
Section 1: 8-K/A (8-K/A)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K/A

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

Date of Report (Date of earliest event reported):
April 18, 2019

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Explanatory Note

On April 18, 2019, Vornado Realty L.P. (“VRLP”), the operating partnership through which Vornado Realty Trust (“Vornado”) conducts its business, and Vornado filed a Current Report on Form 8-K (the “Original Form 8-K”) to report that VRLP entered into a Transaction Agreement with a group of institutional investors. This Form 8-K/A amends the Original Form 8-K to include the unaudited pro forma consolidated financial information for Vornado and VRLP required by Item 9.01(b) of Form 8-K as a result disposition disclosed in Item 2.01 of the Original Form 8-K and should be read in conjunction with the Original Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(b) Pro Forma Financial Information.

The unaudited pro forma consolidated financial information of Vornado and VRLP is filed as Exhibit 99.3 to this Form 8-K/A.

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 99.1 | Press release dated April 18, 2019. ⁺ |
| 99.2 | Amendment to Chairman’s Letter to Shareholders. ⁺ |
| 99.3 | Pro Forma Consolidated Financial Information. |

⁺ Previously furnished as an Exhibit to the Original Form 8-K.

SIGNATURE

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

VORNADO REALTY TRUST

(Registrant)

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

Date: April 24, 2019

SIGNATURE

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

VORNADO REALTY L.P.

(Registrant)

By: VORNADO REALTY TRUST,
Sole General Partner

By: /s/ Matthew Iocco
Name: Matthew Iocco
Title: Chief Accounting Officer of Vornado Realty Trust, sole General Partner of Vornado Realty L.P. (duly authorized officer and principal accounting officer)

Date: April 24, 2019

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Section 2: EX-99.3 (EX-99.3)

Exhibit 99.3

VORNADO REALTY TRUST AND VORNADO REALTY L.P. UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

On April 18, 2019 (the “Closing Date”), Vornado Realty Trust (“VNO”) and Vornado Realty L.P. (“VRLP” and collectively, “Vornado”) entered into a transaction agreement (the “Transaction Agreement”) with a group of institutional investors (the “Investors”). The Transaction Agreement provides for a series of transactions (collectively, the “Transaction”) pursuant to which (i) prior to the Closing Date, VRLP contributed its interests in properties located at 640 Fifth Avenue, 655 Fifth Avenue, 666 Fifth Avenue, 689 Fifth Avenue, 697-703 Fifth Avenue, 1535 Broadway and 1540 Broadway (collectively, the “Properties”) to subsidiaries of a newly formed joint venture (the “Fifth Avenue and Times Square JV”) and (ii) on the Closing Date, transferred a 48.5% common interest in Fifth Avenue and Times Square JV to the Investors. The 48.5% common interest in the joint venture represents an effective 47.2% interest in the Properties. The Properties include approximately 489,000 square feet of retail space, 327,000 square feet of office space, signage associated with 1535 and 1540 Broadway, the parking garage at 1540 Broadway and the theatre at 1535 Broadway.

Vornado retained the remaining 51.5% common interest in Fifth Avenue and Times Square JV which represents an effective 51.0% interest in the Properties and an aggregate \$1.828 billion of preferred equity interests in certain of the properties. The preferred equity has an annual coupon of 4.25% for the first five years, increasing to 4.75% for the next five years and thereafter at a formulaic rate. It can be redeemed under certain conditions on a tax deferred basis.

Net cash proceeds to Vornado from the Transaction are approximately \$1.198 billion, after (i) deductions for the repayment of a \$390 million mortgage loan on 666 Fifth Avenue and a \$140 million mortgage loan on 655 Fifth Avenue, (ii) anticipated proceeds from a new \$500 million mortgage loan on 640 Fifth Avenue, (iii) \$26 million used to purchase noncontrolling investors’ interests and (iv) \$56 million of estimated transaction costs.

The Transaction values the Properties at \$5.556 billion resulting in a financial statement net gain of approximately \$2.6 billion from the

Transaction and the related step-up in Vornado's basis of the assets to fair value. The net gain will be recognized in Vornado's consolidated statements of income for the three months ended June 30, 2019. Vornado's tax gain is approximately \$735 million. Vornado continues to manage the Properties and shares control over major decisions of the joint venture. Accordingly, the Properties will be deconsolidated and the joint venture will be accounted for under the equity method from the date of transfer.

The joint venture assumed a \$450 million mortgage loan on 697-703 Fifth Avenue. The new \$500 million mortgage loan on 640 Fifth Avenue is anticipated to be completed in the near future, is expected to be for five years at an interest rate of LIBOR plus 101 basis points and will be guaranteed by Vornado. Until the new mortgage closes, Vornado will retain \$500 million of preferred equity interests in addition to the \$1.828 billion referenced above. The accompanying unaudited pro forma financial information reflects the anticipated closing of this mortgage loan.

The table below summarizes Vornado's effective ownership interests in the Properties transferred to Fifth Avenue and Times Square JV and Vornado's preferred equity interests following the Transaction and the anticipated closing of the mortgage loan on 640 Fifth Avenue:

| (Amounts in thousands) | <u>Vornado's Effective Ownership Interest Percentage</u> | <u>Vornado's Preferred Equity Interests</u> |
|--|--|---|
| Properties transferred to Fifth Avenue and Times Square JV: | | |
| 640 Fifth Avenue | 52.0% | \$ — |
| 655 Fifth Avenue | 50.0% | 140,000 |
| 666 Fifth Avenue | 52.0% | 390,000 |
| 689 Fifth Avenue | 52.0% | 130,000 |
| 697-703 Fifth Avenue | 44.8% | — |
| 1535 Broadway | 52.0% | 628,875 |
| 1540 Broadway | 52.0% | 538,875 |
| | | <u>\$ 1,827,750</u> |

The accompanying unaudited pro forma consolidated balance sheets of VNO and VRLP as of December 31, 2018 are presented as if the Transaction had occurred on December 31, 2018. The accompanying unaudited pro forma consolidated statements of income of VNO and VRLP for the year ended December 31, 2018 are presented as if the Transaction had occurred on January 1, 2018. Adjustments have been made to the consolidated balance sheets and statements of income to reflect factually supportable items that are directly attributable to the Transaction, and with respect to the consolidated statements of income, are expected to have a continuing impact on the consolidated results of VNO and VRLP.

The accompanying unaudited pro forma financial information reflects all adjustments that, in the opinion of management, are necessary to present fairly the pro forma results of operations and financial position of VNO and VRLP as of and for the periods indicated. In management's opinion, these pro forma adjustments have been developed on a reasonable and rational basis; however, the retrospectively adjusted results of operations and financial position for the indicated periods when reported in VNO and VRLP's post-Transaction periodic reports will differ from the pro forma financial information presented herein. The accompanying unaudited pro forma consolidated financial information is presented for illustrative and informational purposes only and is not intended to represent or be indicative of the financial condition or results of operations that would have actually occurred had the Transaction taken place during the periods presented. In addition, the accompanying unaudited pro forma financial information does not reflect actions that may be undertaken by VNO and VRLP after the Transaction. The unaudited pro forma financial information should be read in conjunction with the notes thereto and with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical consolidated financial statements and accompanying notes thereto included in the combined VNO and VRLP Annual Report on Form 10-K for the year ended December 31, 2018.

The "As Reported" columns in the accompanying unaudited pro forma consolidated balance sheets and the unaudited pro forma consolidated statements of income reflect VNO and VRLP's historical financial positions as of December 31, 2018 and historical results of operations for the year ended December 31, 2018, prior to any adjustment for the Transaction and the pro forma adjustments described below. The amounts under the "Adjustments" columns in the accompanying unaudited pro forma consolidated balance sheets and the unaudited pro forma consolidated statements of income are more fully described in the notes to the accompanying unaudited pro forma consolidated financial information.

VORNADO REALTY TRUST
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2018

| (Amounts in thousands) | As Reported | Adjustments (A) | Pro Forma |
|--|----------------------|---------------------|----------------------|
| ASSETS | | | |
| Real estate, at cost: | | | |
| Land | \$ 3,306,280 | \$ (742,808) | \$ 2,563,472 |
| Buildings and improvements | 10,110,992 | (2,284,638) | 7,826,354 |
| Development costs and construction in progress | 2,266,491 | (409) | 2,266,082 |
| Moynihan Train Hall development expenditures | 445,693 | — | 445,693 |
| Leasehold improvements and equipment | 108,427 | — | 108,427 |
| Total | <u>16,237,883</u> | <u>(3,027,855)</u> | <u>13,210,028</u> |
| Less accumulated depreciation and amortization | <u>(3,180,175)</u> | <u>359,503</u> | <u>(2,820,672)</u> |
| Real estate, net | 13,057,708 | (2,668,352) | 10,389,356 |
| Cash and cash equivalents | 570,916 | 1,179,772(B) | 1,750,688 |
| Restricted cash | 145,989 | (8,068) | 137,921 |
| Marketable securities | 152,198 | — | 152,198 |
| Tenant and other receivables, net of allowance for doubtful accounts | 73,322 | (9,971) | 63,351 |
| Investment in Fifth Avenue and Times Square JV | — | 3,314,858(C) | 3,314,858 |
| Investments in partially owned entities | 858,113 | — | 858,113 |
| Real estate fund investments | 318,758 | — | 318,758 |
| 220 Central Park South condominium units ready for sale | 99,627 | — | 99,627 |
| Receivable arising from the straight-lining of rents, net of allowance | 935,131 | (163,892) | 771,239 |
| Deferred leasing costs, net of accumulated amortization | 400,313 | (72,612) | 327,701 |
| Identified intangible assets, net of accumulated amortization | 136,781 | (87,836) | 48,945 |
| Other assets | 431,938 | 4,868(D) | 436,806 |
| | <u>\$ 17,180,794</u> | <u>\$ 1,488,767</u> | <u>\$ 18,669,561</u> |
| LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY | | | |
| Mortgages payable, net | \$ 8,167,798 | \$ (970,457) | \$ 7,197,341 |
| Senior unsecured notes, net | 844,002 | — | 844,002 |
| Unsecured term loan, net | 744,821 | — | 744,821 |
| Unsecured revolving credit facilities | 80,000 | — | 80,000 |
| Moynihan Train Hall obligation | 445,693 | — | 445,693 |
| Accounts payable and accrued expenses | 430,976 | (18,920) | 412,056 |
| Deferred revenue | 167,730 | (87,068) | 80,662 |
| Deferred compensation plan | 96,523 | — | 96,523 |
| Other liabilities | 311,806 | 12,429(E) | 324,235 |
| Total liabilities | <u>11,289,349</u> | <u>(1,064,016)</u> | <u>10,225,333</u> |
| Commitments and contingencies | | | |
| Redeemable noncontrolling interests: | | | |
| Class A units | 778,134 | — | 778,134 |
| Series D cumulative redeemable preferred units | 5,428 | — | 5,428 |
| Total redeemable noncontrolling interests | <u>783,562</u> | <u>—</u> | <u>783,562</u> |
| Shareholders' equity: | | | |
| Preferred shares of beneficial interest | 891,294 | — | 891,294 |
| Common shares of beneficial interest | 7,600 | — | 7,600 |
| Additional capital | 7,725,857 | 159,504(F) | 7,885,361 |
| Earnings less than distributions | (4,167,184) | 2,417,284(G) | (1,749,900) |
| Accumulated other comprehensive income | 7,664 | — | 7,664 |
| Total shareholders' equity | <u>4,465,231</u> | <u>2,576,788</u> | <u>7,042,019</u> |
| Noncontrolling interests in consolidated subsidiaries | 642,652 | (24,005)(H) | 618,647 |
| Total equity | <u>5,107,883</u> | <u>2,552,783</u> | <u>7,660,666</u> |
| | <u>\$ 17,180,794</u> | <u>\$ 1,488,767</u> | <u>\$ 18,669,561</u> |

VORNADO REALTY TRUST
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

| (Amounts in thousands, except per share amounts) | As Reported | Adjustments (AA) | Pro Forma |
|---|--------------------|---------------------|--------------------|
| REVENUES: | | | |
| Property rentals | \$ 1,760,205 | \$ (276,486) | \$ 1,483,719 |
| Tenant expense reimbursements | 247,128 | (36,324) | 210,804 |
| Fee and other income | 156,387 | 7,981(BB) | 164,368 |
| Total revenues | 2,163,720 | (304,829) | 1,858,891 |
| EXPENSES: | | | |
| Operating | (963,478) | 65,520 | (897,958) |
| Depreciation and amortization | (446,570) | 82,492 | (364,078) |
| General and administrative | (141,871) | — | (141,871) |
| Benefit from deferred compensation plan liability | 2,480 | — | 2,480 |
| Transaction related costs and other | (31,320) | — | (31,320) |
| Total expenses | (1,580,759) | 148,012 | (1,432,747) |
| Income from partially owned entities | 9,149 | 75,055(CC) | 84,204 |
| Loss from real estate fund investments | (89,231) | — | (89,231) |
| Interest and other investment income, net | 17,057 | (4) | 17,053 |
| Loss from deferred compensation plan assets | (2,480) | — | (2,480) |
| Interest and debt expense | (347,949) | 51,842 | (296,107) |
| Purchase price fair value adjustment | 44,060 | — | 44,060 |
| Net gains on disposition of wholly owned and partially owned assets | 246,031 | — | 246,031 |
| Income before income taxes | 459,598 | (29,924) | 429,674 |
| Income tax expense | (37,633) | — | (37,633) |
| Income from continuing operations | 421,965 | (29,924) | 392,041 |
| Income from discontinued operations | 638 | — | 638 |
| Net income | 422,603 | (29,924) | 392,679 |
| Less net loss (income) attributable to noncontrolling interests in: | | | |
| Consolidated subsidiaries | 53,023 | (1,270) | 51,753 |
| Operating Partnership | (25,672) | 1,931(DD) | (23,741) |
| Net income attributable to Vornado | 449,954 | (29,263) | 420,691 |
| Preferred share dividends | (50,636) | — | (50,636) |
| Preferred share issuance costs | (14,486) | — | (14,486) |
| NET INCOME attributable to common shareholders | \$ 384,832 | \$ (29,263) | \$ 355,569 |
| INCOME PER COMMON SHARE — BASIC: | | | |
| Net income per common share | \$ 2.02 | | \$ 1.87 |
| Weighted average shares outstanding | 190,219 | | 190,219 |
| INCOME PER COMMON SHARE — DILUTED: | | | |
| Net income per common share | \$ 2.01 | | \$ 1.86 |
| Weighted average shares outstanding | 191,290 | | 191,290 |

VORNADO REALTY L.P.
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2018

| (Amounts in thousands) | As Reported | Adjustments (A) | Pro Forma |
|--|----------------------|---------------------|----------------------|
| ASSETS | | | |
| Real estate, at cost: | | | |
| Land | \$ 3,306,280 | \$ (742,808) | \$ 2,563,472 |
| Buildings and improvements | 10,110,992 | (2,284,638) | 7,826,354 |
| Development costs and construction in progress | 2,266,491 | (409) | 2,266,082 |
| Moynihan Train Hall development expenditures | 445,693 | — | 445,693 |
| Leasehold improvements and equipment | 108,427 | — | 108,427 |
| Total | 16,237,883 | (3,027,855) | 13,210,028 |
| Less accumulated depreciation and amortization | (3,180,175) | 359,503 | (2,820,672) |
| Real estate, net | 13,057,708 | (2,668,352) | 10,389,356 |
| Cash and cash equivalents | 570,916 | 1,179,772(B) | 1,750,688 |
| Restricted cash | 145,989 | (8,068) | 137,921 |
| Marketable securities | 152,198 | — | 152,198 |
| Tenant and other receivables, net of allowance for doubtful accounts | 73,322 | (9,971) | 63,351 |
| Investment in Fifth Avenue and Times Square JV | — | 3,314,858(C) | 3,314,858 |
| Investments in partially owned entities | 858,113 | — | 858,113 |
| Real estate fund investments | 318,758 | — | 318,758 |
| 220 Central Park South condominium units ready for sale | 99,627 | — | 99,627 |
| Receivable arising from the straight-lining of rents, net of allowance | 935,131 | (163,892) | 771,239 |
| Deferred leasing costs, net of accumulated amortization | 400,313 | (72,612) | 327,701 |
| Identified intangible assets, net of accumulated amortization | 136,781 | (87,836) | 48,945 |
| Other assets | 431,938 | 4,868(D) | 436,806 |
| | <u>\$ 17,180,794</u> | <u>\$ 1,488,767</u> | <u>\$ 18,669,561</u> |
| LIABILITIES, REDEEMABLE PARTNERSHIP UNITS AND EQUITY | | | |
| Mortgages payable, net | \$ 8,167,798 | \$ (970,457) | \$ 7,197,341 |
| Senior unsecured notes, net | 844,002 | — | 844,002 |
| Unsecured term loan, net | 744,821 | — | 744,821 |
| Unsecured revolving credit facilities | 80,000 | — | 80,000 |
| Moynihan Train Hall obligation | 445,693 | — | 445,693 |
| Accounts payable and accrued expenses | 430,976 | (18,920) | 412,056 |
| Deferred revenue | 167,730 | (87,068) | 80,662 |
| Deferred compensation plan | 96,523 | — | 96,523 |
| Other liabilities | 311,806 | 12,429(E) | 324,235 |
| Total liabilities | 11,289,349 | (1,064,016) | 10,225,333 |
| Commitments and contingencies | | | |
| Redeemable partnership units: | | | |
| Class A units | 778,134 | — | 778,134 |
| Series D cumulative redeemable preferred units | 5,428 | — | 5,428 |
| Total redeemable partnership units | 783,562 | — | 783,562 |
| Partners' equity: | | | |
| Partners' capital | 8,624,751 | 159,504(F) | 8,784,255 |
| Earnings less than distributions | (4,167,184) | 2,417,284(G) | (1,749,900) |
| Accumulated other comprehensive income | 7,664 | — | 7,664 |
| Total partners' equity | 4,465,231 | 2,576,788 | 7,042,019 |
| Noncontrolling interests in consolidated subsidiaries | 642,652 | (24,005)(H) | 618,647 |
| Total equity | <u>5,107,883</u> | <u>2,552,783</u> | <u>7,660,666</u> |
| | <u>\$ 17,180,794</u> | <u>\$ 1,488,767</u> | <u>\$ 18,669,561</u> |

VORNADO REALTY L.P.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

| (Amounts in thousands, except per unit amounts) | As Reported | Adjustments (AA) | Pro Forma |
|---|--------------------|---------------------|--------------------|
| REVENUES: | | | |
| Property rentals | \$ 1,760,205 | \$ (276,486) | \$ 1,483,719 |
| Tenant expense reimbursements | 247,128 | (36,324) | 210,804 |
| Fee and other income | 156,387 | 7,981(BB) | 164,368 |
| Total revenues | <u>2,163,720</u> | <u>(304,829)</u> | <u>1,858,891</u> |
| EXPENSES: | | | |
| Operating | (963,478) | 65,520 | (897,958) |
| Depreciation and amortization | (446,570) | 82,492 | (364,078) |
| General and administrative | (141,871) | — | (141,871) |
| Benefit from deferred compensation plan liability | 2,480 | — | 2,480 |
| Transaction related costs and other | (31,320) | — | (31,320) |
| Total expenses | <u>(1,580,759)</u> | <u>148,012</u> | <u>(1,432,747)</u> |
| Income from partially owned entities | 9,149 | 75,055(CC) | 84,204 |
| Loss from real estate fund investments | (89,231) | — | (89,231) |
| Interest and other investment income, net | 17,057 | (4) | 17,053 |
| Loss from deferred compensation plan assets | (2,480) | — | (2,480) |
| Interest and debt expense | (347,949) | 51,842 | (296,107) |
| Purchase price fair value adjustment | 44,060 | — | 44,060 |
| Net gains on disposition of wholly owned and partially owned assets | 246,031 | — | 246,031 |
| Income before income taxes | 459,598 | (29,924) | 429,674 |
| Income tax expense | (37,633) | — | (37,633) |
| Income from continuing operations | 421,965 | (29,924) | 392,041 |
| Income from discontinued operations | 638 | — | 638 |
| Net income | 422,603 | (29,924) | 392,679 |
| Less net loss attributable to noncontrolling interests in consolidated subsidiaries | 53,023 | (1,270) | 51,753 |
| Net income attributable to Vornado Realty L.P. | 475,626 | (31,194) | 444,432 |
| Preferred unit distributions | (50,830) | — | (50,830) |
| Preferred unit issuance costs | (14,486) | — | (14,486) |
| NET INCOME attributable to Class A unitholders | <u>\$ 410,310</u> | <u>\$ (31,194)</u> | <u>\$ 379,116</u> |
| INCOME PER CLASS A UNIT — BASIC: | | | |
| Income from continuing operations, net | \$ 2.01 | | \$ 1.85 |
| Income from discontinued operations, net | 0.01 | | 0.01 |
| Net income per Class A unit | <u>\$ 2.02</u> | | <u>\$ 1.86</u> |
| Weighted average units outstanding | <u>202,068</u> | | <u>202,068</u> |
| INCOME PER CLASS A UNIT — DILUTED: | | | |
| Income from continuing operations, net | \$ 2.00 | | \$ 1.85 |
| Income from discontinued operations, net | — | | — |
| Net income per Class A unit | <u>\$ 2.00</u> | | <u>\$ 1.85</u> |
| Weighted average units outstanding | <u>203,412</u> | | <u>203,412</u> |

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
(AMOUNTS IN THOUSANDS)

Adjustments to Unaudited Pro Forma Consolidated Balance Sheets:

- (A) The following adjustment eliminates the consolidated assets and liabilities of the Properties on the date of transfer to the joint venture:

| | <u>As of</u> <u>December 31, 2018</u> |
|--|--|
| ASSETS | |
| Real estate, at cost: | |
| Land | \$ (742,808) |
| Buildings and improvements | (2,284,638) |
| Development costs and construction in progress | (409) |
| Total | (3,027,855) |
| Less accumulated depreciation and amortization | 359,503 |
| Real estate, net | (2,668,352) |
| Cash and cash equivalents | (18,449) |
| Restricted cash | (8,068) |
| Tenant and other receivables, net of allowance for doubtful accounts | (9,971) |
| Receivable arising from the straight-lining of rents, net of allowance | (163,892) |
| Deferred leasing costs, net of accumulated amortization | (72,612) |
| Identified intangible assets, net of accumulated amortization | (87,836) |
| Other assets | (625) |
| LIABILITIES AND EQUITY | |
| Mortgages payable, net | \$ (970,457) |
| Accounts payable and accrued expenses | (18,920) |
| Deferred revenue | (87,068) |
| Other liabilities | (2,571) |
| Equity: | |
| Noncontrolling interests in consolidated subsidiaries | (11,546) |

Additional adjustments made to “cash and cash equivalents,” “other assets,” “other liabilities” and “noncontrolling interests in consolidated subsidiaries” are detailed in footnotes B, D, E and H below.

- (B) The following table sets forth the details of the net cash proceeds received in connection with the Transaction:

| | |
|---|--------------|
| Proceeds received upon transfer of 48.5% common interest in Fifth Avenue and Times Square JV to the Investors | |
| | \$ 1,310,193 |
| Anticipated proceeds from new mortgage loan on 640 Fifth Avenue | 500,000 |
| Repayment of mortgage loan on 666 Fifth Avenue | (390,000) |
| Repayment of mortgage loan on 655 Fifth Avenue | (140,000) |
| Estimated transaction costs | (55,955) |
| Purchase of noncontrolling investors’ interests | (26,017) |
| Property-level cash and cash equivalents eliminated in footnote A | (18,449) |
| | \$ 1,179,772 |

- (C) Represents Vornado’s 51.5% common interest and preferred interests in Fifth Avenue and Times Square JV and Vornado’s other direct and indirect interests in the Properties.
- (D) Represents a \$5,493 receivable from Fifth Avenue and Times Square JV for the net working capital at the Properties at closing, less \$625 of other assets eliminated in footnote A above.
- (E) Includes a \$15,000 non-cash liability representing the fair value of Vornado’s guarantee of the \$500,000 mortgage loan on 640 Fifth Avenue, less \$2,571 of other liabilities eliminated in footnote A above.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.
NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION - CONTINUED
(AMOUNTS IN THOUSANDS)

Adjustments to Unaudited Pro Forma Consolidated Balance Sheets - continued:

- (F) Represents the redeemable noncontrolling interests in Vornado Realty L.P.'s share of the net gain and related step-up in basis on the transfer of a 48.5% common interest in Fifth Avenue and Times Square JV to our joint venture partner net of transaction costs.
- (G) Represents the net gain on the transfer of a 48.5% common interest in Fifth Avenue and Times Square JV to our joint venture partner net of transaction costs and related step-up in basis.
- (H) Represents the noncontrolling interests' share of Vornado's net gain on transfer and related step-up in basis, less (i) cash proceeds from the transfer distributed to noncontrolling interests and (ii) noncontrolling interest eliminated in footnote A above.

Adjustments to Unaudited Pro Forma Consolidated Statements of Income:

- (AA) The following adjustment eliminates the consolidated revenues and expenses of the Properties:

| | For the Year Ended December 31, 2018 |
|---|---|
| REVENUES: | |
| Property rentals | \$ (276,486) |
| Tenant expense reimbursements | (36,324) |
| Fee and other income | (1,219) |
| Total revenues | (314,029) |
| EXPENSES: | |
| Operating | 65,520 |
| Depreciation and amortization | 82,492 |
| Total expenses | 148,012 |
| Interest and other investment income, net | (4) |
| Interest and debt expense | 51,842 |
| Net income | (114,179) |
| Less net income attributable to noncontrolling interests in consolidated subsidiaries | (2,154) |
| NET INCOME attributable to common shareholders/Class A unitholders | \$ (116,333) |

Additional adjustments made to "fee and other income" are detailed in footnote BB below.

- (BB) Includes estimated management and cleaning fee income for services provided to the Properties.
- (CC) Represents Vornado's equity in the earnings of Fifth Avenue and Times Square JV comprised of a 51.5% common interest in the joint venture, approximately \$1.828 billion of preferred interests in the Properties, which bear interest at 4.25%, and other direct and indirect interests in the Properties.
- (DD) Represents the redeemable noncontrolling interests in Vornado Realty L.P.'s share of the adjustments detailed in footnotes AA, BB and CC above.