

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: JUNE 30, 1999

or

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

For the transition period from _____ to _____

Commission File Number: 1-11954

VORNADO REALTY TRUST

(Exact name of registrant as specified in its charter)

MARYLAND

22-1657560

(State or other jurisdiction of incorporation
or organization)

(I.R.S. Employer
Identification Number)

PARK 80 WEST, PLAZA II, SADDLE BROOK, NEW JERSEY

07663

(Address of principal executive offices)

(Zip Code)

(201) 587-1000

(Registrant's telephone number, including area code)

N/A

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

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

[X] Yes [] No

As of July 16, 1999 there were 85,924,934 common shares of the
registrant's shares of beneficial interest outstanding.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

VORNADO REALTY TRUST
CONSOLIDATED BALANCE SHEETS

(amounts in thousands except share amounts)

	JUNE 30, 1999	DECEMBER 31, 1998
	-----	-----
ASSETS		
Real estate, at cost:		
Land.....	\$ 754,822	\$ 743,324
Buildings and improvements.....	2,734,556	2,561,383
Leasehold improvements and equipment.....	12,884	11,184
	-----	-----
Total.....	3,502,262	3,315,891
Less accumulated depreciation and amortization.....	(264,063)	(226,816)
	-----	-----
Real estate, net.....	3,238,199	3,089,075
Cash and cash equivalents, including U.S. government obligations under repurchase agreements of \$27,750 and \$56,500.....	61,514	167,808
Restricted cash.....	19,647	44,195
Marketable securities.....	77,983	77,156
Investments and advances to partially-owned entities, including Alexander's of \$101,835 and \$104,038.....	1,166,034	827,840
Due from officers.....	17,797	17,165
Accounts receivable, net of allowance for doubtful accounts of \$4,936 and \$3,044.....	32,714	35,517
Notes and mortgages receivable.....	57,281	10,683
Deposits in connection with real estate acquisitions.....	16,276	22,947
Receivable arising from the straight-lining of rents.....	65,104	49,711
Other assets.....	113,883	83,682
	-----	-----
TOTAL ASSETS	\$ 4,866,432	\$ 4,425,779
	=====	=====

	JUNE 30, 1999	DECEMBER 31, 1998
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes and mortgages payable.....	\$ 1,497,260	\$ 1,363,750
Revolving credit facility.....	467,250	687,250
Accounts payable and accrued expenses.....	92,151	109,925
Officer's deferred compensation payable.....	36,395	35,628
Deferred leasing fee income.....	8,594	10,051
Other liabilities.....	3,855	3,196
	-----	-----
	2,105,505	2,209,800
	-----	-----
Minority interest.....	739,853	433,301
	-----	-----
Commitments and contingencies		
Shareholders' equity:		
Preferred shares of beneficial interest:		
no par value per share; authorized, 20,000,000 shares;		
Series A: liquidation preference \$50.00 per share; issued 5,789,239 shares.....	284,195	282,758
Series B: liquidation preference \$25.00 per share; issued 3,400,000 shares.....	82,011	--
Series C: liquidation preference \$25.00 per share; issued 4,600,000 shares.....	111,271	--
Common shares of beneficial interest:		
\$.04 par value per share; authorized, 150,000,000 shares; issued 85,924,934 and 85,076,542 shares.....	3,437	3,403
Additional capital.....	1,682,996	1,653,208
Accumulated deficit.....	(120,408)	(132,837)
	-----	-----

Accumulated other comprehensive loss.....	2,043,502	1,806,532
Due from officers for purchase of common shares.....	(17,604)	(18,957)
	(4,824)	(4,897)
	-----	-----
Total shareholders' equity.....	2,021,074	1,782,678
	-----	-----
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	 \$ 4,866,432	 \$ 4,425,779
	=====	=====

See notes to consolidated financial statements.

VORNADO REALTY TRUST

CONSOLIDATED STATEMENTS OF INCOME

(amounts in thousands except per share amounts)

	FOR THE THREE MONTHS ENDED JUNE 30		FOR THE SIX MONTHS ENDED JUNE 30	
	1999	1998	1999	1998
Revenues:				
Property rentals.....	\$ 141,724	\$ 109,362	\$ 279,883	\$ 181,727
Expense reimbursements.....	21,143	17,094	41,871	32,790
Other income (including fee income from related parties of \$349 and \$777 in each three month period and \$814 and \$1,185 in each six month period).....	3,321	2,067	7,998	4,217
Total revenues.....	166,188	128,523	329,752	218,734
Expenses:				
Operating.....	65,925	51,454	130,962	85,607
Depreciation and amortization.....	19,585	15,029	38,877	25,395
General and administrative.....	10,169	7,070	19,797	12,017
Total expenses.....	95,679	73,553	189,636	123,019
Operating income.....	70,509	54,970	140,116	95,715
Income applicable to Alexander's.....	1,839	1,490	3,341	3,146
Income from partially owned entities.....	21,925	5,756	41,018	9,676
Interest and other investment income.....	4,900	5,271	8,358	12,837
Interest and debt expense.....	(35,284)	(26,679)	(70,901)	(46,502)
Minority interest.....	(11,863)	(4,492)	(20,978)	(7,069)
Net income.....	52,026	36,316	100,954	67,803
Preferred stock dividends (including accretion of issuance expenses of \$719 and \$1,438 in each three and six month period).....	(8,381)	(5,422)	(14,093)	(10,845)
Net income applicable to common shares.....	\$ 43,645	\$ 30,894	\$ 86,861	\$ 56,958
Net income per common share - basic.....	\$.51	\$.38	\$ 1.02	\$.74
Net income per common share - diluted.....	\$.50	\$.37	\$ 1.00	\$.72
Dividends per common share.....	\$.44	\$.40	\$.88	\$.80

See notes to consolidated financial statements.

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)

	For The Six Months Ended June 30,	
	1999	1998
Cash Flows From Operating Activities:		
Net income.....	\$ 100,954	\$ 67,803
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization (including debt issuance costs).....	38,877	26,834
Straight-lining of rental income.....	(15,393)	(6,414)
Minority interest.....	20,978	7,069
Equity in income of Alexander's, including depreciation of \$300 in each period.....	(816)	(297)
Equity in net income of partially-owned entities.....	(41,018)	(9,676)
Gain on marketable securities.....	(382)	(1,447)
Changes in operating assets and liabilities.....	(16,404)	(1,661)
	86,796	82,211
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of real estate and other.....	(45,000)	(681,387)
Investments in partially-owned entities.....	(13,200)	(165,633)
Proceeds from sale of Cold Storage assets.....	22,769	--
Investment in notes and mortgages receivable.....	(60,567)	(2,875)
Repayment of mortgage loans receivable.....	19,367	57,663
Cash restricted for tenant improvements.....	24,548	590
Additions to real estate.....	(86,731)	(47,450)
Purchases of securities available for sale.....	(3,939)	(22,420)
Proceeds from sale or maturity of securities available for sale.....	6,992	14,903
Real estate deposits and other.....	(6,559)	(133,072)
	(142,320)	(979,681)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings.....	165,000	1,295,855
Repayments of borrowings.....	(306,490)	(863,258)
Debt issuance costs.....	(3,504)	(6,533)
Proceeds from issuance of common shares.....	--	445,282
Proceeds from issuance of preferred stock.....	193,282	--
Distributions to minority partners.....	(12,226)	(2,577)
Dividends paid on common shares.....	(74,432)	(58,893)
Dividends paid on preferred shares.....	(12,655)	(10,845)
Exercise of stock options.....	255	69
	(50,770)	799,100
Net decrease in cash and cash equivalents.....	(106,294)	(98,370)
Cash and cash equivalents at beginning of period.....	167,808	355,954
Cash and cash equivalents at end of period.....	\$ 61,514	\$ 257,584
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash payments for interest (including capitalized interest of \$1,410 in 1999).....	\$ 69,222	\$ 43,370
NON-CASH TRANSACTIONS:		
Financing assumed in acquisitions.....	\$ 55,000	\$ 420,000
Minority interest in connection with acquisitions.....	297,800	116,398
Unrealized gain on securities available for sale.....	1,353	3,304

See notes to consolidated financial statements.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

Vornado Realty Trust is a fully-integrated real estate investment trust ("REIT"). In April 1997, Vornado transferred substantially all of its assets to Vornado Realty L.P., a Delaware limited partnership (the "Operating Partnership"). As a result, Vornado conducts its business through the Operating Partnership. Vornado is the sole general partner of, and owned approximately 86% of the common limited partnership interest in, the Operating Partnership at July 16, 1999. All references to the "Company" and "Vornado" refer to Vornado Realty Trust and its consolidated subsidiaries, including the Operating Partnership.

2. BASIS OF PRESENTATION

The consolidated balance sheet as of June 30, 1999, the consolidated statements of income for the three and six months ended June 30, 1999 and 1998 and the consolidated statements of changes in cash flows for the six months ended June 30, 1999 and 1998 are unaudited. In the opinion of management, 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 generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in Vornado's consolidated Form 10-K for the year ended December 31, 1998 as filed with the Securities and Exchange Commission. The results of operations for the six months ended June 30, 1999 are not necessarily indicative of the operating results for the full year.

The accompanying consolidated financial statements include the accounts of Vornado Realty Trust and its majority-owned subsidiary, Vornado Realty L.P., as well as equity interests acquired that individually (or in the aggregate with prior interests) exceed a 50% interest and the Company exercises unilateral control. All significant intercompany amounts have been eliminated. Equity interests in partially-owned entities include partnerships, joint ventures and preferred stock affiliates (corporations in which the Company owns all of the preferred stock and none of the common equity) and are accounted for under the equity method of accounting as the Company exercises significant influence. These investments are recorded initially at cost and subsequently adjusted for net equity in income (loss) and cash contributions and distributions. Ownership of the preferred stock entitles the Company to substantially all of the economic benefits in the preferred stock affiliates. The common stock of the preferred stock affiliates is owned by Officers and Trustees of Vornado.

Management has made estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year presentation.

3. ACQUISITIONS AND FINANCINGS

ACQUISITIONS

888 Seventh Avenue

In January 1999, the Company completed the acquisition of 888 Seventh Avenue, a 46 story Manhattan office building for approximately \$100,000,000.

Newkirk Joint Ventures

In March 1999, the Company and its joint venture partner completed the acquisition of additional equity interests in certain limited partnerships. The Company's additional investment of \$52,435,000 consisted of \$47,790,000 in Operating Partnership Units and \$4,645,000 in cash.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Charles E. Smith Commercial Realty L.P. ("CESCR")

In March 1999, the Company made an additional \$242,000,000 investment in CESCR by contributing to CESCR the land under certain CESCR office properties in Crystal City, Arlington, Virginia and partnership interests in certain CESCR subsidiaries. The Company acquired these assets from Commonwealth Atlantic Properties, Inc. ("CAPI"), an affiliate of Lazard Freres Real Estate Investors L.L.C., immediately prior to the contribution to CESCR. Together with the Company's investment in CESCR made in 1997 and the units it reacquired in March 1999 from Vornado Operating Company, the Company owns approximately 34% of CESCR's limited partnership units. In addition, the Company acquired from CAPI for \$8,000,000 the land under a Marriott Hotel located in Crystal City.

The purchase price was paid to CAPI by the Company issuing \$250,000,000 of 6% Convertible Preferred Units of the Company's Operating Partnership. The Preferred Units are convertible at \$44 per unit and the coupon increases to 6.50% over the next three years and then fixes at 6.75% in year eight. The Company has the right to appoint one of three members to CESCR's Board of Managers, increasing under certain circumstances to two of four members in March 2002.

In connection with these transactions, the Company made a five-year \$41,000,000 loan to CAPI with interest at 8%, increasing to 9% ratably over the term. The loan is secured by approximately \$55,000,000 of the Operating Partnership's units issued to CAPI as well as certain real estate assets.

FINANCINGS

Two Penn Plaza Refinancing

In February 1999, the Company completed a \$165,000,000 refinancing of its Two Penn Plaza office building and prepaid the then existing \$80,000,000 debt on the property. The new 5-year debt matures in February 2004 and bears interest at 7.08%.

Offering of Preferred Shares

In March 1999, the Company completed the sale of 3 million 8.5% Series B Cumulative Redeemable Preferred Shares, at a price of \$25.00 per share, pursuant to an effective registration statement with net proceeds to the Company of approximately \$72,200,000. Additionally in March 1999, 400,000 shares were sold when the underwriters exercised their over-allotment option resulting in additional net proceeds to the Company of \$9,700,000. The perpetual preferred shares may be called without penalty at the option of the Company commencing on March 17, 2004.

In May 1999, the Company completed the sale of 4 million 8.5% Series C Cumulative Redeemable Preferred Shares, at a price of \$25.00 per share, pursuant to an effective registration statement with net proceeds to the Company of approximately \$96,900,000. Additionally in May 1999, 600,000 shares were sold when the underwriters exercised their over-allotment option resulting in additional net proceeds to the Company of \$14,500,000. The perpetual preferred shares may be called without penalty at the option of the Company commencing on May 17, 2004.

In May 1999, the Company sold an aggregate of \$27,500,000 of 8.375% Series D-2 Cumulative Redeemable Preferred Units in the Operating Partnership to an institutional investor in a private placement, resulting in net proceeds of approximately \$27,467,000. The perpetual Preferred Units may be called without penalty at the option of the Operating Partnership commencing on May 27, 2004.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

PRO FORMA INFORMATION

The pro forma condensed consolidated operating results for Vornado for the six months ended June 30, 1999 and 1998 are presented as if the acquisitions described above and those included in Investments and Advances to Partially-Owned Entities and the financings attributable thereto had occurred on January 1, 1998.

Condensed Consolidated Pro Forma Operating Results

	Pro Forma	
	Six Months Ended June 30,	
	1999	1998
(amounts in thousands, except per share amounts)		
Revenues.....	\$ 330,907	\$ 314,444
Net income.....	\$ 103,448	\$ 77,806
Preferred stock dividends.....	(14,093)	(10,845)
Net income applicable to common shares.....	\$ 89,355	\$ 66,961
Net income per common share - basic.....	\$ 1.04	\$.78
Net income per common share - diluted.....	\$ 1.02	\$.76

4. INVESTMENTS AND ADVANCES TO PARTIALLY-OWNED ENTITIES

The Company's investments and advances to partially-owned entities and income recognized from such investments are as follows:

Investments and Advances

	June 30, 1999	December 31, 1998
(amounts in thousands)		
Alexander's.....	\$ 101,835	\$ 104,038
Cold Storage Companies.....	457,296	459,172
CESCR.....	316,942	49,151
Hotel Pennsylvania.....	50,933	47,813
Newkirk Joint Ventures.....	114,971	58,665
Mendik Partially-Owned Office Buildings.....	59,051	59,902
Vornado Management Corp., Mendik Management Company, Merchandise Mart Properties, Inc. and other.....	65,006	49,099
	\$ 1,166,034	\$ 827,840

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
(amounts in thousands)				
Income Applicable to Alexander's.....	\$ 1,839	\$ 1,490	\$ 3,341	\$ 3,146
Other Partially-Owned Entities:				
Cold Storage Companies.....	\$ 8,506	\$ 1,450	\$ 20,496	\$ 3,164
CESCR.....	6,072	1,352	9,201	2,351
Hotel Pennsylvania.....	2,425	1,445	2,568	1,389
Newkirk Joint Ventures.....	3,277	--	5,309	--
Mendik Partially-Owned Office Buildings.....	433	409	750	1,322
Vornado Management Corp., Mendik Management Company, Merchandise Mart Properties Inc. and other.....	1,212	1,100	2,694	1,450
	\$ 21,925	\$ 5,756	\$ 41,018	\$ 9,676

Alexander's

The Company owns 29.3% of the outstanding shares of common stock of Alexander's. In March 1995, the Company lent Alexander's \$45,000,000. The loan, which was originally scheduled to mature in March 1998, has been renewed for two additional one year periods and currently matures in March 2000. The interest rate was reset in March 1999 from 13.87% per annum to 14.18% per annum.

Alexander's is managed by and its properties are leased by the Company, pursuant to agreements with a one-year term expiring in March of each year which are automatically renewable. Subject to the payments of rents by Alexander's tenants, the Company is due \$2,896,000 under its leasing agreement with Alexander's which amount is included in Investments in and Advances to Alexander's. Included in income from Vornado Management Corp. is management fee income from Alexander's of \$1,072,000 and \$938,000 for the three months ended June 30, 1999 and 1998 and \$2,214,000 and \$1,875,000 for the six months ended June 30, 1999 and 1998.

Cold Storage Companies

In March 1999, the partnerships in which affiliates of the Company have a 60% interest and affiliates of Crescent Real Estate Equities Company have a 40% interest ("Vornado/Crescent Partnerships") sold all of the non-real estate assets of the Cold Storage Companies encompassing the operations of the cold storage business for approximately \$48,000,000 to a new partnership owned 60% by Vornado Operating Company and 40% by Crescent Operating Inc. The new partnership leases the underlying cold storage warehouses used in this business from the Vornado/Crescent Partnerships which continue to own the real estate. The leases have a 15 year term with two-five year renewal options and provide for the payment of fixed base rent and percentage rent based on customer revenues. The new partnership is required to pay for all costs arising from the operation, maintenance and repair of the properties, as well as property capital expenditures in excess of \$5,000,000 annually. Fixed base rent and percentage rent for the initial lease year is projected to be approximately \$151,000,000. The new partnership has the right to defer a portion of the rent for up to three years beginning in March 1999 to the extent that available cash, as defined in the leases, is insufficient to pay such rent.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

In connection with the sale of the Cold Storage non-real estate assets, the Company lent \$18,587,000 to Vornado Operating pursuant to a \$75,000,000 unsecured five-year revolving credit facility. The balance outstanding under the facility is \$4,587,000 at June 30, 1999. Borrowing under the facility bears interest at LIBOR plus 3% (currently 8.06%).

5. OTHER RELATED PARTY TRANSACTIONS

The Company currently manages and leases the real estate assets of Interstate Properties pursuant to a management agreement. Management fees earned by the Company pursuant to the management agreement were \$195,000 and \$574,000 for the three months ended June 30, 1999 and 1998 and \$465,000 and \$772,000 for the six months ended June 30, 1999 and 1998.

The Mendik Group owns an entity which provides cleaning and related services and security services to office properties, including the Company's Manhattan office properties. The Company was charged fees in connection with these contracts of \$8,286,000 and \$5,957,000 for the three months ended June 30, 1999 and 1998 and \$19,297,000 and \$11,224,000 for the six months ended June 30, 1999 and 1998.

6. MINORITY INTEREST

The minority interest represents limited partners', other than Vornado, interests in the Operating Partnership and are comprised of:

Unit Series	Outstanding Units at		Per Unit Liquidation Preference	Preferred or Annual Distribution Rate	Conversion Rate Into Class A Units
	June 30, 1999	December 31, 1998			
Class A.....	2,664,399	1,887,781	--	\$ 1.76	(a)
Class C.....	3,529,098	3,534,098	--	\$ 1.69 (b)	1.0 (c)
Class D.....	1,267,122	1,332,596	--	\$ 2.015	1.0 (d)
5.0% B-1 Convertible Preferred.....	899,566	899,566	\$ 50.00	\$ 2.50	.914
8.0% B-2 Convertible Preferred.....	499,783	449,783	\$ 50.00	\$ 4.00	.914
6.5% C-1 Convertible Preferred.....	747,912	747,912	\$ 50.00	\$ 3.25	1.1431
8.5% D-1 Cumulative Redeemable Preferred.....	3,500,000	3,500,000	\$ 25.00	\$ 2.125	(e)
8.375% D-2 Cumulative Redeemable Preferred.....	549,336	--	\$ 50.00	\$4.1875	(e)
6.0% E-1 Convertible Preferred.....	4,998,000	--	\$ 50.00	\$ 3.00	1.1364

(a) Class A units are redeemable at the option of the holder for cash or, at Vornado's option, one common share of beneficial interest in Vornado.

(b) Class C unit holders participate in distributions at an annual rate of \$1.69, then pari passu with Class A. Based on the current level of dividends, Class C units will convert into Class A units in the third quarter of 1999.

(c) Mandatory conversion of Class C units into Class A units occurs after four consecutive quarters of distributions of at least \$.4225 per Class A unit (\$1.69 annually).

(d) Mandatory conversion of Class D units into Class A units occurs after four consecutive quarters of distributions of at least \$.50375 per Class A unit (\$2.015 annually).

(e) Convertible into an equivalent Vornado preferred share.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

7. CONTINGENCIES

At June 30, 1999, in addition to the \$467,250,000 balance outstanding under the Company's revolving credit facility, the Company had utilized approximately \$40,415,000 of availability under the facility for letters of credit and guarantees primarily related to pending acquisitions.

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

8. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
(amounts in thousands except per share amounts)				
Numerator:				
Net income.....	\$ 52,026	\$ 36,316	\$ 100,954	\$ 67,803
Preferred stock dividends.....	(8,381)	(5,422)	(14,093)	(10,845)
Numerator for basic and diluted earnings per share - net income applicable to common shares.....	\$ 43,645	\$ 30,894	\$ 86,861	\$ 56,958
Denominator:				
Denominator for basic earnings per share - weighted average shares.....	85,634	82,159	85,362	77,197
Effect of dilutive securities:				
Employee stock options.....	2,189	2,085	1,883	2,286
Denominator for diluted earnings per share - adjusted weighted average shares and assumed conversions.....	87,823	84,244	87,245	79,483
Net income per common share - basic.....	\$.51	\$.38	\$ 1.02	\$.74
Net income per common share - diluted.....	\$.50	\$.37	\$ 1.00	\$.72

9. COMPREHENSIVE INCOME

The following table sets forth the Company's comprehensive income:

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
(amounts in thousands)				
Net income applicable to common shares.....	\$ 43,645	\$ 30,894	\$ 86,861	\$ 56,958
Other comprehensive income.....	2,378	1,753	1,353	3,304
Comprehensive income.....	\$ 46,023	\$ 32,647	\$ 88,214	\$ 60,262

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

10. SEGMENT INFORMATION

The Company has four business segments: Office, Retail, Merchandise Mart Properties and Cold Storage.

(amounts in thousands)

	Three Months Ended June 30,					Total
	Office	Retail	Merchandise Mart	Cold Storage	Other(2)	
	----- 1999 -----					
Total revenues.....	\$ 87,876	\$ 43,009	\$ 33,367	\$ --	\$ 1,936	\$ 166,188
Total expenses.....	52,313	17,884	17,853	--	7,629	95,679
Operating income.....	35,563	25,125	15,514	--	(5,693)	70,509
Income applicable to Alexander's.....	--	--	--	--	1,839	1,839
Income from partially-owned entities.....	6,617	223	728	8,506	5,851	21,925
Interest and other investment income.....	318	--	69	--	4,513	4,900
Interest and debt expense.....	(11,778)	(8,085)	(6,869)	--	(8,552)	(35,284)
Minority interest.....	(5,480)	(3,081)	(1,697)	(1,605)	--	(11,863)
Net income.....	25,240	14,182	7,745	6,901	(2,042)	52,026
Minority interest.....	5,480	3,081	1,697	1,605	--	11,863
Interest and debt expense(4).....	22,101	8,740	6,869	6,893	14,735	59,338
Depreciation and amortization(4).....	14,693	4,252	4,105	7,615	2,027	32,692
Straight-lining of rents(4).....	(4,902)	(682)	(1,172)	(627)	(273)	(7,656)
Other.....	--	--	--	1,114(3)	1,641	2,755
EBITDA(1).....	\$ 62,612	\$ 29,573	\$ 19,244	\$ 23,501	\$ 16,088	\$ 151,018
	=====	=====	=====	=====	=====	=====

	Three Months Ended June 30,					Total
	Office	Retail	Merchandise Mart	Cold Storage	Other(2)	
	----- 1998 -----					
Total revenues.....	\$ 56,870	\$ 40,973	\$ 28,310	\$ --	\$ 2,370	\$ 128,523
Total expenses.....	35,045	16,679	16,452	--	5,377	73,553
Operating income.....	21,825	24,294	11,858	--	(3,007)	54,970
Income applicable to Alexander's.....	--	--	--	--	1,490	1,490
Income from partially-owned entities.....	1,767	--	948	1,450	1,591	5,756
Interest and other investment income.....	1,429	1,003	321	--	2,518	5,271
Interest and debt expense.....	(4,689)	(8,101)	(6,412)	--	(7,477)	(26,679)
Minority interest.....	(2,039)	(1,737)	(566)	(150)	--	(4,492)
Net income.....	18,293	15,459	6,149	1,300	(4,885)	36,316
Minority interest.....	2,039	1,737	566	150	--	4,492
Interest and debt expense(4).....	8,992	8,101	6,412	6,336	8,911	38,752
Depreciation and amortization(4).....	9,778	3,802	3,226	8,303	1,455	26,564
Straight-lining of rents(4).....	(2,056)	(721)	(1,283)	--	(259)	(4,319)
Other.....	--	--	--	1,786	625	2,411
EBITDA(1).....	\$ 37,046	\$ 28,378	\$ 15,070	\$ 17,875	\$ 5,847	\$ 104,216
	=====	=====	=====	=====	=====	=====

See footnotes 1-4 on page 14.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

(amounts in thousands)

	Six Months Ended June 30,					
	1999					
	Office	Retail	Merchandise Mart	Cold Storage	Other(2)	Total
Total revenues.....	\$ 175,152	\$ 84,366	\$ 66,355	\$ --	\$ 3,879	\$ 329,752
Total expenses.....	103,797	35,041	36,355	--	14,443	189,636
Operating income.....	71,355	49,325	30,000	--	(10,564)	140,116
Income applicable to Alexander's.....	--	--	--	--	3,341	3,341
Income from partially-owned entities.....	10,024	423	1,904	20,496	8,171	41,018
Interest and other investment income.....	856	--	367	--	7,135	8,358
Interest and debt expense.....	(22,259)	(16,117)	(13,165)	--	(19,360)	(70,901)
Minority interest.....	(9,445)	(5,296)	(3,010)	(3,227)	--	(20,978)
Net income.....	50,531	28,335	16,096	17,269	(11,277)	100,954
Minority interest.....	9,445	5,296	3,010	3,227	--	20,978
Interest and debt expense(4).....	36,706	17,429	13,165	13,558	28,179	109,037
Depreciation and amortization(4).....	27,977	8,384	8,178	16,012	3,859	64,410
Straight-lining of rents(4).....	(8,615)	(1,317)	(2,280)	(627)	306	(12,533)
Other.....	--	--	--	(3,009)(3)	3,110	101
EBITDA(1).....	\$ 116,044	\$ 58,127	\$ 38,169	\$ 46,430	\$ 24,177	\$ 282,947

	June 30, 1999					
Balance sheet data:						
Real estate, net.....	\$ 1,892,885	\$ 593,039	\$ 736,649	\$ --	\$ 15,626	\$ 3,238,199
Investments and advances to partially-owned entities.....	385,663	3,202	26,913	457,296	292,960	1,166,034

	Six Months Ended June 30,					
	1999					
	Office	Retail	Merchandise Mart	Cold Storage	Other(2)	Total
Total revenues.....	\$ 103,715	\$ 82,439	\$ 28,310	\$ --	\$ 4,270	\$ 218,734
Total expenses.....	62,160	34,307	16,452	--	10,100	123,019
Operating income.....	41,555	48,132	11,858	--	(5,830)	95,715
Income applicable to Alexander's.....	--	--	--	--	3,146	3,146
Income from partially-owned entities.....	3,872	--	948	3,164	1,692	9,676
Interest and other investment income.....	2,944	2,159	321	--	7,413	12,837
Interest and debt expense.....	(8,707)	(15,879)	(6,412)	--	(15,504)	(46,502)
Minority interest.....	(3,340)	(2,897)	(566)	(266)	--	(7,069)
Net income.....	36,324	31,515	6,149	2,898	(9,083)	67,803
Minority interest.....	3,340	2,897	566	266	--	7,069
Interest and debt expense(4).....	16,547	15,879	6,412	13,610	17,802	70,250
Depreciation and amortization(4).....	17,221	7,755	3,226	17,819	2,623	48,644
Straight-lining of rents(4).....	(3,497)	(1,654)	(1,283)	--	(522)	(6,956)
Other.....	--	--	--	1,786	849	2,635
EBITDA(1).....	\$ 69,935	\$ 56,392	\$ 15,070	\$ 36,379	\$ 11,669	\$ 189,445

Balance sheet data:

Real estate, net.....	\$ 1,777,919	\$ 565,723	\$ 729,485	\$ --	\$ 15,948	\$ 3,089,075
Investments and advances to partially-owned entities.....	118,337	2,946	26,638	459,172	220,747	827,840

See footnotes 1-4 on the next page.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Notes to segment information:

- (1) EBITDA represents net income before interest, taxes, depreciation and amortization, extraordinary or non-recurring items, gains or losses on sales of real estate and the effect of straight-lining of property rentals for rent escalations. Management considers EBITDA a supplemental measure for making decisions and assessing the performance of its segments. EBITDA may not be comparable to similarly titled measures employed by other companies.
- (2) Other includes (i) the operations of the Company's warehouse and industrial properties, (ii) investments in the Hotel Pennsylvania, Alexander's, and Newkirk Joint Ventures, (iii) corporate general and administrative expenses and (iv) unallocated investment income and interest and debt expense.
- (3) Includes a charge of \$1,114 for the three months ended June 30, 1999 and a benefit of \$3,210 for the six months ended June 30, 1999 for income taxes, which are considered non-recurring because of the expected conversion of the Cold Storage Companies to REITs.
- (4) Interest and debt expense, depreciation and amortization and straight-lining of rents included in the reconciliation of net income to EBITDA reflects amounts which are netted in income from partially-owned entities.

11. SUBSEQUENT EVENTS

350 North Orleans Financing

On July 8, 1999, the Company completed a \$70,000,000 mortgage financing of its 350 North Orleans property in Chicago. The Company received proceeds of \$40,000,000 and is expected to receive the remaining \$30,000,000 during the next year upon meeting certain debt service coverage requirements. The new 3-year debt matures in June 2002 and bears interest at LIBOR + 1.65% (currently 6.83%).

Acquisition of 909 Third Avenue

On July 22, 1999, the Company acquired 909 Third Avenue, a 33 story Manhattan office building for approximately \$123,000,000, including \$109,000,000 of indebtedness.

Hotel Pennsylvania

On August 5, 1999, the Company increased its interest in the Hotel Pennsylvania to 100% by acquiring Planet Hollywood International, Inc.'s ("Planet Hollywood") 20% interest in the hotel. Under the agreement, the Company will purchase the 20% interest for approximately \$18,000,000 and will assume \$24,000,000 of existing debt. In connection with the transaction, Vornado also terminated the licensing agreement with Planet Hollywood for an Official All-Star Hotel. The Hotel Pennsylvania is located in New York City on Seventh Avenue opposite Madison Square Garden. The acquisition is expected to close in the third quarter of 1999.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(All of the amounts presented are in thousands, except share amounts and percentages)

Certain statements contained herein constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended. Certain factors could cause actual results to differ materially from those in the forward-looking statements. Factors that might cause such a material difference include, but are not limited to, (a) changes in the general economic climate, (b) local conditions such as an oversupply of space or a reduction in demand for real estate in the area, (c) conditions of tenants, (d) competition from other available space, (e) increased operating costs and interest expense, (f) the timing of and costs associated with property improvements, (g) changes in taxation or zoning laws, (h) government regulations, (i) failure of Vornado to continue to qualify as a REIT, (j) availability of financing on acceptable terms, (k) potential liability under environmental or other laws or regulations, (l) general competitive factors and (m) failure by Vornado, or by other companies with which it does business, to remediate possible Year 2000 problems in computer software or embedded technology.

OVERVIEW

The Company's net income was \$52,026 in the three months ended June 30, 1999, as compared to \$36,316 in the prior year's quarter, an increase of \$15,710. The Company's net income was \$100,954 in the six months ended June 30, 1999, as compared to \$67,803 in the prior year's six months, an increase of \$33,151. EBITDA, as defined, (1) was \$151,018 in the three months ended June 30, 1999, as compared to \$104,216 in the prior year's quarter, an increase of \$46,802. EBITDA was \$282,947 in the six months ended June 30, 1999 as compared to \$189,445 in the prior year's six months, an increase of \$93,502.

Below is a summary of net income and EBITDA by segment for the three and six months ended June 30, 1999 and 1998:

	For The Three Months Ended June 30, 1999					
	Total	Office	Retail	Merchandise Mart	Cold Storage	Other(2)
Total revenues.....	\$166,188	\$ 87,876	\$ 43,009	\$ 33,367	\$ --	\$ 1,936
Total expenses.....	95,679	52,313	17,884	17,853	--	7,629
Operating income.....	70,509	35,563	25,125	15,514	--	(5,693)
Income applicable to Alexander's	1,839	--	--	--	--	1,839
Income from partially-owned entities....	21,925	6,617	223	728	8,506	5,851
Interest and other investment income....	4,900	318	--	69	--	4,513
Interest and debt expense.....	(35,284)	(11,778)	(8,085)	(6,869)	--	(8,552)
Minority interest.....	(11,863)	(5,480)	(3,081)	(1,697)	(1,605)	--
Net income.....	52,026	25,240	14,182	7,745	6,901	(2,042)
Minority interest.....	11,863	5,480	3,081	1,697	1,605	--
Interest and debt expense (4).....	59,338	22,101	8,740	6,869	6,893	14,735
Depreciation and amortization (4).....	32,692	14,693	4,252	4,105	7,615	2,027
Straight-lining of rents (4).....	(7,656)	(4,902)	(682)	(1,172)	(627)	(273)
Other.....	2,755	--	--	--	1,114(3)	1,641
EBITDA (1).....	\$151,018	\$ 62,612	\$ 29,573	\$ 19,244	\$ 23,501	\$ 16,088

	For The Three Months Ended June 30, 1998					
	Total	Office	Retail	Merchandise Mart	Cold Storage	Other(2)
Total revenues.....	\$ 128,523	\$ 56,870	\$ 40,973	\$ 28,310	\$ --	\$ 2,370
Total expenses.....	73,553	35,045	16,679	16,452	--	5,377
Operating income.....	54,970	21,825	24,294	11,858	--	(3,007)
Income applicable to Alexander's	1,490	--	--	--	--	1,490
Income from partially-owned entities....	5,756	1,767	--	948	1,450	1,591
Interest and other investment income....	5,271	1,429	1,003	321	--	2,518
Interest and debt expense.....	(26,679)	(4,689)	(8,101)	(6,412)	--	(7,477)
Minority interest.....	(4,492)	(2,039)	(1,737)	(566)	(150)	--
Net income.....	36,316	18,293	15,459	6,149	1,300	(4,885)
Minority interest.....	4,492	2,039	1,737	566	150	--
Interest and debt expense (4).....	38,752	8,992	8,101	6,412	6,336	8,911
Depreciation and amortization (4).....	26,564	9,778	3,802	3,226	8,303	1,455
Straight-lining of rents (4).....	(4,319)	(2,056)	(721)	(1,283)	--	(259)
Other.....	2,411	--	--	--	1,786	625

EBITDA (1).....	\$ 104,216	\$ 37,046	\$ 28,378	\$ 15,070	\$ 17,875	\$ 5,847
	=====	=====	=====	=====	=====	=====

Footnotes 1-4 are explained on the following page.

For The Six Months Ended June 30, 1999

	Total	Office	Retail	Merchandise Mart	Cold Storage	Other(2)
Total revenues.....	\$ 329,752	\$ 175,152	\$ 84,366	\$ 66,355	\$ --	\$ 3,879
Total expenses.....	189,636	103,797	35,041	36,355	--	14,44
Operating income.....	140,116	71,355	49,325	30,000	--	(10,564)
Income applicable to Alexander's	3,341	--	--	--	--	3,341
Income from partially-owned entities.....	41,018	10,024	423	1,904	20,496	8,171
Interest and other investment income.....	8,358	856	--	367	--	7,135
Interest and debt expense.....	(70,901)	(22,259)	(16,117)	(13,165)	--	(19,360)
Minority interest.....	(20,978)	(9,445)	(5,296)	(3,010)	(3,227)	--
Net income.....	100,954	50,531	28,335	16,096	17,269	(11,277)
Minority interest.....	20,978	9,445	5,296	3,010	3,227	--
Interest and debt expense (4).....	109,037	36,706	17,429	13,165	13,558	28,17
Depreciation and amortization (4).....	64,410	27,977	8,384	8,178	16,012	3,859
Straight-lining of rents (4).....	(12,533)	(8,615)	(1,317)	(2,280)	(627)	306
Other.....	101	--	--	--	(3,009)(3)	3,110
EBITDA (1).....	\$ 282,947	\$ 116,044	\$ 58,127	\$ 38,169	\$ 46,430	\$ 24,177

For The Six Months Ended June 30, 1999

	Total	Office	Retail	Merchandise Mart	Cold Storage	Other(2)
Total revenues.....	\$218,734	\$ 103,715	\$ 82,439	\$ 28,310	\$ --	\$ 4,270
Total expenses.....	123,019	62,160	34,307	16,452	--	10,100
Operating income.....	95,715	41,555	48,132	11,858	--	(5,830)
Income applicable to Alexander's	3,146	--	--	--	--	3,146
Income from partially-owned entities.....	9,676	3,872	--	948	3,164	1,692
Interest and other investment income.....	12,837	2,944	2,159	321	--	7,413
Interest and debt expense.....	(46,502)	(8,707)	(15,879)	(6,412)	--	(15,504)
Minority interest	(7,069)	(3,340)	(2,897)	(566)	(266)	--
Net income.....	67,803	36,324	31,515	6,149	2,898	(9,083)
Minority interest.....	7,069	3,340	2,897	566	266	--
Interest and debt expense (4).....	70,250	16,547	15,879	6,412	13,610	17,802
Depreciation and amortization (4).....	48,644	17,221	7,755	3,226	17,819	2,623
Straight-lining of rents (4).....	(6,956)	(3,497)	(1,654)	(1,283)	--	(522)
Other.....	2,635	--	--	--	1,786	849
EBITDA (1).....	\$189,445	\$ 69,935	\$ 56,392	\$ 15,070	\$ 36,379	\$ 11,669

(1) EBITDA represents net income before interest, taxes, depreciation and amortization, extraordinary or non-recurring items, gains or losses on sales of real estate and the effect of straight-lining of property rentals for rent escalations. Management considers EBITDA a supplemental measure for making decisions and assessing the performance of its segments. EBITDA may not be comparable to similarly titled measures employed by other companies.

(2) Other includes (i) the operations of the Company's warehouse and industrial properties, (ii) investments in the Hotel Pennsylvania, Alexander's, and Newkirk Joint Ventures, (iii) corporate general and administrative expenses and (iv) unallocated investment income and interest and debt expense.

(3) Includes a charge of \$1,114 for the three months ended June 30, 1999 and a benefit of \$3,210 for the six months ended June 30, 1999 for income taxes which are considered non-recurring because of the expected conversion of the Cold Storage Companies to REITs.

(4) Interest and debt expense, depreciation and amortization and straight-lining of rents included in the reconciliation of net income to EBITDA reflects amounts which are netted in income from partially-owned entities.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 1999 AND JUNE 30, 1998

Below are the details of the changes by segment in EBITDA. The change in the Cold Storage EBITDA is discussed in Income from partially-owned entities.

	Total	Office	Retail	Merchandise Mart	Cold Storage	Other
Three months ended June 30, 1998.....	\$ 104,216	\$ 37,046	\$ 28,378	\$ 15,070	\$ 17,875	\$ 5,847
1999 Operations:						
Same store operations(1).....	6,187	4,537	688	756	397	(191)
Acquisitions and other.....	40,615	21,029	507	3,418	5,229	10,432
Three months ended June 30, 1999.....	\$ 151,018	\$ 62,612	\$ 29,573	\$ 19,244	\$ 23,501	\$ 16,088
% increase in same store operations.....	5.9%	12.2%	2.4%	5.0%	2.2%	(3.3%)

(1) Represents operations which were owned for the same period in each year.

Revenues

The Company's revenues, which consist of property rentals, tenant expense reimbursements and other income were \$166,188 in the three months ended June 30, 1999, compared to \$128,523 in the prior year's quarter, an increase of \$37,665. This increase by segment resulted from:

	Date of Acquisition	Total	Office	Retail	Merchandise Mart	Other
Property Rentals:						
Acquisitions:						
888 Seventh Avenue.....	January 1999	\$ 6,086	\$ 6,086	\$ --	\$ --	\$ --
Market Square Complex.....	December 1998	3,932	--	--	3,932	--
Mendik RELP Properties.....	December 1998	7,338	7,338	--	--	--
20 Broad Street.....	August 1998	2,742	2,742	--	--	--
689 Fifth Avenue.....	August 1998	861	861	--	--	--
770 Broadway.....	July 1998	3,069	3,069	--	--	--
40 Fulton Street.....	June 1998	1,037	1,037	--	--	--
		25,065	21,133	--	3,932	--
Leasing activity, including \$312 of step-ups in Retail.....		7,297	6,758	258	366	(85)
Total increase in property rentals.....		32,362	27,891	258	4,298	(85)
Tenant expense reimbursements:						
Increase in tenant expense reimbursements due to acquisitions.....		1,942	1,308	--	634	--
Other		2,107	338	1,802	(37)	4
Total increase in tenant expense reimbursements.....		4,049	1,646	1,802	597	4
Other income.....		1,254	1,469	(24)	162	(353)
Total increase in revenues.....		\$ 37,665	\$ 31,006	\$ 2,036	\$ 5,057	\$ (434)

Expenses

The Company's expenses were \$95,679 in the three months ended June 30, 1999 compared to \$73,553 in the prior year's quarter, an increase of \$22,126. This increase by segment resulted from:

	Total	Office	Retail	Merchandise Mart	Other
	-----	-----	-----	-----	-----
Operating:					
Acquisitions.....	\$ 11,859	\$ 10,691	\$ --	\$ 1,168	\$ --
Same store operations.....	2,612	2,441	1,044(3)	(820)	(53)
	14,471	13,132	1,044	348	(53)
Depreciation and amortization:					
Acquisitions.....	2,989	2,341	--	648	--
Same store operations.....	1,567	1,246	129	231	(39)
	4,556	3,587	129	879	(39)
General and administrative:	3,099(2)	579	2	174	\$ 2,344(1)
	\$ 22,126	\$ 17,298	\$ 1,175	\$ 1,401	\$ 2,252
	=====	=====	=====	=====	=====

- (1) Retail general and administrative expenses are included in corporate expenses which are not allocated.
- (2) Of this increase: (i) \$201 is attributable to acquisitions, (ii) \$2,501 resulted from payroll, primarily for additional employees and corporate office expenses, and (iii) \$397 resulted from professional fees.
- (3) Increase in common area maintenance expense of \$2,047, partially offset by a decrease in repairs and maintenance and bad debt expense.

Income applicable to Alexander's (loan interest income, equity in income and depreciation) was \$1,839 in the three months ended June 30, 1999, compared to \$1,490 in the prior year's quarter, an increase of \$349.

Income from partially-owned entities was \$21,925 in the three months ended June 30, 1999, compared to \$5,756 in the prior year's quarter, an increase of \$16,169. This increase by segment resulted from:

	Date of Acquisition	Total	Office	Retail	Merchandise Mart	Cold Storage	Other
	-----	-----	-----	-----	-----	-----	-----
Acquisitions:							
Cold Storage.....	June/July 1998	\$ 3,720	\$ --	\$ --	\$ --	\$ 3,720	\$ --
Newkirk Joint Ventures.....	July 1998	3,277	--	--	--	--	3,277
Caguas.....	November 1998	223	--	223	--	--	--
CESCR.....	March 1999	4,720	4,720	--	--	--	--
		11,940	4,720	223	--	3,720	3,277
Increase (decrease) in equity in income:							
Cold Storage.....		3,168(1)	--	--	--	3,168(1)	--
Hotel Pennsylvania.....		980	--	--	--	--	980
Mendik partially-owned office buildings.....		(175)(2)	(175)(2)	--	--	--	--
Merchandise Mart Management Company.....		(220)	--	--	(220)	--	--
Other.....		476	305	--	--	168	3
		\$16,169	\$ 4,850	\$ 223	\$ (220)	\$ 7,056	\$ 4,260
		=====	=====	=====	=====	=====	=====

- (1) Includes a charge for income taxes of \$1,114 resulting from the reversal of income taxes because of the expected conversion of the Cold Storage Companies to REITs.
- (2) Reflects the elimination of the Company's equity in income of Two Park Avenue which is wholly-owned as of November 17, 1998 and accordingly is consolidated in 1999.

Interest and other investment income (interest income on mortgage loans receivable, other interest income, dividend income and net gains on marketable securities) was \$4,900 for the three months ended June 30, 1999, compared to \$5,271 in the prior year's quarter, a decrease of \$371. This decrease resulted primarily from lower average investments this year.

Interest and debt expense was \$35,284 for the three months ended June 30, 1999, compared to \$26,679 in the prior year's quarter, an increase of \$8,605. This increase resulted primarily from debt in connection with acquisitions.

Minority interest was \$11,863 for the three months ended June 30, 1999, compared to \$4,492 in the prior year's quarter, an increase of \$7,371. Of this increase \$5,525 is due to acquisitions and \$1,846 results from higher income.

Preferred stock dividends were \$8,381 for the three months ended June 30, 1999, compared to \$5,422 in the prior year's quarter, an increase of \$2,959. This increase resulted from the issuance of the Company's Series B Cumulative Redeemable Preferred shares in March 1999 and Series C Cumulative Redeemable Preferred Shares in May 1999.

SIX MONTHS ENDED JUNE 30, 1999 AND JUNE 30, 1998

Below are the details of the changes by segment in EBITDA. The change in the Cold Storage EBITDA is discussed in Income from partially-owned entities.

	Total	Office	Retail	Merchandise Mart	Cold Storage	Other
	-----	-----	-----	-----	-----	-----
Six months ended						
June 30, 1998.....	\$ 189,445	\$ 69,935	\$ 56,392	\$ 15,070	\$ 36,379	\$ 11,669
1999 Operations:						
Same store operations(1).....	10,778	8,196	2,067	756	582	(823)
Acquisitions and other.....	82,724	37,913	(332)	22,343	9,469	13,331
	-----	-----	-----	-----	-----	-----
Six months ended						
June 30, 1999.....	\$ 282,947	\$ 116,044	\$ 58,127	\$ 38,169	\$ 46,430	\$ 24,177
	=====	=====	=====	=====	=====	=====
% increase in same						
store operations.....	5.7%	11.7%	3.7%	5.0%	1.6%	(7.0%)

(1) Represents operations which were owned for the same period in each year.

Revenues

The Company's revenues, which consist of property rentals, tenant expense reimbursements and other income were \$329,752 in the six months ended June 30, 1999, compared to \$218,734 in the prior year's six months, an increase of \$111,018. This increase by segment resulted from:

	Date of Acquisition	Total	Office	Retail	Merchandise Mart	Other
Property Rentals:						
Acquisitions:						
888 Seventh Avenue....	January 1999	\$ 11,364	\$ 11,364	\$ --	\$ --	\$ --
Market Square Complex.	December 1998	7,390	--	--	7,390	--
Mendik RELP Properties	December 1998	14,164	14,164	--	--	--
20 Broad Street.....	August 1998	5,444	5,444	--	--	--
689 Fifth Avenue.....	August 1998	1,722	1,722	--	--	--
770 Broadway.....	July 1998	5,747	5,747	--	--	--
40 Fulton Street.....	June 1998	2,605	2,605	--	--	--
Merchandise Mart Properties.....	April 1998	27,227	--	--	27,227	--
150 East 58th Street..	March 1998	2,403	2,403	--	--	--
One Penn Plaza.....	February 1998	5,478	5,478	--	--	--
Westport.....	January 1998	274	274	--	--	--
		83,818	49,201	--	34,617	--
Leasing activity, including \$624 of step-ups in Retail.....						
		14,338	13,737	672	366	(437)
Total increase in property rentals.....						
		98,156	62,938	672	34,983	(437)
Tenant expense reimbursements:						
Increase in tenant expense reimbursements due to acquisitions.....						
		6,327	3,741	--	2,586	--
Other.....						
		2,754	1,169	1,685	(37)	(63)
Total increase in tenant expense reimbursements						
		9,081	4,910	1,685	2,549	(63)
Other income.....						
		3,781	3,589	(430)	513	109
Total increase in revenues						
		\$ 111,018	\$ 71,437	\$ 1,927	\$ 38,045	\$ (391)

Expenses

The Company's expenses were \$189,636 in the six months ended June 30, 1999 compared to \$123,019 in the prior year's six months, an increase of \$66,617. This increase by segment resulted from:

	Total	Office	Retail	Merchandise Mart	Other
Operating:					
Acquisitions.....	\$ 39,448	\$ 25,459	\$ --	\$ 13,989	\$ --
Same store operations	5,907	5,883	696(3)	(820)	148
	45,355	31,342	696	13,169	148
Depreciation and amortization:					
Acquisitions.....	10,600	5,879	---	4,721	--
Same store operations	2,882	2,689	36	231	(74)
	13,482	8,568	36	4,952	(74)
General and administrative:					
	7,780(2)	1,727	2	1,782	4,269(1)
	\$ 66,617	\$ 41,637	\$ 734	\$ 19,903	\$ 4,343

(1) Retail general and administrative expenses are included in corporate expenses which are not allocated.

(2) Of this increase: (i) \$2,382 is attributable to acquisitions, (ii) \$3,745 resulted from payroll, primarily for additional employees and corporate office expenses, and (iii) \$1,653 resulted from professional fees.

(3) Increase in common area maintenance expense of \$1,915, partially offset

by a decrease in repairs and maintenance and bad debt expense.

Income applicable to Alexander's (loan interest income, equity in income and depreciation) was \$3,341 in the six months ended June 30, 1999, compared to \$3,146 in the prior year's six months, an increase of \$195.

Income from partially-owned entities was \$41,018 in the six months ended June 30, 1999, compared to \$9,676 in the prior year's six months, an increase of \$31,342. This increase by segment resulted from:

	Date of Acquisition	Total	Office	Retail	Merchandise Mart	Cold Storage	Other
Acquisitions:							
Cold Storage.....	June/July 1998	\$7,628	\$ --	\$ --	\$ --	\$ 7,628	\$ --
Newkirk Joint Ventures.	July 1998	5,309	--	--	--	--	5,309
Merchandise Mart Management Company...	April 1998	956	--	--	956	--	--
Caguas.....	November 1998	423	--	423	--	--	--
CESCR.....		6,850	6,850	--	--	--	--
		-----	-----	-----	-----	-----	-----
		21,166	6,850	423	956	7,628	5,309
Increase (decrease) in equity in income:							
Cold Storage.....		9,369(1)	--	--	--	9,369(1)	--
Hotel Pennsylvania....		1,179	--	--	--	--	1,179
Mendik partially-owned office buildings....		(771)(2)	(771)(2)	--	--	--	--
Other.....		399	73	--	--	335	(9)
		-----	-----	-----	-----	-----	-----
		\$31,342	\$6,152	\$ 423	\$ 956	\$ 17,332	\$ 6,479
		=====	=====	===	=====	=====	=====

(1) Includes a benefit for income taxes of \$3,210 resulting from the reversal of income taxes because of the expected conversion of the Cold Storage Companies to REITs.

(2) Reflects the elimination of the Company's equity in income of Two Park Avenue which is wholly-owned as of November 17, 1998 and accordingly is consolidated in 1999.

Interest and other investment income (interest income on mortgage loans receivable, other interest income, dividend income and net gains on marketable securities) was \$8,358 for the six months ended June 30, 1999, compared to \$12,837 in the prior year's six months, a decrease of \$4,479. This decrease resulted primarily from lower average investments this year.

Interest and debt expense was \$70,901 for the six months ended June 30, 1999, compared to \$46,502 in the prior year's six months, an increase of \$24,399. This increase resulted primarily from debt in connection with acquisitions.

Minority interest was \$20,978 for the six months ended June 30, 1999, compared to \$7,069 in the prior year's six months, an increase of \$13,909. Of this increase \$9,857 is due to acquisitions and \$4,052 results from higher income.

Preferred stock dividends were \$14,093 for the six months ended June 30, 1999, compared to \$10,845 in the prior year's six months, an increase of \$3,248. This increase resulted from the issuance of the Company's Series B Cumulative Redeemable Preferred shares in March 1999 and Series C Cumulative Redeemable Preferred Shares in May 1999.

LIQUIDITY AND CAPITAL RESOURCES

Six Months Ended June 30, 1999

Cash flows provided by operating activities of \$86,796 was primarily comprised of (i) income of \$100,954 and (ii) adjustments for non-cash items of \$2,246, offset by (iii) the net change in operating assets and liabilities of \$16,404. The adjustments for non-cash items are primarily comprised of (i) depreciation and amortization of \$38,877 and (ii) minority interest of \$20,978, partially offset by (iii) the effect of straight-lining of rental income of

\$15,393 and (iv) equity in net income of partially-owned entities of \$41,018. The net change in operating assets and liabilities primarily reflects an increase in prepaid expenses of \$29,246.

Net cash used in investing activities of \$142,320 was primarily comprised of (i) capital expenditures of \$86,731 (see detail below), (ii) investment in notes and mortgages receivable of \$60,567 (including \$41,200 loan to CAPI and \$18,587 loan to Vornado Operating Company), (iii) acquisitions of real estate of \$45,000 (see detail below) and (iv) investments in partially-owned entities of \$13,200 (see detail below), partially offset by (vii) the use of cash restricted for tenant improvements of \$24,548, (viii) proceeds from sale of Cold Storage assets of \$22,769 and (ix) proceeds from the repayment of mortgage loans receivable of \$19,367 (including \$14,000 from Vornado Operating Company).

Acquisitions of real estate and investments in partially-owned entities are comprised of:

	Cash	Debt Assumed	Value of Units Issued	Assets Acquired
	-----	-----	-----	-----
Real Estate:				
888 Seventh Avenue Office Building.....	\$ 45,000	\$ 55,000	\$ --	\$ 100,000
	=====	=====	=====	=====
Investments in Partially Owned Entities:				
Charles E. Smith Commercial Realty L.P.:				
Additional investment.....	\$ --	\$ --	\$ 242,000	\$ 242,000
Reacquired units from Vornado Operating Company.....	13,200	--	--	13,200
Crystal City hotel land.....	--	--	8,000	8,000
Additional investment in Newkirk Joint Ventures.....	--	--	47,800	47,800
	-----	-----	-----	-----
	\$ 13,200	\$ --	\$ 297,800	\$ 311,000
	=====	=====	=====	=====

Capital expenditures were comprised of:

	New York City Office	Retail	Merchandise Mart	Other	Total
	-----	-----	-----	-----	-----
Expenditures to maintain the assets..	\$ 2,338	\$ 411	\$ 5,433	\$1,479	\$ 9,661
Tenant allowances and leasing commissions.....	12,360	711	9,791	--	22,922
Redevelopment expenditures.....	38,097	16,051	--	--	54,148
	-----	-----	-----	-----	-----
	\$52,795	\$ 17,233	\$ 15,224	\$1,479	\$86,731
	=====	=====	=====	=====	=====

Net cash used in financing activities of \$50,770 was primarily comprised of (i) repayments of borrowings of \$306,490, (ii) dividends paid on common shares \$74,432 and (iii) dividends paid on preferred shares of \$12,655, and (iv) distributions to minority partners of \$12,226 partially offset by, (v) proceeds from issuance of preferred shares of \$193,282 and (vi) proceeds from borrowings of \$165,000.

Six Months Ended June 30, 1998

Cash flows provided by operating activities of \$82,211 was primarily comprised of (i) net income of \$67,803 and (ii) adjustments for non-cash items of \$16,069, offset by (iii) the net change in operating assets and liabilities of \$1,661. The adjustments for non-cash items are primarily comprised of (i) depreciation and amortization of \$26,834 and (ii) minority interest of \$7,069, partially offset by (iii) the effect of straight-lining of rental income of \$6,414 and (iv) equity in net income of partially-owned entities of \$9,676.

Net cash used in investing activities of \$979,681 was primarily comprised of (i) acquisitions of real estate of \$681,387 (see detail below), (ii) investments in partially-owned entities of \$165,633 (see detail below), (iii) deposits in connection with real estate acquisitions of \$133,072 and (iv) capital expenditures of \$47,450, partially offset by

(v) proceeds from the repayment of mortgage loans receivable of \$57,663 (Rickel and Riese mortgage loans). Acquisitions of real estate and investments in partially-owned entities comprised of:

	Cash	Debt Assumed	Value of Units Issued	Total Consideration
	-----	-----	-----	-----
Real Estate:				
Merchandise Mart Properties.....	\$187,000*	\$327,000*	\$116,000	\$ 630,000
One Penn Plaza Office Building.....	317,000	93,000	--	410,000
150 East 58th Street Office Building...	118,000	--	--	118,000
40 Fulton Street Office Building.....	54,000	--	--	54,000
Other.....	5,387	--	--	5,387
	-----	-----	-----	-----
	\$681,387	\$420,000	\$116,000	\$1,217,387
	=====	=====	=====	=====
Investments in Partially Owned Entities:				
Hotel Pennsylvania (acquisition of additional 40% interest increasing ownership to 80%)	\$ 22,000	\$ 48,000	\$ --	\$ 70,000
570 Lexington Avenue Office Building (increased interest from 5.6% to approximately 50%)	32,300	4,900	--	37,200
Acquisition of Freezer Services, Inc. (60% interest).....	58,000	16,000	6,000	80,000
Reduction in Cold Storage Companies debt (60% interest).....	44,000	--	--	44,000
Other.....	9,333	--	--	9,333
	-----	-----	-----	-----
	\$165,633	\$ 68,900	\$ 6,000	\$ 240,533
	=====	=====	=====	=====

* Reflects July 1998 repayment of \$26,000 of debt.

Net cash provided by financing activities of \$799,100 was primarily comprised of (i) proceeds from borrowings of \$1,295,855 and (ii) proceeds from the issuance of common shares of \$445,282, partially offset by (iii) repayment of borrowings of \$863,258, (iv) dividends paid on common shares of \$58,893, (v) dividend paid on preferred shares of \$10,845 (includes accretion of expenses of issuing the preferred shares of \$1,438) and (vi) distributions to minority partners of \$2,577.

Funds from Operations for the Three and Six Months Ended June 30, 1999 and 1998

Funds from operations was \$74,987 in the three months ended June 30, 1999, compared to \$54,752 in the prior year's quarter, an increase of \$20,235. Funds from operations was \$140,414 in the six months ended June 30, 1999, compared to \$99,181 in the prior year's six months, an increase of \$41,233. The following table reconciles funds from operations and net income:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	1999	1998	1999	1998
Net income applicable to common shares	\$43,645	\$30,894	\$86,861	\$56,958
Depreciation and amortization of real property.....	18,945	14,839	37,697	25,033
Straight-lining of property rentals for rent escalations.....	(6,555)	(4,122)	(11,850)	(6,414)
Leasing fees received in excess of income recognized.....	421	369	801	737
Proportionate share of adjustments to equity in net income of partially-owned entities to arrive at funds from operations.....	13,603	13,429	22,505	24,376
Appreciation of securities held in officer's deferred compensation trust.	747	--	1,667	--
Gain on sale of securities available for sale.....	(89)	--	(383)	--
Minority interest in excess of preferential distributions.....	(1,153)	(657)	(2,307)	(1,509)
	69,564	54,752	134,991	99,181
Dilutive effect of Series A preferred shares.....	5,423	--	5,423	--
Funds from Operations - diluted.....	<u>\$74,987</u>	<u>\$54,752</u>	<u>\$140,414</u>	<u>\$99,181</u>

The number of shares that should be used for determining funds from operations per share is as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	1999	1998	1999	1998
Weighted average shares.....	85,634	82,159	85,362	77,197
Effect of dilutive securities:				
Employee stock options.....	2,189	2,085	1,883	2,286
Series A preferred shares.....	8,018	--	4,009	--
Denominator for diluted funds from operations per share - adjusted weighted average shares and assumed conversions	<u>95,841</u>	<u>84,244</u>	<u>91,254</u>	<u>79,483</u>

Funds from operations does not represent cash generated from operating activities in accordance with generally accepted accounting principles and is not necessarily indicative of cash available to fund cash needs, which is disclosed in the Consolidated Statements of Cash Flows for the applicable periods. There are no material legal or functional restrictions on the use of funds from operations. Funds from operations should not be considered as an alternative to net income as an indicator of the Company's operating performance or as an alternative to cash flows as a measure of liquidity. Management considers funds from operations a supplemental measure of operating performance and along with cash flow from operating activities, financing activities and investing activities, it provides investors with an indication of the ability of the Company to incur and service debt, to make capital expenditures and to fund other cash needs. Funds from operations may not be comparable to similarly titled measures reported by other REITs since a number of REITs, including the Company, calculate funds from operations in a manner different from that used by the National Association of Real Estate Investment Trusts ("NAREIT"). Funds from operations, as defined by NAREIT, represents net income applicable to common shares before depreciation and amortization, extraordinary items and gains or losses on sales of real estate. Funds from operations as disclosed above has been modified to adjust for the effect of straight-lining of property rentals for rent escalations and leasing fee income. Below are the cash flows provided by (used in) operating, investing and financing activities:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	1999	1998	1999	1998
Operating activities.....	\$ 66,456	\$ 46,780	\$ 86,796	\$ 82,211
Investing activities.....	\$ (1,228)	\$ (435,816)	\$ (142,320)	\$ (979,681)
Financing activities.....	\$ (83,853)	\$ 409,963	\$ (50,770)	\$ 799,100

Financings

In February 1999, the Company completed a \$165,000 refinancing of its Two Penn Plaza office building and prepaid the then existing \$80,000 debt on the property. The new 5-year debt matures in February 2004 and bears interest at 7.08%.

In February 1999, the Company also exercised its option to extend the maturity date on the \$250,000 loan on its Chicago Merchandise Mart building from March 31, 1999 to September 30, 1999. In connection therewith, the Company paid a fee of 1/8%.

In March 1999, the Vornado/Crescent Partnerships sold all of the non-real estate assets of the Cold Storage Companies encompassing the operations of the cold storage business for approximately \$48,000 to a new partnership owned 60% by Vornado Operating Company and 40% by Crescent Operating Inc.

In March 1999, the Company completed the sale of 3 million 8.5% Series B Cumulative Redeemable Preferred Shares, at a price of \$25.00 per share, pursuant to an effective registration statement with net proceeds to the Company of approximately \$72,200. Further in March 1999, 400,000 shares were sold when the underwriters exercised their over-allotment option resulting in additional net proceeds to the Company of \$9,700. The perpetual preferred shares may be called without penalty at the option of the Company commencing on March 17, 2004.

In May 1999, the Company completed the sale of 4 million 8.5% Series C Cumulative Redeemable Preferred Shares, at a price of \$25.00 per share, pursuant to an effective registration statement with net proceeds to the Company of approximately \$96,900. Additionally in May 1999, 600,000 shares were sold when the underwriters exercised their over-allotment option resulting in additional net proceeds to the Company of \$14,500. The perpetual preferred shares may be called without penalty at the option of the Company commencing on May 17, 2004.

In May 1999, the Company sold an aggregate of \$27,500 of 8.375% Series D-2 Cumulative Redeemable Preferred Units in the Operating Partnership to an institutional investor in a private placement, resulting in net proceeds of approximately \$27,467. The perpetual Preferred Units may be called without penalty at the option of the Operating Partnership commencing on May 27, 2004.

On July 8, 1999, the Company completed a \$70,000 mortgage financing of its 350 North Orleans property in Chicago. The Company received proceeds of \$40,000 and is expected to receive the remaining \$30,000 during the next year upon meeting certain debt service coverage requirements. The new 3-year debt matures in June 2002 and bears interest at LIBOR + 1.65% (currently 6.83%).

The Company anticipates that cash from continuing operations will be adequate to fund business operations and the payment of dividends and distributions on an on-going basis for more than the next twelve months; however, capital outlays for significant acquisitions will require funding from borrowings or equity offerings.

Year 2000 Issues

Year 2000 compliance programs and information systems modification were initiated by the Company in early 1998 to address the risk posed by the year 2000 issue. The Company developed a plan to address their affected informational (accounting, billing, payroll) and operational (refrigeration, HVAC, security, elevators, lighting, energy management) systems. The Company's plan also considers statements from outside vendors as to their year 2000 readiness.

The Company and its partially-owned entities have completed their initial assessment, inventory and planning phases of their plan and have determined that the majority of their systems, including all mission critical systems are already year 2000 compliant. The Company anticipates that any issues encountered with informational or operational systems will be remediated. The Company expects that where appropriate, all mission critical systems will be tested by September 30, 1999. The cost of the Company's year 2000 plan is not expected to be material to 1999 operations.

The Company believes that its exposure may be the failure of third parties (i.e., energy providers) in meeting their commitments which may result in temporary business interruption at the Company's buildings, retail centers, mart properties, cold storage warehouses and other real estate related properties. The Company has contingency plans for its own day to day informational and operational systems that will be completed by October 31, 1999. Failure of third parties with which the Company conducts business to successfully respond to their year 2000 issues may have an adverse effect on the Company.

Recently Issued Accounting Standards

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities". This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. Because the Company does not currently utilize derivatives or engage in significant hedging activities, management does not anticipate that implementation of this statement will have a material effect on the Company's financial statements.

In April, 1998 the American Institute of Certified Public Accountants issued Statement of Position 98-5, "Reporting on the Costs of Start-up Activities" ("SOP 98-5"), which is effective for the Company in the first quarter of 1999. The Company has no deferred organization costs or other deferred start-up costs as defined in SOP 98-5, and therefore adoption of SOP 98-5 had no material impact in 1999.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

At June 30, 1999, the Company had \$1,180,431,000 of variable rate debt bearing interest at a weighted average interest rate of 6.26% and \$784,112,000 of fixed rate debt bearing interest at a weighted average interest rate of 7.02%. A one-percent increase in the base used to determine the interest rate of the variable rate debt would result in a \$11,804,000 increase in the Company's annual interest expense. Additionally, the Company's share of partially-owned entities (i) variable rate debt was \$166,132,000 bearing interest at a weighted average interest rate of 7.03% and (ii) fixed rate debt was \$1,030,008,000 bearing interest at a weighted average interest rate of 7.51%. A one-percent increase in the base used to determine the interest rate on the Company's share of the variable rate debt from partially-owned entities would result in a \$1,661,000 decrease in the Company's annual income from partially-owned entities. The total decrease in the Company's annual net income for a one-percent increase in the base is \$11,580,000 or \$.13 per diluted share, after the minority interest's share of such decrease.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is from time to time involved in legal actions arising in the ordinary course of its business. In the opinion of management, after consultation with legal counsel, the outcome of such matters will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On June 2, 1999 the Company held its annual meeting of shareholders. The matters on which the shareholders voted, in person or by proxy, were (i) for the election of two nominees to serve on the Board of Trustees for a term of three years or until their respective successors are duly elected and qualify and (ii) an amendment to Vornado's Omnibus Share Plan (the "Plan") to authorize the allocation of an additional 7,000,000 common shares of beneficial interest to be reserved for sale and issuance under the Plan. The two nominees were elected and the amendment to the Plan was approved. The results of the voting are shown below:

Election of Trustees:

Trustee -----	Votes Cast For -----	Votes Cast Against or Withheld -----
Stanley Simon	71,657,536	1,253,655
Ronald Targan	72,029,875	881,316

Amendment to Omnibus Share Plan:

Votes Cast For -----	Votes Cast Against or Withheld -----
52,010,826	10,943,025

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) Exhibits required by Item 601 of Regulation S-K are filed herewith and are listed in the attached Exhibit Index.
- (b) Reports on Form 8-K

During the quarter ended June 30, 1999, Vornado Realty Trust filed the reports on Form 8-K described below:

Date of Report (Date of Earliest Event Reported) -----	Item Reported -----	Date Filed -----
May 17, 1999	Agreement to sell Series C Preferred Shares in public offering	May 26, 1999

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: August 5, 1999

By: /s/ Irwin Goldberg

IRWIN GOLDBERG

Vice President, Chief Financial Officer

EXHIBIT INDEX

EXHIBIT
NO.

- - - - -

- 3.1 -- Amended and Restated Declaration of Trust of Vornado, amended April 3, 1997--Incorporated by reference to Exhibit 3.1 of Vornado's Registration Statement on Form S-8 (File No. 333-29011), filed on June 12, 1997..... *
- 3.2 -- Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on April 22, 1998 Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated April 22, 1998 (File No. 001-11954), filed on April 28, 1998..... *
- 3.3 -- Articles Supplementary Classifying Vornado's \$3.25 Series A Preferred Shares of Beneficial Interest, liquidation preference \$50.00 per share Incorporated by reference to Exhibit 4.1 of Vornado's Current Report on Form 8-K, dated April 3, 1997 (File No. 001-11954), filed on April 8, 1997. *
- 3.4 -- Articles Supplementary Classifying Vornado's Series D-1 8.5% Cumulative Redeemable Preferred Shares of Beneficial Interest, no par value (the "Series D-1 Preferred Shares") - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated November 12, 1998 (File No. 001-11954), filed on November 30, 1998..... *
- 3.5 -- Articles Supplementary Classifying Additional Series D-1 Preferred Shares Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K/A, dated November 12, 1998 (File No. 001-11954), filed on February 9, 1999... *
- 3.6 -- Articles Supplementary Classifying 8.5% Series B Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share, no par value - Incorporated by reference to Exhibit 3.3 of Vornado's Current Report on Form 8-K, dated March 3, 1999 (File No. 001-11954), filed on March 17, 1999..... *
- 3.7 -- Articles Supplementary to Declaration of Trust of Vornado Realty Trust with Respect to Series C Preferred Shares - Incorporated by reference to Exhibit 3.7 of Vornado's Registration Statement on Form 8-A (File No. 001-11954), filed on May 19, 1999..... *
- 3.8 -- Articles Supplementary to Declaration of Trust of Vornado Realty Trust with respect to the Series D-2 Preferred Shares, dated as of May 27, 1999, as filed with the State Department of Assessments and Taxation of Maryland on May 27, 1999 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated May 27, 1999 (File No. 001-11954), filed July 7, 1999..... *
- 3.9 -- By-laws of Vornado, as amended on April 28, 1997 - Incorporated by reference to Exhibit 3(b) of Vornado's Quarterly Report on Form 10-Q for the period ended March 31, 1997 (File No. 001-11954), filed on May 14, 1997..... *
- 3.10 -- Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of October 20, 1997 - Incorporated by reference to Exhibit 3.4 of Vornado's Annual Report on Form 10-K for the year ended December 31, 1997 filed on March 31, 1998 (the "1997 10-K")..... *
- 3.11 -- Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of December 16, 1997- Incorporated by reference to Exhibit 3.5 of the 1997 10-K..... *

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* Incorporated by reference

EXHIBIT
NO.

- 3.12 -- Second Amendment to Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of April 1, 1998 - Incorporated by reference to Exhibit 3.5 of Vornado's Registration Statement on Form S-3 (File No. 333-50095), filed on April 14, 1998..... *
- 3.13 -- Third Amendment to Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of November 12, 1998 Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated November 12, 1998 (File No. 001-11954), filed on November 30, 1998.... *
- 3.14 -- Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of November 30, 1998 Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated December 1, 1998 (File No. 001-11954), filed on February 9, 1999..... *
- 3.15 -- Exhibit A, dated as of December 22, 1998, to Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership - Incorporated by reference to Exhibit 3.4 of Vornado's Current Report on Form 8-K/A, dated November 12, 1998 (File No. 001-11954), filed on February 9, 1999..... *
- 3.16 -- Fifth Amendment to Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of March 3, 1999 Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated March 3, 1999 (File No. 001-11954), filed on March 17, 1999..... *
- 3.17 -- Exhibit A to Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of March 11, 1999 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated March 3, 1999 (File No. 001-11954), filed on March 17, 1999..... *
- 3.18 -- Sixth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of March 17, 1999 Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated May 27, 1999 (File No. 001-11954), filed on July 7, 1999..... *
- 3.19 -- Seventh Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 20, 1999 - Incorporated by reference to Exhibit 3.3 of Vornado's Current Report on Form 8-K, dated May 27, 1999 (File No. 001-11954), filed on July 7, 1999..... *
- 3.20 -- Eighth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 27, 1999 - Incorporated by reference to Exhibit 3.4 of Vornado's Current Report on Form 8-K, dated May 27, 1999 (File No. 001-11954), filed on July 7, 1999..... *
- 4.1 -- Instruments defining the rights of security holders (see Exhibits 3.1 through 3.20 of this Quarterly Report on Form 10-Q).....
- 4.2 -- Indenture dated as of November 24, 1993 between Vornado Finance Corp. and Bankers Trust Company, as Trustee - Incorporated by reference to Vornado's current Report on Form 8-K dated November 24, 1993 (File No. 001-11954), filed December 1, 1993..... *

- - - - -
* Incorporated by reference

EXHIBIT
NO.

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- 4.3 -- Specimen certificate representing Vornado's Common Shares of Beneficial Interest, par value \$0.04 per share - Incorporated by reference to Exhibit 4.1 of Amendment No. 1 to Registration Statement on Form S-3 (File No. 33-62395), filed on October 26, 1995..... *
- 4.4 -- Specimen certificate representing Vornado's \$3.25 Series A Preferred Shares of Beneficial Interest, liquidation preference \$50.00 per share - Incorporated by reference to Exhibit 4.2 of Vornado's Current Report on Form 8-K, dated April 3, 1997 (File No. 001-11954), filed on April 8, 1997..... *
- 4.5 -- Specimen certificate evidencing Vornado's Series B 8.5% Cumulative Redeemable Preferred Shares of Beneficial Interest - Incorporated by reference to Exhibit 4.2 of Vornado's Registration Statement on Form 8-A (File No. 001-11954), filed on March 15, 1999..... *
- 4.6 -- Specimen certificate evidencing Vornado's 8.5% Series C Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share, no par value - Incorporated by reference to Exhibit 4.2 of Vornado's Registration Statement on Form 8-A (File No. 001-11954), filed on May 19, 1999..... *
- 10.1 -- Second Amendment, dated as of June 12, 1997, to Vornado's 1993 Omnibus Share Plan, as amended - Incorporated by reference to Vornado's Registration Statement on Form S-8 (File No. 333-29011) filed on June 12, 1997..... *
- 10.2 -- Master Agreement and Guaranty, between Vornado, Inc. and Bradlees New Jersey, Inc. dated as of May 1, 1992 - Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for quarter ended March 31, 1992 (File No. 001-11954), filed May 8, 1992..... *
- 10.3** -- Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated as of November 24, 1993 made by each of the entities listed therein, as mortgagors to Vornado Finance Corp., as mortgagee - Incorporated by reference to Vornado's Current Report on Form 8-K dated November 24, 1993 (File No. 001-11954), filed December 1, 1993..... *
- 10.4** -- 1985 Stock Option Plan as amended - Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for quarter ended May 2, 1987 (File No. 001-11954), filed June 9, 1987..... *
- 10.5** -- Form of Stock Option Agreement for use in connection with incentive stock options issued pursuant to Vornado, Inc. 1985 Stock Option Plan Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for quarter ended October 26, 1985 (File No. 001-11954), filed December 9, 1985..... *
- 10.6** -- Form of Stock Option Agreement for use in connection with incentive stock options issued pursuant to Vornado, Inc. 1985 Stock Option Plan--Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for quarter ended May 2, 1987 (File No. 001-11954), filed June 9, 1987..... *
- 10.7** -- Form of Stock Option Agreement for use in connection with incentive stock options issued pursuant to Vornado, Inc. 1985 Stock Option Plan--Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for quarter ended October 26, 1985 (File No. 001-11954), filed December 9, 1985.. *

* Incorporated by reference

** Management contract or compensatory plan

EXHIBIT
NO.

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- 10.8** -- Employment Agreement between Vornado Realty Trust and Joseph Macnow dated January 1, 1998 - Incorporated by reference to Exhibit 10.7 of Vornado's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998 (File No. 001-11954), filed November 12, 1998..... *
- 10.9** -- Employment Agreement between Vornado Realty Trust and Richard Rowan dated January 1, 1998 - Incorporated by reference to Exhibit 10.8 of Vornado's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998 (File No. 001-11954), filed November 12, 1998..... *
- 10.10** -- Employment Agreement between Vornado Realty Trust and Irwin Goldberg, dated December 11, 1997 - Incorporated by reference to Exhibit 10.10 of Vornado's Annual Report on Form 10-K/A for the year ended December 31, 1997 (File No. 001-11954), filed on April 14, 1998..... *
- 10.11** -- Employment Agreement between Vornado Realty Trust and Michael D. Fascitelli dated December 2, 1996 - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1996 (File No. 001-11954), filed March 13, 1997..... *
- 10.12 -- Promissory Notes from Steven Roth to Vornado, Inc. dated December 29, 1992 and January 15, 1993 - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993..... *
- 10.13 -- Registration Rights Agreement between Vornado, Inc. and Steven Roth Dated December 29, 1992 - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993. *
- 10.14 -- Stock Pledge Agreement between Vornado, Inc. and Steven Roth dated December 29, 1992 - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993. *
- 10.15 -- Promissory Note from Steven Roth to Vornado Realty Trust dated April 15, 1993 and June 17, 1993 - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1993 (File No. 001-11954), filed March 24, 1994..... *
- 10.16 -- Promissory Note from Richard Rowan to Vornado Realty Trust - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1993 (File No. 001-11954), filed March 24, 1994..... *
- 10.17 -- Promissory Note from Joseph Macnow to Vornado Realty Trust - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1993 (File No. 001-11954), filed March 24, 1994..... *
- 10.18 -- Management Agreement between Interstate Properties and Vornado, Inc. dated July 13, 1992 -Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993. *
- 10.19 -- Real Estate Retention Agreement between Vornado, Inc., Keen Realty Consultants, Inc. and Alexander's, Inc., dated as of July 20, 1992 - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993..... *

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* Incorporated by reference
** Management contract or compensatory plan

EXHIBIT
NO.

10.20	--	Amendment to Real Estate Retention Agreement dated February 6, 1995 Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 001-11954), filed March 23, 1995.....	*
10.21	--	Stipulation between Keen Realty Consultants Inc. and Vornado Realty Trust re: Alexander's Retention Agreement - Incorporated by reference to Vornado's annual Report on Form 10-K for the year ended December 31, 1993 (File No. 001-11954), filed March 24, 1994.....	*
10.22	--	Stock Purchase Agreement, dated February 6, 1995, among Vornado Realty Trust and Citibank, N.A. Incorporated by reference to Vornado's Current Report on Form 8-K dated February 6, 1995 (File No. 001-11954), filed February 21, 1995.....	*
10.23	--	Management and Development Agreement, dated as of February 6, 1995 Incorporated by reference to Vornado's Current Report on Form 8-K dated February 6, 1995 (File No. 001-11954), filed February 21, 1995.....	*
10.24	--	Standstill and Corporate Governance Agreement, dated as of February 6, 1995 Incorporated by reference to Vornado's Current Report on Form 8-K dated February 6, 1995 (File No. 001-11954), filed February 21, 1995.....	*
10.25	--	Credit Agreement, dated as of March 15, 1995, among Alexander's Inc., as borrower, and Vornado Lending Corp., as lender - Incorporated by reference from Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 001 - 11954), filed March 23, 1995.....	*
10.26	--	Subordination and Intercreditor Agreement, dated as of March 15, 1995 among Vornado Lending Corp., Vornado Realty Trust and First Fidelity Bank, National Association - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 001-11954), filed March 23, 1995.....	*
10.27	--	Revolving Credit Agreement dated as of February 27, 1995 among Vornado Realty Trust, as borrower, and Union Bank of Switzerland, as Bank and Administrative Agent - Incorporated by reference to Exhibit 10(F)9 of Vornado's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 001-11954), filed March 23, 1995.....	*
10.28	--	Form of Intercompany Agreement between Vornado Realty L.P. and Vornado Operating, Inc. -Incorporated by reference to Exhibit 10.1 of Amendment No. 1 to Vornado Operating, Inc.'s Registration Statement on Form S-11 (File No. 333-40701), filed on January 23, 1998.....	*
10.29	--	Form of Revolving Credit Agreement between Vornado Realty L.P. and Vornado Operating, Inc., together with related form of Note - Incorporated by reference to Exhibit 10.2 of Amendment No. 1 to Vornado Operating, Inc.'s Registration Statement on Form S-11 (File No.333-40701).....	*
10.30	--	Amended and Restated Revolving Credit Agreement, dated as of February 23, 1998, between Vornado Realty L.P., as Borrower, Vornado Realty Trust, as General Partner and Union Bank of Switzerland (New York Branch), as Bank, the other banks signatory hereto, each as a bank, Union Bank of Switzerland (New York Branch), as Administrative Agent and Citicorp Real Estate, Inc., The Chase Manhattan Bank and Nationsbank, as Syndication Agents - Incorporated by reference to Exhibit 10.29 of the 1997 10-K.....	*
10.31	--	Registration Rights Agreement, dated as of April 15, 1997, between Vornado Realty Trust and the holders of Units listed on Schedule A thereto Incorporated by reference to Exhibit 10.2 of Vornado's Current Report on Form 8-K (File No. 001-11954), filed on April 30, 1997.....	*

* Incorporated by reference

EXHIBIT
NO.

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- 10.32 -- Noncompetition Agreement, dated as of April 15, 1997, by and among Vornado Realty Trust, the Mendik Company, L.P., and Bernard H. Mendik - Incorporated by reference to Exhibit 10.3 of Vornado's Current Report on Form 8-K (File No. 001-11954), filed on April 30, 1997..... *
- 10.33 -- Employment Agreement, dated as of April 15, 1997, by and among Vornado Realty Trust, The Mendik Company, L.P. and David R. Greenbaum - Incorporated by reference to Exhibit 10.4 of Vornado's Current Report on Form 8-K (File No. 001-11954), filed on April 30, 1997..... *
- 10.34 -- Agreement, dated September 28, 1997, between Atlanta Parent Incorporated, Portland Parent Incorporated and Crescent Real Estate Equities, Limited Partnership - Incorporated by reference to Exhibit 99.6 of Vornado's Current Report on Form 8-K (File No. 001-11954), filed on October 8, 1997..... *
- 10.35 -- Contribution Agreement between Vornado Realty Trust, Vornado Realty L.P. and The Contributors Signatory - thereto - Merchandise Mart Properties, Inc. (DE) and Merchandise Mart Enterprises, Inc. Incorporated by reference to Exhibit 10.34 of Vornado's Annual Report on Form 10-K/A for the year ended December 31, 1997 (File No. 001-11954), filed on April 8, 1998..... *
- 10.36 -- Sale Agreement executed November 18, 1997, and effective December 19, 1997, between MidCity Associates, a New York partnership, as Seller, and One Penn Plaza LLC, a New York limited liability company; as purchaser. Incorporated by reference to Exhibit 10.35 of Vornado's Annual Report on Form 10-K/A for the year ended December 31, 1997 (File No. 001-11954), filed on April 8, 1998..... *
- 10.37 -- Promissory Notes from Michael D. Fascitelli to Vornado Realty Trust dated March 2, 1998 and April 30, 1998. Incorporated by reference to Exhibit 10.37 of Vornado's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998 (File No. 001-11954), filed May 13, 1998..... *
- 10.38 -- Credit Agreement dated as of June 22, 1998 among One Penn Plaza, LLC, as Borrower, The Lenders Party Hereto, The Chase Manhattan Bank, as Administrative Agent Incorporated by reference to Exhibit 10 of Vornado's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 (File No. 001-11954), filed August 13, 1998..... *
- 10.39 -- Registration Rights Agreement, dated as of April 1, 1998 between Vornado and the Unit Holders named herein - Incorporated by reference to Exhibit 10.2 of Amendment No. 1 to Vornado's Registration Statement on Form S-3 (File No. 333-50095), filed on May 6, 1998..... *
- 10.40 -- Underwriting Agreement, dated April 9, 1998, among Vornado, Vornado Realty L.P. and Goldman, Sachs & Co. - Incorporated by reference to Exhibit 1.1 of Vornado's Current Report on Form 8-K, dated April 9, 1998 (File No. 001-11954), filed on April 16, 1998..... *
- 10.41 -- Pricing Agreement, dated April 9, 1998, between Vornado and Goldman, Sachs & Co. - Incorporated by reference to Exhibit 1.2 of Vornado's Current Report on Form 8-K, dated April 9, 1998 (File No. 001-11954), filed on April 16, 1998..... *
- 10.42 -- Underwriting Agreement, dated April 23, 1998, among Vornado, Vornado Realty L.P. and Merrill Lynch, Pierce, Fenner & Smith Incorporated - Incorporated by reference to Exhibit 1.1 of Vornado's Current Report on Form 8-K, dated April 22, 1998 (File No. 001-11954), filed on April 28, 1998..... *

* Incorporated by reference

EXHIBIT
NO.

10.43	--	Underwriting Agreement, dated March 12, 1999, among Vornado, Vornado Realty L.P., Merrill Lynch, Pierce, Fenner & Smith Incorporated - Incorporated by reference to Exhibit 1.1 of Vornado's Current Report on Form 8-K, dated March 3, 1999 (File No. 001-11954), filed on March 17, 1999.....	*
27	--	Financial Data Schedule.....	36

This schedule contains summary financial information extracted from the Company's unaudited financial statements for the six months ended June 30, 1999 and is qualified in its entirety by reference to such financial statements.

6-MOS	DEC-31-1999	
	JUN-30-1999	
		61,514
		77,983
		37,650
		4,936
		0
		0
		3,502,262
	(264,063)	
	4,866,432	
	0	
		1,964,510
	0	
		477,477
		3,437
		1,540,160
4,866,432		0
		0
	329,752	
		0
		130,962
		58,674
		1,954
		70,901
		100,954
		0
100,954		0
		0
		0
		0
		86,861
		1.02
		1.00