
Section 1: 8-K/A (AMENDMENT #1 TO 8-K: VORNADO REALTY TRUST)

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As filed with the Securities and Exchange Commission on April 1, 1997

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K/A

AMENDMENT NO. 1

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

Date of report (Date of earliest event reported) March 12, 1997

VORNADO REALTY TRUST

(Exact Name of Registrant as Specified in Its Charter)

Maryland

(State or Other Jurisdiction of Incorporation)

1-11954

22-1657560

(Commission File Number)

(IRS Employer Identification No.)

Park 80 West, Plaza II, Saddle Brook, New Jersey

07663

(Address of Principal Executive Offices)

(Zip Code)

(201) 587-1000

(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

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Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(a) Financial Statements of businesses acquired. The financial statements included as Annex F in the Company's Current Report on Form 8-K, dated March 12, 1997, as filed with the Securities and Exchange Commission on March 26, 1997, are hereby deleted and replaced by the following:

Annex

Financial Statements

F Financial statements for the years ended December 31, 1996,
1995 and 1994 for B&B Park Avenue L.P. (a Limited Partnership)
(including independent auditors' report)

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SIGNATURES

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

VORNADO REALTY TRUST

Dated: April 1, 1997

By: /s/ Joseph Macnow

Joseph Macnow
Vice President --
Chief Financial Officer

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F Financial statements for the years ended December 31, 1996,
1995 and 1994 for B&B Park Avenue L.P. (a Limited Partnership)
(including independent auditors' report)

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B&B PARK AVENUE L.P.
(A LIMITED PARTNERSHIP)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994

AND

INDEPENDENT AUDITORS' REPORT

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B&B PARK AVENUE L.P.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994

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ALPREN &	NEW YORK, NY 10019
GREEN LLP	212-582-1600
CERTIFIED PUBLIC ACCOUNTANTS	FAX 212-265-4761

INDEPENDENT AUDITORS' REPORT

TO THE PARTNERS OF B&B PARK AVENUE L.P.

We have audited the accompanying balance sheet of B&B PARK AVENUE L.P. (a limited partnership) as of December 31, 1996 and 1995, and the related statements of operations, cash flows and changes in partners' capital for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the managing general partner. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Two Park Company, a general partnership, the investment in which, as discussed in Note 4 to the financial statements, is accounted for by the equity method of accounting. The investment in Two Park Company was \$17,935,304 and \$17,543,118 as of December 31, 1996 and 1995, respectively, and the distributive share of its net income (loss) was \$392,186, \$(382,500) and \$(637,607) for the years ended December 31, 1996, 1995 and 1994, respectively. The financial statements of Two Park Company were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Two Park Company, is based solely on the reports of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards. 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 the managing general partner, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of B&B PARK AVENUE L.P. as of December 31, 1996 and 1995, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

/s/ FRIEDMAN ALPREN & GREEN LLP

January 15, 1997, except for
Note 2, as to which the date
is March 12, 1997

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B&B PARK AVENUE L.P.

BALANCE SHEET

DECEMBER 31, 1996 AND 1995

	1996 -----	1995 -----
ASSETS		
Investment in Two Park Company - Notes 4 and 5	\$17,935,304	\$17,543,118
Cash	371	145,691
Due from maintenance services company - Note 6	712	78,064
	-----	-----
	\$17,936,387	\$17,766,873
	=====	=====
LIABILITIES AND PARTNERS' CAPITAL		
Liabilities		
Accrued expenses	\$ 9,200	\$ 9,700
Partners' capital	17,927,187	17,757,173
	-----	-----
	\$17,936,387	\$17,766,873
	=====	=====

The accompanying notes are an integral part of these financial statements.

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B&B PARK AVENUE L.P.

STATEMENT OF OPERATIONS

YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994

	1996	1995	1994
	-----	-----	-----
Revenues			
Distributive share of net income (loss) from Two Park Company	\$ 392,186	\$(382,500)	\$(637,607)
Rebate, maintenance services company - Note 6	49,712	82,377	79,795
Interest income	3,612	1,044	--
	-----	-----	-----
	445,510	(299,079)	(557,812)
Expenses			
Professional fees	60,496	82,610	45,608
	-----	-----	-----
Net income (loss)	\$ 385,014	\$(381,689)	\$(603,420)
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

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B&B PARK AVENUE L.P.

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994

	1996	1995	1994
	-----	-----	-----
Cash flows from operating activities			
Net income (loss)	\$ 385,014	\$(381,689)	\$(603,420)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Distributive share of net (income) loss from Two Park Company	(392,186)	382,500	637,607
Changes in assets and liabilities			
Due from maintenance services company	77,352	(2,727)	(29)
Accrued expenses	(500)	(10,700)	15,400
	-----	-----	-----
Net cash provided by (used in) operating activities	69,680	(12,616)	49,558
Cash flows from financing activities			
Distributions to partners	(215,000)	--	--
	-----	-----	-----
Net decrease in cash	(145,320)	(12,616)	49,558
Cash, beginning of year	145,691	158,307	108,749
	-----	-----	-----
Cash, end of year	\$ 371	\$ 145,691	\$ 158,307
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

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B&B PARK AVENUE L.P.

STATEMENT OF CHANGES IN PARTNERS' CAPITAL

	General Partners				Limited Partners	
	Total	Nancy Creek, Inc.	Mendik Corporation	Carborundum Center Joint Venture	Bernard H. Mendik	
Balance, December 31, 1993	\$ 18,742,282	\$ 58,492	\$ (160,423)	\$ 18,844,213	\$ --	
Net loss	(603,420)	(6,004)	(3,017)	(594,399)	--	
Balance, December 31, 1994	18,138,862	52,488	(163,440)	18,249,814	--	
Net loss	(381,689)	(3,798)	(1,908)	(375,983)	--	
Balance, December 31, 1995	17,757,173	48,690	(165,348)	17,873,831	--	
Net income	385,014	3,830	1,926	379,258	--	
Distributions	(215,000)	(2,150)	--	(212,850)	--	
Balance, December 31, 1996	\$ 17,927,187	\$ 50,370	\$ (163,422)	\$ 18,040,239	\$ -0-	

The accompanying notes are an integral part of these financial statements.

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B&B PARK AVENUE L.P.

NOTES TO FINANCIAL STATEMENTS

1 - ORGANIZATION

B&B Park Avenue L.P., a Delaware limited partnership, was organized on December 15, 1986 to acquire a 40% general partnership interest in Two Park Company. The property located at Two Park Avenue, New York, New York was acquired by Two Park Company on December 22, 1986.

2 - TRANSFER OF OWNERSHIP

Pursuant to a solicitation contained in a private placement memorandum dated November 11, 1996, the Partnership obtained the consent of its partners to participate in an offering of shares of common stock in accordance with a preliminary registration statement filed with the Securities and Exchange Commission on December 18, 1996. On March 12, 1997, the managing general partner entered into an agreement with Vornado Realty Trust, a publicly traded real estate investment trust ("REIT"). The partners will be resolicited to obtain their consents to participate in this transaction, under terms and conditions similar to those stated in the private placement memorandum dated November 11, 1996. The REIT is a fully integrated, self-administered and self-managed real estate company which has qualified as a real estate investment trust for Federal income tax purposes. Upon completion of the transaction, it is anticipated that the Partnership will be owned by a company controlled by the REIT.

3 - THE PARTNERSHIP AGREEMENT

Capital Contributions

Of the total initial capital, \$37,425,103 was contributed by Delaware Acres, Inc. (CLP) and \$378,031 by New York Acres, Inc. (CGP). On September 30, 1992, the partnership interests of CLP and CGP were transferred to Carborundum Center Joint Venture (MGP) and Nancy Creek, Inc. (Nancy Creek), respectively. Additional capital contributions required for improvements and leasing costs of the property are to be contributed by MGP. Mendik Corporation (Mendco) and Bernard H. Mendik (Mendik) are not required to make cash contributions.

Distributions

Net cash from operations is to be distributed as follows: After repaying loans as required, 99% to MGP, until an amount equal to an 8% annual preferred return (as defined) has been received, and 1% to the general partners (as defined); then 99% to Mendik and 1% to Mendco until Mendik has received his special preferred return (as defined); then 85% to MGP, 14% to Mendik and 1% to the general partners until all distributions to Nancy Creek aggregate \$200,000; all remaining cash: 85% to MGP, 14% to Mendik and 1% to Mendco.

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B&B PARK AVENUE L.P.

NOTES TO FINANCIAL STATEMENTS

3 - THE PARTNERSHIP AGREEMENT (Continued)

Distributions (Continued)

Net proceeds from sales and refinancing will be distributed as follows: first, 99% to MGP and 1% to Nancy Creek until each has received an 8% cumulative return (as defined); then to MGP and Nancy Creek until each has received its adjusted total capital (as defined); then 99% to Mendik and 1% to Mendco until Mendik has received the unpaid special cumulative return (as defined); then 50% to Mendco and 50% to MGP until each has received its unpaid deferred incentive share (as defined); finally, the remainder, 79.17% to MGP, 20.33% to Mendik and .5% to Mendco.

Allocation of Loss or Income

Net losses will be allocated first to the extent that capital accounts exceed certain amounts, as defined. However, as this criterion does not presently exist, net losses are allocated .995% to Nancy Creek, 98.505% to MGP and .5% to Mendco.

Net income will generally be allocated in the same manner as cash is distributed.

4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The managing general partner uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Investment in Two Park Company

The investment in Two Park Company is recorded on the equity method, reflecting cost adjusted for the Partnership's interest in the net income or losses of, and distributions from, that partnership.

As of December 31, 1996, the managing general partner of Two Park Company concluded that the total estimated undiscounted future cash flow to be generated by its property, from operations and its eventual disposition, over an estimated holding period is less than its carrying value. As a result, Two Park Company recorded a write-down of \$50,148,556 at December 31, 1996 to reduce the property's carrying value to its estimated fair value. The Partnership had previously determined that, prior to 1993, its investment in Two Park Company had declined in value and that such decline

was deemed to be other than temporary. Accordingly, the investment was written down by \$25,000,000 prior to 1993, and the Partnership's 1996 financial statements do not reflect its distributive share of the 1996 write-down by Two Park Company. The difference between the carrying amount

(Continued)

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B&B PARK AVENUE L.P.

NOTES TO FINANCIAL STATEMENTS

4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in Two Park Company (Continued)

of the investment and the underlying equity in the investee is being amortized over the life of the property, with amortization being reflected as reductions in the distributive share of net losses from Two Park Company.

Income Taxes

The Partnership is not a taxpaying entity for income tax purposes and, accordingly, no provision has been made for income taxes. The partners' allocable shares of the Partnership's taxable income or loss are reportable on their income tax returns.

Concentration of Credit Risk for Cash

Cash at December 31, 1995 included approximately \$18,000 in excess of amounts insured by the Federal Deposit Insurance Corporation.

5 - INVESTMENT IN TWO PARK COMPANY

Summarized financial information of Two Park Company is as follows:

	1996	1995
	-----	-----
Balance Sheet		
Assets		
Property and improvements	\$ 99,905,783	\$ 153,245,733
Cash and short-term investments	6,257,952	6,046,711
Receivables	10,604,302	8,644,599
Prepaid expenses	6,701,968	7,561,649
Unamortized costs	325,509	576,103
	-----	-----
	\$ 123,795,514	\$ 176,074,795
	=====	=====
Liabilities and Partners' Capital		
Mortgage payable	\$ 65,000,000	\$ 65,000,000
Accrued interest payable	553,263	553,263
Accounts payable and accrued expenses	1,064,802	1,245,535
Security deposits payable	450,398	594,200
Deferred income	6,515,337	7,355,711
Improvements payable	31,007	227,289
Partners' capital	50,180,707	101,098,797
	-----	-----
	\$ 123,795,514	\$ 176,074,795
	=====	=====

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NOTES TO FINANCIAL STATEMENTS

5 - INVESTMENT IN TWO PARK COMPANY (Continued)

	1996	1995	1994
	-----	-----	-----
Statement of Operations			
Revenues	\$ 25,457,784	\$ 23,895,802	\$ 22,890,880
Expenses	11,500,589	11,519,811	11,588,807
	-----	-----	-----
Income before interest expense, depreciation and amortization and write-down of property and improvements	13,957,195	12,375,991	11,302,073
	-----	-----	-----
Interest expense	6,532,083	7,533,674	7,619,110
Depreciation and amortization	8,194,646	7,548,566	7,026,980
Loss on write-down of property and improvements	50,148,556	--	--
	-----	-----	-----
	64,875,285	15,082,240	14,646,090
	-----	-----	-----
Net loss	\$ (50,918,090)	\$ (2,706,249)	\$ (3,344,017)
	=====	=====	=====

6 - RELATED PARTY TRANSACTION

Maintenance services for the Two Park Avenue property are provided by a company that is controlled by a stockholder of a general partner of the Partnership (Mendik). As defined in the maintenance contract, the Partnership is entitled to receive a 20% share of the profits realized by the maintenance services company from the performance of tenant services. The Partnership's share of profits realized from tenant services for the years ended December 31, 1996, 1995 and 1994 was \$49,712, \$82,377 and \$79,795, respectively.