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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-K

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

For the Fiscal Year Ended: DECEMBER 31, 2001

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)
888 SEVENTH AVENUE, NEW YORK, NEW YORK	10019
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number including area code: (212) 894-7000

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Shares of beneficial interest, $.04 par value per share	New York Stock Exchange
Series A Convertible Preferred Shares of beneficial interest, no par value	New York Stock Exchange
8.5% Series B Cumulative Redeemable Preferred Shares of beneficial interest, no par value	New York Stock Exchange
8.5% Series C Cumulative Redeemable Preferred Shares of beneficial interest, no par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

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. YES |X| NO |_|

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

The aggregate market value of the voting shares held by non-affiliates of the registrant, i.e. by persons other than officers and trustees of Vornado Realty Trust as reflected in the table in Item 12 of this Form 10-K, at February 1, 2002 was $3,613,111,000.

As of February 1, 2002, there were 103,372,574 of the registrant's common shares of beneficial interest outstanding.

Documents Incorporated By Reference

PART III: Portions of Proxy Statement for Annual Meeting of Shareholders to be held on May 29, 2002.

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(1) The Registrant will file a definitive Proxy Statement pursuant to Regulation 14A involving the election of directors with the Securities and Exchange Commission not later than 120 days after December 31, 2001, which is incorporated by reference herein. Information relating to Executive Officers of the Registrant appears on page 53 of this Annual Report on Form 10-K.

FORWARD LOOKING STATEMENTS

Certain statements contained herein constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Our future results, financial condition and business may differ materially from those expressed in these forward-looking statements. You can find many of these statements by looking for words such as "believes", "expects", "anticipates", "estimates", "intends", "plans" or similar expressions in this annual report on form 10-K. These forward-looking statements are subject to numerous assumptions, risks and uncertainties. Many of the factors that will determine these items are beyond our ability to control or predict. Factors that may cause actual results to differ materially from those contemplated by the forward-looking statements include, but are not limited to, the following: (a) national, regional and local economic conditions; (b) the continuing impact of the September 11, 2001 terrorist attacks on our tenants and the national, regional and local economies, including, in particular, the New York City and Washington, D.C. metropolitan areas; (c) local conditions such as an oversupply of space or a reduction in demand for real estate in the area; (d) the financial conditions of tenants; (e) competition from other available space; (f) whether tenants consider a property attractive; (g) whether we are able to pass some or all of any increased operating costs we experience through to our tenants; (h) how well we manage our properties; (i) increased interest expense; (j) decreases in market rental rates; (k) the timing and costs associated with property improvements and rentals; (l) changes in taxation or zoning laws; (m) government regulations; (n) our failure to continue to qualify as a real estate investment trust; (o) availability of financing on acceptable terms; (p) potential liability under environmental or other laws or regulations; and (q) general competitive factors.

For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date of this annual report on Form 10-K or the date of any document incorporated by reference. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to our forward-looking statements to reflect events or circumstances after the date of this Form 10-K to reflect the occurrence of unanticipated events. Furthermore, many of these factors may be more likely to occur as a result of the September 11, 2001 terrorist attacks.

PART I

ITEM 1. BUSINESS

THE COMPANY

Vornado Realty Trust is a fully-integrated real estate investment trust ("REIT"). Vornado conducts its business through Vornado Realty L.P., a Delaware limited partnership (the "Operating Partnership"). Vornado is the sole general partner of, and owned approximately 79% of the common limited partnership interest in, the Operating Partnership at February 1, 2002. All references to the "Company" and "Vornado" refer to Vornado Realty Trust and its consolidated subsidiaries, including the Operating Partnership.

The Company currently owns directly or indirectly:

OFFICE PROPERTIES ("OFFICE"):

(i) all or portions of 73 office properties aggregating approximately 27.2 million square feet in the New York City metropolitan area (primarily Manhattan) and in the Washington D.C. and Northern Virginia area;

RETAIL PROPERTIES ("RETAIL"):

(ii) 55 shopping center properties in six states and Puerto Rico aggregating approximately 11.3 million square feet, including 1.4 million square feet built by tenants on land leased from the Company;

MERCHANDISE MART PROPERTIES:

(iii) 8.6 million square feet of showroom and office space, including the 3.4 million square foot Merchandise Mart in Chicago;

TEMPERATURE CONTROLLED LOGISTICS:

(iv) a 60% interest in the Vornado/Crescent partnerships that own 89 warehouse facilities nationwide with an aggregate of approximately 445 million cubic feet of refrigerated space leased to AmeriCold Logistics;

OTHER REAL ESTATE INVESTMENTS:

(v) 33.1% of the outstanding common stock of Alexander's, Inc. ("Alexander's");

(vi) the Hotel Pennsylvania in New York City consisting of a hotel portion containing 1.0 million square feet with 1,700 rooms and a commercial portion containing .4 million square feet of retail and office space;

(vii) a 21.1% interest in The Newkirk Master Limited Partnership which owns office, retail and industrial properties net leased primarily to credit rated tenants, and various debt interests in such properties;

(viii) eight dry warehouse/industrial properties in New Jersey containing approximately 2.0 million square feet; and

(ix) other investments, including interests in other real estate, marketable securities and loans and notes receivable.

OBJECTIVES AND STRATEGY

The Company's business objective is to maximize shareholder value. The Company intends to achieve its business objective by continuing to pursue its investment philosophy and executing its operating strategies through:

- Maintaining a superior team of operating and investment professionals and an entrepreneurial spirit;
- Investing in properties in select markets, such as New York City and Washington D.C., where the Company believes there is high likelihood of capital appreciation;
- Acquiring quality properties at a discount to replacement cost and where there is a significant potential for higher rents;
- Investing in retail properties in select understored locations such as the New York City metropolitan area;
- Investing in fully integrated operating companies that have a significant real estate component with qualified, experienced operating management and strong growth potential which can benefit from the Company's access to efficient capital;
- Developing/redeveloping the Company's existing properties to increase returns and maximize value; and
- On occasion, providing specialty financing to real estate companies.

The Company expects to finance its growth, acquisitions and investments using internally generated funds, proceeds from possible asset sales and by accessing the public and private capital markets.

ACQUISITIONS

On January 1, 2002, the Company acquired the remaining 66% of Charles E. Smith Commercial Realty ("CESCR") it did not previously own. The consideration for the remaining 66% of CESCR was approximately $1,600,000,000, consisting of 15.7 million newly issued Vornado Operating Partnership units (valued at $608,000,000) and acquiring the assets subject to $992,000,000 of debt (66% of CESCR's total debt). CESCR owns and manages 12.9 million square feet of office properties in Washington D.C. and Northern Virginia and manages an additional 5.8 million square feet of office and other commercial properties in the Washington D.C. area.

DISPOSITIONS

In 2001, the Company sold: (i) its 50% interest in 570 Lexington Avenue for $60,000,000 resulting in a gain of $12,445,000, (ii) its leasehold interest in 550/600 Mamaroneck Avenue for $22,500,000 which approximated book value, and (iii) its 80% interest in 52 condominium units of the total 53 units at the Park Laurel residential condominium project in New York resulting in an after tax net gain of $15,657,000.

Further details of the Company's dispositions are disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II of this document.

DEVELOPMENT AND REDEVELOPMENT PROJECTS

The following table sets forth certain information for development/redevelopment projects:

($ in millions)

Projects	Estimated Completion Date	The Company's Share of: Estimated Project Cost	Costs Expended: Year Ended December 31, 2001	Estimated Costs to Complete
COMPLETED IN 2001:				
Merchandise Mart:				
Plaza Suites on Main Street, High Point - construction of 433,000 square feet of showrooms .	Fall 2001	$ 37.2	$ 27.5	$ --
Park Laurel (69% interest) - construction and sale of 119,000 square foot residential condominium tower in Manhattan (as of March 1, 2002, 52 of the 53 units have been sold for an aggregate of $139.5)	Fall 2001	109.9	39.1	--
		$ 147.1	$ 66.6	$ --
IN PROCESS:				
Office:				
New York City:				
Penn Plaza Area:				
435 Seventh Avenue - demolition of existing buildings and the construction of 43,000 square feet of retail space pre-leased to Hennes & Mauritz	Fall 2002	$ 19.9	$ 5.3	$ 14.1
GreenPoint site adjacent to One Penn Plaza - redevelopment of 28,000 square feet of retail space	Spring 2002	12.5	3.4	8.4
640 Fifth Avenue - construction of additional 48,000 square feet of office space and redevelopment of existing building	Spring 2003	50.7	1.4	49.3
175 Lexington Avenue (50% interest) - construction of a 45,000 square foot building containing approximately 2,300 square feet of commercial space and 42,700 square feet of low income residential housing to be exchanged upon completion for air rights	Spring 2002	7.7	2.3	3.3
Merchandise Mart:				
400 North LaSalle, Chicago (85% interest) - construction of 378,000 square foot high rise rental apartment complex	Spring 2004	71.2	2.3	68.9
Wells Kinzie Garage - Chicago (50% interest) - 244,000 square foot parking garage adjacent to 400 North LaSalle	Spring 2002	11.1	5.5	5.6
Other:				
Fort Lee, New Jersey (75% interest) - construction of a 41-story, 800,000 square foot high rise rental apartment complex	Summer 2002	100.3	48.2	8.8
		$ 273.4	$ 68.4	$ 158.4

The above table does not include the capital requirements of Alexander's and Temperature Controlled Logistics which are described in Item 2: Properties.

The Company is also in the pre-development phase of a number of projects including: (i) redevelopment of retail space in the Penn Plaza area, (ii) the redevelopment of retail space in Crystal City, (iii) the redevelopment of the former Bradlees building at 14th Street and Union Square to include office and/or retail space, (iv) the refurbishment of the Hotel Pennsylvania and (v) the construction of an office tower in excess of 1,000,000 square feet at 20 Times Square (70% interest). Further, the Company is reviewing opportunities in connection with New York City's recent approval of a Penn Plaza signage district.

There can be no assurance that the above projects will be commenced or will be successful.

OPERATIONS OF VORNADO OPERATING COMPANY

In October 1998, Vornado Operating Company ("Vornado Operating") was spun off from the Company in order to own assets that the Company could not itself own and conduct activities that the Company could not itself conduct.

The Company and Vornado Operating are parties to certain agreements described below.

REVOLVING CREDIT AGREEMENT

Vornado Operating was granted a $75,000,000 unsecured revolving credit facility from the Company (the "Revolving Credit Agreement") which expires on December 31, 2004. Borrowings under the Revolving Credit Agreement bear interest at LIBOR plus 3%. The Company receives a commitment fee equal to 1% per annum on the average daily unused portion of the facility. No amortization is required to be paid under the Revolving Credit Agreement during its term. The Revolving Credit Agreement prohibits Vornado Operating from incurring indebtedness to third parties (other than certain purchase money debt and certain other exceptions) and prohibits Vornado Operating from paying dividends. As of December 31, 2001, $31,424,000 was outstanding under the Revolving Credit Agreement.

AGREEMENT WITH VORNADO OPERATING

The Company and Vornado Operating are parties to an Agreement pursuant to which, among other things, (i) the Company will under certain circumstances offer Vornado Operating an opportunity to become the lessee of certain real property owned now or in the future by the Company (under mutually satisfactory lease terms) and (ii) Vornado Operating will not make any real estate investment or other REIT-Qualified Investment unless it first offers the Company the opportunity to make such investment and the Company has rejected that opportunity.

Under the Agreement, the Company provides Vornado Operating with certain administrative, corporate, accounting, financial, insurance, legal, tax, data processing, human resources and operational services. For these services, Vornado Operating compensates the Company in an amount determined in good faith by the Company as the amount an unaffiliated third party would charge Vornado Operating for comparable services and reimburses the Company for certain costs incurred and paid to third parties on behalf of Vornado Operating. Pursuant to the Agreement, compensation for such services was approximately $371,000, $330,000 and $330,000 for the years ended December 31, 2001, 2000 and 1999.

Vornado Operating and the Company each have the right to terminate the Agreement if the other party is in material default of the Agreement or upon 90 days written notice to the other party at any time after December 31, 2003. In addition, the Company has the right to terminate the Agreement upon a change in control of Vornado Operating.

VORNADO OPERATING'S MANAGEMENT

Messrs. Roth, Fascitelli, West and Wight are directors of Vornado Operating. Mr. Roth is also Chairman of the Board and Chief Executive Officer of Vornado Operating, Mr. Fascitelli is also President of Vornado Operating, and certain other members of the Company's senior management hold corresponding positions with Vornado Operating.

TEMPERATURE CONTROLLED LOGISTICS BUSINESS

On March 11, 1999, the Vornado/Crescent Partnerships sold all of the non-real estate assets of Temperature Controlled Logistics encompassing the operations of the temperature controlled business for approximately $48,700,000 to a new partnership ("AmeriCold Logistics") owned 60% by Vornado Operating Company and 40% by Crescent Operating Inc. AmeriCold Logistics leases the underlying temperature controlled warehouses used in this business from the Vornado/Crescent Partnerships ("the Landlord") which continue to own the real estate. The leases, as amended, generally 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 revenue AmeriCold Logistics receives from its customers. On February 22, 2001, the Landlord restructured the AmeriCold Logistics leases to, among other things, (i) reduce 2001's contractual rent to $146,000,000, (ii) reduce 2002's contractual rent to $150,000,000 (plus contingent rent in certain circumstances), (iii) increase the Landlord's share of annual maintenance capital expenditures by $4,500,000 to $9,500,000 effective January 1, 2000 and (iv) allow AmeriCold Logistics to defer rent to December 31, 2003 to the extent cash is not available, as defined in the leases, to pay such rent. Based on the Company's policy of recognizing rental income when earned and collection is assured or cash is received, the Company did not recognize $15,281,000 and $8,606,000 of the rent it was due in the years ended December 31, 2001 and 2000. On December 31, 2001, the Landlord released the tenant from its obligation to pay $39,812,000 of deferred rent of which the Company's share was $23,887,000. This amount equals the rent which was not recognized as income by the Company and accordingly had no profit and loss effect to the Company.

Vornado Operating has previously disclosed that its investments are not expected to generate sufficient cash flow to pay all of its expenses for the foreseeable future. As a result, to enable Vornado Operating to meet its cash requirements, the Company anticipates that the leases with Vornado Operating's investee may be restructured to provide additional cash flow and Vornado Operating's investee may sell non-core assets.

OTHER INVESTMENTS

(amounts in thousands)

The Company's other investments at December 31, 2001 are comprised of:

Other Real Estate Investments:	
Carried at Equity*:	
Starwood Ceruzzi Joint Venture (1)	$ 25,791
The Park Laurel Joint Venture (2)	(4,745)
Consolidated:	
The Palisades Joint Venture (3)	122,000
Student Housing (4)	26,918
	$169,964
Marketable Securities, including $48,758 of Capital Trust, Inc. ("Capital Trust") preferred securities (5)	$126,774
Notes and Mortgage Loans Receivable:	
NorthStar Partnership L.P. (6)	$ 57,641
Primestone Investment Partners, L.P. (7)	106,768
Dearborn Center (8)	21,522
Commonwealth Atlantic Properties, an affiliate of Lazard Freres Real Estate Investors L.L.C. ("CAPI") (9)	41,200
Vornado Operating (see page 7 for further details)	31,424
	$258,555

* The Company does not have unilateral control over key decisions with respect to these partially-owned entities and therefore does not consolidate their operations and financial position and applies the equity method of accounting in accordance with generally accepted accounting principles. The Company includes its share of partially-owned entities debt in reporting its exposure to a change in interest rates under Item 7A "Quantitive and Qualitative Disclosures about Market Risk" and in its ratio of debt-to-enterprise value as disclosed on page 10. See Note 4 - "Investments in Partially-Owned Entities" to the Financial Statements for details by investment.

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(1) STARWOOD CERUZZI JOINT VENTURE

The Starwood Ceruzzi Joint Venture was formed in 2000 by the Company, the 80% non-managing partner, and Starwood Ceruzzi, the 20% managing partner, to acquire fee and leasehold interests in properties formerly occupied by Hechinger Inc., a home improvement retailer which was liquidated. In the first quarter of 2000, the joint venture acquired two fee interests containing 210,000 square feet and four leasehold interests containing 400,000 square feet in properties located in Pennsylvania, Virginia, Maryland and Ohio. One of the fee interests was sold in March, 2001 for $8,000, resulting in a gain of $1,744 (of which the Company's share was $1,395). The venture is redeveloping the remaining properties for retail use and will net lease them to tenants. The venture has no debt.

(2) PARK LAUREL JOINT VENTURE

The Park Laurel Joint Venture was formed in 1997 to develop a property in Manhattan, consisting of 94,000 square feet to be owned and used by the YMCA and 119,000 square feet of residential condominiums to be sold by the Company and its joint venture partner. Vornado has a 69% interest and shares control with its partners. The total cost of the project was approximately $109,900. In the third and fourth quarters of 2001, the joint venture completed the sale of 52 condominium units of the total 53 units and received proceeds of $139,548. The Company's share of the after tax net gain was $15,657 and is after a charge of $3,953 (net of a tax benefit of $1,826) for awards accrued under the venture's incentive compensation plan. The credit balance at December 31, 2001 is a result of the above mentioned accrual.

(3) THE PALISADES JOINT VENTURE

The Palisades Joint Venture was formed in 1999 to develop an 800,000 square foot high-rise residential tower in Fort Lee, New Jersey. The joint venture agreement provides for the Company to contribute 95% of the equity and receive 75% of the net profit after a 12% preferred return. The estimated total cost of the project is $133,700. Costs incurred to date are $122,000, of which $90,500 has been funded by a construction loan, $30,000 by the Company and $1,500 by the Company's partner. The property is expected to become operational in the Summer of 2002. Upon completion, the complex will include a 41-story residential tower containing 538 apartments and an 800 space parking facility.

(4) STUDENT HOUSING

In January 2000, the Company and its joint venture partner acquired a 252-unit student housing complex in Gainesville, Florida, for approximately $27,000. The Company has a 90% interest in the joint venture.

(5) CAPITAL TRUST PREFERRED SECURITIES

The Company's investment at December 31, 2001 is comprised of (i) approximately $30,000 of 8.25% step-up convertible junior subordinated debentures and (ii) approximately $20,000 of 13% step-up junior subordinated debentures. The blended coupon rate was 10.16% per annum at December 31, 2001. The convertible amount is convertible into shares of Class A common stock of Capital Trust (NYSE:CT) at a conversion price of $7.00 per share. The convertible amount is redeemable by Capital Trust, in whole or in part, on or after September 30, 2004. The non-convertible amount is redeemable by Capital Trust, in whole or in part, at any time. Mr. Roth, the Chairman and Chief Executive Officer of Vornado Realty Trust, is a member of the Board of Directors of Capital Trust nominated by the Company.

(6) LOAN TO NORTHSTAR PARTNERSHIP, L.P.

On September 19, 2000, the Company acquired $75,000 of subordinated unsecured debt of NorthStar Partnership, L.P., a private real estate company, for $65,000. The loan bears interest at 11.5% per annum, requires quarterly principal payments of $2,500 and matures in May 2002. All of the quarterly principal payments have been received by the Company in accordance with the loan agreement with the exception of the payment due on September 28, 2001 which was not received until October 30, 2001.

(7) LOAN TO PRIMESTONE INVESTMENT PARTNERS, L.P.

On September 28, 2000, the Company made a $62,000 loan to Primestone Investment Partners, L.P. The Company received a 1% upfront fee and is entitled to receive certain other fees aggregating approximately 3% upon repayment of the loan. The loan bears interest at 16% per annum. Primestone Investment Partners, L.P. defaulted on the repayment of this loan on October 25, 2001. The Company's loan was subordinate to $37,957 of other debt of the borrower. On October 31, 2001, the Company purchased the other debt for its face amount. The loans are secured by 7,944,893 partnership units in Prime Group Realty, L.P., the operating partnership of Prime Group Realty Trust (NYSE:PGE), which units are exchangeable for the same number of shares of PGE. The loans are also guaranteed by affiliates of the borrower. The Company has commenced foreclosure proceedings with respect to the collateral.

On November 19, 2001 the Company sold, pursuant to a participation agreement with a subsidiary of Cadim inc., a Canadian pension fund, a 50% participation in both loans at par for approximately $50,000 reducing the Company's net investment in the loans at December 31, 2001 to $56,768, including unpaid interest and fees of $6,790. Under the terms of the participation agreement, cash payments received shall be applied (i) first, to the reimbursement of reimbursable out-of-pocket costs and expenses incurred in connection with the servicing, administration or enforcement of the loans after November 19, 2001, (ii) second, to the Company and Cadim pro rata in proportion to the amount of interest and fees owed to them (all of such fees and interest accrued through November 19, 2001 are for the account of Vornado and all of such fees and interest accrued after November 19, 2001 accrue on a 50/50 basis to the Company and Cadim) and (iii) third, 50% to the Company and 50% to Cadim. The Company has agreed that in the event the Company acquires the collateral in a foreclosure proceeding it will, upon the request of Cadim, deliver 50% of such collateral to Cadim.

For financial reporting purposes, the gross amount of the loan, $106,768, is included in "Notes and mortgage loans receivable" and Cadim's 50% participation, $50,000, is reflected in "Other liabilities". The Company did not recognize income on these loans for the period from November 19, 2001 through December 31, 2001, and will not recognize income until such time that cash is received or foreclosure proceedings have been consummated. The Company believes that the value of the collateral and the guarantees is sufficient to cover the carrying amount of the loans receivable including unpaid interest and fees (See Item. 3 - "Legal Proceedings").

(8) DEARBORN CENTER

The Company's investment of $21,522 represents a 38.5% interest in $55,901 funded of a $65,000 mezzanine loan to an entity whose sole asset is Dearborn Center, a 1.5 million square foot high-rise office tower under construction in Chicago. The entity is owned by Prime Group Realty L.P. and another investor. The Company is a member of a loan syndicate led by a money center bank. The proceeds of the loan are being used to finance the construction, and are subordinate to a $225,000 first mortgage. The loan is due January 21, 2004, three years from the date of the initial draw, and provides for a 1 year extension at the borrower's option (assuming net operating income at a specified level and a cash reserve sufficient to fund interest for the extension period). The loan bears interest at 12% per annum plus additional interest ranging from a minimum of 9.5% to a maximum of 13% if certain leasing thresholds are not met.

(9) CAPI

In March 1999, in connection with the Company's acquisition of land under certain of the CESCR office properties from CAPI, the Company made a $41,200 loan to CAPI, which matures in June 2004. Interest on the loan was 8.5% at December 31, 2001. The loan is secured by approximately 1,100,000 units of Vornado Realty, L.P. Series E-1 Convertible Preferred Units (with a liquidation value of $55,000 at December 31, 2001) issued to CAPI in connection with the acquisition. Each Series E-1 Unit is convertible into 1.1364 shares of Vornado Realty Trust.

FINANCING ACTIVITIES

On September 20, 2001, the Company sold an aggregate of $45,000,000 8.25% Series D-9 Cumulative Redeemable Preferred Units to an institutional investor resulting in net proceeds of approximately $43,875,000.

On November 19, 2001, the Company sold 9,775,000 common shares pursuant to an effective registration statement based on the closing price of $40.58 on the NYSE. The net proceeds to the Company were approximately $377,200,000. In connection therewith, the Company repaid the $285,000,000 then outstanding under its revolving credit facility.

On February 25, 2002, the Company sold 884,543 shares to a closed-end fund and 514,200 shares to a unit investment trust based on the closing price of $42.96 on the NYSE. The net proceeds to the Company were approximately $57,042,000.

In addition, the Company completed property level financings of $254,000,000 in 2001.

Further details of the Company's financing activities are disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II of this document.

At December 31, 2001, the ratio of debt-to-enterprise value (market equity value plus debt less cash) was 38% based on debt of $3.6 billion, including the Company's proportionate share of debt of partially-owned non-consolidated entities. In the future, in connection with its strategy for growth, this percentage may change. The Company's policy concerning the incurrence of debt may be reviewed and modified from time to time without the vote of shareholders.

The Company may seek to obtain funds through equity offerings, debt financings or asset sales, although there is no express policy with respect thereto. The Company may offer its shares or Operating Partnership units in exchange for property and may repurchase or otherwise re-acquire its shares or any other securities in the future.

EBITDA BY SEGMENT AND REGION

The following table sets forth the percentage of the Company's EBITDA(1) by segment and region for the years ended December 31, 2001, 2000, and 1999. The proforma column gives effect to the January 1, 2002 acquisition by the Company of the remaining 66% interest in CESCR described previously, as if it had occurred on January 1, 2001.

	PERCENTAGE OF EBITDA(1)			
	Years Ended December 31,			
	Proforma	Historical		
	2001	2001	2000	1999
SEGMENT				
Office:				
New York	31%	38%	35%	32%
CESCR	26%	10%	10%	10%
Total	57%	48%	45%	42%
Retail	12%	15%	16%	19%
Merchandise Mart Properties	12%	14%	12%	12%
Temperature Controlled Logistics	8%	10%	13%	16%
Other	11%	13%	14%	11%
	100%	100%	100%	100%
REGION				
New York City metropolitan area	42%	52%	50%	48%
Washington D.C./Northern Virginia metropolitan area	26%	11%	12%	12%
Chicago	9%	11%	9%	8%
Philadelphia metropolitan area	--	1%	3%	4%
Puerto Rico	1%	2%	2%	2%
Other (2)	22%	23%	24%	26%
	100%	100%	100%	100%

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(1) EBITDA represents income before interest, taxes, depreciation and amortization, extraordinary or non-recurring items, gains on sales of depreciable real estate, the effect of straight-lining of property rentals for rent escalations and minority interest. 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 the Temperature Controlled Logistics segment which has warehouse facilities in 33 states and Alberta, Canada. See page 36 for details.

ALEXANDER'S

The Company owns 33.1% of the outstanding shares of common stock of Alexander's. See "Interstate Properties" below for a description of Interstate's ownership of the Company and Alexander's.

Alexander's has seven properties (see Item 2. Properties--Alexander's).

At December 31, 2001, the Company had loans receivable from Alexander's of $119,000,000, including $24,000,000 drawn under the $50,000,000 line of credit the Company granted to Alexander's on August 1, 2000. The maturity date of the loan and the line of credit were extended to April 15, 2003. The interest rates on the loan and line of credit will reset on March 15, 2002, and quarterly thereafter, using the same spread to treasuries as presently exists with a 3% floor for treasuries.

The Company manages, develops and leases the Alexander's properties under a management and development agreement (the "Management Agreement") and a leasing agreement (the "Leasing Agreement") pursuant to which the Company receives annual fees from Alexander's. These agreements have a one-year term expiring in March of each year and are automatically renewable. See Item 2 - "Properties" for a description of Alexander's properties and development and redevelopment projects.

Alexander's common stock is listed on the New York Stock Exchange under the symbol "ALX".

INTERSTATE PROPERTIES

As of December 31, 2001, Interstate Properties and its partners owned approximately 15.5% of the common shares of beneficial interest of the Company, 27.5% of Alexander's common stock and beneficial ownership of 17.8% of Vornado Operating. Interstate Properties is a general partnership in which Steven Roth, David Mandelbaum and Russell B. Wight, Jr. are the partners. Mr. Roth is the Chairman of the Board and Chief Executive Officer of the Company, the Managing General Partner of Interstate Properties, and the Chief Executive Officer and a director of both Alexander's and Vornado Operating. Mr. Wight is a trustee of the Company and is also a director of both Alexander's and Vornado Operating. Mr. Mandelbaum is a trustee of the Company and is also a director of Alexander's.

COMPETITION

The Company's business segments, Office, Retail, Merchandise Mart Properties, Temperature Controlled Logistics, and Other operate in highly competitive environments. The Company has a large concentration of properties in the New York City metropolitan area and in the Washington, D.C. and Northern Virginia area. The Company competes with a large number of real estate property owners and developers. Principal factors of competition are rent charged, attractiveness of location and the quality and breadth of services provided. The Company's success depends upon, among other factors, the trends of the national and local economies, the financial condition and operating results of current and prospective tenants and customers, the availability and cost of capital, construction and renovation costs, taxes, governmental regulations, legislation and population trends.

ENVIRONMENTAL REGULATIONS

The Company's operations and properties are subject to a variety of environmental laws and regulations in each of the jurisdictions in which it operates governing, among other things, soil and groundwater contamination, the use, handling and disposal of hazardous substances, air emissions, wastewater discharges, and employee health and safety. Under various Federal and state laws and regulations, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous substances released at a property and may be held liable to a governmental entity or to third parties for property damage or personal injuries and for investigation and clean-up costs incurred by the parties in connection with the contamination. These laws can impose liability without regard to whether the owner or operator knew of, or caused, the release of such substances. The presence of contamination or the failure to remediate contamination may adversely affect the owner's ability to sell or lease real estate or to borrow using the real estate as collateral. Other Federal, state and local laws and regulations require abatement or removal of asbestos-containing materials that are damaged, decayed or distributed by demolition, renovation or remodeling. The laws also govern emissions of and exposure to asbestos fibers in the air. Air emissions, waste-water discharges, the maintenance and removal of lead paint and certain electrical equipment containing polychlorinated-biphenyls (PCBs), and the operation and subsequent removal of underground storage tanks are also regulated by Federal and state laws. In connection with the ownership, operation and management of its properties, the Company could be held liable for the costs of remedial action with respect to such regulated substances and tanks and related claims for personal injury, property damage or fines.

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

INSURANCE

The Company carries comprehensive liability and all risk property insurance (fire, flood, extended coverage and rental loss insurance) with respect to its assets. The Company's all risk insurance policies in effect before September 11, 2001 included coverage for terrorist acts, except for acts of war. Since September 11, 2001, insurance companies are excluding terrorists acts from coverage in all risk policies. In 2002, the Company has been unable to obtain all risk insurance which includes coverage for terrorists acts for policies it has renewed including the New York City Office portfolio and may not be able to obtain such coverage for any of its other properties in the future. Therefore, the risk of financial loss in the case of terrorist acts is the Company's, which loss could be material.

The Company's debt instruments, consisting of mortgage loans secured by its properties (which are generally non-recourse to the Company) and its revolving credit agreement, contain customary covenants requiring the Company to maintain insurance. There can be no assurance that the lenders under these instruments will not take the position that an exclusion from all risk insurance coverage for losses due to terrorist acts is a breach of these debt instruments that allows the lenders to declare an event of default and accelerate repayment of debt. In addition, if lenders insist on coverage for these risks, it could adversely affect the Company's ability to finance and/or refinance its properties and to expand its portfolio.

CERTAIN ACTIVITIES

Acquisitions and investments are not required to be based on specific allocation by type of property. The Company has historically held its properties for long-term investment; however, it is possible that properties in the portfolio may be sold in whole or in part, as circumstances warrant, from time to time. Further, the Company has not adopted a policy that limits the amount or percentage of assets which would be invested in a specific property. While the Company may seek the vote of its shareholders in connection with any particular material transaction, generally the Company's activities are reviewed and may be modified from time to time by its Board of Trustees without the vote of shareholders.

EMPLOYEES

The Company has approximately 1,446 employees consisting of 306 in the Office Properties segment (including 210 as a result of the CESCR acquisition), 39 in the Retail Properties segment, 487 in the Merchandise Mart Properties segment, 456 at the Hotel Pennsylvania and 158 corporate staff. This does not include employees of partially-owned entities.

SEGMENT DATA

The Company operates in four business segments: Office Properties, Retail Properties, Merchandise Mart Properties and Temperature Controlled Logistics. The Company engages in no foreign operations other than one temperature controlled warehouse in Canada.

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

ITEM 2. PROPERTIES

The Company currently owns, directly or indirectly, Office properties, Retail properties, Merchandise Mart properties and Temperature Controlled Logistics refrigerated warehouses. The Company also owns or has investments in Alexander's, Hotel Pennsylvania, The Newkirk Master Limited Partnership, and dry warehouses and industrial buildings.

OFFICE

The Company currently owns all or a portion of 73 office properties containing approximately 27.2 million square feet. Of these properties, 22 containing 14.3 million square feet are located in the New York City metropolitan area (primarily Manhattan) (the "New York City Office Properties") and 51 containing 12.9 million square feet are located in the Washington D.C. and Northern Virginia area (the "CESCR Office Properties"). Prior to January 1, 2002, the Company owned a 34% interest in CESCR. On January 1, 2002, the Company acquired the remaining 66% interest.

The following data on pages 13 to 18 covers the New York City Office Properties. The CESCR Office Properties are described on pages 19 to 22.

NEW YORK CITY OFFICE PROPERTIES:

The New York City Office Properties contain: (i) 13,149,000 square feet of office space, (ii) 812,000 square feet of retail space and (iii) 339,000 square feet of garage space (5 garages).

The following table sets forth the percentage of the New York City Office Properties 2001 revenue by tenants' industry:

Industry	Percentage
Publishing	9%
Retail	9%
Media and Entertainment	7%
Legal	6%
Insurance	6%
Government	6%
Finance	5%
Service Contractors	5%
Technology	4%
Apparel	4%
Not-for-Profit	3%
Pharmaceuticals	3%
Advertising	3%
Bank Branches	2%
Other	28%

The Company's New York City Office property lease terms generally range from 5 to 7 years for smaller tenant spaces to as long as 20 years for major tenants. Leases typically provide for step-ups in rent periodically over the term of the lease and pass through to tenants the tenant's share of increases in real estate taxes and operating expenses over a base year. Electricity is provided to tenants on a submetered basis or included in rent based on surveys and adjusted for subsequent utility rate increases. Leases also typically provide for tenant improvement allowances for all or a portion of the tenant's initial construction costs of its premises.

No tenant in the office segment accounted for more than 10% of the Company's total revenue. Below is a listing of tenants which accounted for 2% or more of the New York City Office Properties revenues in 2001:

Tenant	Square Feet Leased	2001 Revenues	Percentage
Sterling Winthrop, Inc.............	429,000	$18,088,000	3.4%
VNU Inc............................	515,000	16,967,000	3.2%
The McGraw-Hill Companies, Inc.....	518,000	15,407,000	2.9%
Times Mirror Company...............	519,000	12,311,000	2.3%

The following table sets forth lease expirations as of December 31, 2001, for the New York Office property leases for each of the next 10 years assuming that none of the tenants exercise their renewal options.

Year	Number of Expiring Leases	Square Feet of Expiring Leases	Percentage of Total Leased Square Feet	Annual Escalated Rent of Expiring Leases: Total	Annual Escalated Rent of Expiring Leases: Per Square Foot
2002......................	198	746,000	5.6%	$ 23,101,000	$ 30.98
2003......................	105	520,000(1)	3.9%	19,379,000	37.27
2004......................	122	952,000	7.1%	36,819,000	38.68
2005......................	109	655,000	4.9%	25,142,000	38.37
2006......................	99	1,212,000	9.1%	41,067,000	33.88
2007......................	50	780,000	5.9%	28,465,000	36.51
2008......................	53	1,127,000	8.5%	37,750,000	33.51
2009......................	48	591,000	4.4%	21,277,000	35.99
2010......................	45	1,335,000	10.0%	48,223,000	36.13
2011......................	26	942,000	7.1%	43,828,000	46.52

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(1) Excludes 492,000 square feet at 909 Third Avenue leased to the U.S. Post Office. The annual escalated rent is $3,271,000 or $6.64 per square foot. The U.S. Post Office has 7 five-year renewal options remaining.

As of February 1, 2002, the occupancy rate of the Company's New York City Office properties was 97%. The following table sets forth the occupancy rate and the average annual escalated rent per square foot for the New York City Office properties at the end of each of the past four years.

As of December 31,	Rentable Square Feet	Occupancy Rate	Average Annual Escalated Rent Per Square Foot
2001..................	14,300,000	97%	$ 35.53
2000..................	14,396,000	96%	$ 32.18
1999..................	14,028,000	95%	$ 30.16
1998..................	12,437,000	91%	$ 28.14

The Company launched PowerSpace flexible shared office space in September 2000. Offices range in size from 80 to 1,200 square feet. Lease terms range from one month to a year. The PowerSpace product line includes individual offices, group rooms and multi-room suites. The following table sets forth the PowerSpace locations in the Company's office buildings and the average occupancy rates for 2001:

Location	Square Feet	Average Occupancy Rate
330 Madison Avenue (commenced operations - 11/15/00)......	75,231	75%
770 Broadway (commenced operations - 2/1/01)........	23,896	50%
909 Third Avenue (commenced operations - 4/1/01)........	17,359	40%

In 2001, 1,636,000 square feet of New York City office space was leased at a weighted average initial rent per square foot of $46.05. The Company's ownership interest in the leased square footage is 1,479,000 square feet at a weighted average initial rent per square foot of $47.05, a 57.6% increase over the weighted average escalated rent per square foot of $29.85 for the expiring leases. Following is the detail by building:

	2001 Leases	
Location	Square Feet	Average Initial Rent Per Square Foot(1)
One Penn Plaza......................	385,000	$ 54.23
20 Broad Street (60%)...............	361,000	35.29
330 West 34th Street................	166,000	37.62
Two Park Avenue.....................	152,000	53.08
Eleven Penn Plaza...................	139,000	53.54
150 East 58th Street................	98,000	47.31
770 Broadway........................	51,000	40.00
1740 Broadway.......................	45,000	58.00
595 Madison Avenue..................	37,000	60.29
909 Third Avenue....................	30,000	60.00
Two Penn Plaza......................	27,000	47.31
7 West 34th Street..................	26,000	28.50
866 UN Plaza........................	25,000	37.76
40 Fulton Street....................	24,000	32.41
640 Fifth Avenue....................	20,000	43.50
Paramus.............................	15,000	19.79
90 Park Avenue......................	12,000	58.00
330 Madison Avenue (25%)............	11,000	53.00
570 Lexington Avenue (50%) (2)......	5,000	48.00
550/600 Mamaroneck Avenue (2).......	5,000	22.27
888 Seventh Avenue..................	2,000	52.00
Total..................................	1,636,000	46.05
Vornado's Ownership Interest...........	1,479,000	47.05

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(1) Most leases include periodic step-ups in rent, which are not reflected in the initial rent per square foot leased.
(2) These buildings were sold during 2001.

In addition to the office space noted above, the Company leased 38,000 square feet of retail space, primarily on grade, at a weighted average initial rent of $179.34 per square foot. Further, the Company leased 177,000 square feet of new space (first generation space or space which has been vacant for nine months or more) at a weighted average initial rent per square foot of $49.70.

New York City Office Properties

The following table sets forth certain information for the New York City Office Properties owned by the Company as of December 31, 2001.

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (SQ. FT.)	APPROXIMATE LEASABLE BUILDING SQUARE FEET	NUMBER OF TENANTS
NEW YORK				
MANHATTAN				
One Penn Plaza (3)	1998	128,000	2,502,000	209
Two Penn Plaza	1997	117,000	1,521,000	52
909 Third Avenue (3)	1999	82,000	1,304,000	21
770 Broadway	1998	63,000	1,046,000	9
Eleven Penn Plaza	1997	56,000	1,021,000	57

LOCATION	ANNUALIZED BASE RENT PER SQ. FT. (1)	ANNUALIZED ESCALATED RENT PER SQ. FT. (2)	PERCENT LEASED (1)	PRINCIPAL TENANTS (50,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
NEW YORK						
MANHATTAN						
One Penn Plaza (3)	$ 33.65	$ 36.32	99%	Buck Consultants	2008	$ 275,000
				Cisco Systems	2005/2010	
				First Albany	2008/2013	
				General Motors Acceptance Corp.	2004/2009	
				Kmart (5)	2016/2036	
				Metropolitan Life	2004	
				MWB Leasing	2006	
				Parsons Brinkerhoff	2008/2013	
				Public Service Commission	2004/2014	
				Stone & Webster	2008	
				The United States of America	2011	
Two Penn Plaza	30.83	31.83	98%	Compaq Computer	2003	157,697
				Forest Electric	2006/2011	
				Information Builders, Inc.	2013/2023	
				Madison Square Garden	2007/2017	
				McGrawHill Co., Inc.	2020/2030	
				US Healthcare Service	2006	
909 Third Avenue (3)	27.97	29.93	99%	Bear Stearns	2011/2016	105,253
				Citibank	2008	
				Fischbein Badillo	2008	
				Forest Laboratories	2010/2020	
				IDG Books	2010	
				Ogilvy Public Relations	2009/2014	
				Shearman & Sterling	2007/2012	

				U.S. Post Office (4)	2003/2038	
770 Broadway	30.30	30.92	100%	J. Crew	2012/2017	66,963
				Kmart (5)	2016/2036	
				MTVN Online	2010/2015	
				V.N.U. U.S.A, Inc	2015/2020	
Eleven Penn Plaza	31.66	33.60	96%	Crowthers McCall	2010	51,376
				EMC Corp.	2008	
				Executive Office Network	2012	
				Faulkner & Gray	2006/2011	
				Federated Dept Stores	2015/2020	
				General Media	2009	
				Rainbow Media Holdings	2017	

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (SQ. FT.)	APPROXIMATE LEASABLE BUILDING SQUARE FEET	NUMBER OF TENANTS
Two Park Avenue	1997	44,000	964,000	43
90 Park Avenue	1997	38,000	884,000	25
888 Seventh Avenue (3)	1999	32,000	875,000	43
330 West 34th Street (3)	1998	46,000	634,000	10
1740 Broadway	1997	30,000	563,000	14
150 East 58th Street	1998	21,000	557,000	112
866 United Nations Plaza	1997	90,000	391,000	85
595 Madison (Fuller Building)	1999	13,000	303,000	76
640 Fifth Avenue	1997	22,000	266,000	9
40 Fulton Street	1998	18,000	235,000	24
689 Fifth Avenue	1998	6,000	89,000	8
7 West 34th Street	2000	35,000	425,000	4
715 Lexington Avenue (3)	2001	7,000	36,000	22
330 Madison Avenue (25% Ownership)	1997	33,000	777,000	48

LOCATION	ANNUALIZED BASE RENT PER SQ. FT. (1)	ANNUALIZED ESCALATED RENT PER SQ. FT. (2)	PERCENT LEASED (1)	PRINCIPAL TENANTS (50,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
Two Park Avenue	32.50	32.30	99%	Hartford Insurance	2011	90,000
				Herrick Feinstein	2010/2015	
				Medical Liability Mutual Ins	2009	
				Schiefflin & Somerset	2006/2010	
				Times Mirror Company	2010/2025	
				United Way	2013/2018	
90 Park Avenue	34.16	40.06	100%	HQ Global Workplace	2008	--
				Sterling Winthrop Inc.	2015/2035	
				Warnaco (5)	2004	
888 Seventh Avenue (3)	35.86	38.23	92%	Golden Books	2013	105,000
				New Line Realty	2007	
				Soros Fund	2004/2010	
				Kaplan Educational Center	2006/2011	
				The Limited	2014	
330 West 34th Street (3)	11.56	18.94	100%	City of New York	2012/2017	--
				Props for Today	2006/2016	
				The Bank of NewYork	2011	
1740 Broadway	33.35	39.98	100%	Davis & Gilbert	2013	--
				Mutual Life Insurance	2016/2026	
				William Douglas McAdams	2007	
150 East 58th Street	39.86	41.39	90%			--

866 United Nations Plaza	34.45	35.91	98%	Fross Zelnick Mission of Japan The United Nations	2009 2011/2013 2006	33,000
595 Madison (Fuller Building)	70.19	72.06	90%			56,537
640 Fifth Avenue	65.57	69.20	94%	Weber Shandwick Worldwide	2008/2013	--
40 Fulton Street	29.51	29.95	89%			--
689 Fifth Avenue	51.96	58.41	74%			--
7 West 34th Street	35.27	39.81	100%	Capital Cities Media Health Insurance Plan of NY	2006/2011 2011/2021	--
715 Lexington Avenue (3)	56.48	56.95	92%			--
330 Madison Avenue (25% Ownership)	39.78	40.65	97%	Bank Julius Baer BDO Seidman PowerSpace & Services	2005 2010/2015 2016	60,000

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (SQ. FT.)	APPROXIMATE LEASABLE BUILDING SQUARE FEET	NUMBER OF TENANTS
20 Broad Street (3) (60% Ownership)	1998	20,000	466,000	15
825 Seventh Avenue (50% Ownership)	1996	18,000	165,000	3
NEW JERSEY				
Paramus (3)	1987	148,000	128,000	23
TOTAL OFFICE BUILDINGS		1,067,000	15,152,000	912
VORNADO'S OWNERSHIP INTEREST		1,018,000	14,300,000	

LOCATION	ANNUALIZED BASE RENT PER SQ. FT. (1)	ANNUALIZED ESCALATED RENT PER SQ. FT. (2)	PERCENT LEASED (1)	PRINCIPAL TENANTS (50,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
20 Broad Street (3) (60% Ownership)	33.43	33.81	100%	N.Y. Stock Exchange	2010/2066	--
825 Seventh Avenue (50% Ownership)	29.32	31.19	100%	Young & Rubicam	2010/2015	23,552
NEW JERSEY						
Paramus (3)	18.01	18.59	89%			--
TOTAL OFFICE BUILDINGS	$ 33.16	$ 35.53	97%			$1,024,378
VORNADO'S OWNERSHIP INTEREST						$ 967,602

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(1) Represents annualized monthly base rent for tenants excluding rent for leases which had not commenced as of December 31, 2001, which are included in percent leased.

(2) Represents annualized monthly escalated rent for tenants including tenant pass-throughs of operating expenses (exclusive of tenant electricity costs) and real estate taxes.

(3) These properties are 100% ground leased. Below is a summary of the terms:

Location	Lease Expiration/ Option Expiration	Current Annual Rent
One Penn Plaza..............	2023/2098	$ 3,179,000*
909 Third Avenue............	2018/2063	2,650,000
888 Seventh Avenue..........	2067	3,350,000*
330 West 34th Street........	2020/2148	2,924,000*
715 Lexington Avenue........	2023	239,000
20 Broad Street.............	2003/2081	461,000
Paramus.....................	2026	40,000

* Rent during option periods is based on the greater of the rent for the previous period or 6% or 7% of the fair market value of the land.

(4) The U.S. Post Office leases approximately 492,000 square feet at this location at annualized escalated rent per square foot of $6.64.

(5) These tenants have filed for protection under Chapter 11 of the U.S. Bankruptcy Code. To date, Warnaco has rejected a lease for approximately 30,000 square feet at 90 Park Avenue, no other leases have been assumed or rejected.

CHARLES E. SMITH COMMERCIAL REALTY ("CESCR") OFFICE PROPERTIES:

CESCR owns 51 office buildings in the Washington D.C. and Northern Virginia area containing 12.9 million square feet. As of December 31, 2001, 47 percent of CESCR's property portfolio is leased to various agencies of the U.S. government (General Services Administration "GSA").

During 2001, CESCR completed the development of a 398,000 square foot office building at a cost of $72,100,000 in its Skyline Complex leased to the GSA.

CESCR office leases are typically for 3 to 5 year terms, and may provide for extension options at prenegotiated rates. Most leases provide for annual rental escalations throughout the lease term, plus recovery of increases in real estate taxes and certain property operating expenses. Annual rental escalations are typically based upon either fixed percentage increases or the consumer price index. Leases also typically provide for tenant improvement allowances for all or a portion of the tenant's initial construction costs of its premises.

The following table sets forth the percentage of CESCR's Office properties 2001 revenue by tenants' industry:

Industry	Percentage
United States Government ("GSA")	47%
Government Consultants	31%
Transportation	4%
Communication	3%
Legal	3%
Retail	2%
Real Estate	2%
Business Services	2%
Trade Associations	1%
Printing/Publishing	1%
Health Services	1%
Other	3%

Below is a listing of tenants which accounted for 2% or more of the CESCR Office properties revenues during 2001:

Tenant	Square Feet Leased	2001 Revenues	Percentage
GSA (105 separate leases)	5,277,000	$179,776,000	47.0%
US Airways, Inc	340,000	$ 10,807,000	3.2%
Science Applications International Corp	377,000	$ 10,258,000	3.0%

The following table sets forth as of December 31, 2001 CESCR lease expirations for each of the next 10 years, assuming that none of the tenants exercise their renewal options.

Year	Number of Expiring Leases	Square Feet of Expiring Leases	Percentage of Total Leased Square Feet	Annual Escalated Rent of Expiring Leases Total	Annual Escalated Rent of Expiring Leases Per Square Foot
2002......................	291	2,006,000(1)	16.4%	$ 56,545,000	$ 28.18
2003......................	240	2,250,000	18.4%	67,015,000	29.79
2004......................	180	3,127,000	25.6%	87,211,000	27.89
2005......................	113	1,323,000	10.8%	37,405,000	28.27
2006......................	97	1,134,000	9.3%	33,787,000	29.78
2007......................	25	278,000	2.3%	8,047,000	28.96
2008......................	17	497,000	4.1%	16,377,000	32.96
2009......................	23	459,000	3.8%	10,958,000	23.87
2010......................	20	218,000	1.8%	7,009,000	32.20
2011......................	27	796,000	6.5%	22,146,000	27.83

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(1) Of the square feet expiring in 2002, 1,282,000 square feet has been renewed or is currently in negotiations to be renewed.

Included in the above table are 30 U.S. Patent Trade Office leases expiring from 2002 through 2005 as follows: 182,000 square feet in 2002, 139,000 square feet in 2003, 1,151,000 square feet in 2004 and 394,000 square feet in 2005. The U.S. Patent Trade Office is scheduled to relocate their offices beginning in the second half of 2004. The Company expects that all leases expiring prior to 2004 will be extended or renewed to 2004 or 2005.

As of February 1, 2002, the occupancy rate of the CESCR office portfolio was 95%. The following table sets forth the occupancy rate and the average annual escalated rent per square foot for the CESCR properties at the end of each of the past four years:

As of December 31,	Rentable Square Feet	Occupancy Rate	Average Annual Escalated Rent Per Square Foot
2001..................	12,899,000	95%	$ 28.59
2000..................	12,495,000	98%	27.38
1999..................	10,657,000	99%	26.46
1998..................	10,657,000	98%	25.22

In 2001, CESCR leased 1,575,000 square feet of space at a weighted average initial rent per square foot of $31.30, a 22.3% increase over the weighted average escalated rent per square foot of $25.59 for the expiring leases. Following is the detail by building:

Location	Square Feet	Average Initial Rent Per Square Foot(1)
Crystal Mall	675,000	$ 31.40
Courthouse Plaza	166,000	28.83
Skyline Place	165,000	27.49
Crystal Gateway	134,000	31.51
Crystal Square	90,000	33.12
Commerce Executive	73,000	34.51
1101 17th Street	47,000	35.60
Crystal Park	38,000	34.03
Democracy Plaza I	43,000	36.34
Tysons Dulles	25,000	33.84
1919 S. Eads Street	24,000	30.65
Crystal Plaza	22,000	32.18
Arlington Plaza	19,000	26.40
1140 Connecticut Avenue	17,000	33.03
1150 17th Street	15,000	31.48
1730 M Street	14,000	32.21
Skyline Tower	8,000	32.78
Total	1,575,000	31.30

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(1) Most leases include periodic step-ups in rent which are not reflected in the initial rent per square foot leased.

CESCR manages an additional 5.8 million square feet of office and other commercial properties in the Washington D.C. area for third parties.

CESCR Office Properties

The following table sets forth certain information for the CESCR Office Properties as of December 31, 2001.

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	NUMBER OF BUILDINGS	APPROXIMATE LEASABLE BUILDING SQUARE FEET	NUMBER OF TENANTS
Crystal Mall	1968	4	1,068,000	13
Crystal Plaza	1964-1969	7	1,223,000	123
Crystal Square	1974-1980	4	1,388,000	172
Crystal Gateway	1983-1987	4	1,081,000	99
Crystal Park	1984-1989	5	2,154,000	104
Arlington Plaza	1985	1	174,000	18
1919 S. Eads Street	1990	1	93,000	8
Skyline Place	1973-1984, 2001	7	1,999,000	172
One Skyline Tower	1988	1	477,000	7
Courthouse Plaza (3)	1988-1989	2	609,000	53
1101 17th Street	1963	1	204,000	47
1730 M Street (3)	1963	1	190,000	32
1140 Connecticut Avenue	1966	1	175,000	37
1150 17th Street	1970	1	226,000	31
1750 Pennsylvania Avenue	2000	1	262,000	11
Democracy Plaza I (3)	2000	1	203,000	23
Tysons Dulles	2000	3	474,000	43
Commerce Executive	2000	3	412,000	26
Reston Executive	2000	3	487,000	23
		51	12,899,000	1,042

LOCATION	ANNUALIZED BASE RENT PER SQ. FT. (1)	ANNUALIZED ESCALATED RENT PER SQ. FT. (2)	PERCENT LEASED (1)	PRINCIPAL TENANTS (50,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
Crystal Mall	$ 28.96	$ 29.33	99%	General Services Administration	2003-2007/ 2011-2012	$ 61,148
Crystal Plaza	25.23	25.95	99%	General Services Administration	2004/2014	71,849
Crystal Square	28.72	29.69	96%	General Services Administration	2003/2008	190,453
				Lockheed Martin	2003/2008	
				Oblon Spivak	2004/2009	
Crystal Gateway	29.44	29.80	96%	Boeing	2012/2017/2022	148,131
				General Services Administration	2004	
				Lockheed Martin	2005	
				Science Applications Int'l Corp.	2002	
Crystal Park	29.07	30.81	96%	CESCR Headquarters	2004/2009	277,766
				General Services Administration	2003-2004	
				Techmatics	2002/2007	
				US Airways Headquarters	2008/2018	
Arlington Plaza	25.02	25.55	100%	Georgetown University	2002/2007	17,787
				Science Research Analysis Corp.	2011	
1919 S. Eads Street	30.53	30.70	67%	General Dynamics	2007/2010	13,340
Skyline Place	25.04	25.36	88%	Electronic Data Services	2003	190,170
				Science Applications Int'l Corp.	2003/2008	
				Science Research Analysis Corp.	2002	
				General Services Administration	2005/2010	
One Skyline Tower	23.27	24.37	99%	General Services Administration	2004-2009	66,602
				Science Research Analysis Corp.	2003/2008	
Courthouse Plaza (3)	26.73	28.99	89%	Arlington County	2003/2008	80,707
1101 17th Street	32.28	32.93	96%	American Iron and Steel Institute	2006/2010	26,244
1730 M Street (3)	27.29	28.62	95%	MHI DC Inc	2009	16,385
1140 Connecticut Avenue	30.91	31.21	88%	Michaels & Wishner, P.C.	2002/2007	19,411
1150 17th Street	29.34	30.81	97%	American Enterprise Institute	2002/2012	31,691
				Arthur Andersen LLP	2004	
1750 Pennsylvania Avenue	34.48	34.69	98%	General Services Administration	2010	34,462
				PA Consulting Group Holdings	2011/2016	
Democracy Plaza I (3)	31.41	31.95	100%	Astrolink International	2005/2010	27,383
Tysons Dulles	27.81	28.32	94%	Keane Federal Systems, Inc.	2006/2011	70,000
Commerce Executive	24.38	26.16	93%	BAE Systems Mission Solutions	2002/2007	54,033
				Concert Management Services	2004/2009	
Reston Executive	28.55	28.81	96%	Science Applications Int'l Corp.	2005/2015	72,500
	$ 27.71	$ 28.59	95%			$1,470,062

NOTES:

(1) Represents annualized monthly base rent excluding rent for leases which had not commenced as of December 31, 2001, which are included in percent leased.
(2) Represents annualized monthly escalated rent for office properties including tenant pass-throughs of operating expenses (exclusive of tenant electricity costs) and real estate taxes.
(3) These properties are 100% ground leased with lease terms expiring from

2061 to 2084 and no extension options.

RETAIL

The Company owns 55 shopping center properties of which 52 are strip shopping centers primarily located in the Northeast and Mid-Atlantic states, two are regional malls located in San Juan, Puerto Rico and one, the Green Acres Mall, is a super-regional mall located in Nassau County, Long Island, New York. The Company's shopping centers are generally located on major regional highways in mature, densely populated areas. The Company believes its shopping centers attract consumers from a regional, rather than a neighborhood market place because of their location on regional highways.

The following table sets forth the percentage of the Retail Portfolio rentals by tenants' industry:

Industry	Percentage
Discount Department Stores	16%
Supermarkets	8%
Family Apparel	5%
Home Improvement	4%
Electronic Stores	4%
Restaurants	3%
Women's Apparel	3%
Other	57%

As of February 1, 2002, the occupancy rate of the retail properties was 91%. The following tables set forth the occupancy rate and the average annual base rent per square foot (excluding the Green Acres Mall) for the retail properties at the end of each of the past five years.

Year End	Rentable Square Feet	Occupancy Rate	Average Annual Base Rent Per Square Foot
2001	11,301,000	91%	$ 11.38
2000	11,293,000	92%	11.31
1999	10,505,000	92%	10.89
1998	10,625,000	92%	10.53
1997	10,550,000	91%	9.78

The average annual base rent per square foot for the Green Acres Mall was $13.98 and $13.97 including the anchor tenants, and $35.98 and $35.91 for mall tenants only, at December 31, 2001 and 2000, respectively.

The Company's shopping center lease terms range from 5 years or less in some instances, for smaller tenant spaces to as long as 25 years for major tenants. Leases generally provide for additional rents based on a percentage of tenants' sales and pass through to tenants of the tenants' share of all common area charges (including roof and structure in strip shopping centers, unless it is the tenant's direct responsibility), real estate taxes and insurance costs and certain capital expenditures. Percentage rent accounted for less than 2% of total shopping center revenues in 2001. None of the tenants in the Retail Segment accounted for more than 10% of the Company's total revenues.

Below is a listing of tenants which accounted for 2% or more of the Retail property revenues in 2001:

Tenant	Square Feet Leased	2001 Property Rentals	Percentage
Bradlees, Inc. ("Bradlees")/Stop & Shop Companies, Inc. (Stop & Shop).........	1,485,000	$12,200,000	10.2%
The Home Depot, Inc.......................	409,000	5,408,000	4.5%
Wal-Mart/Sam's Wholesale..................	959,000	4,080,000	3.4%
Kohl's....................................	421,000	3,548,000	3.0%
The Gap...................................	104,000	3,248,000	2.7%
The TJX Companies, Inc....................	328,000	3,052,000	2.6%
Staples, Inc..............................	199,000	2,866,000	2.4%
Toys "R" Us/Kids "R" Us...................	330,000	2,840,000	2.4%
Circuit City..............................	157,000	2,498,000	2.1%

In February 2001, Bradlees, which was in Chapter 11, closed all of its stores including the 16 locations it leased from the Company. Three of the former Bradlees leases were assigned and 13 were rejected. Of the 16 locations, the leases for 13 are fully guaranteed (6 of these guarantees expire in 2002) and one is guaranteed as to 70% by Stop & Shop, under a Master Agreement and Guaranty dated May 1, 1992. Stop & Shop is a wholly-owned subsidiary of KoninKlijke Ahold NV (formerly Royal Ahold NV), a leading international food retailer. In addition, Stop & Shop also guarantees four other leases which were rejected in a prior Bradlees bankruptcy (three of which have been assigned). The effectiveness of Stop & Shop's guarantee is not affected by Bradlees' bankruptcy or subsequent lease assignments. Annual property rentals at December 31, 2001, include an aggregate of $4,000,000 of additional rent allocated to the former Bradlees locations in East Brunswick, Jersey City, Middletown, Union and Woodbridge in accordance with the Master Agreement and Guaranty. This rent will be reallocated to other locations guaranteed by Stop & Shop at or prior to the applicable expiration dates of such leases.

The following table sets forth as of December 31, 2001 lease expirations for each of the next 10 years assuming that none of the tenants exercise their renewal options.

Year	Number of Expiring Leases	Square Feet of Expiring Leases	Percentage of Total Leased Square Feet	Annual Base Rent of Expiring Leases: Total	Annual Base Rent of Expiring Leases: Per Square Foot
2002......................	140	1,054,000	10.3%	$ 14,598,000	$ 13.84
2003......................	62	478,000	4.7%	6,700,000	14.01
2004......................	85	794,000	7.8%	10,626,000	13.38
2005......................	102	532,000	5.2%	9,923,000	18.67
2006......................	65	871,000	8.5%	7,248,000	8.32
2007......................	97	851,000	8.3%	8,741,000	10.27
2008......................	57	392,000	3.8%	4,794,000	12.22
2009......................	45	475,000	4.7%	5,655,000	11.91
2010......................	30	509,000	5.0%	6,493,000	12.75
2011......................	30	818,000	8.0%	7,051,000	8.62

In 2001, approximately 417,000 square feet of retail space was leased at a weighted average base rent per square foot of $16.54, a 21.8% increase over the weighted average escalated rent per square foot of $13.58 for the expiring leases. Following is the detail by property:

Location	2001 Leases Square Feet	2001 Leases Average Initial Rent Per Square Foot (1)
Space Leases:		
Waterbury	71,000	$ 14.60
Valley Stream	62,000	30.13
Manalapan	50,000	14.25
Union	35,000	16.25
Kearny	30,000	12.00
Hagerstown	31,000	3.50
Dover	15,000	10.38
Morris Plains	15,000	26.34
Middletown	13,000	12.46
North Plainfield	11,000	13.43
Hanover	11,000	13.57
Delran	10,000	10.00
Jersey City	10,000	18.28
East Hanover	9,000	18.50
Hackensack	7,000	20.00
Dundalk	7,000	15.80
Woodbridge	7,000	19.80
Allentown	5,000	19.80
Bordentown	4,000	12.00
Bethlehem	4,000	11.57
Watchung	3,000	19.08
Bensalem	2,000	15.00
Cherry Hill	2,000	16.00
Towson	2,000	25.62
Marlton	1,000	22.00
Total	417,000	16.54
Land Leases:		
Kearny	3,000	$ 20.00
Towson	7,000	26.00

- ----------
(1) Most leases include periodic step-ups in rent, which are not reflected in the initial rent per square foot leased.

The Company's strip shopping centers are substantially (over 80%) leased to large stores (over 20,000 square feet). Tenants include destination retailers such as discount department stores, supermarkets, home improvements stores, discount apparel stores, membership warehouse clubs and "category killers." Category killers are large stores which offer a complete selection of a category of items (e.g., toys, office supplies, etc.) at low prices, often in a warehouse format. Tenants typically offer basic consumer necessities such as food, health and beauty aids, moderately priced clothing, building materials and home improvement supplies, and compete primarily on the basis of price.

The Company has two regional malls in Puerto Rico, both of which are in the San Juan area. The Montehiedra Mall contains 525,000 square feet and is anchored by Home Depot, Kmart and Marshalls. The Las Catalinas Mall contains 482,000 square feet and is anchored by Kmart and Sears. The Company has a 50% interest in 343,000 square feet of the mall (excludes Sears space).

The Green Acres Mall is a 1.6 million square foot super-regional enclosed shopping mall complex situated in Nassau County, Long Island, New York, approximately one mile east of the borough of Queens, New York. The Green Acres Mall is anchored by four major department stores: three of which, Sears, Roebuck and Co., J.C. Penney Company, Inc. and Federated Department Stores, Inc. ("Federated") doing business as Macy's, are operating and the fourth, also leased to Federated (previously occupied by Stern's), is currently dark, however, Federated continues to pay the rent. The complex also includes The Plaza at Green Acres, a 188,000 square foot strip shopping center which is anchored by Kmart and Waldbaums. Kmart, which filed for protection under Chapter 11 of the U.S. Bankruptcy Code, has announced the closing of this store.

RETAIL PROPERTIES

The following table sets forth certain information for the Retail Properties as of December 31, 2001.

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE OWNED/ LEASED BY COMPANY	OWNED BY TENANT ON LAND LEASED FROM COMPANY	NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)	PERCENT LEASED (1)	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
NEW JERSEY										
Bordentown	1958	31.2	179,000	--	5	$ 7.16	100%	(2) Shop-Rite	2011 2011/2016	$ 8,161(7)
Bricktown	1968	23.9	260,000	3,000	19	10.66	96%	Kohl's Foodrama	2008/2018 2002/2017	16,492(7)
Cherry Hill	1964	37.6	231,000	64,000	14	8.94	86%	(2) Shop & Bag (4) Toys "R" Us	2006 2007/2017 2012/2042	15,168(7)
Delran	1972	17.5	169,000	3,000	6	6.05	100%	Sam's Wholesale	2011/2021	6,501(7)
Dover	1964	19.6	173,000	--	13	7.15	98%	Ames Shop-Rite	2017/2037 2012/2022	7,433(7)
East Brunswick	1957	19.2	216,000	10,000	6	14.25	98%	(2) Shoppers World T.J. Maxx Circuit City	2003 2007/2012 2004/2009 2018/2038	23,029(7)
East Hanover I	1962	24.6	271,000	--	17	11.91	99%	Home Depot Marshalls Pathmark Today's Man	2009/2019 2004/2009 2009/2024 2009/2014	20,707(7)
East Hanover II	1979	8.1	91,000	--	9	14.89	46%			6,902(7)
Hackensack	1963	21.3	207,000	60,000	22	16.36	99%	(2) Pathmark Staples	2012 2014/2034 2003/2013	25,300(7)
Jersey City	1965	16.7	223,000	3,000	11	13.16	100%	(2) Shop-Rite	2002 2008/2028	19,369(7)
Kearny	1959	35.3	39,000	66,000	6	12.35	100%	Pathmark Marshalls	2013/2033 2011/2026	3,781(7)
Lawnside	1969	16.4	142,000	3,000	3	10.50	100%	Home Depot Drug Emporium	2012/2027 2007	10,717(7)

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE: OWNED/ LEASED BY COMPANY	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE: OWNED BY TENANT ON LAND LEASED FROM COMPANY	NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)	PERCENT LEASED (1)	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
Lodi	1975	8.7	171,000	--	2	10.52	100%	National Wholesale Liquidators	2013/2023	9,498(7)
Manalapan	1971	26.3	194,000	2,000	5	9.37	83%	(2) Best Buy	2002 2017/2032	12,675(7)
Marlton	1973	27.8	173,000	7,000	8	8.46	87%	Kohl's (2) Shop-Rite	2011/2031 2004/2009	12,325(7)
Middletown	1963	22.7	180,000	52,000	20	12.53	96%	(2) Stop & Shop	2002 2009/2029	16,638(7)
Morris Plains	1985	27.0	172,000	1,000	17	11.27	96%	Kohl's Shop-Rite	2023 2002	12,179(7)
North Bergen	1959	4.6	7,000	55,000	2	26.00	95%	Waldbaum's	2012/2032	4,010(7)
North Plainfield(3)	1989	28.7	217,000	--	15	9.25	98%	Kmart (8) Pathmark	2006/2016 2006/2011	11,010(7)
Totowa	1957	40.5	178,000	139,000	7	16.91	100%	Bed Bath & Beyond Home Depot Marshalls Circuit City	2013/2028 2020/2025 2007/2012 2018/2038	29,878(7)
Turnersville	1974	23.3	89,000	7,000	3	5.98	100%	(2)	2011	4,134(7)
Union	1962	24.1	264,000	--	12	18.75	99%	(2) Toys "R" Us Cost Cutter Drug	2002 2015 2002	33,951(7)
Vineland	1966	28.0	143,000	--	2	4.82	15%	--	--	--
Watchung	1959	53.8	50,000	116,000	6	18.57	97%	B.J.'s Wholesale	2024	13,690(7)
Woodbridge	1959	19.7	233,000	3,000	10	14.59	92%	(2) A&P Syms	2002 2007/2014 2000/2005	22,365(7)
NEW YORK										
Albany (Menands)	1965	18.6	141,000	--	2	8.94	74%	Fleet Bank People of the State of NY	2004/2014 2004/2014	6,289(7)

			APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE							
LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	OWNED/ LEASED BY COMPANY	OWNED BY TENANT ON LAND LEASED FROM COMPANY	NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)	PERCENT LEASED (1)	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
Buffalo (Amherst)(3)	1968	22.7	185,000	112,000	9	9.50	81%	Circuit City	2017	7,088(7)
								Media Play	2007/2017	
								Toys "R" Us	2013	
								T.J. Maxx	2004	
Freeport	1981	12.5	167,000	--	3	13.43	100%	Home Depot	2016/2021	14,971(7)
								Cablevision	2004	
New Hyde Park(3)	1976	12.5	101,000	--	1	15.77	100%	Stop & Shop	2019/2029	7,556(7)
North Syracuse	1976	29.4	98,000	--	1	2.74	100%	Reisman Properties	2014	--
Rochester (Henrietta)(3)	1971	15.0	148,000	--	--	--	0%			--
Rochester	1966	18.4	--	--	1	--	100%	Wal*Mart (6)	(6)	--
Valley Stream (Green Acres) (3)	1958	100.0	1,517,000	79,000	142	(5)	99%	Macy's	2006/2036	159,851
								Sterns (4)	2007/2017	
								JC Penney	2007/2012	
								Sears	2023	
								Kmart (8)	2010/2038	
								Dime Savings Bank	2020	
								Circuit City	2021/2041	
								GreenPoint Bank	2009	
								Waldbaum (4)	2011/2039	
PENNSYLVANIA										
Allentown	1957	86.8	267,000	354,000	20	10.90	100%	(4)	2011/2031	23,512(7)
								Shop-Rite	2011/2021	
								Burlington Coat Factory	2017	
								Wal*Mart	2024/2094	
								Sam's Wholesale	2024/2094	
								T.J. Maxx	2003/2013	
Bensalem	1972	23.2	118,000	8,000	12	9.38	100%	Kohl's(2)	2020/2040	6,497(7)
Bethlehem	1966	23.0	157,000	3,000	12	5.61	78%	Pathmark	2008/2033	4,112(7)
								Super Petz	2005/2015	
Broomall	1966	21.0	146,000	22,000	5	9.75	100%	Giant Foods(2)	2006/2026	9,888(7)
Glenolden	1975	10.0	101,000	--	2	17.64	10%			7,416(7)

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE: OWNED/ LEASED BY COMPANY	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE: OWNED BY TENANT ON LAND LEASED FROM COMPANY	NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)	PERCENT LEASED (1)	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
Lancaster	1966	28.0	64,000	--	3	2.93	88%	Weis Markets Lowe's Home Center(6)	2008/2018 (6)	--
Levittown	1964	12.8	104,000	--	1	5.98	100%	(2)	2006	--
10th and Market Streets, Philadelphia	1994	1.8	271,000	--	6	9.35	80%	Kmart(8) Rouse Co.	2010/2035 2012/2072	9,057(7)
Upper Moreland	1974	18.6	122,000	--	1	8.50	100%	Sam's Wholesale	2010/2015	7,030(7)
York	1970	12.0	113,000	--	--	--	0%			4,157(7)
MARYLAND										
Baltimore (Belair Rd.)	1962	16.0	205,000	1,000	3	5.10	66%	Food Depot TJ Maxx(4)	2003 2004/2024	--
Baltimore (Towson)	1968	14.6	146,000	7,000	6	10.36	78%	Staples Basics	2004 2005/2020	11,522(7)
Baltimore (Dundalk)	1966	16.1	180,000	3,000	15	7.00	60%	A & P Ollie's	2007 2003/2008	6,243(7)
Glen Burnie	1958	21.2	66,000	56,000	5	8.39	99%	Weis Markets	2018/2053	5,929(7)
Hagerstown	1966	13.9	148,000	--	4	2.77	64%	Big Lots Weis Markets(4)	2007/2017 2002	3,322(7)
CONNECTICUT										
Newington	1965	19.2	32,000	--	4	18.02	100%	Wal*Mart(6)	2020/2050	6,622(7)
Waterbury	1969	19.2	140,000	3,000	7	7.48	82%	Toys "R" Us(4) Shaws Supermarkets(4) Price Chopper	2003 2003/2018 2023	--
MASSACHUSETTS										
Chicopee	1969	15.4	112,000	3,000	2	4.71	83%	(2)	2002	--
Milford(3)	1976	14.7	83,000	--	1	5.51	100%	Kohl's(2)	2019	--
Springfield	1966	17.4	8,000	117,000	2	12.25	100%	Wal*Mart	2018/2092	3,161(7)

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE OWNED/ LEASED BY COMPANY	OWNED BY TENANT ON LAND LEASED FROM COMPANY	NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)	PERCENT LEASED (1)	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
PUERTO RICO (SAN JUAN)										
Montehiedra	1997	57.1	525,000	--	100	16.97	98%	Kmart (8) Home Depot Marshalls Caribbean Theatres	2022/2072 2022/2072 2011 2021/2026	60,359
Las Catalinas (50% Ownership)	1998	35.0	343,000	--	114	35.17	98%	Kmart (8) Sears (9)	2063	68,591
TOTAL SHOPPING CENTERS		1,332.7	10,080,000	1,362,000	725	$11.38	91%			$778,429
VORNADO'S OWNERSHIP INTEREST		1,317.1	9,939,000	1,362,000			91%			$746,360

(1) Represents annualized monthly base rent excluding ground leases, storage rent and rent for leases which had not commenced as of December 31, 2001, which are included in percent leased.

(2) These leases are fully guaranteed by Stop & Shop, a wholly-owned subsidiary of Koninklijke Ahold NV (formerly Royal Ahold NV), except in the case of Totowa which is guaranteed as to 70% of rent. Annual property rentals at December 31, 2001, include an aggregate of $4,000,000 of additional rent allocated to the former Bradlees locations in East Brunswick, Jersey City, Middletown, Union and Woodbridge at or prior to their expiration dates which begin in November 2002 in accordance with the Master Agreement and Guaranty. This rent will be reallocated to other leases at or prior to their expiration dates which begin in November 2002.

(3) These properties are ground leased. Below is a summary of the terms:

Location	Lease Expiration/ Option Expiration	Current Annual Rent
North Plainfield............	2060	$ 68,000
Buffalo (Amherst)...........	2017	59,000
New Hyde Park...............	2029	450,000
Rochester (Henrietta).......	2006/2056	71,000
Valley Stream (10% of land).	2021/2039	701,000
Milford.....................	2019	175,000

(4) The tenant has ceased operations at this location but continues to pay rent in Allentown, Hechinger's mortgagee has assumed the lease.

(5) Annualized base rent per square foot is $13.98 in total and $35.98 for the mall tenants only.

(6) These tenants have leased land from the Company to construct their own buildings (Rochester - Wal*Mart - 205,000 square feet, Lancaster - Lowes - 170,000 square feet and Newington - Walmart - 132,000 square feet). Governmental approvals have been received and construction has commenced.

(7) These encumbrances are part of a cross-collateralized mortgage financing in the amount of $492,213,000 completed on March 1, 2000.

(8) On January 22, 2002, Kmart filed for protection under Chapter 11 of the U.S. Bankruptcy Code. Kmart has announced that they are closing their store in the Plaza at Green Acres and has rejected the lease for a previously closed store in York. To date, none of the other leases have been assumed or rejected.

(9) Square footage excludes Sears store containing 139,000 square feet because Sears owns its land and buildings.

MERCHANDISE MART PROPERTIES

The Merchandise Mart Properties are a portfolio of 9 properties containing an aggregate of 8.6 million square feet.

Below is a breakdown of square feet by location and use as of December 31, 2001.

				Showroom			
Location	Number of Properties	Total	Office	Total	Permanent	Temporary Trade Show	Retail
Chicago, Illinois	3	4,904,000	2,330,000	2,574,000	2,138,000	287,000	149,000
HighPoint, North Carolina...	2	1,998,000	--	1,998,000	1,200,000	798,000	--
Los Angeles, California	1	780,000	--	780,000	780,000	--	--
Washington, D.C	3	876,000	511,000	365,000	329,000	--	36,000
	9	8,558,000	2,841,000	5,717,000	4,447,000	1,085,000	185,000
Occupancy rate			89%		96%		

OFFICE SPACE

The following table sets forth the percentage of the Merchandise Mart Properties office revenues by tenants' industry during 2001:

Industry	Percentage
Government........................	31%
Service...........................	26%
Telecommunications................	12%
Banking...........................	12%
Insurance.........................	11%
Pharmaceutical....................	4%
Other.............................	4%

The average lease term ranges from 3 to 5 years for smaller tenants to as long as 15 years for major tenants. Leases typically provide for step-ups in rent periodically over the term of the lease and pass through to tenants the tenants' share of increases in real estate taxes and operating expenses for a building over a base year. Electricity is provided to tenants on a submetered basis or included in rent based on surveys and adjusted for subsequent utility rate increases. Leases also typically provide for tenant improvement allowances for all or a portion of the tenant's initial construction of its premises. None of the tenants in the Merchandise Mart Properties segment accounted for more than 10% of the Company's total revenue. Below is a listing of the Merchandise Mart Properties office tenants which accounted for 2% or more of the Merchandise Mart Properties' revenues in 2001:

Tenant	Square Feet Leased	2001 Revenues	Percentage
General Services Administration...	297,000	$9,559,000	5.9%
Bankers Life and Casualty.........	303,000	5,595,000	3.4%
Ameritech.........................	234,000	4,750,000	2.9%
Bank of America...................	202,000	4,299,000	2.6%
Chicago Transit Authority.........	251,000	3,834,000	2.3%

As of February 1, 2002, the occupancy rate of the Merchandise Mart Properties' office space was 90%. The following table sets forth the occupancy rate and the average escalated rent per square foot for the Merchandise Mart Properties' office space at the end of each of the past five years.

Year End	Rentable Square Feet	Occupancy Rate	Average Annual Escalated Rent Per Square Foot
2001...........	2,841,000	89%	$ 23.84
2000...........	2,869,000	90%	23.52
1999...........	2,414,000	93%	20.12
1998...........	2,274,000	95%	19.68
1997...........	2,160,000	91%	19.50

The following table sets forth as of December 31, 2001 office lease expirations for each of the next 10 years assuming that none of the tenants exercise their renewal options.

Year	Number of Expiring Leases	Square Feet of Expiring Leases	Percentage of Total Leased Square Feet	Annual Escalated Rent of Expiring Leases	
				Total	Per Square Foot
2002...............	33	138,000	5.5%	$ 3,466,000	$ 25.18
2003...............	16	79,000	3.1%	1,736,000	21.99
2004...............	18	92,000	3.7%	2,270,000	24.64
2005...............	13	162,000	6.4%	3,710,000	22.92
2006...............	17	307,000	12.2%	8,113,000	26.45
2007...............	14	445,000	17.7%	8,656,000	19.44
2008...............	13	502,000	19.9%	10,484,000	20.88
2009...............	10	278,000	11.0%	5,799,000	20.85
2010...............	6	358,000	14.2%	11,786,000	32.90
2011...............	--	--	--	--	--

In 2001, 36,000 square feet of office space was leased at a weighted average initial rent per square foot of $22.93, an increase of 11.6% over the weighted average escalated rent per square foot of $20.55 for the leases expiring. Following is the detail by building.

	2001 Leases	
	Square Feet	Average Initial Rent Per Square Foot (1)
33 North Dearborn Street...........	14,000	$ 21.04
Merchandise Mart...................	13,000	18.39
Washington Office Center...........	7,000	36.71
350 North Orleans..................	2,000	21.50
Total............................	36,000	22.93

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(1) Most leases include periodic step-ups in rent, which are not reflected in the initial rent per square foot leased.

SHOWROOM SPACE

The showrooms provide manufacturers and wholesalers with permanent and temporary space in which to display products for buyers, specifiers and end users. The showrooms are also used for hosting trade shows for the contract furniture, casual furniture, gift-ware, carpet, residential furnishings, crafts, apparel and design industries. The Merchandise Mart Properties own and operate five of the leading furniture and gift-ware trade shows including the contract furniture industry's largest annual trade show, NeoCon, which attracts over 50,000 attendees each June and is hosted at the Merchandise Mart building in Chicago. The Market Square Complex co-hosts the home furniture industry's semi-annual (April and October) market weeks which occupy over 11,500,000 square feet in the High Point, North Carolina region.

The following table sets forth the percentage of the Merchandise Mart properties showroom revenues by tenants' industry during 2001:

Industry	Percentage
Residential Design.........	26%
Gift.......................	20%
Residential Furnishings....	15%
Contract Furnishings.......	15%
Market Suites..............	14%
Apparel....................	4%
Casual Furniture...........	4%
Building Products..........	2%

As of February 1, 2002 the occupancy rate of the Merchandise Mart Properties' showroom space was 96%. The following table sets forth the occupancy rate and the average escalated rent per square foot for this space at the end of each of the past five years.

Year End	Rentable Square Feet	Occupancy Rate	Average Annual Escalated Rent Per Square Foot
2001.............	5,532,000	96%	$ 22.26(1)
2000.............	5,044,000	98%	22.85(1)
1999.............	4,174,000	98%	21.29(1)
1998.............	4,266,000	95%	21.97(1)
1997.............	2,817,000	94%	20.94(1)

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(1) Average annual escalated rent per square foot excluding the Market Square Complex was $28.81, $27.76, $25.72 and $22.13 for 2001, 2000, 1999 and 1998 respectively.

The following table sets forth as of December 31, 2001 showroom lease expirations for each of the next 10 years assuming that none of the tenants exercise their renewal options.

Year	Number of Expiring Leases	Square Feet of Expiring Leases	Percentage of Total Leased Square Feet	Annual Escalated Rent of Expiring Leases	
				Total	Per Square Foot
2002..............	312	646,000	12.2%	$ 12,764,000	$ 19.75
2003..............	289	645,000	12.2%	13,654,000	21.15
2004..............	311	802,000	15.2%	13,698,000	17.08
2005..............	136	501,000	9.5%	10,900,000	21.75
2006..............	156	523,000	9.9%	9,856,000	18.85
2007..............	48	265,000	5.0%	5,010,000	18.93
2008..............	39	196,000	3.7%	4,645,000	23.73
2009..............	31	120,000	2.3%	3,191,000	26.59
2010..............	30	150,000	2.8%	3,602,000	24.03
2011..............	24	104,000	2.0%	1,910,000	18.40

In 2001, 524,000 square feet of showroom space was leased at a weighted average initial rent per square foot of $22.40, a 17.5% increase over the weighted average escalated rent per square foot of $19.06 for the leases expiring. Following is the detail by building.

	2001 Leases	
	Square Feet	Average Initial Rent Per Square Foot(1)
Market Square Complex..............	208,000	$ 14.71
Merchandise Mart...................	239,000	28.56
L.A. Mart..........................	32,000	21.37
Washington Design Center...........	31,000	27.33
350 North Orleans..................	14,000	22.74
Total........................	524,000	22.40

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(1) Most leases include periodic step-ups in rent which are not reflected in the initial rent per square foot leased.

In addition, the Company leased 428,000 square feet of new space at a weighted average initial rent of $13.00 per square foot at the Plaza Suites on Main Street in High Point which was completed in October 2001.

RETAIL STORES

The Merchandise Mart Properties' portfolio also contains approximately 185,000 square feet of retail stores which was 87% occupied at February 1, 2002.

MERCHANDISE MART PROPERTIES:

The following table sets forth certain information for the Merchandise Mart Properties owned by the Company as of December 31, 2001.

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FEET	NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)	ANNUALIZED ESCALATED RENT PER SQ. FT.(2)	PERCENT LEASED (1)	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
ILLINOIS										
Merchandise Mart, Chicago	1930	6.7	3,433,000	745	$23.61	$26.01	97%	Baker, Knapp & Tubbs	2007/2013	$ 250,000
								Bankers Life & Casualty	2008/2018	
								CCC Information Services	2008/2018	
								Chicago Teachers Union	2005	
								Chicago Transit Authority	2007/2027	
								Holly Hunt Ltd.	2008	
								Navtech	2007	
								Office of the Special Deputy Receiver	2007	
								Beacon Hill/Masco	2005	
								Steelcase	2007	
350 North Orleans, Chicago	1977	4.3	1,150,000	261	20.70	22.07	86%	21st Century Telecom/RCN	2012/2022	70,000
								Ameritech	2013/2021	
								Art Institute of Illinois	2009/2019	
								Bank of America	2009/2019	
								Chicago Transit Authority	2007/2017	
								Fox Sports	2007/2017	
								Fiserv Solutions	2010/2020	
33 North Dearborn Street, Chicago	2000	0.5	320,000	78	19.25	25.00	89%	--	--	19,000
WASHINGTON, D.C.										
Washington Office Center	1990	1.2	396,000	22	33.63	34.01	95%	General Services Administration	2010	46,572
Washington Design Center	1919	1.2	388,000	82	27.87	28.23	99%	--	--	48,959
Other		1.3	93,000	4	11.23	12.86	62%	District of Columbia	M-T-M	--
HIGH POINT, NORTH CAROLINA										
Market Square Complex	1902-1989	13.8	1,997,000	270	13.50	13.92	98%	Century Furniture Company	2004	106,826
								La-Z-Boy	2004	--
CALIFORNIA										
L.A. Mart	2000	9.3	781,000	248	17.66	18.87	84%	--	--	--
TOTAL MERCHANDISE MART PROPERTIES		38.3	8,558,000	1,710	$20.74	$22.64	94%			$ 541,357

(1) Represents annualized monthly base rent excluding rent for leases which had not commenced as of December 31, 2001, which are included in percent leased.

(2) Represents annualized monthly base rent including tenant pass-throughs of operating expenses (exclusive of tenant electricity costs) and real estate taxes.

TEMPERATURE CONTROLLED LOGISTICS

The Company has a 60% interest in the Vornado/Crescent Partnerships ("the Landlord") that own 89 refrigerated warehouses with an aggregate of approximately 445 million cubic feet. AmeriCold Logistics leases all of the partnerships' facilities. The Temperature Controlled Logistics segment is headquartered in Atlanta, Georgia.

On March 11, 1999, the Vornado/Crescent Partnerships sold all of the non-real estate assets of Temperature Controlled Logistics encompassing the operations of the temperature controlled business for approximately $48,700,000 to a new partnership ("AmeriCold Logistics") owned 60% by Vornado Operating Company and 40% by Crescent Operating Inc. AmeriCold Logistics leases the underlying temperature controlled warehouses used in this business from the Vornado/Crescent Partnerships ("the Landlord") which continue to own the real estate. The leases, as amended, generally 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 revenue AmeriCold Logistics receives from its customers. On February 22, 2001, the Landlord restructured the AmeriCold Logistics leases to, among other things, (i) reduce 2001's contractual rent to $146,000,000, (ii) reduce 2002's contractual rent to $150,000,000 (plus contingent rent in certain circumstances), (iii) increase the Landlord's share of annual maintenance capital expenditures by $4,500,000 to $9,500,000 effective January 1, 2000 and (iv) allow AmeriCold Logistics to defer rent to December 31, 2003 to the extent cash is not available, as defined in the leases, to pay such rent. Based on the Company's policy of recognizing rental income when earned and collection is assured or cash is received, the Company did not recognize $15,281,000 and $8,606,000 of the rent it was due in the years ended December 31, 2001 and 2000. On December 31, 2001 the Landlord released the tenant from its obligation to pay $39,812,000 of deferred rent of which the Company's share was $23,887,000. This amount equals the rent which was not recognized as income by the Company and accordingly had no profit and loss effect to the Company.

During 2001, the Landlord completed a 125,000 square foot warehouse at its Atlanta, Georgia complex and has acquired the original 104,000 square foot warehouse in Tarboro, North Carolina, which is subject to a capital lease. These transactions were completed at a total cost of $25,807,000.

AmeriCold Logistics provides the frozen food industry with refrigerated warehousing and transportation management services. Refrigerated warehouses are comprised of production and distribution facilities. Production facilities typically serve one or a small number of customers, generally food processors, located nearby. These customers store large quantities of processed or partially processed products in the facility until they are shipped to the next stage of production or distribution. Distribution facilities primarily warehouse a wide variety of customers' finished products until future shipment to end-users. Each distribution facility generally services the surrounding regional market. AmeriCold Logistics' transportation management services include freight routing, dispatching, freight rate negotiation, backhaul coordination, freight bill auditing, network flow management, order consolidation and distribution channel assessment. AmeriCold Logistics' temperature-controlled logistics expertise and access to both frozen food warehouses and distribution channels enable its customers to respond quickly and efficiently to time-sensitive orders from distributors and retailers.

AmeriCold Logistics' customers consist primarily of national, regional and local frozen food manufacturers, distributors, retailers and food service organizations. A breakdown of AmeriCold Logistics' largest customers during 2001 include:

	% of 2001 Revenue
H.J. Heinz & Co..........................	16%
Con-Agra, Inc............................	8%
McCain Foods, Inc........................	5%
Sara Lee Corp............................	5%
Tyson Foods, Inc.........................	4%
General Mills............................	4%
J.R. Simplot.............................	3%
Flowers Industries, Inc..................	3%
Pro-Fac Cooperative, Inc.................	2%
Farmland Industries, Inc.................	2%
Other....................................	48%

TEMPERATURE CONTROLLED LOGISTICS PROPERTIES

The following table sets forth certain information for the Temperature Controlled Logistics properties as of December 31, 2001:

PROPERTY	LOCATION	OWNED/LEASED	CUBIC FEET (IN MILLIONS)	SQUARE FEET (IN THOUSANDS)
ALABAMA				
Birmingham	West 25th Avenue	Owned	2.0	85.6
Montgomery	Newcomb Avenue	Owned	2.5	142.0
Gadsden	East Air Depot Road	Leased	4.0	119.0
Albertville	Railroad Avenue	Owned	2.2	64.5
ARIZONA				
Phoenix	455 South 75th Avenue	Owned	2.9	111.5
ARKANSAS				
Fort Smith	Midland Boulevard	Owned	1.4	78.2
West Memphis	South Airport Road	Owned	5.3	166.4
Texarkana	Genoa Road	Owned	4.7	137.3
Russellville	300 El Mira	Owned	5.6	164.7
Russellville	203 Industrial Boulevard	Owned	9.5	279.4
Springdale	1200 N. Old Missouri Road	Owned	6.6	194.1
CALIFORNIA				
Ontario	Malaga Place	Owned 24% Leased 76%	8.1	279.6
Burbank	West Magnolia Boulevard	Owned	0.8	33.3
Fullerton	South Raymond Avenue	Leased	2.8	107.7
Pajaro	Salinas Road	Leased	1.4	53.8
Los Angeles	Jesse Street	Owned	2.7	141.6
Turlock	5th Street	Owned	2.5	108.4
Watsonville	West Riverside Drive	Owned	5.4	186.0
Turlock	South Kilroy Road	Owned	3.0	138.9
Ontario	Santa Ana Road	Owned	1.9	55.9

PROPERTY	LOCATION	OWNED/LEASED	CUBIC FEET (IN MILLIONS)	SQUARE FEET (IN THOUSANDS)
COLORADO				
Denver	East 50th Street	Owned 52% Leased 48%	2.8	116.3
FLORIDA				
Tampa	South Lois Avenue	Owned	0.4	22.2
Plant City	South Alexander Street	Owned	0.8	30.8
Bartow	U.S. Highway 17	Owned	1.4	56.8
Tampa	50th Street	Owned 80% Leased 20%	3.9	150.0
Tampa	Port of Tampa	Owned	1.0	38.5
GEORGIA				
Atlanta	Xavier Drive, SW	Owned	11.1	476.7
Atlanta	Lakewood Avenue, SW	Owned	2.9	157.1
Augusta	Laney-Walker Road	Owned	1.1	48.3
Atlanta	Westgate Parkway	Owned	11.4	334.7
Atlanta*	1845 John Varley Court	Owned	5.0	125.7
Montezuma	South Airport Drive	Owned	4.2	175.8
Atlanta	Westgate Parkway	Owned	6.9	201.6
Thomasville	121 Roseway Drive	Owned	6.9	202.9
IDAHO				
Burley	U.S. Highway 30	Owned	10.7	407.2
Nampa	4th Street North	Owned	8.0	364.0
ILLINOIS				
Rochelle	AmeriCold Drive	Owned	6.0	179.7
East Dubuque	18531 U.S. Route 20 West	Owned	5.6	215.4
INDIANA				
Indianapolis	Arlington Avenue	Owned	9.1	311.7
IOWA				
Fort Dodge	Maple Drive	Owned	3.7	155.8
Bettendorf	State Street	Owned	8.8	336.0

PROPERTY	LOCATION	OWNED/LEASED	CUBIC FEET (IN MILLIONS)	SQUARE FEET (IN THOUSANDS)
KANSAS				
Wichita	North Mead	Owned	2.8	126.3
Garden City	2007 West Mary Street	Owned	2.2	84.6
KENTUCKY				
Sebree	1541 U.S. Highway 41 North	Owned	2.7	79.4
MAINE				
Portland	Read Street	Owned	1.8	151.6
MASSACHUSETTS				
Gloucester	East Main Street	Owned	1.9	95.5
Gloucester	Railroad Avenue	Owned	0.3	13.6
Gloucester	Rogers Street	Owned	2.8	95.2
Gloucester	Rowe Square	Owned	2.4	126.4
Boston	Wildett Circle	Owned	3.1	218.0
MISSOURI				
Marshall	West Highway 20	Owned	4.8	160.8
Carthage	No. 1 Civil War Road	Owned	42.0	2,564.7
MISSISSIPPI				
West Point	751 West Churchill Road	Owned	4.7	180.8
NEBRASKA				
Fremont	950 South Schneider Street	Owned	2.2	84.6
Grand Island	East Roberts Street	Owned	2.2	105.0
NEW YORK				
Syracuse	Farrell Road	Owned	11.8	447.2
NORTH CAROLINA				
Charlotte	West 9th Street	Owned	1.0	58.9
Charlotte	Exchange Street	Owned	4.1	164.8
Tarboro	Sara Lee Road	Owned	4.9	147.4

PROPERTY	LOCATION	OWNED/LEASED	CUBIC FEET (IN MILLIONS)	SQUARE FEET (IN THOUSANDS)
OHIO				
Massillon*	2140 17th Street SW	Owned	5.5	163.2
OKLAHOMA				
Oklahoma City	South Hudson	Owned	0.7	64.1
Oklahoma City	Exchange Street	Owned	1.4	74.1
OREGON				
Hermiston	Westland Avenue	Owned	4.0	283.2
Milwaukie	S.E. McLoughlin Blvd.	Owned	4.7	196.6
Salem	Portland Road N.E.	Owned	12.5	498.4
Woodburn	Silverton Road	Owned	6.3	277.4
Brooks	Brooklake Road	Owned	4.8	184.6
Ontario	N.E. First Street	Owned	8.1	238.2
PENNSYLVANIA				
Leesport	RD2, Orchard Lane	Owned	5.8	168.9
Fogelsville	Mill Road	Owned	21.6	683.9
SOUTH CAROLINA				
Columbia	Shop Road	Owned	1.6	83.7
SOUTH DAKOTA				
Sioux Falls	2300 East Rice Street	Owned	2.9	111.5
TENNESSEE				
Memphis	East Parkway South	Owned	5.6	246.2
Memphis	Spottswood Avenue	Owned	0.5	36.8
Murfreesboro	Stephenson Drive	Owned	4.5	106.4
TEXAS				
Amarillo	10300 South East Third Street	Owned	3.2	123.1
Ft. Worth	200 Railhead Drive	Owned	3.4	102.0
UTAH				
Clearfield	South Street	Owned	8.6	358.4

PROPERTY	LOCATION	OWNED/LEASED	CUBIC FEET (IN MILLIONS)	SQUARE FEET (IN THOUSANDS)
VIRGINIA				
Norfolk	East Princess Anne Road	Owned	1.9	83.0
Strasburg	545 Radio Station Road	Owned	6.8	200.0
WASHINGTON				
Burlington	South Walnut	Owned	4.7	194.0
Moses Lake	Wheeler Road	Owned	7.3	302.4
Walla Walla	14th Avenue South	Owned	3.1	140.0
Connell	West Juniper Street	Owned	5.7	235.2
Wallula	Dodd Road	Owned	1.2	40.0
Pasco	Industrial Way	Owned	6.7	209.0
WISCONSIN				
Tomah	Route 2	Owned	4.6	161.0
Babcock	1524 Necedah Road	Owned	3.4	111.1
Plover	110th Street	Owned	9.4	358.4
	TOTAL		445.2	17,694.7

ALEXANDER'S PROPERTIES

The Company owns 33.1% of Alexander's outstanding common shares. The following table shows the location, approximate size and leasing status of each of the properties owned by Alexander's as of December 31, 2001.

LOCATION	APPROXIMATE AREA IN SQUARE FEET/OR ACREAGE	APPROXIMATE LEASABLE SQUARE FOOTAGE/ NUMBER OF FLOORS	AVERAGE ANNUALIZED BASE RENT PER SQ. FT.	PERCENT LEASED	SIGNIFICANT TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION
OPERATING PROPERTIES						
NEW YORK:						
Kings Plaza Regional Shopping Center--Brooklyn............	24.3 acres	759,000/4(1)(2)	$31.93	98%	Sears	2023/2033
Rego Park--Queens.............	4.8 acres	351,000/3(1)	31.12	100%	Bed Bath & Beyond	2013
					Circuit City	2021
					Marshalls	2008/2021
					Sears	2021
Flushing--Queens (3)..........	44,975 SF	177,000/4(1)	--	--	--	--
Third Avenue--Bronx...........	60,451 SF	173,000/4	7.86	100%	An affiliate of Conway	2023
NEW JERSEY:						
Paramus--New Jersey...........	30.3 acres	(4)	(4)	100%	IKEA Property, Inc.	2041
		1,460,000				
DEVELOPMENT PROPERTIES						
NEW YORK:						
59th Street and Lexington Avenue--Manhattan...........	--	--(5)			Bloomberg L.P.	
					Hennes & Mauritz	
Rego Park II--Queens..............	6.6 acres	--				

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(1) Excludes parking garages.

(2) Excludes 339,000 square foot Macy's store, owned and operated by Federated Department Stores, Inc.

(3) Leased by the Company through January 2027.

(4) On October 5, 2001, Alexander's entered into a ground lease for its Paramus, N.J. property with IKEA Property, Inc. The lease has a 40-year term with an option to purchase at the end of the 20th year for $75,000,000. Further, Alexander's has obtained a $68,000,000 interest only, non-recourse mortgage loan on the property from a third party lender. The interest rate on the debt is 5.92% with interest payable monthly until maturity in October, 2011. The triple net rent each year is the sum of $700,000 plus the amount of debt service on the mortgage loan. If the purchase option is not exercised at the end of the 20th year, the triple net rent for the last 20 years must include debt service sufficient to fully amortize the $68,000,000 over the remaining 20 year lease period.

(5) Alexander's has completed the excavation and foundation for its Lexington Avenue property development project. The development plan is to construct a 1.4 million square foot multi-use building comprised of a commercial portion, which may include a combination of retail stores and offices, and a residential portion consisting of condominium units. There can be no assurance that the residential portion will be built. The funding required for the proposed building will be in excess of $650,000,000. Alexander's is exploring various alternatives for financing the project, including equity, debt, joint ventures and asset sales, which may involve arrangements with the Company.

On May 1, 2001 Alexander's entered into a lease agreement with Bloomberg L.P. for approximately 700,000 square feet of office space. The initial term of the lease is for 25 years, with one ten-year renewal option. Base annual net rent is $34,221,000 in each of the first four years and $38,226,000 in the fifth year with a similar percentage increase each four years thereafter. There can be no assurance that this project ultimately will be completed, completed on time or completed for the budgeted amount. If the project is not completed on a timely basis, the lease may be cancelled by the tenant and significant penalties may apply.

On January 12, 2001, Alexander's sold its Fordham Road property located in the Bronx, New York for $25,500,000, which resulted in a gain of $19,026,000. In addition, Alexander's paid off the mortgage on this property at a discount, which resulted in an extraordinary gain from early extinguishment of debt of $3,534,000 in the first quarter of 2001.

THE NEWKIRK MASTER LIMITED PARTNERSHIP

In 1998, the Company and affiliates of Apollo Real Estate Investment Fund III, L.P. ("Apollo") formed a joint venture to acquire general and limited partnership interests in the Newkirk real estate partnerships. Since its formation, the joint venture has acquired equity interests in 91 partnerships which own approximately 19.7 million square feet of real estate and first and second mortgages secured by a portion of these properties. The Company owned a 30% interest in the joint venture with the balance owned by Apollo. On January 1, 2002, the Newkirk partnerships were merged into The Newkirk Master Limited Partnership (the "MLP") to create a vehicle to enable the partners to have greater access to capital and future investment opportunities. In connection with the merger, the Company received limited partner interests in the MLP equal to an approximate 21.1% interest and Apollo received limited partner interests in the MLP equal to an approximate 54.5% interest. Further, the joint venture is the general partner of the MLP.

The Company's investment in the joint venture at December 31, 2001 was comprised of:

Investments in limited partnerships...	$145,107,000
Mortgages and loans receivable........	39,511,000
Other.................................	6,916,000
	$191,534,000

The Company's share of the joint venture debt was approximately $263,952,000 at December 31, 2001.

In conjunction with the merger, the MLP completed a $225,000,000 secured financing collateralized by its interests in the entities that own the properties, subject to the existing first and certain second mortgages on those properties. The loan bears interest at LIBOR plus 5.5% with a LIBOR floor of 3% (8.5% at February 1, 2002) and matures on January 31, 2005, with two one-year extension options. As a result of the financing, on February 6, 2002 the MLP repaid approximately $28,200,000 of existing joint venture debt and distributed approximately $37,000,000 to the Company.

The following table sets forth a summary of the real estate owned by the MLP and the Company's interest therein:

		Square Feet	
	Number of Properties	Total	Vornado's Ownership Interest
Office.............	37	8,118,000	1,720,000
Retail.............	170	6,350,000	1,345,000
Other..............	35	5,238,000	1,110,000
	242	19,706,000	4,175,000

As of February 1, 2002, the occupancy rate of the properties was 100%.

The primary lease terms range from 20 to 25 years from their original commencement dates with rents, typically above market, which fully amortize the first mortgage debt on the properties. In addition, tenants generally have multiple renewal options, with rents, on average, below market.

Below is a listing of tenants which accounted for 2% or more of Newkirk Partnership's revenues in 2001:

Tenant	Feet Leased	2001 Revenues	Percentage
Raytheon	2,336,000	$39,332,000	12.8%
Albertson's Inc.	3,025,000	28,755,000	9.4%
The Saint Paul Co.	530,000	25,410,000	8.3%
Kaiser Alum & Chemical Corp (1)..	911,000	23,794,000	7.8%
Honeywell	728,000	19,529,000	6.4%
Cummins Engine Company, Inc.	390,000	14,405,000	4.7%
Federal Express	592,000	13,546,000	4.4%
Owens-Illinois	707,000	13,363,000	4.4%
Entergy Gulf States	453,000	11,642,000	3.8%
Stater Bros Markets	1,434,000	10,354,000	3.4%

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(1) On February 12, 2002, Kaiser Aluminum, which leases an office building located in Oakland, California filed for protection under Chapter 11 of the U.S. Bankruptcy Code. To date, this lease has not been assumed or rejected.

The following table sets forth lease expirations for each of the next 10 years, as of December 21, 2001, assuming that none of the tenants exercise their renewal options.

				Annual Escalated Rent of Expiring Leases	
Year	Number of Expiring Leases	Square Feet of Expiring Leases	Percentage of Total Leased Square Feet	Total	Per Square Foot
2002	1	122,000	.2%	$ 1,720,000	$ 14.10
2003	33	1,679,000	8.5%	22,828,000	13.60
2004	6	280,000	1.4%	6,281,000	22.43
2005	29	1,310,000	6.7%	7,935,000	6.06
2006	30	2,607,000	13.2%	32,398,000	12.43
2007	35	3,017,000	15.3%	38,021,000	12.60
2008	71	6,327,000	32.1%	94,083,000	17.51
2009	30	2,823,000	14.3%	72,195,000	25.57
2010	1	821,000	4.1%	3,255,000	3.96
2011	2	155,000	.8%	2,177,000	14.05

NEWKIRK MASTER LIMITED PARTNERSHIP

The following table sets forth certain information for The Newkirk Master Limited Partnership Properties as of December 31, 2001.

		LOCATION		APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE	ANNUALIZED BASE RENT PER SQ. FT.	PRINCIPAL TENANTS	LEASE EXPIRATION/ OPTION EXPIRATION
OFFICE:							
	ARKANSAS	Little Rock		36,000	$ 12.31	Arkansas Power & Light Co.	2005/2030
		Pine Bluff		27,000	13.63	Entergy Gulf States	2005/2030
	CALIFORNIA	El Segundo	(1)	192,000	14.09	Raytheon	2008/2038
		El Segundo	(1)	995,000	14.09	Raytheon	2008/2038
		El Segundo	(1)	192,000	14.09	Raytheon	2008/2038
		Oakland	(1)	911,000	26.11	Kaiser Alum & Chemical Corp.(2)	2008/2038
		Walnut Creek,	(1)	55,000	37.52	Hercules Credit, Inc.	2007/2037
	COLORADO	Colorado Springs		71,000	31.13	Federal Express Corporation	2008/2038
	FLORIDA	Orlando	(1)	184,000	19.72	Martin Marietta Corporation	2003/2038
		Orlando	(1)	357,000	12.29	Harcourt Brace & Company	2009/2039
	INDIANA	Columbus	(1)	390,000	36.93	Cummins Engine Company Inc.	2009/2039
	MARYLAND	Baltimore	(1)	530,000	47.94	USF&G	2009/2039
	FLORIDA	Bridgeton	(1)	54,000	10.58	The Kroger Co.	2006/2031
	NEW JERSEY	Carteret		96,000	18.25	Supermarkets General Corp.	2011/2036
		Elizabeth	(1)	30,000	25.73	Summit Bank	2008/2038
		Morris Township	(1)	225,000	26.47	Allied Signal Corp.	2008/2038
		Morris Township	(1)	50,000	29.71	Allied Signal Corp.	2008/2038
		Morris Township	(1)	137,000	26.26	Allied Signal Corp.	2008/2038
		Morris Township		141,000	36.26	Crum & Forster	2009/2039
		Morristown	(1)	316,000	27.26	Allied-Signal Corp.	2008/2038
		Plainsboro	(1)	2,000	66.59	Summit Bank	2008/2038
	NEVADA	Las Vegas		282,000	21.83	Nevada Power Company	2014/2039
	OHIO	Miamisburg	(1)	61,000	22.06	The Mead Corporation	2003/2038
		Miamisburg	(1)	86,000	13.18	Reed Elsevier, Inc.	2003/2038
		Toledo	(1)	707,000	18.89	Owens-Illinois	2006/2036
	PENNSYLVANIA	Allentown		71,000	6.54	First Union Corp.	2005/2025
	TENNESSEE	Johnson City		64,000	26.28	Sun Trust Bank	2006/2031
		Kingport		43,000	10.98	American Electric Power	2008/2038
		Memphis	(1)	521,000	21.74	Federal Express Corporation	2009/2039
	TEXAS	Beaumont	(1)	426,000	26.46	Entergy Gulf States	2007/2037
		Beaumont	(1)	50,000	29.10	Allied Lakewood Bank	2007/2037
		Bedford	(1)	207,000	24.00	Team Bank	2004/2039
		Dallas	(1)	185,000	16.39	Allied Lakewood Bank	2007/2037
		Dallas		145,000	17.42	Crum & Forster	2009/2039
		Garland	(1)	279,000	10.26	Raytheon	2006/2036
	Total Office			8,118,000	23.20		

		LOCATION		APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE	ANNUALIZED BASE RENT PER SQ. FT.	PRINCIPAL TENANTS	LEASE EXPIRATION/ OPTION EXPIRATION
RETAIL:							
	ALABAMA	Dothan	(1)	54,000	4.98	Albertson's Inc.	2005/2035
		Hunstville	(1)	60,000	7.45	Albertson's Inc.	2007/2037
		Huntsville	(1)	58,000	5.98	Albertson's Inc.	2006/2036
		Montgomery	(1)	54,000	3.97	Albertson's Inc.	2005/2010
		Montgomery		66,000	10.35	Albertson's Inc.	2007/2037
		Tuscaloosa	(1)	54,000	4.22	Albertson's Inc.	2005/2020
	ARIZONA	Bisbee	(1)	30,000	9.06	Safeway, Inc.	2009/2039
		Tucson	(1)	37,000	9.77	Safeway, Inc.	2009/2039
	CALIFORNIA	Anaheim	(1)	26,000	9.66	Stater Bros. Markets	2008/2038
		Barstow		30,000	8.11	Stater Bros. Markets	2008/2043
		Beaumont		29,000	7.67	Stater Bros. Markets	2008/2038
		Calimesa		29,000	9.61	Stater Bros. Markets	2008/2038
		Colton		73,000	6.11	Stater Bros. Markets	2008/2038
		Colton		26,000	8.28	Stater Bros. Markets	2008/2038
		Corona	(1)	33,000	13.35	Stater Bros. Markets	2003/2038
		Corona	(1)	9,000	26.43	Mark C. Bloome	2007/2037
		Costa Mesa	(1)	18,000	14.52	Stater Bros. Markets	2008/2038
		Costa Mesa	(1)	17,000	15.98	Stater Bros. Markets	2008/2038
		Desert Hot Springs	(1)	29,000	7.71	Stater Bros. Markets	2008/2038
		Downey		39,000	12.09	Albertson's Inc.	2007/2037
		Fontana		26,000	8.60	Stater Bros. Markets	2008/2038
		Garden Grove	(1)	26,000	9.37	Stater Bros. Markets	2008/2038
		Glen Avon Heights	(1)	42,000	8.25	Stater Bros. Markets	2008/2038
		Huntington Beach		44,000	12.61	Albertson's Inc.	2009/2039
		Indio	(1)	10,000	22.70	Mark C. Bloome	2007/2037
		Lancaster		42,000	12.75	Albertson's Inc.	2009/2039
		Livermore	(1)	53,000	10.73	Albertson's Inc.	2006/2036
		Lomita	(1)	33,000	10.24	Alpha Beta Company	2006/2033
		Mammoth Lakes	(1)	44,000	18.33	Safeway, Inc.	2007/2037
		Mojave	(1)	34,000	11.26	Stater Bros. Markets	2003/2038
		Ontario	(1)	24,000	10.50	Stater Bros. Markets	2008/2038
		Orange	(1)	26,000	13.49	Stater Bros. Markets	2008/2038
		Pinole	(1)	58,000	7.16	Alpha Beta Company	2011/2036
		Pleasanton		175,000	6.73	Fedderated Department Stores	2012/2040
		Rancho Cucamonga		24,000	9.98	Stater Bros. Markets	2008/2038
		Rialto		29,000	7.89	Stater Bros. Markets	2008/2038
		Rubidoux		39,000	6.83	Stater Bros. Markets	2008/2038
		San Bernadino		30,000	11.37	Stater Bros. Markets	2008/2043
		San Bernadino		40,000	9.94	Stater Bros. Markets	2008/2038
		San Diego	(1)	226,000	11.65	Nordstrom, Inc.	2006/2041
		Santa Ana	(1)	26,000	9.93	Stater Bros. Markets	2008/2038
		Santa Monica		150,000	5.74	Fedderated Department Stores	2012/2040
		Santa Rosa	(1)	22,000	9.37	Albertson's Inc.	2006/2036
		Simi Valley	(1)	40,000	10.66	Albertson's Inc.	2008/2039
		Sunnymead		30,000	8.15	Stater Bros. Markets	2008/2043
		Ventura	(1)	40,000	19.92	City of Buenaventura	2013/2013
		Westminster		26,000	12.50	Stater Bros. Markets	2008/2038
		Yucaipa		31,000	5.67	Stater Bros. Markets	2008/2038
	COLORADO	Aurora		41,000	6.88	Albertson's Inc.	2005/2035
		Aurora		29,000	9.25	Albertson's Inc.	2005/2035
		Aurora	(1)	42,000	8.58	Albertson's Inc.	2006/2036
		Aurora	(1)	24,000	21.26	Safeway, Inc.	2007/2037

	LOCATION		APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE	ANNUALIZED BASE RENT PER SQ. FT.	PRINCIPAL TENANTS	LEASE EXPIRATION/ OPTION EXPIRATION
	Littleton		29,000	11.20	Albertson's Inc.	2005/2035
	Littleton		39,000	12.17	Albertson's Inc.	2009/2039
FLORIDA	Bradenton	(1)	60,000	10.87	Albertson's Inc.	2007/2037
	Cape Coral		30,000	10.98	Albertson's/Lucky Stores	2008/2038
	Casselberry	(1)	68,000	11.26	Albertson's Inc.	2007/2037
	Gainsville		41,000	9.26	Albertson's/Lucky Stores	2008/2038
	Largo		54,000	6.90	Albertson's Inc.	2005/2035
	Largo		40,000	10.98	Albertson's/Lucky Stores	2008/2038
	Largo		30,000	9.57	Albertson's/Lucky Stores	2008/2038
	Orlando	(1)	58,000	5.67	Albertson's Inc.	2006/2036
	Pinellas Park		60,000	11.74	Albertson's Inc.	2007/2037
	Port Richey	(1)	54,000	5.09	Albertson's Inc.	2005/2035
	Stuart	(1)	54,000	5.61	Albertson's Inc.	2005/2035
	Tallahassee	(1)	54,000	5.25	Albertson's Inc.	2005/2035
	Venice	(1)	42,000	12.60	Albertson's Inc.	2006/2036
GEORGIA	Atlanta	(1)	6,000	33.11	Bank South, N.A.	2009/2039
	Atlanta	(1)	4,000	37.25	Bank South, N.A.	2009/2039
	Chamblee	(1)	5,000	35.81	Bank South, N.A.	2009/2039
	Cumming	(1)	14,000	25.83	Bank South, N.A.	2009/2039
	Duluth	(1)	9,000	26.52	Bank South, N.A.	2009/2039
	Forest Park	(1)	15,000	24.84	Bank South, N.A.	2009/2039
	Jonesboro	(1)	5,000	29.19	Bank South, N.A.	2009/2039
	Stone Mountain	(1)	6,000	30.84	Bank South, N.A.	2009/2039
IDAHO	Boise	(1)	37,000	14.08	Albertson's Inc.	2007/2037
	Boise	(1)	43,000	7.13	Albertson's Inc.	2008/2039
ILLINOIS	Champaign		31,000	12.31	Albertson's/Lucky Stores	2008/2038
	Freeport		30,000	9.43	Albertson's/Lucky Stores	2008/2038
	Rock Falls		28,000	10.77	Albertson's/Lucky Stores	2008/2038
INDIANA	Carmel	(1)	39,000	9.85	Marsh Supermarkets, Inc.	2003/2038
	Lawrence	(1)	29,000	16.11	Marsh Supermarkets, Inc.	2003/2038
KENTUCKY	Louisville	(1)	10,000	11.98	The Kroger Co.	2006/2036
	Louisville	(1)	40,000	16.85	The Kroger Co.	2006/2036
LOUISIANA	Baton Rouge		58,000	12.21	Albertson's Inc.	2007/2037
	Minden		35,000	11.55	Safeway, Inc.	2007/2037
MONTANA	Billings	(1)	41,000	9.05	Safeway, Inc.	2007/2015
	Bozeman	(1)	21,000	7.35	Albertson's Inc.	2005/2030
NORTH CAROLINA	Jacksonville		23,000	8.92	Food Lion, Inc.	2003/2038
	Jefferson	(1)	23,000	7.77	Food Lion, Inc.	2003/2013
	Lexington	(1)	23,000	14.78	Food Lion, Inc.	2003/2038
NEBRASKA	Omaha		73,000	9.60	Albertson's Inc.	2006/2036
	Omaha		66,000	10.71	Albertson's Inc.	2007/2037
	Omaha		67,000	10.99	Albertson's Inc.	2007/2037
NEW JERSEY	Garwood	(1)	52,000	11.91	Supermarkets General Corp.	2006/2021

	LOCATION		APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE	ANNUALIZED BASE RENT PER SQ. FT.	PRINCIPAL TENANTS	LEASE EXPIRATION/ OPTION EXPIRATION
NEW MEXICO	Albuquerque	(1)	35,000	18.70	Safeway, Inc.	2007/2037
	Las Cruces	(1)	30,000	13.08	Albertson's Inc.	2007/2037
NEVADA	Las Vegas		38,000	7.68	Albertson's Inc.	2005/2035
	Las Vegas	(1)	60,000	7.57	Alpha Beta Company	2006/2021
	Las Vegas	(1)	38,000	12.51	Albertson's Inc.	2008/2024
	Reno	(1)	42,000	13.16	Albertson's Inc.	2007/2037
NEW YORK	Portchester	(1)	59,000	16.69	Supermarkets General Corp.	2008/2023
OHIO	Cincinnati	(1)	26,000	14.80	The Kroger Co.	2006/2011
	Columbus	(1)	34,000	23.85	The Kroger Co.	2006/2036
	Franklin	(1)	29,000	9.17	Marsh Supermarkets, Inc.	2003/2038
OKLAHOMA	Lawton	(1)	31,000	10.84	Safeway, Inc.	2009/2039
	Oklahoma City	(1)	24,000	17.02	Safeway, Inc.	2007/2037
	Oklahoma City	(1)	32,000	6.67	Scrivner, Inc.	2008/2038
OREGON	Beaverton		42,000	13.02	Albertson's Inc.	2009/2039
	Grants Pass	(1)	34,000	8.65	Safeway, Inc.	2009/2039
	Portland		42,000	8.29	Albertson's Inc.	2006/2036
	Salem		52,000	7.81	Albertson's Inc.	2009/2039
PENNSYLVANIA	Doylestown		4,000	38.81	Meritor Savings Bank	2008/2038
	Lansdale		4,000	41.04	Meritor Savings Bank	2008/2038
	Lima		4,000	44.66	Meritor Savings Bank	2008/2038
	Philadelphia		50,000	14.49	Supermarkets General Corp.	2005/2035
	Philadelphia		4,000	15.95	Meritor Savings Bank	2008/2038
	Philadelphia		4,000	36.58	Meritor Savings Bank	2008/2038
	Philadelphia		4,000	52.19	Meritor Savings Bank	2008/2038
	Philadelphia		4,000	11.77	Meritor Savings Bank	2008/2038
	Philadelphia		4,000	42.99	Meritor Savings Bank	2008/2038
	Philadelphia		4,000	49.12	Meritor Savings Bank	2008/2038
	Philadelphia		4,000	38.81	Meritor Savings Bank	2008/2038
	Philadelphia		4,000	39.09	Meritor Savings Bank	2008/2038
	Philadelphia		4,000	55.26	Meritor Savings Bank	2008/2038
	Richboro		4,000	36.02	Meritor Savings Bank	2008/2038
	Wayne		4,000	52.75	Meritor Savings Bank	2008/2038
SOUTH CAROLINA	Moncks Corner	(1)	23,000	6.59	Food Lion, Inc.	2003/2018
SOUTH DAKOTA	Sioux Falls	(1)	60,000	12.04	Albertson's Inc.	2007/2037
TEXAS	Allen		41,000	3.11	Wal-Mart Stores, Inc.	2005/2035
	Carrolton	(1)	61,000	8.24	Skaggs Alpha Beta	2006/2036
	Dallas	(1)	68,000	8.29	The Kroger Co.	2006/2019
	Ennis		44,000	5.14	Wal-Mart Stores, Inc.	2005/2035
	Fort Worth	(1)	44,000	13.72	Safeway, Inc.	2007/2037
	Garland	(1)	40,000	17.05	Safeway, Inc.	2007/2037
	Granbury	(1)	35,000	12.15	Safeway, Inc.	2007/2037
	Grand Prairie	(1)	49,000	10.02	Safeway, Inc.	2009/2039
	Greenville	(1)	48,000	5.15	Safeway, Inc.	2006/2036
	Hillsboro	(1)	35,000	9.62	Safeway, Inc.	2007/2037
	Houston	(1)	52,000	14.86	The Kroger Co.	2006/2036
	Huntsville		62,000	4.02	Wal-Mart Stores, Inc.	2005/2035
	Lubbock	(1)	54,000	4.59	Albertson's Inc.	2005/2035

	LOCATION		APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE	ANNUALIZED BASE RENT PER SQ. FT.	PRINCIPAL TENANTS	LEASE EXPIRATION/ OPTION EXPIRATION
	Midland		60,000	10.53	Albertson's Inc.	2009/2039
	Rockdale		44,000	3.80	Wal-Mart Stores, Inc.	2005/2035
	Rockwell		43,000	4.03	Wal-Mart Stores, Inc.	2005/2035
	Taylor		62,000	3.44	Wal-Mart Stores, Inc.	2005/2035
	Texarkana	(1)	46,000	8.43	Albertson's Inc.	2006/2036
	Waxahachie		62,000	3.45	Wal-Mart Stores, Inc.	2005/2035
	Woodville		44,000	3.65	Wal-Mart Stores, Inc.	2005/2035
UTAH	Bountiful	(1)	50,000	7.85	Skaggs Alpha Beta	2006/2016
	Sandy	(1)	42,000	8.11	Albertson's Inc.	2006/2016
VIRGINIA	Staunton	(1)	23,000	17.67	Albertson's Inc.	2003/2038
WASHINGTON	Bothell	(1)	28,000	$5.94	Albertson's Inc.	2005/2035
	Edmonds	(1)	35,000	6.02	Albertson's Inc.	2005/2025
	Everett	(1)	35,000	15.39	Albertson's Inc.	2007/2037
	Federal Way		42,000	9.76	Albertson's Inc.	2007/2037
	Graham	(1)	45,000	9.22	Safeway, Inc.	2009/2039
	Kent		42,000	12.99	Albertson's Inc.	2009/2039
	Milton	(1)	45,000	10.63	Safeway, Inc.	2009/2039
	Port Orchard	(1)	28,000	4.52	Albertson's Inc.	2005/2025
	Redmond	(1)	45,000	11.26	Safeway, Inc.	2009/2039
	Spokane		42,000	8.90	Albertson's Inc.	2005/2035
	Spokane	(1)	39,000	9.63	Safeway, Inc.	2009/2039
	Woodinville	(1)	30,000	9.79	Albertson's Inc.	2006/2031
WYOMING	Cheyenne		12,000	18.77	Key Bancshares of Wyoming	2004/2039
	Cheyenne	(1)	31,000	6.87	Albertson's Inc.	2006/2036
	Douglas		12,000	19.62	Key Bancshares of Wyoming	2004/2039
	Evanston		28,000	15.12	Key Bancshares of Wyoming	2004/2039
	Evanston		10,000	24.84	Key Bancshares of Wyoming	2004/2039
	Torrington		12,000	16.28	Key Bancshares of Wyoming	2004/2039
Total Retail			6,350,000	13.82		
OTHER:						
ALABAMA	Florence	(1)	42,000	14.13	The Kroger Co.	2008/2038
ARIZONA	Flagstaff	(1)	114,000	11.29	Walgreen Arizona Drug Co.	2003/2033
	Flagstaff	(1)	10,000	70.58	Kmart (2)	2003/2053
	Sun City	(1)	10,000	60.22	Kmart (2)	2003/2053
CALIFORNIA	Escondido	(1)	39,000	44.18	Albertson's/Lucky Stores	2002/2037
	Colton		668,000	4.78	Stater Bros. Markets	2003/2038
	Long Beach	(1)	478,000	31.58	Raytheon	2008/2038
	Long Beach	(1)	201,000	13.24	Raytheon	2008/2038
	Palo Alto	(1)	123,000	32.37	Xerox Corporation	2008/2013
COLORADO	Arvada	(1)	10,000	68.48	Kmart (2)	2003/2053
	Ft. Collins	(1)	10,000	69.88	Kmart (2)	2003/2053
	Lakewood	(1)	10,000	71.20	Kmart (2)	2003/2053
FLORIDA	Orlando	(1)	205,000	5.89	Walgreen Co.	2006/2031
MAINE	North Berwick		821,000	3.97	United Technologies Corp.	2010/2035
NEW MEXICO	Carlsbad	(1)	10,000	55.40	Kmart (2)	2003/2053

	LOCATION		APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE	ANNUALIZED BASE RENT PER SQ. FT.	PRINCIPAL TENANTS	LEASE EXPIRATION/ OPTION EXPIRATION
NORTH CAROLINA	Charlotte	(1)	34,000	6.69	Food Lion Stores, Inc.	2003/2038
	Concord	(1)	32,000	14.04	Food Lion Stores, Inc.	2003/2038
	Mint Hill	(1)	23,000	10.54	Food Lion/Del Haize Group	2003/2038
	New Bern	(1)	21,000	11.42	Food Lion Stores, Inc.	2003/2038
	Thomasville	(1)	21,000	11.68	Food Lion Stores, Inc.	2003/2038
PENNSYLVANIA	New Kingston	(1)	430,000	8.23	Hershey Foods Corporation	2008/2038
SOUTH CAROLINA	N. Myrtle Beach	(1)	37,000	8.94	Food Lion Stores, Inc.	2003/2028
TENNESSEE	Chattanooga	(1)	42,000	15.17	The Kroger Co.	2008/2038
	Memphis	(1)	75,000	14.95	The Kroger Co.	2008/2038
	Paris	(1)	31,000	13.57	The Kroger Co.	2008/2038
	Franklin	(1)	289,000	4.57	United Technologies Corp.	2008/2038
	Memphis	(1)	780,000	3.67	Sears Roebuck & Company	2007/2037
TEXAS	Lewisville		256,000	8.24	Xerox Corporation	2008/2038
	Corpus Christi	(1)	10,000	68.08	Kmart (2)	1983/2033
	El Paso	(1)	10,000	44.79	Kmart (2)	1983/2033
	Euless	(1)	10,000	64.33	Kmart (2)	1983/2033
	Lewisville	(1)	10,000	70.69	Kmart (2)	1983/2033
	McAllen	(1)	10,000	40.30	Kmart (2)	1983/2033
	Victoria	(1)	10,000	45.08	Kmart (2)	1983/2033
WISCONSIN	Windsor	(1)	356,000	7.52	Walgreen Co.	2007/2032
Total Other			5,238,000	29.42		
GRAND TOTAL			19,706,000			

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(1) 100% building leasehold interest.

(2) These tenants filed for protection under Chapter 11 of the U.S. Bankruptcy Code. To date, none of these leases have been assumed or rejected.

HOTEL PENNSYLVANIA

The Hotel Pennsylvania is located in New York City on Seventh Avenue opposite Madison Square Garden and consists of a hotel portion containing 1,000,000 square feet of hotel space with 1,700 rooms and a commercial portion containing 400,000 square feet of retail and office space.

The Hotel occupancy which is dependent on the travel industry was severely impacted by the events of September 11, 2001, accelerating a trend which began in the first quarter of 2001. Average occupancy for December 2001 was 53% as compared to 71% in December 2000. REVPAR was $52 in December 2001 as compared to $87 in December 2000.

The following table presents rental information for the Hotel:

	Year Ended December 31,		
	2001	2000	1999
Average occupancy rate.........	63%	76%	80%
Average daily rate.............	$110	$114	$105
REVPAR.........................	$ 70	$ 87	$ 84

As of December 31, 2001, the property's retail and office space was 56% and 61% occupied. 25 tenants occupy the retail and office space. Annual rent per square foot of retail and office space in 2001 was $50 and $21 compared to $45 and $17 in 2000.

DRY WAREHOUSE/INDUSTRIAL PROPERTIES

The Company's dry warehouse/industrial properties consist of eight buildings in New Jersey containing approximately 2.0 million square feet. At February 1, 2002 the occupancy rate of the properties was 99%. The average term of a tenant's lease is three to five years.

The following table sets forth the occupancy rate and average annual rent per square foot at the end of each of the past three years.

As of December 31,	Occupancy Rate	Average Annual Rent Per Square Foot
2001............	100%	$ 3.67
2000............	90%	3.52
1999............	92%	3.37

ITEM 3. 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, including in respect of the matter referred to below, is not expected to have a material adverse effect on the Company's financial position or results of operation.

On October 25, 2001, Primestone Investment Partners L.P. ("Primestone") defaulted on the repayment of its loan from the Company (See Item. 1 page 9 Other Investments - Loan to Primestone Investment Partners L.P.). On November 19, 2001, the Company commenced an action in the Delaware Court of Chancery against Primestone Investment Partners, L.P. in connection with foreclosure proceedings with respect to the collateral under the loan agreement. Although Primestone is a special purpose entity with only one asset, units in Prime Group Realty, L.P., no operations, no employees and no operating income, it filed a Chapter 11 bankruptcy petition on November 19, 2001 in the United States Bankruptcy Court for the District of Delaware. The Company moved to dismiss Primestone's petition as bad faith filing. Federal bankruptcy judge granted the Company's motion on December 18, 2001.

Following the bankruptcy court's dismissal of Primestone's petition, the Company attempted to reschedule the auction for January 25, 2002. Primestone appealed to the United States District Court for the District of Delaware, and the auction was stayed pending appeal. On January 28, 2002, the district court affirmed the bankruptcy court's decision. The Company has since attempted to reschedule the auction for a third time, but Primestone has appealed once again, this time to the United States Court of Appeals. Briefing for the appeal concluded on February 25, 2002 and the parties are currently awaiting a decision as to if and when oral argument will occur.

On February 13, 2002, Primestone counterclaimed against the Company. In the counterclaim, Primestone alleges that the Company tortiously interfered with a prospective contract with Cadim, inc. Primestone alleges that the failure to consummate this alleged contract deprived it of the ability to repay its loans to the Company, and that the Company is attempting to obtain control of Prime Group Realty Trust, a publicly held affiliate of Primestone, at an artificially low price. Primestone seeks equitable relief, including a permanent injunction prohibiting the Company from foreclosing on collateral pledged by Primestone, and also demands damages totaling $150,000,000 plus costs and attorneys' fees. The parties commenced discovery on an expedited basis in preparation for a hearing on Primestone's motion for a preliminary injunction that was scheduled for February 22, 2002, but Primestone has indicated that it intends not to proceed with that motion in light of a stay granted by the United States Court of Appeals in Primestone's appeal from the dismissal of its bankruptcy case. On March 4, 2002 the Company filed an answer denying the essential allegations of the counterclaim.

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

No matters were submitted to a vote of security holders during the fourth quarter of the year ended December 31, 2001.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following is a list of the names, ages, principal occupations and positions with Vornado of the executive officers of Vornado and the positions held by such officers during the past five years. All executive officers of Vornado have terms of office which run until the next succeeding meeting of the Board of Trustees of Vornado following the Annual Meeting of Shareholders unless they are removed sooner by the Board.

NAME	AGE	PRINCIPAL OCCUPATION, POSITION AND OFFICE (CURRENT AND DURING PAST FIVE YEARS WITH VORNADO UNLESS OTHERWISE STATED)
Steven Roth.............	60	Chairman of the Board, Chief Executive Officer and Chairman of the Executive Committee of the Board; the Managing General Partner of Interstate Properties, an owner of shopping centers and an investor in securities and partnerships; Chief Executive Officer of Alexander's, Inc. since March 1995 and a Director since 1989; Chairman and CEO of Vornado Operating since 1998.
Michael D. Fascitelli...	45	President and a Trustee since December 1996; Director of Alexander's, Inc. since December 1996; Director of Vornado Operating since 1998; Partner at Goldman, Sachs & Co. in charge of its real estate practice from December 1992 to December 1996; and Vice President at Goldman, Sachs & Co., prior to December 1992.
Melvyn H. Blum..........	55	Executive Vice President--Development since January 2000; Senior Managing Director at Tishman Speyer Properties in charge of its development activities in the United States from July 1998 to January 2000; and Managing Director of Development and Acquisitions at Tishman Speyer Properties prior to July 1998.
Michelle Felman.........	39	Executive Vice President--Acquisitions since September 2000; Independent Consultant to Vornado from October 1997 to September 2000; Managing Director-Global Acquisitions and Business Development of GE Capital from 1991 to July 1997.
Joseph Hakim............	53	Executive Vice President--Chief Operating Officer since September 2000; Chief Executive Officer of the Merchandise Mart Division since April 1998 (date acquired by the Company); President and Chief Executive Officer of Merchandise Mart Properties, Inc., the main operating subsidiary of Joseph P. Kennedy Enterprises, Inc. (the predecessor to the Merchandise Mart Division) from 1992 to April 1998.
Joseph Macnow...........	56	Executive Vice President--Finance and Administration since January 1998 and Chief Financial Officer since March 2001; Executive Vice President -- Finance and Administration of Vornado Operating since 1998; Vice President-Chief Financial Officer from 1985 to January 1998; Vice President--Chief Financial Officer of Alexander's, Inc. since August 1995.
Wendy Silverstein.......	41	Executive Vice President--Capital Markets since April 1998; Senior Credit Officer of Citicorp Real Estate and Citibank, N.A. from 1986 to 1990.
David R. Greenbaum......	50	President of the New York Office Division since April 1997 (date of the Company's acquisition); President of Mendik Realty (the predecessor to the New York City Office Properties Division) from 1990 until April 1997.
Robert H. Smith.........	73	Chairman of Charles E. Smith Commercial Realty, a division of Vornado Realty Trust, since January 2002 (date acquired by the Company); Co-Chief Executive Officer and Co-Chairman of the Board of Charles E. Smith Commercial Realty L.P. (the predecessor to Charles E. Smith Commercial Realty).
Richard T. Rowan........	55	Executive Vice President--Retail Real Estate Division from January 1982 to December 2001.
Sandeep Mathrani........	39	Executive Vice President--Retail Real Estate starting March 2002; Executive Vice President, Forest City Ratner from 1994 to February 2002.
Christopher Kennedy.....	38	President of the Merchandise Mart Division since

		September 2000; Executive Vice President of the Merchandise Mart from April 1998 to September 2000; Executive Vice President of Merchandise Mart Properties, Inc. from 1994 to April 1998.
Paul Larner.............	46	Chief Operating Officer and Chief Financial Officer of Charles E. Smith Commercial Realty, a division of Vornado Realty Trust since January 2002 (date acquired by the Company); Chief Financial Officer of Charles E. Smith Commercial Realty L.P. (the predecessor to Charles E. Smith Commercial Realty) from October 1997 until January 2002.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Vornado's common shares are traded on the New York Stock Exchange under the symbol "VNO".

Quarterly price ranges of the common shares and dividends paid per share for the years ended December 31, 2001 and 2000 were as follows:

QUARTER	YEAR ENDED DECEMBER 31, 2001			YEAR ENDED DECEMBER 31, 2000		
	HIGH	LOW	DIVIDENDS	HIGH	LOW	DIVIDENDS
1st................	$ 38.76	$ 34.57	$ .53	$ 35.25	$ 29.88	$ .48
2nd................	39.75	34.56	.53	36.50	33.69	.48
3rd................	41.60	37.95	.60	40.75	35.50	.48
4th................	41.65	37.60	.97*	38.94	33.38	.53

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* Comprised of a regular quarterly dividend of $.66 per share and a special dividend of $.31 declared on December 18, 2001, which was necessary to avoid the Company incurring an excise tax on distributions of less than 85% of taxable income in the current year.

On March 1, 2002, the number of record holders of common shares of Vornado was 2,094.

At December 31, 2001, the Company had a capital loss carryover of approximately $83,000,000. The capital loss carryover is available to offset future capital gains that would otherwise be required to be distributed as dividends to shareholders.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

(in thousands, except share and per share amounts)	2001	2000	1999	1998	1997
	YEAR ENDED DECEMBER 31,				
OPERATING DATA					
Revenues:					
Property rentals	$ 841,999	$ 695,078	$ 591,270	$ 425,496	$ 168,321
Expense reimbursements	133,114	120,056	96,842	74,737	36,652
Other income	10,660	10,838	8,251	9,627	4,158
Total Revenues	985,773	825,972	696,363	509,860	209,131
Expenses:					
Operating	398,969	318,360	282,118	207,171	74,745
Depreciation and amortization	123,862	99,846	83,585	59,227	22,983
General and administrative	72,572	47,911	40,151	28,610	13,580
Amortization of officer's deferred compensation expense	--	--	--	--	22,917
Costs of acquisitions not consummated	5,223	--	--	--	--
Total Expenses	600,626	466,117	405,854	295,008	134,225
Operating Income	385,147	359,855	290,509	214,852	74,906
Income applicable to Alexander's	24,548	17,363	11,772	3,123	7,873
Income from partially-owned entities	80,612	86,654	78,560	32,025	4,658
Interest and other investment income	54,385	32,926	18,359	24,074	23,767
Interest and debt expense	(173,076)	(170,273)	(141,683)	(114,686)	(42,888)
Net gain on disposition of wholly-owned and partially-owned assets	7,425	10,965	--	9,649	--
Minority interest:					
Perpetual preferred unit distributions	(70,705)	(62,089)	(19,254)	(756)	--
Minority limited partnership earnings	(39,138)	(38,320)	(33,904)	(14,822)	(7,293)
Partially-owned entities	(2,520)	(1,965)	(1,840)	(605)	--
Income before cumulative effect of change in accounting principle and extraordinary item	266,678	235,116	202,519	152,854	61,023
Cumulative effect of change in accounting principle	(4,110)	--	--	--	--
Extraordinary item	1,170	(1,125)	--	--	--
Net income	263,738	233,991	202,519	152,854	61,023
Preferred share dividends	(36,505)	(38,690)	(33,438)	(21,690)	(15,549)
Net income applicable to common shares	$ 227,233	$ 195,301	$ 169,081	$ 131,164	$ 45,474
Income per share--basic(1)	$ 2.55	$ 2.26	$ 1.97	$ 1.62	$ .83
Income per share--diluted(1)	$ 2.47	$ 2.20	$ 1.94	$ 1.59	$ .79
Cash dividends declared for common shares	$ 2.63	$ 1.97	$ 1.80	$ 1.64	$ 1.36
BALANCE SHEET DATA					
Total assets	$6,777,343	$6,403,210	$5,479,218	$4,425,779	$2,524,089
Real estate, at cost	4,690,211	4,354,392	3,921,507	3,315,891	1,564,093
Accumulated depreciation	506,225	393,787	308,542	226,816	173,434
Debt	2,477,173	2,688,308	2,048,804	2,051,000	956,654
Shareholders' equity	2,570,372	2,078,720	2,055,368	1,782,678	1,313,762

(in thousands)	2001	2000	1999	1998	1997
	YEAR ENDED DECEMBER 31,				
OTHER DATA					
Funds from operations(2):					
Net income applicable to common shares	$ 227,233	$ 195,301	$ 169,081	$ 131,164	$ 45,474
Cumulative effect of change in accounting principle	4,110	--	--	--	--
Extraordinary item	(1,170)	1,125	--	--	--
Depreciation and amortization of real property	119,568	97,744	82,216	58,277	22,413
Straight-lining of property rentals for rent escalations	(24,314)	(28,893)	(22,881)	(14,531)	(3,359)
Leasing fees received in excess of income recognized	1,954	1,259	1,705	1,339	1,733
Net gain on sale of real estate	(12,445)	(10,965)	--	--	--
Net gain from insurance settlement and condemnation proceedings	(3,050)	--	--	(9,649)	--
Appreciation/(depreciation) of securities held in officer's deferred compensation trust	3,023	4,765	(340)	340	--
Gains on sale of securities available for sale	--	--	(383)	(898)	--
Proportionate share of adjustments to equity in income of partially-owned entities to arrive at funds from operations:					
Temperature Controlled Logistics	34,531	35,565	31,400	41,988	4,183
Alexander's	(5,980)	93	1,324	4,023	(2,471)
Partially-owned office buildings	1,913	2,926	50	3,561	2,891
Hotel Pennsylvania	--	5,779	4,866	4,083	457
Charles E. Smith Commercial Realty L.P.	17,917	15,767	12,024	2,974	1,298
Other	10,538	9,448	7,463	219	--
Minority interest in partially owned entities in excess of preferential distributions	(16,810)	(16,445)	(9,020)	(3,991)	--
Dilutive effect of Series A Preferred Share dividends	19,505	21,689	16,268	--	--
Funds from operations(2)	$ 376,523	$ 335,158	$ 293,773	$ 218,899	$ 72,619
Cash flow provided by (used in):					
Operating activities	$ 387,685	$ 249,921	$ 176,895	$ 189,406	$ 115,473
Investing activities	(79,722)	(699,375)	(494,204)	(1,257,367)	(1,064,484)
Financing activities	(179,368)	473,813	262,131	879,815	1,215,269

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(1) All share and per share information has also been adjusted for a 2-for-1 share split in October 1997.

(2) Funds from operations does not represent cash generated from operating activities in accordance with accounting principles generally accepted in the United States of America 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 from this definition to adjust primarily for (i) the effect of straight-lining of property rentals for rent escalations and leasing fee income, and (ii) the reversal of income taxes (benefit) which are considered non-recurring because of the conversion of Temperature Controlled Logistics Companies to REITs in 2000.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Index to Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW

The Company has operated over the periods presented in a generally favorable economic environment, although the Company's operating environment began to show signs of weakening in the first half of 2001. The Company's physical properties were not directly affected by the catastrophic events of September 11, 2001. Demand for New York City office space increased temporarily as a result of displaced tenants from buildings damaged or destroyed. The occupancy rate of the Company's New York City office portfolio increased from 95% at June 30, 2001 to 97% at December 31, 2001. The Company has experienced a significant reduction in occupancy at its Hotel Pennsylvania subsequent to September 11, 2001 accelerating a trend which began in the first quarter of 2001.

Substantially all of the Company's office, retail and permanent showroom leases contain step-ups in rent. Such rental increases are not designed to, and in many instances do not, approximate the cost of inflation, but do have the effect of mitigating the adverse impact of inflation. In addition, substantially all of the Company's leases contain provisions that require the tenant to reimburse the Company for the tenant's share of common area charges (including roof and structure in strip shopping centers, unless it is the tenant's direct responsibility) and real estate taxes or for increases of such expenses over a base amount, thus offsetting, in part, the effects of inflation on such expenses.

Below is a summary of net income and EBITDA(1) by segment for the years ended December 31, 2001, 2000 and 1999. Prior to 2001, income from the Company's preferred stock affiliates ("PSAs") was included in income from partially-owned entities. On January 1, 2001, the Company acquired the common stock of its PSAs and converted these entities to taxable REIT subsidiaries. Accordingly, the Hotel portion of the Hotel Pennsylvania and the management companies (which provide services to the Company's business segments and operate the Trade Show business of the Merchandise Mart division) have been consolidated effective January 1, 2001. Amounts for the years ended December 31, 2000 and 1999 have been reclassified to give effect to the consolidation of these entities, as if consolidated as of January 1, 1999.

($ in thousands)	December 31, 2001					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
Rentals	$ 841,999	$ 463,234	$ 119,730	$ 197,668	$ --	$ 61,367
Expense reimbursements	133,114	67,842	47,998	13,801	--	3,473
Other income	10,660	3,957	2,038	3,324	--	1,341
Total revenues	985,773	535,033	169,766	214,793	--	66,181
Operating expenses	398,969	217,965	58,996	83,107	--	38,901
Depreciation and amortization	123,862	71,548	17,349	25,397	--	9,568
General and administrative	72,572	12,694	470	18,081	--	41,327
Costs of acquisitions not consummated	5,223	--	--	--	--	5,223
Total expenses	600,626	302,207	76,815	126,585	--	95,019
Operating income	385,147	232,826	92,951	88,208	--	(28,838)
Income applicable to Alexander's	24,548	--	--	--	--	24,548
Income from partially-owned entities	80,612	32,746	1,914	149	17,447(4)	28,356
Interest and other investment income	54,385	6,866	608	2,045	--	44,866
Interest and debt expense	(173,076)	(54,559)	(55,466)	(33,354)	--	(29,697)
Net gain on disposition of wholly-owned and partially-owned assets	7,425	12,445	3,050	160	--	(8,230)
Minority interest	(112,363)	(55,932)	(16,562)	(15,650)	(10,968)	(13,251)
Income before cumulative effect of change in accounting principle and extraordinary item	266,678	174,392	26,495	41,558	6,479	17,754
Cumulative effect of change in accounting principle	(4,110)	--	--	--	--	(4,110)
Extraordinary item	1,170	--	--	--	--	1,170
Net income	263,738	174,392	26,495	41,558	6,479	14,814
Cumulative effect of change in accounting principle	4,110	--	--	--	--	4,110
Extraordinary item	(1,170)	--	--	--	--	(1,170)
Minority interest	112,363	55,932	16,562	15,650	10,968	13,251
Net gain on disposition of wholly-owned and partially-owned assets	(15,655)	(12,445)	(3,050)	(160)	--	--
Interest and debt expense(3)	270,357	95,875	58,023	33,354	26,459	56,646
Depreciation and amortization(3)	188,859	91,208	18,834	25,397	33,815	19,605
Straight-lining of rents(3)	(26,134)	(20,124)	787	(4,997)	--	(1,800)
Other	(12,586)	(4,673)	--	--	716	(8,629)(5)
EBITDA(1)	$ 783,882	$ 380,165	$ 117,651	$ 110,802	$ 78,437	$ 96,827

See Supplemental Information on page 73 for the following data regarding the fourth quarter of 2001 and 2000: (i) a summary of net income and EBITDA by segment, (ii) details of the changes by segment in EBITDA and (iii) leasing activity. Further, the Supplemental Information contains data regarding (i) leasing activity for the year ended December 31, 2001, (ii) Condensed Proforma Operating Results for the years ended December 31, 2001 and 2000 giving effect to the January 1, 2002 acquisition of the remaining 66% of Charles E. Smith Commercial Realty as if it had occurred on January 1, 2000 and (iii) a summary of related party disclosures.

($ in thousands)	December 31, 2000 (after giving effect to consolidation of PSA's)					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
Rentals	$ 788,469	$ 406,261	$ 129,902	$ 171,001	$ --	$ 81,305
Expense reimbursements	120,074	60,767	45,490	10,654	--	3,163
Other income	17,608	5,499	2,395	4,661	--	5,053
Total revenues	926,151	472,527	177,787	186,316	--	89,521
Operating expenses	379,524	199,424	55,671	74,553	--	49,876
Depreciation and amortization	108,109	58,074	17,464	21,984	--	10,587
General and administrative	63,468	10,401	667	16,330	--	36,070
Costs of acquisitions not consummated	--	--	--	--	--	--
Total expenses	551,101	267,899	73,802	112,867	--	96,533
Operating income	375,050	204,628	103,985	73,449	--	(7,012)
Income applicable to Alexander's	17,363	--	--	--	--	17,363
Income from partially-owned entities	79,694	29,210	667	--	28,778(4)	21,039
Interest and other investment income	33,798	6,162	--	2,346	--	25,290
Interest and debt expense	(179,380)	(62,162)	(53,180)	(38,569)	--	(25,469)
Net gain on disposition of wholly-owned and partially-owned assets	10,965	8,405	2,560	--	--	--
Minority interest	(102,374)	(46,917)	(16,550)	(12,660)	(12,483)	(13,764)
Income before extraordinary item	235,116	139,326	37,482	24,566	16,295	17,447
Extraordinary item	(1,125)	--	(1,125)	--	--	--
Net income	233,991	139,326	36,357	24,566	16,295	17,447
Extraordinary item	1,125	--	1,125	--	--	--
Minority interest	102,374	46,917	16,550	12,660	12,483	13,764
Net gain on disposition of wholly-owned and partially-owned assets	(10,965)	(8,405)	(2,560)	--	--	--
Interest and debt expense(3)	260,573	96,224	55,741	38,566	27,424	42,618
Depreciation and amortization(3)	167,268	76,696	18,522	20,627	34,015	17,408
Straight-lining of rents(3)	(30,001)	(19,733)	(2,295)	(5,919)	(1,121)	(933)
Other	14,510	--	(1,654)	1,358	4,064(2)	10,742(5)
EBITDA(1)	$ 738,875	$ 331,025	$ 121,786	$ 91,858	$ 93,160	$ 101,046

($ in thousands)	December 31, 1999 (after giving effect to consolidation of PSA's)					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
Rentals	$ 675,313	$ 333,025	$ 125,510	$ 151,308	$ --	$ 65,470
Expense reimbursements	95,658	42,198	43,326	8,245	--	1,889
Other income	12,542	4,572	1,702	1,831	--	4,437
Total revenues	783,513	379,795	170,538	161,384	--	71,796
Operating expenses	335,744	168,825	58,058	67,518	--	41,343
Depreciation and amortization	92,316	48,058	15,646	19,607	--	9,005
General and administrative	57,092	10,797	358	13,044	--	32,893
Costs of acquisitions not consummated	--	--	--	--	--	--
Total expenses	485,152	227,680	74,062	100,169	--	83,241
Operating income	298,361	152,115	96,476	61,215	--	(11,445)
Income applicable to Alexander's	11,772	--	--	--	11,772	
Income from partially-owned entities	78,184	19,055	938	--	36,722	21,469
Interest and other investment income	20,683	1,786	--	2,995	--	15,902
Interest and debt expense	(151,483)	(49,624)	(27,635)	(31,685)	--	(42,539)
Minority interest	(54,998)	(25,854)	(14,628)	(6,819)	(7,697)	--
Net income (loss)	202,519	97,478	55,151	25,706	29,025	(4,841)
Minority interest	54,998	25,854	14,628	6,819	7,697	--
Interest and debt expense(3)	226,253	82,460	30,249	29,509	27,520	56,515
Depreciation and amortization(3)	143,499	64,702	16,900	17,702	31,044	13,151
Straight-lining of rents(3)	(25,359)	(16,386)	(2,120)	(4,740)	(1,698)	(415)
Other	7,451	365	--	--	2,054(2)	5,032
EBITDA(1)	$ 609,361	$ 254,473	$ 114,808	$ 74,996	$ 95,642	$ 69,442

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(1) EBITDA represents income before interest, taxes, depreciation and amortization, extraordinary or non-recurring items, gains or losses on sales of depreciable real estate, the effect of straight-lining of property rentals for rent escalations and minority interest. 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) Includes (i) the reversal of income taxes (benefit) which are considered non-recurring because of the conversion of the Temperature Controlled Logistics Companies to REITs in 2000 and (ii) the add back of non-recurring unification costs.

(3) 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.

(4) Net of $15,281 and $9,787 of rent not recognized as income in 2001 and 2000, respectively.

(5) Includes the reversal of $1,266 and $4,765 of expenses in connection with a deferred compensation arrangement in 2001 and 2000, respectively.

Other EBITDA is comprised of:

($ in thousands)	2001	2000	1999
Newkirk Joint Ventures (30% interest):			
Equity in EBITDA of limited partnerships	$ 54,695(1)	$ 43,685	$ 38,465
Interest and other income	8,700	7,300	1,331
Total	63,395	50,985	39,796
Alexander's (33.1% interest)	19,362(2)	18,330	13,469
Hotel Pennsylvania (3)	16,978(4)	26,866	21,200
After-tax net gain on sale of Park Laurel condominium units	15,657	--	--
Write-off of net investment in the Russian Tea Room ("RTR")	(7,374)	--	--
Write-off of net investments in technology companies	(16,513)	--	--
Costs of acquisitions not consummated	(5,223)	--	--
Corporate general and administrative expenses	(41,327)	(36,070)	(32,893)
Investment income and other	51,872	40,935	27,870
Total	$ 96,827	$ 101,046	$ 69,442

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(1) Reflects acquisitions of additional partnership interests.

(2) Includes leasing fees of $2,500 in connection with Alexander's ground lease of its Paramus property to IKEA in the fourth quarter of 2001.

(3) The commercial portion of the Hotel was wholly-owned as of August 5, 1999, and accordingly consolidated.

(4) Average occupancy and REVPAR for the Hotel Pennsylvania for the year ended December 31, 2001 was 63% and $70 compared to 76% and $87 for the year ended December 31, 2000.

The following table sets forth the percentage of the Company's EBITDA by segment for the years ended December 31, 2001, 2000 and 1999. The Proforma column gives effect to the January 1, 2002 acquisition by the Company of the remaining 66% interest in CESCR described previously as if it had occurred on January 1, 2001.

	PERCENTAGE OF EBITDA			
	Years Ended December 31,			
	Proforma	Historical		
	2001	2001	2000	1999
Office:				
New York	31%	38%	35%	32%
CESCR	26%	10%	10%	10%
Total	57%	48%	45%	42%
Retail	12%	15%	16%	19%
Merchandise Mart Properties	12%	14%	12%	12%
Temperature Controlled Logistics ..	8%	10%	13%	16%
Other	11%	13%	14%	11%
	100%	100%	100%	100%

RESULTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 2001 AND DECEMBER 31, 2000

Below are the details of the changes by segment in EBITDA.

($ in thousands)

	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
Year ended December 31, 2000	$738,875	$331,025	$ 121,786	$ 91,858	$ 93,160	$ 101,046
2001 Operations:						
Same store operations(1)	32,485	37,731	3,305	7,508	(14,723)(3)	(1,336)
Acquisitions, dispositions and non-recurring income and expenses	12,522	11,409	(7,440)	11,436	--	(2,883)
Year ended December 31, 2001	$783,882	$380,165(2)	$ 117,651	$110,802	$ 78,437	$ 96,827(4)
% increase in same store operations	4.4%	11.4%(2)	2.7%	8.2%	(15.8%)(3)	(1.3%)(4)

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

(2) EBITDA and the same store percentage increase was $295,222 and 13.7% for the New York City office portfolio and $84,943 and 3.6% for the CESCR portfolio.

(3) The Company reflects its 60% share of the Vornado/Crescent Partnerships' ("the Landlord") equity in the rental income it receives from AmeriCold Logistics, its tenant, which leases the underlying temperature controlled warehouses used in its business. On February 22, 2001, the Landlord restructured the AmeriCold Logistics leases to among other things, (i) reduce 2001's contractual rent to $146,000, (ii) reduce 2002's contractual rent to $150,000 (plus additional contingent rent in certain circumstances), (iii) increase the Landlord's share of annual maintenance capital expenditures by $4,500 to $9,500 effective January 1, 2000 and (iv) extend the deferred rent period to December 31, 2003 from March 11, 2002.

The tenant has advised the Landlord that (i) its revenue for the year ended December 31, 2001 from the warehouses it leases from the Landlord, is lower than last year by 4.2% and (ii) its gross profit before rent at these warehouses for the corresponding period is lower than last year by $26,764 (a 14.4% decline). This decrease is attributable to a reduction in total customer inventory stored at the warehouses and customer inventory turns.

Based on the Company's policy of recognizing rental income when earned and collection is assured or cash is received, the Company did not recognize $15,281 and $8,606 of the rent it was due in the years ended December 31, 2001 and 2000. On December 31, 2001 the Landlord released the tenant from its obligation to pay $39,812 of deferred rent of which the Company's share was $23,887. This amount equals the rent which was not recognized as income by the Company and accordingly had no profit and loss effect to the Company.

(4) Included in "Other" is $2,422 of interest income from the $31,424 note receivable the Company has from Vornado Operating Company ("Vornado Operating"). Vornado Operating has only one significant asset, its investment in AmeriCold Logistics and does not generate positive cash flow

sufficient to cover all of its expenses. Accordingly, commencing January 1, 2002, the Company will no longer recognize the interest income due on the $31,424 loan until Vornado Operating is cash flow positive in an amount sufficient to fund the interest due to the Company. The Company anticipates that the leases with Vornado Operating's investee may be restructured to provide additional cash flow and Vornado Operating's investee may sell non-core assets.

REVENUES

The Company's revenues, which consist of property rentals, tenant expense reimbursements and other income were $985,773,000 in the year ended December 31, 2001 compared to $926,151,000 in the prior year, an increase of $59,622,000. These increases by segment resulted from:

($ in thousands)	Date of Acquisition	Total	Office	Retail	Merchandise Mart	Other
Property Rentals:						
Acquisitions:						
7 West 34th Street.................	November 2000	$ 12,162	$ 12,162	$ --	$ --	$ --
33 North Dearborn Street...........	September 2000	3,928	--	--	3,928	--
L.A. Mart..........................	October 2000	8,622	--	--	8,622	--
715 Lexington Avenue...............	July 2001	861	861	--	--	--
Plaza Suites on Main Street expansion...	September 2001	2,784	--	--	2,784	--
Dispositions............................		(8,775)		(8,775)(1)		
Hotel Activity..........................		(18,234)	--	--	--	(18,234)(3)
Trade Show Activity.....................		4,490	--	--	4,490	--
Leasing activity........................		47,692	43,950	(1,397)(4)	6,843	(1,704)(2)
Total increase in property rentals......		53,530	56,973	(10,172)	26,667	(19,938)
Tenant expense reimbursements:						
Increase in tenant expense reimbursements due to acquisitions/dispositions.........		4,664	2,874	(814)	2,604	--
Other...............................		8,376	4,201	3,322	543	310
Total increase in tenant expense reimbursements............		13,040	7,075	2,508	3,147	310
Other income............................		(6,948)	(1,542)	(357)	(1,337)	(3,712)
Total increase in revenues..............		$ 59,622	$ 62,506	$ (8,021)	$ 28,477	$(23,340)

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(1) Results primarily from the 14th Street and Union Square property being taken out of service for redevelopment on February 9, 2001 and the sale of the Company's Texas properties on March 2, 2000.
(2) Results primarily from the termination of the Sports Authority lease at the Hotel Pennsylvania in January 2001.
(3) Average occupancy and REVPAR for the Hotel Pennsylvania were 63% and $70 for the year ended December 31, 2001 and 76% and $87 for the year ended December 31, 2000.
(4) Reflects a decrease of $2,514 in property rentals arising from the straight-lining of rent escalations.

See Supplemental Information on page 76 for details of leasing activity.

EXPENSES

The Company's expenses were $600,626,000 in the year ended December 31, 2001, compared to $551,101,000 in the prior year, an increase of $49,525,000. This increase by segment resulted from:

($ in thousands)

	Total	Office	Retail	Merchandise Mart	Other
Operating:					
Acquisitions, dispositions and non-recurring items	$ 8,938	$ 5,115	$ (253)	$ 6,199	$ (2,123)
Hotel activity	(3,331)	--	--	--	(3,331)(1)
Same store operations	13,838	13,426	3,578	2,355	(5,521)
	19,445	18,541	3,325	8,554	(10,975)
Depreciation and amortization:					
Acquisitions, dispositions and non-recurring items	3,788	2,563	(277)	1,502	--
Hotel activity	1,121	--	--	--	1,121
Same store operations	10,844	10,911	162	1,911	(2,140)
	15,753	13,474	(115)	3,413	(1,019)
General and Administrative:					
Other expenses	8,815	2,293	(197)	1,751	4,968
Donations to Twin Towers Fund and NYC Fireman's Fund	1,250	--	--	--	1,250
Hotel activity	(1,605)	--	--	--	(1,605)
Appreciation in value of Vornado shares and other securities held in officer's deferred compensation trust	644	--	--	--	644
	9,104	2,293	(197)	1,751	5,257
Costs of acquisitions not consummated	5,223	--	--	--	5,223
	$ 49,525	$ 34,308	$ 3,013	$ 13,718	$ (1,514)

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(1) Includes $1,900 for the collection of a receivable from a commercial tenant of the Hotel in 2001 which was previously fully reserved.

INCOME APPLICABLE TO ALEXANDER'S

Income applicable to Alexander's (loan interest income, management, leasing and development fees, equity in income) was $24,548,000 in the year ended December 31, 2001, compared to $17,363,000 in the prior year, an increase of $7,185,000. This increase resulted primarily from the Company's share of Alexander's gain on sale of its Fordham Road property on January 12, 2001.

INCOME FROM PARTIALLY-OWNED ENTITIES

In accordance with generally accepted accounting principles, the Company reflects the income it receives from (i) entities it owns less than 50% of and (ii) entities it owns more than 50% of, but which have a partner who has the right to exercise significant control, on the equity method of accounting resulting in such income appearing on one line in the Company's consolidated statements of income. Below is the detail of income from partially-owned entities by investment as well as the increase (decrease) in income of partially-owned entities for the year ended December 31, 2001 as compared to the prior year:

($ in thousands)	Total	CESCR	Las Catalinas Mall	Starwood Ceruzzi Joint Venture	Temperature Controlled Logistics	Newkirk Joint Venture	Partially-owned Office Buildings	Management Companies/ Other
DECEMBER 31, 2001:								
Revenues	$ 747,902	$ 382,502	$ 14,377	$ 1,252	$ 126,957	$ 179,551	$ 43,263	$ --
Expenses:								
Operating, general and administrative	(180,337)	(135,133)	(2,844)	(820)	(8,575)	(13,630)	(19,335)	--
Depreciation	(141,594)	(53,936)	(2,330)	(501)	(58,855)	(20,352)	(5,620)	--
Interest expense	(236,996)	(112,695)	(5,705)	--	(44,988)	(65,611)	(7,997)	--
Other, net	6,181	1,975	--	275	2,108	4,942	1,759	(4,878)
Net Income	$ 195,156	$ 82,713	$ 3,498	$ 206	$ 16,647	$ 84,900	$ 12,070	$(4,878)
Vornado's interest		34%	50%	80%	60%	30%	34%	50%
Equity in net income	$ 67,679	$ 28,653	$ 1,749	$ 165	$ 9,988	$ 25,470	$ 4,093	$(2,439)
Interest and other income	7,579	--	--	--	2,105	5,474	--	--
Fee income	5,354	--	--	--	5,354	--	--	--
Income from partially-owned entities	$ 80,612	$ 28,653	$ 1,749	$ 165	$ 17,447	$ 30,944	$ 4,093	$(2,439)
DECEMBER 31, 2000:								
Revenues	$ 698,712	$ 344,084	$ 14,386	$ 303	$ 154,467	$ 143,272	$ 42,200	$ --
Expenses:								
Operating, general and administrative	(175,135)	(129,367)	(3,817)	(1,740)	(9,029)	(10,652)	(20,530)	--
Depreciation	(126,221)	(42,998)	(2,277)	(153)	(57,848)	(14,786)	(8,159)	--
Interest expense	(218,234)	(98,565)	(4,812)	--	(46,639)	(58,284)	(9,934)	--
Other, net	2,113	3,553	--	(3,667)	2,557	2,561	(2,891)	
Net Income	$ 181,235	$ 76,707	$ 3,480	$(1,590)	$ 37,284	$ 62,107	$ 6,138	$(2,891)
Vornado's interest		34%	50%	80%	60%	30%	46%	98%
Equity in net income	$ 67,392	$ 25,724	$ 1,817	$(1,150)	$ 22,370	$ 18,632	$ 2,832	$(2,833)
Interest and other income	6,768	--	--	--	874	5,894	--	--
Fee income	5,534	--	--	--	5,534	--	--	--
Income from partially-owned entities	$ 79,694	$ 25,724	$ 1,817	$(1,150)	$ 28,778	$ 24,526	$ 2,832	$(2,833)
INCREASE (DECREASE) IN INCOME OF PARTIALLY-OWNED ENTITIES	$ 918	$ 2,929	$ (68)	$ 1,315	$ (11,331)	$ 6,418	$ 1,261	$ 394

INTEREST AND OTHER INVESTMENT INCOME

Interest and other investment income (interest income on mortgage loans receivable, other interest income, dividend income and net gains on marketable securities) was $54,385,000 for the year ended December 31, 2001, compared to $33,798,000 in the prior year, an increase of $20,587,000. This increase resulted primarily from the acquisition of NorthStar subordinated unsecured debt (22% effective rate) on September 19, 2000 and a loan to Primestone Investment Partners, L.P. on September 28, 2000 (20% effective rate).

On September 28, 2000, the Company made a $62,000,000 loan to Primestone Investment Partners, L.P. The Company received a 1% upfront fee and is entitled to receive certain other fees aggregating approximately 3% upon repayment of the loan. The loan bears interest at 16% per annum. Primestone Investment Partners, L.P. defaulted on the repayment of this loan on October 25, 2001. The Company's loan was subordinate to $37,957,000 of other debt of the borrower. On October 31, 2001, the Company purchased the other debt for its face amount. The loans are secured by 7,944,893 partnership units in Prime Group Realty, L.P., the operating partnership of Prime Group Realty Trust (NYSE:PGE), which units are exchangeable for the same number of shares of PGE. The loans are also guaranteed by affiliates of the borrower. The Company has commenced foreclosure proceedings with respect to the collateral.

On November 19, 2001 the Company sold, pursuant to a participation agreement with a subsidiary of Cadim inc., a Canadian pension fund, a 50% participation in both loans at par for approximately $50,000,000 reducing the Company's net investment in the loans at December 31, 2001 to $56,768,000, including unpaid interest and fees of $6,790,000. Under the terms of the participation agreement, cash payments received shall be applied (i) first, to the reimbursement of reimbursable out-of-pocket costs and expenses incurred in connection with the servicing, administration or enforcement of the loans after November 19, 2001, (ii) second, to the Company and Cadim pro rata in proportion to the amount of interest and fees owed to them (all of such fees and interest accrued through November 19, 2001 are for the account of Vornado and all of such fees and interest accrued after November 19, 2001 accrue on a 50/50 basis to the Company and Cadim) and (iii) third, 50% to the Company and 50% to Cadim. The Company has agreed that in the event the Company acquires the collateral in a foreclosure proceeding it will, upon the request of Cadim, deliver 50% of such collateral to Cadim.

For financial reporting purposes, the gross amount of the loan, $106,768,000, is included in "Notes and mortgage loans receivable" and Cadim's 50% participation, $50,000,000, is reflected in "Other liabilities". The Company did not recognize income on these loans for the period from November 19, 2001 through December 31, 2001, and will not recognize income until such time that cash is received or foreclosure proceedings have been consummated. The Company believes that the value of the collateral and the guarantees is sufficient to cover the carrying amount of the loans receivable including unpaid interest and fees.

Included in interest and other investment income for the year ended December 31, 2001, is $2,422,000 of interest income from the $31,424,000 note receivable the Company has from Vornado Operating Company ("Vornado Operating"). Vornado Operating has only one significant asset, its investment in AmeriCold Logistics and does not generate positive cash flow sufficient to cover all of its expenses. Accordingly, commencing January 1, 2002, the Company will no longer recognize the interest income due on the $31,424,000 loan until Vornado Operating is cash flow positive in an amount sufficient to fund the interest due to the Company.

INTEREST AND DEBT EXPENSE

Interest and debt expense was $173,076,000 for the year ended December 31, 2001, compared to $179,380,000 in the prior year, a decrease of $6,304,000. This decrease resulted primarily from a $36,270,000 savings from a 289 basis point reduction in weighted average interest rate on variable rate debt partially offset by interest on higher average outstanding loan balances. Interest and debt expense includes amortization of debt issuance costs of $8,458,000 and $7,298,000 for the years ended December 31, 2001 and 2000.

NET GAIN ON DISPOSITION OF WHOLLY-OWNED AND PARTIALLY-OWNED ASSETS

The following table sets forth the details of net gain on disposition of wholly-owned and partially-owned assets for the years ended December 31, 2001 and 2000:

($ in thousands)

	2001	2000
WHOLLY-OWNED ASSETS:		
Net gain from condemnation proceeding	$ 3,050	$ --
Write-off of investments in technology companies	(16,513)	--
Net gain on sale of other real estate	--	10,965
PARTIALLY-OWNED ASSETS:		
After-tax net gain on sale of Park Laurel condominium units	15,657	--
Net gain on sale of 570 Lexington Avenue	12,445	--
Write-off of net investment in the Russian Tea Room ("RTR")	(7,374)	--
Other	160	--
	$ 7,425	$ 10,965

NET GAIN FROM CONDEMNATION PROCEEDING

In September 1998, Atlantic City condemned the Company's property. In the third quarter of 1998, the Company recorded a gain of $1,694,000, which reflected the condemnation award of $3,100,000, net of the carrying value of the property of $1,406,000. The Company appealed the amount and on June 27, 2001, was awarded an additional $3,050,000, which has been recorded as a gain in the quarter ended June 30, 2001.

WRITE-OFF INVESTMENTS IN TECHNOLOGY COMPANIES

In the first quarter of 2001, the Company recorded a charge of $4,723,000 resulting from the write-off of an equity investment in a technology company. In the second quarter of 2001, the Company recorded an additional charge of $13,561,000 resulting from the write-off of all of its remaining equity investments in technology companies due to both the deterioration of the financial condition of these companies and the lack of acceptance by the market of certain of their products and services. In the fourth quarter of 2001, the Company recorded $1,481,000 of income resulting from the reversal of a deferred rent liability relating to the termination of an agreement permitting one of the technology companies access to its properties.

550/600 MAMARONECK AVENUE

On August 6, 2001, the Company sold its leasehold interest in 550/600 Mamaroneck Avenue for $22,500,000, which approximated its net book value.

NET GAIN ON SALE OF OTHER REAL ESTATE

During 2000, the Company sold (i) its three shopping centers located in Texas for $25,750,000, resulting in a gain of $2,560,000 and (ii) its Westport, Connecticut office property for $24,000,000, resulting in a gain of $8,405,000.

PARK LAUREL CONDOMINIUM PROJECT

In the third and fourth quarters of 2001, the Park Laurel Joint Venture (69% owned by the Company) completed the sale of 52 condominium units of the total 53 units and received proceeds of $139,548,000. The Company's share of the after tax net gain was $15,657,000 and is after a charge of $3,953,000 (net of tax benefit of $1,826,000) for awards accrued under the venture's incentive compensation plan.

570 LEXINGTON AVENUE

On May 17, 2001, the Company sold its 50% interest in 570 Lexington Avenue for $60,000,000, resulting in a gain of $12,445,000.

WRITE-OFF OF NET INVESTMENT IN RTR

In the third quarter of 2001, the Company wrote-off its entire net investment of $7,374,000 in RTR based on the operating losses and an assessment of the value of the real estate.

OTHER

The Company recorded the cumulative effect of a change in accounting principle of $4,110,000 in the first quarter of 2001. The Company had previously marked-to-market changes in the value of stock purchase warrants through accumulated other comprehensive loss. Under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended, those changes are recognized through earnings, and accordingly, the Company has reclassified $4,110,000 from accumulated other comprehensive loss to the consolidated statement of income as of January 1, 2001. Future changes in value of such securities will be recorded through earnings.

The Company recorded an extraordinary item of $1,170,000 in the first quarter of 2001 representing the Company's share of Alexander's extraordinary gain from early extinguishment of debt. The Company incurred an extraordinary loss of $1,125,000 in the first quarter of 2000 due to the write-off of unamortized financing costs in connection with the prepayment of debt.

Minority interest was $112,363,000 for the year ended December 31, 2001, compared to $102,374,000 for the prior year, an increase of $9,989,000. This increase is primarily due to an increase in perpetual preferred units distributions for units issued in 2000 and 2001.

The Company operates in a manner intended to enable it to continue to qualify as a REIT under Sections 856-860 of the Internal Revenue Code of 1986 as amended. Under those sections, a REIT which distributes at least 90% of its REIT taxable income as a dividend to its shareholders each year and which meets certain other conditions will not be taxed on that portion of its taxable income which is distributed to its shareholders. The Company has distributed to its shareholders an amount greater than its taxable income. Therefore, no provision for Federal income taxes is required.

YEARS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 1999

Below are the details of the changes by segment in EBITDA.

($ in thousands)

	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
Year ended December 31, 1999	$ 609,361	$ 254,473	$ 114,808	$ 74,996	$ 95,642	$ 69,442
2000 Operations:						
Same store operations(1)....	65,139	41,860	5,573	13,314	(2,482)(3)	6,874
Acquisitions, dispositions and non-recurring income and expenses..................	64,375	34,692	1,405	3,548	--	24,730
Year ended December 31, 2000	$ 738,875	$ 331,025	$ 121,786	$ 91,858	$ 93,160	$ 101,046
% increase in same store operations..........	10.7%	16.5%(2)	4.9%	17.8%	(2.6%)(3)	9.9%

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

(2) Same store percentage increase was 20.0% for the New York City office portfolio and 4.2% for the CESCR portfolio.

(3) Subsequent to March 11, 1999 (date the operations of the AmeriCold Logistics business were sold), the Company reflects its 60% share of the Vornado/Crescent Partnerships' ("the Landlord") equity in the rental income it receives from AmeriCold Logistics Company, its tenant, which leases the underlying temperature controlled warehouses used in its business. Prior to that date the Company reflected its equity in the operations.

Total contractual rent was $35,672 and $160,494 for the fourth quarter and the year ended December 31, 2000, of which the tenant deferred $7,500 and $17,044. As at December 31, 2000, the balance of the tenant's deferred rent was as follows:

	Total	The Company's Share
2000:		
Quarter ended December 31...............	$ 7,500	$ 4,500
Quarter ended September 30..............	4,800	2,880
Quarter ended June 30...................	4,744	2,846
	17,044	10,226
1999:		
Quarter ended December 31...............	5,400	3,240
	$ 22,444	$ 13,466

In addition to the amounts deferred above, $1,956 applicable to the receivable arising from the straight-lining of rents was also deferred in the year ended December 31, 2000.

Based on the Company's policy of recognizing rental income when earned and collection is assured or cash is received, the Company did not recognize $4,500 of income from this tenant in the quarter ended December 31, 2000 and $9,787 in the year ended December 31, 2000.

REVENUES

The Company's revenues, which consist of property rentals, tenant expense reimbursements and other income were $926,151,000 in the year ended December 31, 2000 compared to $783,513,000 in the prior year, an increase of $142,638,000. These increases by segment resulted from:

($ in thousands)

	Date of Acquisition	Total	Office	Retail	Merchandise Mart	Other
Property Rentals:						
Acquisitions:						
7 West 34th Street................	November 2000	$ 2,428	$ 2,428	$ --	$ --	$ --
33 North Dearborn Street..........	September 2000	1,535	--	--	1,535	--
L.A. Mart.........................	October 2000	2,709	--	--	2,709	--
595 Madison Avenue................	September 1999	10,195	10,195	--	--	--
Hotel Pennsylvania (20%)..........	August 1999	4,638	--	--	--	4,638
909 Third Avenue..................	July 1999	16,223	16,223	--	--	--
888 Seventh Avenue................	January 1999	765	765	--	--	--
Student Housing Complex...........	January 2000	4,227	--	--	--	4,227
Leasing activity..................		70,436	43,625	4,392	15,449	6,970
Total increase in property rentals		113,156	73,236	4,392	19,693	15,835
Tenant expense reimbursements:						
Increase in tenant expense reimbursements due to acquisitions		10,733	9,071	--	899	763
Other.............................		13,683	9,498	2,164	1,510	511
Total increase in tenant expense reimbursements.................		24,416	18,569	2,164	2,409	1,274
Other income........................		5,066	927	693	2,830	616
Total increase in revenues..........		$ 142,638	$ 92,732	$ 7,249	$ 24,932	$ 17,725

EXPENSES

The Company's expenses were $551,101,000 in the year ended December 31, 2000, compared to $485,152,000 the prior year, an increase of $65,949,000. These increases by segment resulted from:

($ in thousands)	Total	Office	Retail	Merchandise Mart	Other
Operating:					
Acquisitions..................	$ 23,639	$ 16,743	$ --	$ 2,310	$ 4,586
Same store operations.........	20,141	13,856	(2,387)	4,725	3,947
	43,780	30,599	(2,387)	7,035	8,533
Depreciation and amortization:					
Acquisitions..................	5,952	3,735	--	528	1,689
Same store operations.........	9,841	6,281	1,818	1,849	(107)
	15,793	10,016	1,818	2,377	1,582
General and Administrative:					
Appreciation in value of Vornado shares and other securities held in officer's deferred compensation trust.......................	5,105	--	--	--	5,105
Other expenses..................	1,271(1)	(396)	309	3,286	(1,928)
	6,376	(396)	309	3,286	3,177
	$ 65,949	$ 40,219	$ (260)	$ 12,698	$ 13,292

- ----------
(1) This increase primarily resulted from higher payroll and professional fees.

INCOME APPLICABLE TO ALEXANDER'S

Income applicable to Alexander's (loan interest income, management, leasing and development fees, equity in income) was $17,363,000 in the year ended December 31, 2000, compared to $11,772,000 in the prior year, an increase of $5,591,000. This increase resulted from interest income on higher outstanding loan balances to Alexander's.

INCOME FROM PARTIALLY-OWNED ENTITIES

Income from partially-owned entities was $79,694,000 in the year ended December 31, 2000, compared to $78,184,000 in the prior year, an increase of $1,510,000. Below are the details by segment.

($ in thousands)	Date of Acquisition	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
Acquisitions:							
Newkirk Joint Ventures......	Various	$ 4,604	$ --	$ --	$ --	$ --	$ 4,604
Other.......................	Various	(2,750)	--	--	--	--	(2,750)
Increase (decrease) in equity in income:							
Temperature Controlled Logistics...............		(7,944)(1)	--	--	--	(7,944)(1)	--
CESCR.....................		6,907	6,907	--	--	--	--
Partially-owned office buildings........		1,089	1,089	--	--	--	--
Other.....................		(396)	663	(271)	--	--	(788)
		$ 1,510	$ 8,659	$ (271)	$ --	$ (7,944)	$ 1,066

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(2) Reflects $9,787 of rent not recognized in the year ended December 31, 2000.

INTEREST AND OTHER INVESTMENT INCOME

Interest and other investment income (interest income on mortgage loans receivable, other interest income, dividend income and net gains on sales of marketable securities) was $33,798,000 for the year ended December 31, 2000, compared to $20,683,000 in the prior year, an increase of $13,115,000. This increase resulted primarily from the acquisition of NorthStar subordinated unsecured debt (22% effective rate) on September 19, 2000 and a loan to Primestone Investment Partners, L.P. (20% effective rate) on September 28, 2000.

INTEREST AND DEBT EXPENSE

Interest and debt expense was $179,380,000 for the year ended December 31, 2000, compared to $151,483,000 in the prior year, an increase of $27,897,000. This increase resulted primarily from higher average outstanding balances and higher interest rates during the year.

NET GAIN ON DISPOSITION OF WHOLLY-OWNED AND PARTIALLY-OWNED ASSETS

Net gain on sale of real estate of $10,965,000 in the year ended December 31, 2000, resulted from (i) the sale of three Texas shopping center properties on March 2, 2000, for $25,750,000, resulting in a gain of $2,560,000 and (ii) the sale of the Company's Westport Connecticut office property on August 30, 2000 for $24,000,000 resulting in a gain of $8,405,000.

OTHER

Minority interest was $102,374,000 for the year ended December 31, 2000, compared to $54,998,000 for the prior year, an increase of $47,376,000. This increase is primarily due to higher income.

Preferred stock dividends were $38,690,000 for the year ended December 31, 2000, compared to $33,438,000 in the prior year, an increase of $5,252,000. The 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.

The Company incurred an extraordinary loss of $1,125,000 in the first quarter of 2000 due to the write-off of unamortized financing costs in connection with a prepayment of debt.

SUPPLEMENTAL INFORMATION

THREE MONTHS ENDED DECEMBER 31, 2001 AND DECEMBER 31, 2000

Below is a summary of net income and EBITDA by segment for the three months ended December 31, 2001 and 2000. The results by segment for the three months ended December 31, 2000 have been reclassified to give effect to the consolidation of the Company's preferred stock affiliates ("PSAs") as if consolidated as of January 1, 2000.

($ in thousands)	For The Three Months Ended December 31, 2001					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(3)
Rentals	$213,488	$ 117,659	$29,893	$ 52,151	$ --	$ 13,785
Expense reimbursements	30,263	11,333	14,141	3,635	--	1,154
Other income	3,072	1,595	(495)	882	--	1,090
Total revenues	246,823	130,587	43,539	56,668	--	16,029
Operating expenses	99,533	53,110	15,435	20,680	--	10,308
Depreciation and amortization	32,636	18,753	4,280	7,141	--	2,462
General and administrative	20,866	3,830	98	4,795	--	12,143
Costs of acquisitions not consummated	223	--	--	--	--	223
Total expenses	153,258	75,693	19,813	32,616	--	25,136
Operating income	93,565	54,894	23,726	24,052	--	(9,107)
Income applicable to Alexander's	3,126	--	--	--	--	3,126
Income from partially-owned entities	18,538	8,057	(1,095)	(70)	4,538	7,108
Interest and other investment income	10,454	1,100	88	268	--	8,998
Interest and debt expense	(36,633)	(10,496)	(14,037)	(7,488)	--	(4,612)
Net gain on disposition of wholly-owned and partially-owned assets	3,719	--	--	160	--	3,559
Minority interest	(28,432)	(13,997)	(4,176)	(4,240)	(2,674)	(3,345)
Income before extraordinary item	64,337	39,558	4,506	12,682	1,864	5,727
Cumulative effect of change in accounting principle	--	--	--	--	--	--
Extraordinary item	--	--	--	--	--	--
Net income	64,337	39,558	4,506	12,682	1,864	5,727
Cumulative effect of change in accounting principle	--	--	--	--	--	--
Extraordinary item	--	--	--	--	--	--
Minority interest	28,432	13,997	4,176	4,240	2,674	3,345
Net gain on disposition of wholly-owned and partially-owned assets	(160)	--	--	(160)	--	--
Interest and debt expense(2)	64,180	20,609	14,646	7,488	6,261	15,176
Depreciation and amortization(2)	52,386	24,106	4,972	7,141	8,604	7,563
Straight-lining of rents(2)	(3,458)	(3,877)	1,931	(1,126)	--	(386)
Other	(3,697)	218	--	--	494	(4,409)
EBITDA(1)	$202,020	$ 94,611	$30,231	$ 30,265	$ 19,897	$ 27,016

($ in thousands)

For the Three Months Ended December 31, 2000 (after giving effect to consolidation of PSAs)

	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
Rentals	$ 211,326	$ 103,095	$35,052	$ 44,834	$ --	$ 28,345
Expense reimbursements	29,772	13,817	11,556	3,323	--	1,076
Other income	10,507	2,450	305	1,142	--	6,610
Total revenues	251,605	119,362	46,913	49,299	--	36,031
Operating expenses	103,522	52,121	15,292	19,040	--	17,069
Depreciation and amortization	30,967	15,805	3,979	7,192	--	3,991
General and administrative	16,808	1,186	454	5,742	--	9,426
Total expenses	151,297	69,112	19,725	31,974	--	30,486
Operating income	100,308	50,250	27,188	17,325	--	5,545
Income applicable to Alexander's	6,282	--	--	--	--	6,282
Income from partially-owned entities	11,803	7,170	(320)	(242)	4,094(3)	1,101
Interest and other investment income	15,298	3,475	(8)	1,430	--	10,401
Interest and debt expense	(55,176)	(16,435)	(15,178)	(11,944)	--	(11,619)
Minority interest	(26,792)	(8,015)	(5,243)	(2,222)	(4,775)	(6,537)
Net income	51,723	36,445	6,439	4,347	(681)	5,173
Minority interest	26,792	8,015	5,243	2,222	4,775	6,537
Interest and debt expense(2)	70,755	24,263	15,794	10,706	6,478	13,514
Depreciation and amortization(2)	46,913	21,137	4,345	5,835	9,593	6,003
Straight-lining of rents(2)	(5,860)	(3,916)	(318)	(1,396)	(136)	(94)
Other	7,546	252	(1,923)	1,358	3,706(4)	4,153(5)
EBITDA(1)	$ 197,869	$ 86,196	$29,580	$ 23,072	$ 23,735	$ 35,286

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(1) EBITDA represents income before interest, taxes, depreciation and amortization, extraordinary or non-recurring items, gains or losses on sales of depreciable real estate, the effect of straight-lining of property rentals for rent escalations and minority interest. 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) 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.

(3) Net of $7,630 and $4,500 of rent not recognized as income the fourth quarter of 2001 and 2000, respectively.

(4) Includes the reversal of income taxes which are considered non-recurring because of the conversion of the Temperature Controlled Logistics Companies to REITs in 2000.

(5) Net of $2,272, the Company's share of the reversal of Alexander's stock appreciation rights expense in the fourth quarter of 2000.

Other EBITDA is comprised of:

($ in thousands)

	2001	2000
Newkirk Joint Ventures (30% interest):		
Equity in income of limited partnerships	$ 14,238	$ 11,199
Interest and other income	4,155	2,300
Total	18,393	13,499
Alexander's (33.1% interest)	3,417(1)	7,510
Hotel Pennsylvania	2,671(2)	9,826
After-tax net gain on sale of Park Laurel condominium units	1,788	--
Corporate general and administrative expenses	(12,143)	(9,426)
Investment income and other	12,890	13,877
Total	$ 27,016	$ 35,286

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(1) Reflects a charge of $1,684 representing the Company's share of Alexander's write-off of (i) Paramus development costs and (ii) professional fees in connection with its Lexington Avenue development project.

(2) Average occupancy and REVPAR for the Hotel Pennsylvania for the three months ended December 31, 2001 was 53.1% and $53.86 compared to 78.6% and $93.97 for the three months ended December 31, 2000.

Below are the details of the changes by segment in EBITDA.

($ in thousands)	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
Three months ended December 31, 2000	$197,869	$ 86,196	$ 29,580	$ 23,072	$ 23,735	$ 35,286
2001 Operations:						
Same store operations(1) .	1,493	10,176	1,174	2,157	(3,838)	(8,176)
Acquisitions, dispositions and non-recurring income and expenses	2,658	(1,761)	(523)	5,036	--	(94)
Three months ended December 31, 2001	$202,020	$ 94,611(2)	$ 30,231	$ 30,265	$ 19,897	$ 27,016
% increase in same store operations	.8%	11.8%(2)	4.0%	9.3%	(16.2%)	(23.2%)

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(1) Represents operations, which were owned for the same period in each year.
(2) EBITDA and same store percentage increase was $72,739 and 14.7% for the New York city office portfolio and $21,872 and 3.0% for the CESCR portfolio.

Below are the details of the changes by segment in EBITDA for the three months ended December 31, 2001 compared to the three months ended September 30, 2001:

($ in thousands)	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
Three months ended September 30, 2001........	$ 203,528	$ 95,526	$ 29,003	$ 26,987	$ 18,393	$ 33,619
2001 Operations:						
Same store operations(1)..	5,820	1,877	1,001	3,278(2)	1,504(3)	(1,840)
Acquisitions, dispositions and non-recurring income and expenses............	(7,328)	(2,792)	227	--	--	(4,763)
Three months ended December 31, 2001.........	$ 202,020	$ 94,611	$ 30,231	$ 30,265	$ 19,897	$ 27,016
% increase in same store operations........	2.9%	2.0%(1)	3.5%	12.1%	8.2%	(5.5%)

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(1) EBITDA and same store percentage increase was $72,739 and 1.7% for the New York City office portfolio and $21,872 and 3.0% for the CESCR portfolio.
(2) Reflects higher income due to timing of trade shows.
(3) Primarily due to seasonality of tenant's operations.

LEASING ACTIVITY

The following table sets forth leasing activity for space previously occupied for the three months ended December 31, 2001 and for the years ended December 31, 2001 and 2000.

(square feet in thousands)	Office			Merchandise Mart		Temperature Controlled Logistics
	New York City	CESCR(1)	Retail	Office(2)	Showroom(2)	
AS OF DECEMBER 31, 2001:						
Square feet	14,300	4,386	11,301	2,840	5,532	17,695
Cubic feet	--	--	--	--	--	445,200
Number of properties	22	51	55	9	9	89
Occupancy rate	97%	95%	92%	89%	96%	81%
LEASING ACTIVITY:						
For the quarter ended December 31, 2001:						
Square feet	237	38	32	10	106	--
Rent per square foot:						
Initial rent (3)	$46.80	$31.59	$23.64	$19.21	$23.02	--
Prior escalated rent	$32.95	$29.99	$19.24	$11.26	$18.01	--
Percentage increase	42%	5%	23%	70%	28%	--
For the year ended December 31, 2001:						
Square feet	1,479	535	427	36	524	--
Rent per square foot:						
Initial rent (3)	$47.05	$31.30	$16.72	$22.93	$22.40	--
Prior escalated rent	$29.85	$25.59	$13.72	$20.55	$19.06	--
Percentage increase	58%	22%	22%	12%	17.5%	--
AS OF DECEMBER 31, 2000:						
Square feet	14,396	4,248	11,293	2,869	5,044	17,495
Cubic feet	--	--	--	--	--	438,900
Number of properties	22	50	55	9	9	88
Occupancy rate	96%	98%	92%	90%	98%	82%
LEASING ACTIVITY:						
For the year ended December 31, 2000:						
Square feet	1,407	927	350	378	819	--
Rent per square foot:						
Initial rent (3)	$45.91	$29.39	$14.73	$30.54	$16.61	--
Prior escalated rent	$30.54	$25.97	$13.05	$22.99	$15.91	--
Percentage increase	50%	13%	13%	33%	4%	--
AS OF DECEMBER 31, 1999:						
Square feet	14,028	3,623	11,960	2,414	4,174	16,998
Cubic feet	--	--	--	--	--	428,300
Number of properties	22	39	56	7	7	89
Occupancy rate	95%	99%	92%	93%	98%	95%

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(1) Represents the Company's 34% interest.

(2) The office and showroom space is contained in the same mixed-use properties.

(3) Most leases include periodic step-ups in rent, which are not reflected in the initial rent per square foot leased.

PROFORMA OPERATING RESULTS - CESCR ACQUISITION

Below are condensed Proforma Operating Results for the years ended December 31, 2001 and 2000 giving effect to the January 1, 2002 acquisition by the Company of the remaining 66% of Charles E. Smith Commercial Realty as if it had occurred on January 1, 2000.

($ in thousands, except per share amounts)	ProForma Year Ended December 31, 2001	ProForma Year Ended December 31, 2000
Revenues	$1,372,464	$1,176,106
Net Income	$ 265,893	$ 234,838
Preferred share dividends	(36,505)	(38,690)
Net income applicable to common shares	$ 229,388	$ 196,148
Net income per common share - diluted	$ 2.49	$ 2.21
EBITDA	$ 949,176	$ 885,115
Funds from Operations	$ 414,319	$ 356,727
Shares used for determining diluted funds from operations per share	99,719	96,710

RELATED PARTY DISCLOSURE

LOAN AND COMPENSATION AGREEMENTS

At December 31, 2001, the loan due from Mr. Roth, in accordance with his employment arrangement, was $13,123,000 ($4,704,000 of which is shown as a reduction in shareholders' equity). The loan bears interest at 4.49% per annum (based on the applicable Federal rate) and matures in January 2006. The Company also provided Mr. Roth with the right to draw up to $15,000,000 of additional loans on a revolving basis. Each additional loan will bear interest, payable quarterly, at the applicable Federal rate on the date the loan is made and will mature on the sixth anniversary of the loan.

At December 31, 2001, loans due from Mr. Fascitelli, in accordance with his employment agreement, aggregated $8,600,000. The loans which were scheduled to mature in 2003 have been extended to 2006 in connection with the extension of Mr. Fascitelli's employment agreement (discussed below), and bear interest, payable quarterly at a weighted average interest rate of 3.97% (based on the applicable Federal rate).

Pursuant to his December 1996 employment agreement. Mr. Fascitelli became entitled to a deferred payment consisting of $5,000,000 in cash and a convertible obligation payable November 30, 2001, at the Company's option in 919,540 of its common shares or the cash equivalent of their appreciated value but not less than $20,000,000. Prior to November 30, 2001, the Company and Mr. Fascitelli have agreed to extend the deferral period for three additional years. The Company has funded the obligation in common shares. Accordingly, the Company has reflected this liability as Deferred compensation shares not yet delivered in the Equity section of the balance sheet. The cash and common shares are held in an irrevocable trust (the fair value of this obligation was $40,155,000 at December 31, 2001). For the years ended December 31, 2001 and 2000, the Company recognized approximately $4,744,000 and $3,733,000 of compensation expense of which $2,612,000 and $1,968,000 represented the appreciation in value of the shares in each period and $2,132,000 and $1,765,000 represented dividends paid on the shares.

On March 8, 2002, the Company extended its employment agreement with Mr. Fascitelli for a five year period ending December 31, 2006. Pursuant to the employment agreement, he will receive a deferred payment in five years of 626,566 Vornado common shares which are valued for compensation purposes at $27,500,000. The number of shares was set by the Company's Compensation Committee in December to achieve a value of $25,000,000 and have appreciated $2,500,000 since then. The shares will vest on December 31, 2002. Mr. Fascitelli will also receive regular annual cash compensation as determined by the Company's Compensation Committee and will continue as a member of Vornado's Board.

One other executive officer of the Company has a loan outstanding pursuant to an employment agreement of $1,000,000 at December 31, 2001. The loan matures in April 2005 and bears interest at either the applicable Federal rate provided or the broker call rate (6.63% at December 31, 2001).

Information regarding employment agreements with other Officers of the Company are incorporated by reference in Part III of this document.

TRANSACTIONS WITH AFFILIATES AND OFFICERS AND TRUSTEES OF THE COMPANY

Alexander's

The Company owns 33.1% of Alexander's. Mr. Roth and Mr. Fascitelli are Officers and Directors of Alexander's and the Company provides various services to Alexander's in accordance with management and leasing agreements. These agreements are described in Note 6 to the Company's Consolidated Financial Statements - Investments in Partially-Owned Entities.

Interstate Properties

The Company manages and leases the real estate assets of Interstate Properties pursuant to a management agreement for which the Company receives a quarterly fee equal to 4% of base rent and percentage rent and certain other commissions. The management agreement has a term of one year and is automatically renewable unless terminated by either of the parties on sixty days' notice at the end of the term. Although the management agreement was not negotiated at arms length, the Company believes based upon comparable fees charged by other real estate companies, that its terms are fair to the Company. For the years ended December 31, 2001, 2000 and 1999, $1,655,000, $1,418,000, and $1,262,000 of management fees were earned by the Company pursuant to the management agreement.

The New York City Office Cleaning Contract

The estate of Bernard Mendik and certain other individuals including Mr. Greenbaum own an entity which provides cleaning and related services and security services to office properties, including the Company's Manhattan office properties. Although the terms and conditions of the contracts pursuant to which these services are provided were not negotiated at arms length, the Company believes based upon comparable amounts charged to other real estate companies, that the terms and conditions of such contracts are fair to the Company. In connection with these contracts, the Company paid $51,280,000, $47,493,000, and $40,974,000 for the years ended December 31, 2001, 2000 and 1999.

Vornado Operating Company

In October 1998, Vornado Operating Company ("Vornado Operating") was spun off from the Company in order to own assets that the Company could not itself own and conduct activities that the Company could not itself conduct. The Company granted Vornado Operating a $75,000,000 unsecured revolving credit facility (the "Revolving Credit Agreement") which expires on December 31, 2004. Borrowings under the Revolving Credit Agreement bear interest at LIBOR plus 3%. The Company receives a commitment fee equal to 1% per annum on the average daily unused portion of the facility. No amortization is required to be paid under the Revolving Credit Agreement during its term. The Revolving Credit Agreement prohibits Vornado Operating from incurring indebtedness to third parties (other than certain purchase money debt and certain other exceptions) and prohibits Vornado Operating from paying dividends. As of December 31, 2001, $31,424,000 was outstanding under the Revolving Credit Agreement.

Other

The Company owns preferred securities in Capital Trust, Inc. ("Capital Trust") totaling $48,758,000 at December 31, 2001. Mr. Roth, the Chairman and Chief Executive Officer of Vornado Realty Trust, is a member of the Board of Directors of Capital Trust.

On May 17, 2001, the Company sold its 50% interest in 570 Lexington Avenue to an entity controlled by Bernard Mendik, a former trustee and executive officer of the Company, for $60,000,000, resulting in a gain to the Company of $12,445,000.

During 2001, the Company paid approximately $136,000 for legal services to a firm in which one of the Company's trustees is a member.

On January 1, 2001, the Company acquired the common stock of various preferred stock affiliates which was owned by Officer and Trustees of the Company and converted them to taxable REIT subsidiaries. The total acquisition price was $5,155,000. The purchase price, which was the estimated fair value, was determined by both independent appraisal and by reference to the individuals' pro rata share of the earnings of the preferred stock affiliates during the three-year period that these investments were held.

In connection with the Park Laurel condominium project, the joint venture accrued $5,779,000 of awards under the venture's incentive compensation plan.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999

YEAR ENDED DECEMBER 31, 2001

Cash flow provided by operating activities of $387,685,000 was primarily comprised of (i) income of $263,738,000, (ii) adjustments for non-cash items of $131,832,000, and (iii) the net change in operating assets and liabilities of $22,738,000. The adjustments for non-cash items were primarily comprised of (i) a cumulative effect of change in accounting principle of $4,110,000, (ii) the write-off of the Company's remaining equity investments in technology companies of $16,513,000, (iii) the write-off of its entire net investment of $7,374,000 in the Russian Tea Room, (iv) depreciation and amortization of $123,862,000, (v) minority interest of $112,363,000, partially offset by (vi) the effect of straight-lining of rental income of $27,230,000, and (vii) equity in net income of partially-owned entities and income applicable to Alexander's of $105,160,000.

Net cash used in investing activities of $79,722,000 was primarily comprised of (i) recurring capital expenditures of $41,093,000, (ii) non-recurring capital expenditures of $25,997,000, (iii) development and redevelopment expenditures of $145,817,000, (iv) investment in notes and mortgages receivable of $83,879,000, (v) investments in partially-owned entities of $109,332,000, (vi) acquisitions of real estate of $11,574,000, offset by, (vii) proceeds from the sale of real estate of $162,045,000, and (viii) distributions from partially-owned entities of $113,240,000.

Net cash used in financing activities of $179,368,000 was primarily comprised of (i) proceeds from borrowings of $554,115,000, (ii) proceeds from the issuance of common shares of $377,193,000, (iii) proceeds from the issuance of preferred units of $52,673,000, offset by, (iv) repayments of borrowings of $835,257,000, (v) dividends paid on common shares of $201,813,000, (vi) dividends paid on preferred shares of $35,547,000, and (vii) distributions to minority partners of $98,544,000.

Below are the details of capital expenditures, leasing commissions and development and redevelopment expenditures.

Capital expenditures are categorized as follows:

Recurring -- capital improvements expended to maintain a property's competitive position within the market and tenant improvements and leasing commissions for costs to re-lease expiring leases or renew or extend existing leases.

Non-recurring -- capital improvements completed in the year of acquisition and the following two years which were planned at the time of acquisition and tenant improvements and leasing commissions for space which was vacant at the time of acquisition of a property.

Development and Redevelopment expenditures include all hard and soft costs associated with the development or redevelopment of a property, including tenant improvements, leasing commissions and capitalized interest and operating costs until the property is substantially complete and ready for its intended use.

($ in thousands)	Funded by the Company					
Capital Expenditures:	Total	New York City Office	Retail	Merchandise Mart	Other	CESCR (34% Interest)
Expenditures to maintain the assets:						
Recurring	$ 14,423	$ 7,684	$ 1,253	$ 5,287	$ 199	$ 3,121
Non-recurring	20,751	13,635	--	7,116	--	6,678
	35,174	21,319	1,253	12,403	199	9,799
Tenant Improvements:						
Recurring	26,670	21,452	271	4,858	89	$ 5,979
Non-recurring	5,246	5,246	--	--	--	190
	31,916	26,698	271	4,858	89	6,169
Total	$ 67,090	$ 48,017	$ 1,524	$ 17,261	$ 288	$ 15,968
Leasing Commissions:						
Recurring	$ 19,536	$ 18,546	$ 336	$ 381	$ 273	$ 1,142
Non-recurring	7,902	7,902	--	--	--	28
	$ 27,438	$ 26,448	$ 336	$ 381	$ 273	$ 1,170
Total Capital Expenditures and Leasing Commissions:						
Recurring	$ 60,629	$ 47,682	$ 1,860	$ 10,526	$ 561	$ 10,242
Non-recurring	33,899	26,783	--	7,116	--	6,896
Development and Redevelopment Expenditures:						
Palisades--Fort Lee, NJ	$ 66,173	$ --	$ --	$ --	$ 66,173	$ --
Market Square on Main Street	29,425	--	--	29,425	--	--
Other	50,219	25,703	6,378	4,350	13,788	14,067
	$ 145,817	$ 25,703	$ 6,378	$ 33,775	$ 79,961	$ 14,067

YEAR ENDED DECEMBER 31, 2000

Cash flow provided by operating activities of $249,921,000 was primarily comprised of (i) income of $233,991,000 and (ii) adjustments for non-cash items of $66,557,000 offset by (iii) the net change in operating assets and liabilities of $40,787,000 and (iv) the net gain on sale of real estate of $10,965,000. The adjustments for non-cash items were primarily comprised of (i) depreciation and amortization of $99,846,000 and (ii) minority interest of $102,374,000, partially offset by (iii) the effect of straight-lining of rental income of $32,206,000 and (iv) equity in net income of partially-owned entities and income applicable to Alexander's of $103,457,000.

Net cash used in investing activities of $699,375,000 was primarily comprised of (i) capital expenditures of $171,782,000, (ii) investment in notes and mortgages receivable of $144,225,000, (iii) acquisitions of real estate of $199,860,000, (iv) investments in partially-owned entities of $99,974,000, (v) cash restricted of $183,788,000, of which $173,500,000 represents funds escrowed in connection with a mortgage financing, partially offset by (vi) proceeds from the sale of real estate of $47,945,000 and distributions from partially-owned entities of $68,799,000. Below are the details of acquisitions of real estate, investments in partially-owned entities, investments in notes and mortgages receivable and capital expenditures.

($ in thousands)

	Cash	Debt Assumed	Value of Units Issued	Investment
Acquisitions of Real Estate:				
Student Housing Complex (90% Interest)................	$ 6,660	$ 17,640	$ --	$ 24,300
33 North Dearborn Street..............................	16,000	19,000	--	35,000
7 West 34th Street....................................	128,000	--	--	128,000
L.A. Mart...	44,000	10,000	--	54,000
Other...	5,200	--	--	5,200
	$ 199,860	$ 46,640	$ --	$ 246,500
Investments in Partially-Owned Entities:				
Vornado Ceruzzi Joint Venture (80% interest)..........	$ 21,940	$ --	$ --	$ 21,940
Additional investment in Newkirk Joint Ventures.......	1,334	--	9,192	10,526
Loan to Alexander's...................................	15,000	--	--	15,000
Alexander's - increase in investment to 33%	3,400	--	--	3,400
Funding of Development Expenditures:				
Fort Lee (75% interest).............................	10,400	--	--	10,400
Park Laurel (80% interest)..........................	47,900	--	--	47,900
	$ 99,974	$ --	$ 9,192	$ 109,166
Investments in Notes and Mortgages receivable:				
Loan to NorthStar Partnership L.P.....................	$ 65,000	$ --	$ --	$ 65,000
Loan to Primestone Investment Partners, L.P...........	62,000	--	--	62,000
Advances to Vornado Operating Company.................	15,251	--	--	15,251
Other...	1,974	--	--	1,974
	$ 144,225	$ --	$ --	$ 144,225

	Total	New York City Office	Retail	Merchandise Mart	Other
Capital expenditures:					
Expenditures to maintain the assets	$ 33,113	$ 15,661	$ 414	$ 11,437	$ 5,601
Tenant allowances	60,850	51,017	3,307	6,301	225
Total recurring capital expenditures	93,963	66,678	3,721	17,738	5,826
Redevelopment and development expenditures	63,348	40,124	3,600	19,624	--
Corporate	14,471	--	--	--	14,471
	$171,782	$ 106,802	$ 7,321	$ 37,362	$20,297

In addition to the expenditures noted above, the Company recorded leasing commissions of $26,133,000 in the year ended December 31, 2000, of which $24,333,000 was attributable to New York City Office properties, $647,000 was attributable to Retail properties and $1,153,000 was attributable to Merchandise Mart properties.

Net cash provided by financing activities of $473,813,000 was primarily comprised of (i) proceeds from borrowings of $1,195,108,000, (ii) proceeds from issuance of preferred units of $204,750,000, partially offset by, (iii) repayments of borrowings of $633,655,000, (iv) dividends paid on common shares of $168,688,000 (v) dividends paid on preferred shares of $35,815,000, and (vi) distributions to minority partners of $80,397,000.

YEAR ENDED DECEMBER 31, 1999

Cash flow provided by operating activities of $176,895,000 were comprised of (i) net income of $202,519,000 and (ii) adjustments for non-cash items of $26,686,000 offset by (iii) the net change in operating assets and liabilities of $50,907,000 (primarily prepaid expenses). The adjustments for non-cash items were primarily comprised of (i) depreciation and amortization of $83,585,000 and (ii) minority interest of $54,998,000, partially offset by (iii) the effect of straight-lining of rental income of $29,587,000 and (iv) equity in income of partially-owned entities of $82,310,000.

Net cash used in investing activities of $494,204,000 was primarily comprised of (i) capital expenditures of $153,591,000 (see detail below), (ii) investment in mortgage loans receivable of $59,787,000 (including $41,200,000 loan to CAPI and $18,587,000 loan to Vornado Operating Company), (iii) acquisitions of real estate of $224,654,000 (see detail below) and (iv) investments in partially-owned entities of $118,409,000 (see detail below), partially offset by (v) the use of cash restricted for tenant improvements of $13,624,000, (vi) proceeds from the sale of Temperature Controlled Logistics assets of $22,769,000 and (vii) proceeds from the repayment of mortgage loans receivable of $20,751,000 (of which $14,000,000 is from Vornado Company).

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

($ in thousands)	Cash	Debt Assumed	Value of Units Issued	Investment
Real Estate:				
595 Madison Avenue	$ 125,000	$ --	$ --	$ 125,000
909 Third Avenue	12,400	109,000	1,600	123,000
888 Seventh Avenue	45,000	55,000	--	100,000(1)
GreenPoint leasehold interest	37,300	--	--	37,300
Other	4,954	--	--	4,954
	$ 224,654	$ 164,000	$ 1,600	$ 390,254
Investments in Partially Owned Entities:				
Charles E. Smith Commercial Realty L.P.:				
Increase in investment to 34%	$ --	$ --	$ 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	16,420	--	50,500	66,920
Hotel Pennsylvania - increase in investment to 100%	18,000	24,000	--	42,000
Alexander's - increase in investment to 32%	8,956	--	--	8,956
Loan to Alexander's	50,000	--	--	50,000
Loan to Temperature Controlled Logistics	9,000	--	--	9,000
Other	2,833	--	--	2,833
	$ 118,409	$ 24,000	$ 300,500	$ 442,909

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(1) Total consideration for 888 Seventh Avenue was $117,000 of which $17,000 was expended in 1998.

Capital expenditures were comprised of:

($ in thousands)	Total	New York City Office	Retail	Merchandise Mart	Other
Expenditures to maintain the assets	$ 27,251	$ 13,176	$ 1,945	$ 8,221	$ 3,909
Tenant allowances	40,242	20,890	927	18,384	41
Redevelopment and development expenditures	86,098	52,288(1)	19,281	14,529	--
	$ 153,591	$ 86,354	$22,153	$ 41,134	$ 3,950

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(1) Includes $27,544 to buyout the tenant's lease on 28,000 square feet of office space at 640 Fifth Avenue, thereby permitting re-leasing for retail use and $24,744 for the refurbishment of 770 Broadway.

In addition to the expenditures noted above, the Company recorded leasing commissions of $16,853,000 in the year ended December 31, 1999, of which $14,003,000 was attributable to New York City Office properties, $638,000 was attributable to Retail properties and $2,212,000 was attributable to Merchandise Mart properties.

Net cash provided by financing activities of $262,131,000 was primarily comprised of (i) proceeds from issuance of preferred shares of $192,953,000, (ii) proceeds from issuance of preferred units of $525,013,000 and (iii) proceeds from borrowings of $455,000,000 partially offset by, (iv) repayments of borrowings of $668,957,000, (v) dividends paid on common shares of $153,223,000, (vi) dividends paid on preferred shares of $30,563,000, and (vii) distributions to minority partners of $52,491,000.

FUNDS FROM OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

Funds from operations was $376,523,000 in the year ended December 31, 2001, compared to $335,158,000 in the prior year, an increase of $41,365,000. Funds from operations for the year ended December 31, 2001, includes (i) a $15,657,000 after tax net gain on sale of Park Laurel condominium units, (ii) $29,110,000 (1) for write-offs of investments and other deferred costs and (iii) $1,250,000 for donations to the Twin Towers Fund and the NYC Fireman's Fund. Funds from operations before these items and after minority interest was $389,426,000, a $54,268,000 increase over the prior year, or a 12.7% increase on a per share basis.

The following table reconciles funds from operations and net income:

($ in thousands)	For the Year Ended December 31,	
	2001	2000
Net income applicable to common shares	$227,233	$195,301
Cumulative effect of a change in accounting principle	4,110	--
Extraordinary item	(1,170)	1,125
Depreciation and amortization of real property	119,568	97,744
Straight-lining of property rentals for rent escalations	(24,314)	(28,893)
Leasing fees received in excess of income recognized	1,954	1,259
Appreciation of securities held in officer's deferred compensation trust	3,023	4,765
Net gain on sale of 570 Lexington Avenue - through a partially-owned entity	(12,445)	--
Net gain from condemnation proceeding	(3,050)	--
Net gain on sale of other depreciable real estate	--	(10,965)
Proportionate share of adjustments to equity in net income of partially-owned entities to arrive at funds from operations:		
Depreciation and amortization of real property	65,588	63,791
Net gain on sale of real estate (Alexander's Fordham Road property)	(6,298)	--
Other	(371)	5,787
Minority interest in excess of preferential distributions	(16,810)	(16,445)
	357,018	313,469
Series A preferred shares	19,505	21,689
Funds from operations--diluted (2)	$376,523	$335,158

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

($ in thousands)	For the Year Ended December 31,	
	2001	2000
Weighted average shares used for determining diluted income per share	92,073	88,692
Series A preferred shares	7,646	8,018
Shares used for determining diluted funds from operations per share (2)	99,719	96,710

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(1) Write-off of investments and other deferred costs in 2001 include:

Write-off of all of the Company's investments in technology companies	$16,513,000
Write-off of entire net investment in the Russian Tea Room (50% interest)	7,374,000
Write-off of costs of acquisitions not consummated	5,223,000
Total	$29,110,000

(2) See note on following page for Reconciliation of Funds from Operations as shown above to the Operating Partnership's funds from operations.

Funds from operations does not represent cash generated from operating activities in accordance with accounting principles generally accepted in the United States of America 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 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 from this definition to adjust primarily for (i) the effect of straight-lining of property rentals for rent escalations and leasing fee income, and (ii) the reversal of income taxes (benefit) which are considered non-recurring because of the conversion of Temperature Controlled Logistics Companies to REITs in 2000.

Below are the cash flows provided by (used in) operating, investing and financing activities:

($ in thousands)	For the Year Ended December 31, 2001	2000
Operating activities.................	$ 387,685	$ 249,921
Investing activities.................	$ (79,722)	$ (699,375)
Financing activities.................	$ (179,368)	$ 473,813

Assuming all of the convertible units of the Operating Partnership were converted to shares, the minority interest in partnership earnings would not be deducted in calculating funds from operations and the shares used in calculating funds from operations per share would be increased to reflect the conversion. Funds from operations per share would not change. The following table reconciles funds from operations as shown above, to the Operating Partnership's funds from operations for the year ended December 31, 2001 and 2000:

($ in thousands)	For the Year Ended December 31, 2001	2000
Funds from operations, as above..............	$ 376,523	$ 335,158
Addback of minority interest reflected as equity in the Operating Partnership.........	52,514	52,137
Operating Partnership funds from operations..	$ 429,037	$ 387,295

The number of shares to be used for determining Operating Partnership funds from operations per share is as follows:

Shares used for determining diluted funds from operations per share, as above..............	99,719	96,710
Convertible units:		
Non-Vornado owned Class A units..........	6,140	6,407
Class D units...........................	--	869
B-1 units...............................	822	822
B-2 units...............................	411	411
C-1 units...............................	855	855
E-1 units...............................	5,680	5,680
Shares used for determining Operating Partnership diluted funds from operations per share..................................	113,627	111,754

See supplemental information on page 76 for Condensed Pro forma Operating Results for the years ended December 31, 2001 and 2000 giving effect to the January 1, 2002 acquisition by the Company of the remaining 66% of Charles E. Smith Commercial Realty as if it had occurred on January 1, 2000.

ACQUISITION ACTIVITY, CERTAIN CASH REQUIREMENTS AND FINANCING ACTIVITIES

ACQUISITION ACTIVITY

On January 1, 2002, the Company acquired the remaining 66% of CESCR it did not previously own. The consideration for the remaining 66% of CESCR was approximately $1,600 million, consisting of 15.7 million newly issued Vornado Operating Partnership units (valued at $608 million) and acquiring the assets subject to $992 million of debt (66% of CESCR's total debt). CESCR owns and manages 12.9 million square feet office properties in Washington D.C. and Northern Virginia and manages an additional 5.8 million square feet of office and other commercial properties in the Washington D.C. area.

The Company's future success will be affected by its ability to integrate the assets and businesses it acquires and to effectively manage those assets and businesses. The Company currently expects to continue to grow. However, its ability to do so will be dependent on a number of factors, including, among others, (a) the availability of reasonably priced assets that meet the Company's acquisition criteria and (b) the price of the Company's common shares, the rates at which the Company is able to borrow money and, more generally, the availability of financing on terms that, in the Company's view, make such acquisitions financially attractive.

CERTAIN CASH REQUIREMENTS

For 2002, the Company has budgeted approximately $172.6 million for capital expenditures (excluding acquisitions) and leasing commissions as follows:

($ in thousands)	Total	New York Office	CESCR Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
Capital Expenditures:							
Expenditures to maintain the assets:							
Recurring..................	$ 37,500	$ 8,300	$ 11,600	$ 4,700	$ 5,000	$ 5,700(1)	$ 2,200(2)
Non-recurring..............	46,500	20,300	17,200	--	9,000	--	--
	84,000	28,600	28,800	4,700	14,000	5,700	2,200
Tenant improvements:							
Recurring..................	56,000	12,100	30,300	--	13,600	--	--
Non-recurring..............	9,900	9,900	--	--	--	--	--
	65,900	22,000	30,300	--	13,600	--	--
Total.........................	$ 149,900	$ 50,600	$ 59,100	$ 4,700	$ 27,600	5,700	$ 2,200
Leasing Commissions:							
Recurring..................	$ 16,400	$ 6,200	$ 7,600	$ --	$ 2,600	$ --	$ --
Non-recurring..............	6,300	6,300	--	--	--	--	--
	$ 22,700	$ 12,500	$ 7,600	$ --	$ 2,600	$ --	$ --
Total Capital Expenditures and Leasing Commissions:							
Recurring..................	$ 109,900	$ 26,600	$ 49,500	$ 4,700	$ 21,200	$ 5,700	$ 2,200
Non-recurring..............	62,700	36,500	17,200	--	9,000	--	--

Tenant allowances and leasing commissions for the New York City Office properties approximate $23.00 per square foot for renewal space and $48.00 per square foot for vacant space. Historically, approximately two-thirds of existing tenants renew their leases.

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(1) Represents the Company's 60% share of the Vornado/Crescent Partnerships obligation to fund $9,500 of capital expenditures per annum.

(2) Primarily for the Hotel Pennsylvania.

In addition to the capital expenditures reflected above, the Company is currently engaged in or considering certain development and redevelopment projects for which it has budgeted approximately $158.4 million to be expended as outlined in the "Development and Redevelopment Projects" section of Item 1--Business. The $158.4 million does not include amounts for other projects which are also included in the "Development and Redevelopment Projects" section of Item 1 -Business, as no budgets for them have been finalized. There can be no assurance that any of the above projects will be ultimately completed, completed on time or completed for the budgeted amount.

No cash requirements have been budgeted for the capital expenditures and amortization of debt of Alexander's, or The Newkirk MLP, which are partially owned by the Company. These investees are expected to fund their own cash requirements. Alexander's is prohibited by its loan agreements from paying dividends. In 2002 the Company expects to receive distributions of approximately $44.2 million from its investment in The Newkirk MLP, including the distribution of approximately $37 million received on February 6, 2002, in connection with a Newkirk refinancing.

FINANCING ACTIVITIES AND CONTRACTUAL OBLIGATIONS

Below is a schedule of the Company's contractual obligations and commitments at December 31, 2001:

($ in thousands)

	Total	Less Than 1 Year	1 - 3 Years	4 - 5 Years	Thereafter
Contractual Cash Obligations:					
Unsecured Revolving Credit Facility	$ --	$ --	$ --	$ --	$ --
Mortgages and Notes Payable	2,477,173	834,008	585,866	105,000	952,299
Operating Leases	449,783	14,442	26,791	26,177	382,373
Total Contractual Cash Obligations	$2,926,956	$ 848,450	$612,657	$131,177	$1,334,672
Commitments:					
Standby Letters of Credit	$ 83,238	$ 83,238	$ --	$ --	$ --
Guarantees	--	--	--	--	--
Total Commitments	$ 83,238	$ 83,238	$ --	$ --	$ --

The Company is reviewing various alternatives for the repayment or refinancing of debt coming due during 2002. The Company has $1 billion available under its revolving credit facility which matures in March, 2003 and a number of properties which are unencumbered.

The Company's credit facility contains customary conditions precedent to borrowing such as the bring down of customary representations and warranties as well as compliance with financial covenants such as minimum interest coverage and maximum debt to market capitalization. The facility provides for higher interest rates in the event of a decline in the Company's ratings below Baa3/BBB. This facility also contains customary events of default which could give rise to acceleration and include such items as failure to pay interest or principal and breaches of financial covenants such as maintenance of minimum capitalization and minimum interest coverage.

The Company carries comprehensive liability and all risk property insurance (fire, flood, extended coverage and rental loss insurance) with respect to its assets. The Company's all risk insurance policies in effect before September 11, 2001 included coverage for terrorist acts, except for acts of war. Since September 11, 2001, insurance companies are excluding terrorists acts from coverage in all risk policies. In 2002, the Company has been unable to obtain all risk insurance which includes coverage for terrorists acts for policies it has renewed including the New York City Office portfolio and may not be able to obtain such coverage for any of its other properties in the future. Therefore, the risk of financial loss in the case of terrorist acts is the Company's, which loss could be material.

The Company's debt instruments, consisting of mortgage loans secured by its properties (which are generally non-recourse to the Company) and its revolving credit agreement, contain customary covenants requiring the Company to maintain insurance. There can be no assurance that the lenders under these instruments will not take the position that an exclusion from all risk insurance coverage for losses due to terrorist acts is a breach of these debt instruments that allows the lenders to declare an event of default and accelerate repayment of debt. In addition, if lenders insist on coverage for these risks, it could adversely affect the Company's ability to finance and/or refinance its properties and to expand its portfolio.

In addition, many of the Company's non-recourse mortgages contain debt service covenants which if not satisfied could require cash collateral. These covenants are not "ratings" related.

CORPORATE

On September 20, 2001, the Company sold an aggregate of $45,000,000 8.25% Series D-9 Cumulative Redeemable Preferred Units resulting in net proceeds of approximately $43,875,000.

On November 19, 2001, the Company sold 9,775,000 common shares pursuant to an effective registration statement based on the closing price of $40.58 on the NYSE. The net proceeds to the Company were approximately $377,200,000. In connection therewith the Company repaid the $285,000,000 then outstanding under its revolving credit facility.

On February 25, 2002, the Company sold 884,543 common shares to a closed-end fund and 514,200 shares to a unit investment trust based on the closing price of $42.96 on the NYSE. The net proceeds to the Company were approximately $57,042,000.

OFFICE

On January 11, 2001, the Company completed a $105,000,000 refinancing of its 888 Seventh Avenue office building. The loan bears interest at a fixed rate of 6.6% and matures on January 1, 2006. A portion of the proceeds received were used to repay the then existing mortgage of $55,000,000.

MERCHANDISE MART

On October 16, 2001, the Company completed a $49,000,000 refinancing of its Washington Design Center property. The loan bears interest at a fixed rate of 6.95% and matures on October 16, 2011. A portion of the proceeds received were used to repay the then existing mortgage of $23,000,000.

On July 11, 2001, the Company completed a $50,000,000 refinancing of its Market Square Complex. The loan bears interest at a fixed rate of 7.95% and matures in July 2011. The proceeds received were used to repay the then existing mortgage of $49,000,000.

OTHER

On September 20, 2001, the Company completed a $50,000,000 mortgage financing, cross-collateralized by its eight industrial warehouse properties. The loan bears interest at a fixed rate of 6.95% per annum and matures on October 1, 2011.

On February 1, 2002, the Newkirk MLP, in which the Company has a 21.1% interest, completed a $225,000,000 mortgage financing collateralized by its properties, subject to the existing first and certain second mortgages on those properties. The loan bears interest at LIBOR plus 5.5% with a LIBOR floor of 3.0% (8.5% at February 1, 2002) and matures on January 31, 2005, with two one-year extension options.

The Company has an effective shelf registration under which the Company can offer an aggregate of approximately $940,000,000 of equity securities and Vornado Realty L.P. can offer an aggregate of $1.0 billion of debt securities.

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.

RECENTLY ISSUED ACCOUNTING STANDARDS

The Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES, as amended, which establishes accounting and reporting standards requiring every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded on the balance sheet as either an asset or liability measured at its fair value. The Statement requires that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. The Company's investment securities include stock purchase warrants received from companies that provide fiber-optic network and broadband access to the Company's Office division tenants. Statement 133 requires these warrants to be marked-to-market at each reporting period with the change in value recognized currently in earnings. The Company has previously marked-to-market changes in value through accumulated other comprehensive loss. Under Statement 133, those changes are recognized through earnings, and accordingly, the Company has reclassified $4,110,000 from accumulated other comprehensive loss to the consolidated statement of income as the cumulative effect of change in accounting principle as of January 1, 2001. Future changes in value of such securities will be recorded through earnings. The Company does not currently utilize derivatives for hedging purposes and does not engage in speculative activities.

In June 2001, the Financial Accounting Standards Board issued SFAS No. 141, BUSINESS COMBINATIONS (effective July 1, 2001) and SFAS No. 142, GOODWILL AND OTHER INTANGIBLE ASSETS (effective January 1, 2002). SFAS No. 141 prohibits pooling-of-interests accounting for acquisitions. SFAS No. 142 specifies that goodwill and some intangible assets will no longer be amortized but instead be subject to periodic impairment testing. In the first quarter of 2002, the Company will write-off goodwill of approximately $32,491,000, of which (i) $18,000,000 represents its share of the goodwill arising from the Company's investment in Temperature Controlled Logistics and (ii) $14,491,000 represents goodwill arising from the Company's acquisition of the Hotel Pennsylvania. The write-off will be reflected as a cumulative effect of a change in accounting principle. Amortization of goodwill during 2001 was approximately $1,116,000.

In August 2001, FASB issued SFAS No. 143, ACCOUNTING FOR ASSET RETIREMENT OBLIGATIONS (effective January 1, 2003) and SFAS No. 144, ACCOUNTING FOR THE IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS (effective January 1, 2002). SFAS No. 143 requires the recording of the fair value of a liability for an asset retirement obligation in the period which it is incurred. SFAS No. 144 supersedes current accounting literature and now provides for a single accounting model for long lived-assets to be disposed of by sale and requires discontinued operations presentation for disposals of a "component" of an entity. The Company does not anticipate that the adoption of these statements will have a material effect on the Company's financial statements; however under SFAS No. 144, if the Company were to dispose of a material operating property, such property's results of operations will have to be separately disclosed as discontinued operations in the Company's financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's exposure to a change in interest rates on its wholly-owned and partially-owned debt (all of which arises out of non-trading activity) is as follows:

($ in thousands, except per share amounts)

	2001			2000	
	December 31, Balance	Weighted Average Interest Rate	Effect of 1% Change In Base Rates	December 31, Balance	Weighted Average Interest Rate
Wholly-owned debt:					
Variable rate..................	$ 1,182,605	3.39%	$ 10,591(1)	$ 1,625,162	8.00%
Fixed rate.....................	1,294,568	7.53%	--	1,063,146	7.61%
	$ 2,477,173		10,591	$ 2,688,308	
Partially-owned debt:					
Variable rate..................	$ 85,516	5.63%	855	$ 174,622	8.40%
Fixed rate.....................	1,234,019	8.29%	--	1,123,926	8.63%
	$ 1,319,535		855	$ 1,298,548	
Minority interest.....................			(1,660)		
Total decrease in the Company's annual net income.........			$ 9,786		
Per share-diluted................			$ .11		

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(1) Excludes the effect of a $123,500 mortgage financing, cross-collateralized by the Company's 770 Broadway and 595 Madison Avenue office properties, as the proceeds are in a restricted mortgage escrow account which bears interest at the same rate as the loan.

Various financial instruments exist which could be employed to reduce the Company's exposure to change in interest rates. The Company does not currently utilize such hedging strategies.

The fair value of the Company's debt at December 31, 2001, based on discounted cash flows at the current rate at which similar loans would be made to borrowers with similar credit ratings for the remaining term of such debt approximates its carrying value.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH INDEPENDENT AUDITORS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Vornado Realty Trust as of December 31, 2001 and 2000, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2001. Our audits also included the financial statement schedules listed in the Index at Item 14. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Vornado Realty Trust at December 31, 2001 and 2000, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP

Parsippany, New Jersey

March 11, 2002

VORNADO REALTY TRUST

CONSOLIDATED BALANCE SHEETS

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

	DECEMBER 31, 2001	DECEMBER 31, 2000
ASSETS		
Real estate, at cost:		
Land	$ 895,831	$ 870,023
Buildings and improvements	3,480,249	3,328,760
Development costs and construction in progress	258,357	125,814
Leasehold improvements and equipment	55,774	29,795
Total	4,690,211	4,354,392
Less accumulated depreciation and amortization	(506,225)	(393,787)
Real estate, net	4,183,986	3,960,605
Cash and cash equivalents, including U.S. government obligations under repurchase agreements of $15,235 and $27,793	265,584	136,989
Escrow deposits and restricted cash	204,463	214,359
Marketable securities	126,774	120,340
Investments and advances to partially-owned entities, including Alexander's of $188,522 and $178,413	1,270,195	1,432,557
Due from Officers	18,197	20,549
Accounts receivable, net of allowance for doubtful accounts of $8,831 and $9,343	47,406	47,937
Notes and mortgage loans receivable	258,555	188,722
Receivable arising from the straight-lining of rents	138,154	111,504
Other assets	264,029	169,648
	$ 6,777,343	$ 6,403,210
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes and mortgages payable	$ 2,477,173	$ 2,263,308
Revolving credit facility	--	425,000
Accounts payable and accrued expenses	179,597	130,464
Officer's compensation payable	6,708	38,424
Deferred leasing fee income	11,940	7,852
Other liabilities	51,895	1,798
Total liabilities	2,727,313	2,866,846
Minority interest of unitholders in the Operating Partnership	1,479,658	1,457,644
Commitments and contingencies		
Shareholders' equity:		
Preferred shares of beneficial interest: no par value per share; authorized 45,000,000 shares;		
Series A: liquidation preference $50.00 per share; issued and outstanding 5,520,435 and 5,789,239 shares	276,024	288,507
Series B: liquidation preference $25.00 per share; issued and outstanding 3,400,000 shares	81,805	81,805
Series C: liquidation preference $25.00 per share; issued and outstanding 4,600,000 shares	111,148	111,148
Common shares of beneficial interest: $.04 par value per share; authorized, 150,000,000 shares; issued and outstanding, 99,035,023 and 86,803,770 shares	3,961	3,472
Additional capital	2,162,512	1,709,284
Distributions in excess of net income	(95,647)	(90,366)
	2,539,803	2,103,850
Deferred compensation shares earned but not yet delivered	38,253	--
Accumulated other comprehensive loss	(2,980)	(20,426)
Due from officers for purchase of common shares of beneficial interest	(4,704)	(4,704)
Total shareholders' equity	2,570,372	2,078,720
	$ 6,777,343	$ 6,403,210

See notes to consolidated financial statements.

VORNADO REALTY TRUST

CONSOLIDATED STATEMENTS OF INCOME

(amounts in thousands, except per share amounts)	YEAR ENDED DECEMBER 31, 2001	2000	1999
Revenues:			
Property rentals	$ 841,999	$ 695,078	$ 591,270
Expense reimbursements	133,114	120,056	96,842
Other income (including fee income from related parties of $1,655, $1,418, and $1,262)	10,660	10,838	8,251
Total revenues	985,773	825,972	696,363
Expenses:			
Operating	398,969	318,360	282,118
Depreciation and amortization	123,862	99,846	83,585
General and administrative	72,572	47,911	40,151
Costs of acquisitions not consummated	5,223	--	--
Total expenses	600,626	466,117	405,854
Operating income	385,147	359,855	290,509
Income applicable to Alexander's	24,548	17,363	11,772
Income from partially-owned entities	80,612	86,654	78,560
Interest and other investment income	54,385	32,926	18,359
Interest and debt expense (including amortization of deferred financing costs of $8,458, and $7,298)	(173,076)	(170,273)	(141,683)
Net gain on disposition of wholly-owned and partially-owned assets	7,425	10,965	--
Minority interest:			
Perpetual preferred unit distributions	(70,705)	(62,089)	(19,254)
Minority limited partnership earnings	(39,138)	(38,320)	(33,904)
Partially-owned entities	(2,520)	(1,965)	(1,840)
Income before cumulative effect of change in accounting principle and extraordinary item	266,678	235,116	202,519
Cumulative effect of change in accounting principle	(4,110)	--	--
Extraordinary item	1,170	(1,125)	--
Net income	263,738	233,991	202,519
Preferred share dividends (including accretion of issuance expenses of $958 in 2001 and $2,875 in 2000 and 1999)	(36,505)	(38,690)	(33,438)
NET INCOME applicable to common shares	$ 227,233	$ 195,301	$ 169,081
NET INCOME PER COMMON SHARE-BASIC	$ 2.55	$ 2.26	$ 1.97
NET INCOME PER COMMON SHARE-DILUTED	$ 2.47	$ 2.20	$ 1.94

See notes to consolidated financial statements.

VORNADO REALTY TRUST

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(amounts in thousands, except per share amounts)

	PREFERRED SHARES	COMMON SHARES	ADDITIONAL CAPITAL	DISTIBUTIONS IN EXCESS OF NET INCOME	ACCUMULATED OTHER COMPREHENSIVE LOSS
BALANCE, JANUARY 1, 1999	$ 282,758	$ 3,403	$ 1,653,208	$ (132,837)	$ (18,957)
Net Income	--	--	--	202,519	--
Dividends paid on Preferred Shares					
Series A Preferred Shares ($3.25 per share)	--	--	--	(21,690)	--
Series B Preferred Shares ($1.68 per share)	--	--	--	(5,720)	--
Series C Preferred Shares ($1.31 per share)	--	--	--	(6,028)	--
Net proceeds from issuance of preferred shares	192,953	--	--	--	--
Dividends paid on common shares ($1.80 per share)	--	--	--	(153,223)	--
Common shares issued under employees' share plan	--	5	2,458	--	--
Redemption of units for common shares	--	44	40,214	--	--
Accretion of issuance expenses on preferred shares	2,874	--	--	--	--
Common shares issued in connection with dividend reinvestment plan	--	1	677	--	--
Change in unrealized net loss on securities available for sale	--	--	--	--	15,603
Depreciation of securities held in officer's deferred compensation trust	--	--	--	--	579
Pension obligations	--	--	--	--	1,327
Forgiveness of amount due from officers	--	--	--	--	--
BALANCE, DECEMBER 31, 1999	$ 478,585	$ 3,453	$ 1,696,557	$ (116,979)	$ (1,448)

	OTHER	SHAREHOLDERS' EQUITY	COMPREHENSIVE INCOME
BALANCE, JANUARY 1, 1999	$ (4,897)	$ 1,782,678	
Net Income	--	202,519	$ 202,519
Dividends paid on Preferred Shares			
Series A Preferred Shares ($3.25 per share)	--	(21,690)	--
Series B Preferred Shares ($1.68 per share)	--	(5,720)	--
Series C Preferred Shares ($1.31 per share)	--	(6,028)	--
Net proceeds from issuance of preferred shares	--	192,953	--
Dividends paid on common shares ($1.80 per share)	--	(153,223)	--
Common shares issued under employees' share plan	--	2,463	--
Redemption of units for common shares	--	40,258	--
Accretion of issuance expenses on preferred shares	--	2,874	--
Common shares issued in connection with dividend reinvestment plan	--	678	--
Change in unrealized net loss on securities available for sale	--	15,603	15,603
Depreciation of securities held in officer's deferred compensation trust	--	579	579
Pension obligations	--	1,327	1,327
Forgiveness of amount due from officers	97	97	--
BALANCE, DECEMBER 31, 1999	$ (4,800)	$ 2,055,368	$ 220,028

See notes to consolidated financial statements.

VORNADO REALTY TRUST

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(amounts in thousands, except per share amounts)	PREFERRED SHARES	COMMON SHARES	ADDITIONAL CAPITAL	DISTIBUTIONS IN EXCESS OF NET INCOME	ACCUMULATED OTHER COMPREHENSIVE LOSS
BALANCE, DECEMBER 31, 1999	$ 478,585	$ 3,453	$ 1,696,557	$ (116,979)	$ (1,448)
Net Income	--	--	--	233,991	--
Dividends paid on Preferred Shares					
Series A Preferred Shares ($3.25 per share)	--	--	--	(21,689)	--
Series B Preferred Shares ($2.125 per share)	--	--	--	(7,225)	--
Series C Preferred Shares ($2.125 per share)	--	--	--	(9,776)	--
Dividends paid on common shares ($1.97 per share)	--	--	--	(168,688)	--
Common shares issued under employees' share plan	--	15	9,913	--	--
Redemption of units for common shares	--	3	1,789	--	--
Accretion of issuance expenses on preferred shares	2,875	--	--	--	--
Common shares issued in connection with dividend reinvestment plan	--	1	1,025	--	--
Change in unrealized net loss on securities available for sale	--	--	--	--	(18,399)
Appreciation of securities held in officer's deferred compensation trust	--	--	--	--	(579)
Forgiveness of amount due from officers	--	--	--	--	--
BALANCE, DECEMBER 31, 2000	481,460	3,472	1,709,284	(90,366)	(20,426)
Net Income	--	--	--	263,738	--
Dividends paid on Preferred Shares					
Series A Preferred Shares ($3.25 per share)	--	--	--	(19,505)	--
Series B Preferred Shares ($2.125 per share)	--	--	--	(7,225)	--
Series C Preferred Shares ($2.125 per share)	--	--	--	(9,775)	--
Dividends paid on common shares ($2.32 per share)	--	--	--	(201,813)	--
Dividends payable on common shares ($.31 per share)	--	--	--	(30,701)	--
Common shares issued, net of shelf registration costs of $260	--	391	376,542	--	--
Common shares issued under employees' share plan	--	12	9,947	--	--
Conversion of Series A Preferred Shares to common share	(13,441)	15	13,426	--	--
Redemption of units for common shares	--	70	52,017	--	--
Accretion of issuance expenses on preferred shares	958	--	--	--	--
Common shares issued in connection with dividend reinvestment plan	--	1	1,296	--	--
Change in unrealized net loss on securities available for sale	--	--	--	--	18,178
Deferred compensation shares earned but not yet issued	--	--	--	--	--
Pension obligations	--	--	--	--	(732)
BALANCE, DECEMBER 31, 2001	$ 468,977	$ 3,961	$ 2,162,512	$ (95,647)	$ (2,980)

	OTHER	SHAREHOLDERS' EQUITY	COMPREHENSIVE INCOME
BALANCE, DECEMBER 31, 1999	$ (4,800)	$ 2,055,368	
Net Income	--	233,991	$ 233,991
Dividends paid on Preferred Shares			
Series A Preferred Shares ($3.25 per share)	--	(21,689)	--
Series B Preferred Shares ($2.125 per share)	--	(7,225)	--
Series C Preferred Shares ($2.125per share)	--	(9,776)	--
Dividends paid on common shares ($1.97 per share)	--	(168,688)	--
Common shares issued under employees' share plan	--	9,928	--
Redemption of units for common shares	--	1,792	--
Accretion of issuance expenses on preferred shares	--	2,875	--
Common shares issued in connection with dividend reinvestment plan	--	1,026	--
Change in unrealized net loss			

on securities available for sale	--	(18,399)	(18,399)
Appreciation of securities held in officer's deferred compensation trust	--	(579)	(579)
Forgiveness of amount due from officers	96	96	--
BALANCE, DECEMBER 31, 2000	(4,704)	2,078,720	$ 215,013
Net Income	--	263,738	$ 263,738
Dividends paid on Preferred Shares			
Series A Preferred Shares ($3.25 per share)	--	(19,505)	--
Series B Preferred Shares ($2.125 per share)	--	(7,225)	--
Series C Preferred Shares ($2.125 per share)	--	(9,775)	--
Dividends paid on common shares ($2.32 per share)	--	(201,813)	--
Dividends payable on common shares ($.31 per share)	--	(30,701)	--
Common shares issued, net of shelf registration costs of $260	--	376,933	--
Common shares issued under employees' share plan	--	9,959	--
Conversion of Series A Preferred Shares to common share	--	--	--
Redemption of units for common shares	--	52,087	--
Accretion of issuance expenses on preferred shares	--	958	--
Common shares issued in connection with dividend reinvestment plan	--	1,297	--
Change in unrealized net loss on securities available for sale	--	18,178	18,178
Deferred compensation shares earned but not yet delivered	38,253	38,253	--
Pension obligations	--	(732)	(732)
BALANCE, DECEMBER 31, 2001	$ (33,549)	$ 2,570,372	$ 281,184

See notes to consolidated financial statements.

VORNADO REALTY TRUST

CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)

	YEAR ENDED DECEMBER 31, 2001	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 263,738	$ 233,991	$ 202,519
Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effect of change in accounting principle	4,110	--	--
Extraordinary item	(1,170)	1,125	--
Minority interest	112,363	102,374	54,998
Net gain on dispositions of wholly-owned and partially-owned assets	(7,425)	(10,965)	--
Depreciation and amortization (including debt issuance costs)	123,862	99,846	83,585
Straight-lining of rental income	(27,230)	(32,206)	(29,587)
Equity in (income) loss of Alexander's	(24,548)	(17,363)	(11,772)
Equity in income of partially-owned entities	(80,612)	(86,654)	(78,560)
Changes in operating assets and liabilities	24,597	(40,227)	(44,288)
Net cash provided by operating activities	387,685	249,921	176,895
CASH FLOWS FROM INVESTING ACTIVITIES:			
Development costs and construction in progress	(145,817)	(35,701)	(66,962)
Acquisitions of real estate and other	(11,574)	(199,860)	(224,654)
Additions to real estate	(67,090)	(136,081)	(104,177)
Investments in partially-owned entities	(109,332)	(99,974)	(118,409)
Proceeds from sale of real estate	162,045	47,945	--
Proceeds from sale of Temperature Controlled Logistics assets	--	--	22,769
Investments in notes and mortgage loans receivable	(83,879)	(144,225)	(59,787)
Repayment of notes and mortgage loans receivable	64,206	5,222	20,751
Cash restricted, primarily mortgage escrows	9,896	(183,788)	13,624
Distributions from partially-owned entities	114,218	68,799	16,938
Real estate deposits	--	4,819	14,819
Purchases of marketable securities	(14,325)	(26,531)	(21,614)
Proceeds from sale or maturity of securities available for sale	1,930	--	12,498
Net cash used in investing activities	(79,722)	(699,375)	(494,204)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings	554,115	1,195,108	455,000
Repayments of borrowings	(835,257)	(633,655)	(668,957)
Costs of refinancing debt	(3,394)	(18,445)	(8,059)
Proceeds from issuance of preferred shares	--	--	192,953
Proceeds from issuance of preferred units	52,673	204,750	525,013
Proceeds from issuance of common shares	377,193	--	--
Dividends paid on common shares	(201,813)	(168,688)	(153,223)
Dividends paid on preferred shares	(35,547)	(35,815)	(30,563)
Distributions to minority partners	(98,594)	(80,397)	(52,491)
Exercise of share options	11,256	10,955	2,458
Net cash (used in) provided by financing activities	(179,368)	473,813	262,131
Net increase (decrease) in cash and cash equivalents	128,595	24,359	(55,178)
Cash and cash equivalents at beginning of year	136,989	112,630	167,808
Cash and cash equivalents at end of year	$ 265,584	$ 136,989	$ 112,630
Supplemental Disclosure of Cash Flow Information:			
Cash payments for interest (including capitalized interest of $12,171, $12,269, and $7,012)	$ 171,166	$ 165,325	$ 143,665
NON-CASH TRANSACTIONS:			
Financing in connection with acquisitions	$ --	$ 46,640	$ 188,000
Minority interest in connection with acquisitions	18,798	9,192	302,100
Unrealized (loss) gain on securities available for sale	9,495	(18,399)	15,603
(Appreciation) depreciation of securities held in officer's deferred compensation trust	(3,023)	(579)	579

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BUSINESS

Vornado Realty Trust is a fully-integrated real estate investment trust ("REIT"). Vornado conducts its business through Vornado Realty L.P. ("the Operating Partnership"). Vornado is the sole general partner of, and owned approximately 79% of the common limited partnership interest in, the Operating Partnership at February 1, 2002. All references to the "Company" and "Vornado" refer to Vornado Realty Trust and its consolidated subsidiaries, including the Operating Partnership.

The Company currently owns directly or indirectly:

OFFICE PROPERTIES ("OFFICE"):

(i) all or portions of 73 office properties aggregating approximately 27.2 million square feet in the New York City metropolitan area (primarily Manhattan) and in the Washington D.C. and Northern Virginia area;

RETAIL PROPERTIES ("RETAIL"):

(ii) 55 shopping center properties in six states and Puerto Rico aggregating approximately 11.3 million square feet, including 1.4 million square feet built by tenants on land leased from the Company;

MERCHANDISE MART PROPERTIES:

(iii) 8.6 million square feet of showroom and office space, including the 3.4 million square foot Merchandise Mart in Chicago;

TEMPERATURE CONTROLLED LOGISTICS:

(iv) a 60% interest in the Vornado/Crescent partnerships that own 89 warehouse facilities nationwide with an aggregate of approximately 445 million cubic feet of refrigerated space leased to AmeriCold Logistics;

OTHER REAL ESTATE INVESTMENTS:

(v) 33.1% of the outstanding common stock of Alexander's, Inc. ("Alexander's");

(vi) the Hotel Pennsylvania in New York City consisting of a hotel portion containing 1.0 million square feet with 1,700 rooms and a commercial portion containing .4 million square feet of retail and office space;

(vii) a 21.1% interest in The Newkirk Master Limited Partnership which owns office, retail and industrial properties net leased primarily to credit rated tenants, and various debt interests in such properties;

(viii) eight dry warehouse/industrial properties in New Jersey containing approximately 2.0 million square feet; and

(ix) other investments, including interests in other real estate, marketable securities and loans and notes receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION: The accompanying consolidated financial statements include the accounts of Vornado Realty Trust and its majority-owned subsidiary, Vornado Realty L.P. as well as entities in which the Company has a 50% or greater interest, provided that the Company exercises control (where the Company doesn't exercise control, such entities are accounted for under the equity method). All significant intercompany amounts have been eliminated. Equity interests in partially-owned corporate entities are accounted for under the equity method of accounting when the Company's ownership interest is more than 20% but less than 50%. When partially-owned investments are in partnership form, the 20% threshold may be reduced. For all other investments, the Company uses the cost method. Equity investments are recorded initially at cost and subsequently adjusted for the Company's share of the net income or loss and cash contributions and distributions to or from these entities.

Prior to January 1, 2001, the Company's equity interests in partially-owned entities also included investments in preferred stock affiliates (corporations in which the Company owned all of the preferred stock and none of the common equity). Ownership of the preferred stock entitled the Company to substantially all of the economic benefits in the preferred stock affiliates. On January 1, 2001, the Company acquired the common stock of the preferred stock affiliates, which was owned by Officers and Trustees of Vornado, and converted them to taxable REIT subsidiaries. Accordingly, the Hotel portion of the Hotel Pennsylvania and the management companies (which provide services to the Company's business segments and operate the Trade Show business of the Merchandise Mart division) have been consolidated beginning January 1, 2001.

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.

RECLASSIFICATIONS: Certain prior year balances have been reclassified in order to conform to current year presentation.

REAL ESTATE: Real estate is carried at cost, net of accumulated depreciation and amortization. Betterments, major renewals and certain costs directly related to the acquisition, improvement and leasing of real estate are capitalized. Maintenance and repairs are charged to operations as incurred. For redevelopment of existing operating properties, the net book value of the existing property under redevelopment plus the cost for the construction and improvements incurred in connection with the redevelopment are capitalized to the extent the capitalized costs of the property do not exceed the estimated fair value of the redeveloped property when complete. If the cost of the redeveloped property, including the undepreciated net book value of the property carried forward, exceeds the estimated fair value of redeveloped property, the excess is charged to expense. During 2001, the amount of undepreciated book value carried forward on redeveloped properties totaled $8,116,000. Depreciation is provided on a straight-line basis over the assets estimated useful lives which range from 7 to 40 years. Tenant allowances are amortized on a straight-line basis over the lives of the related leases, which approximates the useful lives of the assets. Additions to real estate include interest expense capitalized during construction of $12,171,000, $12,269,000, and $7,012,000 for the years ended December 31, 2001, 2000, and 1999.

The Company's properties are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the property may not be recoverable. In such an event, a comparison is made of the current and projected operating cash flows of each such property into the foreseeable future on an undiscounted basis to the carrying amount of such property. Such carrying amount would be adjusted, if necessary, to estimated fair value to reflect an impairment in the value of the asset.

CASH AND CASH EQUIVALENTS: Cash and cash equivalents consist of highly liquid investments purchased with original maturities of three months or less. Cash and cash equivalents does not include cash escrowed under loan agreements and cash restricted in connection with an officer's deferred compensation payable.

MARKETABLE SECURITIES: The Company has classified debt and equity securities which it intends to hold for an indefinite period of time (including warrants to acquire equity securities) as securities available for sale; equity securities it intends to buy and sell on a short term basis as trading securities; and preferred stock investments as securities held to maturity. Unrealized gains and losses on trading securities are included in earnings. Unrealized gains and losses on securities available for sale are included as a component of shareholders' equity and other comprehensive income. Realized gains or losses on the sale of securities are recorded based on specific identification. A portion of the Company's preferred stock investments are redeemable and accounted for in accordance with EITF 99-20 "Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets." Income is recognized by applying the prospective method of adjusting the yield to maturity based on an estimate of future cash flows. If the value of the investment based on the present value of the future cash flows is less than the Company's carrying amount, the investments will be written-down to fair value through earnings.

At December 31, 2001 and 2000, marketable securities had an aggregate cost of $117,284,000 and $129,023,000 and an aggregate market value of $126,774,000 and $120,340,000 (of which $13,888,000 and $13,713,000 represents trading securities; $49,763,000 and $57,945,000 represents securities available for sale; and $63,123,000 and $48,682,000 represent securities held to maturity). Gross unrealized gains and losses were $14,738,000 and $5,243,000 at December 31, 2001, and $8,159,000 and $16,842,000 at December 31, 2000.

NOTES AND MORTGAGE LOANS RECEIVABLE: The Company evaluates the collectibility of both interest and principal of each of its loans, if circumstances warrant, to determine whether it is impaired. A loan is considered to be impaired, when based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the existing contractual terms. When a loan is considered to be impaired, the amount of the loss accrual is calculated by comparing the recorded investment to the value determined by discounting the expected future cash flows at the loan's effective interest rate or, as a practical expedient to the value of the collateral if the loan is collateral dependent. Interest on impaired loans is recognized on a cash basis.

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

GOODWILL: The excess of purchase price over the fair value of assets acquired is capitalized and amortized on a straight-line basis over the estimated useful lives which range from 10 to 40 years. Goodwill is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. In such event, a comparison is made of the current and projected operating cash flows of the related assets into the foreseeable future on an undiscounted basis to the carrying amount of both the asset and related goodwill. Such carrying amount would be adjusted, if necessary, to estimate value to reflect an impairment in the value of the goodwill.

FAIR VALUE OF FINANCIAL INSTRUMENTS: All financial instruments of the Company are reflected in the accompanying consolidated balance sheets at amounts which, in management's estimation, based upon an interpretation of available market information and valuation methodologies (including discounted cash flow analyses with regard to fixed rate debt) are considered appropriate, and reasonably approximate their fair values. Such fair value estimates are not necessarily indicative of the amounts that would be realized upon disposition of the Company's financial instruments.

REVENUE RECOGNITION: Base rents, additional rents based on tenants' sales volume and reimbursement of the tenants' share of certain operating expenses are generally recognized when due from tenants. The straight-line basis is used to recognize base rents under leases entered into after November 14, 1985, if they provide for varying rents over the lease terms. Contingent rents are not recognized until realized.

INCOME TAXES: The Company operates in a manner intended to enable it to continue to qualify as a REIT under Sections 856-860 of the Internal Revenue Code of 1986, as amended. Under those sections, a REIT which distributes at least 90% of its REIT taxable income as a dividend to its shareholders each year and which meets certain other conditions will not be taxed on that portion of its taxable income which is distributed to its shareholders. The Company will distribute to its shareholders 100% of its taxable income before the first distribution of the 2002 calendar year. Therefore, no provision for Federal income taxes is required. Dividend distributions for the years ended December 31, 2001, 2000 and 1999, were characterized for Federal income tax purposes as ordinary income.

The Company owns stock in corporations that have elected to be treated for Federal income tax purposes, as taxable REIT subsidiaries ("TRS"). The value of the combined TRS stock cannot and does not exceed 20% of the value of the Company's total assets. A TRS is taxable on its net income at regular corporate tax rates. For the 2001 tax year, the total tax is approximately $1,050,000.

The net basis of the Company's assets and liabilities for tax purposes is approximately $1,069,000,000 lower than the amount reported for financial statement purposes. At December 31, 2001, the Company had a capital loss carryover of approximately $83,000,000. The capital loss carryover is available to offset future capital gains that would otherwise be required to be distributed as dividends to shareholders.

AMOUNTS PER SHARE: Basic earnings per share is computed based on average shares outstanding. Diluted earnings per share considers the effect of outstanding options, warrants and convertible or redeemable securities.

STOCK OPTIONS: The Company accounts for stock-based compensation using the intrinsic value method. Under the intrinsic value method compensation cost is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the exercise price of the option granted. Compensation cost for stock options, if any, is recognized ratably over the vesting period. The Company's policy is to grant options with an exercise price equal to the quoted market price of the Company's stock on the grant date. Accordingly, no compensation cost has been recognized for the Company's stock option plans.

RECENTLY ISSUED ACCOUNTING STANDARDS

The Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES, as amended, which establishes accounting and reporting standards requiring every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded on the balance sheet as either an asset or liability measured at its fair value. The Statement requires that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. The Company's investment securities include stock purchase warrants received from companies that provide fiber-optic network and broadband access to the Company's Office division tenants. Statement 133 requires these warrants to be marked-to-market at each reporting period with the change in value recognized currently in earnings. The Company has previously marked-to-market changes in value through accumulated other comprehensive loss. Under Statement 133, those changes are recognized through earnings, and accordingly, the Company has reclassified $4,110,000 from accumulated other comprehensive loss to the consolidated statement of income as the cumulative effect of change in accounting principle as of January 1, 2001. Future changes in value of such securities will be recorded through earnings. The Company does not currently utilize derivatives for hedging purposes and does not engage in speculative activities.

In June 2001, the Financial Accounting Standards Board issued SFAS No. 141, BUSINESS COMBINATIONS (effective July 1, 2001) and SFAS No. 142, GOODWILL AND OTHER INTANGIBLE ASSETS (effective January 1, 2002). SFAS No. 141 prohibits pooling-of-interests accounting for acquisitions. SFAS No. 142 specifies that goodwill and some intangible assets will no longer be amortized but instead be subject to periodic impairment testing. In the first quarter of 2002, the Company will write-off goodwill of approximately $32,491,000, of which (i) $18,000,000 represents its share of the goodwill arising from the Company's investment in Temperature Controlled Logistics and (ii) $14,491,000 represents goodwill arising from the Company's acquisition of the Hotel Pennsylvania. The write-off will be reflected as a cumulative effect of a change in accounting principle. Amortization of goodwill during 2001 was approximately $1,116,000.

In August 2001, FASB issued SFAS No. 143, ACCOUNTING FOR ASSET RETIREMENT OBLIGATIONS (effective January 1, 2003) and SFAS No. 144, ACCOUNTING FOR THE IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS (effective January 1, 2002). SFAS No. 143 requires the recording of the fair value of a liability for an asset retirement obligation in the period which it is incurred. SFAS No. 144 supersedes current accounting literature and now provides for a single accounting model for long lived-assets to be disposed of by sale and requires discontinued operations presentation for disposals of a "component" of an entity. The Company does not anticipate that the adoption of these statements will have a material effect on the Company's financial statements; however under SFAS No. 144, if the Company were to dispose of a material operating property, such property's results of operations will have to be separately disclosed as discontinued operations in the Company's financial statements.

3. ACQUISITIONS AND DISPOSITIONS

The Company completed approximately $1,611,600,000 of real estate acquisitions or investments from January 1, 2001 through February 2002 and $404,000,000 in 2000. These acquisitions were consummated through subsidiaries or preferred stock affiliates of the Company and were recorded under the purchase method of accounting. Related net assets and results of operations have been included in these financial statements since their respective dates of acquisition. The pro forma effect of the acquisitions, other than Charles E. Smith Commercial Realty, were not material to the Company's historical results of operations.

OFFICE:

CHARLES E. SMITH COMMERCIAL REALTY INVESTMENT ("CESCR")

See, Note 17 -- "Subsequent Events"

7 WEST 34TH STREET

On November 1, 2000, the Company acquired 7 West 34th Street, a Manhattan office building containing 479,000 square feet for $128,000,000.

RETAIL:

STARWOOD-CERUZZI JOINT VENTURES

In the first quarter of 2000, the Company and its joint venture partner acquired 2 fee interests containing 210,000 square feet and 4 leasehold interests containing 400,000 square feet in properties located in Pennsylvania, Virginia, Maryland and Ohio formerly occupied by Hechinger, Inc., a home improvement retailer which was liquidated. The purchase price was $27,425,000, of which the Company's share was 80%.

MERCHANDISE MART PROPERTIES:

33 NORTH DEARBORN STREET

On September 21, 2000 the Company acquired 33 North Dearborn Street, a 321,000 square foot office building in Chicago for $35,000,000 of which $19,000,000 was debt.

L.A. MART

On October 2, 2000, the Company acquired the 724,000 square foot L.A. Mart in Los Angeles and its 9.3 acre site for $54,000,000, of which $10,000,000 was debt.

OTHER REAL ESTATE INVESTMENTS:

LOAN TO COMMONWEALTH ATLANTIC PROPERTIES, INC. ("CAPI")

In March 1999, in connection with the Company's acquisition of land under certain of the CESCR office properties from CAPI, the Company made a $41,200,000 loan to CAPI, which matures in June 2004. Interest on the loan was 8.5% at December 31, 2001. The loan is secured by approximately 1,100,000 units of Vornado Realty, L.P. Series E-1 Convertible Preferred Units (with a liquidation value of $55,000,000 at December 31, 2001) issued to CAPI in connection with the acquisition. Each Series E-1 Unit is convertible into 1.1364 shares of Vornado Realty Trust.

NEWKIRK JOINT VENTURES

During 2000, the Company completed acquisitions of additional equity investments in certain limited partnerships for $10,526,000, including $1,334,000 in cash and $9,192,000 in Operating Partnership units.

STUDENT HOUSING JOINT VENTURE

On January 28, 2000, the Company and its joint venture partner, acquired a 252-unit student housing complex in Gainesville, Florida, for approximately $27,000,000, of which $19,600,000 was debt. The Company's share of this investment is 90%.

ALEXANDER'S

On March 31, 2000, the Company increased its ownership in Alexander's from 32% to 32.9% by acquiring 41,500 shares of Alexander's common stock for $2,740,000. On April 11, 2000, the Company acquired an additional 10,400 shares for $674,000, thereby increasing its ownership interest to 33.1%.

LOAN TO NORTHSTAR PARTNERSHIP L.P.

On September 19, 2000, the Company acquired $75,000,000 of subordinated unsecured debt of NorthStar Partnership, L.P. ("NorthStar"), a private real estate company, for $65,000,000. The loan bears interest at 11.5% per annum, requires quarterly principal payments of $2,500,000 and matures in May 2002. All of the quarterly principal payment have been received by the Company in accordance with the loan agreement with the exception of the payment due on September 28, 2001 which was not received until October 30, 2001.

LOAN TO PRIMESTONE INVESTMENT PARTNERS, L.P.

On September 28, 2000, the Company made a $62,000,000 loan to Primestone Investment Partners, L.P. The Company received a 1% upfront fee and is entitled to receive certain other fees aggregating approximately 3% upon repayment of the loan. The loan bears interest at 16% per annum. Primestone Investment Partners, L.P. defaulted on the repayment of this loan on October 25, 2001. The Company's loan was subordinate to $37,957,000 of other debt of the borrower. On October 31, 2001, the Company purchased the other debt for its face amount. The loans are secured by 7,944,893 partnership units in Prime Group Realty, L.P., the operating partnership of Prime Group Realty Trust (NYSE:PGE), which units are exchangeable for the same number of shares of PGE. The loans are also guaranteed by affiliates of the borrower. The Company has commenced foreclosure proceedings with respect to the collateral.

On November 19, 2001 the Company sold, pursuant to a participation agreement with a subsidiary of Cadim inc., a Canadian pension fund, a 50% participation in both loans at par for approximately $50,000,000 reducing the Company's net investment in the loans at December 31, 2001 to $56,768,000 including unpaid interest and fees of $6,790,000. Under the terms of the participation agreement, cash payments received shall be applied (i) first, to the reimbursement of reimbursable out-of-pocket costs and expenses incurred in connection with the servicing, administration or enforcement of the loans after November 19, 2001, (ii) second, to the Company and Cadim pro rata in proportion to the amount of interest and fees owed to them (all of such fees and interest accrued through November 19, 2001 are for the account of Vornado and all of such fees and interest accrued after November 19, 2001 accrue on a 50/50 basis to the Company and Cadim) and (iii) third, 50% to the Company and 50% to Cadim. The Company has agreed that in the event the Company acquires the collateral in a foreclosure proceeding it will, upon the request of Cadim, deliver 50% of such collateral to Cadim.

For financial reporting purposes, the gross amount of the loan, $106,768, is included in "Notes and mortgage loans receivable" and Cadim's 50% participation, $50,000,000 is reflected in "Other liabilities". The Company did not recognize income on these loans for the period from November 19, 2001 through December 31, 2001, and will not recognize income until such time that cash is received or foreclosure proceedings have been consummated. The Company believes that the value of the collateral and the guarantees is sufficient to cover the carrying amount of the loans receivable including unpaid interest and fees.

LOAN TO DEARBORN CENTER

The Company's investment of $21,522,000 represents a 38.5% interest in $55,901,000 funded of a $65,000,000 mezzanine loan to an entity whose sole asset is Dearborn Center, a 1.5 million square foot high-rise office tower under construction in Chicago. The entity is owned by Prime Group Realty L.P. and another investor. The Company is a member of a loan syndicate led by a money center bank. The proceeds of the loan are being used to finance the construction, and are subordinate to a $225,000 first mortgage. The loan is due January 21, 2004, three years from the date of the initial draw, and provides for a one year extension at the borrower's option (assuming net operating income at a specified level and a cash reserve sufficient to fund interest for the extension period). The loan bears interest at 12% per annum plus additional interest ranging from a minimum of 9.5% to a maximum of 13% if certain leasing thresholds are not met.

DISPOSITIONS:

The following table sets forth the details of net gain on disposition of wholly-owned and partially-owned assets for the years ended December 31, 2001, 2000 and 1999:

($ in thousands)

	2001	2000	1999
WHOLLY-OWNED ASSETS:			
Net gain from condemnation proceeding	$ 3,050	$ --	$ --
Write-off of investments in technology companies	(16,513)	--	--
Net gain on sale of other real estate	--	10,965	--
PARTIALLY-OWNED ASSETS:			
After-tax net gain on sale of Park Laurel condominium units ...	15,657	--	--
Net gain on sale of 570 Lexington Avenue	12,445	--	--
Write-off of net investment in the Russian Tea Room ("RTR") ..	(7,374)	--	--
Other	160	--	--
	$ 7,425	$ 10,965	$ --

NET GAIN FROM CONDEMNATION PROCEEDING

In September 1998, Atlantic City condemned the Company's property. In the third quarter of 1998, the Company recorded a gain of $1,694,000, which reflected the condemnation award of $3,100,000, net of the carrying value of the property of $1,406,000. The Company appealed the amount and on June 27, 2001, was awarded an additional $3,050,000, which has been recorded as a gain in the quarter ended June 30, 2001.

WRITE-OFF INVESTMENTS IN TECHNOLOGY COMPANIES

In the first quarter of 2001, the Company recorded a charge of $4,723,000 resulting from the write-off of an equity investment in a technology company. In the second quarter of 2001, the Company recorded an additional charge of $13,561,000 resulting from the write-off of all of its remaining equity investments in technology companies due to both the deterioration of the financial condition of these companies and the lack of acceptance by the market of certain of their products and services. In the fourth quarter of 2001, the Company recorded $1,481,000 of income resulting from the reversal of a deferred rent liability relating to the termination of an agreement permitting one of the technology companies access to its properties.

550/600 MAMARONECK AVENUE

On August 6, 2001, the Company sold its leasehold interest in 550/600 Mamaroneck Avenue for $22,500,000, which approximated book value.

NET GAIN ON SALE OF OTHER REAL ESTATE

During 2000, the Company sold (i) its three shopping centers located in Texas for $25,750,000, resulting in a gain of $2,560,000 and (ii) its Westport, Connecticut office property for $24,000,000, resulting in a gain of $8,405,000.

PARK LAUREL CONDOMINIUM PROJECT

In the third quarter of 2001, the Park Laurel joint venture (69% owned by the Company) completed the sale of 52 condominium units of the total 53 units and received proceeds of $139,548,000. The Company's share of the after tax net gain was $15,657,000. The Company's share of the after-tax net gain reflects $3,953,000 (net of tax benefit of $1,826,000) awards accrued under the venture's incentive compensation plan.

570 LEXINGTON AVENUE

On May 17, 2001, the Company sold its 50% interest in 570 Lexington Avenue for $60,000,000, resulting in a gain of $12,445,000.

WRITE-OFF OF NET INVESTMENT IN RTR

In the third quarter of 2001, the Company wrote-off its entire net investment of $7,374,000 in RTR based on the operating losses and an assessment of the value of the real estate.

4. INVESTMENTS IN PARTIALLY-OWNED ENTITIES

The Company's investments in partially-owned entities and income recognized from such investments is disclosed below. Summarized financial data is provided for (i) investments in entities which exceed 10% of the Company's total assets and (ii) investments in which the Company's share of partially-owned entities pre-tax income exceeds 10% of the Company's net income.

BALANCE SHEET DATA:

($ in thousands)

		COMPANY'S INVESTMENT		100% OF THESE ENTITIES TOTAL ASSETS	
	PERCENTAGE OWNERSHIP	2001	2000	2001	2000
INVESTMENTS:					
Temperature Controlled Logistics	60%	$ 474,862	$ 469,613	$ 1,379,212	$ 1,406,299
Charles E. Smith Commercial Realty L.P.(1)	34%	347,263	325,328	$ 1,308,297	$ 1,279,809
Alexander's	33.1%	188,522	178,413	$ 583,339	$ 403,305
Newkirk Joint Ventures (2)	30%	191,534	163,157	$ 722,293	
Hotel Pennsylvania (3)		--	73,531		
Partially - Owned Office Buildings (4)	34%	23,346	62,174		
Starwood Ceruzzi Joint Venture	80%	25,791	28,847		
Park Laurel(5)	80%	(4,745)	70,007		
Management companies and other (6)		23,622	61,487		
		$ 1,270,195	$ 1,432,557		

	100% OF THESE ENTITIES TOTAL DEBT		TOTAL EQUITY	
	2001	2000	2001	2000
INVESTMENTS:				
Temperature Controlled Logistics	$ 602,530	$ 561,321	$ 791,437	$ 755,603
Charles E. Smith Commercial Realty L.P.(1)	$ 1,503,057	$ 1,492,230	$ (307,584)	$ (318,949)
Alexander's	$ 515,831	$ 367,787	$ 45,081	$ 17,695
Newkirk Joint Ventures (2)	$ 879,840		$ (157,547)	
Hotel Pennsylvania (3)				
Partially - Owned Office Buildings (4)				
Starwood Ceruzzi Joint Venture				
Park Laurel(5)				
Management companies and other (6)				

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(1) Vornado owned a 34% interest in CESCR in 2001 and 2000. On January 1, 2002, the Company acquired the remaining 66% of CESCR. See Note 3 -

"Acquisitions and Dispositions" for details of the acquisition.

(2) The Company's investment in and advances to Newkirk Joint Ventures is comprised of

	December 31, 2001	December 31, 2000
Investments in limited partnerships	$145,107	$116,730
Mortgages and loans receivable	39,511	39,511
Other	6,916	6,916
Total	$191,534	$163,157

On January 2, 2002, the Newkirk Joint Ventures' partnership interests were merged into a master limited partnership (the "MLP") in which the Company has a 21% interest. In conjunction with the merger, the MLP completed a $225,000 mortgage financing collateralized by its properties, subject to the existing first and certain second mortgages on those properties. The loan bears interest at LIBOR plus 5.5% with a LIBOR floor of 3% (8.5% at February 1, 2002) and matures on January 31, 2005, with two one-year extension options. As a result of the financing on February 6, 2002, the MLP repaid approximately $28,200 of existing debt and distributed approximately $37,000 to the Company.

(3) As of December 31, 2000, the Company owned 98% of the hotel portion which was owned through a preferred stock affiliate. On January 1, 2001, the Company acquired the common stock of the preferred stock affiliate and converted it to a taxable REIT subsidiary. Accordingly, the hotel portion is consolidated in 2001.

(4) Represents the Company's interests in 330 Madison Avenue (24.8%), 825 Seventh Avenue (50%) and 570 Lexington Avenue (50%). On May 17, 2001, the Company sold its 50% interest in 570 Lexington Avenue for $60,000, resulting in a gain of $12,445.

(5) The credit balance at December 31, 2001, is a result of the accrual of awards under the venture's incentive compensation plan.

(6) On January 1, 2001, the Company acquired the common stock of the preferred stock affiliates and converted them to taxable REIT subsidiaries. Accordingly the management companies are consolidated in 2001.

Below is a summary of the debt of partially owned entities as of December 31, 2001 and 2000, none of which is guaranteed by the Company.

($ in thousands)	100% PARTIALLY-OWNED ENTITIES DEBT	
	2001	2000
Alexander's (33.1% interest):		
Term loan secured by all of Alexander's assets except for the Kings Plaza Regional Shopping Center:		
Portion financed by the Company due on March 15, 2002 with interest at 13.74%	$ 95,000	$ 95,000
Portion financed by a bank, due March 15, 2002, with interest at LIBOR + 1.85% (3.75% at December 31, 2001) (extended to March 15, 2003)	10,000	20,000
Unsecured Line of Credit financed by the Company, due on March 15, 2002 with interest at 13.74%	24,000	20,000
Rego Park mortgage payable, due in June 2009, with interest at 7.25%	82,000	82,000
Kings Plaza Regional Shopping Center mortgage payable, due in June 2011, with interest at 7.46% (prepayable with yield maintenance)	221,831	114,525
Paramus mortgage payable, due in October 2011, with interest at 5.92% (prepayable without penalty)	68,000	--
Other notes and mortgages payable	15,000	36,262
Temperature Controlled Logistics (60% interest):		
Mortgage notes payable collateralized by 58 temperature controlled warehouses, due in May 2008, requires amortization based on a 25 year term with interest at 6.89% (prepayable with yield maintenance)	563,782	527,207
Other notes and mortgages payable	38,748	34,114
Hotel Pennsylvania - Hotel (98% interest):		
Mortgage payable, due in October 2002, requires amortization based on a 25 year term, with interest at LIBOR + 1.60% (3.74% at December 31, 2001) (prepayable without penalty)	N/A	70,514
Newkirk Joint Ventures (30% interest):		
Portion of first mortgages and contract rights, collateralized by the partnerships' real estate, due from 2002 to 2024, with a weighted average interest rate of 11.89% at December 31, 2001 (various prepayment rights)	879,840	837,190
Charles E. Smith Commercial Realty L.P. (34% interest):		
29 mortgages payable due from 2002 through 2030, with interest from 3.60% to 10.21% at December 31, 2001 (various prepayment rights)	1,470,057	1,458,230
Unsecured line of credit due in October 2003, with interest at 4.87% at December 31, 2001	33,000	34,000
Partially Owned Office Buildings:		
330 Madison Avenue (25% interest) mortgage note payable, due in April 2008, with interest at 6.52% (prepayable with yield maintenance)	60,000	60,000
825 Seventh Avenue (50% interest) mortgage payable, due in October 2014, with interest at 8.07% (prepayable with yield maintenance)	23,552	43,768
Las Catalinas Mall (50% interest):		
Mortgage notes payable, due in November 2013 with interest at 6.97% (prepayable after December 2002 with yield maintenance)	68,591	69,430
Russian Tea Room (50% interest) mortgages payable, due in March 2002, with interest at Prime plus 50 basis points (5.25% at December 31, 2001)	13,000	13,000

The Company's share of the debt of partially owned entities was $1,319,535,000 and $1,328,388,000 as of December 31, 2001 and 2000.

INCOME STATEMENT DATA:

($ in thousands)	COMPANY'S INCOME FROM PARTIALLY OWNED ENTITIES 2001	2000	1999	100% OF THESE ENTITIES TOTAL REVENUES 2001	2000	1999
Income applicable to Alexander's: 33.1% share of equity in income (loss) (29.3% prior to October 1999) (1)	$ 7,295	$ 1,105	$ 1,021	$ 69,343	$ 63,965	$ 64,390
Interest income	11,899	11,948	6,406			
Management and leasing fee income (1)	5,354	4,310	4,345			
	$ 24,548	$ 17,363	$ 11,772			
Temperature Controlled Logistics: 60% share of equity in net income	$ 12,093	$ 23,244	$ 31,468	$126,957	$154,341	$264,266
Management Fee (40% of 1% per annum of the Total Combined Assets, as defined)	5,354	5,534	5,254			
	17,447	28,778	36,722			
Charles E. Smith Commercial Realty L.P (34% interest)(2)	28,653	25,724	18,817	$382,502	$344,084	$307,377
Newkirk Joint Ventures (30% interest): Equity in income of limited partnerships	25,470	18,632	18,601	$179,551		
Interest and other income	5,474	5,894	1,321			
Hotel Pennsylvania (3)	--	8,072	5,095			
Partially-Owned Office Buildings (4)	4,093	2,832	1,743			
Management companies and other	(525)	(3,278)	(3,739)			
	$ 80,612	$ 86,654	$ 78,560			

	100% OF THESE ENTITIES NET INCOME (LOSS) 2001	2000	1999
Income applicable to Alexander's: 33.1% share of equity in income (loss) (29.3% prior to October 1999) (1)	$ 27,386	$ 5,197	$ 5,524
Interest income			
Management and leasing fee income (1)			
Temperature Controlled Logistics: 60% share of equity in net income	$ 16,647	$ 37,284	$ 54,198
Management Fee (40% of 1% per annum of the Total Combined Assets, as defined)			
Charles E. Smith Commercial Realty L.P (34% interest)(2)	$ 82,713	$ 76,707	$ 61,009
Newkirk Joint Ventures (30% interest): Equity in income of limited partnerships	$ 84,900		
Interest and other income			
Hotel Pennsylvania (3)			
Partially-Owned Office Buildings (4)			
Management companies and other			

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(1) Equity in income for the year ended December 31, 2001, includes $6,298 representing the Company's share of Alexander's gain on sale of its Fordham Road property on January 12, 2001 and is after a charge of $1,684 representing the Company's share of abandoned development costs. Equity in income excludes $1,170 representing the Company's share of Alexander's extraordinary gain on the early extinguishment of debt on its Fordham Road property because it is reflected as an extraordinary item in the

consolidated statements of income. Management and leasing fee income include a fee of $520 paid to the Company in connection with the sale of Fordham Road.

(2) The Company owned a 34% interest in CESCR. On January 1, 2002, the Company acquired the remaining 66% of CESCR it did not previously own. See Note 17 - "Subsequent Events" for details of the acquisition.

(3) As of December 31, 2000, the Company owned 98% of the hotel portion which was owned through a preferred stock affiliate. On January 1, 2001, the Company acquired the common stock of the preferred stock affiliate and converted it to a taxable REIT subsidiary. Accordingly, the hotel portion is consolidated in 2001.

(4) Represents the Company's interests in 330 Madison Avenue (24.8%), 825 Seventh Avenue (50%) and 570 Lexington Avenue (50%). On May 17, 2001, the Company sold its 50% interest in 570 Lexington Avenue for $60,000, resulting in a gain of $12,445 which is not included in income in the table above.

ALEXANDER'S

The investment in and loans and advances to Alexander's are comprised of:

($ in thousands)	DECEMBER 31, 2001	DECEMBER 31, 2000
Common stock, including equity in income and $3,996 and $3,396 of accumulated depreciation of buildings	$ 64,928	$ 62,267
Loan receivable	119,000	115,000
Leasing fees and other receivables	4,594	1,146
	$188,522	$178,413

OWNERSHIP

At December 31, 2001, the Company had a 33.1% ownership interest in Alexander's. In addition, Interstate Properties and its partners owned approximately 15.5% of the common shares of beneficial interest of the Company and 27.5% of Alexander's common stock. Interstate Properties is a general partnership in which Steven Roth, David Mandelbaum and Russell B. Wight, Jr. are partners. Mr. Roth is the Chairman of the Board and Chief Executive Officer of the Company, the Managing General Partner of Interstate Properties, and the Chief Executive Officer and a director of Alexander's. Messrs. Mandelbaum and Wight are trustees of the Company and are also directors of Alexander's.

At December 31, 2001, the Company had loans receivable from Alexander's of $119,000,000, including $24,000,000 drawn under the $50,000,000 line of credit the Company granted to Alexander's on August 1, 2000. The interest rates on the loan and the line of credit were extended to April 15, 2003. The interest rates on the loan and line of credit will reset on March 15, 2002, and quarterly thereafter, using the same spread to treasuries as presently exists with a 3% floor for treasuries.

REAL ESTATE AND DEVELOPMENT ACTIVITY

Alexander's has completed the excavation and foundation for its Lexington Avenue property development project. The development plan is to construct a 1.4 million square foot multi-use building comprised of a commercial portion, which may include a combination of retail stores and offices; and a residential portion consisting of condominium units. There can be no assurance that the residential portion will be built. The funding required for the proposed building will be in excess of $650,000,000. Alexander's is exploring various alternatives for financing the project, including equity, debt, joint ventures and asset sales, which may involve arrangements with the Company.

On May 1, 2001 Alexander's entered into a lease agreement with Bloomberg L.P., for approximately 700,000 square feet of office space. The initial term of the lease is for 25 years, with one ten-year renewal option. Base annual net rent is $34,221,000 in each of the first four years and $38,226,000 in the fifth year with similar percentage increases each four years. There can be no assurance that this project ultimately will be completed, completed on time or completed for the budgeted amount. If the project is not completed on a timely basis, the lease may be cancelled and significant penalties may apply.

On January 12, 2001, Alexander's sold its Fordham Road property located in Bronx, New York for $25,500,000, which resulted in a gain of $19,026,000. In addition, Alexander's paid off the mortgage on this property at a discount, which resulted in an extraordinary gain from early extinguishment of debt of $3,534,000 in the first quarter of 2001.

On October 5, 2001, Alexander's entered into a ground lease for its Paramus, N.J. property with IKEA Property, Inc. The lease has a 40-year term with an option to purchase at the end of the 20th year for $75,000,000. Further, Alexander's has obtained a $68,000,000 interest only, non-recourse mortgage loan on the property from a third party lender. The interest rate on the debt is 5.92% with interest payable monthly until maturity in October, 2011. The triple net rent each year is the sum of $700,000 plus the amount of debt service on the mortgage loan. If the purchase option is not exercised at the end of the 20th year, the triple net rent for the last 20 years must include debt service sufficient to fully amortize the $68,000,000 over the remaining 20 year lease period.

AGREEMENTS WITH ALEXANDER'S

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. The annual management fee payable to the Company by Alexander's is equal to the sum of (i) $3,000,000, (ii) 3% of the gross income from the Kings Plaza Mall, and (iii) 6% of development costs with minimum guaranteed fees of $750,000 per annum.

The leasing agreement provides for the Company to generally receive a fee of (i) 3% of sales proceeds and (ii) 3% of lease rent for the first ten years of a lease term, 2% of lease rent for the eleventh through the twentieth years of a lease term and 1% of lease rent for the twenty-first through thirtieth year of a lease term, subject to the payment of rents by Alexander's tenants. Such amount is receivable annually in an amount not to exceed $2,500,000 until the present value of such installments (calculated at a discount rate of 9% per annum) equals the amount that would have been paid at the time the transactions which gave rise to the commissions occurred. At December 31, 2001, $2,249,000 is due to the Company under this agreement.

5. DEBT

Following is a summary of the Company's debt:

($ in thousands)	DECEMBER 31, 2001	DECEMBER 31, 2000
Notes and Mortgage Payable:		
Fixed Interest:		
Two Penn Plaza mortgage payable, due in March 2004, requires amortization based on a 25 year term with interest at 7.08% (prepayable with penalty fee)	$ 157,697	$ 160,518
Washington Office Center mortgage payable, due in February 2004, requires amortization based on a 25 year term with interest at 6.80% (prepayable with yield maintenance)	46,572	48,102
866 UN Plaza mortgage payable, due in April 2004, with interest at 7.79%	33,000	33,000
888 Seventh Avenue mortgage payable, due in February 2006, with interest at 6.63% (prepayable with yield maintenance) (1)	105,000	55,000
Eleven Penn Plaza mortgage payable, due in June 2007, requires amortization based on a 25 year term with interest at 8.39% (prepayable after 2003 with yield maintenance)	51,376	52,289
Montehiedra Town Center mortgage pass-through certificates, due in April 2027, requires amortization based on 30 year term with interest at 8.23% (prepayable with yield maintenance)	60,359	61,021
Green Acres Mall and Plaza mortgage payable, due in March 2008, requires amortization based on a 30 year term with interest at 6.75% (prepayable with yield maintenance)	152,894	154,928
Cross collateralized mortgages payable on 42 shopping centers due in February 2010, requires amortization based on a 30 year term with interest at 7.93% (prepayable with penalty until 2009) (2)	492,156	496,764
Market Square Complex mortgage payable, due in July 2011, requires amortization based on an 18 year term with interest at 7.95% (3)	49,702	44,134
Industrial warehouses cross-collateralized mortgage payable, due in October 2011, requires amortization based on a 30 year term with interest at 6.95% (4)	50,000	--
Washington Design Center mortgage payable, due in October 2011, requires amortization based on a 30 year term with interest at 6.95% (prepayable after 2003) (5)	48,959	23,632
Other mortgages payable	46,853	56,524
	1,294,568	1,185,912
Variable Interest:		
Two Park Avenue mortgage payable, due on March 1, 2003, interest at LIBOR plus 1.65% (3.38% at December 31, 2001) (prepayable without penalty) (6)	90,000	90,000
One Penn Plaza mortgage payable, due in June 2002, interest at LIBOR plus 1.25% (3.34% at December 31, 2001) (prepayable without penalty)	275,000	275,000
350 North Orleans mortgage payable, due in June 2002, interest at LIBOR + 1.65% (3.84% at December 31, 2001) (prepayable with yield maintenance)	70,000	70,000
909 Third Avenue mortgage payable, due in August 2003, interest at LIBOR + 1.65% (3.52% at December 31, 2001) (prepayable with penalty fee)	105,253	107,879
770 Broadway/595 Madison Avenue cross-collateralized mortgage payable, due on August 1, 2002, interest at LIBOR + .40% (2.27% at December 31, 2001) (7)	123,500	173,500
33 North Dearborn Street mortgage payable, due in September 2003, interest at LIBOR plus 1.75% (3.89% at December 31, 2001) (payable without penalty)	19,000	19,000
Merchandise Mart mortgage payable, due in October 2002, interest at LIBOR plus 1.50% (3.49% at December 31, 2001) (prepayable with penalty fee)	250,000	250,000
Hotel Pennsylvania - (commercial) mortgage payable, due in October 2002, requires amortization based on a 25 year term, with interest at LIBOR + 1.60% (3.74% at December 31, 2001) (prepayable without penalty)	115,508	47,009
Palisades construction loan payable, due in January 2003, with interest at LIBOR + 1.75% (3.91% at December 31, 2001) (prepayable without penalty)	90,526	31,411
Two mortgages payable collateralized by the Market Square Complex due in 2003, with interest at LIBOR plus 2.0% and Prime plus .50% (4.05% and 4.25% at December 31, 2001)	43,818	13,597
Total notes and mortgages payable	2,477,173	2,263,308
Unsecured revolving credit facility, interest at LIBOR plus .90% (2.90% at December 31, 2001) (8)	--	425,000
Total Debt	$2,477,173	$2,688,308

(1) On January 11, 2001, the Company completed a $105,000 refinancing of its 888 Seventh Avenue office building. The loan bears interest at a fixed rate of 6.63% and matures on January 1, 2006. A portion of the proceeds received were used to repay the then existing mortgage of $55,000.

(2) On March 1, 2000 the Company completed a $500,000 private placement of 10-year, 7.93% mortgage notes, cross-collateralized by 42 shopping center properties, resulting in net proceeds of approximately $490,000. In connection therewith, the Company repaid $228,000 of existing mortgage debt scheduled to mature on December 1, 2000 and $262,000 outstanding under its revolving credit facility. In connection with the repayment of this debt, the Company recorded an extraordinary loss of $1,125 in the first quarter of 2000 due to the write-off of unamortized financing costs.

(3) On July 11, 2001, the Company completed a $50,000 refinancing of its Market Square Complex. The loan bears interest at a fixed rate of 7.95% per annum and matures in July, 2011. The proceeds received were used to repay the then existing mortgage of $49,000.

(4) On September 20, 2001, the Company completed a $50,000 mortgage financing, cross-collateralized by its eight industrial warehouse properties. The loan bears interest at a fixed rate of 6.95% per annum and matures on October 1, 2011.

(5) On October 16, 2001, the Company completed a $49,000 refinancing of its Washington Design Center property. The loan bears interest at a fixed rate of 6.95% and matures on October 16, 2011. A portion of the proceeds received were used to repay the then existing mortgage of $23,000.

(6) On March 1, 2000, the Company refinanced its Two Park Avenue office building for $90,000. Of the proceeds received, the Company repaid the existing debt of $65,000. The new 3-year debt matures on February 28, 2003 and bears interest at Libor + 1.45% (3.38% at December 31, 2001).

(7) On August 11, 2000, the Company completed a $173,500 mortgage financing, cross-collaterized by its 770 Broadway and 595 Madison Avenue office buildings. The loan bears interest at LIBOR + .40% (2.27% at December 31, 2001) and matures on August 1, 2002. At December 31, 2001, the proceeds of the loan are in a restricted mortgage escrow account, which bears interest at the same rate as the loan.

(8) On March 21, 2000, the Company renewed its $1,000,000 revolving credit facility for an additional three years. The covenants of the facility include, among others, maximum loan to value ratio, minimum debt service coverage and minimum capitalization requirements. Interest is at LIBOR plus .90% (2.90% at December 31, 2001). The Company paid origination fees of $6,700 and pays a commitment fee quarterly of .20 % per annum on the facility amount.

The net carrying value of properties collateralizing the notes and mortgages amounted to $3,136,582,000 at December 31, 2001. As at December 31, 2001, the principal repayments for the next five years and thereafter are as follows:

($ in thousands)

YEAR ENDING DECEMBER 31,	AMOUNT
2002	$834,008
2003	348,597
2004	237,269
2005	--
2006	105,000
Thereafter	952,299

The Company's debt instruments, consisting of mortgage loans secured by its properties (which generally non-recourse to the Company and its revolving credit agreement, contain customary covenants requiring the Company to maintain insurance. There can be no assurance that the lenders under these instruments will not take the position that an exclusion from all risk insurance coverage for losses due to terrorist acts is a breach of these debt instruments that allows the lenders to declare an event of default and accelerate repayment of debt. In addition, if lenders insist on coverage for these risks, it could adversely affect the Company's ability to finance and/or refinance its properties and to expand its portfolio.

6. SHAREHOLDERS' EQUITY

During the three years ended December 31, 2001, the Company sold 9,775,000 of common shares and 8,000,000 of Cumulative Redeemable Preferred Shares. The following are the details of the sales.

SALE OF COMMON SHARES

On November 19, 2001, the Company sold 9,775,000 common shares pursuant to an effective registration statement based on the closing price of $40.58 on the NYSE. The net proceeds to the Company were approximately $377,200,000. In connection therewith the Company repaid the $285,000,000 then outstanding under its revolving credit facility.

SALE OF CUMULATIVE REDEEMABLE PREFERRED SHARES

On March 17, 1999, the Company completed the sale of 3,000,000 8.5% Series B Cumulative Redeemable Preferred Shares, at a price $25.00 per share, pursuant to an effective registration statement with net proceeds to the Company of approximately $72,200,000. Further on March 22, 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.

On May 17, 1999, the Company completed the sale of 4,000,000 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, on May 19, 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.

SERIES A PREFERRED SHARES OF BENEFICIAL INTEREST

Beginning in April 2001, these shares became convertible at the Company's option into common shares of beneficial interest at a current conversion rate of 1.38504 common shares per preferred share.

SERIES B PREFERRED SHARES OF BENEFICIAL INTEREST

These shares are redeemable at the Company's option beginning in March 2004, for the liquidation preference and any accumulated and unpaid distributions.

SERIES C PREFERRED SHARES OF BENEFICIAL INTEREST

These shares are redeemable at the Company's option beginning in May 2004, for the liquidation preference and any accumulated and unpaid distributions.

7. EMPLOYEES' SHARE OPTION PLAN

Under the Omnibus Share Plan (the "Plan"), various officers and employees have been granted incentive share options and non-qualified options to purchase common shares. Options granted are at prices equal to 100% of the market price of the Company's shares at the date of grant. Shares vest on a graduated basis, becoming fully vested 36 months after grant. All options expire ten years after grant.

The Plan also provides for the award of Stock Appreciation Rights, Performance Shares and Restricted Stock, as defined, none of which have been awarded as of December 31, 2001.

If compensation cost for Plan awards had been determined based on fair value at the grant dates, net income and income per share would have been reduced to the pro-forma amounts below, for the years ended December 31, 2001, 2000, and 1999:

	DECEMBER 31,		
	2001	2000	1999
(amounts in thousands, except share and per share amounts)			
Net income applicable to common shares:			
As reported	$227,233	$195,301	$169,081
Pro-forma	213,831	177,075	151,836
Net income per share applicable to common shares:			
Basic:			
As reported	$ 2.55	$ 2.26	$ 1.97
Pro-forma	2.40	2.05	1.77
Diluted:			
As reported	$ 2.47	$ 2.20	$ 1.94
Pro forma	2.32	2.00	1.74

The fair value of each option grant is estimated on the date of grant using an option-pricing model with the following weighted-average assumptions used for grants in the periods ending December 31, 2001, 2000 and 1999.

	DECEMBER 31, 2001	DECEMBER 31, 2000	DECEMBER 31, 1999
Expected volatility	17%	17%	19%
Expected life	5 years	5 years	5 years
Risk-free interest rate	4.38%	5.0%	6.4%
Expected dividend yield	6.0%	6.0%	5.9%

A summary of the Plan's status and changes during the years then ended, is presented below:

	2001		2000		1999	
	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE
Outstanding at January 1	15,861,260	$ 32.25	11,472,352	$ 32.65	8,724,316	$32.35
Granted	26,000	35.88	4,863,750	31.02	3,301,550	33.53
Exercised	(314,965)	31.91	(377,440)	26.29	(132,119)	18.64
Cancelled	(119,195)	34.12	(97,402)	34.86	(421,395)	37.71
Outstanding at December 31	15,453,100	$ 32.25	15,861,260	$ 32.26	11,472,352	$32.65
Options exercisable at December 31	11,334,124		7,272,878		4,546,429	
Weighted-average fair value of options granted during the year ended December 31 (per option)	$ 3.46		$ 2.98		$ 4.43	

The following table summarizes information about options outstanding under the Plan at December 31,2001:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICE	NUMBER OUTSTANDING AT DECEMBER 31, 2001	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE AT DECEMBER 31, 2001	WEIGHTED-AVERAGE EXERCISE PRICE
$ 6 - $12	43,402	1.1 Years	$ 11.42	43,402	$11.42
$17 - $19	325,894	3.1 Years	$ 17.75	325,894	$17.75
$23 - $24	3,500,000	4.9 Years	$ 23.47	3,500,000	$23.47
$26 - $27	161,570	5.1 Years	$ 26.28	161,570	$26.28
$30 - $32	5,009,711	7.8 Years	$ 30.73	2,048,126	$30.66
$32 - $36	3,241,446	7.1 Years	$ 33.66	2,109,475	$33.64
$36 - $40	266,505	6.4 Years	$ 38.89	241,085	$39.13
$41 - $44	97,572	6.0 Years	$ 43.06	97,572	$43.06
$45 - $46	2,542,000	5.9 Years	$ 45.31	2,542,000	$45.31
$48 - $49	265,000	6.1 Years	$ 48.41	265,000	$48.41
$ 6 - $49	15,453,100	6.5 Years	$ 32.25	11,334,124	$32.47

Shares available for future grant under the Plan at December 31, 2001 were 7,050,074.

8. RETIREMENT PLAN

In December, 1997, benefits under the Company's Retirement Plan were frozen. Prior to December 31, 1997, the Company's qualified plan covered all full-time employees. The Plan provided annual pension benefits that were equal to 1% of the employee's annual compensation for each year of participation. The funding policy is in accordance with the minimum funding requirements of ERISA.

Pension expense includes the following components:

	YEAR ENDED DECEMBER 31,		
	2001	2000	1999
(amounts in thousands, except percentages)			
Interest cost on projected benefit obligation	$ 565	$ 567	$ 559
Expected return on assets	(412)	(374)	(387)
Net amortization and deferral	32	30	53
Net pension expense	$ 185	$ 223	$ 225
Assumptions used in determining the net pension expense:			
Discount rate	7 1/4%	7 3/4%	7 3/4%
Rate of increase in compensation levels	--*	--*	--*
Expected rate of return on assets	7%	7%	7%

* Not applicable, as benefits under the Plan were frozen in December 1997.

The following table sets forth the Plan's funded status and the amount recognized in the Company's balance sheet:

($ in thousands)

	YEAR ENDED DECEMBER 31, 2001	2000	1999
CHANGE IN BENEFIT OBLIGATION			
Benefit obligation at beginning of year	$ 7,530	$ 7,918	$ 8,952
Interest cost	565	567	559
Benefit payments	(793)	(637)	(777)
Experience loss/(gain)	648	(318)	(816)
Benefit obligation at end of year	7,950	7,530	7,918
CHANGE IN PLAN ASSETS			
Fair value of plan assets at beginning of year	5,732	5,284	5,551
Employer contribution	821	698	362
Benefit payments	(793)	(637)	(777)
Actual return on assets	295	387	148
Fair value of plan assets at end of year	6,055	5,732	5,284
Funded status	(1,895)	(1,798)	(2,634)
Unrecognized loss	2,011	1,279	1,279
NET AMOUNT RECOGNIZED	$ 116	$ (519)	$ (1,355)
AMOUNTS RECOGNIZED IN THE CONSOLIDATED BALANCE SHEET CONSIST OF:			
Accrued benefit liability	$ (1,895)	$ (1,798)	$ (2,634)
Accumulated other comprehensive income	2,011	1,279	1,279
NET AMOUNT RECOGNIZED	$ 116	$ (519)	$ (1,355)

Plan assets are invested in U.S. government obligations and securities backed by U.S. government guaranteed mortgages.

9. LEASES

AS LESSOR:

The Company leases space to tenants in office buildings and shopping centers under operating leases. Most of the leases provide for the payment of fixed base rentals payable monthly in advance. Shopping center leases provide for the pass-through to tenants of real estate taxes, insurance and maintenance. Office building leases generally require the tenants to reimburse the Company for operating costs and real estate taxes above their base year costs. Shopping center leases also provide for the payment by the lessee of additional rent based on a percentage of the tenants' sales. As of December 31, 2001, future base rental revenue under non-cancelable operating leases, excluding rents for leases with an original term of less than one year and rents resulting from the exercise of renewal options, is as follows:

($ in thousands)

YEAR ENDING DECEMBER 31:	AMOUNT
2002	$ 703,001
2003	678,064
2004	638,973
2005	586,644
2006	531,703
Thereafter	3,014,647

These amounts do not include rentals based on tenants' sales. These percentage rents approximated $2,157,000, $4,825,000, and $2,213,000 for the years ended December 31, 2001, 2000, and 1999.

In February 2001, Bradlees, which was in Chapter 11, closed all of its stores including the 16 locations it leased from the Company. Three of the former Bradlees leases were assigned and 13 were rejected. Of the 16 locations, the leases for 13 are fully guaranteed (6 of these guarantees expire in 2002) and one is guaranteed as to 70% by Stop & Shop Companies, Inc., under a Master Agreement and Guaranty dated May 1, 1992. Stop & Shop is a wholly-owned subsidiary of KoninKlijke Ahold NV (formerly Royal Ahold NV), a leading international food retailer. In addition to these 14 leases, Stop & Shop also guarantees four other leases which were rejected in a prior Bradlees bankruptcy (three of which have been assigned). The effectiveness of Stop & Shop's guarantee is not affected by Bradlees' bankruptcy or subsequent lease assignments. Annual property rentals at December 31, 2001, include an aggregate of $4,000,000 of additional rent allocated to the former Bradlees locations in East Brunswick, Jersey City, Middletown, Union and Woodbridge in accordance with the Master Agreement and Guaranty. This rent will be reallocated to other locations guaranteed by Stop & Shop at or prior to the applicable expiration dates of such leases.

None of the Company's tenants represented more than 10% of the Company's total revenues for the year ended December 31, 2001.

AS LESSEE:

The Company is a tenant under operating leases for certain properties. These leases will expire principally during the next thirty years. Future minimum lease payments under operating leases at December 31, 2001, are as follows:

($ in thousands)

YEAR ENDING DECEMBER 31:	AMOUNT
2002	$ 14,442
2003	13,758
2004	13,033
2005	13,034
2006	13,143
Thereafter	382,373

Rent expense was $15,433,000, $15,248,000, and $14,269,000 for the years ended December 31, 2001, 2000 and 1999.

10. COMMITMENTS AND CONTINGENCIES

At December 31, 2001, the Company's revolving credit facility had a zero balance, and utilized $93,600,000 of availability under the facility for letters of credit and guarantees.

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

The Company carries comprehensive liability and all risk property insurance (fire, flood, extended coverage and rental loss insurance) with respect to its assets. The Company's all risk insurance policies in effect before September 11, 2001 included coverage for terrorist acts, except for acts of war. Since September 11, 2001, insurance companies are excluding terrorists acts from coverage in all risk policies. In 2002, the Company has been unable to obtain all risk insurance which includes coverage for terrorists acts for policies it has renewed including the New York City Office portfolio and may not be able to obtain such coverage for any of its other properties in the future. Therefore, the risk of financial loss in the case of terrorist acts is the Company's, which loss could be material.

The Company's debt instruments, consisting of mortgage loans secured by its properties (which are generally non-recourse to the Company) and its revolving credit agreement, contain customary covenants requiring the Company to maintain insurance. There can be no assurance that the lenders under these instruments will not take the position that an exclusion from all risk insurance coverage for losses due to terrorist acts is a breach of these debt instruments that allows the lenders to declare an event of default and accelerate repayment of debt. In addition, if lenders insist on coverage for these risks, it could adversely affect the Company's ability to finance and/or refinance its properties and to expand its portfolio.

From time-to-time, the Company has disposed of substantial amounts of real estate to third parties for which, as to certain properties, it remains contingently liable for rent payments or mortgage indebtedness.

On October 25, 2001, Primestone Investment Partners L.P. ("Primestone") defaulted on the repayment of its loan from the Company (See Note 3 - Acquisitions and Dispositions). On November 19, 2001, the Company commenced an action in the Delaware Court of Chancery against Primestone Investment Partners, L.P. in connection with foreclosure proceedings with respect to the collateral under the loan agreement.

Although Primestone is a special purpose entity with only one asset, units in Prime Group Realty, L.P., no operations, no employees and no operating income, it filed a Chapter 11 bankruptcy petition on November 19, 2001 in the United States Bankruptcy Court for the District of Delaware. The Company moved to dismiss Primestone's petition as bad faith filing. A federal bankruptcy judge granted the Company's motion on December 18, 2001.

Following the bankruptcy court's dismissal of Primestone's petition, the Company attempted to reschedule the auction for January 25, 2002. Primestone appealed to the United States District Court for the District of Delaware, and the auction was stayed pending appeal. On January 28, 2002, the district court affirmed the bankruptcy court's decision. The Company has since attempted to reschedule the auction for a third time, but Primestone has appealed once again, this time to the United States Court of Appeals. Briefing for the appeal concluded on February 25, 2002 and the parties are currently awaiting a decision as to if and when oral argument will occur.

On February 13, 2002, Primestone counterclaimed against the Company. In the counterclaim, Primestone alleges that the Company tortiously interfered with a prospective contract with Cadim, inc. Primestone alleges that the failure to consummate this alleged contract deprived it of the ability to repay its loans to the Company, and that the Company is attempting to obtain control of Prime Group Realty Trust, a publicly held affiliate of Primestone, at an artificially low price. Primestone seeks equitable relief, including a permanent injunction prohibiting the Company from foreclosing on collateral pledged by Primestone, and also demands damages totaling $150,000,000 plus costs and attorneys' fees. The parties commenced discovery on an expedited basis in preparation for a hearing on Primestone's motion for a preliminary injunction that was scheduled for February 22, 2002, but Primestone has indicated that it intends not to proceed with that motion in light of a stay granted by the United States Court of Appeals in Primestone's appeal from the dismissal of its bankruptcy case. Vornado plans to file a reply denying the essential allegations of the counterclaim.

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 flow.

11. REPURCHASE AGREEMENTS

The Company enters into agreements for the purchase and resale of U.S. government obligations for periods of up to one week. The obligations purchased under these agreements are held in safekeeping in the name of the Company by various money center banks. The Company has the right to demand additional collateral or return of these invested funds at any time the collateral value is less than 102% of the invested funds plus any accrued earnings thereon.

12. RELATED PARTY TRANSACTIONS

LOAN AND COMPENSATION AGREEMENTS

At December 31, 2001, the loan due from Mr. Roth in accordance with his employment arrangement was $13,123,000 ($4,704,000 of which is shown as a reduction in shareholders' equity). The loan bears interest at 4.49% per annum (based on the applicable Federal rate) and matures in January 2006. The Company also provided Mr. Roth with the right to draw up to $15,000,000 of additional loans on a revolving basis. Each additional loan will bear interest, payable quarterly, at the applicable Federal rate on the date the loan is made and will mature on the sixth anniversary of the loan.

At December 31, 2001, loans due from Mr. Fascitelli, in accordance with his employment agreement, aggregated $8,600,000. The loans which were scheduled to mature in 2003 have been extended to 2006 in connection with the extension of Mr. Fascitelli's employment agreement (discussed below), and bear interest, payable quarterly at a weighted average interest rate of 3.97% (based on the applicable Federal rate).

Pursuant to his December 1996 employment agreement in December 1996, Mr. Fascitelli became entitled to a deferred payment consisting of $5,000,000 in cash and a convertible obligation payable November 30, 2001, at the Company's option in 919,540 of its common shares or the cash equivalent of their appreciated value but not less than $20,000,000. Prior to November 30, 2001, the Company and Mr. Fascitelli have agreed to extend the deferral period for three additional years. The Company has funded the obligation in common shares. Accordingly, the Company has reflected this liability as a deferred compensation shares not yet delivered in the Equity section of the balance sheet. The cash and common shares are held in an irrevocable trust (the fair value of this obligation was $40,155,000 at December 31, 2001). For the years ended December 31, 2001 and 2000, the Company recognized approximately $4,744,000 and $3,733,000 of compensation expense of which $2,612,000 and $1,968,000 represented the appreciation in value of the shares in each period and $2,132,000 and $1,765,000 represented dividends paid on the shares.

On March 8, 2002, the Company extended its employment agreement with Mr. Fascitelli for a five year period ending December 31, 2006. Pursuant to the employment agreement, he will receive a deferred payment in five years of 626,566 Vornado common shares which are valued for compensation purposes at $27,500,000. The number of shares was set by the Company's Compensation Committee in December to achieve a value of $25,000,000 and have appreciated $2,500,000 since then. The shares will vest on December 31, 2002. Mr. Fascitelli will also receive regular annual cash compensation as determined by the Company's Compensation Committee and will continue as a member of Vornado's Board.

One other executive officer of the Company a loan outstanding pursuant to an employment agreement of $1,000,000 at December 31, 2001. The loan matures in April 2005 and bears interest at either the applicable Federal rate provided or the broker call rate (6.63% at December 31, 2001).

Information regarding employment agreements with other Officers of the Company are incorporated by reference in Part II of this document.

TRANSACTIONS WITH AFFILIATES AND OFFICERS AND TRUSTEES OF THE COMPANY

ALEXANDER'S

The Company owns 33.1% of Alexander's. Mr. Roth and Mr. Fascitelli are Officers and Directors of Alexander's and the Company provides various services to Alexander's in accordance with management and leasing agreements. See Note--4 "Investments in Partially-Owned Entities" for further details.

INTERSTATE PROPERTIES

The Company currently manages and leases the real estate assets of Interstate Properties pursuant to a management agreement for which the Company receives a quarterly fee equal to 4% of base rent and percentage rent and certain other commissions. The management agreement has a term of one year and is automatically renewable unless terminated by either of the parties on sixty days' notice at the end of the term. Although the management agreement was not negotiated at arms length, the Company believes based upon comparable fees charged by other real estate companies, that its terms are fair to the Company. For the years ended December 31, 2001, 2000 and 1999, $1,655,000, $1,418,000, and $1,262,000 of management fees were earned by the Company pursuant to the management agreement.

THE NEW YORK OFFICE CLEANING CONTRACT

The estate of Bernard Mendik certain other entities including Mr. Greenbaum own an entity which provides cleaning and related services and security services to office properties, including the Company's Manhattan office properties. Although the terms and conditions of the contracts pursuant to which these services are provided were not negotiated at arms length, the Company believes based upon comparable amounts charged to other real estate companies, that the terms and conditions of such contracts are fair to the Company. In connection with these contracts, the Company paid $51,280,000, $47,493,000, and $40,974,000 for the years ended December 31, 2001, 2000 and 1999.

VORNADO OPERATING COMPANY

In October 1998, Vornado Operating Company ("Vornado Operating") was spun off from the Company in order to own assets that the Company could not itself own and conduct activities that the Company could not itself conduct. The Company granted Vornado Operating a $75,000,000 unsecured revolving credit facility (the "Revolving Credit Agreement") which expires on December 31, 2004. Borrowings under the Revolving Credit Agreement bear interest at LIBOR plus 3%. The Company receives a commitment fee equal to 1% per annum on the average daily unused portion of the facility. No amortization is required to be paid under the Revolving Credit Agreement during its term. The Revolving Credit Agreement prohibits Vornado Operating from incurring indebtedness to third parties (other than certain purchase money debt and certain other exceptions) and prohibits Vornado Operating from paying dividends. As of December 31, 2001, $31,424,000 was outstanding under the Revolving Credit Agreement.

OTHER

The Company owns preferred securities in Capital Trust, Inc. ("Capital Trust") totaling $48,758,000 at December 31, 2001. Mr. Roth, the Chairman and Chief Executive Officer of Vornado Realty Trust, is a member of the Board of Directors of Capital Trust nominated by the Company.

On May 17, 2001, the Company sold its 50% interest in 570 Lexington Avenue to an entity controlled by the late Bernard Mendik, a former executive officer of the Company, for $60,000,000, resulting in a gain to the Company of $12,445,000.

During 2001, the Company paid $136,000 for legal services to a firm in which one of the Company's trustees is a member.

On January 1, 2001, the Company acquired the common stock of various preferred stock affiliates which was owned by Officer and Trustees of the Company and converted them to taxable REIT subsidiaries. The total acquisition price was $5,155,000. The purchase price, which was the estimated fair value, was determined by both independent appraisal and by reference to the individuals' pro rata share of the earnings of the preferred stock affiliates during the three-year period that these investments were held.

In connection with the Park Laurel condominium project, the joint venture accrued $5,779,000 of awards under the venture's incentive compensation plan.

13. MINORITY INTEREST

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

Unit Series	Outstanding Units at December 31, 2001	Outstanding Units at December 31, 2000	Per Unit Liquidation Preference	Preferred or Annual Distribution Rate	Conversion Rate Into Class A Units
Common:					
Class A (1)	5,823,419	6,456,749	--	$ 2.64	N/A
Class D (2)	--	869,387	--	N/A	N/A
Convertible Preferred:					
5.0% B-1 Convertible Preferred	899,566	899,566	$ 50.00	$ 2.50	.914
8.0% B-2 Convertible Preferred	449,783	449,783	$ 50.00	$ 4.00	.914
6.5% C-1 Convertible Preferred	747,912	747,912	$ 50.00	$ 3.25	1.1431
6.5% E-1 Convertible Preferred	4,998,000	4,998,000	$ 50.00	$ 3.25(3)	1.1364
Perpetual Preferred: (4)					
8.5% D-1 Cumulative Redeemable Preferred	3,500,000	3,500,000	$ 25.00	$ 2.125	N/A
8.375% D-2 Cumulative Redeemable Preferred ..	549,336	549,336	$ 50.00	$4.1875	N/A
8.25% D-3 Cumulative Redeemable Preferred ...	8,000,000	8,000,000	$ 25.00	$2.0625	N/A
8.25% D-4 Cumulative Redeemable Preferred ...	5,000,000	5,000,000	$ 25.00	$2.0625	N/A
8.25% D-5 Cumulative Redeemable Preferred ...	7,480,000	7,480,000	$ 25.00	$2.0625	N/A
8.25% D-6 Cumulative Redeemable Preferred ...	840,000	840,000	$ 25.00	$2.0625	N/A
8.25% D-7 Cumulative Redeemable Preferred ...	7,200,000	7,200,000	$ 25.00	$2.0625	N/A
8.25% D-8 Cumulative Redeemable Preferred ...	360,000	360,000	$ 25.00	$2.0625	N/A
8.25% D-9 Cumulative Redeemable Preferred ...	1,800,000	--	$ 25.00	$2.0625	N/A
9.00% F-1 Cumulative Redeemable Preferred (5)	400,000	--	$ 25.00	$ 2.25	N/A

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(1) Class A units are redeemable at the option of the holder for common shares of beneficial interest in Vornado, on a one-for-one basis, or at the Company's option for cash.

(2) Class D units automatically converted into Class A units in the third quarter of 2001. Prior to the conversion, the Class D unitholders participated in distributions at an annual rate of $2.12, then pari passu with the Class A units.

(3) Increases to $3.38 in March 2006.

(4) Convertible at the option of the holder for an equivalent amount of the Company's preferred shares and redeemable at the Company's option after the 5th anniversary of the date of issuance (ranging from December 1998 to September 2001).

(5) Issued in connection with the acquisition of a leasehold interest at 715 Lexington Avenue. Redeemable at the Company's option beginning January 2012 for Class A units.

14. INCOME PER SHARE

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

	YEAR ENDED DECEMBER 31,		
	2001	2000	1999
(amounts in thousands, except per share amounts)			
Numerator:			
Income before cumulative effect of change in accounting principle and extraordinary item	$ 266,678	$ 235,116	$ 202,519
Cumulative effect of change in accounting principle	(4,110)	--	--
Extraordinary item	1,170	(1,125)	--
Net income	263,738	233,991	202,519
Preferred stock dividends	(36,505)	(38,690)	(33,438)
Numerator for basic and diluted income per share - net income applicable to common shares	$ 227,233	$ 195,301	$ 169,081
Denominator:			
Denominator for basic income per share - weighted average shares	89,109,169	86,521,195	85,666,424
Effect of dilutive securities:			
Employee stock options	2,963,438	2,170,894	1,621,386
Denominator for diluted income per share - adjusted weighted average shares and assumed conversions	92,072,607	88,692,089	87,287,810
INCOME PER COMMON SHARE - BASIC:			
Income before cumulative effect of change in accounting principle and extraordinary item	$ 2.58	$ 2.27	$ 1.97
Cumulative effect of change in accounting principle	(.04)	--	--
Extraordinary item	.01	(.01)	--
Net income per common share	$ 2.55	$ 2.26	$ 1.97
INCOME PER COMMON SHARE - DILUTED:			
Income before cumulative effect of change in accounting principle and extraordinary item	$ 2.50	$ 2.21	$ 1.94
Cumulative effect of change in accounting principle	(.04)	--	--
Extraordinary item	.01	(.01)	--
Net income per common share	$ 2.47	$ 2.20	$ 1.94

15. SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

The following summary represents the results of operations for each quarter in 2001 and 2000:

(amounts in thousands, except share amounts)	REVENUE	NET INCOME APPLICABLE TO COMMON SHARES	NET INCOME PER COMMON SHARE(1) BASIC	DILUTED
2001				
March 31	$242,610	$ 46,836	$ .54	$ .52
June 30	246,075	56,920	.65	.64
September 30	250,265	67,876	.76	.74
December 31	246,823	55,601	.59	.57
2000				
March 31	$195,279	$ 47,523	$ .55	$ .54
June 30	198,745	47,281	.55	.53
September 30	215,655	58,447	.68	.65
December 31	216,293	42,050	.48	.47

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(1) The total for the year may differ from the sum of the quarters as a result of weighting.

16. SEGMENT INFORMATION

The Company has four business segments: Office, Retail, Merchandise Mart Properties and Temperature Controlled Logistics. Prior to 2001, income from the Company's preferred stock affiliates ("PSAs") was included in income from partially-owned entities. On January 1, 2001, the Company acquired the common stock of its PSAs and converted these entities to taxable REIT subsidiaries. Accordingly, the Hotel portion of the Hotel Pennsylvania and the management companies (which provide services to the Company's business segments and operate the Trade Show business of the Merchandise Mart division) have been consolidated effective January 1, 2001. Amounts for the years ended December 31, 2000 and 1999 have been reclassified to give effect to the consolidation of these entities as if consolidated as of January 1, 1999.

($ in thousands)	December 31, 2000					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
Rentals	$ 841,999	$ 463,234	$ 119,730	$ 197,668	$ --	$ 61,367
Expense reimbursements	133,114	67,842	47,998	13,801	--	3,473
Other income	10,660	3,957	2,038	3,324	--	1,341
Total revenues	985,773	535,033	169,766	214,793	--	66,181
Operating expenses	398,969	217,965	58,996	83,107	--	38,901
Depreciation and amortization	123,862	71,548	17,349	25,397	--	9,568
General and administrative	72,572	12,694	470	18,081	--	41,327
Costs of acquisitions not consummated	5,223	--	--	--	--	5,223
Total expenses	600,626	302,207	76,815	126,585	--	95,019
Operating income	385,147	232,826	92,951	88,208	--	(28,838)
Income applicable to Alexander's	24,548	--	--	--	--	24,548
Income from partially-owned entities	80,612	32,746	1,914	149	17,447(4)	28,356
Interest and other investment income	54,385	6,866	608	2,045	--	44,866
Interest and debt expense	(173,076)	(54,559)	(55,466)	(33,354)	--	(29,697)
Net gain disposition of wholly-owned and partially-owned assets	7,425	12,445	3,050	160	--	(8,230)
Minority interest	(112,363)	(55,932)	(16,562)	(15,650)	(10,968)	(13,251)
Income before extraordinary item	266,678	174,392	26,495	41,558	6,479	17,754
Cumulative effect of change in accounting principle	(4,110)	--	--	--	--	(4,110)
Extraordinary item	1,170	--	--	--	--	1,170
Net income	263,738	174,392	26,495	41,558	6,479	14,814
Cumulative effect of change in accounting principle	4,110	--	--	--	--	4,110
Extraordinary item	(1,170)	--	--	--	--	(1,170)
Minority interest	112,363	55,932	16,562	15,650	10,968	13,251
Net gain on disposition of wholly-owned and partially-owned assets	(15,655)	(12,445)	(3,050)	(160)	--	--
Interest and debt expense(3)	270,357	95,875	58,023	33,354	26,459	56,646
Depreciation and amortization(3)	188,859	91,208	18,834	25,397	33,815	19,605
Straight-lining of rents(3)	(26,134)	(20,124)	787	(4,997)	--	(1,800)
Other	(12,586)	(4,673)	--	--	716	(8,629)(5)
EBITDA(1)	$ 783,882	$ 380,165	$ 117,651	$ 110,802	$ 78,437	$ 96,827
Balance sheet data:						
Real estate, net	$ 4,183,986	$ 2,446,534	$ 503,923	$ 911,067	$ --	$ 322,462
Investments and advances to partially-owned entities	1,270,195	374,371	28,213	9,764	474,862	382,985
Capital expenditures:						
Acquisitions	11,574	11,574	--	--	--	--
Other	158,343	79,117	7,597	51,036	5,700	14,893

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Footnotes are explained on page 125.

($ in thousands)

	December 31, 2000 (after giving effect to consolidation of PSAs)					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
Rentals	$ 788,469	$ 406,261	$ 129,902	$ 171,001	$ --	$ 81,305
Expense reimbursements	120,074	60,767	45,490	10,654	--	3,163
Other income	17,608	5,499	2,395	4,661	--	5,053
Total revenues	926,151	472,527	177,787	186,316	--	89,521
Operating expenses	379,524	199,424	55,671	74,553	--	49,876
Depreciation and amortization	108,109	58,074	17,464	21,984	--	10,587
General and administrative	63,468	10,401	667	16,330	--	36,070
Total expenses	551,101	267,899	73,802	112,867	--	96,533
Operating income	375,050	204,628	103,985	73,449	--	(7,012)
Income applicable to Alexander's	17,363	--	--	--	--	17,363
Income from partially-owned entities	79,694	29,210	667	--	28,778(4)	21,039
Interest and other investment income	33,798	6,162	--	2,346	--	25,290
Interest and debt expense	(179,380)	(62,162)	(53,180)	(38,569)	--	(25,469)
Net gain disposition of wholly-owned and partially-owned assets	10,965	8,405	2,560	--	--	--
Minority interest	(102,374)	(46,917)	(16,550)	(12,660)	(12,483)	(13,764)
Income before extraordinary item	235,116	139,326	37,482	24,566	16,295	17,447
Extraordinary item	(1,125)	--	(1,125)	--	--	--
Net income	233,991	139,326	36,357	24,566	16,295	17,447
Extraordinary item	1,125	--	1,125	--	--	--
Minority interest	102,374	46,917	16,550	12,660	12,483	13,764
Net gain on disposition of wholly-owned and partially-owned assets	(10,965)	(8,405)	(2,560)	--	--	--
Interest and debt expense(3)	260,573	96,224	55,741	38,566	27,424	42,618
Depreciation and amortization(3)	167,268	76,696	18,522	20,627	34,015	17,408
Straight-lining of rents(3)	(30,001)	(19,733)	(2,295)	(5,919)	(1,121)	(933)
Other	14,510	--	(1,654)	1,358	4,064(2)	10,742(5)
EBITDA(1)	$ 738,875	$ 331,025	$ 121,786	$ 91,858	$ 93,160	$ 101,046
Balance sheet data:						
Real estate, net	$ 3,960,605	$ 2,388,393	$ 551,183	$ 862,003	$ --	$ 159,026
Investments and advances to partially-owned entities	1,459,211	394,089	31,660	41,670	469,613	522,179
Capital expenditures:						
Acquisitions	246,500	128,000	--	89,000	--	29,500
Other	212,907	106,689	7,251	37,362	28,582	33,023

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Footnotes are explained on page 125.

($ in thousands)	December 31, 1999 (after giving effect to consolidation of PSAs)					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
Rentals	$ 675,313	$ 333,025	$ 125,510	$ 151,308	$ --	$ 65,470
Expense reimbursements	95,658	42,198	43,326	8,245	--	1,889
Other income	12,542	4,572	1,702	1,831	--	4,437
Total revenues	783,513	379,795	170,538	161,384	--	71,796
Operating expenses	335,744	168,825	58,058	67,518	--	41,343
Depreciation and amortization	92,316	48,058	15,646	19,607	--	9,005
General and administrative	57,092	10,797	358	13,044	--	32,893
Total expenses	485,152	227,680	74,062	100,169	--	83,241
Operating income	298,361	152,115	96,476	61,215	--	(11,445)
Income applicable to Alexander's	11,772	--	--	--	11,772	
Income from partially-owned entities	78,184	19,055	938	--	36,722	21,469
Interest and other investment income	20,683	1,786	--	2,995	--	15,902
Interest and debt expense	(151,483)	(49,624)	(27,635)	(31,685)	--	(42,539)
Minority interest	(54,998)	(25,854)	(14,628)	(6,819)	(7,697)	--
Net income (loss)	202,519	97,478	55,151	25,706	29,025	(4,841)
Minority interest	54,998	25,854	14,628	6,819	7,697	--
Interest and debt expense(3)	226,253	82,460	30,249	29,509	27,520	56,515
Depreciation and amortization(3)	143,499	64,702	16,900	17,702	31,044	13,151
Straight-lining of rents(3)	(25,359)	(16,386)	(2,120)	(4,740)	(1,698)	(415)
Other	7,451	365	--	--	2,054(2)	5,032
EBITDA(1)	$ 609,361	$ 254,473	$ 114,808	$ 74,996	$ 95,642	$ 69,442
Balance sheet data:						
Real estate, net	$ 3,612,965	$ 2,208,510	$ 575,633	$ 753,416	$ --	$ 75,406
Investments and advances to partially-owned entities	1,315,387	382,417	3,057	32,524	481,808	415,581
Capital expenditures:						
Acquisitions	394,006	388,436	--	--	--	5,570
Other	204,591	85,833	22,859	41,134	51,000	3,765

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Footnotes are explained on page 125.

Notes to segment information:

(1) EBITDA represents income before interest, taxes, depreciation and amortization, extraordinary or non-recurring items, gains or losses on sales of depreciable real estate, the effect of straight-lining of property rentals for rent escalations and minority interest. 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) Includes (i) the reversal of income taxes (benefit) which are considered non-recurring because of the conversion of the Temperature Controlled Logistics Companies to REIT's in 2000 and (ii) the add back of non-recurring unification costs.

(3) 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.

(4) Net of $15,281 and $9,787 of rent not recognized as income in 2001 and 2000, respectively.

(5) Includes the reversal of $1,266 and $4,765 of expenses in connection with a deferred compensation arrangement in 2001 and 2000, respectively.

Other EBITDA is comprised of:

	2001	2000	1999
Newkirk Joint Ventures (30% interest):			
Equity in EBITDA of limited partnerships	$ 54,695(1)	$ 43,685	$ 38,465
Interest and other income	8,700	7,300	1,331
Total	63,395	50,985	39,796
Alexander's (33.1% interest)	19,362(2)	18,330	13,469
Hotel Pennsylvania (3)	16,978(4)	26,866	21,200
After-tax net gain on sale of Park Laurel condominium units	15,657	--	--
Write-off of net investment in the Russian Tea Room ("RTR")	(7,374)	--	--
Write-off of net investments in technology companies	(16,513)	--	--
Costs of acquisitions not consummated	(5,223)	--	--
Corporate general and administrative expenses	(41,327)	(36,070)	(32,893)
Investment income and other	51,872	40,935	27,870
Total	$ 96,827	$ 101,046	$ 69,442

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(1) Reflects acquisitions of additional partnership interests.

(2) Includes leasing fees of $2,500 in connection with Alexander's ground lease of its Paramus property to IKEA in the fourth quarter of 2001.

(3) The commercial portion of the Hotel was wholly-owned as of August 5, 1999, and accordingly consolidated.

(4) Average occupancy and REVPAR for the Hotel Pennsylvania for the year ended December 31, 2001 was 63% and $70 compared to 76% and $87 for the year ended December 31, 2000.

17. SUBSEQUENT EVENTS

On January 1, 2002, the Company completed the combination of Charles E. Smith Commercial Realty L.P. with Vornado. Prior to the combination, Vornado owned a 34% interest in CESCR. The consideration for the remaining 66% of CESCR was approximately $1,600,000,000, consisting of 15.7 million newly issued Vornado Operating Partnership units (valued at $608,000,000) and $992,000,000 of debt (66% of CESCR's total debt).

The unaudited proforma information set forth below presents (i) the condensed consolidated statements of income for the Company for the years ended December 31, 2001 and 2000 as if (a) the acquisition of the CESCR acquisition described above had occurred on January 1, 2000 and (ii) the condensed consolidated proforma balance sheet of the Company as of December 31, 2001, as if such acquisition had occurred on December 31, 2001.

(in thousands, except per share amounts)

CONDENSED PROFORMA CONSOLIDATED STATEMENTS OF INCOME

	Pro Forma (Unaudited) For the Years Ended December 31, 2001	2000
Revenues	$ 1,372,464	$ 1,176,106
Net income	$ 265,893	$ 234,838
Preferred stock dividends	(36,505)	(38,690)
Net income per applicable to common shares	$ 229,388	$ 196,148
Net income per common share - basic	$ 2.57	$ 2.27
Net income per common share - diluted	$ 2.49	$ 2.21

CONDENSED PROFORMA CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2001:

Total assets	$8,979,015
Total liabilities	$4,321,077
Minority interest	2,087,566
Total shareholders' equity	2,570,372
Total liabilities and shareholders' equity	$8,979,015

On February 25, 2002, the Company sold 884,543 common shares to a closed-end fund and 514,200 shares to a unit investment trust based on the closing price of $42.96 on the NYSE. The net proceeds to the Company were approximately $57,042,000.

On March 7, 2002, the Company acquired for $55,000,000, a mortgage on a 360,000 square foot office building, which is in the Crystal City complex in Arlington, Virginia, together with an option to purchase the property. The Company expects to exercise its option to acquire the property from a limited partnership, which is approximately 50% owned by Messrs. Robert H. Smith and Robert P. Kogod, trustees of Vornado since January 1, 2002, in exchange for approximately $13,700,000 of Vornado's Operating Partnership units. The acquisition of the building is expected to close within 90 days and is subject to receipt of certain consents from third parties and other customary conditions.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information relating to trustees of the Registrant will be contained in a definitive Proxy Statement involving the election of trustees under the caption "Election of Trustees", which the Registrant will file with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 not later than 120 days after December 31, 2001, and such information is incorporated herein by reference. Information relating to Executive Officers of the Registrant appears at page 51 of this Annual Report on Form 10-K. Also incorporated herein by reference is the information under the caption ("Other Matters - 16(a) Beneficial Ownership") of the Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

Information relating to executive compensation will be contained in the Proxy Statement referred to above in Item 10, "Directors and Executive Officers of the Registrant", under the captions "Executive Compensation" and such information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information relating to security ownership of certain beneficial owners and management will be contained in the Proxy Statement referred to in Item 10, "Directors and Executive Officers of the Registrant", under the caption "Principal Security Holders" and such information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information relating to certain relationships and related transactions will be contained in the Proxy Statement referred to in Item 10, "Directors and Executive Officers of the Registrant", under the caption "Certain Relationships and Related Transactions" and such information is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

1. The consolidated financial statements are set forth in Item 8 of this Annual Report on Form 10-K.

The following financial statement schedules should be read in conjunction with the financial statements included in Item 8 of this Annual Report on Form 10-K.

	PAGES IN THIS ANNUAL REPORT ON FORM 10-K
II--Valuation and Qualifying Accounts--years ended December 31, 2001, 2000 and 1999	130
III--Real Estate and Accumulated Depreciation as of December 31,2001	131

Schedules other than those listed above are omitted because they are not applicable or the information required is included in the consolidated financial statements or the notes thereto.

The following exhibits listed on the Exhibit Index are filed with this Annual Report on Form 10-K.

EXHIBIT NO.

3.2	Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on May 23, 1996
3.3	Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on April 3, 1997
3.10	Articles Supplementary Classifying Vornado's $3.25 Series A Convertible Preferred Shares of Beneficial Interest, as filed with the State Department of Assessments and Taxation of Maryland on December 15, 1997
12	Consolidated Ratios of Earnings to Fixed Charges and Combined Fixed Charges and Preferred Share Dividend Requirement
21	Subsidiaries of the Registrant
23	Consent of Independent Auditors

(b) Reports on Form 8-K and Form 8-K/A

During the last quarter of the period covered by this Annual Report on Form 10-K the reports on Form 8-K and Form 8-K/A described below were filed.

PERIOD COVERED: (DATE OF EARLIEST EVENT REPORTED)	ITEMS REPORTED	DATE FILED
September 21, 2001	Issuance of Series D-9 Preferred Units by Vornado Realty L.P.	October 12, 2001
October 19, 2001	Announcement of merger with Charles E. Commercial Realty L.P.	October 19, 2001
November 16, 2001	Announcement of underwriting agreement with Lehman Brothers relating to the issuance of common shares	November 21, 2001

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) 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

By: /s/ JOSEPH MACNOW

Joseph Macnow, Executive Vice President - Finance and Administration and Chief Financial Officer

Date: March 11, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

SIGNATURE	TITLE	DATE
By: /s/ Steven Roth (Steven Roth)	Chairman of the Board of Trustees (Principal Executive Officer)	March 11, 2002
By: /s/ Michael D. Fascitelli (Michael D. Fascitelli)	President and Trustee	March 11, 2002
By: /s/ Robert P. Kogod (Robert P. Kogod)	Trustee	March 11, 2002
By: /s/ Joseph Macnow (Joseph Macnow)	Executive Vice President - Finance and Administration and Chief Financial Officer	March 11, 2002
By: /s/ David Mandelbaum (David Mandelbaum)	Trustee	March 11, 2002
By: /s/ Stanley Simon (Stanley Simon)	Trustee	March 11, 2002
By: /s/ Robert H. Smith (Robert H. Smith)	Trustee	March 11, 2002
By: /s/ Ronald G. Targan (Ronald G. Targan)	Trustee	March 11, 2002
By: /s/ Richard R. West (Richard R. West)	Trustee	March 11, 2002
By: /s/ Russell B. Wight, Jr. (Russell B. Wight, Jr.)	Trustee	March 11, 2002

VORNADO REALTY TRUST
AND SUBSIDIARIES

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS

COLUMN A	COLUMN B	COLUMN C	COLUMN D		COLUMN E
			DEDUCTIONS		BALANCE AT THE OF YEAR
DESCRIPTION			DESCRIPTION	AMOUNT	
	BALANCE BEGINNING OF YEAR	ADDITIONS CHARGE AGAINST OPEATIONS	(AMOUNT IN THOUSANDS)		
YEAR ENDED DECEMBER 31, 2001:					
Deducted from accounts receivable, allowance for doubtful accounts...........	$9,343	$5,379	Uncollectible accounts written-off	$5,891	$8,831
YEAR ENDED DECEMBER 31, 2000:					
Deducted from accounts receivable, allowance for doubtful accounts...........	$7,292	$2,957	Uncollectible accounts written-off	$ 906	$9,343
YEAR ENDED DECEMBER 31, 1999:					
Deducted from accounts receivable allowance for doubtful accounts...........	$3,044	$5,131	Uncollectible accounts written-off	$ 883	$7,292

VORNADO REALTY TRUST
AND SUBSIDIARIES

SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2001
(AMOUNTS IN THOUSANDS)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E		
		INITIAL COST TO COMPANY(1)		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		
DESCRIPTION	ENCUMBRANCES	LAND	BUILDINGS AND IMPROVEMENTS		LAND	BUILDINGS AND IMPROVEMENTS	TOTAL(2)
OFFICE BUILDINGS							
NEW YORK							
MANHATTAN							
One Penn Plaza	$275,000	$ --	$ 412,169	$ 65,499	$ --	$ 477,668	$ 477,668
Two Penn Plaza	157,697	53,615	164,903	51,203	52,689	217,032	269,721
909 Third Avenue	107,004	--	120,723	14,030	--	134,753	134,753
770 Broadway	66,962	52,898	95,686	72,920	52,898	168,606	221,504
Eleven Penn Plaza	51,376	40,333	85,259	18,856	40,333	104,115	144,448
Two Park Avenue	90,000	43,609	69,715	5,984	43,609	75,699	119,308
90 Park Avenue	--	8,000	175,890	13,409	8,000	189,299	197,299
888 Seventh Avenue	105,000	--	117,269	28,606	--	145,875	145,875
330 West 34th Street	--	--	8,599	4,480	--	13,079	13,079
1740 Broadway	--	26,971	102,890	8,684	26,971	111,574	138,545
150 East 58th Street	--	39,303	80,216	10,122	39,303	90,338	129,641
866 United Nations Plaza	33,000	32,196	37,534	6,962	32,196	44,496	76,692
595 Madison (Fuller Building)	56,538	62,731	62,888	4,286	62,731	67,174	129,905
640 Fifth Avenue	--	38,224	25,992	31,781	38,224	57,773	95,997
40 Fulton Street	--	15,732	26,388	2,526	15,732	28,914	44,646
689 Fifth Avenue	--	19,721	13,446	3,151	19,721	16,597	36,318
20 Broad Street	--	--	28,760	2,973	--	31,733	31,733
7 West 34th Street	--	34,595	93,703	826	34,614	94,510	129,124
715 Lexington Avenue	--	--	11,574	--	--	11,574	11,574
14th Street and Union Square, Manhattan	--	12,566	4,044	18,108	24,079	10,639	34,718
Total New York	942,577	480,494	1,737,648	364,406	491,100	2,091,448	2,582,548
NEW JERSEY							
Paramus	--	--	8,345	9,873	--	18,218	18,218
Total New Jersey	--	--	8,345	9,873	--	18,218	18,218
TOTAL OFFICE BUILDINGS	942,577	480,494	1,745,993	374,279	491,100	2,109,666	2,600,766
SHOPPING CENTERS							
NEW JERSEY							
Bordentown	8,161 *	498	3,176	1,085	713	4,046	4,759
Bricktown	16,492 *	929	2,175	9,265	929	11,440	12,369
Cherry Hill	15,168 *	915	3,926	3,292	915	7,218	8,133
Delran	6,501 *	756	3,184	2,744	756	5,928	6,684
Dover	7,433 *	224	2,330	2,381	204	4,731	4,935

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I
DESCRIPTION	ACCUMULATED DEPRECIATION AND AMORTIZATION	DATE OF CONSTRUCTION(3)	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTED
OFFICE BUILDINGS				
NEW YORK				
MANHATTAN				
One Penn Plaza	$ 45,376	1972	1998	39 Years
Two Penn Plaza	28,311	1968	1997	39 Years
909 Third Avenue	8,872	1969	1999	39 Years
770 Broadway	12,497	1907	1998	39 Years
Eleven Penn Plaza	12,031	1923	1997	39 Years
Two Park Avenue	10,371	1928	1998	39 Years
90 Park Avenue	20,670	1964	1997	39 Years
888 Seventh Avenue	10,024	1980	1999	39 Years
330 West 34th Street	795	1925	1998	39 Years
1740 Broadway	13,932	1950	1997	39 Years
150 East 58th Street	8,280	1969	1998	39 Years
866 United Nations Plaza	6,062	1966	1997	39 Years
595 Madison (Fuller Building)	3,717	1968	1999	39 Years
640 Fifth Avenue	6,443	1950	1997	39 Years
40 Fulton Street	3,034	1987	1998	39 Years
689 Fifth Avenue	1,186	1925	1998	39 Years
20 Broad Street	2,716	1956	1998	39 Years

7 West 34th Street	2,735	1901	2000	40 Years
715 Lexington Avenue	123	1923	2001	40 Years
14th Street and Union Square, Manhattan	1,188	1965	1993	36 - 39 Years
	--------			
Total New York	198,363			

NEW JERSEY				
Paramus	4,763	1967	1987	26 - 40 Years

Total New Jersey	4,763			

TOTAL OFFICE BUILDINGS	203,126			

SHOPPING CENTERS				
NEW JERSEY				
Bordentown	3,870	1958	1958	7 - 40 Years
Bricktown	5,759	1968	1968	22 - 40 Years
Cherry Hill	5,942	1964	1964	12 - 40 Years
Delran	3,392	1972	1972	16 - 40 Years
Dover	3,335	1964	1964	16 - 40 Years

VORNADO REALTY TRUST
AND SUBSIDIARIES

SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2001
(AMOUNTS IN THOUSANDS)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E		
		INITIAL COST TO COMPANY(1)		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		
DESCRIPTION	ENCUMBRANCES	LAND	BUILDINGS AND IMPROVEMENTS		LAND	BUILDINGS AND IMPROVEMENTS	TOTAL(2)
East Brunswick	23,029 *	319	3,236	6,403	319	9,639	9,958
East Hanover I	20,707 *	376	3,063	5,345	476	8,308	8,784
East Hanover II	6,902 *	1,756	8,706	--	1,756	8,706	10,462
Hackensack	25,300 *	536	3,293	7,253	536	10,546	11,082
Jersey City	19,369 *	652	2,962	1,854	652	4,816	5,468
Kearny (4)	3,781 *	279	4,429	(1,029)	309	3,370	3,679
Lawnside	10,717 *	851	2,222	1,359	851	3,581	4,432
Lodi	9,498 *	245	9,339	107	245	9,446	9,691
Manalapan	12,675 *	725	2,447	4,960	725	7,407	8,132
Marlton	12,325 *	1,514	4,671	715	1,611	5,289	6,900
Middletown	16,638 *	283	1,508	3,940	283	5,448	5,731
Morris Plains	12,179 *	1,254	3,140	3,224	1,104	6,514	7,618
North Bergen (4)	4,010 *	510	3,390	(956)	2,308	636	2,944
North Plainfield	11,010 *	500	13,340	1,228	500	14,568	15,068
Totowa	29,878 *	1,097	5,359	10,877	1,107	16,226	17,333
Turnersville	4,134 *	900	2,132	87	900	2,219	3,119
Union	33,931 *	1,014	4,527	3,243	1,329	7,455	8,784
Vineland	--	290	1,594	1,253	290	2,847	3,137
Watchung (4)	13,690 *	451	2,347	6,857	4,178	5,477	9,655
Woodbridge	22,365 *	190	3,047	778	220	3,795	4,015
Total New Jersey	345,893	17,064	99,543	76,265	23,216	169,656	192,872
NEW YORK							
Albany (Menands)	6,289 *	460	1,677	2,628	460	4,305	4,765
Buffalo (Amherst)	7,088 *	402	2,019	2,151	636	3,936	4,572
Freeport	14,971 *	1,231	3,273	2,848	1,231	6,121	7,352
New Hyde Park	7,556 *	--	--	122	--	122	122
North Syracuse	--	--	--	23	--	23	23
Rochester (Henrietta)	--	--	2,124	1,152	--	3,276	3,276
Rochester	--	443	2,870	(1,116)	1,220	977	2,197
Valley Stream (Green Acres)	159,851	140,069	99,586	5,660	139,910	105,405	245,315
Total New York	195,755	142,605	111,549	13,468	143,457	124,165	267,622
PENNSYLVANIA							
Allentown	23,512 *	70	3,446	10,191	334	13,373	13,707
Bensalem (4)	6,497 *	1,198	3,717	1,047	2,727	3,235	5,962
Bethlehem	4,112 *	278	1,806	3,904	278	5,710	5,988
Broomall	9,888 *	734	1,675	1,381	850	2,940	3,790
Glenolden	7,416 *	850	1,295	722	850	2,017	2,867
Lancaster	--	606	2,312	1,114	2010	2,022	4,032

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I
DESCRIPTION	ACCUMULATED DEPRECIATION AND AMORTIZATION	DATE OF CONSTRUCTION(3)	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTED
East Brunswick	6,366	1957	1957	8 - 33 Years
East Hanover I	5,281	1962	1962	9 - 40 Years
East Hanover II	707	1979	1998	40 Years
Hackensack	5,720	1963	1963	15 - 40 Years
Jersey City	4,089	1965	1965	11 - 40 Years
Kearny (4)	1,372	1938	1959	23 - 29 Years
Lawnside	2,481	1969	1969	17 - 40 Years
Lodi	530	1999	1975	40 Years
Manalapan	4,575	1971	1971	14 - 40 Years
Marlton	4,008	1973	1973	16 - 40 Years
Middletown	3,218	1963	1963	19 - 40 Years
Morris Plains	5,582	1961	1985	7 - 19 Years
North Bergen (4)	164	1993	1959	30 Years
North Plainfield	5,773	1955	1989	21 - 30 Years
Totowa	6,992	1957/1999	1957	19 - 40 Years
Turnersville	1,775	1974	1974	23 - 40 Years
Union	5,654	1962	1962	6 - 40 Years
Vineland	2,066	1966	1966	18 - 40 Years
Watchung (4)	1,298	1994	1959	27 - 30 Years

Woodbridge	3,194	1959	1959	11 - 40 Years

Total New Jersey	93,143			

NEW YORK				
Albany (Menands)	2,339	1965	1965	22 - 40 Years
Buffalo (Amherst)	2,949	1968	1968	13 - 40 Years
Freeport	3,323	1981	1981	15 - 40 Years
New Hyde Park	124	1970	1976	6 - 10 Years
North Syracuse	23	1967	1976	11 - 12 Years
Rochester (Henrietta)	2,327	1971	1971	15 - 40 Years
Rochester	213	1966	1966	10 - 40 Years
Valley Stream (Green Acres)	10,818	1956	1997	39 - 40 Years

Total New York	22,116			

PENNSYLVANIA				
Allentown	6,329	1957	1957	20 - 42 Years
Bensalem (4)	1,318	1972/1999	1972	40 Years
Bethlehem	4,184	1966	1966	9 - 40 Years
Broomall	2,313	1966	1966	9 - 40 Years
Glenolden	1,222	1975	1975	18 - 40 Years
Lancaster	367	1966	1966	12 - 40 Years

VORNADO REALTY TRUST
AND SUBSIDIARIES

SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2001
(AMOUNTS IN THOUSANDS)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E		
		INITIAL COST TO COMPANY(1)		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		
DESCRIPTION	ENCUMBRANCES	LAND	BUILDINGS AND IMPROVEMENTS		LAND	BUILDINGS AND IMPROVEMENTS	TOTAL(2)
Levittown	--	193	1,231	52	183	1,293	1,476
10th and Market Streets, Philadelphia	9,057 *	933	3,230	6,017	933	9,247	10,180
Upper Moreland	7,030 *	683	2,497	564	683	3,061	3,744
York	4,157 *	421	1,700	1,142	409	2,854	3,263
Total Pennsylvania	71,669	5,966	22,909	26,134	9,257	45,752	55,009
MARYLAND							
Baltimore (Belair Rd.)	--	785	1,333	3,420	785	4,753	5,538
Baltimore (Towson)	11,522 *	581	2,756	667	581	3,423	4,004
Baltimore (Dundalk)	6,243 *	667	1,710	3,219	667	4,929	5,596
Glen Burnie	5,929 *	462	1,741	1,481	462	3,222	3,684
Hagerstown	3,322 *	168	1,453	984	168	2,437	2,605
Total Maryland	27,016	2,663	8,993	9,771	2,663	18,764	21,427
CONNECTICUT							
Newington	6,622 *	502	1,581	1,420	2,114	1,389	3,503
Waterbury	--	--	2,103	1,430	667	2,866	3,533
Total Connecticut	6,622	502	3,684	2,850	2,781	4,255	7,036
MASSACHUSETTS							
Chicopee	--	510	2,031	358	510	2,389	2,899
Springfield (4)	3,161 *	505	1,657	798	2,586	374	2,960
Total Massachusetts	3,161	1,015	3,688	1,156	3,096	2,763	5,859
PUERTO RICO (SAN JUAN)							
Montehiedra	60,359	9,182	66,701	776	9,182	67,477	76,659
TOTAL SHOPPING CENTERS	710,475	178,997	317,067	130,420	193,652	432,832	626,484
MERCHANDISE MART PROPERTIES							
ILLINOIS							
Merchandise Mart, Chicago	250,000	64,528	319,146	31,174	64,528	350,320	414,848
350 North Orleans, Chicago	70,000	14,238	67,008	23,298	14,238	90,306	104,544
33 North Dearborn Chicago	19,000	6,624	30,680	1,024	6,624	31,704	38,328
Other	--	--	17,858	(946)	--	16,912	16,912

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I
DESCRIPTION	ACCUMULATED DEPRECIATION AND AMORTIZATION	DATE OF CONSTRUCTION(3)	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTED
Levittown	1,253	1964	1964	7 - 40 Years
10th and Market Streets, Philadelphia	1,833	1977	1994	27 - 30 Years
Upper Moreland	2,105	1974	1974	15 - 40 Years
York	1,960	1970	1970	15 - 40 Years
Total Pennsylvania	22,884			
MARYLAND				
Baltimore (Belair Rd.)	3,359	1962	1962	10 - 33 Years
Baltimore (Towson)	2,472	1968	1968	13 - 40 Years
Baltimore (Dundalk)	3,375	1966	1966	12 - 40 Years
Glen Burnie	1,997	1958	1958	16 - 33 Years
Hagerstown	1,607	1966	1966	9 - 40 Years
Total Maryland	12,810			

CONNECTICUT				
Newington	258	1965	1965	9 - 40 Years
Waterbury	2,026	1969	1969	21 - 40 Years

Total Connecticut	2,284			

MASSACHUSETTS				
Chicopee	1,952	1969	1969	13 - 40 Years
Springfield (4)	112	1993	1966	28 - 30 Years

Total Massachusetts	2,064			

PUERTO RICO (SAN JUAN)				
Montehiedra	8,014	1996	1997	40 Years

TOTAL SHOPPING CENTERS	170,559			

MERCHANDISE MART PROPERTIES				
ILLINOIS				
Merchandise Mart, Chicago	33,632	1930	1998	40 Years
350 North Orleans, Chicago	10,989	1977	1998	40 Years
33 North Dearborn Chicago	1,037		2000	40 Years
Other	2,271		2000	40 Years

VORNADO REALTY TRUST
AND SUBSIDIARIES

SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2001
(AMOUNTS IN THOUSANDS)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E		
		INITIAL COST TO COMPANY(1)		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		
DESCRIPTION	ENCUMBRANCES	LAND	BUILDINGS AND IMPROVEMENTS		LAND	BUILDINGS AND IMPROVEMENTS	TOTAL(2)
WASHINGTON D.C							
Washington Office Center	46,572	10,719	69,658	1,941	10,719	71,599	82,318
Washington Design Center	48,959	12,274	40,662	7,259	12,274	47,921	60,195
Other	--	9,175	6,273	79	9,175	6,352	15,527
NORTH CAROLINA							
Market Square Complex, High Point	99,166	11,969	85,478	67,632	14,010	151,069	165,079
National Furniture Mart, High Point	13,306	1,069	16,761	381	1,069	17,142	18,211
CALIFORNIA							
Gift and Furniture Mart Los Angeles	--	10,141	43,422	9,268	10,141	52,690	62,831
TOTAL MERCHANDISE MART	547,003	140,737	696,946	141,110	142,778	836,015	978,793
WAREHOUSE/INDUSTRIAL							
NEW JERSEY							
East Brunswick	6,638	--	4,772	2,869	--	7,641	7,641
East Hanover	27,492	576	7,752	7,244	691	14,881	15,572
Edison	4,385	705	2,839	1,503	704	4,343	5,047
Garfield	11,380	96	8,068	4,937	96	13,005	13,101
TOTAL WAREHOUSE/INDUSTRIAL	49,895	1,377	23,431	16,553	1,491	39,870	41,361
OTHER PROPERTIES							
NEW JERSEY							
Palisades	90,526	--	127,277	--	--	127,277	127,277
Montclair	1,948 *	66	470	330	66	800	866
Total New Jersey	92,474	66	127,747	330	66	128,077	128,143
NEW YORK							
Hotel Pennsylvania (Commercial)	115,506	12,542	51,047	102,698	29,903	136,384	166,287
1135 Third Avenue	--	7,844	7,844	1	7,845	7,844	15,689
Riese	--	19,135	7,294	6,416	25,233	7,612	32,845
Total New York	115,506	39,521	66,185	109,115	62,981	151,840	214,821

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I
DESCRIPTION	ACCUMULATED DEPRECIATION AND AMORTIZATION	DATE OF CONSTRUCTION(3)	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTED
WASHINGTON D.C				
Washington Office Center	6,784	1990	1998	40 Years
Washington Design Center	5,082	1919	1998	40 Years
Other	600		1998	40 Years
NORTH CAROLINA				
Market Square Complex, High Point	8,758	1902 - 1989	1998	40 Years
National Furniture Mart, High Point	1,369	1964	1998	40 Years
CALIFORNIA				
Gift and Furniture Mart Los Angeles	1,518		2000	40 Years
TOTAL MERCHANDISE MART	72,040			
WAREHOUSE/INDUSTRIAL				
NEW JERSEY				
East Brunswick	4,824	1972	1972	18 - 40 Years
East Hanover	11,410	1963 - 1967	1963	7 - 40 Years
Edison	2,700	1954	1982	12 - 25 Years
Garfield	10,401	1942	1959	11 - 33 Years
TOTAL WAREHOUSE/INDUSTRIAL	29,335			

OTHER PROPERTIES				
NEW JERSEY				
Palisades	--	Under Develop		
Montclair	564	1972	1972	4 - 15 Years
Total New Jersey	564			
NEW YORK				
Hotel Pennsylvania (Commercial)	20,810	1919	1997	40 Years
1135 Third Avenue	791		1997	40 Years
Riese	165	1911-1987	1997	39 Years
Total New York	21,766			

VORNADO REALTY TRUST
AND SUBSIDIARIES

SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2001
(AMOUNTS IN THOUSANDS)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E		
		INITIAL COST TO COMPANY(1)		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		
DESCRIPTION	ENCUMBRANCES	LAND	BUILDINGS AND IMPROVEMENTS		LAND	BUILDINGS AND IMPROVEMENTS	TOTAL(2)
FLORIDA							
Student Housing Joint Venture	19,243	3,722	21,095	534	3,763	21,588	25,351
Total Florida	19,243	3,722	21,095	534	3,763	21,588	25,351
TOTAL OTHER PROPERTIES	227,223	43,309	215,027	109,979	66,810	301,505	368,315
LEASEHOLD IMPROVEMENTS EQUIPMENT AND OTHER				74,493		74,493	74,493
TOTAL DECEMBER 31, 2001	$2,477,173	$844,914	$2,998,464	$846,833	$895,831	$ 3,794,380	$ 4,690,211

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I
DESCRIPTION	ACCUMULATED DEPRECIATION AND AMORTIZATION	DATE OF CONSTRUCTION(3)	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTED
FLORIDA				
Student Housing Joint Venture	1,466	1996-1997	2000	40 Years
Total Florida	1,466			
TOTAL OTHER PROPERTIES	23,796			
LEASEHOLD IMPROVEMENTS EQUIPMENT AND OTHER	14,613			3 - 20 Years
TOTAL DECEMBER 31, 2001	$506,225			

* These encumbrances are cross collateralized under a blanket mortgage in the amount of $492,213 at December 31, 2001.

Notes:

(1) Initial cost is cost as of January 30, 1982 (the date on which Vornado commenced real estate operations) unless acquired subsequent to that date -- see Column H.
(2) The net basis of the company's assets and liabilities for tax purposes is approximately $1,069,000 lower than the amount reported for financial statement purposes.
(3) Date of original construction -- many properties have had substantial renovation or additional construction -- see Column D.
(4) Buildings on these properties were demolished. As a result, the cost of the buildings and improvements, net of accumulated depreciation, were transferred to land. In addition, the cost of the land in Kearny is net of a $1,615 insurance recovery.

VORNADO REALTY TRUST
AND SUBSIDIARIES

SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
(AMOUNTS IN THOUSANDS)

The following is a reconciliation of real estate assets and accumulated depreciation:

	YEAR ENDED DECEMBER 31,		
	2001	2000	1999
REAL ESTATE			
Balance at beginning of period	$4,354,392	$3,921,507	$3,315,891
Additions during the period:			
Land	25,808	57,669	83,153
Buildings & improvements	332,766	416,917	522,463
	4,712,966	4,396,093	3,921,507
Less: Asset sold and written-off	22,755	41,701	--
Balance at end of period	$4,690,211	$4,354,392	$3,921,507
ACCUMULATED DEPRECIATION			
Balance at beginning of period	$ 393,787	$ 308,542	$ 226,816
Additions charged to operating expenses	114,121	91,236	81,726
	507,908	399,778	308,542
Less: Accumulated depreciation on assets sold and written-off	1,683	5,991	--
Balance at end of period	$ 506,225	$ 393,787	$ 308,542

EXHIBIT INDEX

EXHIBIT NO.			
3.1	--	Amended and Restated Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on April 16, 1993 - Incorporated by reference to Exhibit 3(a) of Vornado's Registration Statement on Form S-4 (File No. 33-60286), filed on April 15, 1993........	*
3.2	--	Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on May 23, 1996	
3.3	--	Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on April 3, 1997	
3.4	--	Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on October 14, 1997 - Incorporated by reference to Exhibit 3.2 of Vornado's Registration Statement on Form S-3 (File No. 333-36080), filed on May 2, 2000........	*
3.5	--	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........	*
3.6	--	Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on November 24, 1999 - Incorporated by reference to Exhibit 3.4 of Vornado's Registration Statement on Form S-3 (File No. 333-36080), filed on May 2, 2000........	*
3.7	--	Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on April 20, 2000 - Incorporated by reference to Exhibit 3.5 of Vornado's Registration Statement on Form S-3 (File No. 333-36080), filed on May 2, 2000........	*
3.8	--	Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on September 14, 2000 - Incorporated by reference to Exhibit 4.6 of Vornado's Registration Statement on Form S-8 (File No. 333-68462), filed on August 27, 2001........	*
3.9	--	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........	*
3.10	--	Articles Supplementary Classifying Vornado's $3.25 Series A Convertible Preferred Shares of Beneficial Interest, as filed with the State Department of Assessments and Taxation of Maryland on December 15, 1997	
3.11	--	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........	*

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* Incorporated by reference

EXHIBIT NO.			
3.12	--	Articles Supplementary Classifying Additional Series D-1 8.5% Preferred Shares of Beneficial Interest, liquidation preference $25.00 per share, no par value - 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	*
3.13	--	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	*
3.14	--	Articles Supplementary Classifying Vornado's Series C 8.5% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference $25.00 per share, no par value - 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	*
3.15	--	Articles Supplementary Classifying Vornado Realty Trust's Series D-2 8.375% Cumulative Redeemable 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 on July 7, 1999	* *
3.16	--	Articles Supplementary Classifying Vornado's Series D-3 8.25% Cumulative Redeemable Preferred Shares, dated September 3, 1999, as filed with the State Department of Assessments and Taxation of Maryland on September 3, 1999 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated September 3, 1999 (File No. 001-11954), filed on October 25, 1999	*
3.17	--	Articles Supplementary Classifying Vornado's Series D-4 8.25% Cumulative Redeemable Preferred Shares, dated September 3, 1999, as filed with the State Department of Assessments and Taxation of Maryland on September 3, 1999 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated September 3, 1999 (File No. 001-11954), filed on October 25, 1999	*
3.18	--	Articles Supplementary Classifying Vornado's Series D-5 8.25% Cumulative Redeemable Preferred Shares - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated November 24, 1999 (File No. 001-11954), filed on December 23, 1999	*
3.19	--	Articles Supplementary to Declaration of Trust of Vornado Realty Trust with respect to the Series D-6 8.25% Cumulative Redeemable Preferred Shares, dated May 1, 2000, as filed with the State Department of Assessments and Taxation of Maryland on May 1, 2000 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated May 1, 2000 (File No. 001-11954), filed May 19, 2000	*
3.20	--	Articles Supplementary to Declaration of Trust of Vornado Realty Trust with respect to the Series D-7 8.25% Cumulative Redeemable Preferred Shares, dated May 25, 2000, as filed with the State Department of Assessments and Taxation of Maryland on June 1, 2000 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated May 25, 2000 (File No. 001-11954), filed on June 16, 2000	*

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* Incorporated by reference

EXHIBIT NO.			
3.21	--	Articles Supplementary to Declaration of Trust of Vornado Realty Trust with respect to the Series D-8 8.25% Cumulative Redeemable Preferred Shares - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated December 8, 2000 (File No. 001-11954), filed on December 28, 2000	*
3.22	--	Articles Supplementary to Declaration of Trust of Vornado Realty Trust with respect to the Series D-9 8.75% Preferred Shares, dated September 21, 2001, as filed with the State Department of Assessments and Taxation of Maryland on September 25, 2001 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K (File No. 001-11954), filed on October 12, 2001	*
3.23	--	Amended and Restated Bylaws of Vornado, as amended on March 2, 2000 - Incorporated by reference to Exhibit 3.12 of Vornado's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 001-11954), filed on March 9, 2000	*
3.24	--	Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of October 20, 1997 (the "Partnership Agreement") - 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")	*
3.25	--	Amendment to the Partnership Agreement, dated as of December 16, 1997-Incorporated by reference to Exhibit 3.5 of the 1997 10-K	*
3.26	--	Second Amendment to the Partnership Agreement, 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	*
3.27	--	Third Amendment to the Partnership Agreement, 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	* *
3.28	--	Fourth Amendment to the Partnership Agreement, 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	*
3.29	--	Exhibit A to the Partnership Agreement, dated as of December 22, 1998 - 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	*
3.30	--	Fifth Amendment to the Partnership Agreement, 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	*
3.31	--	Exhibit A to the Partnership Agreement, 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	*
3.32	--	Sixth Amendment to the Partnership Agreement, 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	*

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* Incorporated by reference

EXHIBIT NO.			
3.33	--	Seventh Amendment to the Partnership Agreement, 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	*
3.34	--	Eighth Amendment to the Partnership Agreement, 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	*
3.35	--	Ninth Amendment to the Partnership Agreement, dated as of September 3, 1999 - Incorporated by reference to Exhibit 3.3 of Vornado's Current Report on Form 8-K (File No. 001-11954), filed on October 25, 1999	*
3.36	--	Tenth Amendment to the Partnership Agreement, dated as of September 3, 1999 - Incorporated by reference to Exhibit 3.4 of Vornado's Current Report on Form 8-K, dated September 3, 1999 (File No. 001-11954), filed on October 25, 1999	*
3.37	--	Eleventh Amendment to the Partnership Agreement, dated as of November 24, 1999 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated November 24, 1999 (File No. 001-11954), filed on December 23, 1999	*
3.38	--	Twelfth Amendment to the Partnership Agreement, dated as of May 1, 2000 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated May 1, 2000 (File No. 001-11954), filed on May 19, 2000	*
3.39	--	Thirteenth Amendment to the Partnership Agreement, dated as of May 25, 2000 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated May 25, 2000 (File No. 001-11954), filed on June 16, 2000	*
3.40	--	Fourteenth Amendment to the Partnership Agreement, dated as of December 8, 2000 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated December 8, 2000 (File No. 001-11954), filed on December 28, 2000	*
3.41	--	Fifteenth Amendment to the Partnership Agreement, dated as of December 15, 2000 - Incorporated by reference to Exhibit 4.35 of Vornado Realty Trust's Registration Statement on Form S-8 (File No. 333-68462), filed on August 27, 2001	*
3.42	--	Sixteenth Amendment to the Partnership Agreement, dated as of July 25, 2001 - Incorporated by reference to Exhibit 3.3 of Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on October 12, 2001	*
3.43	--	Seventeenth Amendment to the Partnership Agreement, dated as of September 21, 2001 - Incorporated by reference to Exhibit 3.4 of Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on October 12, 2001	*
4.1	--	Instruments defining the rights of security holders (see Exhibits 3.1 through 3.22 of this Annual Report on Form 10-K)	
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	*

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* Incorporated by reference

EXHIBIT NO.			
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, no par value - 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, 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 March 15, 1999..	*
4.6.	--	Specimen certificate evidencing Vornado's 8.5% Series C Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preferences $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 May 19, 1999..	*
4.7.	--	Indenture and Servicing Agreement, dated as of March 1, 2000, among Vornado, LaSalle Bank National Association, ABN Amro Bank N.V. and Midland Loan Services, Inc. - Incorporated by reference to Exhibit 10.48 of Vornado's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 1-11954), filed on March 9, 2000..................................	*
10.1	--	Vornado Realty Trust's 1993 Omnibus Share Plan, as amended - Incorporated by reference to Exhibit 4.1 of Vornado Realty Trust's registration statement on Form S-8 (File No. 331-09159), filed on July 30, 1996...	*
10.2	--	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...	*
10.3	--	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..................................	*
10.4**	--	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.................	*
10.5**	--	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..............	*
10.6**	--	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 October 26, 1985 (File No. 001-11954), filed December 9, 1985...	*

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*   Incorporated by reference

**   Management contract or compensatory plan

EXHIBIT NO.			
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 May 2, 1987 (File No. 001-11954), filed June 9, 1987........	*
10.8**	--	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........	*
10.9**	--	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........	*
10.10**	--	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........	*
10.11**	--	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........	*
10.12**	--	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........	*
10.13	--	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........	*
10.14	--	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........	*
10.15	--	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........	*
10.16	--	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........	*
10.17	--	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........	*
10.18	--	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........	*

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* Incorporated by reference

** Management contract or compensatory plan

EXHIBIT NO.			
10.19	--	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................................	*
10.20	--	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..	*
10.21	--	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...	*
10.22	--	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....................	*
10.23	--	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..	*
10.24	--	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..	*
10.25	--	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..	*
10.26	--	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......................	* *
10.27	--	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...	*
10.28	--	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	--	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............	*

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*   Incorporated by reference

EXHIBIT NO.			
10.31	--	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...............	*
10.32	--	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.........................	*
10.33	--	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..	*
10.34	--	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...................	*
10.35	--	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..	*
10.36	--	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..........	*
10.37	--	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..	*
10.38	--	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...................	*
10.39	--	Registration Rights Agreement, dated as of August 5, 1998, between Vornado and the Unit Holders named therein - Incorporated by reference to Exhibit 10.1 of Vornado's Registration Statement on Form S-3 (File No. 333-89667), filed on October 25, 1999..	*
10.40	--	Registration Rights Agreement, dated as of July 23, 1998, between Vornado and the Unit Holders named therein - Incorporated by reference to Exhibit 10.2 of Vornado's Registration Statement on Form S-3 (File No. 333-89667), filed on October 25, 1999..	*

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* Incorporated by reference

EXHIBIT NO.			
10.41	--	Consolidated and Restated Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of March 1, 2000, between Entities named therein (as Mortgagors) and Vornado (as Mortgagee) - Incorporated by reference to Exhibit 10.47 of Vornado's Annual Report on Form 10-K for the period ended December 31, 1999 (File No. 001-11954), filed on March 9, 2000.	*
10.42	--	Employment Agreement, dated January 22, 2000, between Vornado Realty Trust and Melvyn Blum - Incorporated by reference to Exhibit 10.49 of Vornado's Annual Report on Form 10-K for the period ended December 31, 1999 (File No. 001-11954), filed on March 9, 2000......................	*
10.43	--	First Amended and Restated Promissory Note of Steven Roth, dated November 16, 1999 - Incorporated by reference to Exhibit 10.50 of Vornado's Annual Report on Form 10-K for the period ended December 31, 1999 (File No. 001-11954), filed on March 9, 2000......................	*
10.44	--	Letter agreement, dated November 16, 1999, between Steven Roth and Vornado Realty Trust - Incorporated by reference to Exhibit 10.51 of Vornado's Annual Report on Form 10-K for the period ended December 31, 1999 (File No. 001-11954), filed on March 9, 2000......................	*
10.45	--	Promissory Note of Melvyn Blum, dated March 24, 2000 - Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000 (File No. 001-11954) filed on May 5, 2000..	*
10.46	--	Promissory Note of Melvyn Blum, dated April 4, 2000 - Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000 (File No. 001-11954) filed on May 5, 2000..	*
10.47	--	Revolving Credit Agreement dated as of March 21, 2000 among Vornado Realty L.P., as borrower, Vornado Realty Trust, as general partner, and UBS AG, as Bank - Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000 (File No. 001-11954) filed on May 5, 2000..	*
10.48	--	Agreement and Plan of Merger, dated as of October 18, 2001, by and among Vornado Realty Trust, Vornado Merger Sub L.P., Charles E. Smith Commercial Realty L.P., Charles E. Smith Commercial Realty L.L.C., Robert H. Smith, individually, Robert P. Kogod, individually, and Charles E. Smith Management, Inc. - Incorporated by reference to Exhibit 2.1 of Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on January 16, 2002......................	*
12	--	Consolidated Ratios of Earnings to Fixed Charges and Combined Fixed Charges and Preferred Share Dividend Requirements	
21	--	Subsidiaries of the Registrant	
23	--	Consent of independent auditors	

Exhibit 3.2

VORNADO REALTY TRUST

AMENDMENT OF DECLARATION OF TRUST

THIS IS TO CERTIFY THAT:

FIRST: The Amended and Restated Declaration of Trust (the "Declaration of Trust") of Vornado Realty Trust, a Maryland real estate investment trust (the "Company"), is hereby amended by adding to Article IX, Section 9.1(b) of the Declaration of Trust the following sentence:

> "The Board of Trustees, without any action by the shareholders of the Company, may amend the Amended and Restated Declaration of Trust from time to time to increase or decrease the aggregate number of shares of beneficial interest or the number of shares of beneficial interest of any class that the Company is authorized to issue."

SECOND: The foregoing amendment has been duly advised by the Board of Trustees and approved by the shareholders of the Company as required by law.

THIRD: The undersigned President acknowledges this amendment to be the trust act of the Company and, as to all matters or facts required to be verified under oath, the undersigned President acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Company has caused this amendment to be signed in its name and on its behalf by its President and attested to by its Secretary on this 22nd day of May 1996.

ATTEST:	VORNADO REALTY TRUST
/s/ Susan D. Schmider	/s/ Steven Roth (SEAL)
Susan D. Schmider	Steven Roth
Secretary	Chairman of the Board

Exhibit 3.3

VORNADO REALTY TRUST

ARTICLES OF AMENDMENT OF DECLARATION OF TRUST

THIS IS TO CERTIFY THAT:

FIRST: The Amended and Restated Declaration of Trust, as amended (the "Declaration of Trust"), of Vornado Realty Trust, a Maryland real estate investment trust (the "Trust"), is hereby amended by deleting Article VI, Section 6.1 of the Declaration of Trust in its entirety and replacing it with the following:

"SECTION 6.1 AUTHORIZED SHARES. The total number of shares of beneficial interest which the Trust is authorized to issue is 180,000,000 shares, of which 20,000,000 shall be preferred shares of beneficial interest, no par value per share ("Preferred Stock"), 70,000,000 shares shall be common shares of beneficial interest, $.04 par value per share ("Common Stock"), and 90,000,000 shares shall be excess shares of beneficial interest, $.04 par value per share ("Excess Stock")."

SECOND: The foregoing amendment has been approved by the Board of Trustees of the Trust as required by Section 8-203(a)(7) of the Corporations and Associations Article of the Annotated Code of Maryland and Article IX, Section 9.1(b) of the Declaration of Trust.

THIRD: The total number of shares of beneficial interest which the Trust had authority to issue immediately prior to this amendment was 102,000,000, consisting of 50,000,000 common shares of beneficial interest, $.04 par value per share, 1,000,000 preferred shares of beneficial interest, no par value per share, and 51,000,000 excess shares of beneficial interest, $.04 par value per share. The aggregate par value of all authorized shares of beneficial interest having par value was $4,040,000.

FOURTH: The total number of shares of beneficial interest which the Trust has authority to issue pursuant to the foregoing amendment is 180,000,000, consisting of 70,000,000 common shares of beneficial interest, $.04 par value per share, 20,000,000 preferred shares of beneficial interest, no par value per share, and 90,000,000 excess shares of beneficial interest, $.04 par value per share. The aggregate par value of all authorized shares of beneficial interest having par value is $6,400,000.

FIFTH: The undersigned Chairman of the Board acknowledges this amendment to be the trust act of the Trust and, as to all matters or facts required to be verified under oath, the undersigned Chairman of the Board acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this Statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Trust has caused this amendment to be signed in its name and on its behalf by its Chairman of the Board and attested to by its Secretary on this 2nd day of April, 1997.

ATTEST:	VORNADO REALTY TRUST
/s/ Susan D. Schmider	/s/ Steven Roth (SEAL)
Susan D. Schmider Secretary	Steven Roth Chairman of the Board

Exhibit 3.10

VORNADO REALTY TRUST

ARTICLES SUPPLEMENTARY

$3.25 SERIES A CONVERTIBLE PREFERRED SHARES
(liquidation preference $50.00 per share)

Vornado Realty Trust, a Maryland real estate investment trust (the "Trust"), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: Under a power contained in Article VI of the Amended and Restated Declaration of Trust of the Trust, as amended (the "Declaration"), the Board of Trustees of the Trust (the "Board of Trustees"), by informal action in lieu of a special meeting, dated December 15, 1997, classified and designated 50,000 shares (the "Shares") of the Preferred Stock (as defined in the Declaration), as shares of Series A Convertible Preferred Shares of Beneficial Interest, liquidation preference $50.00 per share ("Series A Preferred Shares"), with the same preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption as are set forth in the Articles Supplementary of the Trust, relating to the Series A Convertible Preferred Shares of Beneficial Interest, liquidation preference $50.00 per share, dated as of April 5, 1997, which upon any restatement of the Declaration, shall be deemed to be part of Article VI of the Declaration, with any appropriate changes in the enumeration or lettering of the sections or subsections thereof.

SECOND: The Shares have been classified and designated by the Board of Trustees under the authority contained in the Declaration.

THIRD: These Articles Supplementary have been approved by the Board of Trustees in the manner and by the vote required by law.

FOURTH: Each of the undersigned acknowledges these Articles Supplementary to be the trust act of the Trust and, as to all matters or facts required to be verified under oath, the undersigned acknowledges that to the best of his or her knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Trust has caused these Articles Supplementary to be executed under seal in its name and on its behalf by its President and attested to by its Secretary on this 15th day of December, 1997.

ATTEST:	VORNADO REALTY TRUST
/s/ Susan D. Schmider	By: /s/ Joseph Macnow (SEAL)
Susan D. Schmider	Joseph Macnow
Secretary	Vice President

EXHIBIT 12

VORNADO REALTY TRUST

CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES AND COMBINED FIXED CHARGES AND PREFERRED SHARE DIVIDEND REQUIREMENTS

	DECEMBER 31,				
	2001	2000	1999	1998	1997
EARNINGS:					
Net income applicable to common shareholders	$ 227,233	$ 195,301	$ 169,081	$ 131,164	$ 45,474
Minority interest not reflected in fixed charges below	19,021	16,668	14,428	3,732	--
Equity in income from certain partially owned entities in excess of distributions	(28,360)	(19,757)	(16,391)	(983)	(1,325)
Fixed Charges	319,624	312,021	227,459	152,217	66,397
Earnings	$ 537,518	$ 504,233	$ 394,577	$ 286,130	$ 110,546
FIXED CHARGES:					
Interest and debt expense	$ 173,076	$ 170,273	$ 141,683	$ 114,686	$ 42,888
Capitalized interest	11,557	12,269	7,012	1,410	--
Preferred stock dividends	36,505	38,690	33,438	21,690	15,549
Preferred unit distributions reflected in minority interest	93,342	85,706	40,570	12,452	7,293
1/3 of rent expense--interest factor	5,144	5,083	4,756	1,979	667
Total Fixed Charges	$ 319,624	$ 312,021	$ 227,459	$ 152,217	$ 66,397
Ratio of Earnings to Fixed Charges	1.68	1.62	1.73	1.88	1.66
Rent Expense	$ 15,433	$ 15,248	$ 14,268	$ 5,937	$ 2,001

EXHIBIT 21

VORNADO REALTY TRUST
SUBSIDIARIES OF THE REGISTRANT

NAME OF SUBSIDIARY	STATE OF ORGANIZATION
14 West 64th Street Corporation	New York
150 East 58th Street, L.L.C.	New York
1740 Broadway Associates, L.P.	Delaware
175 Lexington Avenue, L.L.C.	New York
20 Broad Company, L.L.C.	New York
20 Broad Lender, L.L.C.	New York
201 East 66th Street Corp.	New York
201 East 66th Street, L.L.C.	New York
330 Madison Company, L.L.C.	New York
350 North Orleans, L.L.C.	Delaware
40 East 14 Realty Associates General Partnership	New York
40 East 14 Realty Associates, L.L.C.	New York
40 Fulton Street, L.L.C.	New York
401 Commercial, L.P.	New York
401 Commercial Son, L.L.C.	New York
401 General Partner, L.L.C.	New York
401 Hotel General Partner, L.L.C.	New York
401 Hotel, L.P.	New York
401 Hotel REIT, L.L.C.	Delaware
401 Hotel TRS, Inc.	Delaware
527 West Kinzie, L.L.C.	Illinois
689 Fifth Avenue, L.L.C.	New York
7 West 34th Street, L.L.C.	New York
715 Lexington Avenue, L.L.C.	New York
770 Broadway Company, L.L.C.	New York
825 Seventh Avenue Holding Corporation	New York
825 Seventh Avenue Holding, L.L.C.	New York
866 U.N. Plaza Associates, L.L.C.	New York
888 Seventh Avenue, L.L.C.	New York
888 Seventh Avenue, L.L.C.	Delaware
909 Third Avenue Assignee, L.L.C.	New York
909 Third Company, L.P.	New York
909 Third GP, L.L.C.	Delaware
909 Third Mortgage Holder, L.L.C.	Delaware
968 Third, L.L.C.	New York
969 Third Avenue, L.L.C.	New York
Allentown VF, L.L.C.	Pennsylvania
Allentown VF, L.P.	Pennsylvania
AmeriCold Corporation	Oregon
AmeriCold Real Estate, L.P.	Delaware
AmeriCold Realty, Inc.	Delaware
Amherst II VF, L.L.C.	New York
Amherst VF, L.L.C.	New York
Arbor Property, L.P.	Delaware
Atlantic City Holding, L.L.C.	New Jersey

NAME OF SUBSIDIARY	STATE OF ORGANIZATION
B & B Park Avenue, L.P.	Delaware
Bensalem Holding Company, L.L.C.	Pennsylvania
Bensalem Holding Company, L.P.	Pennsylvania
Bensalem VF, L.L.C.	Pennsylvania
Bensalem VF, L.P.	Pennsylvania
Bethlehem Holding Company, L.L.C.	Pennsylvania
Bethlehem Holding Company, L.P.	Pennsylvania
Bethlehem Properties Holding Co., L.L.C.	Pennsylvania
Bethlehem Properties Holding Co., L.P.	Pennsylvania
Bethlehem VF, L.L.C.	Pennsylvania
Bethlehem VF, L.P.	Pennsylvania
Bordentown II VF, L.L.C.	New Jersey
Bordentown VF, L.L.C.	New Jersey
Bricktown VF, L.L.C.	New Jersey
Bridgeland Warehouses, L.L.C.	New Jersey
Broomall VF, L.L.C.	Pennsylvania
Broomall VF, L.P.	Pennsylvania
Canadian Craft Show LTD.	Canada
Carmar Freezers Russelville, L.L.C.	Delaware
Carmar Freezers-Thomasville, L.L.C.	Missouri
Carmar Group, L.L.C.	Delaware
Charles E. Smith Commercial Realty, L.P.	Delaware
Cherry Hill VF, L.L.C.	New Jersey
Chicopee Holding, L.L.C.	Massachusetts
Conrans VF, L.L.C.	New Jersey
Cross Avenue Broadway Corporation	New York
Cumberland Holding, L.L.C.	New Jersey
Darby Development Corp.	Florida
Delran VF, L.L.C.	New Jersey
Design Center Owner - DC, L.L.C.	Delaware
Dover VF, L.L.C.	New Jersey
DSAC, L.L.C.	Texas
Dundalk VF, L.L.C.	Maryland
Durham Leasing, L.L.C.	New Jersey
East Brunswick VF, L.L.C.	New Jersey
Eleven Penn Plaza, L.L.C.	New York
Freeport VF, L.L.C.	New York
Fuller Madison, L.L.C.	New York
Gallery Market Holding Company, L.L.C.	Pennsylvania
Gallery Market Holding Company, L.P.	Pennsylvania
Gallery Market Properties Holding Co., L.L.C.	Pennsylvania
Gallery Market Properties Holding Co., L.P.	Pennsylvania
Glen Bernie VF, L.L.C.	Maryland
Glenolden VF, L.L.C.	Pennsylvania
Glenolden VF, L.P.	Pennsylvania
Graybar Building, L.L.C.	New York
Green Acres Mall, L.L.C.	Delaware
Greenwich Holding Corporation	New York
Guillford Associates, L.L.C.	Delaware
Hackensack VF, L.L.C.	New Jersey
Hagerstown VF, L.L.C.	Maryland
Hanover Conran's Plaza, L.L.C.	New Jersey
Hanover Holding, L.L.C.	New Jersey
Hanover Industries, L.L.C.	New Jersey
Hanover Leasing, L.L.C.	New Jersey
Hanover Public Warehousing, L.L.C.	New Jersey

NAME OF SUBSIDIARY	STATE OF ORGANIZATION
Hanover VF, L.L.C.	New Jersey
Henrietta Holding, L.L.C.	New York
Interior Deign Show, Inc.	Canada
Jersey City VF, L.L.C.	New Jersey
Kearny Holding VF, L.L.C.	New Jersey
Kearny Leasing VF, L.L.C.	New Jersey
L.A. Mart Properties, L.L.C.	Delaware
Lancaster Leasing Company, L.L.C.	Pennsylvania
Lancaster Leasing Company, L.P.	Pennsylvania
Landthorp Enterprises, L.L.C.	Delaware
Lawnside VF, L.L.C.	New Jersey
Lewisville TC, L.L.C.	Texas
Littleton Holding, L.L.C.	New Jersey
Lodi II VF, L.L.C.	New Jersey
Lodi VF, L.L.C.	New Jersey
M 330 Associates, L.P.	New York
M 393 Associates, L.L.C.	New York
M/H Two Park Associates	New York
Manalapan VF, L.L.C.	New Jersey
Market Square - Main Street, L.L.C.	Delaware
Market Square Furniture Plaza, L.L.C.	Delaware
Market Square Group, L.L.C.	Delaware
Market Square Hamilton Center, L.L.C.	Delaware
Market Square II, L.L.C.	Delaware
Market Square, L.L.C.	Delaware
Marlton VF, L.L.C.	New Jersey
Marple Holding Company, L.L.C.	Pennsylvania
Marple Holding Company, L.P.	Pennsylvania
Mart Franchise Center, Inc.	Illinois
Mart Franchise Venture, L.L.C.	Delaware
Mart Parking, L.L.C.	Delaware
Menands Holding Corporation	New York
Menands VF, L.L.C.	New York
Merchandise Mart Enterprises, Inc. (Canada)	Canada
Merchandise Mart, L.L.C.	Delaware
Merchandise Mart Properties, Inc.	Delaware
Mesquite TC, L.L.C.	Texas
Middletown VF, L.L.C.	New Jersey
MMPI/Highpoint Lease, L.L.C.	Delaware
Montclair VF, L.L.C.	New Jersey
Morris Plains Holding VF, L.L.C.	New Jersey
Morris Plains Leasing VF, L.L.C.	New Jersey
National Furniture Mart (NC), L.L.C.	Delaware
National Hydrant Corporation	New York
National Hydrant, L.L.C.	New York
New Bridgeland Warehouses, L.L.C.	Delaware
New Hanover Holding, L.L.C.	Delaware
New Hanover Industries, L.L.C.	Delaware
New Hanover Leasing, L.L.C.	Delaware
New Hanover Public Warehousing, L.L.C.	Delaware
New Hyde Park VF, L.L.C.	New York
New Landthorp Enterprises, L.L.C.	Delaware
New TG Hanover, L.L.C.	Delaware
New Towmed, L.L.C.	Delaware
New Vornado/Saddle Brook, L.L.C.	Delaware
New Woodbridge, L.L.C.	New Jersey

NAME OF SUBSIDIARY	STATE OF ORGANIZATION
Newington VF, L.L.C.	Connecticut
NFM Corp.	Delaware
NFM Partners, L.P.	Delaware
Ninety Park Lender, L.L.C.	New York
Ninety Park Lender QRS, Inc.	Delaware
Ninety Park Manager, L.L.C.	New York
Ninety Park Option, L.L.C.	New York
Ninety Park Property, L.L.C.	New York
North Bergen VF, L.L.C.	New Jersey
North Dearborn, L.L.C.	Delaware
North Plainfield VF, L.L.C.	New Jersey
Office Center Owner (D.C.), L.L.C.	Delaware
One Penn Plaza, L.L.C.	New York
Palisades A/V Company, L.L.C.	New Jersey
Philadelphia Holding Company, L.L.C.	Pennsylvania
Philadelphia Holding Company, L.P.	Pennsylvania
Philadelphia VF, L.L.C.	Pennsylvania
Philadelphia VF, L.P.	Pennsylvania
Pike Holding Company, L.L.C.	Pennsylvania
Pike Holding Company, L.P.	Pennsylvania
PowerSpace & Services, Inc.	New York
Rahway Leasing, L.L.C.	New Jersey
RF Operations, L.L.C.	Delaware
Rochester Holding, L.L.C.	New York
Russian Tea Room Realty, L.L.C.	New York
South Capital, L.L.C.	Delaware
Springfield Holding, L.L.C.	Massachusetts
Springfield Member VF, L.L.C.	Delaware
Springfield VF, L.L.C.	Massachusetts
T 53 Condominium, L.L.C.	New York
T.G. Hanover, L.L.C.	New Jersey
TGSI, L.L.C	Maryland
The Park Laurel Condominium	New York
The Second Rochester Holding, L.L.C.	New York
Totowa VF, L.L.C.	New Jersey
Towmed Housing, L.L.C.	Delaware
Towmed Intermediate, L.L.C.	Delaware
Towson VF, L.L.C.	Maryland
Trees Acquisition Subsidiary, Inc.	Delaware
Turnersville VF, L.L.C.	New Jersey
Two Guys From Harrison Holding Co., L.P.	Pennsylvania
Two Guys From Harrison Holding Co., L.L.C.	Pennsylvania
Two Guys from Harrison N.Y. (DE), L.L.C.	Delaware
Two Guys From Harrison NY, Inc.	New York
Two Guys From Harrison N.Y., L.L.C.	New York
Two Guys Mass., L.L.C.	Massachusetts
Two Guys-Connecticut Holding, L.L.C.	Connecticut
Two Park Company	New York
Two Penn Plaza REIT, Inc.	New York
Unado, L.L.C.	New Jersey
Union Square East, L.L.C.	New York
Union VF, L.L.C.	New Jersey
Upper Moreland Holding Company, L.L.C.	Pennsylvania
Upper Moreland Holding Company, L.P.	Pennsylvania
Upper Moreland VF, L.L.C.	Pennsylvania
Upper Moreland VF, L.P.	Pennsylvania

NAME OF SUBSIDIARY	STATE OF ORGANIZATION
URS Real Estate, L.P.	Delaware
URS Realty, Inc.	Delaware
VBL Company, L.L.C.	New York
VC Freezer Amarillo, L.P.	Delaware
VC Freezer Babcock, L.L.C.	Delaware
VC Freezer Bartow, L.L.C.	Delaware
VC Freezer Fort Worth. L.L.C.	Delaware
VC Freezer Fremont, L.L.C.	Delaware
VC Freezer Garden City, L.L.C.	Delaware
VC Freezer Kentucky, L.L.C.	Delaware
VC Freezer Massillon, L.L.C.	Delaware
VC Freezer Omaha Amarillo, L.L.C.	Delaware
VC Freezer Ontario, L.L.C.	Delaware
VC Freezer Phoenix, L.L.C.	Delaware
VC Freezer Russelville, L.L.C.	Delaware
VC Freezer Sioux Falls, L.L.C.	Delaware
VC Freezer Springdale, L.L.C.	Delaware
VC Freezer Strasburg, L.L.C.	Delaware
VC Freezer Texarkana, L.L.C.	Delaware
VC Missouri Holdings, L.L.C.	Delaware
VC Missouri Real Estate Holdings, L.L.C.	Delaware
VC Omaha Holdings, L.L.C.	Delaware
VC Omaha Real Estate Holdings, L.L.C.	Delaware
VFC Connecticut Holding, L.L.C.	Delaware
VFC Massachusetts Holding, L.L.C.	Delaware
VFC New Jersey Holding, L.L.C.	Delaware
VFC Pennsylvania Holding, L.L.C.	Delaware
VFC Pennsylvania Holding, L.P.	Delaware
VNK Corp.	Delaware
VNO 63rd Street, L.L.C.	New York
VNO Hotel, L.L.C.	Delaware
Vornado - Westport, L.L.C.	Connecticut
Vornado 1740 Broadway, L.L.C.	New York
Vornado 175 Lex, Inc.	Delaware
Vornado 330 West 34th Street, L.L.C.	New York
Vornado 401 Commercial, L.L.C.	New York
Vornado 550-600 Mamaroneck, L.P.	New York
Vornado 63rd Street, Inc.	New York
Vornado 640 Fifth Avenue, L.L.C.	New York
Vornado 90 Park Avenue, L.L.C.	New York
Vornado 90 Park QRS, Inc.	New York
Vornado B&B, L.L.C.	New York
Vornado Ballantrae Holdings, Inc.	Delaware
Vornado Caguas GP, Inc.	Delaware
Vornado Caguas, L.L.C.	Delaware
Vornado Caguas, L.P.	Delaware
Vornado CAPI, L.L.C.	Delaware
Vornado Catalinas GP, Inc.	Delaware
Vornado Catalinas, L.L.C.	Delaware
Vornado Catalinas, L.P.	Delaware
Vornado CCA Gainesville, L.L.C.	Delaware
Vornado CESCR Gen-Par, L.L.C.	Delaware
Vornado CESCR Holdings, L.L.C.	Delaware
Vornado CESCR II, L.L.C.	Delaware
Vornado CESCR, L.L.C.	Delaware
Vornado Communications, L.L.C.	Delaware

NAME OF SUBSIDIARY	STATE OF ORGANIZATION
Vornado Crescent Portland Partnership	Delaware
Vornado Crystal Park Loan, L.L.C.	Delaware
Vornado Finance GP, L.L.C.	Delaware
Vornado Finance, L.L.C.	Delaware
Vornado Finance, L.P.	Delaware
Vornado Finance SPE, Inc.	Delaware
Vornado Fort Lee, L.L.C.	New Jersey
Vornado Green Acres Acquisition, L.L.C.	Delaware
Vornado Green Acres Delaware, L.L.C.	Delaware
Vornado Green Acres Funding, L.L.C.	Delaware
Vornado Green Acres Holdings, L.L.C.	Delaware
Vornado Green Acres SPE Managing Member, Inc.	Delaware
Vornado Investment Corp.	New York
Vornado Investments Corporation	Delaware
Vornado Investments, L.L.C.	Delaware
Vornado Lending Corp.	New Jersey
Vornado Lending, L.L.C.	New Jersey
Vornado M 330, L.L.C.	New York
Vornado M 393, L.L.C.	New York
Vornado M 393 QRS, Inc.	New York
Vornado Mamaroneck, L.L.C.	New York
Vornado Management Corp.	New Jersey
Vornado Merger Sub, L.P.	Delaware
Vornado MH, L.L.C.	New York
Vornado MLP GP, L.L.C.	Delaware
Vornado Montehiedra OP, L.P.	Delaware
Vornado Montehiedra Acquisition, L.L.C.	Delaware
Vornado Montehiedra Acquisition, L.P.	Delaware
Vornado Montehiedra Holding II, L.P.	Delaware
Vornado Montehiedra Holding, L.L.C.	Delaware
Vornado Montehiedra Holding, L.P.	Delaware
Vornado Montehiedra, Inc.	Delaware
Vornado Montehiedra OP, L.L.C.	Delaware
Vornado New York RR One, L.L.C.	New York
Vornado Newkirk, L.L.C.	Delaware
Vornado NK Loan, L.L.C.	Massachusetts
Vornado Office, Inc.	New York
Vornado Office Management, L.L.C.	New York
Vornado PS, L.L.C.	Delaware
Vornado Realty, L.L.C.	Delaware
Vornado Realty, L.P.	Delaware
Vornado RR Midtown, L.L.C.	New York
Vornado RTR, Inc.	Delaware
Vornado SC Properties, L.L.C.	Delaware
Vornado Title, L.L.C.	Delaware
Vornado TSQ, L.L.C.	Delaware
Vornado Two Park Holding, L.L.C.	Delaware
Vornado Two Penn Plaza, L.L.C.	New York
Vornado/Tea Room, L.L.C.	New York
VRT Development Rights, L.L.C.	New York
VRT Massachusetts Holding, L.L.C.	Delaware
VRT New Jersey Holding, L.L.C.	Delaware
Washington Design Center DC, L.L.C.	Delaware
Washington Design Center Subsidiary, L.L.C.	Delaware
Washington Office Center DC, L.L.C.	Delaware
Watchung VF, L.L.C.	New Jersey

NAME OF SUBSIDIARY	STATE OF ORGANIZATION
Wayne VF, L.L.C.	New Jersey
Wells Kinzie, L.L.C.	Delaware
West Windsor Holding Corporation	New Jersey
West Windsor Holding, L.L.C.	New Jersey
Woodbridge VF, L.L.C.	New Jersey
York Holding Company, L.L.C.	Pennsylvania
York Holding Company, L.P.	Pennsylvania
York VF, L.L.C.	Pennsylvania
York VF, L.P.	Pennsylvania

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the following Registration Statements of our report dated March 11, 2002 appearing in this Annual Report on Form 10-K of Vornado Realty Trust for the year ended December 31, 2001:

Vornado Realty Trust:

Registration Statement No. 333-68462 on Form S-3
Amendment No. 1 to Registration Statement No. 333-36080 on Form S-3
Registration Statement No. 333-64015 on Form S-3
Amendment No. 1 to Registration Statement No. 333-50095 on Form S-3
Registration Statement No. 333-52573 on Form S-8
Registration Statement No. 333-29011 on Form S-8
Registration Statement No. 333-09159 on Form S-8
Registration Statement No. 333-76327 on Form S-3
Amendment No. 1 to Registration Statement No. 333-89667 on Form S-3
Registration Statement No. 333-81497 on Form S-8

Vornado Realty Trust and Vornado Realty L.P. (Joint Registration Statements):

Amendment No. 4 to Registration Statement No. 333-40787 on Form S-3
Amendment No. 4 to Registration Statement No. 333-29013 on Form S-3

DELOITTE & TOUCHE LLP

Parsippany, New Jersey
March 11, 2002