If the Transaction Agreement terminates in accordance with its terms or the Closing does not occur for any reason, this Agreement will be void ab initio.

3. Scope of Services. Consultant will serve as a consultant and adviser to the Company, and hold himself out as available to provide services on an as-needed basis, with regard to matters of the Company that Consultant was involved with prior to the date hereof and certain other matters as may be identified by the Company's Board of Directors (the "Board") or the Company's Chief Executive Officer, in each case as requested by the Company. Consultant will report directly to the Company's Chief Executive Officer. Consultant will devote such time that is reasonably necessary for Consultant to perform

services for the Company, perform such services in a professional manner commensurate with the favorable reputation of the Company and not engage in any activities that will conflict with the best interests of the Company. Upon the Company's request, Consultant will provide the Company with a reasonable accounting of the amount of time Consultant has devoted to providing services under this Agreement. It is the Company's and Consultant's current anticipation that the level of services will not exceed 20% of the average level of services performed by Consultant during Consultant's last three years of employment with Vornado Realty Trust. During Consultant's active provision of regular consulting services to the Company under this Agreement during the Term, without regard to whether the Company continues to pay Consultant under Section 7(b) hereof (the "Active Consulting Period"), the Company shall provide Consultant with administrative support via his current assistant (or if such assistant's employment terminates for any reason, a replacement acceptable to him) in order to enable him to perform his services hereunder. After conclusion of the Active Consulting Period, Consultant agrees to remain available to consult with the Company on an as-needed basis for the remainder of the Term.

4. Consulting Fees and Expenses. During the Term, the Company will pay Consultant fees at the rate $166,667 per month ("Consulting Fees"). The Consulting Fees will be paid in cash in installments in accordance with the Company's customary payroll practices. The Company will promptly reimburse Consultant for all reasonable business expenses upon the presentation of reasonably itemized statements of such expenses in accordance with the Company's policies and procedures now in force or as such policies and procedures may be modified with respect to all senior executive officers of the Company (such expenses, "Business Expenses"), and will continue to provide Consultant with an additional cash payment of $2,750 per month for the period during which Consulting Fees are paid.

5. Termination of the Agreement. This Agreement and the Term may be terminated by either party for any reason on 60 days' notice, and will automatically terminate upon Consultant's death; provided that the Company may terminate this Agreement, the Term and Consultant's engagement hereunder for Cause without advance notice. For purposes of this Agreement, the Company will have "Cause" to terminate this Agreement and the Term upon Consultant's:

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

(ii) willful and continued failure to use reasonable best efforts to substantially perform his duties hereunder (other than such failure resulting from Consultant's incapacity due to physical or mental illness) that Consultant fails to remedy within 30 days after written notice is delivered by the Company to Consultant that specifically identifies in reasonable detail the manner in which the Company believes Consultant has not used reasonable efforts to perform in all material respects his duties hereunder; or

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

For purposes of this Section 5, no act, or failure to act, by Consultant will be considered "willful" unless committed in bad faith and without a reasonable belief that the act or omission was in the best interests of the Company.

6. Notice and Date of Termination. Any termination of this Agreement and the Term will be communicated by written Notice of Termination to the other party hereto in accordance with Section 13. For purposes of this Agreement, a "Notice of Termination" means a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Agreement under the provision so indicated). "Date of Termination" means (i) the date the Agreement is terminated due to the Consultant's death or (ii) if the Agreement is terminated for any other reason, the date set forth in the applicable Notice of Termination.

7. Compensation upon Termination of Agreement. This Section provides the payments and benefits to be paid or provided to Consultant as a result of termination of this Agreement and the Term. Except as provided in this Section 7, Consultant shall not be entitled to anything further from the Company as a result of the termination of this Agreement and the Term, regardless of the reason for such termination.

(a) *Termination of Agreement for Any Reason*. Following the termination of this Agreement and the Term, regardless of the reason for such termination and including, without limitation, a termination of this Agreement and the Term by the Company for Cause or upon expiration of the Term, the Company will pay Consultant (or his estate in the event of his death) as soon as practicable following the termination of the Agreement (A) any Consulting Fees for the period Consultant provided services under the Agreement that were earned but remain unpaid and (B) reimburse Consultant as soon as practicable following the Date of Termination for any amounts due to Consultant for Business Expenses (unless such termination occurred as a result of misappropriation of funds).

(b) *Company's Termination of the Agreement without Cause or Upon a Nonrenewal, or Consultant's Termination of the Agreement for Any Reason (including as a result of Death or Disability)*. If this Agreement and the Term is terminated following notice to Consultant of the Company's intention to not renew the Term of this Agreement, pursuant to Section 2 or by the Company without Cause, or the Consultant terminates the Agreement for (x) any reason after December 31, 2017, provided that the Active Consulting Period continues through that date or (y) as a result of Consultant's death or Disability (as defined below), Consultant will be entitled to receive, in addition to any payments under Section 7(a), continued payment of the Consulting Fees through the 24-month anniversary of the Effective Date, paid in approximately equal monthly installments commencing on the 60th day after the Date of Termination (with a catch-up payment made on the 60th day for amounts otherwise payable during such first 60-day period). As a condition to the continuation of Consulting Fee payments pursuant to this paragraph, Consultant must execute a separation and general release agreement in the form attached hereto as Exhibit B (the "Release"), which must become effective within 55 days following the Date of Termination; provided, however, that if Consultant's Date of Termination occurs on or after November 1 of a given calendar year, any such payments (subject to Section 10 hereof) shall commence to be paid in January of the immediately following calendar year. "Disability" means that, as a result of Consultant's incapacity due to physical or mental illness, Consultant has been been substantially unable to perform his duties hereunder for a continuous period of 180 days.

(c) *Company's Termination of the Agreement for Cause*. In the event this Agreement is terminated by the Company for Cause, Consultant will be entitled only to the payments described under Section 7(a).

8. Independent Contractor. As an independent contractor of the Company, Consultant will not be entitled to any benefits available to employees of the Company. The Company will report payments to Consultant on an IRS Form 1099, and Consultant acknowledges that Consultant will be solely responsible for any federal, state or local income or self-employment taxes arising with respect to any fees hereunder and that Consultant has no state law workers' compensation rights with respect to services under this Agreement. As an independent contractor, Consultant will not, directly or indirectly, act as an agent, servant or employee of the Company and will not have any authority to legally bind the Company or hold himself out as having such authority. Consultant agrees to observe all policies and rules established by the Company for its independent contractors from time to time.

9. 409A and Termination. Notwithstanding the foregoing, solely to the extent necessary to comply with the restriction in Section 409A(a)(2)(B) of the Internal Revenue Code of 1986, as amended (the "Code") concerning payments to "specified employees" (as defined in Section 409A of the Code and applicable regulations thereunder, "Section 409A") any payment on account of Consultant's separation from service that would otherwise be due hereunder within six months after such separation shall nonetheless be delayed until the first business day of the seventh month following Consultant's Date of Termination and the first such payment shall include the cumulative amount of any payments that would have been paid prior to such date if not for such restriction, together with interest on such cumulative amount during the period of such restriction at a rate, per annum, equal to the applicable federal short-term rate (compounded monthly) in effect under Section 1274(d) of the Code on the Date of Termination. Notwithstanding anything contained herein to the contrary, Consultant shall not be considered to have terminated services with the Company for purposes of Section 7 hereof unless he would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A.

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

(a) *Confidential Information*. During the Term and thereafter, Consultant shall hold in a fiduciary capacity for the benefit of the Company all trade secrets and confidential information, knowledge or data relating to the Company and its businesses and investments, which shall have been obtained by Consultant during Consultant's engagement with the Company and which is not generally available public or industry knowledge (other than by acts by Consultant in violation of this Agreement). Except as may be required or appropriate in connection with his carrying out his duties under this Agreement, Consultant shall not, without the prior written consent of the Company or as may otherwise be required by law or any legal process, any statutory obligation or order of any court or statutory tribunal of competent jurisdiction, or as requested by a governmental or administrative agency, or as is necessary in connection with any adversarial proceeding against the Company (in which case Consultant shall use his reasonable best efforts in cooperating with the Company (at the Company's expense) in obtaining a protective order against disclosure by a court of competent jurisdiction), communicate or divulge any such trade secrets, information, knowledge or data to anyone other than the Company and those designated by the Company or on behalf of the Company in the furtherance of its business or to perform duties hereunder. For the avoidance of doubt, nothing in this Agreement is intended to impair Consultant's rights to make disclosures under any applicable Federal whistleblower or trade secret law.

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

(c) *Protection of Business*. Consultant acknowledges (i) that the Company has devoted extensive time, effort and resources in maintaining a stable workforce and that, solely as a result of his employment with Vornado Realty Trust and his future provision of services to the Company as provided herein, Consultant has had and will continue to have direct contact and dealings with employees of and other services providers to the Company, and (ii) that in such roles the Consultant has received and is expected to receive confidential information of the Company, including Company trade secrets, and therefore, Consultant acknowledges and agrees that the following restrictions are both reasonable and commensurate with and in light of the foregoing: during the Restricted Period (as defined herein below), Consultant will not (x) engage in any Competing Business (as defined below) or pursue or attempt to develop or to direct to any other entity any project known to Consultant and which the Company is or was pursuing, developing or attempting to develop during the Term (a "Project"), or interfere or otherwise compete (other than in connection with performing services for the Company or its affiliates with regard to other properties managed by the Company or its affiliates with the consent of the Chairman of the Board) with any active lease negotiations of the Company which Consultant is or was actively involved in conducting or strategizing on behalf of the Company or its affiliates] and (y) Consultant will not solicit any officer, employee (other than secretarial staff) or exclusive or primary consultant of the Company to leave the employ of the Company. "Competing Business" means any business that is engaged in the Washington, D.C. metropolitan area, directly or indirectly, in the financing, acquisition, operation, management, leasing or disposition of any commercial office real estate property or any improvements thereof on behalf of any public or non-public company, other than activities set forth in Exhibit A hereto. "Restricted Period" means (a) the period during and through the first anniversary of the Effective Date, with respect to any Competing Business that directly competes with the Company, including Boston Properties, First Potomac Realty Trust and Brandywine Realty Trust, (b) four (4) months after the Effective Date, with respect to any other Competing Business that is approved by the Chairman of the Board of the Company in his or her sole discretion upon request from the Consultant, and (c) with respect to clause (y) above, the first anniversary of the Effective Date. For the avoidance of doubt, Consultant's interest in, and continuing services on behalf of, the Waterfront Station project at any time shall not be deemed a conflict of interests by Consultant under Section 3 (or otherwise) or a violation of this Section 10(c).

(d) *Injunctive Relief*. In addition to any other remedy available to the Company under applicable law, in the event of a breach or threatened breach of this Section 10, Consultant agrees that the Company shall be entitled to seek injunctive relief in a court of appropriate jurisdiction to remedy any such breach or threatened breach, Consultant acknowledging that damages would be inadequate and insufficient.

(e) *Continuing Operation*. Except as specifically provided in this Section 10, the termination of this Agreement, the Term and Consultant's engagement hereunder shall have no effect on the continuing operation of this Section 10. For the avoidance of doubt, following a nonrenewal of the Agreement by the Company, Consultant shall continue to be subject to those provisions that survive the termination of this Agreement and the Term, including without limitation, those provided in Section 10.

11. Indemnification.

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

12. Successors; Binding Agreement.

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

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

13. Notice. For the purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to

have been duly given when delivered either personally or by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

<u>If to Consultant</u>:

Address on file with the Company

With a copy to:

Katzke & Morgenbesser LLP
1345 Avenue of the Americas
New York, NY 10105
Attention: Henry I. Morgenbesser, Esq.

<u>If to the Company</u>:

JBG SMITH Properties
4445 Willard Avenue, Suite 400
Chevy Chase, Maryland 20815
Attention: General Counsel

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

15. <u>Miscellaneous</u>.

(a) *Amendments*. No provisions of this Agreement may be amended, modified, or waived unless such amendment or modification is agreed to in writing signed by Consultant and by a duly authorized officer of the Company, and such waiver is set forth in writing and signed by the party to be charged. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(b) *Full Settlement*. The Company's obligations to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder will not (absent fraud or willful misconduct or a termination for Cause) be affected by any set-offs, counterclaims, recoupment, defense, or other claim, right or action that the Company may have against Consultant or others. After termination of the Term, in no event will Consultant be obligated to seek employment or take any other action by way of mitigation of the amounts payable to Consultant under any of the provisions of this Agreement and such amounts will not be reduced whether or not Consultant obtains other employment.

(c) *Governing Law*. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Maryland without regard to its conflicts of law principles.

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

17. 409A Compliance.

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

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

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

18. Representations. Consultant represents and warrants to the Company that he is under no contractual or other binding legal restriction which would prohibit his from entering into and performing under this Agreement or that would limit the performance his duties under this Agreement.

19. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. This Agreement shall become binding when one

or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories. Photographic, faxed or PDF copies of such signed counterparts may be used in lieu of the originals for any purpose.

[signature page follows]

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

COMPANY:	**CONSULTANT:**
JBG SMITH Properties, a Maryland real estate investment trust	
By: /s/ Joseph Macnow Name: Joseph Macnow Title: Executive Vice President	/s/ Mitchell Schear Mitchell Schear

EXHIBIT A

"Excluded Activities" means the following:

1. The right to engage, in the Washington, D.C. metropolitan area (the "Non-Compete Area"), in any way, directly or indirectly, in the financing, acquisition, operation, development, leasing or disposition of any primarily (determined on a relative square foot basis) commercial real estate property or any improvements thereof ("Ownership Prohibited Activities") on behalf of any private company (a "Prohibited Company") where the projects of the Prohibited Company directly related to Ownership Prohibited Activities in the Non-Compete Area involve ownership and control of operating properties of less than 3,500,000 rentable square feet (not including any square footage with respect to properties listed in Item 6 below).

2. The right to engage, in the Non-Compete area, in any way, directly or indirectly, in the management and leasing of any primarily (determined on a relative square foot basis) commercial office real estate property or any improvements thereof ("Management Prohibited Activities") on behalf of any Prohibited Company where the projects of the Prohibited Company directly related to Management Prohibited Activities in the Non-Compete Area involve management of operating properties of less than 6,000,000 rentable square feet (not including any square footage with respect to properties listed in Item 6 below).

3. The right to engage in Ownership Prohibited Activities and Management Prohibited Activities through a company started by Executive following the termination of the Employment Period.

4. The right to engage in lease brokerage (representing only tenants (excluding any Tenant), sales brokerage or mortgage brokerage activities.

5. The acquisition, ownership, development, management, leasing or disposition of any property by any entity in which Executive owns or acquires an equity interest as a minority passive investor (including, without limitation, as a limited partner or a nonoperating member of a limited liability company) having no managerial or similar role with respect to such property.

6. Oversight of specified investments, passive investments and investments not being transferred 100% to the Company pursuant to the transactions authorized by the Contribution Agreement, including the following:

a. Waterfront
b. Central Place
c. 2099 Pennsylvania Avenue N.W.

7. Acting as consultant to governmental entities of the District of Columbia in connection with real estate developments.

EXHIBIT B
GENERAL RELEASE AND WAIVER OF CLAIMS

GENERAL RELEASE AND WAIVER OF CLAIMS (this "Release"), by Mitchell Schear ("Consultant") in favor of JBG SMITH Properties, a Maryland real estate investment trust (together with its affiliates, the "Company"), stockholders, beneficial owners of its stock, its current or former officers, directors, employees, members, attorneys and agents, and their predecessors (including Vornado Realty Trust, a Maryland real estate investment trust and Vornado Realty L.P., a Delaware limited partnership, and JBG Properties Inc., a Maryland corporation and JBG/Operating Partners, L.P., a Delaware limited partnership), successors and assigns, individually and in their official capacities (together, the "Released Parties").

WHEREAS, Consultant has provided services to the Company;

WHEREAS, Consultant's provision of services to the Company was terminated, effective as of _______________ (the "Termination Date"); and

WHEREAS, Consultant is seeking certain payments under Section 7(b) of the consulting agreement entered into by the Company and Consultant dated as of March 10, 2017 (the "Consulting Agreement"), that are conditioned on the effectiveness of this Release.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth, the parties agree as follows:

1. General Release. Consultant knowingly and voluntarily waives, terminates, cancels, releases and discharges forever the Released Parties from any and all suits, actions, causes of action, claims, allegations, rights, obligations, liabilities, demands, entitlements or charges (collectively, "Claims") that Consultant (or Consultant's heirs, executors, administrators, successors and assigns) has or may have, whether known, unknown or unforeseen, vested or contingent, by reason of any matter, cause or thing occurring at any time before and including the date of this Release arising under or in connection with Consultant's provision of services or termination of such services to the Company, including, without limitation: Claims under United States federal, state or local law and the national or local law of any foreign country (statutory or decisional), for wrongful, abusive, constructive or unlawful discharge or dismissal, for breach of any contract, or for discrimination based upon race, color, ethnicity, sex, age, national origin, religion, disability, sexual orientation, or any other unlawful criterion or circumstance, including rights or Claims under the Age Discrimination in Employment Act of 1967 ("ADEA"), violations of the Equal Pay Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans with Disabilities Act of 1991, the Employee Retirement Income Security Act, the Worker Adjustment Retraining and Notification Act, the Family Medical Leave Act, including all amendments to any of the aforementioned acts; and violations of any other federal, state, or municipal fair employment statutes or laws, including, without limitation, violations of any other law, rule, regulation, or ordinance pertaining to employment, wages, compensation, hours worked, or any other Claims for compensation or bonuses, whether or not paid under any compensation plan or arrangement; breach of contract; tort and other common law Claims; defamation; libel; slander; impairment of economic opportunity defamation; sexual harassment; retaliation;

attorneys' fees; emotional distress; intentional infliction of emotional distress; assault; battery, pain and suffering; and punitive or exemplary damages. In addition, in consideration of the provisions of this Release, Consultant further agrees to waive any and all rights under the laws of any jurisdiction in the United States, or any other country, that limit a general release to those Claims that are known or suspected to exist in Consultant's favor as of the Effective Date (as defined below).

2. Surviving Claims. Notwithstanding anything herein to the contrary, this Release shall not:

(i) release any Claims for payment of amounts payable under the Consulting Agreement (including under Section 7(b) thereof);

(ii) release any Claims for employee benefits under plans covered by ERISA to the extent any such Claim may not lawfully be waived or for any payments or benefits under any plans of the Company that have vested in accordance with the terms of such plans;

(iii) release any Claim that may not lawfully be waived;

(iv) release any Claim for indemnification and D&O insurance in accordance with the Consulting Agreement and with applicable laws and the corporate governance documents of the Company; or

(v) prohibit Consultant from reporting possible violations of federal law or regulation or making other disclosures that are protected under (or claiming any award under) the whistleblower provisions of federal law or regulation.

3. Additional Representations. Consultant further represents and warrants that Consultant has not filed any civil action, suit, arbitration, administrative charge, or legal proceeding against any Released Party nor, has Consultant assigned, pledged, or hypothecated as of the Effective Date any Claim to any person and no other person has an interest in the Claims that he is releasing.

4. Acknowledgements by Consultant. Consultant acknowledges and agrees that Consultant has read this Release in its entirety and that this Release is a general release of all known and unknown Claims. Consultant further acknowledges and agrees that:

(i) this Release does not release, waive or discharge any rights or Claims that may arise for actions or omissions after the Effective Date of this Release and Consultant acknowledges that he is not releasing, waiving or discharging any ADEA Claims that may arise after the Effective Date of this Release;

(ii) Consultant is entering into this Release and releasing, waiving and discharging rights or Claims only in exchange for consideration which he is not already entitled to receive;

(iii) Consultant has been advised, and is being advised by the Release, to consult with an attorney before executing this Release; Consultant acknowledges that he has consulted with counsel of his choice concerning the terms and conditions of this Release;

(iv) Consultant has been advised, and is being advised by this Release, that he has been given at least **[**21**][**45**]** days within which to consider the Release, but Consultant can execute this Release at any time prior to the expiration of such review period; and

(v) Consultant is aware that this Release shall become null and void if he revokes his agreement to this Release within seven (7) days following the date of execution of this Release. Consultant may revoke this Release at any time during such seven-day period by delivering (or causing to be delivered) to the Company written notice of his revocation of this Release no later than 5:00 p.m. Eastern time on the seventh (7th) full day following the date of execution of this Release (the "Effective Date"). Consultant agrees and acknowledges that a letter of revocation that is not received by such date and time will be invalid and will not revoke this Release.

5. Cooperation With Investigations and Litigation. Consultant agrees, upon the Company's advance request, to reasonably cooperate with the Company in any investigation, litigation, arbitration or regulatory proceeding regarding events that occurred during Consultant's tenure with the Company or its affiliate, including making himself or herself reasonably available to consult with Company's counsel, to provide information and to give testimony; it being understood that such cooperation will, if feasible, be scheduled in coordination with Consultant such that it not unreasonably interfere with Consultant's then current business, employment and personal commitments. Company will reimburse Consultant for reasonable out-of-pocket expenses Consultant incurs in extending such cooperation (including his legal fees and expenses incurred if the Company and Consultant agree in good faith that he needs to retain independent counsel in order to provide such cooperation), so long as Consultant provides advance written notice (if reasonably feasible under the then prevailing circumstances) of Consultant's request for reimbursement and provides satisfactory documentation of the expenses. Nothing in this section is intended to, and shall not, restrict or limit the Consultant from exercising his or her protected rights in Section 2 hereof or restrict or limit the Consultant from providing truthful information in response to a subpoena, other legal process or valid governmental inquiry.

6. Non-Disparagement. Consultant agrees not to make any defamatory or derogatory statements concerning the Company or any of its affiliates or predecessors and their respective directors, officers and employees. Nothing in this section is intended to, and shall not, restrict or limit the Consultant from exercising his or her protected rights in Section 2 hereof or restrict or limit the Consultant from providing truthful information in response to a subpoena, other legal process or valid governmental inquiry or in the event of litigation between the Consultant and the Company or its affiliates.

7. Governing Law. To the extent not subject to federal law, this Release will be governed by and construed in accordance with the law of the State of Maryland applicable to contracts made and to be performed entirely within that state.

8. Severability. If any provision of this Release should be declared to be unenforceable by any administrative agency or court of law, then remainder of the Release shall remain in full force and effect.

9. Captions; Section Headings. Captions and section headings used herein are for convenience only and are not a part of this Release and shall not be used in construing it.

10. Counterparts; Facsimile Signatures. This Release may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original instrument without the production of any other counterpart. Any signature on this Release, delivered by either party by photographic, facsimile or PDF shall be deemed to be an original signature thereto.

IN WITNESS WHEREOF, Consultant has signed this Release on _________ ____, 20___. **[To be dated on or after the Termination Date.]**

____

EXHIBIT 15.1

May 1, 2017

Vornado Realty Trust
New York, New York

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited interim financial information of Vornado Realty Trust for the periods ended March 31, 2017, and 2016, as indicated in our report dated May 1, 2017; 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 March 31, 2017, 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. 333-52573 on Form S-8
Registration Statement No. 333-76327 on Form S-3
Amendment No.1 to Registration Statement No. 333-89667 on Form S-3
Amendment No.1 to Registration Statement No. 333-102215 on Form S-3
Amendment No.1 to Registration Statement No. 333-102217 on Form S-3
Registration Statement No. 333-105838 on Form S-3
Registration Statement No. 333-107024 on Form S-3
Registration Statement No. 333-109661 on Form S-3
Registration Statement No. 333-114146 on Form S-3
Registration Statement No. 333-114807 on Form S-3
Registration Statement No. 333-121929 on Form S-3
Amendment No.1 to Registration Statement No. 333-120384 on Form S-3
Registration Statement No. 333-126963 on Form S-3
Registration Statement No. 333-139646 on Form S-3
Registration Statement No. 333-141162 on Form S-3
Registration Statement No. 333-150592 on Form S-3
Registration Statement No. 333-166856 on Form S-3
Registration Statement No. 333-172880 on Form S-8
Registration Statement No. 333-191865 on Form S-4

and in the joint Registration Statement No. 333-203294 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 15.2

May 1, 2017

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 interim financial information of Vornado Realty L.P. for the periods ended March 31, 2017, and 2016, as indicated in our report dated May 1, 2017; 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 March 31, 2017, is incorporated by reference in joint Registration Statement No. 333-203294 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

May 1, 2017

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

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

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 1, 2017

/s/ Joseph Macnow

Joseph Macnow
Executive Vice President – Chief Financial Officer and
Chief Administrative Officer

EXHIBIT 31.3

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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 1, 2017

/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.

EXHIBIT 31.4

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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 1, 2017

/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 quarter ended March 31, 2017 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 1, 2017		/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 quarter ended March 31, 2017 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 1, 2017		/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 quarter ended March 31, 2017 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 1, 2017

/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 quarter ended March 31, 2017 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 1, 2017

/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.