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## Section 1: 8-K (FORM 8-K)

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

**FORM 8-K**

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

**Date of Report (Date of earliest event reported):**  
**August 4, 2014**

**VORNADO REALTY TRUST**  
**(Exact Name of Registrant as Specified in Charter)**

**Maryland**

(State or Other  
Jurisdiction of  
Incorporation)

**No. 001-11954**

(Commission  
File Number)

**No. 22-1657560**

(IRS Employer  
Identification No.)

**VORNADO REALTY L.P.**  
**(Exact Name of Registrant as Specified in Charter)**

**Delaware**

(State or Other  
Jurisdiction of  
Incorporation)

**No. 001-34482**

(Commission  
File Number)

**No. 13-3925979**

(IRS Employer  
Identification No.)

**888 Seventh Avenue**  
**New York, New York**

(Address of Principal Executive offices)

**10019**

(Zip Code)

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

**Former name or former address, if changed since last report: N/A**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2.):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition.**

On August 4, 2014, Vornado Realty Trust (the “Company”), the general partner of Vornado Realty L.P., issued a press release announcing its financial results for the second quarter of 2014. That press release referred to certain supplemental financial information that is available on the Company’s website. That press release and the supplemental financial information are attached to this Current Report on Form 8-K as Exhibits 99.1 and 99.2, respectively, and are incorporated by reference herein.

Exhibits 99.1 and 99.2 hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of the Company or Vornado Realty L.P. under the Securities Act of 1933 or the Exchange Act.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

The following exhibits are being furnished as part of this Current Report on Form 8-K:

99.1 Vornado Realty Trust press release dated August 4, 2014.

99.2 Vornado Realty Trust supplemental operating and financial data for the quarter ended June 30, 2014.



99.1 Vornado Realty Trust press release dated August 4, 2014.

99.2 Vornado Realty Trust supplemental operating and financial data for the quarter ended June 30, 2014.

[\(Back To Top\)](#)

## Section 2: EX-99 (EXHIBIT 99.1)

EXHIBIT 99.1

CONTACT: STEPHEN THERIOT  
(201) 587-1000

**VORNADO**  
REALTY TRUST  
210 Route 4 East  
Paramus, NJ

FOR IMMEDIATE RELEASE – August 4, 2014

### Vornado Announces Second Quarter 2014 Financial Results

PARAMUS, NEW JERSEY.....VORNADO REALTY TRUST (New York Stock Exchange: VNO) filed its Form 10-Q for the quarter ended June 30, 2014 today and reported:

NET INCOME attributable to common shareholders for the quarter ended June 30, 2014 was \$76.6 million, or \$0.41 per diluted share, compared to \$145.9 million, or \$0.78 per diluted share for the quarter ended June 30, 2013. Net income for the quarter ended June 30, 2013 includes \$65.7 million of net gains on sale of real estate and \$3.1 million of real estate impairment losses. In addition, the quarters ended June 30, 2014 and 2013 include certain other items that affect comparability, which are listed in the table below. Adjusting net income attributable to common shareholders for net gains on sale of real estate, real estate impairment losses and the items in the table below, net of amounts attributable to noncontrolling interests, net income attributable to common shareholders for the quarters ended June 30, 2014 and 2013 was \$137.1 million and \$104.2 million, or \$0.73 and \$0.56 per diluted share, respectively.

FUNDS FROM OPERATIONS attributable to common shareholders plus assumed conversions (“FFO”) for the quarter ended June 30, 2014 was \$216.5 million, or \$1.15 per diluted share, compared to \$235.3 million, or \$1.25 per diluted share for the prior year’s quarter. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the quarters ended June 30, 2014 and 2013 was \$271.6 million and \$239.3 million, or \$1.44 and \$1.27 per diluted share, respectively.

(Amounts in thousands, except per share amounts)

	For the Three Months Ended June 30,	
	2014	2013
FFO (1)	\$ 216,547	\$ 235,348
Per Share	\$ 1.15	\$ 1.25
<b>Items that affect comparability income (expense):</b>		
Toys "R" Us Negative FFO	\$ (51,862)	\$ (25,088)
Defeasance cost in connection with the refinancing of 909 Third Avenue	(5,589)	-
Acquisition and transaction related costs	(4,083)	(3,350)
FFO from discontinued operations	2,200	7,556
Net gain on sale of residential condominiums	905	1,005
Income from the mark-to-market of J.C. Penney derivative position	-	9,065
Preferred unit redemptions	-	8,100
Other, net	-	(1,489)
	(58,429)	(4,201)
Noncontrolling interests' share of above adjustments	3,402	245
Items that affect comparability, net	\$ (55,027)	\$ (3,956)
<b>FFO as adjusted for comparability</b>	<b>\$ 271,574</b>	<b>\$ 239,304</b>
<b>Per Share</b>	<b>\$ 1.44</b>	<b>\$ 1.27</b>

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(1) See page 4 for a reconciliation of our net income to FFO for the three months ended June 30, 2014 and 2013.

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### First Half 2014 Results

NET INCOME attributable to common shareholders for the six months ended June 30, 2014 was \$139.0 million, or \$0.74 per diluted share, compared to \$377.9 million, or \$2.01 per diluted share for the six months ended June 30, 2013. Net income for the six months ended June 30, 2014 and 2013 include \$20.8 million and \$8.3 million, respectively, of real estate impairment losses and the six months ended June 30, 2013 also includes \$268.5 of net gains on sale of real estate. In addition, the six months ended June 30, 2014 and 2013 include certain other items that affect comparability, which are listed in the table below. Adjusting net income attributable to common shareholders for real estate impairment losses, net gains on sale of real estate, and the items in the table below, net of amounts attributable to noncontrolling interests, net income attributable to common shareholders for the six months ended June 30, 2014 and 2013 was \$207.4 million and \$178.5 million, or \$1.10 and \$0.95 per diluted share, respectively.

FFO for the six months ended June 30, 2014 was \$463.6 million, or \$2.46 per diluted share, compared to \$437.2 million, or \$2.33 per diluted share for the prior year's six months. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the six months ended June 30, 2014 and 2013 was \$498.6 million and \$450.9 million, or \$2.65 and \$2.40 per diluted share, respectively.

(Amounts in thousands, except per share amounts)

	For the Six Months Ended June 30,	
	2014	2013
FFO (1)	\$ 463,626	\$ 437,168
Per Share	\$ 2.46	\$ 2.33
<b>Items that affect comparability income (expense):</b>		
Toys "R" Us Negative FFO (including impairment losses of \$75,196 and \$78,542 respectively)	\$ (42,595)	\$ (8,404)
Net gain on sale of residential condominiums and a land parcel in 2014	10,540	1,005
FFO from discontinued operations, including LNR in 2013	6,339	35,507
Acquisition and transaction related costs	(5,867)	(3,951)
Defeasance cost in connection with the refinancing of 909 Third Avenue	(5,589)	-
Losses from the mark-to-market, impairment and disposition of investment in J.C. Penney	-	(89,762)
Stop & Shop litigation settlement income	-	59,599
The Mart reduction-in-force and severance costs	-	(4,154)
Preferred unit and share redemptions	-	(1,130)
Other, net	-	(3,310)
	(37,172)	(14,600)
Noncontrolling interests' share of above adjustments	2,169	851
Items that affect comparability, net	\$ (35,003)	\$ (13,749)
<b>FFO as adjusted for comparability</b>	<b>\$ 498,629</b>	<b>\$ 450,917</b>
<b>Per Share</b>	<b>\$ 2.65</b>	<b>\$ 2.40</b>

(1) See page 4 for a reconciliation of our net income to FFO for the six months ended June 30, 2014 and 2013.

### Supplemental Financial Information

Further details regarding results of operations, properties and tenants can be accessed at the Company's website [www.vno.com](http://www.vno.com). Vornado Realty Trust is a fully – integrated equity real estate investment trust.

Certain statements contained herein may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. For a discussion of factors that could materially affect the outcome of our forward-looking statements and our future results and financial condition, see "Risk Factors" in Part I, Item 1A, of our Annual Report on Form 10-K, as amended, for the year ended December 31, 2013. Such factors include, among others, risks associated with the timing of and costs associated with property improvements, financing commitments and general competitive factors.

(tables to follow)

**VORNADO REALTY TRUST**  
**OPERATING RESULTS FOR THE THREE AND SIX MONTHS ENDED**  
**JUNE 30, 2014 AND 2013**

	For the Three Months		For the Six Months	
	Ended June 30,		Ended June 30,	
(Amounts in thousands, except per share amounts)	2014	2013	2014	2013
Revenues	\$ 666,606	\$ 671,216	\$ 1,327,224	\$ 1,389,929
Income from continuing operations	\$ 163,535	\$ 113,029	\$ 259,800	\$ 195,194
Income from discontinued operations	2,152	69,292	4,043	276,054
Net income	165,687	182,321	263,843	471,248
Less net income attributable to noncontrolling interests in:				
Consolidated subsidiaries	(63,975)	(14,930)	(75,554)	(26,216)
Operating Partnership	(4,691)	(8,849)	(8,539)	(22,782)
Preferred unit distributions of the Operating Partnership	(13)	(348)	(25)	(1,134)
Net income attributable to Vornado	97,008	158,194	179,725	421,116
Preferred share dividends	(20,366)	(20,368)	(40,734)	(42,070)
Preferred unit and share redemptions	-	8,100	-	(1,130)
Net income attributable to common shareholders	\$ 76,642	\$ 145,926	\$ 138,991	\$ 377,916
<b>Income per common share - Basic:</b>				
Income from continuing operations, net	\$ 0.40	\$ 0.43	\$ 0.72	\$ 0.63
Income from discontinued operations, net	0.01	0.35	0.02	1.39
Net income per common share	\$ 0.41	\$ 0.78	\$ 0.74	\$ 2.02
Weighted average shares outstanding	187,527	186,931	187,418	186,842
<b>Income per common share - Diluted:</b>				
Income from continuing operations, net	\$ 0.40	\$ 0.43	\$ 0.72	\$ 0.62
Income from discontinued operations, net	0.01	0.35	0.02	1.39
Net income per common share	\$ 0.41	\$ 0.78	\$ 0.74	\$ 2.01
Weighted average shares outstanding	188,617	187,720	188,431	187,627
FFO attributable to common shareholders plus assumed conversions	\$ 216,547	\$ 235,348	\$ 463,626	\$ 437,168
Per diluted share	\$ 1.15	\$ 1.25	\$ 2.46	\$ 2.33
FFO as adjusted for comparability	\$ 271,574	\$ 239,304	\$ 498,629	\$ 450,917
Per diluted share	\$ 1.44	\$ 1.27	\$ 2.65	\$ 2.40
Weighted average shares used in determining FFO per diluted share	188,659	187,720	188,475	187,627

The following table reconciles our net income to FFO:

(Amounts in thousands)

	For the Three Months		For the Six Months	
	Ended June 30,		Ended June 30,	
	2014	2013	2014	2013
<b>Reconciliation of our net income to FFO:</b>				
Net income attributable to Vornado	\$ 97,008	\$ 158,194	\$ 179,725	\$ 421,116
Depreciation and amortization of real property	121,402	126,728	263,971	259,241
Net gains on sale of real estate	-	(65,665)	-	(267,994)
Real estate impairment losses	-	2,493	20,842	4,007
Proportionate share of adjustments to equity in net income of Toys, to arrive at FFO:				
Depreciation and amortization of real property	8,814	17,480	20,229	36,805
Real estate impairment losses	-	620	-	4,270
Income tax effect of above adjustments	(3,085)	(6,326)	(7,080)	(14,376)
Proportionate share of adjustments to equity in net income of partially owned entities, excluding Toys, to arrive at FFO:				
Depreciation and amortization of real property	21,312	19,486	46,583	41,316
Net gains on sale of real estate	-	-	-	(465)
Noncontrolling interests' share of above adjustments	(8,561)	(5,421)	(19,960)	(3,607)
FFO	236,890	247,589	504,310	480,313
Preferred share dividends	(20,366)	(20,368)	(40,734)	(42,070)
Preferred unit and share redemptions	-	8,100	-	(1,130)
FFO attributable to common shareholders	216,524	235,321	463,576	437,113
Convertible preferred share dividends	23	27	50	55
FFO attributable to common shareholders plus assumed conversions	\$ 216,547	\$ 235,348	\$ 463,626	\$ 437,168

FFO is computed in accordance with the definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"). NAREIT defines FFO as GAAP net income or loss adjusted to exclude net gain from sales of depreciated real estate assets, real estate impairment losses, depreciation and amortization expense from real estate assets, extraordinary items and other specified non-cash items, including the pro rata share of such adjustments of unconsolidated subsidiaries. FFO and FFO per diluted share are non-GAAP financial measures used by management, investors and analysts to facilitate meaningful comparisons of operating performance between periods and among our peers because it excludes the effect of real estate depreciation and amortization and net gains on sales, which are based on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions. FFO does not represent cash generated from operating activities and is not necessarily indicative of cash available to fund cash requirements and should not be considered as an alternative to net income as a performance measure or cash flow as a liquidity measure. FFO may not be comparable to similarly titled measures employed by other companies. A reconciliation of our net income to FFO is provided above. In addition to FFO, we also disclose FFO before certain items that affect comparability. Although this non-GAAP measure clearly differs from NAREIT's definition of FFO, we believe it provides a meaningful presentation of operating performance. Reconciliations of FFO to FFO as adjusted for comparability is provided on page 1 and page 2 of this press release.

#### Conference Call and Audio Webcast

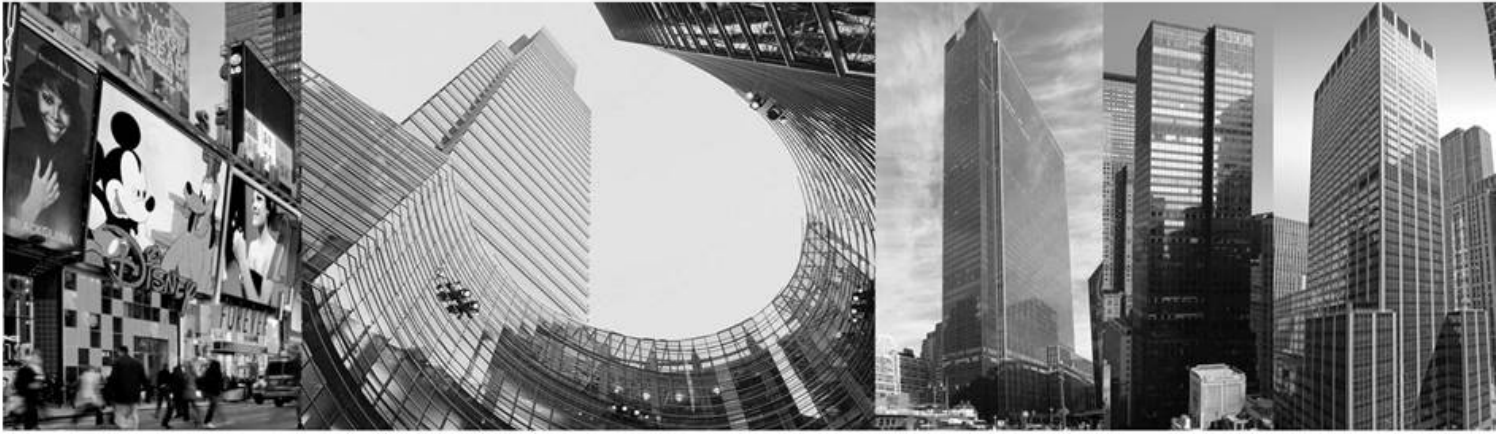
As previously announced, the Company will host a quarterly earnings conference call and an audio webcast on Tuesday August 5, 2014 at 10:00 a.m. Eastern Time (ET). The conference call can be accessed by dialing 800-708-4539 (domestic) or 847-619-6396 (international) and indicating to the operator the passcode 37674574. A telephonic replay of the conference call will be available from 1:00 p.m. ET on August 5, 2014 through September 4, 2014. To access the replay, please dial 888-843-7419 and enter the passcode 37674574#. A live webcast of the conference call will be available on the Company's website at [www.vno.com](http://www.vno.com) and an online playback of the webcast will be available on the website for 90 days following the conference call.

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[\(Back To Top\)](#)

## Section 3: EX-99 (EXHIBIT 99.2)





SUPPLEMENTAL OPERATING  
AND FINANCIAL DATA

For the Quarter Ended June 30, 2014

**VORNADO**  
REALTY TRUST

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INDEX

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	<b>Page</b>
Investor Information	2
2014 Business Developments	3 - 4
Common Shares Data	5
Financial Highlights	6
Funds From Operations	7 - 8
Funds Available for Distribution	9
Net Income / EBITDA (Consolidated and by Segment)	10 - 15
EBITDA by Segment and Region	16
Consolidated Balance Sheets	17
Capital Structure	18
Debt Analysis	19 - 21
Unconsolidated Joint Ventures	22 - 24
Square Footage	25
Top 30 Tenants	26
Lease Expirations	27 - 29
Leasing Activity	30 - 31
Occupancy, Same Store EBITDA and Residential Statistics	32
Capital Expenditures	33 - 37
Development Costs and Construction in Progress	38
Property Table	39 - 56

Certain statements contained herein constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are not guarantees of performance. They represent our intentions, plans, expectations and beliefs and are subject to numerous assumptions, risks and uncertainties. Our future results, financial condition and business may differ materially from those expressed in these forward-looking statements. You can find many of these statements by looking for words such as "approximates," "believes," "expects," "anticipates," "estimates," "intends," "plans," "would," "may" or other similar expressions in this supplemental package. Many of the factors that will determine the outcome of these and our other forward-looking statements are beyond our ability to control or predict. For further discussion of factors that could materially affect the outcome of our forward-looking statements, see "Item 1A. Risk Factors" in our Annual Report on Form 10-K, as amended, for the year ended December 31, 2013.

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 supplemental package. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to our forward-looking statements to reflect events or circumstances occurring after the date of our Annual Report on Form 10-K, as amended, or Quarterly Report on Form 10-Q, as applicable, and this supplemental package.

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## INVESTOR INFORMATION

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### Key Employees:

Steven Roth	Chairman of the Board and Chief Executive Officer
Michael J. Franco	Executive Vice President - Co-Head of Acquisitions and Capital Markets
David R. Greenbaum	President - New York Division
Joseph Macnow	Executive Vice President - Finance and Chief Administrative Officer
Robert Minutoli	Executive Vice President - Retail Division
Mitchell N. Schear	President - Vornado / Charles E. Smith Washington, DC Division
Wendy Silverstein	Executive Vice President - Co-Head of Acquisitions and Capital Markets
Stephen W. Theriot	Chief Financial Officer

### RESEARCH COVERAGE - EQUITY

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James Feldman / Stephen Sihelnik <u>Bank of America / Merrill Lynch</u> 646-855-5808 / 646-855-1829	Brad K. Burke <u>Goldman Sachs</u> 917-343-2082	Vance H. Edelson <u>Morgan Stanley</u> 212-761-0078
Ross Smotrich / Charles Croson <u>Barclays Capital</u> 212-526-2306 / 212-526-7146	Michael Knott / John Bejjani <u>Green Street Advisors, Inc.</u> 949-640-8780 / 949-640-8780	Alexander Goldfarb / Andrew Schaffer <u>Sandler O'Neill &amp; Partners</u> 212-466-7937 / 212-466-8062
Michael Bilerman / Emmanuel Korchman <u>Citigroup Global Markets</u> 212-816-1383 / 212-816-1382	Steve Sakwa / Gabriel Hilmoe <u>ISI Group</u> 212-446-9462 / 212-446-9459	John W. Guinee / Erin T. Aslakson <u>Stifel Nicolaus &amp; Company</u> 443-224-1307 / 443-224-1350
Vincent Chao / Venkat Kommineni <u>Deutsche Bank</u> 212-250-6799 / 212-250-6090	Anthony Paolone <u>JP Morgan</u> 212-622-6682	Ross T. Nussbaum / Nick Yulico <u>UBS</u> 212-713-2484 / 212-713-3402

### RESEARCH COVERAGE - DEBT

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Scott Frost <u>Bank of America / Merrill Lynch</u> 646-855-8078	Robert Haines / Craig Guttenplan <u>Credit Sights</u> 212-340-3835 / 212-340-3859	Thierry Perrein <u>Wells Fargo Securities</u> 704-715-8455
Danish Agboatwala <u>Barclays Capital</u> 212-412-2573	Ron Perrotta <u>Goldman Sachs</u> 212-902-7885	
Thomas Cook <u>Citigroup Global Markets</u> 212-723-1112	Mark Streeter <u>JP Morgan</u> 212-834-5086	

This information is provided as a service to interested parties and not as an endorsement of any report, or representation as to the accuracy of any information contained therein. Opinions, forecasts and other forward-looking statements expressed in analysts' reports are subject to change without notice.

## 2014 BUSINESS DEVELOPMENTS

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### Retail Spin-off

On April 11, 2014, we announced a plan to spin off our shopping center business, consisting of 80 strip centers, four malls and a warehouse park adjacent to our East Hanover strip center, into a new publicly traded REIT ("SpinCo"). The spin-off is expected to be effectuated through a pro rata distribution of SpinCo's shares to Vornado common shareholders and Vornado Realty L.P. common unitholders, and is intended to be treated as tax-free for U.S. federal income tax purposes. On June 26, 2014, SpinCo filed its initial registration statement on Form 10 with the Securities and Exchange Commission ("SEC"). We expect the spin-off to be completed by the end of 2014, subject to certain conditions, including the SEC declaring SpinCo's registration statement effective, filing and approval of SpinCo's listing application with the NYSE, receipt of third party consents, and formal approval and declaration of the distribution by Vornado's Board of Trustees. Vornado may, at any time and for any reason until the proposed transaction is complete, abandon the separation or modify or change its terms. Vornado will retain, for disposition in the near term, 22 small retail assets which do not fit SpinCo's strategy, and the Springfield Town Center, which is under contract for disposition.

### Acquisitions

Since January 1, 2014, we have completed the following acquisitions:

- On June 26, 2014, we invested an additional \$22,700,000 to increase our ownership in One Park Avenue to 55.0% from 46.5% through a joint venture with an institutional investor, who increased his ownership interest to 45.0%. The transaction was based on a property value of \$560,000,000. The property is encumbered by a \$250,000,000 interest-only mortgage loan that bears interest at 4.995% and matures in March 2016.
- On July 9, 2014, we entered into an agreement, in partnership with Crown Acquisitions ("Crown"), to acquire the retail condominium of the St. Regis Hotel and the adjacent retail townhouse, for approximately \$700,000,000. The property has 100 feet of frontage on Fifth Avenue on the Southeast corner of 55th Street. We will own between 67% and 80% of the venture, with Crown owning the balance. The final ownership percentages will be based on the amount of debt financing put on the property and Crown's short-term option to invest additional capital. The purchase is expected to close in the fourth quarter of 2014, subject to customary closing conditions.
- On July 23, 2014, a joint venture in which we are a 50% partner entered into a 99-year ground lease for 61 Ninth Avenue located on the Southwest corner of Ninth Avenue and 15th Street in Manhattan. The venture's current plans are to construct an office and retail building of approximately 130,000 square feet. Total development costs are currently estimated to be approximately \$125,000,000.
- On August 1, 2014, we acquired the land under our 715 Lexington Avenue retail property located on the Southeast corner of 58th Street and Lexington Avenue in Manhattan, for \$63,000,000.

## 2014 BUSINESS DEVELOPMENTS

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### Dispositions

Since January 1, 2014, we have sold or entered into agreements to sell the following:

- On February 24, 2014, we completed the sale of Broadway Mall in Hicksville, Long Island, New York for \$94,000,000. The sale resulted in net proceeds of \$92,174,000 after closing costs.
- On July 8, 2014, we completed the sale of Beverly Connection, a 335,000 square foot power shopping center in Los Angeles, California, for \$260,000,000, of which \$239,000,000 was cash and \$21,000,000 was 10-year mezzanine seller financing. The sale resulted in a net gain of approximately \$44,000,000, which will be recognized in the third quarter of 2014.
- On March 2, 2014, we entered into an agreement to transfer upon completion, the redeveloped Springfield Town Center, a 1,350,000 square foot mall located in Springfield, Fairfax County, Virginia, to Pennsylvania Real Estate Investment Trust (NYSE: PEI) ("PREIT") in exchange for \$465,000,000 comprised of \$340,000,000 of cash and \$125,000,000 of PREIT operating partnership units. The redevelopment is expected to be completed in the fourth quarter of 2014 and the closing will be no later than March 31, 2015.

### Financing Activities

Since January 1, 2014, we have executed the following capital market transactions:

- On January 31, 2014, we completed a \$600,000,000 loan secured by our 220 Central Park South development site. The loan bears interest at LIBOR plus 2.75% (2.90% at June 30, 2014) and matures in January 2016, with three one-year extension options.
- On April 16, 2014, we completed a \$350,000,000 refinancing of 909 Third Avenue, a 1.3 million square foot Manhattan office building. The seven-year interest only loan bears interest at 3.91% and matures in May 2021. We realized net proceeds of approximately \$145,000,000 after defeasing the existing 5.64%, \$193,000,000 mortgage, defeasance cost and other closing costs.
- On June 16, 2014, we completed a green bond public offering of \$450,000,000 2.50% senior unsecured notes due June 30, 2019. The notes were sold at 99.619% of their face amount to yield 2.581%.
- On July 16, 2014, we completed a \$130,000,000 financing of Las Catalinas, a 494,000 square foot mall located in Caguas, Puerto Rico, in the San Juan area. The 10-year fixed rate loan bears interest at 4.43% and amortizes based on a 30-year schedule beginning in year six.

### Vornado Capital Partners Real Estate Fund (the "Fund")

- On June 26, 2014, the Fund sold its 64.7% interest in One Park Avenue to a newly formed joint venture that we and an institutional investor own 55% and 45%, respectively. This transaction was based on a property value of \$560,000,000. From the inception of this investment through its disposition, the Fund realized a \$75,069,000 net gain.
- On June 24, 2014, the Fund and its 50% joint venture partner entered into an agreement to sell Georgetown Park, a 305,000 square foot retail property, for \$272,500,000.

## COMMON SHARES DATA (NYSE: VNO)

(unaudited)

Vornado Realty Trust common shares are traded on the New York Stock Exchange ("NYSE") under the symbol VNO. Below is a summary of performance and dividends for VNO common shares (based on NYSE prices):

	<u>Second Quarter 2014</u>	<u>First Quarter 2014</u>	<u>Fourth Quarter 2013</u>	<u>Third Quarter 2013</u>
High Price	\$ 109.01	\$ 100.02	\$ 91.91	\$ 89.35
Low Price	\$ 96.93	\$ 87.82	\$ 82.73	\$ 79.56
Closing Price - end of quarter	\$ 106.73	\$ 98.56	\$ 88.79	\$ 84.06
Annualized Dividend per share	\$ 2.92	\$ 2.92	\$ 2.92	\$ 2.92
Annualized Dividend Yield - on Closing Price	2.7%	3.0%	3.3%	3.5%
Outstanding shares, Class A units and convertible preferred units as converted, excluding stock options (in thousands)	199,652	199,583	199,245	199,051
Closing market value of outstanding shares, Class A units and convertible preferred units as converted, excluding stock options	\$ 21.3 Billion	\$ 19.7 Billion	\$ 17.7 Billion	\$ 16.7 Billion

## TIMING

Quarterly financial results and related earnings conference calls for the remainder of 2014 are expected to occur as follows:

	<u>Filing Date</u>	<u>Earnings Call</u>
Third Quarter 2014	Monday, November 3, 2014	Tuesday, November 4, 2014 10AM ET

## FINANCIAL HIGHLIGHTS

(unaudited and in thousands, except per share amounts)

This section includes non-GAAP financial measures, including Earnings Before Interest Taxes Depreciation and Amortization ("EBITDA"), Funds From Operations attributable to common shares plus assumed conversions ("FFO"), FFO as adjusted for comparability, and Funds Available for Distribution ("FAD"). A description of these non-GAAP measures and reconciliations to the most directly comparable GAAP measures are provided on the pages that follow.

	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2014	2013	2014	2014	2013
Total revenues	\$ 666,606	\$ 671,216	\$ 660,618	\$ 1,327,224	\$ 1,389,929
Net income attributable to common shareholders	\$ 76,642	\$ 145,926	\$ 62,349	\$ 138,991	\$ 377,916
Per common share:					
Basic	\$ 0.41	\$ 0.78	\$ 0.33	\$ 0.74	\$ 2.02
Diluted	\$ 0.41	\$ 0.78	\$ 0.33	\$ 0.74	\$ 2.01
<b>FFO as adjusted for comparability</b>	<b>\$ 271,574</b>	<b>\$ 239,304</b>	<b>\$ 226,882</b>	<b>\$ 498,629</b>	<b>\$ 450,917</b>
<b>Per diluted share</b>	<b>\$ 1.44</b>	<b>\$ 1.27</b>	<b>\$ 1.20</b>	<b>\$ 2.65</b>	<b>\$ 2.40</b>
FFO	\$ 216,547	\$ 235,348	\$ 247,079	\$ 463,626	\$ 437,168
FFO - Operating Partnership Basis ("OP Basis")	\$ 229,933	\$ 249,900	\$ 262,431	\$ 492,352	\$ 464,228
Per diluted share	\$ 1.15	\$ 1.25	\$ 1.31	\$ 2.46	\$ 2.33
FAD	\$ 195,667	\$ 164,560	\$ 151,619	\$ 347,677	\$ 310,441
Per diluted share	\$ 1.04	\$ 0.88	\$ 0.81	\$ 1.84	\$ 1.65
Dividends per common share	\$ 0.73	\$ 0.73	\$ 0.73	\$ 1.46	\$ 1.46
FFO payout ratio (based on FFO as adjusted for comparability)	50.7%	57.5%	60.8%	55.1%	60.8%
FAD payout ratio	70.2%	83.0%	90.1%	79.3%	88.5%
Weighted average shares used in determining FFO per diluted share - REIT basis	188,659	187,720	188,287	188,475	187,627
Convertible units:					
Class A	10,705	10,639	10,611	10,658	10,624
D-13	453	557	498	478	565
G1-G4	80	105	87	81	106
Equity awards - unit equivalents	424	306	503	461	319
Weighted average shares used in determining FFO per diluted share - OP Basis	<u>200,321</u>	<u>199,327</u>	<u>199,986</u>	<u>200,153</u>	<u>199,241</u>

## RECONCILIATION OF NET INCOME TO FFO <sup>(1)</sup>

(unaudited and in thousands, except per share amounts)

	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2014	2013	2014	2014	2013
<b>Reconciliation of our net income to FFO:</b>					
Net income attributable to Vornado	\$ 97,008	\$ 158,194	\$ 82,717	\$ 179,725	\$ 421,116
Depreciation and amortization of real property	121,402	126,728	142,569	263,971	259,241
Net gains on sale of real estate	-	(65,665)	-	-	(267,994)
Real estate impairment losses	-	2,493	20,842	20,842	4,007
Proportionate share of adjustments to equity in net income of Toys, to arrive at FFO:					
Depreciation and amortization of real property	8,814	17,480	11,415	20,229	36,805
Real estate impairment losses	-	620	-	-	4,270
Income tax effect of above adjustments	(3,085)	(6,326)	(3,995)	(7,080)	(14,376)
Proportionate share of adjustments to equity in net income of partially owned entities, excluding Toys, to arrive at FFO:					
Depreciation and amortization of real property	21,312	19,486	25,271	46,583	41,316
Net gains on sale of real estate	-	-	-	-	(465)
Noncontrolling interests' share of above adjustments	(8,561)	(5,421)	(11,399)	(19,960)	(3,607)
FFO	236,890	247,589	267,420	504,310	480,313
Preferred share dividends	(20,366)	(20,368)	(20,368)	(40,734)	(42,070)
Preferred unit and share redemptions	-	8,100	-	-	(1,130)
FFO attributable to common shareholders	216,524	235,321	247,052	463,576	437,113
Convertible preferred share dividends	23	27	27	50	55
FFO attributable to common shareholders plus assumed conversions	216,547	235,348	247,079	463,626	437,168
Add back of income allocated to noncontrolling interests of the Operating Partnership	13,386	14,552	15,352	28,726	27,060
<b>FFO - OP Basis <sup>(1)</sup></b>	<b>\$ 229,933</b>	<b>\$ 249,900</b>	<b>\$ 262,431</b>	<b>\$ 492,352</b>	<b>\$ 464,228</b>
<b>FFO per diluted share <sup>(1)</sup></b>	<b>\$ 1.15</b>	<b>\$ 1.25</b>	<b>\$ 1.31</b>	<b>\$ 2.46</b>	<b>\$ 2.33</b>

(1) FFO is computed in accordance with the definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"). NAREIT defines FFO as GAAP net income or loss adjusted to exclude net gain from sales of depreciated real estate assets, real estate impairment losses, depreciation and amortization expense from real estate assets, extraordinary items and other specified non-cash items, including the pro rata share of such adjustments of unconsolidated subsidiaries. FFO and FFO per diluted share are non-GAAP financial measures used by management, investors and analysts to facilitate meaningful comparisons of operating performance between periods and among our peers because it excludes the effect of real estate depreciation and amortization and net gains on sales, which are based on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions. FFO does not represent cash generated from operating activities and is not necessarily indicative of cash available to fund cash requirements and should not be considered as an alternative to net income as a performance measure or cash flows as a liquidity measure. FFO may not be comparable to similarly titled measures employed by other companies.



**RECONCILIATION OF FFO TO FFO AS ADJUSTED FOR COMPARABILITY**

(unaudited and in thousands, except per share amounts)

	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2014	2013	2014	2014	2013
FFO attributable to common shareholders plus assumed conversions	(A)\$ 216,547	\$ 235,348	\$ 247,079	\$ 463,626	\$ 437,168
Per diluted share	\$ 1.15	\$ 1.25	\$ 1.31	\$ 2.46	\$ 2.33
<i>Items that affect comparability income (expense):</i>					
Toys (Negative FFO) FFO (including impairment losses of \$75,196, and \$78,542 in the six months ended June 30, 2014 and 2013, respectively)	(51,862)	(25,088)	9,267	(42,595)	(8,404)
Defeasance cost in connection with the refinancing of 909 Third Avenue	(5,589)	-	-	(5,589)	-
Acquisition and transaction related costs	(4,083)	(3,350)	(1,784)	(5,867)	(3,951)
FFO from discontinued operations, including LNR in the six months ended June 30, 2013	2,200	7,556	4,139	6,339	35,507
Net gain on sale of residential condominiums, and a land parcel in the six months ended June 30, 2014	905	1,005	9,635	10,540	1,005
Income from the mark-to-market and losses from impairment and disposition of investment in J.C. Penney	-	9,065	-	-	(89,762)
Preferred unit and share redemptions	-	8,100	-	-	(1,130)
The Mart reduction-in-force and severance costs	-	(1,542)	-	-	(4,154)
Stop & Shop litigation settlement income	-	-	-	-	59,599
Other, net	-	53	-	-	(3,310)
	(58,429)	(4,201)	21,257	(37,172)	(14,600)
Noncontrolling interests' share of above adjustments	3,402	245	(1,060)	2,169	851
Items that affect comparability, net	(B)\$ (55,027)	\$ (3,956)	\$ 20,197	\$ (35,003)	\$ (13,749)
Per diluted share	\$ (0.29)	\$ (0.02)	\$ 0.11	\$ (0.19)	\$ (0.07)
<b>FFO attributable to common shareholders plus assumed conversions, as adjusted for comparability</b>	<b>(A-B)\$ 271,574</b>	<b>\$ 239,304</b>	<b>\$ 226,882</b>	<b>\$ 498,629</b>	<b>\$ 450,917</b>
<b>Per diluted share</b>	<b>\$ 1.44</b>	<b>\$ 1.27</b>	<b>\$ 1.20</b>	<b>\$ 2.65</b>	<b>\$ 2.40</b>

## RECONCILIATION OF FFO TO FAD <sup>(1)</sup>

(unaudited and in thousands, except per share amounts)

	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2014	2013	2014	2014	2013
FFO attributable to common shareholders plus assumed conversions	(A)\$ 216,547	\$ 235,348	\$ 247,079	\$ 463,626	\$ 437,168
<b>Adjustments to arrive at FAD:</b>					
Items that affect comparability per page 8, excluding FFO attributable to discontinued operations	(60,629)	(11,757)	17,118	(43,511)	(50,107)
Recurring tenant improvements, leasing commissions and other capital expenditures	55,921	61,301	72,500	128,421	136,613
Straight-line rentals	20,105	13,401	13,058	33,163	31,102
Carried interest and our share of net unrealized gains from Real Estate Fund	17,372	18,468	4,873	22,245	23,484
Amortization of acquired below-market leases, net	9,624	9,898	10,824	20,448	24,454
Stock-based compensation expense	(9,051)	(9,129)	(11,024)	(20,075)	(16,595)
Amortization of debt issuance costs	(8,127)	(4,753)	(4,812)	(12,939)	(10,132)
Non real estate depreciation	(3,044)	(2,264)	(1,575)	(4,619)	(4,248)
Noncontrolling interests' share of above adjustments	(1,291)	(4,377)	(5,502)	(7,184)	(7,844)
	(B) 20,880	70,788	95,460	115,949	126,727
<b>FAD<sup>(1)</sup></b>	<b>(A-B)\$ 195,667</b>	<b>\$ 164,560</b>	<b>\$ 151,619</b>	<b>\$ 347,677</b>	<b>\$ 310,441</b>
<b>FAD per diluted share</b>	<b>\$ 1.04</b>	<b>\$ 0.88</b>	<b>\$ 0.81</b>	<b>\$ 1.84</b>	<b>\$ 1.65</b>
<b>FAD payout ratio <sup>(2)</sup></b>	<b>70.2%</b>	<b>83.0%</b>	<b>90.1%</b>	<b>79.3%</b>	<b>88.5%</b>

(1) FAD is defined as FFO less (i) recurring tenant improvements, leasing commissions and capital expenditures, (ii) straight-line rents and amortization of acquired below-market leases, net, and (iii) other non-cash income, plus (iv) other non-cash charges. FAD is a non-GAAP financial measure that is not intended to represent cash flow and is not indicative of cash flow provided by operating activities as determined in accordance with GAAP. FAD is presented solely as a supplemental disclosure that management believes provides useful information regarding the Company's ability to fund its dividends.

(2) FAD payout ratios on a quarterly basis are not necessarily indicative of amounts for the full year due to fluctuation in timing of cash based expenditures, the commencement of new leases and the seasonality of our operations.

**CONSOLIDATED NET INCOME / EBITDA <sup>(1)</sup>**

(unaudited and in thousands)

	Three Months Ended			March 31, 2014
	2014	June 30, 2013	Inc (Dec)	
Property rentals	\$ 509,539	\$ 509,673	\$ (134)	\$ 503,360
Straight-line rent adjustments	20,105	13,401	6,704	13,058
Amortization of acquired below-market leases, net	10,480	11,000	(520)	11,682
<b>Total rentals</b>	<b>540,124</b>	<b>534,074</b>	<b>6,050</b>	<b>528,100</b>
Tenant expense reimbursements	76,202	72,291	3,911	86,590
Cleveland Medical Mart development project	-	16,990	(16,990)	-
Fee and other income:				
BMS cleaning fees	22,195	16,509	5,686	18,956
Signage revenue	8,873	8,347	526	9,318
Management and leasing fees	6,151	6,431	(280)	6,214
Lease termination fees	4,545	7,041	(2,496)	3,793
Other income	8,516	9,533	(1,017)	7,647
<b>Total revenues</b>	<b>666,606</b>	<b>671,216</b>	<b>(4,610)</b>	<b>660,618</b>
Operating expenses	261,453	259,168	2,285	273,391
Depreciation and amortization	129,025	133,180	(4,155)	147,651
General and administrative	44,568	50,305	(5,737)	52,158
Cleveland Medical Mart development project	-	15,151	(15,151)	-
Impairment losses, acquisition and transaction related costs	4,083	3,350	733	21,784
<b>Total expenses</b>	<b>439,129</b>	<b>461,154</b>	<b>(22,025)</b>	<b>494,984</b>
Operating income	227,477	210,062	17,415	165,634
(Loss) income applicable to Toys	(57,591)	(36,861)	(20,730)	1,847
Income from partially owned entities	3,849	1,472	2,377	132
Income from Real Estate Fund	100,110	34,470	65,640	18,148
Interest and other investment income, net	9,435	26,415	(16,980)	11,893
Interest and debt expense	(117,051)	(120,657)	3,606	(109,442)
Net gain on disposition of wholly owned and partially owned assets	905	1,005	(100)	9,635
Income before income taxes	167,134	115,906	51,228	97,847
Income tax expense	(3,599)	(2,877)	(722)	(1,582)
Income from continuing operations	163,535	113,029	50,506	96,265
Income from discontinued operations	2,152	69,292	(67,140)	1,891
Net income	165,687	182,321	(16,634)	98,156
Less net income attributable to noncontrolling interests in:				
Consolidated subsidiaries	(63,975)	(14,930)	(49,045)	(11,579)
Operating Partnership	(4,691)	(8,849)	4,158	(3,848)
Preferred unit distributions of the Operating Partnership	(13)	(348)	335	(12)
Net income attributable to Vornado	97,008	158,194	(61,186)	82,717
Interest and debt expense	179,520	179,461	59	170,952
Depreciation and amortization	173,443	182,131	(8,688)	196,339
Income tax (benefit) expense	(574)	(22,366)	21,792	19,831
<b>EBITDA</b>	<b>\$ 449,397</b>	<b>\$ 497,420</b>	<b>\$ (48,023)</b>	<b>\$ 469,839</b>
Capitalized leasing and development payroll	\$ 5,362	\$ 3,312	\$ 2,050	\$ 4,486
Capitalized interest	\$ 16,560	\$ 9,232	\$ 7,328	\$ 13,622

(1) EBITDA represents "Earnings Before Interest, Taxes, Depreciation and Amortization." Management considers EBITDA a supplemental non-GAAP financial measure for making decisions and assessing the unlevered performance of its segments as it relates to the total return on assets as opposed to the levered return on equity. As properties are bought and sold based on a multiple of EBITDA, management utilizes this measure to make investment decisions as well as to compare the performance of its assets to that of its peers. EBITDA should not be considered a substitute for net income. EBITDA may not be comparable to similarly titled measures employed by other companies.

**CONSOLIDATED NET INCOME / EBITDA**

(unaudited and in thousands)

	Six Months Ended June 30,		
	2014	2013	Inc (Dec)
Property rentals	\$ 1,012,899	\$ 1,009,588	\$ 3,311
Straight-line rent adjustments	33,163	31,102	2,061
Amortization of acquired below-market leases, net	22,162	27,177	(5,015)
Total rentals	1,068,224	1,067,867	357
Tenant expense reimbursements	162,792	148,255	14,537
Cleveland Medical Mart development project	-	29,133	(29,133)
Fee and other income:			
BMS cleaning fees	41,151	33,173	7,978
Signage revenue	18,191	14,828	3,363
Management and leasing fees	12,365	11,684	681
Lease termination fees	8,338	67,009	(58,671)
Other income	16,163	17,980	(1,817)
Total revenues	1,327,224	1,389,929	(62,705)
Operating expenses	534,844	524,915	9,929
Depreciation and amortization	276,676	272,497	4,179
General and administrative	96,726	101,685	(4,959)
Cleveland Medical Mart development project	-	26,525	(26,525)
Impairment losses, acquisition and transaction related costs	25,867	3,951	21,916
Total expenses	934,113	929,573	4,540
Operating income	393,111	460,356	(67,245)
Loss applicable to Toys	(55,744)	(35,102)	(20,642)
Income from partially owned entities	3,981	22,238	(18,257)
Income from Real Estate Fund	118,258	51,034	67,224
Interest and other investment income (loss), net	21,328	(22,660)	43,988
Interest and debt expense	(226,493)	(241,003)	14,510
Net gain (loss) on disposition of wholly owned and partially owned assets	10,540	(35,719)	46,259
Income before income taxes	264,981	199,144	65,837
Income tax expense	(5,181)	(3,950)	(1,231)
Income from continuing operations	259,800	195,194	64,606
Income from discontinued operations	4,043	276,054	(272,011)
Net income	263,843	471,248	(207,405)
Less net income attributable to noncontrolling interests in:			
Consolidated subsidiaries	(75,554)	(26,216)	(49,338)
Operating Partnership	(8,539)	(22,782)	14,243
Preferred unit distributions of the Operating Partnership	(25)	(1,134)	1,109
Net income attributable to Vornado	179,725	421,116	(241,391)
Interest and debt expense	350,472	368,241	(17,769)
Depreciation and amortization	369,782	376,316	(6,534)
Income tax expense	19,257	38,393	(19,136)
<b>EBITDA</b>	<b>\$ 919,236</b>	<b>\$ 1,204,066</b>	<b>\$ (284,830)</b>
Capitalized leasing and development payroll	\$ 9,848	\$ 7,562	\$ 2,286
Capitalized interest	\$ 30,182	\$ 17,492	\$ 12,690

**EBITDA BY SEGMENT**

(unaudited and in thousands)

	Three Months Ended June 30, 2014					
	Total	New York	Washington, DC	Retail Properties	Toys	Other
Property rentals	\$ 509,539	\$ 284,255	\$ 111,072	\$ 59,409	\$ -	\$ 54,803
Straight-line rent adjustments	20,105	11,329	2,301	329	-	6,146
Amortization of acquired below-market leases, net	10,480	6,877	456	2,089	-	1,058
Total rentals	540,124	302,461	113,829	61,827	-	62,007
Tenant expense reimbursements	76,202	40,777	9,993	20,306	-	5,126
Fee and other income:						
BMS cleaning fees	22,195	26,924	-	-	-	(4,729)
Signage revenue	8,873	8,873	-	-	-	-
Management and leasing fees	6,151	2,815	2,989	386	-	(39)
Lease termination fees	4,545	2,601	1,249	-	-	695
Other income	8,516	1,083	6,766	288	-	379
Total revenues	666,606	385,534	134,826	82,807	-	63,439
Operating expenses	261,453	160,740	49,034	29,010	-	22,669
Depreciation and amortization	129,025	63,426	31,746	14,933	-	18,920
General and administrative	44,568	6,646	6,572	4,110	-	27,240
Impairment losses, acquisition and transaction related costs	4,083	-	-	-	-	4,083
Total expenses	439,129	230,812	87,352	48,053	-	72,912
Operating income (loss)	227,477	154,722	47,474	34,754	-	(9,473)
Loss applicable to Toys	(57,591)	-	-	-	(57,591)	-
Income (loss) from partially owned entities	3,849	8,996	(2,248)	341	-	(3,240)
Income from Real Estate Fund	100,110	-	-	-	-	100,110
Interest and other investment income, net	9,435	1,645	42	8	-	7,740
Interest and debt expense	(117,051)	(49,070)	(18,660)	(9,292)	-	(40,029)
Net gain on disposition of wholly owned and partially owned assets	905	-	-	-	-	905
Income (loss) before income taxes	167,134	116,293	26,608	25,811	(57,591)	56,013
Income tax expense	(3,599)	(1,226)	(115)	(319)	-	(1,939)
Income (loss) from continuing operations	163,535	115,067	26,493	25,492	(57,591)	54,074
Income (loss) from discontinued operations	2,152	-	-	2,154	-	(2)
Net income (loss)	165,687	115,067	26,493	27,646	(57,591)	54,072
Less net income attributable to noncontrolling interests in:						
Consolidated subsidiaries	(63,975)	(3,108)	-	(21)	-	(60,846)
Operating Partnership	(4,691)	-	-	-	-	(4,691)
Preferred unit distributions of the Operating Partnership	(13)	-	-	-	-	(13)
Net income (loss) attributable to Vornado	97,008	111,959	26,493	27,625	(57,591)	(11,478)
Interest and debt expense	179,520	64,072	22,463	10,433	39,529	43,023
Depreciation and amortization	173,443	74,007	35,806	15,803	27,686	20,141
Income tax (benefit) expense	(574)	1,291	132	319	(4,435)	2,119
<b>EBITDA for the three months ended June 30, 2014</b>	<b>\$ 449,397</b>	<b>\$ 251,329</b>	<b>\$ 84,894</b>	<b>\$ 54,180</b>	<b>\$ 5,189</b>	<b>\$ 53,805</b>
<b>EBITDA for the three months ended June 30, 2013</b>	<b>\$ 497,420</b>	<b>\$ 235,723</b>	<b>\$ 84,778</b>	<b>\$ 118,406</b>	<b>\$ 9,054</b>	<b>\$ 49,459</b>
<b>EBITDA as adjusted for comparability - OP basis:</b>						
<b>For the three months ended June 30, 2014</b>	<b>\$ 449,890</b>	<b>\$ 251,329<sup>(1)</sup></b>	<b>\$ 84,894<sup>(2)</sup></b>	<b>\$ 51,978<sup>(3)</sup></b>	<b>\$ -</b>	<b>\$ 61,689<sup>(4)</sup></b>
<b>For the three months ended June 30, 2013</b>	<b>\$ 420,430</b>	<b>\$ 233,117<sup>(1)</sup></b>	<b>\$ 84,778<sup>(2)</sup></b>	<b>\$ 49,330<sup>(3)</sup></b>	<b>\$ -</b>	<b>\$ 53,205<sup>(4)</sup></b>

See notes on pages 14 and 15.

**EBITDA BY SEGMENT**

(unaudited and in thousands)

	Six Months Ended June 30, 2014					
	Total	New York	Washington, DC	Retail Properties	Toys	Other
Property rentals	\$ 1,012,899	\$ 557,141	\$ 223,670	\$ 118,683	\$ -	\$ 113,405
Straight-line rent adjustments	33,163	19,010	1,255	811	-	12,087
Amortization of acquired below-market leases, net	22,162	14,669	936	4,190	-	2,367
Total rentals	1,068,224	590,820	225,861	123,684	-	127,859
Tenant expense reimbursements	162,792	85,796	21,528	46,552	-	8,916
Fee and other income:						
BMS cleaning fees	41,151	50,882	-	-	-	(9,731)
Signage revenue	18,191	18,191	-	-	-	-
Management and leasing fees	12,365	5,876	6,015	772	-	(298)
Lease termination fees	8,338	3,419	3,745	216	-	958
Other income	16,163	1,832	12,955	388	-	988
Total revenues	1,327,224	756,816	270,104	171,612	-	128,692
Operating expenses	534,844	321,161	99,298	63,495	-	50,890
Depreciation and amortization	276,676	137,212	63,607	38,023	-	37,834
General and administrative	96,726	14,438	14,019	8,766	-	59,503
Impairment losses, acquisition and transaction related costs	25,867	-	-	20,000	-	5,867
Total expenses	934,113	472,811	176,924	130,284	-	154,094
Operating income (loss)	393,111	284,005	93,180	41,328	-	(25,402)
Loss applicable to Toys	(55,744)	-	-	-	(55,744)	-
Income (loss) from partially owned entities	3,981	10,562	(3,514)	879	-	(3,946)
Income from Real Estate Fund	118,258	-	-	-	-	118,258
Interest and other investment income, net	21,328	3,120	78	17	-	18,113
Interest and debt expense	(226,493)	(91,909)	(38,007)	(18,509)	-	(78,068)
Net gain on disposition of wholly owned and partially owned assets	10,540	-	-	-	-	10,540
Income (loss) before income taxes	264,981	205,778	51,737	23,715	(55,744)	39,495
Income tax (expense) benefit	(5,181)	(2,195)	84	(1,050)	-	(2,020)
Income (loss) from continuing operations	259,800	203,583	51,821	22,665	(55,744)	37,475
Income from discontinued operations	4,043	-	-	3,868	-	175
Net income (loss)	263,843	203,583	51,821	26,533	(55,744)	37,650
Less net income attributable to noncontrolling interests in:						
Consolidated subsidiaries	(75,554)	(4,513)	-	(38)	-	(71,003)
Operating Partnership	(8,539)	-	-	-	-	(8,539)
Preferred unit distributions of the Operating Partnership	(25)	-	-	-	-	(25)
Net income (loss) attributable to Vornado	179,725	199,070	51,821	26,495	(55,744)	(41,917)
Interest and debt expense	350,472	122,140	45,261	20,784	78,078	84,209
Depreciation and amortization	369,782	161,594	71,956	41,131	54,610	40,491
Income tax expense (benefit)	19,257	2,323	(57)	1,050	13,642	2,299
<b>EBITDA for the six months ended June 30, 2014</b>	<b>\$ 919,236</b>	<b>\$ 485,127</b>	<b>\$ 168,981</b>	<b>\$ 89,460</b>	<b>\$ 90,586</b>	<b>\$ 85,082</b>
<b>EBITDA for the six months ended June 30, 2013</b>	<b>\$ 1,204,066</b>	<b>\$ 453,260</b>	<b>\$ 171,022</b>	<b>\$ 440,732</b>	<b>\$ 151,015</b>	<b>\$ (11,963)</b>
<b>EBITDA as adjusted for comparability - OP basis:</b>						
<b>For the six months ended June 30, 2014</b>	<b>\$ 847,044</b>	<b>\$ 485,127<sup>(1)</sup></b>	<b>\$ 168,981<sup>(2)</sup></b>	<b>\$ 104,138<sup>(3)</sup></b>	<b>\$ -</b>	<b>\$ 88,798<sup>(4)</sup></b>
<b>For the six months ended June 30, 2013</b>	<b>\$ 808,032</b>	<b>\$ 448,220<sup>(1)</sup></b>	<b>\$ 171,022<sup>(2)</sup></b>	<b>\$ 100,064<sup>(3)</sup></b>	<b>\$ -</b>	<b>\$ 88,726<sup>(4)</sup></b>

See notes on the following pages.

**NOTES TO EBITDA BY SEGMENT**

(unaudited and in thousands)

The elements of "New York" EBITDA as adjusted for comparability are summarized (1) below.

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Office	\$ 162,833	\$ 155,692	\$ 320,712	\$ 299,643
Retail	67,947	57,118	134,142	117,411
Alexander's	10,271	10,213	20,701	20,754
Hotel Pennsylvania	10,278	10,094	9,572	10,412
<b>Total New York</b>	<b>\$ 251,329</b>	<b>\$ 233,117</b>	<b>\$ 485,127</b>	<b>\$ 448,220</b>

The elements of "Washington, DC" EBITDA as adjusted for comparability are (2) summarized below.

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Office, excluding the Skyline Properties	\$ 67,057	\$ 66,136	\$ 134,314	\$ 133,243
Skyline properties	7,073	7,543	13,572	15,705
<b>Total Office</b>	<b>74,130</b>	<b>73,679</b>	<b>147,886</b>	<b>148,948</b>
Residential	10,764	11,099	21,095	22,074
<b>Total Washington, DC</b>	<b>\$ 84,894</b>	<b>\$ 84,778</b>	<b>\$ 168,981</b>	<b>\$ 171,022</b>

(3) The elements of "Retail Properties" EBITDA as adjusted for comparability are summarized below.

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Strip shopping centers	\$ 37,781	\$ 34,826	\$ 76,216	\$ 71,414
Regional malls	14,197	14,504	27,922	28,650
<b>Total Retail properties</b>	<b>\$ 51,978</b>	<b>\$ 49,330</b>	<b>\$ 104,138</b>	<b>\$ 100,064</b>

**NOTES TO EBITDA BY SEGMENT**

(unaudited and in thousands)

(4) The elements of "other" EBITDA as adjusted for comparability are summarized below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Our share of Real Estate Fund:				
Income before net realized/unrealized gains	\$ 2,191	\$ 1,643	\$ 4,617	\$ 3,651
Net realized gains on exited investments	18,767	-	18,767	-
Previously recorded unrealized gains on exited investments	(8,841)	-	(5,597)	-
Net unrealized gains on held investments	14,339	8,398	14,637	11,777
Carried interest	11,874	10,070	13,205	11,707
Total	38,330	20,111	45,629	27,135
The Mart and trade shows	22,454	22,453	41,541	39,307
555 California Street	11,506	11,022	23,572	21,651
India real estate ventures	99	2,254	1,923	4,013
Lexington <sup>(a)</sup>	-	-	-	2,770
Other investments	4,290	5,487	9,032	13,392
	76,679	61,327	121,697	108,268
Corporate general and administrative expenses <sup>(b)</sup>	(23,022)	(24,831)	(49,004)	(47,587)
Investment income and other, net <sup>(b)</sup>	8,032	16,709	16,105	28,045
Total Other	\$ 61,689	\$ 53,205	\$ 88,798	\$ 88,726

(a) In the first quarter of 2013, we began accounting for our investment in Lexington as a marketable equity security - available for sale. The 2013 amount represents our share of Lexington's 2012 fourth quarter earnings which was recorded on a one-quarter lag basis.

(b) The amounts in these captions (for this table only) exclude income / expense from the mark-to-market of our deferred compensation plan of \$2,380 and \$2,492 for the three months ended June 30, 2014 and 2013, respectively, and \$6,780 and \$5,938 for the six months ended June 30, 2014 and 2013, respectively.



**EBITDA BY SEGMENT AND REGION**

(unaudited)

The following tables set forth the percentages of EBITDA, by operating segment and by geographic region (excluding discontinued operations, other gains and losses that affect comparability and our Toys and Other Segments).

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Segment</b>				
New York	65%	64%	64%	62%
Washington, DC	22%	23%	22%	24%
Retail Properties	13%	13%	14%	14%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<b>Region</b>				
New York City metropolitan area	75%	74%	74%	73%
Washington, DC / Northern Virginia metropolitan area	23%	24%	23%	24%
Puerto Rico	1%	2%	2%	2%
Other geographies	1%	-	1%	1%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

**CONSOLIDATED BALANCE SHEETS**

(unaudited and in thousands)

	June 30, 2014	December 31, 2013	(Decrease) Increase
<b>ASSETS</b>			
Real estate, at cost:			
Land	\$ 4,051,053	\$ 4,068,306	\$ (17,253)
Buildings and improvements	12,519,973	12,475,556	44,417
Development costs and construction in progress	1,550,084	1,353,121	196,963
Leasehold improvements and equipment	132,485	132,483	2
Total	18,253,595	18,029,466	224,129
Less accumulated depreciation and amortization	(3,527,372)	(3,381,457)	(145,915)
Real estate, net	14,726,223	14,648,009	78,214
Cash and cash equivalents	1,371,226	583,290	787,936
Restricted cash	160,353	262,440	(102,087)
Marketable securities	206,917	191,917	15,000
Tenant and other receivables, net	118,217	115,862	2,355
Investments in partially owned entities	1,267,370	1,166,443	100,927
Investment in Toys	26,309	83,224	(56,915)
Real Estate Fund investments	549,091	667,710	(118,619)
Mortgage and mezzanine loans receivable, net	17,417	170,972	(153,555)
Receivable arising from the straight-lining of rents, net	850,278	817,357	32,921
Deferred leasing and financing costs, net	467,455	411,927	55,528
Identified intangible assets, net	289,475	311,963	(22,488)
Assets related to discontinued operations	208,309	314,622	(106,313)
Other assets	478,139	351,488	126,651
<b>Total assets</b>	<b>\$ 20,736,779</b>	<b>\$ 20,097,224</b>	<b>\$ 639,555</b>
<b>LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY</b>			
Liabilities:			
Mortgages payable	\$ 8,988,843	\$ 8,331,993	\$ 656,850
Senior unsecured notes	1,791,814	1,350,855	440,959
Revolving credit facility debt	88,138	295,870	(207,732)
Accounts payable and accrued expenses	452,641	422,276	30,365
Deferred revenue	501,384	529,048	(27,664)
Deferred compensation plan	111,858	116,515	(4,657)
Liabilities related to discontinued operations	-	13,950	(13,950)
Other liabilities	382,789	438,353	(55,564)
Total liabilities	12,317,467	11,498,860	818,607
Redeemable noncontrolling interests	1,220,958	1,003,620	217,338
Vornado shareholders' equity	6,454,144	6,765,232	(311,088)
Noncontrolling interests in consolidated subsidiaries	744,210	829,512	(85,302)
<b>Total liabilities, redeemable noncontrolling interests and equity</b>	<b>\$ 20,736,779</b>	<b>\$ 20,097,224</b>	<b>\$ 639,555</b>

## CAPITAL STRUCTURE

(unaudited and in thousands, except per share amounts)

	<b>June 30, 2014</b>		
<b>Debt:</b>			
Consolidated debt:			
Mortgages payable		\$	8,988,843
Senior unsecured notes			1,791,814
\$2.5 billion revolving credit facilities			88,138
			<u>10,868,795</u>
Pro rata share of non-consolidated debt:			
Toys			1,699,853
All other partially owned entities			2,394,517
Less: Noncontrolling interests' share of consolidated debt (primarily 1290 Avenue of the Americas and 555 California Street)			(465,000)
<b>Total debt</b>			<u><b>14,498,165</b></u>
<b>Perpetual Preferred:</b>			
	<b>Shares/Units</b>	<b>Par Value</b>	
5.00% Preferred Unit (D-16) (1 unit @ \$1,000)			1,000
6.625% Series G Preferred Shares	8,000	25.00	200,000
6.625% Series I Preferred Shares	10,800	25.00	270,000
6.875% Series J Preferred Shares	9,850	25.00	246,250
5.70% Series K Preferred Shares	12,000	25.00	300,000
5.40% Series L Preferred Shares	12,000	25.00	300,000
			<u>1,317,250</u>
<b>Equity:</b>			
	<b>Converted Shares</b>	<b>June 30, 2014 Common Share Price</b>	
Common shares	187,665	\$ 106.73	20,029,485
Class A units	10,657	106.73	1,137,422
Convertible share equivalents:			
Equity awards - unit equivalents	773	106.73	82,502
D-13 preferred units	437	106.73	46,641
G1-G4 units	79	106.73	8,432
Series A preferred shares	41	106.73	4,376
			<u>21,308,858</u>
<b>Total Market Capitalization</b>			<u><b>\$ 37,124,273</b></u>

**DEBT ANALYSIS**

(unaudited and in thousands)

	As of June 30, 2014					
	Total		Variable		Fixed	
	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
Consolidated debt	\$ 10,868,795	4.25%	\$ 1,453,932	2.25%	\$ 9,414,863	4.56%
Pro rata share of non-consolidated debt:						
Toys	1,699,853	6.90%	1,017,031	5.81%	682,822	8.53%
All other	2,394,517	5.28%	303,673	1.75%	2,090,844	5.79%
Total	14,963,165	4.71%	2,774,636	3.50%	12,188,529	4.98%
Less: Noncontrolling interests' share of consolidated debt (primarily 1290 Avenue of the Americas and 555 California Street)	(465,000)		-		(465,000)	
Company's pro rata share of total debt	\$ 14,498,165	4.73%	\$ 2,774,636	3.50%	\$ 11,723,529	5.02%

	Senior Unsecured Notes				Unencumbered EBITDA	
	Due 2015	Due 2019	Due 2022	Due 2039	2Q 2014 Annualized	
Settlement Date	3/26/2010	6/16/2014	12/7/2011	9/30/2009		
Principal Amount	\$ 500,000	\$ 450,000	\$ 400,000	\$ 445,000	New York	\$ 402,600
Issue Price	99.834%	99.619%	99.546%	100.000%	Washington, DC	187,764
Coupon	4.250%	2.500%	5.000%	7.875%	Retail Properties	68,940
Effective economic interest rate	4.287%	2.581%	5.057%	7.875%	Other	36,144
Ratings:					Total	\$ 695,448
Moody's	Baa2	Baa2	Baa2	Baa2		
S&P	BBB	BBB	BBB	BBB		
Fitch	BBB	BBB	BBB	BBB		
Maturity Date / Put Date	4/1/2015	6/30/2019	1/15/2022	10/1/2039 <sup>(1)</sup>		

**Debt Covenant Ratios:** <sup>(2)</sup>

	Required	Senior Unsecured Notes				Revolving Credit Facilities	
		Actual				Required	Actual
		Due 2015	Due 2019	Due 2022	Due 2039		
Total Outstanding Debt / Total Assets <sup>(3)</sup>	Less than 65%	42%	42%	42%	45%	Less than 60%	31%
Secured Debt / Total Assets	Less than 50%	35%	35%	35%	37%	Less than 50%	29%
Interest Coverage Ratio (Annualized Combined EBITDA to Annualized Interest Expense)	Greater than 1.50	2.81	2.81	2.81	2.81		N/A
Fixed Charge Coverage		N/A	N/A	N/A	N/A	Greater than 1.40	2.51
Unencumbered Assets / Unsecured Debt	Greater than 150%	649%	649%	649%	633%		N/A
Unsecured Debt / Cap Value of Unencumbered Assets		N/A	N/A	N/A	N/A	Less than 60%	9%
Unencumbered Coverage Ratio		N/A	N/A	N/A	N/A	Greater than 1.50	7.19

(1) These notes may be redeemed at our option in whole or in part beginning October 1, 2014, at a price equal to the principal amount plus accrued interest.

(2) Our debt covenant ratios are computed in accordance with the terms of our senior unsecured notes and revolving credit facilities, as applicable. The methodology used for these computations may differ significantly from similarly titled ratios of other companies. For additional information regarding the methodology used to compute these ratios, please see our filings with the SEC of our revolving credit facilities, senior debt indentures and applicable prospectuses and prospectus supplements.

(3) Total assets includes EBITDA capped at 7.5% under the senior unsecured notes and 6.0% under the revolving credit facilities.

## DEBT MATURITIES

(unaudited and in thousands)

Property	Maturity Date <sup>(1)</sup>	Spread over LIBOR	Interest Rate							Total
				2014	2015	2016	2017	2018	Thereafter	
2200 / 2300 Clarendon Boulevard	01/15	L+75	0.90%	\$ -	\$ 38,213	\$ -	\$ -	\$ -	\$ -	\$ 38,213
Senior unsecured notes due 2015	04/15		4.25%	-	499,876	-	-	-	-	499,876
River House Apartments	04/15		5.43%	-	195,546	-	-	-	-	195,546
888 Seventh Avenue	01/16		5.71%	-	-	318,554	-	-	-	318,554
510 5th Avenue	01/16		5.60%	-	-	30,470	-	-	-	30,470
770 Broadway	03/16		5.65%	-	-	353,000	-	-	-	353,000
Bowen Building	06/16		6.14%	-	-	115,022	-	-	-	115,022
1730 M and 1150 17th Street	06/16	L+125	1.40%	-	-	43,581	-	-	-	43,581
Montehiedra Town Center	07/16		6.04%	-	-	120,000	-	-	-	120,000
\$1.25 Billion unsecured revolving credit facility	11/16	L+125	-	-	-	-	-	-	-	-
The Mart	12/16		5.57%	-	-	550,000	-	-	-	550,000
350 Park Avenue	01/17		3.75%	-	-	-	297,727	-	-	297,727
100 West 33rd Street - office and retail	03/17	L+150	1.65%	-	-	-	325,000	-	-	325,000
2011 Crystal Drive	08/17		7.30%	-	-	-	78,084	-	-	78,084
North Bergen (Tonnelle Avenue)	01/18		4.59%	-	-	-	-	75,000	-	75,000
220 20th Street	02/18		4.61%	-	-	-	-	72,025	-	72,025
Two Penn Plaza	03/18		5.13%	-	-	-	-	423,949	-	423,949
River House Apartments	04/18	L+153	1.68%	-	-	-	-	64,000	-	64,000
828-850 Madison Avenue Retail Condominium	06/18		5.29%	-	-	-	-	80,000	-	80,000
\$1.25 Billion unsecured revolving credit facility	06/18	L+115	1.30%	-	-	-	-	88,138	-	88,138
220 Central Park South	01/19	L+275	2.90%	-	-	-	-	-	600,000	600,000
Senior unsecured notes due 2019	06/19		2.50%	-	-	-	-	-	448,285	448,285
435 Seventh Avenue - retail	08/19	L+225	2.40%	-	-	-	-	-	98,000	98,000
4 Union Square South - retail	11/19	L+215	2.30%	-	-	-	-	-	120,000	120,000
Cross-collateralized mortgages on 40 strip shopping centers	09/20	(2)	4.09%	-	-	-	-	-	613,914	613,914
Eleven Penn Plaza	12/20		3.95%	-	-	-	-	-	450,000	450,000
Borgata Land	02/21		5.14%	-	-	-	-	-	58,882	58,882
909 Third Avenue	05/21		3.91%	-	-	-	-	-	350,000	350,000
West End 25	06/21		4.88%	-	-	-	-	-	101,671	101,671
555 California Street	09/21		5.10%	-	-	-	-	-	600,000	600,000
Senior unsecured notes due 2022	01/22		5.00%	-	-	-	-	-	398,653	398,653
Skyline Properties	02/22		2.97%	-	-	-	-	-	678,000	678,000
1290 Avenue of the Americas	11/22		3.34%	-	-	-	-	-	950,000	950,000
2121 Crystal Drive	03/23		5.51%	-	-	-	-	-	147,460	147,460
666 Fifth Avenue Retail Condominium	03/23		3.61%	-	-	-	-	-	390,000	390,000
Bergen Town Center	04/23		3.56%	-	-	-	-	-	300,000	300,000
2101 L Street	08/24		3.97%	-	-	-	-	-	150,000	150,000

See notes on the following page.

## DEBT MATURITIES

(unaudited and in thousands)

Property	Maturity Date <sup>(1)</sup>	Spread over LIBOR	Interest Rate	2014	2015	2016	2017	2018	Thereafter	Total
1215 Clark Street, 200 12th Street & 251 18th Street	01/25		7.94%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,312	\$ 99,312
Senior unsecured notes due 2039	10/39		7.88%	-	-	-	-	-	445,000	445,000
Other properties	Various			19,759	12,246	-	-	28,673	39,906	100,584
Purchase accounting valuation adjustments	Various			(23)	(106)	-	-	-	978	849
<b>Total</b>				<b>\$ 19,736</b>	<b>\$ 745,775</b>	<b>\$ 1,530,627</b>	<b>\$ 700,811</b>	<b>\$ 831,785</b>	<b>\$ 7,040,061</b>	<b>\$ 10,868,795</b>
<b>Weighted average rate</b>				<b>6.90%</b>	<b>4.44%</b>	<b>5.58%</b>	<b>3.17%</b>	<b>4.32%</b>	<b>4.03%</b>	<b>4.25%</b>
Fixed rate debt				\$ 19,736	\$ 707,562	\$ 1,487,046	\$ 375,811	\$ 662,647	\$ 6,162,061	\$ 9,414,863
Fixed weighted average rate expiring				6.90%	4.63%	5.70%	4.49%	5.05%	4.21%	4.56%
Floating rate debt				\$ -	\$ 38,213	\$ 43,581	\$ 325,000	\$ 169,138	\$ 878,000	\$ 1,453,932
Floating weighted average rate expiring				-	0.90%	1.40%	1.65%	1.46%	2.73%	2.25%

(1) Represents the extended maturity for certain loans in which we have the unilateral right to extend.

(2) Comprised of (i) a \$553,914 fixed rate loan with an interest rate of 4.28%, and a (ii) \$60,000 variable rate loan at LIBOR plus 1.36% (2.36% at June 30, 2014), subject to a LIBOR floor of 1.00%.

**UNCONSOLIDATED JOINT VENTURES**

(unaudited and in thousands)

Joint Venture Name	Asset Category	Percentage Ownership at June 30, 2014	As of June 30, 2014		
			Company's Carrying Amount	Debt	
				Company's Pro rata Share	100% of Joint Venture
Toys	Retailer	32.6%	\$ 26,309	\$ 1,699,853	\$ 5,206,299
Alexander's, Inc.	Office/Retail	32.4%	\$ 167,004	\$ 335,109	\$ 1,034,289
India real estate ventures	Office/Land	4.1% to 36.5%	87,859	48,973	195,891
Partially owned office buildings:					
280 Park Avenue	Office	49.5%	265,701	362,971	733,520
One Park Avenue	Office	55.0%	137,348	137,500	250,000
650 Madison Avenue	Office/Retail	20.1%	115,339	161,024	800,000
Rosslyn Plaza	Office/Residential	43.7% to 50.4%	55,144	16,882	33,487
West 57th Street properties	Office	50.0%	49,292	10,000	20,000
666 Fifth Avenue Office Condominium	Office	49.5%	43,783	592,119	1,196,201
330 Madison Avenue	Office	25.0%	30,672	37,500	150,000
Warner Building	Office	55.0%	16,441	160,985	292,700
Fairfax Square	Office	20.0%	5,196	13,748	68,741
1101 17th Street	Office	55.0%	-	17,050	31,000
Other partially owned office buildings	Office	Various	6,567	27,715	70,650
Other investments:					
Independence Plaza	Residential	50.1%	158,413	275,550	550,000
Monmouth Mall	Retail	50.0%	6,509	78,208	156,415
Other investments	Various	Various	122,102	119,183	997,171
			<u>\$ 1,267,370</u>	<u>\$ 2,394,517</u>	<u>\$ 6,580,065</u>

**UNCONSOLIDATED JOINT VENTURES**

(unaudited and in thousands)

Joint Venture Name	Percentage Ownership at June 30, 2014	Our Share of Net Income (Loss) for the Three Months Ended June 30,		Our Share of EBITDA for the Three Months Ended June 30,	
		2014	2013	2014	2013
Toys	32.6%	\$ (57,591)	\$ (36,861)	\$ 5,189	\$ 9,054
New York:					
Alexander's, Inc.	32.4%	\$ 5,272	\$ 4,077	\$ 10,271	\$ 10,213
825 Seventh Avenue	50.0%	5,201	454	862	763
West 57th Street properties (partially under development)	50.0%	(4,978)	196	373	693
666 Fifth Avenue Office Condominium	49.5%	1,934	1,899	7,646	5,312
330 Madison Avenue	25.0%	1,674	1,185	2,400	2,077
650 Madison Avenue (acquired in September 2013)	20.1%	(556)	-	3,276	-
280 Park Avenue (partially under development)	49.5%	357	(2,021)	5,959	5,084
Independence Plaza	50.1%	239	(1,118)	5,574	2,622
One Park Avenue	55.0%	181	(83)	2,079	1,970
Other	Various	(328)	(363)	676	595
		<u>8,996</u>	<u>4,226</u>	<u>39,116</u>	<u>29,329</u>
Washington, DC:					
Warner Building	55.0%	(1,462)	(1,996)	2,264	1,757
Rosslyn Plaza	43.7% to 50.4%	(1,499)	(1,005)	823	1,532
1101 17th Street	55.0%	278	236	604	548
Fairfax Square	20.0%	83	(18)	649	534
Other	Various	352	334	1,292	1,246
		<u>(2,248)</u>	<u>(2,449)</u>	<u>5,632</u>	<u>5,617</u>
Retail Properties:					
Monmouth Mall	50.0%	319	426	2,191	2,300
Other	Various	22	(3)	114	90
		<u>341</u>	<u>423</u>	<u>2,305</u>	<u>2,390</u>
Other:					
India real estate ventures	4.1% to 36.5%	(2,041)	(414)	99	2,254
Alexander's corporate fee income	32.4%	1,622	1,674	1,622	1,674
Downtown Crossing, Boston	n/a	-	16	-	16
Other	Various	(2,821)	(2,004)	5,164	6,558
		<u>(3,240)</u>	<u>(728)</u>	<u>6,885</u>	<u>10,502</u>
		<u>\$ 3,849</u>	<u>\$ 1,472</u>	<u>\$ 53,938</u>	<u>\$ 47,838</u>



**UNCONSOLIDATED JOINT VENTURES**

(unaudited and in thousands)

Joint Venture Name	Percentage Ownership at June 30, 2014	Our Share of Net Income (Loss) for the Six Months Ended June 30,		Our Share of EBITDA for the Six Months Ended June 30,	
		2014	2013	2014	2013
Toys	32.6%	\$ (55,744)	\$ (35,102)	\$ 90,586	\$ 151,015
New York:					
Alexander's, Inc.	32.4%	\$ 10,031	\$ 8,486	\$ 20,701	\$ 20,754
West 57th Street properties (partially under development)	50.0%	(7,577)	368	863	1,422
825 Seventh Avenue	50.0%	5,676	816	1,630	1,436
666 Fifth Avenue Office Condominium	49.5%	3,939	3,918	15,041	10,484
330 Madison Avenue	25.0%	3,019	2,489	4,667	4,204
650 Madison Avenue (acquired in September 2013)	20.1%	(2,646)	-	6,193	-
Independence Plaza	50.1%	(1,825)	(1,118)	9,910	2,622
280 Park Avenue (partially under development)	49.5%	306	(4,590)	11,221	9,533
One Park Avenue	55.0%	279	374	3,949	4,074
Other	Various	(640)	(912)	1,356	1,253
		<u>10,562</u>	<u>9,831</u>	<u>75,531</u>	<u>55,782</u>
Washington, DC:					
Warner Building	55.0%	(2,948)	(4,342)	4,523	3,126
Rosslyn Plaza	43.7% to 50.4%	(2,071)	(1,451)	2,479	3,330
1101 17th Street	55.0%	564	620	1,201	1,273
Fairfax Square	20.0%	116	(63)	1,247	1,055
Other	Various	825	694	2,667	2,518
		<u>(3,514)</u>	<u>(4,542)</u>	<u>12,117</u>	<u>11,302</u>
Retail Properties:					
Monmouth Mall	50.0%	836	1,285	4,582	5,001
Other	Various	43	39	227	232
		<u>879</u>	<u>1,324</u>	<u>4,809</u>	<u>5,233</u>
Other:					
Alexander's corporate fee income	32.4%	3,248	3,341	3,248	3,341
India real estate ventures	4.1% to 36.5%	(2,178)	(1,181)	1,923	4,013
LNR <sup>(1)</sup>	n/a	-	18,731	-	20,443
Downtown Crossing, Boston	n/a	-	(2,358)	-	(2,358)
Lexington <sup>(2)</sup>	n/a	-	(979)	-	6,931
Other	Various	(5,016)	(1,929)	11,372	13,933
		<u>(3,946)</u>	<u>15,625</u>	<u>16,543</u>	<u>46,303</u>
		<u>\$ 3,981</u>	<u>\$ 22,238</u>	<u>\$ 109,000</u>	<u>\$ 118,620</u>

(1) On April 19, 2013, LNR was sold for \$1.053 billion.

(2) In the first quarter of 2013, we began accounting for our investment in Lexington as a marketable equity security - available for sale. The 2013 amount represents our share of Lexington's 2012 fourth quarter earnings which was recorded on a one-quarter lag basis.

**SQUARE FOOTAGE** in service

(unaudited and square feet in thousands)

Segment:	Total Portfolio	Owned by Company				
		Total	Office	Retail	Showroom	Other
<b>New York:</b>						
Office	19,852	16,626	16,443	-	183	-
Retail	2,351	2,169	-	2,169	-	-
Alexander's (32.4% interest)	2,178	706	287	419	-	-
Hotel Pennsylvania	1,400	1,400	-	-	-	1,400
Residential (1,655 units)	1,523	762	-	-	-	762
	<u>27,304</u>	<u>21,663</u>	<u>16,730</u>	<u>2,588</u>	<u>183</u>	<u>2,162</u>
<b>Washington, DC:</b>						
Office, excluding the Skyline Properties	13,308	11,000	10,179	821	-	-
Skyline Properties	2,652	2,652	2,613	39	-	-
Total Office	15,960	13,652	12,792	860	-	-
Residential (2,414 units)	2,597	2,455	-	-	-	2,455
Other	381	381	-	9	-	372
	<u>18,938</u>	<u>16,488</u>	<u>12,792</u>	<u>869</u>	<u>-</u>	<u>2,827</u>
<b>Retail Properties:</b>						
Strip Shopping Centers	14,565	14,138	-	14,138	-	-
Regional Malls	4,132	2,644	-	2,644	-	-
	<u>18,697</u>	<u>16,782</u>	<u>-</u>	<u>16,782</u>	<u>-</u>	<u>-</u>
<b>Other:</b>						
The Mart	3,578	3,569	1,684	99	1,786	-
555 California Street (70% interest)	1,797	1,258	1,165	93	-	-
Primarily Warehouses	971	971	-	-	-	971
	<u>6,346</u>	<u>5,798</u>	<u>2,849</u>	<u>192</u>	<u>1,786</u>	<u>971</u>
<b>Total square feet at June 30, 2014</b>	<u>71,285</u>	<u>60,731</u>	<u>32,371</u>	<u>20,431</u>	<u>1,969</u>	<u>5,960</u>
<b>Total square feet at March 31, 2014</b>	<u>71,352</u>	<u>60,531</u>	<u>32,123</u>	<u>20,426</u>	<u>2,025</u>	<u>5,957</u>

Parking Garages (not included above):	Square Feet	Number of Garages	Number of Spaces
New York	1,668	10	4,909
Washington, DC	8,928	56	29,628
The Mart	558	4	1,681
555 California Street	168	1	453
<b>Total at June 30, 2014</b>	<u>11,322</u>	<u>71</u>	<u>36,671</u>

Number of Toys stores (not included above):	Total	Owned	Building Owned on Leased Ground	Leased
Domestic	876	283	219	374
International	709	78	26	605
<b>Total Owned and Leased</b>	<u>1,585</u>	<u>361</u>	<u>245</u>	<u>979</u>
Franchised Stores	194	-	-	-
<b>Total at June 30, 2014</b>	<u>1,779</u>	<u>-</u>	<u>-</u>	<u>-</u>

**TOP 30 TENANTS**

(unaudited)

Tenants	Square Footage	2014 Annualized Revenues (in thousands)	% of 2014 Annualized Revenues
U.S. Government	4,175,489	\$ 147,524	5.5%
Draftfcb	754,979	42,163	1.6%
Bank of America	759,065	38,815	1.5%
Macy's	942,678	37,683	1.4%
AXA Equitable Life Insurance	423,174	37,370	1.4%
Limited Brands	505,381	36,066	1.4%
McGraw-Hill Companies, Inc.	479,557	27,380	1.0%
Ziff Brothers Investments, Inc.	287,030	26,394	1.0%
New York Stock Exchange	381,425	24,776	0.9%
J. Crew	396,215	24,434	0.9%
Hennes & Mauritz	110,646	24,155	0.9%
Madison Square Garden	384,734	23,145	0.9%
Fast Retailing (Uniqlo)	92,577	20,367	0.8%
Sears Holding Company (Kmart Corporation and Sears Corporation)	923,560	20,187	0.8%
Topshop	94,349	20,181	0.8%
Motorola Mobility (owned by Google)	607,872	20,065	0.8%
Forever 21	125,279	19,533	0.7%
The Home Depot	993,541	19,386	0.7%
AOL	230,365	19,354	0.7%
Rainbow Media Holdings	283,745	18,392	0.7%
Family Health International	401,569	17,921	0.7%
Wal-Mart	1,438,730	16,973	0.6%
Hollister	21,741	16,972	0.6%
JCPenney	530,370	16,148	0.6%
Bryan Cave LLP	213,946	15,888	0.6%
Lockheed Martin	328,919	14,622	0.5%
Cushman & Wakefield	166,287	13,787	0.5%
Lowe's	976,415	12,809	0.5%
Best Buy	529,812	12,665	0.5%
Information Builders, Inc.	243,486	12,326	0.5%

**LEASE EXPIRATIONS  
NEW YORK SEGMENT**

(unaudited)

	Year of Lease Expiration	Our share of Square Feet of Expiring Leases	Weighted Average Annual Rent of Expiring Leases		Percentage of Annualized Escalated Rent
			Total	Per Sq. Ft.	
<b>Office:</b>	Month to Month	22,000	\$ 759,000	\$ 34.50	0.1%
	Third Quarter 2014	149,000	9,796,000	65.74	1.0%
	Fourth Quarter 2014	159,000	11,232,000	70.64	1.1%
	Total 2014	308,000	21,028,000	68.27	2.1%
	First Quarter 2015	60,000	3,150,000	52.50	0.3%
	Second Quarter 2015	642,000	38,323,000	59.69	4.0%
	Remaining 2015	350,000	24,034,000	68.67	2.3%
	Total 2015	1,052,000	65,507,000	62.27	6.6%
	2016	1,372,000	82,856,000	60.39	8.2%
	2017	888,000	55,534,000	62.54	5.5%
	2018	1,010,000	73,638,000	72.91	7.4%
	2019	963,000	63,240,000	65.67	6.5%
	2020	1,336,000	79,194,000	59.28	8.2%
	2021	1,137,000	72,826,000	64.05	7.4%
	2022	1,259,000	81,316,000	64.59	8.5%
	2023	1,636,000	111,832,000	68.36	11.7%
<b>Retail:</b>	Month to Month	40,000	\$ 8,313,000	\$ 207.83	4.2%
	Third Quarter 2014	17,000	1,949,000	114.65	1.0%
	Fourth Quarter 2014	3,000	595,000	198.33	0.3%
	Total 2014	20,000	2,544,000	127.20	1.3%
	First Quarter 2015	78,000	19,599,000	251.27	9.9%
	Second Quarter 2015	3,000	1,043,000	347.67	0.5%
	Remaining 2015	26,000	3,369,000	129.58	1.7%
	Total 2015	107,000	24,011,000	224.40	12.1%
	2016	222,000	21,795,000	98.18	11.0%
	2017	21,000	1,988,000	94.67	1.0%
	2018	213,000	41,952,000	196.96	21.3%
	2019	111,000	25,718,000	231.69	13.0%
	2020	119,000	13,152,000	110.52	6.7%
	2021	179,000	13,452,000	75.15	6.8%
	2022	27,000	3,430,000	127.04	1.7%
	2023	93,000	18,933,000	203.58	9.6%

**LEASE EXPIRATIONS**  
**WASHINGTON, DC SEGMENT**

(unaudited)

	Year of Lease Expiration	Our share of Square Feet of Expiring Leases	Weighted Average Annual Rent of Expiring Leases		Percentage of Annualized Escalated Rent
			Total	Per Sq. Ft.	
<b>Office:</b>	Month to Month	179,000	\$ 6,832,000	\$ 38.26	1.6%
	Third Quarter 2014	399,000	13,033,000	32.69	3.0%
	Fourth Quarter 2014	188,000	8,082,000	42.90	1.9%
	Total 2014	587,000	21,115,000	35.96	4.8%
	First Quarter 2015	558,000	24,641,000	44.15	5.6%
	Second Quarter 2015	252,000	12,517,000	49.67	2.9%
	Remaining 2015	995,000	38,054,000	38.25	8.7%
	Total 2015	1,805,000	75,212,000	41.67	17.2%
	2016	1,207,000	51,753,000	42.87	11.9%
	2017	631,000	25,567,000	40.53	5.9%
	2018	1,001,000	42,955,000	42.93	9.8%
	2019	1,348,000	57,052,000	42.33	13.1%
	2020	656,000	33,371,000	50.87	7.6%
	2021	549,000	24,933,000	45.39	5.7%
	2022	940,000	41,141,000	43.79	9.4%
	2023	178,000	8,096,000	45.44	1.9%

**LEASE EXPIRATIONS  
RETAIL PROPERTIES SEGMENT**

(unaudited)

	Year of Lease Expiration	Our share of Square Feet of Expiring Leases	Weighted Average Annual Rent of Expiring Leases		Percentage of Annualized Escalated Rent
			Total	Per Sq. Ft.	
<b>Strip Shopping Centers:</b>	Month to Month	33,000	\$ 683,000	\$ 20.77	0.4%
	Third Quarter 2014	51,000	1,327,000	26.12	0.7%
	Fourth Quarter 2014	124,000	2,072,000	16.76	1.1%
	Total 2014	175,000	3,399,000	19.49	1.9%
	First Quarter 2015	133,000	2,191,000	16.43	1.2%
	Second Quarter 2015	78,000	980,000	12.55	0.5%
	Remaining 2015	209,000	5,217,000	24.93	2.8%
	Total 2015	420,000	8,388,000	19.94	4.6%
	2016	810,000	12,246,000	15.13	6.7%
	2017	518,000	7,773,000	15.01	4.2%
	2018	1,589,000	21,695,000	13.66	11.8%
	2019	1,373,000	19,604,000	14.28	10.7%
	2020	1,047,000	14,332,000	13.69	7.8%
	2021	594,000	8,782,000	14.78	4.8%
	2022	1,023,000	12,709,000	12.43	6.9%
	2023	1,163,000	18,735,000	16.10	10.2%
<b>Regional Malls:</b>	Month to Month	7,000	\$ 499,000	\$ 72.49	1.0%
	Third Quarter 2014	2,000	109,000	56.93	0.2%
	Fourth Quarter 2014	37,000	1,250,000	33.97	2.5%
	Total 2014	39,000	1,359,000	35.11	2.7%
	First Quarter 2015	30,000	1,512,000	50.61	3.0%
	Second Quarter 2015	19,000	1,105,000	56.72	2.2%
	Remaining 2015	44,000	1,268,000	29.05	2.5%
	Total 2015	93,000	3,885,000	41.78	7.7%
	2016	88,000	3,850,000	43.68	7.6%
	2017	41,000	2,508,000	60.67	4.9%
	2018	70,000	3,608,000	51.67	7.1%
	2019	175,000	6,122,000	34.90	12.1%
	2020	96,000	4,150,000	43.15	8.2%
	2021	382,000	4,271,000	11.19	8.4%
	2022	37,000	1,356,000	36.89	2.7%
	2023	37,000	1,449,000	39.41	2.9%

## LEASING ACTIVITY

(unaudited)

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

(square feet in thousands)	New York		Washington, DC	Retail Properties	
	Office	Retail	Office	Strips	Malls
<b>Quarter Ended June 30, 2014</b>					
Total square feet leased	1,222	23	352	231	54
Our share of square feet leased:	1,034	23	336	231	51
Initial rent <sup>(1)</sup>	\$ 69.43	\$ 452.81	\$ 37.58	\$ 20.82	\$ 21.92
Weighted average lease term (years)	11.6	8.6	6.7	6.0	4.8
Second generation relet space:					
Square feet	1,009	22	256	128	47
Cash basis:					
Initial rent <sup>(1)</sup>	\$ 69.07	\$ 468.05	\$ 38.29	\$ 24.68	\$ 19.00
Prior escalated rent	\$ 62.55	\$ 358.97	\$ 42.06	\$ 22.66	\$ 18.00
Percentage increase (decrease)	10.4%	30.4%	(9.0%)	8.9%	5.6%
GAAP basis:					
Straight-line rent <sup>(2)</sup>	\$ 69.14	\$ 534.56	\$ 37.64	\$ 24.78	\$ 19.00
Prior straight-line rent	\$ 58.07	\$ 340.11	\$ 39.20	\$ 21.74	\$ 18.00
Percentage increase (decrease)	19.1%	57.2%	(4.0%)	14.0%	5.6%
Tenant improvements and leasing commissions:					
Per square foot	\$ 76.39	\$ 133.02	\$ 34.95	\$ 2.75	\$ -
Per square foot per annum	\$ 6.59	\$ 15.47	\$ 5.22	\$ 0.46	\$ -
Percentage of initial rent	9.5%	3.4%	13.9%	2.2%	-
<b>Six Months Ended June 30, 2014</b>					
Total square feet leased	2,169	34	709 <sup>(3)</sup>	464	79
Our share of square feet leased:	1,840	34	678 <sup>(3)</sup>	464	72
Initial rent <sup>(1)</sup>	\$ 66.34	\$ 338.77	\$ 40.27	\$ 19.48	\$ 25.25
Weighted average lease term (years)	11.2	10.7	7.7	6.0	5.1
Second generation relet space:					
Square feet	1,574	32	467	335	53
Cash basis:					
Initial rent <sup>(1)</sup>	\$ 67.72	\$ 357.64	\$ 40.19	\$ 20.84	\$ 22.26
Prior escalated rent	\$ 60.53	\$ 270.65	\$ 42.62	\$ 19.73	\$ 21.11
Percentage increase (decrease)	11.9%	32.1%	(5.7%)	5.6%	5.4%
GAAP basis:					
Straight-line rent <sup>(2)</sup>	\$ 67.01	\$ 406.90	\$ 38.63	\$ 21.18	\$ 22.68
Prior straight-line rent	\$ 56.46	\$ 269.43	\$ 38.80	\$ 19.01	\$ 21.04
Percentage increase (decrease)	18.7%	51.0%	(0.5%)	11.4%	7.8%
Tenant improvements and leasing commissions:					
Per square foot	\$ 72.48	\$ 88.72	\$ 40.26	\$ 2.76	\$ 3.70
Per square foot per annum	\$ 6.47	\$ 8.29	\$ 5.23	\$ 0.46	\$ 0.73
Percentage of initial rent	9.8%	2.4%	13.0%	2.4%	2.9%

**LEASING ACTIVITY**

(unaudited)

	New York		Washington, DC	Retail Properties	
	Office	Retail	Office	Strips	Malls
<i>(square feet in thousands)</i>					
<b>Year Ended December 31, 2013</b>					
Total square feet leased	2,410	138	1,836	1,388	674
Our share of square feet leased:	2,024	121	1,392	1,388	600
Initial rent <sup>(1)</sup>	\$ 60.78	\$ 268.52	\$ 39.91	\$ 17.27	\$ 26.39
Weighted average lease term (years)	11.0	8.6	7.0	6.2	8.1
Second generation relet space:					
Square feet	1,716	103	910	959	205
Cash basis:					
Initial rent <sup>(1)</sup>	\$ 60.04	\$ 262.67	\$ 40.91	\$ 16.57	\$ 23.59
Prior escalated rent	\$ 56.84	\$ 117.45	\$ 41.16	\$ 15.18	\$ 22.76
Percentage increase (decrease)	5.6%	123.7%	(0.6%)	9.2%	3.6%
GAAP basis:					
Straight-line rent <sup>(2)</sup>	\$ 59.98	\$ 293.45	\$ 40.87	\$ 16.91	\$ 24.04
Prior straight-line rent	\$ 52.61	\$ 152.34	\$ 39.36	\$ 14.76	\$ 21.87
Percentage increase	14.0%	92.6%	3.8%	14.6%	9.9%
Tenant improvements and leasing commissions:					
Per square foot	\$ 61.78	\$ 100.93	\$ 33.24	\$ 3.96	\$ 20.69
Per square foot per annum	\$ 5.61	\$ 11.64	\$ 4.75	\$ 0.64	\$ 2.55
Percentage of initial rent	9.2%	4.3%	11.9%	3.7%	9.7%

- (1) Represents the cash basis weighted average starting rent per square foot, which is generally indicative of market rents. Most leases include free rent and periodic step-ups in rent which are not included in the initial cash basis rent per square foot but are included in the GAAP basis straight-line rent per square foot.
- (2) Represents the GAAP basis weighted average rent per square foot that is recognized over the term of the respective leases, and includes the effect of free rent and periodic step-ups in rent.
- (3) Excludes (i) 165 square feet leased to WeWork that will be redeveloped into rental residential apartments, and (ii) 57 square feet of retail space that was leased at an initial rent of \$51.74 per square foot.



## OCCUPANCY, SAME STORE EBITDA AND RESIDENTIAL STATISTICS

(unaudited)

### Occupancy and Same Store EBITDA:

	<u>New York</u>	<u>Washington, DC<sup>(1)</sup></u>	<u>Retail Properties</u>
<b>Occupancy rate at:</b>			
June 30, 2014	97.3%	83.5%	94.0%
March 31, 2014	97.0%	83.3%	94.2%
December 31, 2013	96.8%	83.4%	94.6%
June 30, 2013	96.1%	83.6%	94.5%
<b>Same store EBITDA % increase (decrease):</b>			
Three months ended June 30, 2014 vs. June 30, 2013	5.2% <sup>(2)</sup>	(1.8%)	1.8%
Six Months Ended June 30, 2014 vs. June 30, 2013	5.6% <sup>(3)</sup>	(2.2%)	1.6%
Three months ended June 30, 2014 vs. March 31, 2014	6.4% <sup>(4)</sup>	1.1%	1.8%
<b>Cash basis same store EBITDA % increase (decrease):</b>			
Three months ended June 30, 2014 vs. June 30, 2013	6.9% <sup>(2)</sup>	(1.7%)	3.1%
Six Months Ended June 30, 2014 vs. June 30, 2013	8.5% <sup>(3)</sup>	(0.5%)	2.3%
Three months ended June 30, 2014 vs. March 31, 2014	6.2% <sup>(4)</sup>	(0.3%)	1.7%

(1) The total office occupancy rates for the Washington, DC segment were as follows:

June 30, 2014	80.5%
March 31, 2014	80.5%
December 31, 2013	80.7%
June 30, 2013	80.7%

(2) Excluding the Hotel Pennsylvania, same store EBITDA increased by 5.3% and by 7.2% on a cash basis.

(3) Excluding the Hotel Pennsylvania, same store EBITDA increased by 6.0% and by 9.0% on a cash basis.

(4) Excluding the Hotel Pennsylvania, same store EBITDA increased by 1.7% and by 0.8% on a cash basis.

### Residential Statistics:

	<u>Number of Units</u>	<u>Occupancy Rate</u>	<u>Average Monthly Rent Per Unit</u>
<b>New York:</b>			
June 30, 2014	1,655	97.1%	\$ 3,060
March 31, 2014	1,655	96.2%	\$ 2,858
December 31, 2013	1,655	94.8%	\$ 2,864
June 30, 2013	1,655	94.5%	\$ 2,698
<b>Washington, DC:</b>			
June 30, 2014	2,414	98.0%	\$ 2,122
March 31, 2014	2,414	96.8%	\$ 2,102
December 31, 2013	2,405	96.3%	\$ 2,101
June 30, 2013	2,414	97.1%	\$ 2,118

**CAPITAL EXPENDITURES,  
TENANT IMPROVEMENTS AND LEASING COMMISSIONS**

**CONSOLIDATED**

(unaudited and in thousands)

	Six Months Ended	Year Ended	
	June 30, 2014	2013	2012
<b>Capital expenditures (accrual basis):</b>			
Expenditures to maintain assets	\$ 34,110	\$ 73,130	\$ 69,912
Tenant improvements	114,133	152,319	177,743
Leasing commissions	50,624	56,638	57,961
Non-recurring capital expenditures	17,761	12,099	6,902
Total capital expenditures and leasing commissions (accrual basis)	216,628	294,186	312,518
Adjustments to reconcile to cash basis:			
Expenditures in the current year applicable to prior periods	67,908	155,035	105,350
Expenditures to be made in future periods for the current period	(143,636)	(150,067)	(170,744)
Total capital expenditures and leasing commissions (cash basis)	\$ 140,900	\$ 299,154	\$ 247,124
Our share of square feet leased	3,088	5,525	5,217
Tenant improvements and leasing commissions per square foot per annum	\$ 5.63	\$ 4.33	\$ 4.16
Percentage of initial rent	10.1%	9.5%	9.6%

**Development and redevelopment expenditures:**

Springfield Town Center	\$ 54,743	\$ 68,716	\$ 18,278
Marriott Marquis Times Square - retail and signage	38,659	40,356	9,092
220 Central Park South	27,372	243,687	12,191
330 West 34th Street	21,816	6,832	8
608 Fifth Avenue	15,809	3,492	-
Metropolitan Park 4 & 5	10,873	6,289	3,008
7 West 34th Street	7,243	-	-
Wayne Towne Center	5,228	4,927	3,452
Other	32,872	95,118	110,844
	\$ 214,615	\$ 469,417	\$ 156,873

**CAPITAL EXPENDITURES,  
TENANT IMPROVEMENTS AND LEASING COMMISSIONS**

**NEW YORK SEGMENT**

(unaudited and in thousands)

	Six Months Ended	Year Ended	
	June 30, 2014	2013	2012
<b>Capital expenditures (accrual basis):</b>			
Expenditures to maintain assets	\$ 20,896	\$ 34,553	\$ 27,434
Tenant improvements	89,525	87,275	71,572
Leasing commissions	44,171	39,348	27,573
Non-recurring capital expenditures	2,904	11,579	5,822
Total capital expenditures and leasing commissions (accrual basis)	157,496	172,755	132,401
Adjustments to reconcile to cash basis:			
Expenditures in the current year applicable to prior periods	26,568	56,345	41,975
Expenditures to be made in future periods for the current period	(108,232)	(91,107)	(76,283)
Total capital expenditures and leasing commissions (cash basis)	\$ 75,832	\$ 137,993	\$ 98,093
Our share of square feet leased	1,874	2,145	1,939
Tenant improvements and leasing commissions per square foot per annum	\$ 6.50	\$ 5.89	\$ 5.48
Percentage of initial rent	9.1%	8.1%	8.8%
<b>Development and redevelopment expenditures:</b>			
Marriott Marquis Times Square - retail and signage	\$ 38,659	\$ 40,356	\$ 9,092
330 West 34th Street	21,816	6,832	8
608 Fifth Avenue	15,809	3,492	-
7 West 34th Street	7,243	-	-
Other	13,866	35,305	42,460
	\$ 97,393	\$ 85,985	\$ 51,560

**CAPITAL EXPENDITURES,  
TENANT IMPROVEMENTS AND LEASING COMMISSIONS**

**WASHINGTON, DC SEGMENT**

(unaudited and in thousands)

	Six Months Ended	Year Ended	
	June 30, 2014	2013	2012
<b>Capital expenditures (accrual basis):</b>			
Expenditures to maintain assets	\$ 4,761	\$ 22,165	\$ 20,582
Tenant improvements	11,180	39,156	50,384
Leasing commissions	2,806	9,551	13,151
Non-recurring capital expenditures	12,435	-	-
Total capital expenditures and leasing commissions (accrual basis)	31,182	70,872	84,117
Adjustments to reconcile to cash basis:			
Expenditures in the current year applicable to prior periods	30,957	26,075	24,370
Expenditures to be made in future periods for the current period	(22,927)	(36,702)	(43,600)
Total capital expenditures and leasing commissions (cash basis)	\$ 39,212	\$ 60,245	\$ 64,887
Our share of square feet leased	678	1,392	1,901
Tenant improvements and leasing commissions per square foot per annum	\$ 5.23	\$ 4.75	\$ 4.86
Percentage of initial rent	13.0%	11.9%	12.0%
<b>Development and redevelopment expenditures:</b>			
Metropolitan Park 4 & 5	\$ 10,873	\$ 6,289	\$ 3,008
Other	13,438	35,412	36,326
	\$ 24,311	\$ 41,701	\$ 39,334

**CAPITAL EXPENDITURES,  
TENANT IMPROVEMENTS AND LEASING COMMISSIONS**

**RETAIL PROPERTIES SEGMENT**

(unaudited and in thousands)

	Six Months Ended	Year Ended	
	June 30, 2014	2013	2012
<b>Capital expenditures (accrual basis):</b>			
Expenditures to maintain assets	\$ 1,490	\$ 5,664	\$ 4,676
Tenant improvements	1,126	12,431	9,052
Leasing commissions	419	2,113	2,368
Non-recurring capital expenditures	-	-	-
Total capital expenditures and leasing commissions (accrual basis)	3,035	20,208	16,096
Adjustments to reconcile to cash basis:			
Expenditures in the current year applicable to prior periods	3,148	5,562	10,353
Expenditures to be made in future periods for the current period	(1,545)	(14,011)	(7,754)
Total capital expenditures and leasing commissions (cash basis)	\$ 4,638	\$ 11,759	\$ 18,695
Our share of square feet leased	536	1,988	1,377
Tenant improvements and leasing commissions per square foot per annum	\$ 0.49	\$ 1.33	\$ 1.04
Percentage of initial rent	2.4%	6.6%	5.2%
<b>Development and redevelopment expenditures:</b>			
Springfield Town Center	\$ 54,743	\$ 68,716	\$ 18,278
Wayne Towne Center	5,228	4,927	3,452
Other	3,370	20,283	31,816
	\$ 63,341	\$ 93,926	\$ 53,546

**CAPITAL EXPENDITURES,  
TENANT IMPROVEMENTS AND LEASING COMMISSIONS**

**OTHER**

(unaudited and in thousands)

	Six Months Ended June 30, 2014	Year Ended	
		2013	2012
<b>Capital expenditures (accrual basis):</b>			
Expenditures to maintain assets	\$ 6,963	\$ 10,748	\$ 17,220
Tenant improvements	12,302	13,457	46,735
Leasing commissions	3,228	5,626	14,869
Non-recurring capital expenditures	2,422	520	1,080
Total capital expenditures and leasing commissions (accrual basis)	24,915	30,351	79,904
Adjustments to reconcile to cash basis:			
Expenditures in the current year applicable to prior periods	7,235	67,053	28,652
Expenditures to be made in future periods for the current period	(10,932)	(8,247)	(43,107)
Total capital expenditures and leasing commissions (cash basis)	\$ 21,218	\$ 89,157	\$ 65,449
<b>Development and redevelopment expenditures:</b>			
220 Central Park South	\$ 27,372	\$ 243,687	\$ 12,191
Other	2,198	4,118	242
	\$ 29,570	\$ 247,805	\$ 12,433

**DEVELOPMENT COSTS AND CONSTRUCTION IN PROGRESS**

(unaudited and in thousands, except square feet)

Development Projects	Square Feet	At June 30, 2014		
		Total	Development Costs Expended	Land and Acquisition Costs
<b>New York:</b>				
1535 Broadway - Marriott Marquis - Retail & Signage	103,000	\$ 338,738	\$ 98,738	\$ 240,000
220 Central Park South - Residential Condominiums	472,000 <sup>(1)</sup>	531,455	79,565	451,890
Other		111,727	111,727	-
Total New York		981,920	290,030	691,890
<b>Washington, DC:</b>				
Metropolitan Park 4 & 5 - Rental Residential / Retail	618,000	61,115	19,815	41,300
Other		110,083	110,083	-
Total Washington, DC		171,198	129,898	41,300
<b>Retail Properties:</b>				
Springfield Town Center	690,000	377,247 <sup>(2)</sup>	137,247	240,000
Other		18,073	18,073	-
Total Retail Properties		395,320	155,320	240,000
Other Projects		1,646	1,646	-
<b>Total Amount on the Balance Sheet</b>		<b>\$ 1,550,084</b>	<b>\$ 576,894</b>	<b>\$ 973,190</b>

Undeveloped Land	Square Feet	Total
<b>Washington, DC:</b>		
1900 Crystal Drive	712,000	\$ 34,299
Metropolitan Park 6, 7 & 8:		
Retail	23,818	
Residential (1,403 Units)		82,898
PenPlace:		
Office	553,000	
Hotel (300 Units)		46,866
Square 649 - Office	675,000	11,597
<b>Total</b>		<b>\$ 175,660</b>

(1) Zoning square feet.

(2) Net of \$20,000 non-cash impairment loss booked in the quarter ended March 31, 2014.

NEW YORK SEGMENT

PROPERTY TABLE

Property	% Ownership	% Occupancy	Weighted Average Annual Rent PSF (1)	Square Feet			Encumbrances (in thousands)	Major Tenants
				Total Property	In Service	Under Development or Not Available for Lease		
NEW YORK:								
Penn Plaza:								
One Penn Plaza								
(ground leased through 2098)								
-Office	100.0%	95.8%	\$ 57.77	2,241,000	2,241,000	-		Cisco, MWB Leasing, Parsons Brinkerhoff, United Health Care, United States Customs Department, URS Corporation Group Consulting, Lion Resources
-Retail	100.0%	98.8%	120.37	268,000	268,000	-		Bank of America, Kmart Corporation
	100.0%	96.2%	64.46	2,509,000	2,509,000	-	\$ -	
Two Penn Plaza								
-Office	100.0%	98.6%	54.31	1,572,000	1,572,000	-		EMC, Forest Electric, Information Builders, Inc., Madison Square Garden, McGraw-Hill Companies, Inc.
-Retail	100.0%	38.2%	176.55	47,000	47,000	-		Chase Manhattan Bank
	100.0%	96.8%	57.86	1,619,000	1,619,000	-	423,949	
Eleven Penn Plaza								
-Office	100.0%	99.5%	58.10	1,131,000	1,131,000	-		Macy's, Madison Square Garden, Rainbow Media Holdings
-Retail	100.0%	74.4%	203.24	17,000	17,000	-		PNC Bank National Association
	100.0%	99.1%	60.24	1,148,000	1,148,000	-	450,000	
100 West 33rd Street								
-Office	100.0%	99.6%	54.40	849,000	849,000	-	223,242	Draftfcb, Rocket Fuel
Manhattan Mall								
-Retail	100.0%	92.9%	119.50	256,000	256,000	-	101,758	JCPenney, Aeropostale, Express, Victoria's Secret
330 West 34th Street								
(ground leased through 2148 - 34.8% ownership interest in the land)								
-Office	100.0%	-	-	622,000	-	622,000		New York & Co. (lease not commenced)
-Retail	100.0%	-	-	13,000	-	13,000		
	100.0%	-	-	635,000	-	635,000	50,150	
435 Seventh Avenue								
-Retail	100.0%	100.0%	244.24	43,000	43,000	-	98,000	Hennes & Mauritz
7 West 34th Street								
-Office	100.0%	100.0%	38.51	416,000	112,000	304,000		
-Retail	100.0%	100.0%	225.20	23,000	23,000	-		Express
	100.0%	100.0%	70.31	439,000	135,000	304,000	-	
484 Eighth Avenue								
-Retail	100.0%	80.6%	70.09	16,000	16,000	-	-	T.G.I. Friday's
431 Seventh Avenue								
-Retail	100.0%	100.0%	217.74	10,000	10,000	-	-	
488 Eighth Avenue								
-Retail	100.0%	100.0%	71.17	6,000	6,000	-	-	
267 West 34th Street								
-Retail	100.0%	100.0%	333.93	6,000	6,000	-	-	
Total Penn Plaza				7,536,000	6,597,000	939,000	1,347,099	



NEW YORK SEGMENT

PROPERTY TABLE

Property	% Ownership	% Occupancy	Weighted Average Annual Rent PSF (1)	Square Feet			Encumbrances (in thousands)	Major Tenants
				Total Property	In Service	Under Development or Not Available for Lease		
NEW YORK (Continued):								
Midtown East:								
909 Third Avenue								
(ground leased through 2063)								CMGRP Inc., Forest Laboratories, Geller & Company, Morrison Cohen LLP, Robeco USA Inc., United States Post Office, The Procter & Gamble Distributing LLC
-Office	100.0%	100.0%	\$ 55.80 <sup>(2)</sup>	1,344,000	1,344,000	-	\$ 350,000	
150 East 58th Street								
-Office	100.0%	92.8%	66.61	540,000	540,000	-	-	Castle Harlan, Tournesol Realty LLC. (Peter Marino), Various showroom tenants
-Retail	100.0%	100.0%	171.09	2,000	2,000	-	-	
	100.0%	92.9%	66.99	542,000	542,000	-	-	
715 Lexington								
(ground leased through 2041)								
-Retail	100.0%	100.0%	228.64	23,000	23,000	-	-	New York & Company, Zales
966 Third Avenue								
-Retail	100.0%	100.0%	87.54	7,000	7,000	-	-	McDonald's
968 Third Avenue								
-Retail	50.0%	100.0%	233.22	6,000	6,000	-	-	Capital One Financial Corporation
<b>Total Midtown East</b>				<b>1,922,000</b>	<b>1,922,000</b>	<b>-</b>	<b>350,000</b>	
Midtown West:								
888 Seventh Avenue								
(ground leased through 2067)								Soros Fund, TPG-Axon Capital, Vornado Executive Headquarters, Redeye Grill L.P.
-Office	100.0%	93.3%	86.41	862,000	862,000	-	-	
-Retail	100.0%	100.0%	102.02	15,000	15,000	-	-	
	100.0%	93.4%	86.67	877,000	877,000	-	318,554	
1740 Broadway								
-Office	100.0%	100.0%	68.40	582,000	582,000	-	-	Davis & Gilbert, Limited Brands
-Retail	100.0%	100.0%	105.82	19,000	19,000	-	-	Brasserie Cognac, Citibank
	100.0%	100.0%	69.59	601,000	601,000	-	-	
57th Street - 5 buildings								
-Office	50.0%	96.4%	53.97	135,000	135,000	-	-	Various
-Retail	50.0%	100.0%	117.12	53,000	26,000	27,000	-	
	50.0%	97.4%	71.77	188,000	161,000	27,000	20,000	
825 Seventh Avenue								
-Office	50.0%	100.0%	73.99	170,000	170,000	-	20,500	Young & Rubicam
-Retail	100.0%	100.0%	238.97	4,000	4,000	-	-	Lindy's
	100.0%	100.0%	77.78	174,000	174,000	-	-	
<b>Total Midtown West</b>				<b>1,840,000</b>	<b>1,813,000</b>	<b>27,000</b>	<b>359,054</b>	
Park Avenue:								
280 Park Avenue								
-Office	49.5%	100.0%	94.53	1,223,000	705,000	518,000	-	Cohen & Steers Inc., Credit Suisse (USA) Inc., Investcorp International Inc.
-Retail	49.5%	100.0%	216.21	18,000	4,000	14,000	-	Scottrade Inc., Starbucks
	49.5%	100.0%	96.29	1,241,000	709,000	532,000	733,520	
350 Park Avenue								
-Office	100.0%	99.0%	89.65	553,000	553,000	-	-	Kissinger Associates Inc., Ziff Brothers Investment Inc., MFA Financial Inc., M&T Bank
-Retail	100.0%	100.0%	192.30	17,000	17,000	-	-	Fidelity Investment, AT&T Wireless, Valley National Bank
	100.0%	99.0%	92.71	570,000	570,000	-	297,727	
<b>Total Park Avenue</b>				<b>1,811,000</b>	<b>1,279,000</b>	<b>532,000</b>	<b>1,031,247</b>	

NEW YORK SEGMENT

PROPERTY TABLE

Property	% Ownership	% Occupancy	Weighted Average Annual Rent PSF (1)	Square Feet			Encumbrances (in thousands)	Major Tenants
				Total Property	In Service	Under Development or Not Available for Lease		
NEW YORK (Continued):								
Grand Central:								
90 Park Avenue								
-Office	100.0%	97.1%	\$ 70.06	909,000	909,000	-		Alston & Bird, Amster, Rothstein & Ebenstein, Capital One, First Manhattan Consulting Citibank
-Retail	100.0%	100.0%	90.30	26,000	26,000	-		
	100.0%	97.2%	70.62	935,000	935,000	-	\$ -	
330 Madison Avenue								
-Office	25.0%	98.6%	66.80	805,000	805,000	-		GPFT Holdco LLC, HSBC Bank AFS, Jones Lang LaSalle Inc., Wells Fargo Ann Taylor Retail Inc., Citibank
-Retail	25.0%	100.0%	280.06	32,000	32,000	-		
	25.0%	98.7%	74.95	837,000	837,000	-	150,000	
510 Fifth Avenue								
-Retail	100.0%	90.6%	135.50	64,000	64,000	-	30,470	Joe Fresh
<b>Total Grand Central</b>				<b>1,836,000</b>	<b>1,836,000</b>	<b>-</b>	<b>180,470</b>	
Madison/Fifth:								
640 Fifth Avenue								
-Office	100.0%	95.1%	81.87	262,000	262,000	-		Fidelity Investments, Janus Capital Group Inc., GSL Enterprises Inc., Scout Capital Management, Legg Mason Investment Counsel Citibank, Hennes & Mauritz
-Retail	100.0%	100.0%	241.45	62,000	62,000	-		
	100.0%	96.0%	112.41	324,000	324,000	-		
666 Fifth Avenue								
-Office (Office Condo)	49.5%	89.3%	73.41	1,372,000	1,372,000	-	1,196,201	Citibank, Fulbright & Jaworski, Colliers International NY LLC, Integrated Holding Group, Vinson & Elkins LLP HSBC Bank USA Uniqlo, Hollister, Swatch
-Retail (Office Condo)	49.5%	88.2%	170.53	46,000	46,000	-	-	
-Retail (Retail Condo)	100.0%	100.0%	359.47	114,000 <sup>(3)</sup>	114,000	-	390,000	
		90.1%	97.62	1,532,000	1,532,000	-	1,586,201	
595 Madison Avenue								
-Office	100.0%	100.0%	71.41	291,000	291,000	-		Beauvais Carpets, Levin Capital Strategies LP, Cosmetech Mably Int'l LLC. Coach, Prada
-Retail	100.0%	100.0%	598.19	30,000	30,000	-		
	100.0%	100.0%	120.64	321,000	321,000	-		
650 Madison Avenue								
-Office	20.1%	87.9%	101.37	524,000	524,000	-		Polo Ralph Lauren Crate & Barrel
-Retail	20.1%	100.0%	265.22	71,000	71,000	-		
	20.1%	89.4%	120.92	595,000	595,000	-	800,000	
689 Fifth Avenue								
-Office	100.0%	100.0%	68.29	82,000	82,000	-		Yamaha Artist Services Inc. MAC Cosmetics, Massimo Dutti
-Retail	100.0%	100.0%	720.42	17,000	17,000	-		
	100.0%	100.0%	180.27	99,000	99,000	-		
655 Fifth Avenue								
-Retail	92.5%	100.0%	187.76	57,000	57,000	-	-	Ferragamo
<b>Total Madison/Fifth</b>				<b>2,928,000</b>	<b>2,928,000</b>	<b>-</b>	<b>2,386,201</b>	

NEW YORK SEGMENT

PROPERTY TABLE

Property	% Ownership	% Occupancy	Weighted Average Annual Rent PSF (1)	Square Feet			Encumbrances (in thousands)	Major Tenants
				Total Property	In Service	Under Development or Not Available for Lease		
NEW YORK (Continued):								
Midtown South:								
770 Broadway								
-Office	100.0%	100.0%	\$ 65.60	981,000	981,000	-		AOL, J. Crew, Facebook, Structure Tone
-Retail	100.0%	100.0%	49.46	166,000	166,000	-		Ann Taylor Retail Inc., Bank of America, Kmart Corporation
	100.0%	100.0%	63.26	1,147,000	1,147,000	-	\$ 353,000	
One Park Avenue								
-Office	55.0%	96.5%	45.00	864,000	864,000	-		Coty Inc., New York University, Public Service Mutual Insurance
-Retail	55.0%	100.0%	64.41	79,000	79,000	-		Bank of Baroda, Citibank, Equinox, Men's Wearhouse
	55.0%	96.8%	46.62	943,000	943,000	-	250,000	
4 Union Square South								
-Retail	100.0%	100.0%	84.79	206,000	206,000	-	120,000	Burlington Coat Factory, Whole Foods Market, DSW, Forever 21
692 Broadway								
-Retail	100.0%	100.0%	84.76	35,000	35,000	-	-	Equinox, Major League Baseball
Total Midtown South				2,331,000	2,331,000	-	723,000	
Rockefeller Center:								
1290 Avenue of the Americas								
-Office	<P	70.0%	98.3%	74.13	2,040,000	2,040,000	-	AXA Equitable Life Insurance, Hachette Book Group Inc., Bryan Cave LLP, Neuberger Berman (lease not commenced), Warner Music Group, Cushman & Wakefield, Fitzpatrick, Cella, Harper & Scinto, Columbia University, SSB Realty LLC
-Retail	st							