

VORNADO REALTY TRUST

FORM 10-K405

(Annual Report (Regulation S-K, item 405))

Filed 03/01/01 for the Period Ending 12/31/00

Address	888 SEVENTH AVE NEW YORK, NY 10019
Telephone	212-894-7000
CIK	0000899689
Symbol	VNO
SIC Code	6798 - Real Estate Investment Trusts
Industry	Real Estate Operations
Sector	Services
Fiscal Year	12/31

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

For the Fiscal Year Ended: DECEMBER 31, 2000

or

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

For the transition period from to

Commission File Number: 1-11954

VORNADO REALTY TRUST

(Exact name of Registrant as specified in its charter)

MARYLAND
(State or other jurisdiction of
incorporation or organization)

22-1657560
(I.R.S. Employer
Identification Number)

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

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

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

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO

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

10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting shares held by non-affiliates of the registrant, i.e. by persons other than officers and trustees of Vornado Realty Trust as reflected in the table in Item 12 of this Form 10-K, at February 1, 2001 was \$2,460,912,000.

As of February 1, 2001, there were 86,809,450 common shares of the registrant's shares of beneficial interest outstanding.

Documents Incorporated by Reference

PART III: Portions of Proxy Statement for Annual Meeting of Shareholders to be held on May 30, 2001.

TABLE OF CONTENTS

	ITEM	PAGE
	-----	-----
PART I.	1. Business.....	3
	2. Properties.....	12
	3. Legal Proceedings.....	45
	4. Submission of Matters to a Vote of Security Holders.....	45
	Executive Officers of the Registrant.....	45
PART II.	5. Market for the Registrant's Common Equity and Related Stockholder Matters.....	46
	6. Selected Consolidated Financial Data.....	47
	7. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	49
	7A. Quantitative and Qualitative Disclosures about Market Risk..	68
	8. Financial Statements and Supplementary Data.....	69
	9. Changes In and Disagreements With Independent Auditors on Accounting and Financial Disclosure.....	69
PART III.	10. Directors and Executive Officers of the Registrant.....	(1)
	11. Executive Compensation.....	(1)
	12. Security Ownership of Certain Beneficial Owners and Management.....	(1)
	13. Certain Relationships and Related Transactions.....	(1)
PART IV.	14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.....	103
	SIGNATURES.....	104

(1) These items are omitted because the Registrant will file a definitive Proxy Statement pursuant to Regulation 14A involving the election of directors with the Securities and Exchange Commission not later than 120 days after December 31, 2000, which is incorporated by reference herein. Information relating to Executive Officers of the Registrant appears on page 45 of this Annual Report on Form 10-K.

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

PART I

ITEM 1. BUSINESS

THE COMPANY

Vornado Realty Trust is a fully-integrated real estate investment trust ("REIT"). Vornado conducts its business through Vornado Realty L.P., a Delaware limited partnership (the "Operating Partnership"). Vornado is the sole general partner of, and owned approximately 86% of the common limited partnership interest in, the Operating Partnership at February 1, 2001. All references to the "Company" and "Vornado" refer to Vornado Realty Trust and its consolidated subsidiaries, including the Operating Partnership.

The Company currently owns directly or indirectly:

Office Properties ("Office"):

(i) all or portions of 22 office properties in the New York City metropolitan area (primarily Manhattan) aggregating approximately 14.4 million square feet;

(ii) a 34% limited partnership interest in Charles E. Smith Commercial Realty L.P. ("CESCR"), a limited partnership which owns and manages approximately 12.5 million square feet of office properties in Northern Virginia and Washington, D.C., and manages an additional 5.8 million square feet of office and other commercial properties in the Washington, D.C. area;

Retail Properties ("Retail"):

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

Merchandise Mart Properties:

(iv) the Merchandise Mart Properties portfolio containing approximately 8.1 million square feet, including the 3.4 million square foot Merchandise Mart in Chicago;

Temperature Controlled Logistics:

(v) a 60% interest in partnerships that own 88 warehouse facilities nationwide with an aggregate of approximately 438.9 million cubic feet of refrigerated space leased to AmeriCold Logistics;

Other Real Estate Investments:

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

(vii) the Hotel Pennsylvania in New York City consisting of a hotel portion containing 800,000 square feet with 1,700 rooms and a commercial portion containing 400,000 square feet of retail and office space;

(viii) a 30% interest in the Newkirk joint ventures which own various equity and debt interests relating to 120 limited partnerships which own real estate, primarily office and retail, net leased to credit rated tenants;

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

(x) other real estate investments.

OBJECTIVES AND STRATEGY

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

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

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

ACQUISITIONS AND INVESTMENTS

Since January 1, 2000, the Company completed approximately \$404.1 million of real estate acquisitions and investments. The following table lists the acquisitions and investments by business segment (excluding the acquisitions of the Temperature Controlled Logistics segment and CESCO which are described in Item 2: Properties):

LOCATION	TOTAL CONSIDERATION (IN MILLIONS)
-----	-----
OFFICE:	
7 West 34th Street	New York City \$ 128.0
RETAIL:	
Vornado-Ceruzzi Joint Venture (80% interest)	Northeast and Mid-Atlantic states 21.9
MERCHANDISE MART:	
33 North Dearborn Street	Chicago 35.0
L.A. Mart	Los Angeles 54.0
OTHER REAL ESTATE INVESTMENTS:	
Investments in Partially-Owned Entities:	
Newkirk Joint Ventures - additional investments.....	Various 10.5
Alexander's Inc. - increase in investment from 32% to 33.1%.....	New York City 3.4
Student Housing Joint Ventures (90% interest)	Florida 24.3
Investments in Notes and Mortgages Receivable:	
Loan to NorthStar Partnership L.P.	65.0
Loan to Primestone Investment Partners, L.P.....	62.0

Total Acquisitions and Investments..	\$ 404.1 =====

OFFICE:

7 West 34th Street

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

RETAIL:

Vornado-Ceruzzi Joint Ventures

In the first quarter of 2000, the Company and its joint venture partner acquired 2 fee interests containing 210,000 square feet and 6 leasehold interests containing 567,000 square feet in properties located in Pennsylvania, Virginia, Maryland and Ohio formerly occupied by Hechinger, Inc., a home improvement retailer which was liquidated. The purchase price was \$27,425,000, of which the Company's share was 80%.

MERCHANDISE MART:

33 North Dearborn Street

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

L.A. Mart

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

OTHER REAL ESTATE INVESTMENTS:

Student Housing Joint Venture

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

Alexander's

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

Newkirk Joint Ventures

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

Loan to NorthStar Partnership L.P.

On September 19, 2000, the Company acquired \$75,000,000 of subordinated unsecured debt of NorthStar Partnership L.P. ("NorthStar"), a private real estate company, for \$65,000,000. The loan bears interest at 11.5% per annum, requires quarterly principal payments of \$2,500,000 and matures in May 2002. The effective yield on the loan is approximately 22% including the amortization of the discount. During the third quarter of 2000, NorthStar filed suit against the Company seeking to enjoin Vornado from taking any action with respect to the debt, to rescind the Company's acquisition of the debt and for damages. In the opinion of management, after consultation with legal counsel, NorthStar's suit is without merit and the Company intends to vigorously defend against it. On January 19, 2001, the Company agreed to withdraw its motion to dismiss NorthStar's complaint without prejudice and NorthStar agreed to take no action in the proceeding until after providing written notice that NorthStar wishes to recommence proceedings in the action. If NorthStar does not give such notice by April 2, 2001, its complaint will be dismissed without prejudice.

Loan to Primestone Investment Partners, L.P.

On September 28, 2000, the Company made a \$62,000,000 subordinated loan to Primestone Investment Partners, L.P. secured by partnership units in Prime Group Realty LP, the operating partnership of Prime Group Realty Trust (NYSE:PGE). The Company has received a 1% upfront fee and will be entitled to receive certain other fees aggregating approximately 3% upon repayment of the loan. The debt bears interest at 16% per annum and matures on October 26, 2001 with an eleven month extension option. The effective yield on the loan is approximately 20% including the fees.

World Trade Center

On February 22, 2001, the Company entered into a 20-day exclusive negotiation period with the Port Authority of NY & NJ to complete the contract and associated documents for the net lease of the 11 million square foot World Trade Center complex in New York. The 99-year net lease of the World Trade Center has been valued by the Port Authority's advisors at approximately \$3.25 billion. The Board of the Commissioners of the Port Authority has instructed their staff and advisors to present the final contract for approval at a special Port Authority Board meeting scheduled for March 14, 2001. In connection therewith, the Company has provided the Port Authority with a \$100 million refundable and non-drawable letter of credit.

DISPOSITIONS

The Company sold (i) its three shopping centers located in Texas on March 2, 2000 for \$25,750,000, resulting in a gain of \$2,560,000, and (ii) its Westport, Connecticut office property on August 30, 2000 for \$24,000,000, resulting in a gain of \$8,405,000. In addition, the Company entered into an agreement on February 1, 2001 to sell its 50% interest in 570 Lexington Avenue, a New York City office property, for approximately \$60,000,000, which will result in a gain of approximately \$9,000,000. The sale is expected to be completed in the third quarter of 2001 subject to customary closing conditions.

DEVELOPMENT AND REDEVELOPMENT PROJECTS

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

(\$ in millions)	The Company's Share of				
	Completion Date	Estimated Project Cost	Costs Expended		Estimated Costs to Complete
Year Ended December 31, 2000			From Inception through December 31, 2000		
-----	-----	-----	-----	-----	-----
COMPLETED IN 2000:					
Office:					
770 Broadway - refurbishment of 1,050,000 square foot office property.....		\$ 36.0	\$ 13.4	\$ 36.0	
Merchandise Mart:					
Market Square Complex - 335,000 square foot expansion project.....		23.0	7.8	23.0	
		-----	-----	-----	
		\$ 59.0	\$ 21.2	\$ 59.0	
		=====	=====	=====	
IN PROCESS:					
Office:					
Penn Plaza Area:					
2 Penn Plaza - construction of 42,000 square feet of retail space and the redevelopment of 45,000 square feet of existing retail space.....	Fall 2002	\$ 50.8	\$ 3.4	\$ 3.4	\$ 47.4
435 Seventh Avenue - demolition of existing buildings and the construction of 37,000 square feet of retail space and 176,000 square feet of office space.....	Summer 2002	78.6	.5	.5	78.1
GreenPoint site adjacent to One Penn Plaza - redevelopment of 41,000 square feet of retail space.....	Spring 2002	12.1	.7	.7	11.4
Merchandise Mart:					
Market Square on Main Street, High Point - construction of 465,000 square feet of showrooms...	Fall 2001	38.7	9.9	9.9	28.8
Other:					
Park Laurel (80% interest) - construction and sale of 119,000 square foot residential condominium tower in Manhattan (as of March 1, 2001, 52 of the 53 units have been presold for an aggregate of \$135.6).....	Summer 2001	106.9	47.9	70.8	36.1
Fort Lee, New Jersey (75% interest) - construction of an 800,000 square foot high rise rental apartment complex.....	Summer 2002	100.3	25.5	43.3	57.0
		-----	-----	-----	-----
		\$ 387.4	\$ 87.9	\$ 128.6	\$ 258.8
		=====	=====	=====	=====

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

In addition to the projects noted above, the Company has identified the following opportunities for future development or redevelopment: (i) the redevelopment of the former Bradlees retail site at 14th Street and Union Square to include a combination of office and retail space, (ii) the refurbishment of the Hotel Pennsylvania to include the redevelopment of existing retail space, (iii) the construction of an office tower in excess of 1,000,000 square feet at 20 Times Square (70% interest), (iv) the redevelopment of office

space at 640 Fifth Avenue, and (v) the redevelopment of retail space at 34th Street and Eighth Avenue.

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

OPERATIONS OF VORNADO OPERATING COMPANY

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

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

Revolving Credit Agreement

Vornado Operating was granted a \$75,000,000 unsecured revolving credit facility from the Company (the "Revolving Credit Agreement") which expires on December 31, 2004. Borrowings under the Revolving Credit Agreement bear interest at LIBOR plus 3%. The Company receives a commitment fee equal to 1% per annum on the average daily unused portion of the facility. No amortization is required to be paid under the Revolving Credit Agreement during its term. The Revolving Credit Agreement prohibits Vornado Operating from incurring indebtedness to third parties (other than certain purchase money debt and certain other exceptions) and prohibits Vornado Operating from paying dividends. As of December 31, 2000, \$19,782,000 was outstanding under the Revolving Credit Agreement.

Agreement with Vornado Operating

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

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

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

Vornado Operating's Management

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

Temperature Controlled Logistics Business

On March 11, 1999, the Vornado/Crescent Partnerships sold all of the non-real estate assets of Temperature Controlled Logistics encompassing the operations of the temperature controlled business for approximately \$48,700,000 to a new partnership owned 60% by Vornado Operating Company and 40% by Crescent Operating Inc. ("AmeriCold Logistics"). AmeriCold Logistics leases the underlying temperature controlled warehouses used in this business from the Vornado/Crescent Partnerships ("the Landlord") which continue to own the real estate. The leases, as amended, generally have a 15 year term with two-five year renewal options and provide for the payment of fixed base rent and percentage rent based on revenue AmeriCold Logistics receives from its customers. AmeriCold is also required to pay for all costs arising from the operation, maintenance and repair of the properties as well as property capital expenditures in excess of \$5,000,000 annually. AmeriCold Logistics has the right to defer a portion of the rent for up to three years beginning on March 11, 1999 to the extent that available cash, as defined in the leases, is insufficient to pay such rent.

Total contractual rent was \$160,494,000 and \$130,213,000 (\$164,464,000 and \$133,100,000 including the effect of the straight-lining of rents) for the year ended December 31, 2000 and the period from March 11, 1999 to December 31, 1999. As at December 31, 2000, the balance of the tenant's deferred rent was \$22,444,000(1) (\$17,044,000(1) in 2000 and \$5,400,000 in the fourth quarter of 1999) of which the Company's share was \$13,466,000. Based on the Company's policy of recognizing rental income when earned and collection is assured or cash is received, the Company did not recognize \$9,780,000 of income in the year ended December 31, 2000.

On February 22, 2001, the Landlord restructured the AmeriCold Logistics leases to, among other things, (i) reduce 2001's contractual rent to \$146,000,000 (the same amount recognized as rental income in 2000's Funds from Operations), (ii) reduce 2002's contractual rent to \$150,000,000 (plus contingent rent in certain circumstances), (iii) increase the Landlord's share of annual maintenance capital expenditures by \$4,500,000 to \$9,500,000 effective January 1, 2000 and (iv) extend the deferred rent period to December 31, 2003 from March 11, 2002.

FINANCING ACTIVITIES

During 2000, the Company sold an aggregate of \$210,000,000 of Cumulative Redeemable Preferred Units resulting in net proceeds of approximately \$204,750,000.

On March 1, 2000, the Company completed a \$500,000,000 private placement of 10-year, 7.93% mortgage notes, cross-collateralized by 42 shopping center properties, resulting in net proceeds of approximately \$490,000,000. In connection therewith, the Company repaid \$228,000,000 of existing mortgage debt scheduled to mature on December 1, 2000 and \$262,000,000 outstanding under its revolving credit facility.

On March 21, 2000, the Company renewed its \$1,000,000,000 revolving credit facility for an additional three years. The covenants of the facility include, among others, maximum loan to value ratio, minimum debt service coverage and minimum capitalization requirements. Interest is at LIBOR plus .90% (7.66% at December 31, 2000). The Company paid origination fees of \$6,700,000 and pays a commitment fee quarterly of .20% per annum on the facility amount. As of December 31, 2000, \$425 million was outstanding under the revolver.

In addition, the Company completed property level refinancings of \$90,000,000 in 2000 and \$105,000,000 in 2001.

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

At December 31, 2000, the ratio of debt-to-enterprise value (market equity value plus debt less cash) was 43% based on debt of \$3.8 billion which included the Company's proportionate share of debt of partially-owned entities. In the future, in connection with its strategy for growth, this percentage may change. The Company's policy concerning the incurrence of debt may be reviewed and modified from time to time by the Company without the vote of shareholders.

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

(1) An additional \$1,956,000 applicable to the receivable arising from the straight-lining of rents was also deferred in the year ended December 31, 2000.

EBITDA BY SEGMENT AND REGION

The following table sets forth the percentage of the Company's EBITDA(1) by segment and region for the years ended December 31, 2000, 1999, and 1998.

SEGMENT	PERCENTAGE OF EBITDA		
	Years Ended December 31,		
	2000	1999	1998
Office.....	45%	42%	37%
Retail.....	16%	19%	26%
Merchandise Mart Properties.....	12%	12%	9%
Temperature Controlled Logistics.	13%	16%	20%
Other.....	14%	11%	8%
	100%	100%	100%
	===	===	===
REGION			
New York City metropolitan area..	50%	48%	54%
Washington D.C./Northeast Virginia	12%	12%	7%
Chicago.....	9%	8%	6%
Philadelphia metropolitan area...	3%	4%	5%
Puerto Rico.....	2%	2%	2%
Other (2).....	24%	26%	26%
	100%	100%	100%
	===	===	===

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

(2) Other includes the Temperature Controlled Logistics segment which has facilities in 33 states and Alberta, Canada. See page 36 for details.

RELATIONSHIP WITH ALEXANDER'S

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

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

At December 31, 2000, the Company has loans receivable from Alexander's of \$115,000,000, including \$20,000,000 drawn under the \$50,000,000 line of credit the Company granted to Alexander's on August 1, 2000. The terms of the line of credit are the same as Alexander's original \$95,000,000 loan from the Company, including the interest rate of 15.72%. The maturity date of the original \$95,000,000 loan has been extended to March 15, 2002, which is also the maturity date of the new line of credit. The interest rate on the loan and line of credit will reset on March 15, 2001, using the same spread to treasuries as presently exists.

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

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

INTERSTATE PROPERTIES

As of December 31, 2000, Interstate Properties and its partners owned approximately 17.7% of the common shares of beneficial interest of the Company, 27.5% of Alexander's common stock and beneficial ownership of 17.7% of Vornado Operating. Interstate Properties is a general partnership in which Steven Roth, David Mandelbaum and Russell B. Wight, Jr. are partners. Mr. Roth is the Chairman of the Board and Chief Executive Officer of the Company, the Managing General Partner of Interstate Properties, and the Chief Executive Officer and a director of both Alexander's and Vornado Operating. Mr. Wight is a trustee of the Company and is also a director of both Alexander's and Vornado Operating. Mr. Mandelbaum is a trustee of the Company and is also a director of Alexander's.

COMPETITION

The Company's four business segments, Office, Retail, Merchandise Mart Properties and Temperature Controlled Logistics, operate in highly competitive environments. The Company's success depends upon, among other factors, the trends of the national and local economies, the financial condition and operating results of current and prospective tenants and customers, the availability and cost of capital, construction and renovation costs, income tax laws, governmental regulations, legislation and population trends. The Company competes with a large number of real estate property owners and developers. Principal factors of competition are rent charged, attractiveness of property and the quality and breadth of services provided. The Company has a large concentration of properties in the New York City metropolitan area, a highly competitive market. The economic condition of this market may be significantly influenced by supply and demand for space and the financial performance and productivity of the publishing, retail, pharmaceutical, insurance and finance industries.

ENVIRONMENTAL REGULATIONS

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

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

INSURANCE

The Company carries comprehensive liability, fire, flood, extended coverage and rental loss insurance with respect to its properties with policy specifications and insured limits customarily carried for similar properties. Management of the Company believes that the Company's insurance coverage conforms to industry norms.

CERTAIN ACTIVITIES

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

EMPLOYEES

The Company has approximately 1,300 employees consisting of 90 in the Office Properties segment, 37 in the Retail Properties segment, 520 in the Merchandise Mart Properties segment, 505 at the Hotel Pennsylvania and 148 corporate staff. This does not include employees of partially-owned entities.

SEGMENT DATA

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

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

ITEM 2. PROPERTIES

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

OFFICE

The office properties currently consist of (i) all or a portion of 22 office buildings in the New York City metropolitan area (primarily Manhattan) aggregating approximately 14.4 million square feet (collectively, the "New York City Office Properties") and (ii) a 34% interest in Charles E. Smith Commercial Realty, L.P. which owns interests in and manages approximately 12.5 million square feet of office properties in Northern Virginia and Washington, D.C. (the "CESCR Office Properties").

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

New York City Office Properties:

The New York City Office Properties contain: (i) 13,215,000 square feet of office space, (ii) 844,000 square feet of retail space and (iii) 336,000 square feet of garage space (5 garages).

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

Industry	Percentage
Publishing.....	11%
Retail.....	10%
Legal.....	7%
Media and Entertainment.....	7%
Finance.....	6%
Technology.....	6%
Insurance.....	5%
Government.....	5%
Pharmaceuticals.....	5%
Apparel.....	4%
Service Contractors.....	4%
Engineering.....	3%
Advertising.....	3%
Bank Branches.....	3%
Other.....	21%

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

The Company's new PowerSpace flexible shared office space business was launched in September 2000. Offices range in size from 80 to 1,200 square feet. Lease terms range from one month to a year. The PowerSpace product line includes individual offices, group rooms and multi-room suites. Operations commenced in November 2000 at 330 Madison Avenue, with 75,000 square feet. Operations are expected to commence at 770 Broadway and 909 Third Avenue in the first half of 2001. Agreements provide for base rent and billings for ancillary services, such as telephones, internet access, conference room access and other office equipment and supplies.

No tenant in the office segment accounted for more than 10% of the Company's total revenue. Below is a listing of tenants which accounted for 2% or more of the New York City Office Properties revenues in 2000:

(in thousands, except percentages)

Tenant	Square Feet Leased	2000 Revenues	Percentage
Sterling Winthrop Inc.....	429	\$ 18,101	4%
Times Mirror Company.....	520	16,208	3%
The McGraw Hill Companies Inc.....	498	15,764	3%
CitiBank, N.A.....	150	9,791	2%

The following table sets forth lease expirations for the New York Office property leases for each of the next 10 years, as of December 31, 2000, assuming that none of the tenants exercise their renewal options.

Year	Number of Expiring Leases	Square Feet of Expiring Leases	Percentage of Total Leased Square Feet	Annual Escalated Rent of Expiring Leases	
				Total	Per Square Foot
2001.....	215	818,000	5.9%	\$28,052,000	\$34.29
2002.....	144	645,000	4.7%	20,623,000	31.98
2003.....	144	1,185,000(1)	8.5%	26,439,000	22.32
2004.....	141	987,000	7.1%	35,667,000	36.15
2005.....	115	622,000	4.5%	22,459,000	36.12
2006.....	111	1,151,000	8.3%	31,172,000	27.09
2007.....	85	818,000	5.9%	28,164,000	34.42
2008.....	96	1,162,000	8.4%	36,636,000	31.53
2009.....	63	618,000	4.5%	21,587,000	34.95
2010.....	96	1,529,000	11.0%	52,748,000	34.50

(1) Includes 492,000 square feet at 909 Third Avenue leased to the U.S. Post Office. The annual escalated rent is \$3,216,000 or \$6.53 per square foot. The U.S. Post Office has 7 five-year renewal options remaining.

As of February 1, 2001, the occupancy rate of the Company's New York City Office properties was 96%. The following table sets forth the occupancy rate and the average annual escalated rent per square foot for the New York City Office properties at the end of each of the past three years.

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

In 2000, 1,533,268 square feet of New York City office space was leased at a weighted average initial rent per square foot of \$46.38. The Company's ownership interest in the leased square footage is 1,407,333 square feet at a weighted average initial rent per square foot of \$45.91, a 50.3% increase over the weighted average escalated rent per square foot of \$30.54 for the expiring leases. Following is the detail by building:

Location	2000 Leases	
	Square Feet	Average Initial Rent Per Square Foot (1)
909 Third Avenue.....	262,646	\$ 53.49
One Penn Plaza.....	246,066	46.09
Eleven Penn Plaza.....	173,607	36.27
Two Penn Plaza.....	115,879	50.91
330 West 34th Street.....	109,072	34.23
150 East 58th Street.....	103,987	40.43
Two Park Avenue.....	82,720	43.42
330 Madison Avenue (25%).....	69,673	51.71
866 UN Plaza.....	66,304	46.04
595 Madison Avenue.....	57,935	66.13
570 Lexington Avenue (50%).....	56,623	57.78
888 Seventh Avenue.....	52,819	61.19
20 Broad Street (60%).....	42,643	31.42
1740 Broadway.....	41,845	44.80
90 Park Avenue.....	17,793	52.00
550/600 Mamaroneck.....	17,538	23.25
40 Fulton Street.....	13,340	27.54
770 Broadway.....	2,778	35.00
Total.....	1,533,268	46.38
Vornado's Ownership interest.....	1,407,333	45.91

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

In addition to the office space noted above, the Company leased 37,000 square feet of retail space, primarily below grade, at \$48.64 per square foot.

During 1999 and 2000, the Company granted non-exclusive rights to six companies to install fiber-optic networks and to provide broadband data, video and voice communications services in its office buildings in return for a share of revenues and warrants to purchase common stock. The Company has invested approximately \$23.2 million in these entities, representing interests in each entity of less than 3%.

New York City Office Properties

The following table sets forth certain information for the New York City Office Properties owned by the Company as of December 31, 2000.

LOCATION -----	YEAR ORIGINALLY DEVELOPED OR ACQUIRED -----	LAND AREA (SQ. FT.) -----	APPROXIMATE LEASABLE BUILDING SQUARE FEET -----	NUMBER OF TENANTS -----	ANNUALIZED BASE RENT PER SQ. FT. (1) ---	ANNUALIZED ESCALATED RENT PER SQ. FT. (2) ---	PERCENT LEASED (1) -----
MANHATTAN One Penn Plaza (3)	1998	128,000	2,474,000	222	\$ 30.43	\$ 31.37	98%
Two Penn Plaza	1997	117,000	1,498,000	52	29.16	29.94	98%
909 Third Avenue (3)	1999	82,000	1,312,000	22	26.39	28.36	95%
770 Broadway	1998	63,000	1,050,000	11	28.52	29.33	99%
LOCATION -----			PRINCIPAL TENANTS (50,000 SQUARE FEET OR MORE) -----	LEASE EXPIRATION/ OPTION EXPIRATION -----		ENCUMBRANCES (THOUSANDS) -----	
MANHATTAN One Penn Plaza (3)			Buck Consultants	2008		\$ 275,000	
			Cisco Systems	2005/2011			
			First Albany	2008/2013			
			General Motor Acceptance Corp.	2004/2009			
			Kmart Corporation	2016/2036			
			Metropolitan Life	2002-2004			
			Miller Freeman Inc.	2011/2021			
			MWB Leasing	2006			
			Parsons Brinkerhoff	2008/2013			
			Public Service Commission	2004			
			Stone & Webster	2008			
Two Penn Plaza			Compaq Computer	2003		160,518	
			Forest Electric	2006/2011			
			Information Builders, Inc.	2013/2023			
			Madison Square Garden	2007/2017			
			McGraw Hill Co., Inc.	2020/2030			
			Ogden Services	2008			
			US Healthcare Service	2006			
909 Third Avenue (3)			Bear Stearns	2011		107,879	
			Citibank	2008			
			Fischbein Badillo	2008			
			Forest Laboratories	2010/2020			
			IDG Books	2010			
			Ogilvy Public Relations	2009/2014			
			Shearman & Sterling	2007/2012			
			U.S. Post Office (4)	2003/2033			
770 Broadway			J. Crew	2012/2017		94,073	
			Kmart	2016/2036			

LOCATION -----	YEAR ORIGINALLY DEVELOPED OR ACQUIRED -----	LAND AREA (SQ. FT.) -----	APPROXIMATE LEASABLE BUILDING SQUARE FEET -----	NUMBER OF TENANTS -----	ANNUALIZED BASE RENT PER SQ. FT. (1) -----	ANNUALIZED ESCALATED RENT PER SQ. FT. (2) -----	PERCENT LEASED (1) -----
Eleven Penn Plaza	1997	56,000	981,000	73	27.98	30.46	93%
Two Park Avenue	1997	44,000	953,000	43	27.12	27.59	99%
90 Park Avenue	1997	38,000	882,000	27	33.75	38.95	100%
888 Seventh Avenue (3)	1999	32,000	865,000(5)	50	31.47	33.69	94%
330 West 34th Street (3)	1998	46,000	630,000	11	14.62	18.81	100%
1740 Broadway	1997	30,000	556,000	15	34.60	35.98	92%
150 East 58th Street	1998	21,000	548,000	124	35.47	37.28	95%
7 West 34th Street	2000	35,000	479,000	4	27.23	32.48	100%
866 United Nations Plaza	1997	90,000	388,000	80	32.69	33.92	90%
595 Madison (Fuller Building)	1999	13,000	294,000	79	58.81	64.49	89%

LOCATION -----	PRINCIPAL TENANTS (50,000 SQUARE FEET OR MORE) -----	LEASE EXPIRATION/ OPTION EXPIRATION -----	ENCUMBRANCES (THOUSANDS) -----
Eleven Penn Plaza	Crowthers McCall EMC Corp. Executive Office Network Faulkner & Gray Federated Dept Stores General Media	2010 2008 2012 2006/2011 2015 2009	52,289
Two Park Avenue	Herrick Feinstein Medical Liability Mutual Ins Schiefflin & Somerset Times Mirror Company United Way	2010/2015 2009 2006/2010 2010/2025 2013/2018	90,000
90 Park Avenue	HQ Global Workplace Sterling Winthrop Inc. Warnaco	2008 2015/2035 2004	--
888 Seventh Avenue (3)	Golden Books New Line Realty Soros Fund Stanley H. Kaplan The Limited	2013 2007 2004/2010 2006/2011 2014	55,000
330 West 34th Street (3)	City of New York Live Person Inc. NBC Internet Props for Today	2012/2017 2010 2012 2006/2016	--
1740 Broadway	Davis & Gilbert Mutual Life Insurance	2013 2016/2026	--

	William Douglas McAdams	2007	
150 East 58th Street	--		--
7 West 34th Street	Capital Cities Media	2006	--
	Health Insurance Plan of NY	2011	
866 United Nations Plaza	Fross & Zelnick	2009	33,000
595 Madison (Fuller Building)	--		79,427

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (SQ. FT.)	APPROXIMATE LEASABLE BUILDING SQUARE FEET	NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)	ANNUALIZED ESCALATED RENT PER SQ. FT. (2)	PERCENT LEASED (1)
640 Fifth Avenue	1997	22,000	259,000	12	58.89	61.78	83%
40 Fulton Street	1998	18,000	233,000	29	28.51	29.14	100%
689 Fifth Avenue	1998	6,000	88,000	7	57.24	58.94	65%
330 Madison Avenue (25% Ownership)	1997	33,000	774,000	47	37.35	39.82	99%
20 Broad Street (3) (60% Ownership)	1998	20,000	461,000	19	28.17	29.18	95%
825 Seventh Avenue (50% Ownership)	1996	18,000	165,000	3	27.12	28.97	100%
WESTCHESTER 550/600 Mamaroneck Avenue (3)	1998	666,000	235,000	46	20.68	20.70	97%
NEW JERSEY Paramus (3)	1987	148,000	118,000(5)	26	17.76	17.76	99%
TOTAL OFFICE BUILDINGS		1,726,000	15,243,000	1,002	\$ 30.29	\$ 32.18	96%
VORNADO'S OWNERSHIP INTEREST		1,684,000	14,396,000				96%
PROPERTY UNDER CONTRACT FOR SALE 570 Lexington Avenue (49.9% ownership)	1997	16,000	425,000	55	\$ 35.73	\$ 37.10	99%

LOCATION	PRINCIPAL TENANTS (50,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
640 Fifth Avenue	BSMG Worldwide Hennes & Mauritz	2008/2013 2014	--
40 Fulton Street	--	--	--
689 Fifth Avenue	--	--	--
330 Madison Avenue (25% Ownership)	Bank Julius Baer BDO Seidman PowerSpace & Services	2005 2010/2015 2016	60,000
20 Broad Street (3) (60% Ownership)	N.Y. Stock Exchange	2003-2010/2066	--
825 Seventh Avenue (50% Ownership)	Young & Rubicom	2010/2015	23,768
WESTCHESTER 550/600 Mamaroneck Avenue (3)	--	--	--
NEW JERSEY Paramus (3)	--	--	--
TOTAL OFFICE BUILDINGS			\$1,030,954
VORNADO'S OWNERSHIP INTEREST			\$ 974,070
PROPERTY UNDER CONTRACT FOR SALE 570 Lexington Avenue (49.9% ownership)	--	--	--

(1) Represents annualized monthly base rent for tenants excluding rent for leases which had not commenced as of December 31, 2000, which

are included in percent leased.

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

(3) 100% ground leased property.

(4) The U.S. Post Office leases approximately 492,000 square feet at this location at annualized escalated rent per square foot of \$6.53.

(5) The Company occupies 34,000 square feet in 888 Seventh Avenue for its principal Executive offices and New York City Office operations and 47,000 square feet in Paramus for its accounting and administrative departments and Retail real estate operations.

CESCR Office Properties:

CESCR owns 50 office buildings in the Northern Virginia and Washington D.C. area containing 12.5 million square feet. The Company owns a 34% interest in CESCR. As of December 31, 2000, 42.5 percent of CESCR's property portfolio was leased to various agencies of the U.S. government (General Services Administration "GSA" lessee); the largest U.S. government agencies include the U.S. Patent Trade Office (1.93 million square feet in 17 buildings), the U.S. Social Security Administration (283,000 square feet in one building) and the U.S. Navy Sea Systems Command (271,000 square feet in 7 buildings). One additional tenant, US Airways, Inc. occupied 317,000 square feet in one building. As of December 31, 2000, no other tenants occupied more than 2% of CESCR's office properties.

During 2000, CESCR acquired 5 properties containing 1,838,000 square feet in 11 buildings for a total cost of \$367 million. In addition, CESCR is constructing a 398,000 square foot office building in its existing Skyline Place Complex for the GSA at an estimated cost of \$68,000,000 of which \$42,000,000 has been expended as of December 31, 2000.

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

The following table sets forth the percentage of CESCR's office property revenues by tenants' industry:

Industry -----	Percentage -----
Government	43%
Government Consultants	29%
Communication	4%
Transportation	4%
Retail	3%
Legal	3%
Technology	2%
Real Estate	2%
Accounting & Auditing Services	2%
Trade Associations	1%
Printing/Publishing	1%
Health Services	1%
Other	5%

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

Tenant -----	Square Feet Leased -----	2000 Revenues -----	Percentage -----
U.S. Patent Trade Office	1,933	\$ 50,733,000	15.8%
US Airways, Inc.	317	\$ 10,410,000	3.2%
U.S. Navy Sea Systems Command	271	\$ 7,493,000	2.3%
U.S. Social Security Administration	283	\$ 6,671,000	2.1%

The following table sets forth as of December 31, 2000 CESCO lease expirations for each of the next 10 years, assuming that none of the tenants exercise their renewal options.

Year	Number of Expiring Leases	Square Feet of Expiring Leases	Percentage of Total Leased Square Feet	Annual Escalated Rent of Expiring Leases	
				Total	Per Square Foot
2001.....	320	3,355,000	27.4%	\$ 88,973,000	\$ 26.52
2002.....	227	1,673,000	13.7	45,574,000	27.24
2003.....	235	1,911,000	15.6	55,192,000	28.88
2004.....	144	2,916,000	23.8	79,607,000	27.30
2005.....	108	707,000	5.8	20,128,000	28.47
2006.....	34	413,000	3.4	11,337,000	27.47
2007.....	16	180,000	1.5	5,273,000	29.26
2008.....	14	448,000	3.7	14,261,000	31.83
2009.....	21	438,000	3.6	10,018,000	22.88
2010.....	20	129,000	1.1	3,801,000	29.54

Of the square feet expiring in 2001, 2,721,000 square feet has been renewed or is currently in negotiations to be renewed.

Included in the above table are 30 U.S. Patent Trade Office leases, expiring from 2001 through 2005 as follows: 683,000 square feet in 2001, 79,000 square feet in 2002, 206,000 square feet in 2003, 953,000 square feet in 2004 and 12,000 square feet in 2005. The U.S. Patent Trade Office is scheduled to relocate their offices in the second half of 2004. CESCO expects that all leases expiring prior to 2004 will be extended or renewed to that date.

As of February 1, 2001, the occupancy rate of the CESCO office portfolio was 98%. The following table sets forth the occupancy rate and the average annual escalated rent per square foot for the CESCO properties:

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

During 2000, CESCO leased 2,729,000 square feet (space previously occupied) at an average initial rent per square foot of \$29.39, a 13% increase over the weighted average escalated rent per square foot of \$25.97 for the expiring leases. The following is the detail by property.

Location	Square Feet	Average Initial Rent Per Square Foot
1750 Penn Avenue.....	5,000	\$ 34.82
1101 17th Street.....	98,000	32.98
1730 M Street.....	37,000	30.22
1140 Conn Avenue.....	65,000	32.46
1150 17th Street.....	39,000	30.80
Crystal Mall.....	456,000	27.45
Crystal Plaza.....	196,000	30.05
Crystal Square.....	224,000	30.49
Crystal Gateway.....	223,000	30.60
Crystal Park.....	641,000	29.25
1919 S. Eads Street.....	27,000	32.05
Skylines.....	391,000	27.31
Skyline Tower.....	68,000	27.19
Arlington Plaza.....	20,000	27.08
Democracy Plaza I.....	16,000	31.81
Courthouse Plaza.....	120,000	29.49
Tysons Dulles.....	86,000	35.06
Commerce Executive.....	17,000	34.00
Total.....	2,729,000	29.39

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

CESCR Office Properties

The following table sets forth certain information for the CESCR Office Properties (in which the Company has a 34% interest), as of December 31, 2000.

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	NUMBER OF BUILDINGS	APPROXIMATE LEASABLE BUILDING SQUARE FEET	NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)	ANNUALIZED ESCALATED RENT PER SQ. FT. (2)
Crystal Mall	1968	4	1,068,000	13	24.27	25.05
Crystal Plaza	1964-1969	7	1,223,000	123	24.55	25.17
Crystal Square	1974-1980	4	1,388,000	174	28.08	28.91
Crystal Gateway	1983-1987	4	1,081,000	97	27.83	28.17
Crystal Park	1984-1989	5	2,154,000	99	28.65	29.89
Arlington Plaza	1985	1	174,000	16	25.18	27.57
1919 S. Eads Street	1990	1	93,000	6	29.18	29.49
Skyline Place	1973-1984	6	1,595,000	174	24.76	25.06
One Skyline Tower	1988	1	477,000	5	23.68	24.74
Courthouse Plaza	1988-1989	2	609,000	56	26.56	28.44
1101 17th Street	1963	1	204,000	48	28.59	30.50
1730 M Street	1963	1	190,000	36	26.03	26.72
1140 Conn Avenue	1966	1	175,000	40	29.01	29.46
1150 17th Street	1970	1	226,000	33	29.32	30.05
1750 Penn Avenue	2000	1	262,000	11	31.68	31.75
Democracy Plaza I	2000	1	203,000	27	28.98	29.38
Tysons Dulles	2000	3	474,000	49	25.94	26.38
Commerce Executive	2000	3	412,000	27	23.92	25.11
Reston Executive	2000	3	487,000	22	26.36	26.69
		---	-----	-----		
		50	12,495,000	1,056	\$ 26.57	\$ 27.38
		===	=====	=====		

LOCATION	PERCENT LEASED(1)	PRINCIPAL TENANTS (50,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
Crystal Mall	100%	General Services Administration General Services Administration	2001/2011 2001/2006	64,567
Crystal Plaza	100%	General Services Administration	2004/2014	73,256

		General Services Administration	2008	
Crystal Square	99%	General Services Administration Lockheed Martin Oblon Spivak	2003/2008 2003/2008 2004/2009	191,879
Crystal Gateway	99%	Analytical Services, Inc. General Services Administration Lockheed Martin Science Applications Int'l Corp.	2001/2006 2004 2002/2005 2002	149,458
Crystal Park	100%	CE Smith Headquarters General Services Administration Techmatics US Airways Headquarters Vitro Corp	2004/2009 2001/2011 2002/2007 2008/2018 2002/2007	288,215
Arlington Plaza	100%	Georgetown University Science Research Analysis Corp.	2002/2007 2001/2011	18,025
1919 S. Eads Street	100%	Vitro Corp	2001/2004	13,519
Skyline Place	96%	Electronic Data Services Science Applications Int'l Corp. Science Research Analysis Corp.	2003 2003/2008 2001	131,328
One Skyline Tower	98%	General Services Administration Science Research Analysis Corp.	2004 & 2009 2003/2008	67,417
Courthouse Plaza	100%	Arlington County KPMG Peat Marwick	2003/2008 2001	81,814
1101 17th Street	99%	American Iron and Steel Institute	2006/2010	26,440
1730 M Street	99%	League of Women Voters	2004/2009	16,508
1140 Conn Avenue	98%	Michaels & Wishner, P.C.	2002/2007	19,555
1150 17th Street	98%	American Enterprise Institute Arthur Andersen LLP	2002/2012 2004	31,928
1750 Penn Avenue	53%	General Services Administration PA Consulting Group Holdings	2010 2011/2016	34,780
Democracy Plaza I	100%	Optical Technology Group	2002	27,732
Tysons Dulles	100%	Keane Federal Systems, Inc.	2006/2011	70,000
Commerce Executive	95%	BAE Systems Mission Solutions Concert Management Services	2002/2007 2004/2009	54,758
Reston Executive	100%	Science Applications Int'l Corp.	2004/2014	72,500

	98%			\$1,433,679
				=====

NOTES:

(1) Represents annualized monthly base rent excluding rent for leases which had not commenced as of December 31, 2000, which are included in percent leased.

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

RETAIL

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

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

Industry -----	Percentage -----
Discount Department Stores.....	24%
Supermarkets.....	11%
Women's Apparel.....	5%
Home Improvement.....	5%
Electronic Stores.....	5%
Family Apparel.....	5%
Restaurants.....	4%
Financial/Insurance.....	4%
Membership Warehouse Clubs.....	3%
Drug Stores.....	3%
Office Supply Stores.....	3%
Other.....	28%

As of February 1, 2001, the occupancy rate of the retail properties was 93%. The following tables set forth the occupancy rate and the average annual base rent per square foot (excluding the Green Acres Mall) for the properties at the end of each of the past five years.

Year End -----	Rentable Square Feet -----	Occupancy Rate -----	Average Annual Base Rent Per Square Foot -----
2000	11,293,000	92%	\$ 11.70
1999	10,505,000	92%	11.16
1998	10,625,000	92%	10.53
1997	10,550,000	91%	9.78
1996	10,019,000	90%	9.09

The average annual base rent per square foot for the Green Acres Mall was \$13.97 and \$13.46 in total, and \$35.91 and \$35.29 for mall tenants only, at December 31, 2000 and 1999, respectively.

The Company's shopping center lease terms range from 5 years or less in some instances, for smaller tenant spaces to as long as 25 years for major tenants. Leases generally provide for additional rents based on a percentage of tenants' sales and pass through to tenants of the tenants' share of all common area charges (including roof and structure in strip shopping centers, unless it is the tenant's direct responsibility), real estate taxes and insurance costs and certain capital expenditures. Percentage rent accounted for less than 2% of total shopping center revenues in 2000. None of the tenants in the Retail Segment accounted for more than 10% of the Company's total revenues.

Below is a listing of tenants which accounted for 2% or more of the Retail property revenues in 2000:

(in thousands, except percentages)

Tenant	Square Feet Leased	2000	
		Property Rentals	Percentage
Bradlees, Inc. ("Bradlees")	1,625	\$18,419	14.3%
The Home Depot, Inc.	409	5,165	4.0%
The TJX Companies, Inc.	298	2,965	2.3%
The Gap	104	2,940	2.3%
Staples, Inc.	199	2,861	2.2%
Toys "R" Us/Kids "R" Us	330	2,775	2.1%

Bradlees filed for protection under Chapter 11 of the U.S. Bankruptcy Code on December 26, 2000 and closed all of its stores in February 2001. The Company leases 16 locations to Bradlees. Of these 16 locations, the leases for 14 are fully guaranteed, and the fifteenth lease is guaranteed as to 70% of the rent, by Stop & Shop Companies, Inc., under a Master Agreement and Guaranty, dated May 1, 1992. Stop & Shop is a wholly-owned subsidiary of Koninklijke Ahold NV (formerly Royal Ahold NV), a leading international food retailer. The effectiveness of Stop & Shop's guarantee to Vornado of Bradlees' lease obligations is not affected by Bradlees' bankruptcy. None of these leases have been either rejected or assumed.

The 16th location, the 14th Street and Union Square property is not guaranteed. In 1999, the Company paid Bradlees \$11,000,000 to modify the terms of this lease to increase the rent by approximately \$1,100,000 per annum to \$4,600,000 effective March 2000, and to change the lease expiration date from October 2019 to March 15, 2002. On February 9, 2001, Bradlees rejected this lease. The Company is currently considering various redevelopment alternatives for this site which will include a combination of office and retail space.

The following table sets forth as of December 31, 2000 lease expirations for each of the next 10 years assuming that none of the tenants exercise their renewal options.

Year	Number of Expiring Leases	Square Feet of Expiring Leases	Percentage of Total Leased Square Feet	Annual Base Rent of Expiring Leases	
				Total	Per Square Foot
2001.....	126	317,000	3.1%	\$ 4,961,000	\$ 15.65
2002.....	79	965,000	9.4%	12,219,000	12.67
2003.....	63	545,000	5.3%	6,884,000	12.64
2004.....	93	984,000	9.6%	11,607,000	11.79
2005.....	102	541,000	5.2%	9,929,000	18.37
2006.....	49	789,000	7.7%	6,159,000	7.80
2007.....	90	608,000	5.9%	5,978,000	9.84
2008.....	53	340,000	3.3%	2,940,000	8.66
2009.....	46	595,000	5.8%	6,176,000	10.37
2010.....	31	547,000	5.3%	6,493,000	11.87

In 2000, approximately 350,000 square feet of retail space was leased at a weighted average base rent per square foot of \$14.73, a 12.9% increase over the weighted average escalated rent per square foot of \$13.05 for the expiring leases. Following is the detail by property:

Location	2000 Leases	
	Square Feet	Average Initial Rent Per Square Foot (1)
Space Leases:		
East Hanover	66,000	\$ 7.51
Hagerstown	50,000	3.32
Towson	39,000	4.23
Woodbridge	37,000	11.50
Valley Stream	30,000	47.57
Allentown	19,000	16.00
Jersey City	14,000	13.85
Union	13,000	29.90
Totowa	11,000	30.00
Bensalem	10,000	18.90
Hackensack	10,000	20.99
Middletown	9,000	19.78
Morris Plains	9,000	22.78
Dundalk	8,000	12.30
Bethlehem	7,000	5.75
Bricktown	6,000	19.35
Cherry Hill	4,000	14.75
Marlton	2,000	12.28
North Plainfield	2,000	20.14
Las Catalinas	2,000	37.00
Amherst	1,000	17.00
Baltimore	1,000	8.00

Total	350,000	14.73
	=====	
Land Leases (2):		
Rochester	204,000	\$ 3.10
Lancaster	130,000	3.25
Newington	130,000	5.00

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

(2) The land in Rochester (pending site plan approval) and in Newington is leased to Wal*Mart and the land in Lancaster is leased to Lowes Home Centers.

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

The Company's two regional shopping centers located in Montehiedra and Caguas, Puerto Rico, (both of which are in the San Juan area) contain 1,014,000 square feet of which the Company owns 727,000 square feet. The centers are anchored by four major stores: Sears, Roebuck and Co., Kmart (one in each of the centers) and a Builders Square Home Improvement store.

The Green Acres Mall is a 1.6 million square foot super-regional enclosed shopping mall complex situated in Nassau County, Long Island, New York, approximately one mile east of the borough of Queens, New York. The Green Acres Mall is anchored by four major department stores: Sears, Roebuck and Co., J.C. Penney Company, Inc. and Federated Department Stores, Inc. doing business as Macy's and Stern's (on February 8, 2001, Sterns announced they are closing this store). The complex also includes The Plaza at Green Acres, a 188,000 square foot strip shopping center which is anchored by Kmart and Waldbaums.

Retail Properties

The following table sets forth certain information for the Retail Properties as of December 31, 2000.

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE		NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)
			OWNED/ LEASED BY COMPANY	OWNED BY TENANT ON LAND LEASED FROM COMPANY		
NEW JERSEY						
Bordentown	1958	31.2	179,000	--	4	\$ 6.66
Bricktown	1968	23.9	260,000	3,000	20	10.66
Cherry Hill	1964	37.6	231,000	64,000	15	9.38
Delran	1972	17.5	168,000	4,000	5	5.70
Dover	1964	19.6	173,000	--	13	6.73
East Brunswick	1957	19.2	216,000	10,000	6	14.25
East Hanover I	1962	24.6	271,000	--	19	11.36
East Hanover II	1979	8.1	91,000	--	13	11.50
Hackensack	1963	21.3	208,000	59,000	20	16.25
Jersey City	1965	16.7	223,000	3,000	12	13.09
Kearny	1959	35.3	42,000	62,000	4	13.49
Lawnside	1969	16.4	145,000	--	3	10.50

LOCATION	PERCENT LEASED(1)	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
NEW JERSEY				
Bordentown	98%	Bradlees(2) Shop-Rite	2011/2021 2011/2016	\$ 8,236(7)
Bricktown	96%	Kohl's Shop-Rite	2008/2018 2002/2017	16,645(7)
Cherry Hill	97%	Bradlees(2) Drug Emporium Shop & Bag(4) Toys "R" Us	2006/2026 2002 2007/2017 2012/2042	15,308(7)
Delran	94%	Sam's Wholesale	2011/2021	6,561(7)
Dover	98%	Ames Shop-Rite	2017/2037 2012/2022	7,502(7)
East Brunswick	98%	Bradlees(2) Shoppers World T.J. Maxx	2003/2023 2007/2012 2004/2009	23,242(7)

		Circuit City	2018/2038	
East Hanover I	98%	Home Depot Marshalls Pathmark Today's Man	2009/2019 2004/2009 2009/2024 2009/2014	27,864(7)
East Hanover II	100%	--	--	--
Hackensack	99%	Bradlees(2) Pathmark Staples	2012/2017 2014/2034 2003/2013	25,534(7)
Jersey City	100%	Bradlees(2) Shop-Rite	2002/2022 2008/2028	19,548(7)
Kearny	68%	Pathmark	2013/2033	3,816(7)
Lawnside	100%	Home Depot Drug Emporium	2012/2027 2007	10,817(7)

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE		NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)
			OWNED/ LEASED BY COMPANY	OWNED BY TENANT ON LAND LEASED FROM COMPANY		
Lodi	1975	8.7	171,000	--	2	10.05
Manalapan	1971	26.3	194,000	2,000	5	9.28
Marlton	1973	27.8	173,000	7,000	9	9.53
Middletown	1963	22.7	180,000	52,000	19	12.38
Morris Plains	1985	27.0	172,000	1,000	18	11.12
North Bergen	1959	4.6	7,000	55,000	2	26.00
North Plainfield(3)	1989	28.7	217,000	--	14	8.95
Totowa	1957	40.5	178,000	139,000	7	16.73
Turnersville	1974	23.3	89,000	7,000	3	5.98
Union	1962	24.1	257,000	--	11	18.96
Vineland	1966	28.0	143,000	--	3	4.82
Watchung	1959	53.8	50,000	116,000	6	18.57
Woodbridge	1959	19.7	233,000	3,000	10	14.50
NEW YORK						
Albany (Menands)	1965	18.6	141,000	--	2	8.94
Buffalo (Amherst)(3)	1968	22.7	185,000	112,000	10	9.62
LOCATION	PERCENT LEASED(1)	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)		LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)	
Lodi	100%	National Wholesale Liquidators		2013/2023	9,586(7)	
Manalapan	83%	Bradlees(2) Grand Union		2002/2022 2012/2022	12,793(7)	
Marlton	99%	Kohl's(2) Shop-Rite		2011/2031 2004/2009	12,439(7)	
Middletown	94%	Bradlees(2) Grand Union		2002/2022 2009/2029	16,792(7)	
Morris Plains	97%	Kohl's Shop-Rite		2023 2002	12,292(7)	
North Bergen	95%	A&P		2012/2032	4,047(7)	
North Plainfield(3)	94%	Kmart Pathmark		2006/2016 2001/2011	11,112(7)	
Totowa	100%	Bradlees(2) Home Depot		2013/2028 2015/2025	30,155(7)	

		Marshalls Circuit City	2007/2012 2018/2038	
Turnersville	100%	Bradlees(2)	2011/2031	4,172(7)
Union	99%	Bradlees(2) Toys "R" Us Cost Cutter Drug	2002/2022 2015 2001	34,245(7)
Vineland	17%	--	--	--
Watchung	97%	B.J.'s Wholesale	2024	13,817(7)
Woodbridge	90%	Bradlees(2) Foodtown Syms	2002/2022 2007/2014 2000/2005	22,572(7)
NEW YORK				
Albany (Menands)	74%	Fleet Bank People of the State of NY	2004/2014 2004/2014	6,348(7)
Buffalo (Amherst)(3)	81%	Circuit City Media Play Toys "R" Us T.J. Maxx	2017 2007/2017 2013 2004	7,153(7)

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE		NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)
			OWNED/ LEASED BY COMPANY	OWNED BY TENANT ON LAND LEASED FROM COMPANY		
Freeport	1981	12.5	167,000	--	3	12.52
New Hyde Park(3)	1976	12.5	101,000	--	1	15.77
North Syracuse(3)	1976	29.4	98,000	--	1	2.74
Rochester (Henrietta)(3)	1971	15.0	148,000	--	--	--
Rochester	1966	18.4	--	--	--	--
Valley Stream (Green Acres)(3)	1958	100.0	1,525,000	71,000	149	(5)
PENNSYLVANIA						
Allentown	1957	86.8	267,000	354,000	21	10.41
Bensalem	1972	23.2	119,000	7,000	12	10.04
Bethlehem	1966	23.0	157,000	3,000	12	5.51
Broomall	1966	21.0	146,000	22,000	5	9.41
Glenolden	1975	10.0	101,000	--	3	10.76
Lancaster	1966	28.0	64,000	--	4	3.53
Levittown	1964	12.8	104,000	--	1	5.98
10th and Market Streets, Philadelphia	1994	1.8	271,000	--	2	9.23
LOCATION	PERCENT LEASED(1)	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)		LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)	
Freeport	100%	Home Depot Cablevision		2011/2021 2004	15,110(7)	
New Hyde Park(3)	100%	Mayfair Supermarkets		2019/2029	7,626(7)	
North Syracuse(3)	100%	Reisman Properties		2014	--	
Rochester (Henrietta)(3)	--				--	
Rochester	--	Wal*Mart(6)		(6)	--	
Valley Stream (Green Acres)(3)	94%	Macy's Sterns(4) JC Penney Sears Kmart		2006/2036 2007/2017 2012/2017 2002/2005 2010/2038	154,928	

		Dime Savings Bank	2020	
		Circuit City	2020/2040	
		GreenPoint Bank	2009	
		Waldbaum(4)	2011/2039	
PENNSYLVANIA				
Allentown	100%	(4)	2011/2031	23,729(7)
		Shop-Rite	2011/2021	
		Burlington Coat Factory	2017	
		Wal*Mart	2024/2094	
		Sam's Wholesale	2024/2094	
		T.J. Maxx	2003/2013	
Bensalem	100%	Kohl's(2)	2020/2040	6,557(7)
Bethlehem	78%	Pathmark	2008/2033	4,150(7)
		Super Petz	2005/2015	
Broomall	100%	Bradlees(2)	2006/2026	9,979(7)
Glenolden	100%	Bradlees(2)	2012/2022	7,484(7)
Lancaster	100%	Weis Markets	2008/2018	--
		Lowe's Home Center(6)	(6)	
Levittown	100%	(2)	2006/2026	--
10th and Market Streets, Philadelphia	80%	Kmart	2010/2035	9,140(7)
		Rouse Co.	2012/2072	

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE		NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)
			OWNED/ LEASED BY COMPANY	OWNED BY TENANT ON LAND LEASED FROM COMPANY		
Upper Moreland	1974	18.6	122,000	--	1	8.50
York	1970	12.0	113,000	--	1	5.50
MARYLAND						
Baltimore (Belair Rd.)	1962	16.0	206,000	--	4	4.88
Baltimore (Towson)	1968	14.6	146,000	7,000	7	10.92
Baltimore (Dundalk)	1966	16.1	183,000	--	17	7.25
Glen Burnie	1958	21.2	65,000	57,000	5	7.80
Hagerstown	1966	13.9	133,000	15,000	6	3.42
CONNECTICUT						
Newington	1965	19.2	32,000	--	4	18.02
Waterbury	1969	19.2	140,000	3,000	7	7.47
MASSACHUSETTS						
Chicopee	1969	15.4	112,000	3,000	2	4.71
Milford(3)	1976	14.7	83,000	--	1	5.26
Springfield	1966	17.4	8,000	117,000	2	12.25
LOCATION	PERCENT LEASED(1)	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)		LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)	
Upper Moreland	100%	Sam's Wholesale		2010/2015	7,095(7)	
York	100%	Kmart(4)		2009/2018	4,196(7)	
MARYLAND						
Baltimore (Belair Rd.)	81%	Disabled American Veterans(4) Food Depot TJ Maxx(4)		2009/2014 2003 2004/2024	--	
Baltimore (Towson)	99%	Staples Cost Saver Supermarket Drug Emporium		2004 2005/2020 2004/2009	11,628(7)	
Baltimore (Dundalk)	77%	A & P Ollie's		2002/2017 2003/2008	6,301(7)	
Glen Burnie	99%	Weis Markets		2018/2053	5,984(7)	
Hagerstown	100%	Big Lots Pharmhouse Weis Markets(4)		2002/2012 2014 2004/2009	3,353(7)	
CONNECTICUT						
Newington	100%	Wal*Mart(6)		2020/2050	6,683(7)	
Waterbury	82%	Toys "R" Us(4) Shaws Supermarkets(4)		2010 2003/2018	--	
MASSACHUSETTS						
Chicopee	83%	Bradlees(2)		2002/2022	--	

Milford(3)	100%	Bradlees(2)	2004/2009	--
Springfield	100%	Wal*Mart	2018/2092	3,190(7)

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE		NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)
			OWNED/ LEASED BY COMPANY	OWNED BY TENANT ON LAND LEASED FROM COMPANY		
PUERTO RICO (SAN JUAN)						
Montehiedra	1997	57.1	525,000	--	96	16.85
Caguas (50% Ownership)	1998	35.0	343,000	--	108	25.56
TOTAL SHOPPING CENTERS		1,332.7	10,076,000	1,358,000	730	\$ 11.70
VORNADO'S OWNERSHIP INTEREST		1,317.1	9,935,000	1,358,000		

LOCATION	PERCENT LEASED(1)	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
Montehiedra	100%	Kmart Builders Square Marshalls Caribbean Theatres	2022/2072 2022/2072 2010/2025 2021/2026	61,021
Caguas (50% Ownership)	96%	Kmart	2064	69,430
TOTAL SHOPPING CENTERS	92%			\$ 780,180
VORNADO'S OWNERSHIP INTEREST	92%			\$ 745,465

- (1) Represents annualized monthly base rent excluding ground leases, storage rent and rent for leases which had not commenced as of December 31, 2000, which are included in percent leased.
- (2) These leases are fully guaranteed by Stop & Shop, a wholly-owned subsidiary of Korinklijke Ahold NV (formerly Royal Ahold NV), except in the case of Totowa, which is guaranteed as to 70% of rent.
- (3) 100% ground and/or building leasehold interest; other than Green Acres, where approximately 10% of the ground is leased.
- (4) The tenant has ceased operations at this location but continues to pay rent (in Allentown, Hechinger's mortgagee has assumed the lease).
- (5) Annualized rent per square foot is \$13.97 in total and \$35.91 for the mall tenants only.
- (6) These tenants have leased land from the Company to construct their own buildings. Governmental approvals have been received in Newington and Lancaster and construction has commenced.
- (7) These encumbrances are part of a cross-collateralized mortgage financing in the amount of \$500,000,000 completed on March 1, 2000.

MERCHANDISE MART PROPERTIES

The Merchandise Mart Properties are a portfolio of 9 properties comprised of:

	Square Feet -----	Percentage -----
Showrooms.....	5,044,000	62%
Offices.....	2,869,000	36%
Retail Stores.....	173,000	2%
	-----	---
	8,086,000	100%
	=====	===

Of these properties, the 724,000 square foot L.A. Mart in Los Angeles and the 321,000 square foot 33 North Dearborn Street office property in Chicago were acquired in 2000 for a total cost of \$89,000,000.

Office Space

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

Industry -----	Percentage -----
Government.....	26.4%
Service.....	25.8%
Telecommunications.....	13.1%
Banking.....	11.8%
Insurance.....	11.8%
Pharmaceutical.....	4.2%
Other.....	6.9%

The average lease term ranges from 1 to 5 years for smaller tenants to as long as 15 years for major tenants. Leases typically provide for step-ups in rent periodically over the term of the lease and pass through to tenants the tenants' share of increases in real estate taxes and operating expenses for a building over a base year. Electricity is provided to tenants on a submetered basis or included in rent based on surveys and adjusted for subsequent utility rate increases. Leases also typically provide for tenant improvement allowances for all or a portion of the tenant's initial construction of its premises. None of the tenants in the Merchandise Mart Properties segment accounted for more than 10% of the Company's total revenue. Below is a listing of the Merchandise Mart Properties office tenants which accounted for 2% or more of the Merchandise Mart Properties' revenues in 2000:

Tenant -----	Square Feet Leased -----	2000 Revenues -----	Percentage -----
General Services Administration...	297,000	\$10,063,000	6.6%
Bankers Life and Casualty.....	303,000	5,595,000	3.7%
Ameritech.....	234,000	4,600,000	3.0%
Bank of America.....	202,000	4,237,000	2.8%
Chicago Transit Authority.....	252,000	3,784,000	2.5%

As of February 1, 2001, the occupancy rate of the Merchandise Mart Properties' office space was 91%. The following table sets forth the occupancy rate and the average escalated rent per square foot for the Merchandise Mart Properties' office space at the end of each of the past five years.

Year End	Rentable Square Feet	Occupancy Rate	Average Annual Escalated Rent Per Square Foot
2000	2,869,000	90%	\$ 23.52
1999	2,414,000	93%	20.12
1998	2,274,000	95%	19.68
1997	2,160,000	91%	19.50
1996	2,026,000	88%	19.42

The following table sets forth as of December 31, 2000 office lease expirations for each of the next 10 years assuming that none of the tenants exercise their renewal options.

Year	Number of Expiring Leases	Square Feet of Expiring Leases	Percentage of Total Leased Square Feet	Annual Escalated Rent of Expiring Leases	
				Total	Per Square Foot
2001	28	87,000	3.6%	\$ 2,100,000	\$ 24.11
2002	28	138,000	5.7%	3,243,000	23.49
2003	12	60,000	2.5%	1,426,000	23.68
2004	19	79,000	3.3%	1,828,000	23.03
2005	10	137,000	5.7%	2,189,000	15.97
2006	13	277,000	11.4%	7,112,000	25.65
2007	13	456,000	18.8%	8,346,000	18.32
2008	6	434,000	17.9%	8,620,000	19.86
2009	9	278,000	11.5%	5,740,000	20.67
2010	6	358,000	14.8%	11,813,000	32.98

In 2000, 378,000 square feet of office space was leased at a weighted average initial rent per square foot of \$30.54, an increase of 32.8% over the weighted average escalated rent per square foot of \$22.99 for the leases expiring. Following is the detail by building.

	2000 Leases	
	Square Feet	Average Initial Rent psf (1)
Washington Office Center	261,000	\$ 34.56
Merchandise Mart	84,000	21.47
350 North Orleans	26,000	22.65
33 North Dearborn Street	6,000	16.90
South Capitol	1,000	12.00
Total	378,000	30.54

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

Showroom Space

The Merchandise Mart Properties' showroom space aggregates 5,044,000 square feet of which 2,419,000 square feet is located in the Merchandise Mart building and 350 North Orleans in Chicago, 1,572,000 square feet is located in the Market Square Complex (including the National Furniture Mart) in High Point, North Carolina, 329,000 square feet is located in the Design Center in Washington, D.C. and 724,000 square feet is located in the L.A. Mart in Los Angeles (acquired on October 2, 2000). The showroom space consists of 3,364,000 square feet of permanent mart space (leased to manufacturers and distributors whose clients are retailers, specifiers and end users), 949,000 square feet of permanent design center space (leased to wholesalers whose principal clientele is interior designers), and 731,000 square feet of temporary market suite space (used for trade shows).

The showrooms provide manufacturers and wholesalers with permanent and temporary space in which to display products for buyers, specifiers and end users. The showrooms are also used for hosting trade shows for the contract furniture, casual furniture, giftware, carpet, residential furnishings, crafts, and design industries. The Merchandise Mart Properties own and operate five of the leading furniture/gift-ware trade shows including the contract furniture industry's largest trade show, NeoCon, which attracts over 50,000 attendees annually and is hosted at the Merchandise Mart building in Chicago. The Market Square Complex co-hosts the home furniture industry's semi-annual market weeks which occupy over 8,800,000 square feet in the High Point, North Carolina region.

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

Industry -----	Percentage -----
Gift.....	23%
Residential Design.....	23%
Residential Furnishings....	16%
Contract Furnishings.....	15%
Market Suites.....	12%
Apparel.....	5%
Casual Furniture.....	4%
Building Products.....	2%

As of February 1, 2001 the occupancy rate of the Merchandise Mart Properties' showroom space was 98%. The following table sets forth the occupancy rate and the average escalated rent per square foot for this space at the end of each of the past five years.

Year End -----	Rentable Square Feet -----	Occupancy Rate -----	Average Annual Escalated Rent Per Square Foot -----
2000	5,044,000	98%	\$ 22.85(1)
1999	4,174,000	98%	21.29(1)
1998	4,266,000	95%	21.97(1)
1997	2,817,000	94%	20.94
1996	2,942,000	84%	20.65

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

The following table sets forth as of December 31, 2000 showroom lease expirations for each of the next 10 years assuming that none of the tenants exercise their renewal options.

Year	Number of Expiring Leases	Square Feet of Expiring Leases	Percentage of Total Leased Square Feet	Annual Escalated Rent of Expiring Leases	
				Total	Per Square Foot
2001.....	326	735,000	18.7%	\$ 13,119,000	\$ 17.85
2002.....	304	579,000	14.7%	12,632,000	21.81
2003.....	251	630,000	16.0%	13,442,000	21.34
2004.....	162	531,000	13.5%	10,971,000	20.65
2005.....	140	438,000	11.1%	9,648,000	22.03
2006.....	46	182,000	4.6%	5,469,000	29.99
2007.....	37	209,000	5.3%	4,793,000	22.97
2008.....	28	151,000	3.8%	4,177,000	27.68
2009.....	31	149,000	3.8%	3,817,000	25.67
2010.....	36	136,000	3.5%	2,789,000	20.48

In 2000, 819,000 square feet of showroom space was leased at a weighted average initial rent per square foot of \$16.61, a 4.4% increase over the weighted average escalated rent per square foot of \$15.91 for the leases expiring. Following is the detail by building.

	2000 Leases	
	Square Feet	Average Initial Rent psf (1)
Market Square Complex.....	558,000	\$ 13.25
Merchandise Mart.....	101,000	27.68
Washington Design Center.....	89,000	24.30
National Furniture Mart.....	34,000	13.63
350 North Orleans.....	28,000	20.85
L.A. Mart.....	9,000	22.87
Total.....	819,000	16.61

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

Retail Stores

The Merchandise Mart Properties' portfolio also contains approximately 173,000 square feet of retail stores which were 87% occupied at February 1, 2000.

MERCHANDISE MART PROPERTIES:

The following table sets forth certain information for the Merchandise Mart Properties owned by the Company as of December 31, 2000.

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FEET	NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)	ANNUALIZED ESCALATED RENT PER SQ. FT. (2)	PERCENT LEASED (1)
ILLINOIS							
Merchandise Mart, Chicago	1930	6.7	3,441,000	728	\$ 22.40	\$ 24.83	97%
350 North Orleans, Chicago	1977	4.3	1,149,000	281	19.55	21.01	88%
33 North Dearborn Street, Chicago	2000	0.5	321,000	79	17.96	24.56	91%
WASHINGTON, D.C.							
Washington Office Center	1990	1.2	398,000	20	27.87	30.13	88%
Washington Design Center	1919	1.2	388,000	84	24.70	25.01	98%
Other		1.3	93,000	5	9.33	12.33	64%
HIGH POINT, NORTH CAROLINA							
Market Square Complex	1902 - 1989	13.1	1,320,000	240	11.92	13.27	99%
National Furniture Mart	1964	0.7	252,000	32	13.40	13.42	100%
CALIFORNIA							
L.A. Mart	2000	9.3	724,000	279	15.35	17.79	94%
TOTAL MERCHANDISE MART PROPERTIES		38.3	8,086,000	1,748	\$ 21.01	\$ 23.27	95%

LOCATION	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
ILLINOIS			
Merchandise Mart, Chicago	Baker, Knapp & Tubbs Bankers Life & Casualty CCC Information Services Chicago Teachers Union Chicago Transit Authority Holly Hunt Ltd. Monsanto Office of the Special Deputy Robert Allen Group Steelcase	2007/2013 2008/2018 2008/2018 2005 2007/2027 2003 2007 2007 2005 2007	\$ 250,000
350 North Orleans, Chicago	RCN Telecom Services Ameritech Art Institute of Illinois Bank of America Chicago Transit Authority Fox Sports Fiserv Solutions	2012/2022 2011/2021 2009/2019 2009/2019 2007/2017 2007/2017 2010/2020	70,000
33 North Dearborn Street, Chicago	--	--	19,000
WASHINGTON, D.C.			
Washington Office Center	General Services Administration	2000/2010	48,102
Washington Design Center	--	--	23,632
Other	District of Columbia	2001	--

HIGH POINT, NORTH CAROLINA			
Market Square Complex	Century Furniture Company	2004	63,424
	La-Z-Boy	2004	--
National Furniture Mart	--	--	13,568
CALIFORNIA			
L.A. Mart	--	--	10,840

TOTAL MERCHANDISE MART PROPERTIES			\$ 498,566
			=====

(1) Represents annualized monthly base rent excluding rent for leases which had not commenced as of December 31, 2000, which are included in percent leased.

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

TEMPERATURE CONTROLLED LOGISTICS

The Company has a 60% interest in the Vornado/Crescent Partnerships ("the Landlord") that own 88 refrigerated warehouses with an aggregate of approximately 438.9 million cubic feet (excludes 11 additional warehouses containing approximately 79.4 million cubic feet managed by AmeriCold Logistics). AmeriCold Logistics leases all of the partnerships' facilities. The Temperature Controlled Logistics segment is headquartered in Atlanta, Georgia.

On March 11, 1999, the Vornado/Crescent Partnerships sold all of the non-real estate assets of Temperature Controlled Logistics encompassing the operations of the temperature controlled business for approximately \$48,700,000 to a new partnership owned 60% by Vornado Operating Company and 40% by Crescent Operating Inc. ("AmeriCold Logistics"). AmeriCold Logistics leases the underlying temperature controlled warehouses used in this business from the Vornado/Crescent Partnerships which continue to own the real estate. The leases, as amended, generally have a 15 year term with two-five year renewal options and provide for the payment of fixed base rent and percentage rent based on revenue AmeriCold Logistics receives from its customers. AmeriCold is also required to pay for all costs arising from the operation, maintenance and repair of the properties as well as property capital expenditures in excess of \$5,000,000 annually. AmeriCold Logistics has the right to defer a portion of the rent for up to three years beginning on March 11, 1999 to the extent that available cash, as defined in the leases, is insufficient to pay such rent.

Total contractual rent was \$160,494,000 and \$130,213,000 (\$164,464,000 and \$133,100,000 including the effect of the straight-lining of rents) for the year ended December 31, 2000 and the period from March 11, 1999 to December 31, 1999. As at December 31, 2000, the balance of the tenant's deferred rent was \$22,444,000 (\$17,044,000 in 2000 and \$5,400,000 in the fourth quarter of 1999) of which the Company's share was \$13,466,000. Based on the Company's policy of recognizing rental income when earned and collection is assured or cash is received, the Company did not recognize \$9,780,000 of income in the year ended December 31, 2000.

On February 22, 2001, the Landlord restructured the AmeriCold Logistics leases to, among other things, (i) reduce 2001's contractual rent to \$146,000,000 (the same amount recognized as rental income in 2000's Funds from Operations), (ii) reduce 2002's contractual rent to \$150,000,000 (plus contingent rent in certain circumstances), (iii) increase the Landlord's share of annual maintenance capital expenditures by \$4,500,000 to \$9,500,000 effective January 1, 2000 and (iv) extend the deferred rent period to December 31, 2003 from March 11, 2002.

During 2000, the Landlord (i) completed a 496,000 square foot warehouse expansion in Carthage, Missouri, and a 43,400 square foot warehouse expansion in Tarboro, North Carolina, (ii) constructed a 163,000 square foot warehouse in Massillon, Ohio and (iii) purchased a 55,900 square foot warehouse in Ontario, California, previously subject to a capital lease. The total cost of these projects was \$42,722,000, of which the remaining balance of \$21,764,000 was expended in 2000. In addition, the Landlord is constructing a 125,000 square foot warehouse at its Atlanta, Georgia complex and has entered into an agreement to acquire the original 104,000 square foot warehouse in Tarboro, North Carolina, which is subject to a capital lease. These transactions are expected to be completed in the first half of 2001 at a total cost of \$25,174,000, of which \$3,881,000 has been expended through December 31, 2000.

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

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

	% of 2000 Revenue

H.J. Heinz & Co.....	18%
Con-Agra, Inc.....	8%
Sara Lee Corp.....	6%
Tyson Foods, Inc.....	5%
McCain Foods, Inc.....	4%
General Mills.....	4%
Pro-Fac Cooperative, Inc.....	4%
J.R. Simplot.....	3%
Flowers Industries, Inc.....	1%
Norpac Foods, Inc.....	1%
Other.....	46%

Facilities

The following is a summary of Temperature Controlled Logistics facilities as of December 31, 2000:

TYPE ----	NUMBER OF FACILITIES -----	CUBIC FEET (IN MILLIONS) -----	SQUARE FEET (IN THOUSANDS) -----
Owned/leased by Vornado/Crescent partnerships:			
Owned	83	423.9	17,067.2
Leased	5	15.0	427.9
	88	438.9	17,495.1
Managed by AmeriCold Logistics	11	79.4	2,484.6
	99	518.3	19,979.7
Total	=====	=====	=====

Below are the details by location, size and type of facility:

PROPERTY -----	LOCATION -----	OWNED/ LEASED -----	CUBIC FEET (IN MILLIONS) -----	SQUARE FEET (IN THOUSANDS) -----
FACILITIES OWNED/LEASED BY THE VORNADO/CRESCENT PARTNERSHIPS:				
ALABAMA				
Birmingham	West 25th Avenue	Owned	2.0	85.6
Montgomery	Newcomb Avenue	Owned	1.2	68.1
Gadsden	East Air Depot Road	Leased	4.0	119.0
Albertville	Railroad Avenue	Owned	2.2	64.5
	TOTAL ALABAMA		9.4	337.2
ARIZONA				
Phoenix	455 South 75th Avenue	Owned	2.9	111.5
ARKANSAS				
Fort Smith	Midland Boulevard	Owned	1.4	78.2
West Memphis	South Airport Road	Owned	5.3	166.4
Texarkana	Genoa Road	Owned	4.7	137.3
Russellville	300 El Mira	Owned	5.6	164.7
Russellville	203 Industrial Boulevard	Owned	9.5	279.4
Springdale	1200 N. Old Missouri Road	Owned	6.6	194.1
	TOTAL ARKANSAS		33.1	1,020.1
CALIFORNIA				
Ontario	Malaga Place	Owned 24% Leased 76%	8.1	279.6
Burbank	West Magnolia Boulevard	Owned	0.8	33.3
Fullerton	South Raymond Avenue	Leased	2.8	107.7
Pajaro	Salinas Road	Leased	1.4	53.8
Los Angeles	Jesse Street	Owned	2.7	141.6
Turlock	5th Street	Owned	2.5	108.4
Watsonville	West Riverside Drive	Owned	5.4	186.0
Turlock	South Kilroy Road	Owned	3.0	138.9
Ontario	Santa Ana Road	Leased	1.9	55.9
	TOTAL CALIFORNIA		28.6	1,105.2
COLORADO				

PROPERTY -----	LOCATION -----	OWNED/ LEASED -----	CUBIC FEET (IN MILLIONS) -----	SQUARE FEET (IN THOUSANDS) -----
Denver	East 50th Street	Owned 52%	2.8	116.3
FLORIDA				
Tampa	South Lois Avenue	Owned	0.4	22.2
Plant City	South Alexander Street	Owned	0.8	30.8
Bartow	U.S. Highway 17	Owned	1.4	56.8
Tampa	50th Street	Owned 80% Leased 20%	3.9	150.0
Tampa	Port of Tampa	Owned	1.0	38.5
	TOTAL FLORIDA		7.5	298.3
GEORGIA				
Atlanta	Xavier Drive, SW	Owned	11.1	476.7
Atlanta	Lakewood Avenue, SW	Owned	2.9	157.1
Augusta	Laney-Walker Road	Owned	1.1	48.3
Atlanta	Westgate Parkway	Owned	11.4	334.7
Montezuma	South Airport Drive	Owned	4.2	175.8
Atlanta	Westgate Parkway	Owned	6.9	201.6
Thomasville	121 Roseway Drive	Owned	6.9	202.9
	TOTAL GEORGIA		44.5	1,597.1
IDAHO				
Burley	U.S. Highway 30	Owned	10.7	407.2
Nampa	4th Street North	Owned	8.0	364.0
	TOTAL IDAHO		18.7	771.2
ILLINOIS				
Rochelle	AmeriCold Drive	Owned	6.0	179.7
East Dubuque	18531 U.S. Route 20 West	Owned	5.6	215.4
	TOTAL ILLINOIS		11.6	395.1
INDIANA				
Indianapolis	Arlington Avenue	Owned	9.1	311.7
IOWA				
Fort Dodge	Maple Drive	Owned	3.7	155.8
Bettendorf	State Street	Owned	8.8	336.0
	TOTAL IOWA		12.5	491.8
KANSAS				
Wichita	North Mead	Owned	2.8	126.3
Garden City	2007 West Mary Street	Owned	2.2	84.6
	TOTAL KANSAS		5.0	210.9
KENTUCKY				
Sebree	1541 U.S. Highway 41 North	Owned	2.7	79.4
MAINE				
Portland	Read Street	Owned	1.8	151.6

PROPERTY -----	LOCATION -----	OWNED/ LEASED -----	CUBIC FEET (IN MILLIONS) -----	SQUARE FEET (IN THOUSANDS) -----
MASSACHUSETTS				
Gloucester	East Main Street	Owned	1.9	95.5
Gloucester	Railroad Avenue	Owned	0.3	13.6
Gloucester	Rogers Street	Owned	2.8	95.2
Gloucester	Rowe Square	Owned	2.4	126.4
Boston	Wildett Circle	Owned	3.1	218.0
	TOTAL MASSACHUSETTS		10.5	548.7
MISSOURI				
Marshall	West Highway 20	Owned	4.8	160.8
Carthage	No. 1 Civil War Road	Owned	42.0	2,564.7
	TOTAL MISSOURI		46.8	2,725.5
MISSISSIPPI				
West Point	751 West Churchill Road	Owned	4.7	180.8
NEBRASKA				
Fremont	950 South Schneider Street	Owned	2.2	84.6
Grand Island	East Roberts Street	Owned	2.2	105.0
	TOTAL NEBRASKA		4.4	189.6
NEW YORK				
Syracuse	Farrell Road	Owned	11.8	447.2
NORTH CAROLINA				
Charlotte	West 9th Street	Owned	1.0	58.9
Charlotte	Exchange Street	Owned	4.1	164.8
Tarboro	Sara Lee Road	Leased	4.9	147.4
	TOTAL NORTH CAROLINA		10.0	371.1
OHIO				
Massillon*	2140 17th Street SW	Owned	5.5	163.2
OKLAHOMA				
Oklahoma City	South Hudson	Owned	0.7	64.1
Oklahoma City	Exchange Street	Owned	1.4	74.1
	TOTAL OKLAHOMA		2.1	138.2
OREGON				
Hermiston	Westland Avenue	Owned	4.0	283.2
Milwaukie	S.E. McLoughlin Blvd.	Owned	4.7	196.6
Salem	Portland Road N.E.	Owned	12.5	498.4
Woodburn	Silverton Road	Owned	6.3	277.4
Brooks	Brooklake Road	Owned	4.8	184.6
Ontario	N.E. First Street	Owned	8.1	238.2
	TOTAL OREGON		40.4	1,678.4
PENNSYLVANIA				
Leesport	RD2, Orchard Lane	Owned	5.8	168.9
Fogelsville	Mill Road	Owned	21.6	683.9
	TOTAL PENNSYLVANIA		27.4	852.8

PROPERTY -----	LOCATION -----	OWNED/ LEASED -----	CUBIC FEET (IN MILLIONS) -----	SQUARE FEET (IN THOUSANDS) -----
SOUTH CAROLINA Columbia	Shop Road	Owned	1.6	83.7
SOUTH DAKOTA Sioux Falls	2300 East Rice Street	Owned	2.9	111.5
TENNESSEE Memphis	East Parkway South	Owned	5.6	246.2
Memphis	Spottswood Avenue	Owned	0.5	36.8
Murfreesboro	Stephenson Drive	Owned	4.5	106.4
	TOTAL TENNESSEE		10.6	389.4
TEXAS Amarillo	10300 South East Third Street	Owned	3.2	123.1
Ft. Worth	200 Railhead Drive	Owned	3.4	102.0
	TOTAL TEXAS		6.6	225.1
UTAH Clearfield	South Street	Owned	8.6	358.4
VIRGINIA Norfolk	East Princess Anne Road	Owned	1.9	83.0
Strasburg	545 Radio Station Rd	Owned	6.8	200.0
	TOTAL VIRGINIA		8.7	283.0
WASHINGTON Burlington	South Walnut	Owned	4.7	194.0
Moses Lake	Wheeler Road	Owned	7.3	302.4
Walla Walla	14th Avenue South	Owned	3.1	140.0
Connell	West Juniper Street	Owned	5.7	235.2
Wallula	Dodd Road	Owned	1.2	40.0
Pasco	Industrial Way	Owned	6.7	209.0
	TOTAL WASHINGTON		28.7	1,120.6
WISCONSIN Tomah	Route 2	Owned	4.6	161.0
Babcock	1524 Necedah Road	Owned	3.4	111.1
Plover	110th Street	Owned	9.4	358.4
	TOTAL WISCONSIN		17.4	630.5
	TOTAL - OWNED/LEASED		438.9	17,495.1
			=====	=====

PROPERTY -----	LOCATION -----	MANAGED -----	CUBIC FEET (IN MILLIONS) -----	SQUARE FEET (IN THOUSANDS) -----
FACILITIES MANAGED BY AMERICOLD LOGISTICS:				
ALABAMA				
Birmingham	4th Street, West	Managed	0.1	0.1
CALIFORNIA				
Ontario	Wanamaker Avenue	Managed	3.2	122.0
Ontario	Airport Drive	Managed	13.5	450.0
Wilmington	Coil Avenue	Managed	4.5	173.1
	TOTAL CALIFORNIA		21.2	745.1
MINNESOTA				
Park Rapids	U.S. Highway 71 South	Managed	5.9	173.5
PENNSYLVANIA				
Bethlehem	2600 Brodhead Road	Managed	16.1	473.5
Bethlehem	4000 Miller Circle North	Managed	7.3	214.7
	TOTAL PENNSYLVANIA		23.4	688.2
SOUTH DAKOTA				
Sioux Falls	802 East Rice Street	Managed	3.4	130.8
TEXAS				
Ft. Worth	1006 Railhead Drive	Managed	13.0	382.4
Ft. Worth	1005 Railhead Drive	Managed	7.6	223.5
	TOTAL TEXAS		20.6	605.9
CANADA				
ALBERTA				
Taber		Managed	4.8	141.0
	TOTAL-MANAGED		79.4	2,484.6
GRAND TOTAL-OWNED/LEASED AND MANAGED			518.3	19,979.7

* New facility in 2000

ALEXANDER'S PROPERTIES

The Company owns 33.1% of Alexander's outstanding common shares. The following table shows as of December 31, 2000 the location, approximate size and leasing status of each of the properties owned by Alexander's, excluding the Fordham Road property which was sold on January 12, 2001.

LOCATION -----	APPROXIMATE AREA IN SQUARE FEET/OR ACREAGE -----	APPROXIMATE LEASABLE SQUARE FOOTAGE/ NUMBER OF FLOORS -----	AVERAGE ANNUALIZED BASE RENT PER SQ. FOOT -----	PERCENT LEASED -----
OPERATING PROPERTIES				
NEW YORK:				
Kings Plaza Regional Shopping Center--Brooklyn.....	24.3 acres	766,000/4(1)(2)	\$ 30.73	91%
Rego Park--Queens.....	4.8 acres	351,000/3(1)	29.02	100%
Flushing--Queens (3).....	44,975 SF	177,000/4(1)	--	--
Third Avenue--Bronx.....	60,451 SF	173,000/4	5.00	100%
		----- 1,467,000 =====		
LOCATION -----	SIGNIFICANT TENANTS (30,000 SQUARE FEET OR MORE) -----	LEASE EXPIRATION/ OPTION EXPIRATION -----		
OPERATING PROPERTIES				
NEW YORK:				
Kings Plaza Regional Shopping Center--Brooklyn.....	Sears	2023/2033		
Rego Park--Queens.....	Bed Bath & Beyond	2013		
	Circuit City	2021		
	Marshalls	2008/2021		
	Sears	2021		
Flushing--Queens (3).....	--	--		
Third Avenue--Bronx.....	An affiliate of Conway	2023		
DEVELOPMENT PROPERTIES				
NEW YORK:				
59th Street and Lexington Avenue--Manhattan....	84,420 SF	--		
Rego Park II--Queens.....	6.6 acres	--		
NEW JERSEY:				
Paramus--New Jersey.....	30.3 acres	(4)		

(1) Excludes parking garages.

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

(3) Leased by the Company through January 2027.

(4) Governmental approvals have been obtained to develop a shopping center at this site containing approximately 550,000 square feet.

Kings Plaza Regional Shopping Center:

Alexander's has completed a renovation of the Mall in connection with the overall renovation of the Center at an estimated cost of \$33,000,000, of which \$27,893,000 has been expended as of December 31, 2000. The remainder of the Center renovation (the exterior) is expected to be completed in 2001.

59th Street and Lexington Avenue:

Alexander's has completed the excavation and laying the foundation for its Lexington Avenue property as part of the proposed development of a large multi-use building. The proposed building is expected to be comprised of a commercial portion, which may include retail stores, offices, hotel space, extended-stay residences, residential rentals and parking; and a residential portion, consisting of condominium units. The capital required for the proposed building will be in excess of \$650,000,000.

If the residential portion of the property is developed, the air rights representing the residential portion would be transferred to a taxable REIT subsidiary, as a REIT is not permitted to sell condominiums without being subject to a 100% excise tax on the gain from the sale of such condominiums.

While Alexander's anticipates that financing will be available after tenants have been obtained for these projects, there can be no assurance that such financing will be obtained, or if obtained, that such financings will be on terms that are acceptable. In addition, it is uncertain as to when these projects will commence.

Paramus:

Alexander's may develop a shopping center of approximately 550,000 square feet on this site. The estimated cost of such development is approximately \$100,000,000. Alexander's has received municipal approvals on tentative plans to develop the site. No redevelopment plans have been finalized.

Fordham Road

On January 12, 2001, Alexander's sold its Fordham Road property located in the Bronx, New York for \$25,500,000, which resulted in a gain of \$19,100,000. In addition, Alexander's paid off the mortgage on this property at a discount, which resulted in an extraordinary gain from early extinguishment of debt of \$3,500,000 in the first quarter of 2001.

HOTEL PENNSYLVANIA

The Hotel Pennsylvania is located in New York City on Seventh Avenue opposite Madison Square Garden. The Company intends to refurbish the Hotel. Under the terms of the mortgage on this property, in connection with the refurbishment, the Company has escrowed \$24,000,000 in cash and \$29,000,000 through letters of credit. The Hotel Pennsylvania consists of a hotel portion containing 800,000 square feet of hotel space with 1,700 rooms and a commercial portion containing 400,000 square feet of retail and office space.

The following table presents rental information for the hotel:

	Year Ended December 31,		
	2000	1999	1998
Average occupancy rate	76%	80%	79%
Average daily rate	\$114	\$105	\$ 99
REVPAR	\$ 87	\$ 84	\$ 78

As of December 31, 2000, the property's retail and office space was 85% and 63% occupied. Twenty-five tenants occupy the retail and commercial space. Annual rent per square foot of retail and office space in 2000 was \$45.00 and \$17.00. In January 2001, as part of its plan to redevelop the retail portion of the Hotel, the Company paid \$750,000 to the Sports Authority to terminate its 44,000 square foot lease which was scheduled to expire in 2009 and contained options to renew for an additional 15 years. In the year ended December 31, 2000, the Sports Authority paid the Company approximately \$1,770,000 of rent.

NEWKIRK JOINT VENTURES

The Newkirk Joint Ventures ("Newkirk") own various equity and debt interests relating to 120 limited partnerships which own real estate primarily net leased to credit rated tenants. The Company owns a 30% interest in Newkirk with the balance owned by affiliates of Apollo Real Estate Investment Fund III, L.P.

The following table sets forth the real estate owned by the limited partnerships and the Company's interest therein:

	Number of Properties	Square Feet (in 000's)		
		Total	Newkirk Ownership Interest	Vornado's Ownership Interest
Office.....	30	8,399	4,507	1,352
Retail.....	166	6,963	3,736	1,121
Other.....	14	5,073	2,722	817
	210	20,435	10,965	3,290
	=====	=====	=====	=====

These properties are located throughout the United States. The tenant leases have a weighted average expiration of 2007 and contain ten to thirty year renewal options at fixed rates.

DRY WAREHOUSE/INDUSTRIAL PROPERTIES

The Company's dry warehouse/industrial properties consist of eight buildings in New Jersey containing approximately 2.0 million square feet. At February 1, 2001 the occupancy rate of the properties was 90%. The average term of a tenant's lease is three to five years.

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

As of December 31,	Occupancy Rate	Average Annual Rent Per Square Foot
2000	90%	\$ 3.52
1999	92%	3.37
1998	82%	3.19

ITEM 3. LEGAL PROCEEDINGS

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

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

No matters were submitted to a vote of security holders during the fourth quarter of the year ended December 31, 2000.

EXECUTIVE OFFICERS OF THE REGISTRANT

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

NAME ----	PAGE ---	PRINCIPAL OCCUPATION, POSITION AND OFFICE (CURRENT AND DURING PAST FIVE YEARS WITH VORNADO UNLESS OTHERWISE STATED) -----
Steven Roth.....	59	Chairman of the Board, Chief Executive Officer and Chairman of the Executive Committee of the Board; the Managing General Partner of Interstate Properties, an owner of shopping centers and an investor in securities and partnerships; Chief Executive Officer of Alexander's, Inc. since March 1995 and a Director since 1989; Chairman and CEO of Vornado Operating since 1998.
Michael D. Fascitelli.....	44	President and a Trustee since December 1996; Director of Alexander's, Inc. since December 1996; Director of Vornado Operating since 1998; Partner at Goldman, Sachs & Co. in charge of its real estate practice from December 1992 to December 1996; and Vice President at Goldman, Sachs & Co., prior to December 1992.
Melvyn H. Blum.....	54	Executive Vice President--Development since January 2000; Senior Managing Director at Tishman Speyer Properties in charge of its development activities in the United States from July 1998 to January 2000; and Managing Director of Development and Acquisitions at Tishman Speyer Properties prior to July 1998.
Michelle Felman.....	38	Executive Vice President--Acquisitions since September 2000; Independent Consultant to Vornado from October 1997 to September 2000; Managing Director-Global Acquisitions and Business Development of GE Capital from 1991 to July 1997.
Irwin Goldberg.....	56	Vice President--Chief Financial Officer from January 1998 to February 2001; Vice President--Chief Financial Officer of Vornado Operating since 1998; Secretary and Treasurer of Alexander's Inc. since June 1999; Partner at Deloitte & Touche LLP from September 1978 to January 1998.
Joseph Hakim.....	52	Executive Vice President--Chief Operating Officer since September 2000; Chief Executive Officer of the Merchandise Mart Division since April 1998 (date of the Company's acquisition); President and Chief Executive Officer of Merchandise Mart Properties, Inc., the main operating subsidiary of Joseph P. Kennedy Enterprises, Inc. (the predecessor to the Merchandise Mart Division) from 1992 to April 1998.
Joseph Macnow.....	55	Executive Vice President--Finance and Administration since January 1998 and Chief Financial Officer since March 2001; Executive Vice President - Finance and Administration of Vornado Operating since 1998; Vice President--Chief Financial Officer from 1985 to January 1998; Vice President--Chief Financial Officer of Alexander's, Inc. since August 1995.
David R. Greenbaum.....	49	Chief Executive Officer of the New York Office Division since April 1997 (date of the Company's acquisition); President of Mendik Realty (the predecessor to the Mendik Division) from 1990 until April 1997.
Richard T. Rowan.....	54	Executive Vice President--Retail Real Estate Division since January 1982.
Christopher Kennedy.....	37	President of the Merchandise Mart Division since September 2000; Executive Vice President of the Merchandise Mart Division from 1994 to September 2000.

PART II

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

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

Quarterly price ranges of the common shares and dividends paid per share for the years ended December 31, 2000 and 1999 were as follows:

QUARTER -----	YEAR ENDED DECEMBER 31, 2000			YEAR ENDED DECEMBER 31, 1999		
	HIGH -----	LOW -----	DIVIDENDS -----	HIGH -----	LOW -----	DIVIDENDS -----
1st.....	\$ 35.25	\$ 29.88	\$.48	\$ 37.75	\$ 32.06	\$.44
2nd.....	36.50	33.69	.48	39.50	33.06	.44
3rd.....	40.75	35.50	.48	36.06	32.19	.44
4th.....	38.94	33.38	.53	33.31	30.06	.48

On February 1, 2001, the number of record holders of common shares of Vornado was 2,324.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

	YEAR ENDED DECEMBER 31,				
	2000	1999	1998	1997	1996
(in thousands, except share and per share amounts)					
OPERATING DATA					
Revenues:					
Property rentals	\$ 695,078	\$ 591,270	\$ 425,496	\$ 168,321	\$ 87,424
Expense reimbursements	120,056	96,842	74,737	36,652	26,644
Other income	11,398	8,846	9,627	4,158	2,819
Total Revenues	826,532	696,958	509,860	209,131	116,887
Expenses:					
Operating	318,360	282,118	207,171	74,745	36,412
Depreciation and amortization	99,846	83,585	59,227	22,983	11,589
General and administrative	47,911	40,151	28,610	13,580	5,167
Amortization of officer's deferred compensation expense	--	--	--	22,917	2,083
Total Expenses	466,117	405,854	295,008	134,225	55,251
Operating Income	360,415	291,104	214,852	74,906	61,636
Income applicable to Alexander's	13,053	7,427	3,123	7,873	7,956
Income from partially-owned entities	90,404	82,310	32,025	4,658	1,855
Interest and other investment income	32,926	18,359	24,074	23,767	6,643
Interest and debt expense	(170,273)	(141,683)	(114,686)	(42,888)	(16,726)
Net gain on sales of real estate	10,965	--	--	--	--
Net gain from condemnation proceeding	--	--	9,649	--	--
Minority interest:					
Perpetual preferred unit distributions	(62,089)	(19,254)	(756)	--	--
Minority limited partnership earnings	(38,320)	(33,904)	(14,822)	(7,293)	--
Partially-owned entities	(1,965)	(1,840)	(605)	--	--
Income before extraordinary item	235,116	202,519	152,854	61,023	61,364
Extraordinary item	(1,125)	--	--	--	--
Net income	233,991	202,519	152,854	61,023	61,364
Preferred stock dividends	(38,690)	(33,438)	(21,690)	(15,549)	--
Net income applicable to common shares	\$ 195,301	\$ 169,081	\$ 131,164	\$ 45,474	\$ 61,364
Income per share--basic(1)	\$ 2.26	\$ 1.97	\$ 1.62	\$.83	\$ 1.26
Income per share--diluted(1)	\$ 2.20	\$ 1.94	\$ 1.59	\$.79	\$ 1.25
Cash dividends declared for common shares	\$ 1.97	\$ 1.80	\$ 1.64	\$ 1.36	\$ 1.22
BALANCE SHEET DATA					
Total assets	\$ 6,370,314	\$ 5,479,218	\$ 4,425,779	\$ 2,524,089	\$ 565,204
Real estate, at cost	4,294,842	3,921,507	3,315,891	1,564,093	397,298
Accumulated depreciation	393,787	308,542	226,816	173,434	151,049
Debt	2,656,897	2,048,804	2,051,000	956,654	232,387
Shareholders' equity	2,078,720	2,055,368	1,782,678	1,313,762	276,257

	YEAR ENDED DECEMBER 31,				
	2000	1999	1998	1997	1996
(in thousands)					
OTHER DATA					
Funds from operations(2):					
Net income applicable to common shares	\$195,301	\$169,081	\$131,164	\$45,474	\$61,364
Extraordinary item	1,125	--	--	--	--
Depreciation and amortization of real property	97,744	82,216	58,277	22,413	11,154
Straight-lining of property rentals for rent escalations	(28,893)	(22,881)	(14,531)	(3,359)	(2,676)
Leasing fees received in excess of income recognized	1,259	1,705	1,339	1,733	1,805
Net gain on sale of real estate	(10,965)	--	--	--	--
Net gain from insurance settlement and condemnation proceedings	--	--	(9,649)	--	--
Appreciation/(depreciation) of securities held in officer's deferred compensation trust	4,765	(340)	340	--	--
Gains on sale of securities available for sale	--	(383)	(898)	--	--
Proportionate share of adjustments to equity in income of partially-owned entities to arrive at funds from operations:					
Temperature Controlled Logistics	35,565	31,400	41,988	4,183	--
Alexander's	93	1,324	4,023	(2,471)	(2,331)
Partially-owned office buildings	2,926	50	3,561	2,891	--
Hotel Pennsylvania	5,779	4,866	4,083	457	--
Charles E. Smith Commercial Realty L.P.	15,767	12,024	2,974	1,298	--
Other	9,448	7,463	219	--	--
Minority interest in partially owned entities in excess of preferential distributions	(16,445)	(9,020)	(3,991)	--	--
Dilutive effect of Series A Preferred Stock dividends	21,689	16,268	--	--	--
Funds from operations	\$335,158	\$293,773	\$218,899	\$72,619	\$69,316
Cash flow provided by (used in):					
Operating activities	\$249,921	\$176,895	\$189,406	\$115,473	\$70,703
Investing activities	(699,375)	(494,204)	(1,257,367)	(1,064,484)	14,912
Financing activities	473,813	262,131	879,815	1,215,269	(15,046)

(1) The earnings per share amounts prior to 1997 have been restated to comply with Statement of Financial Accounting Standards No. 128, "Earnings Per Share" (SFAS 128). For further discussion of earnings per share and the impact of SFAS 128, see the notes to the consolidated financial statements. All share and per share information has also been adjusted for a 2-for-1 share split in October 1997.

(2) Funds from operations does not represent cash generated from operating activities in accordance with generally accepted accounting principles and is not necessarily indicative of cash available to fund cash needs which is disclosed in the Consolidated Statements of Cash Flows for the applicable periods. There are no material legal or functional restrictions on the use of funds from operations. Funds from operations should not be considered as an alternative to net income as an indicator of the Company's operating performance or as an alternative to cash flows as a measure of liquidity. Management considers funds from operations a supplemental measure of operating performance and along with cash flow from operating activities, financing activities and investing activities, it provides investors with an indication of the ability of the Company to incur and service debt, to make capital expenditures and to fund other cash needs. Funds from operations may not be comparable to similarly titled measures employed by other REITs since a number of REITs, including the Company, calculate funds from operations in a manner different from that used by the National Association of Real Estate Investment Trusts ("NAREIT"). Funds from operations, as defined by NAREIT, represents net income applicable to common shares before depreciation and amortization, extraordinary items and gains or losses on sales of real estate. Funds from operations as disclosed above has been modified from this definition to adjust primarily for (i) the effect of straight-lining of property rentals for rent escalations and leasing fee income, and (ii) the reversal of income taxes (benefit) which are considered non-recurring because of the conversion of Temperature Controlled Logistics Companies to REITs in 2000.

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

(\$ in thousands, except where indicated)

OVERVIEW

Below is a summary of net income and EBITDA(1) by segment for the years ended December 31, 2000, 1999, and 1998:

	December 31, 2000					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Total revenues	\$ 826,532	\$ 472,527	\$ 177,787	\$ 155,213	\$ --	\$ 21,005
Total expenses	466,117	267,899	73,802	83,006	--	41,410
Operating income	360,415	204,628	103,985	72,207	--	(20,405)
Income applicable to Alexander's ...	13,053	--	--	--	--	13,053
Income from partially-owned entities	90,404	29,210	667	2,111	28,778(6)	29,638
Interest and other investment income	32,926	6,162	--	1,474	--	25,290
Interest and debt expense	(170,273)	(62,162)	(53,180)	(38,566)	--	(16,365)
Net gain on sale of real estate	10,965	8,405	2,560	--	--	--
Minority interest	(102,374)	(46,917)	(16,550)	(12,660)	(12,483)	(13,764)
Income before extraordinary item ...	235,116	139,326	37,482	24,566	16,295	17,447
Extraordinary item	(1,125)	--	(1,125)	--	--	--
Net income	233,991	139,326	36,357	24,566	16,295	17,447
Extraordinary item	1,125	--	1,125	--	--	--
Minority interest	102,374	46,917	16,550	12,660	12,483	13,764
Net gain on sale of real estate	(10,965)	(8,405)	(2,560)	--	--	--
Interest and debt expense (4)	260,573	96,224	55,741	38,566	27,424	42,618
Depreciation and amortization (4) ..	167,268	76,696	18,522	20,627	34,015	17,408
Straight-lining of rents (4)	(30,001)	(19,733)	(2,295)	(5,919)	(1,121)	(933)
Other	14,510	--	(1,654)	1,358	4,064(3)	10,742(7)
EBITDA(1)	\$ 738,875	\$ 331,025	\$ 121,786	\$ 91,858	\$ 93,160	\$ 101,046

	December 31, 2000					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Total revenues	\$ 696,958	\$ 379,795	\$ 170,538	\$ 135,921	\$ --	\$ 10,704
Total expenses	405,854	227,680	74,062	74,624	--	29,488
Operating income	291,104	152,115	96,476	61,297	--	(18,784)
Income applicable to Alexander's ...	7,427	--	--	--	--	7,427
Income from partially-owned entities	82,310	19,055	938	--	36,722	25,595
Interest and other investment income	18,359	1,786	--	737	--	15,836
Interest and debt expense	(141,683)	(49,624)	(27,635)	(29,509)	--	(34,915)
Minority interest	(54,998)	(25,854)	(14,628)	(6,819)	(7,697)	--
Net income	202,519	97,478	55,151	25,706	29,025	(4,841)
Minority interest	(54,998)	(25,854)	(14,628)	(6,819)	(7,697)	--
Interest and debt expense (4)	226,253	82,460	30,249	29,509	27,520	56,515
Depreciation and amortization (4) ..	143,499	64,702	16,900	17,702	31,044	13,151
Straight-lining of rents (4)	(25,359)	(16,386)	(2,120)	(4,740)	(1,698)	(415)

Other	7,451	365	--	--	2,054(3)	5,032
	-----	-----	-----	-----	-----	-----
EBITDA(1)	\$ 609,361	\$ 254,473	\$ 114,808	\$ 74,996	\$ 95,642	\$ 69,442
	=====	=====	=====	=====	=====	=====

See supplemental information on page 61 for a summary of net income and EBITDA by segment for the three months ended December 31, 2000 and 1999.

December 31, 1998

	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Total revenues	\$ 509,860	\$ 247,499	\$ 167,155	\$ 86,521	\$ --	\$ 8,685
Total expenses	295,008	151,573	70,334	50,761	--	22,340
Operating income	214,852	95,926	96,821	35,760	--	(13,655)
Income applicable to Alexander's ...	3,123	--	--	--	--	3,123
Income from partially-owned entities	32,025	10,854	258	(1,969)	15,191	7,691
Interest and other investment income	24,074	4,467	2,159	639	--	16,809
Interest and debt expense	(114,686)	(25,175)	(32,249)	(18,711)	--	(38,551)
Net gain from insurance settlement and condemnation proceeding	9,649	--	--	--	--	9,649
Minority interest	(16,183)	(7,236)	(5,853)	(2,070)	(1,024)	--
Net income	152,854	78,836	61,136	13,649	14,167	(14,934)
Minority interest	16,183	7,236	5,853	2,070	1,024	--
Interest and debt expense (4)	164,478	40,245	32,709	18,711	26,541	46,272
Depreciation and amortization (4) ..	104,299	39,246	15,520	9,899	33,117	6,517
Net gain from insurance Settlement and condemnation proceeding	(9,649)	--	--	--	--	(9,649)
Straight-lining of rents (4)	(16,132)	(6,845)	(3,203)	(4,882)	--	(1,202)
Other	15,055	(79)	--	--	8,872(3)	6,262(5)
EBITDA(1)	\$ 427,088	\$ 158,639	\$ 112,015	\$ 39,447	\$ 83,721	\$ 33,266

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

(2) Other EBITDA is comprised of:

	2000	1999	1998
Investment in Newkirk Joint Ventures	\$ 50,985	\$ 39,796	\$ 5,379
Investments in other partially-owned entities (Hotel Pennsylvania,*Alexander's and other) .	43,067	34,827	25,323
Investment Income	25,290	15,836	16,809
Unallocated general and administrative expenses	(25,166)	(23,288)	(18,147)
Other	6,870	2,271	3,902
Total	\$ 101,046	\$ 69,442	\$ 33,266

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

(3) Includes (i) the reversal of income taxes (benefit) which are considered non-recurring because of the conversion of the Temperature Controlled Logistics Companies to REIT's in 2000 and (ii) the add back of non-recurring unification costs.

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

(5) Primarily represents the Company's equity in Alexander's loss for the write-off resulting from the razing of Alexander's building formerly located at its Lexington Avenue site.

(6) Net of \$9,780 of rent not recognized as income.

(7) Includes the reversal of \$4,765 of expenses in connection with a deferred compensation arrangement.

RESULTS OF OPERATIONS

Years Ended December 31, 2000 and December 31, 1999

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

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

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

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

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

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

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

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

Based on the Company's policy of recognizing rental income when earned and collection is assured or cash is received, the Company did not recognize \$4,500 of income from this tenant in the quarter ended December 31, 2000 and \$9,780 in the year ended December 31, 2000.

On February 22, 2001, the Landlord restructured the AmeriCold Logistics leases to, among other things, (i) reduce 2001's contractual rent to \$146,000 (the same amount recognized as rental income in 2000's Funds from Operations), (ii) reduce 2002's contractual rent to \$150,000 (plus contingent rent in certain circumstances), (iii) increase the Landlord's share of annual maintenance capital expenditures by \$4,500 to \$9,500 effective January 1, 2000 and (iv) extend the deferred rent period to December 31, 2003 from March 11, 2002.

Revenues

The Company's revenues, which consist of property rentals, tenant expense reimbursements and other income were \$826,532 in the year ended December 31, 2000 compared to \$696,958 in the prior year, an increase of \$129,574. These increases by segment resulted from:

	Date of Acquisition	Total	Office	Retail	Merchandise Mart	Other
Property Rentals:						
Acquisitions:						
7 West 34th Street	November 2000	\$ 2,428	\$ 2,428	\$ --	\$ --	\$ --
33 North Dearborn Street	September 2000	1,535	--	--	1,535	--
L.A. Mart	October 2000	2,709	--	--	2,709	--
595 Madison Avenue	September 1999	10,195	10,195	--	--	--
Hotel Pennsylvania (20%)	August 1999	4,638	--	--	--	4,638
909 Third Avenue	July 1999	16,223	16,223	--	--	--
888 Seventh Avenue	January 1999	765	765	--	--	--
Student Housing Complex	January 2000	4,227	--	--	--	4,227
Leasing activity		61,088	46,780	3,354	12,021	(1,067)
Total increase in property rentals		103,808	76,391	3,354	16,265	7,798
Tenant expense reimbursements:						
Increase in tenant expense reimbursements due to acquisitions		10,733	9,071	--	899	763
Other		12,481	8,319	2,484	1,510	168
Total increase in tenant expense reimbursements		23,214	17,390	2,484	2,409	931
Other income		2,552	963	719	618	252
Total increase in revenues		\$129,574	\$ 94,744	\$ 6,557	\$ 19,292	\$ 8,981

The following sets forth certain information for properties the Company owns directly or indirectly, including leasing activity for space previously occupied:

	Office		Retail	Merchandise Mart		Temperature Controlled Logistics
	New York City	CESCR(1)		Office(2)	Showroom(2)	
(square feet and cubic feet in thousands)						
As of December 31, 2000:						
Square feet	14,396	4,248	11,293	2,869	5,044	17,495
Cubic feet	--	--	--	--	--	438,900
Number of properties	22	50	55	9	9	88
Occupancy rate	96%	98%	92%	90%	98%	95%
Leasing Activity:						
For the year ended						
December 31, 2000:						
Square Feet	1,407	927	350	378	819	--
Rent per Square Foot:						
Initial rent (3)	\$ 45.91	\$ 29.39	\$ 14.73	\$ 30.54	\$ 16.61	--
Prior escalated rent	\$ 30.54	\$ 25.97	\$ 13.05	\$ 22.99	\$ 15.91	--
Percentage increase	50%	13%	13%	33%	4%	--
As of December 31, 1999:						
Square feet	14,028	3,623	11,960	2,414	4,174	16,998
Cubic feet	--	--	--	--	--	428,300
Number of properties	22	39	56	7	7	89
Occupancy rate	95%	99%	92%	93%	98%	95%

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

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

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

Expenses

The Company's expenses were \$466,117 in the year ended December 31, 2000, compared to \$405,854 the prior year, an increase of \$60,263. These increases by segment resulted from:

	Total	Office	Retail	Merchandise Mart	Other
	-----	-----	-----	-----	-----
Operating:					
Acquisitions	\$ 23,639	\$ 16,743	\$ --	\$ 2,310	\$ 4,586
Same store operations	12,603	13,374	(2,501)	2,294	(564)
	-----	-----	-----	-----	-----
	36,242	30,117	(2,501)	4,604	4,022
	-----	-----	-----	-----	-----
Depreciation and amortization:					
Acquisitions	5,952	3,735	--	528	1,689
Same store operations	10,309	6,197	2,147	2,397	(432)
	-----	-----	-----	-----	-----
	16,261	9,932	2,147	2,925	1,257
	-----	-----	-----	-----	-----
General and Administrative:					
Appreciation in value of Vornado shares and other securities held in officer's deferred compensation Trust	5,105	--	--	--	5,105
Other expenses	2,655(1)	170	94	853	1,538
	-----	-----	-----	-----	-----
	7,760	170	94	853	6,643
	-----	-----	-----	-----	-----
	\$ 60,263	\$ 40,219	\$ (260)	\$ 8,382	\$ 11,922
	=====	=====	=====	=====	=====

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

Income applicable to Alexander's (loan interest income, equity in income (loss) and depreciation) was \$13,053 in the year ended December 31, 2000, compared to \$7,427 in the prior year, an increase of \$5,626. This increase resulted from interest income on higher outstanding loan balances to Alexander's.

Income from partially-owned entities was \$90,404 in the year ended December 31, 2000, compared to \$82,310 in the prior year, an increase of \$8,094. This increase by segment resulted from:

	Date of Acquisition	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
	-----	-----	-----	-----	-----	-----	-----
Acquisitions:							
Newkirk Joint Ventures	Various	\$ 4,604	\$ --	\$ --	\$ --	\$ --	\$ 4,604
Other	Various	(2,750)	--	--	--	--	(2,750)
Increase (decrease) in equity in income:							
Temperature Controlled							
Logistics		(7,944)(1)	--	--	--	(7,944)(1)	--
CESCR		6,907	6,907	--	--	--	--
Hotel Pennsylvania		2,977(2)	--	--	--	--	2,977(2)
Partially-owned							
office buildings		1,089	1,089	--	--	--	--
Other		3,211	2,159	(271)	2,111	--	(788)
		-----	-----	-----	-----	-----	-----
		\$ 8,094	\$ 10,155	\$ (271)	\$ 2,111	\$ (7,944)	\$ 4,043
		=====	=====	=====	=====	=====	=====

(1) Reflects \$9,780 of rent not recognized in the year ended December 31, 2000.

(2) Reflects the elimination of the Company's equity in income of the commercial portion of the Hotel Pennsylvania which was wholly-owned as of August 5, 1999, and accordingly consolidated.

Interest and other investment income (interest income on mortgage loans receivable, other interest income, dividend income and net gains on sales of marketable securities) was \$32,926 for the year ended December 31, 2000, compared to \$18,359 in the prior year, an increase of \$14,567. This increase resulted primarily from the acquisition of NorthStar subordinated unsecured debt (22% effective rate) on September 19, 2000 and a loan to Primestone Investment Partners, L.P. (20% effective rate) on September 28, 2000.

Interest and debt expense was \$170,273 for the year ended December 31, 2000, compared to \$141,683 in the prior year, an increase of \$28,590. This increase resulted primarily from higher average outstanding balances and higher interest rates during the year.

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

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

Preferred stock dividends were \$38,690 for the year ended December 31, 2000, compared to \$33,438 in the prior year, an increase of \$5,252. The increase resulted from the issuance of the Company's Series B Cumulative Redeemable Preferred Shares in March 1999 and Series C Cumulative Redeemable Preferred Shares in May 1999.

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

The Company operates in a manner intended to enable it to continue to qualify as a REIT under Sections 856-860 of the Internal Revenue Code of 1986 as amended. Under those sections, a REIT which distributes at least 95% of its REIT taxable income as a dividend to its shareholders each year and which meets certain other conditions will not be taxed on that portion of its taxable income which is distributed to its shareholders. The Company has distributed to its shareholders an amount greater than its taxable income. Therefore, no provision for Federal income taxes is required.

Years Ended December 31, 1999 and December 31, 1998

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

	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
	-----	-----	-----	-----	-----	-----
Year ended December 31, 1998 ...	\$427,088	\$158,639	\$ 112,015	\$39,447	\$83,721	\$ 33,266
1999 Operations:						
Same store operations(1) ...	27,410	18,074	3,797	6,556	--	(1,017)
Acquisitions and other	154,863	77,760	(1,004)	28,993	11,921	37,193
Year ended December 31, 1999 ...	\$609,361	\$254,473	\$ 114,808	\$74,996	\$95,642	\$ 69,442
	=====	=====	=====	=====	=====	=====
% increase in same store operations	8.0%	11.4%	3.4%	16.6%	N/A(2)	(3.1)%

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

(2) Not comparable because prior to March 11, 1999 (date the operations of the Temperature Controlled Logistics Companies were sold), the Company reflected its equity in the operations of the Temperature Controlled Logistics Companies. Subsequent thereto, the Company reflects its equity in the rent it receives from the Temperature Controlled Logistics Companies.

Revenues

The Company's revenues, which consist of property rentals, tenant expense reimbursements and other income were \$696,958 in the year ended December 31, 1999 compared to \$509,860 in the prior year, an increase of \$187,098. These increases by segment resulted from:

	Date of Acquisition -----	Total -----	Office -----	Retail -----	Merchandise Mart -----	Other -----
Property Rentals:						
Acquisitions:						
595 Madison Avenue	September 1999	\$ 4,202	\$ 4,202	\$--	\$--	\$--
Hotel Pennsylvania (20%)	August 1999	2,670	--	--	--	2,670
909 Third Avenue	July 1999	11,626	11,626	--	--	--
888 Seventh Avenue	January 1999	22,683	22,683	--	--	--
Market Square Complex	December 1998	13,303	--	--	13,303	--
Mendik RELP Properties	December 1998	26,410	26,410	--	--	--
20 Broad Street	August 1998	8,112	8,112	--	--	--
689 Fifth Avenue	August 1998	2,152	2,152	--	--	--
770 Broadway	July 1998	5,747	5,747	--	--	--
40 Fulton Street	June 1998	2,605	2,605	--	--	--
Merchandise Mart Properties	April 1998	27,227	--	--	27,227	--
150 East 58th Street	March 1998	2,403	2,403	--	--	--
One Penn Plaza	February 1998	5,478	5,478	--	--	--
Westport	January 1998	274	274	--	--	--
		-----	-----	-----	-----	-----
		134,892	91,692	--	40,530	2,670
Leasing activity		30,426	25,090	2,935	2,806	(405)
		-----	-----	-----	-----	-----
Total increase in property rentals		165,318	116,782	2,935	43,336	2,265
		-----	-----	-----	-----	-----
Tenant expense reimbursements:						
Increase in tenant expense						
reimbursements due to acquisitions		12,754	8,462	--	3,922	370
Other		2,755	887	448	1,668	(248)
		-----	-----	-----	-----	-----
Total increase in tenant expense reimbursements		15,509	9,349	448	5,590	122
		-----	-----	-----	-----	-----
Other income		6,271	6,165	--	474	(368)
		-----	-----	-----	-----	-----
Total increase in revenues		\$187,098	\$132,296	\$ 3,383	\$ 49,400	\$ 2,019
		=====	=====	=====	=====	=====

Expenses

The Company's expenses were \$405,854 in the year ended December 31, 1999, compared to \$295,008 in the prior year, an increase of \$110,846. These increases by segment resulted from:

	Total	Office	Retail	Merchandise Mart	Other
Operating:					
Acquisitions	\$ 68,828	\$51,291	\$ --	\$ 15,946	\$ 1,591
Same store operations	6,119	6,234	3,332	(3,316)	(131)
	74,947	57,525	3,332	12,630	1,460
Depreciation and amortization:					
Acquisitions	17,498	11,180	--	5,756	562
Same store operations	6,860	4,654	334	2,047	(175)
	24,358	15,834	334	7,803	387
General and Administrative:					
Corporate expenses(2)	11,593	2,748	62(1)	3,430	5,353
Reduction in value of Vornado shares and other securities held in officer's deferred compensation trust	(52)	--	--	--	(52)
	11,541	2,748	62	3,430	5,301
	\$ 110,846	\$76,107	\$ 3,728	\$ 23,863	\$ 7,148

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

(2) Of this increase: (i) \$2,546 is attributable to acquisitions, (ii) \$5,654 resulted from payroll, primarily for additional employees, and corporate office expenses, and (iii) \$3,393 resulted from professional fees.

Income applicable to Alexander's (loan interest income, equity in income (loss) and depreciation) was \$7,427 in the year ended December 31, 1999, compared to \$3,123 in the prior year, an increase of \$4,304. This increase resulted from lower equity in Alexander's income in the prior year due primarily to the write-off resulting from the razing of its building formerly located at its Lexington Avenue site.

Income from partially-owned entities was \$82,310 in the year ended December 31, 1999, compared to \$32,025 in the prior year, an increase of \$50,285. This increase by segment resulted from:

	Date of Acquisition	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
Acquisitions:							
CESCR	March 1999	\$14,063	\$14,063	\$ --	\$ --	\$ --	\$ --
Newkirk Joint Ventures	July 98/Mar. 99	16,510	--	--	--	--	16,510
Las Catalinas	November 1998	680	--	680	--	--	--
Temperature Controlled Logistics	June/July 1998	8,423	--	--	--	8,423	--
Merchandise Mart Management Company	April 1998	(207)	--	--	(207)	--	--
		39,469	14,063	680	(207)	8,423	16,510
Increase (decrease) in equity in income:							
Temperature Controlled Logistics		12,528	--	--	--	12,528(1)	--
Hotel Pennsylvania		1,417	--	--	--	--	1,417(2)
Partially-owned office buildings		(1,533)	(1,533)(3)	--	--	--	--
Other		(1,596)	(4,329)	--	2,176	580	(23)
		\$50,285	\$ 8,201	\$ 680	\$ 1,969	\$21,531	\$17,904

(1) Primarily reflects equity interest in lease payments (March 11, 1999-December 31, 1999) and equity interest in the operations (January 1, 1999-March 11, 1999) for 1999 in excess of equity in the operations of such companies in 1998.

(2) Reflects the elimination of the Company's equity in income of the commercial portion of the Hotel Pennsylvania which was wholly-owned as of August 5, 1999, and accordingly consolidated.

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

Interest and other investment income (interest income on mortgage loans receivable, other interest income, dividend income and net gains on marketable securities) was \$18,359 for the year ended December 31, 1999, compared to \$24,074 in the prior year, a decrease of \$5,715. This decrease resulted primarily from lower average investments.

Interest and debt expense was \$141,683 for the year ended December 31, 1999, compared to \$114,686 in the prior year, an increase of \$26,997. This increase resulted primarily from debt in connection with acquisitions.

Minority interest was \$54,998 for the year ended December 31, 1999, compared to \$16,183 for the prior year, an increase of \$38,815. This increase is primarily due to higher income.

Preferred stock dividends were \$33,438 for the year ended December 31, 1999, compared to \$21,690 in the prior year, an increase of \$11,748. The increase resulted from the issuance of the Company's Series B Cumulative Redeemable Preferred Shares in March 1999 and Series C Cumulative Redeemable Preferred Shares in May 1999.

SUPPLEMENTAL INFORMATION

THREE MONTHS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 1999

Below is a summary of net income and EBITDA by segment for the three months ended December 31, 2000 and 1999:

For The Three Months Ended December 31, 2000

	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(3)
Total revenues	\$ 216,853	\$ 120,942	\$ 47,123	\$ 43,048	\$ --	\$ 5,740
Total expenses	125,509	70,170	19,943	23,887	--	11,509
Operating income	91,344	50,772	27,180	19,161	--	(5,769)
Income applicable to Alexander's	5,590	--	--	--	--	5,590
Income from partially-owned entities ..	15,957	6,622	(320)	(2,641)	4,094(4)	8,202
Interest and other investment income ..	14,657	3,501	--	755	--	10,401
Interest and debt expense	(49,033)	(17,332)	(20,047)	(10,706)	--	(948)
Net Gain on sale of real estate	--	--	--	--	--	--
Minority interest	(26,792)	(11,671)	(4,005)	(3,124)	(3,214)	(4,778)
Income before extraordinary item	51,723	31,892	2,808	3,445	880	12,698
Extraordinary item	--	--	--	--	--	--
Net income	51,723	31,892	2,808	3,445	880	12,698
Extraordinary item	--	--	--	--	--	--
Minority interest	26,792	11,671	4,005	3,124	3,214	4,778
Net Gain on sale of real estate	--	--	--	--	--	--
Interest and debt expense(2)	70,755	25,160	20,663	10,706	6,478	7,748
Depreciation and amortization(2)	46,913	21,137	4,345	5,835	9,593	6,003
Straight-lining of rents(2)	(5,860)	(3,916)	(318)	(1,396)	(136)	(94)
Other	7,546	252	(1,923)	1,358	3,706(5)	4,153(6)
EBITDA(1)	\$ 197,869	\$ 86,196	\$ 29,580	\$ 23,072	\$ 23,735	\$ 35,286

For the Three Months Ended December 31, 1999

	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(3)
Total revenues	\$ 183,651	\$ 103,942	\$ 42,854	\$ 33,210	\$ --	\$ 3,645
Total expenses	111,680	62,635	20,860	18,183	--	10,002
Operating income	71,971	41,307	21,994	15,027	--	(6,357)
Income applicable to Alexander's	2,476	--	--	--	--	2,476
Income (loss) from partially-owned entities	24,015	5,442	298	(1,201)	8,760	10,716
Interest and other investment income ..	5,779	494	--	171	--	5,114
Interest and debt expense	(35,697)	(14,180)	(6,032)	(8,178)	--	(7,307)
Minority interest	(19,789)	(9,692)	(5,206)	(2,116)	(2,775)	--
Net income	48,755	23,371	11,054	3,703	5,985	4,642
Minority interest	19,789	9,692	5,206	2,116	2,775	--
Interest and debt expense(2)	58,346	23,289	6,681	8,178	7,430	12,768
Depreciation and amortization(2)	41,604	18,825	4,372	5,061	7,441	5,905
Straight-lining of rents(2)	(5,294)	(3,268)	(119)	(1,236)	(527)	(144)
Other	6,224	407	--	--	2,306(5)	3,511
EBITDA(1)	\$ 169,424	\$ 72,316	\$ 27,194	\$ 17,822	\$ 25,410	\$ 26,682

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

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

(3) Other EBITDA is comprised of:

	2000	1999
Investment in Newkirk Joint Ventures	\$ 13,151	\$ 15,621
Investments in other partially-owned entities (Hotel Pennsylvania*, Alexander's and other)	16,250	12,706
Investment Income	10,401	5,114

Unallocated general and administrative expenses	(7,505)	(7,723)
Other	2,989	964
	-----	-----
Total	\$ 35,286	\$ 26,682
	=====	=====

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

(4) Net of \$4,500 of rent not recognized as income.

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

(6) Net of \$2,272, the Company's share of the reversal of Alexander's stock appreciation rights expense.

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

	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
Three months ended						
December 31, 1999	\$169,424	\$72,316	\$27,194	\$17,822	\$ 25,410	\$26,682
2000 Operations:	12,898	8,923	1,414	2,102	(1,675)	2,134
Same store operations(1)						
Acquisitions and other	15,547	4,957	972	3,148	--	6,470
Three months ended December 31, 2000.....	\$197,869	\$86,196	\$29,580	\$23,072	\$ 23,735	\$35,286
% increase in same store operations	7.6%	12.3%	5.2%	11.8%	(6.6%)	8.0%

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

(2) Same Store percentage increase was 14.4% for the New York City office portfolio and 5.3% for the CESCR portfolio.

The following table sets forth leasing activity for space previously occupied for the three months ended December 31, 2000:

(square feet in thousands)	Office		Retail	Merchandise Mart	
	New York City	CESCR(1)		Office(2)	Showroom(2)
Square Feet	325	335	25	13	111
Rent per Square Foot:					
Initial rent(3)	\$ 53.34	\$ 30.61	\$ 19.44	\$ 21.93	\$ 21.16
Prior escalated rent	\$ 30.12	\$ 25.85	\$ 12.81	\$ 20.12	\$ 21.29
Percentage increase	77%	18%	52%	9%	--

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

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

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

ECONOMIC CONDITIONS

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

Inflation did not have a material effect on the Company's results for the periods presented.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows for the Years Ended December 31, 2000, 1999 and 1998

Year Ended December 31, 2000

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

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

Below are the details of acquisitions of real estate, investments in partially-owned entities, investments in notes and mortgages receivable and capital expenditures.

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

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

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

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

Year Ended December 31, 1999

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

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

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

	Cash	Debt Assumed	Value of Units Issued	Investment
	-----	-----	-----	-----
Real Estate:				
595 Madison Avenue	\$125,000	\$ --	\$ --	\$125,000
909 Third Avenue	12,400	109,000	1,600	123,000
888 Seventh Avenue	45,000	55,000	--	100,000 (1)
GreenPoint leasehold interest	37,300	--	--	37,300
Other	4,954	--	--	4,954
	-----	-----	-----	-----
	\$224,654	\$164,000	\$ 1,600	\$390,254
	=====	=====	=====	=====
Investments in Partially Owned Entities:				
Charles E. Smith Commercial Realty L.P.:				
Increase in investment to 34%	\$ --	\$ --	\$242,000	\$242,000
Reacquired units from Vornado Operating Company	13,200	--	--	13,200
Crystal City hotel land	--	--	8,000	8,000
Additional investment in Newkirk Joint Ventures	16,420	--	50,500	66,920
Hotel Pennsylvania - increase in investment to 100%	18,000	24,000	--	42,000
Alexander's - increase in investment to 32% ..	8,956	--	--	8,956
Loan to Alexander's	50,000	--	--	50,000
Loan to Temperature Controlled Logistics	9,000	--	--	9,000
Other	2,833	--	--	2,833
	-----	-----	-----	-----
	\$118,409	\$ 24,000	\$300,500	\$442,909
	=====	=====	=====	=====

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

Capital expenditures were comprised of:

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

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

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

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

Years Ended December 31, 1998

Cash flows provided by operating activities of \$189,406 were primarily comprised of (i) income of \$143,205 (net income of \$152,854 less net gain from insurance settlement and condemnation proceeding of \$9,649), (ii) adjustments for non-cash items of \$27,657, and (iii) the net change in operating assets and liabilities of \$18,544. The adjustments for non-cash items are primarily comprised of (i) depreciation and amortization of \$59,227 and (ii) minority interest of \$16,183, partially offset by (iii) the effect of straight-lining of rental income of \$17,561 and (iv) equity in net income of partially-owned entities of \$32,025.

Net cash used in investing activities of \$1,257,367 was primarily comprised of (i) acquisitions of real estate of \$896,800 (see detail below), (ii) investments in partially-owned entities of \$308,000 (see detail below), (iii) capital expenditures of \$68,085 (see detail below) and investments in securities of \$73,513 (including purchase of Capital Trust Preferred Stock of \$48,700), partially offset by (iv) proceeds from the repayment of mortgage loans receivable of \$57,600.

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

	Cash	Debt Assumed	Value of Shares or Units Issued	Investment
Real Estate:				
Merchandise Mart Properties	\$187,000	\$327,000	\$ 116,000	\$ 630,000
One Penn Plaza	317,000	93,000	--	410,000
770 Broadway	131,000	--	18,000	149,000
150 East 58th Street	118,000	--	--	118,000
40 Fulton Street	38,000	--	--	38,000
888 Seventh Avenue	17,000	--	--	17,000 (1)
689 Fifth Avenue	33,000	--	--	33,000
Mendik RELP Properties	31,000	46,000	29,000	106,000
Market Square Complex	11,000	60,000	44,000	115,000
Other	13,800	--	--	13,800
	-----	-----	-----	-----
	\$896,800	\$526,000	\$ 207,000	\$1,629,800
	=====	=====	=====	=====
Investments in Partially-Owned Entities:				
Hotel Pennsylvania (acquisition of additional 40% interest increasing ownership to 80%)	\$ 22,000	\$ 48,000	\$ --	\$ 70,000
570 Lexington Avenue (increased interest from 5.6% to approximately 50%)	32,300	4,900	--	37,200
Acquisition of Freezer Services, Inc. (60% interest)	58,000	16,000	6,000	80,000
Reduction in Temperature Controlled Logistics Companies debt (60% interest)	44,000	--	--	44,000
Acquisition of Carmar Group (60% interest)	86,400	8,400	--	94,800
Investment in Newkirk Joint Ventures	56,000	--	--	56,000
Las Catalinas Mall (50% interest)	--	38,000	--	38,000
Other	9,300	--	--	9,300
	-----	-----	-----	-----
	\$308,000	\$115,300	\$ 6,000	\$ 429,300
	=====	=====	=====	=====

(1) Acquisition was completed in 1999 for a total of \$117,000.

Capital expenditures were comprised of:

	Total	New York City Office	Retail	Merchandise Mart	Other
Expenditures to maintain the assets	\$14,460	\$ 4,975	\$ 3,138	\$ 5,273	\$1,074
Tenant allowances	53,625	46,187	2,397	5,041	--
	-----	-----	-----	-----	-----
	\$68,085	\$51,162	\$ 5,535	\$10,314	\$1,074
	=====	=====	=====	=====	=====

In addition to the expenditures noted above, the Company recorded leasing commissions of \$17,142 in the year ended December 31, 1998, of which \$13,299 was attributable to New York City Office properties, \$763 was attributable to Retail properties and \$3,080 was attributable to Merchandise Mart properties.

Net cash provided by financing activities of \$879,815 was primarily comprised of (i) proceeds from borrowings of \$1,427,821, (ii) proceeds from the issuance of common shares of \$445,247 and (iii) proceeds from the issuance of preferred shares of \$85,313, partially offset by (iv) repayment of borrowings of \$883,475, (v) dividends paid on common shares of \$154,440 and (vi) dividends paid on preferred shares of \$18,816.

Funds from Operations for the Years Ended December 31, 2000 and 1999

Funds from operations was \$335,158 in the year ended December 31, 2000, compared to \$293,773 in the prior year, an increase of \$41,385. The following table reconciles funds from operations and net income:

	YEAR ENDED DECEMBER 31,	
	2000	1999
Net income applicable to common shares	\$ 195,301	\$ 169,081
Extraordinary item	1,125	--
Depreciation and amortization of real property	97,744	82,216
Straight-lining of property rentals for rent escalations	(28,893)	(22,881)
Leasing fees received in excess of income recognized	1,259	1,705
Appreciation (depreciation) of securities held in officer's deferred Compensation trust	4,765	(340)
Net gain on sale of real estate	(10,965)	--
Gains on sale of securities available for sale	--	(383)
Proportionate share of adjustments to equity in income of partially-owned entities to arrive at funds from operations	69,578	57,127
Minority interest in excess of preferential distributions	(16,445)	(9,020)
	-----	-----
Series A Preferred Stock dividends	313,469	277,505
	21,689	16,268
	-----	-----
Funds from operations	\$ 335,158	\$ 293,773
	=====	=====

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

	YEAR ENDED DECEMBER 31,	
	2000	1999
Weighted average shares used for determining diluted income per share	88,692	87,287
Series A preferred shares	8,018	6,015
	-----	-----
Shares used for determining diluted funds from operations per share	96,710	93,302
	=====	=====

Funds from operations does not represent cash generated from operating activities in accordance with generally accepted accounting principles and is not necessarily indicative of cash available to fund cash needs which is disclosed in the Consolidated Statements of Cash Flows for the applicable periods. There are no material legal or functional restrictions on the use of funds from operations. Funds from operations should not be considered as an alternative to net income as an indicator of the Company's operating performance or as an alternative to cash flows as a measure of liquidity. Management considers funds from operations a supplemental measure of operating performance and along with cash flow from operating activities, financing activities and investing activities, it provides investors with an indication of the ability of the Company to incur and service debt, to make capital expenditures and to fund other cash needs. Funds from operations may not be comparable to similarly titled measures reported by other REITs since a number of REITs, including the Company, calculate funds from operations in a manner different from that used by NAREIT. Funds from operations, as defined by NAREIT, represents net income applicable to common shares before depreciation and amortization, extraordinary items and gains or losses on sales of real estate. Funds from operations as disclosed above has been modified from this definition to adjust primarily for (i) the effect of straight-lining of property rentals for rent escalations and leasing fee income, and (ii) the reversal of income taxes (benefit) which are considered non-recurring because of the conversion of Temperature Controlled Logistics Companies to REITs in 2000.

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

	YEAR ENDED DECEMBER 31,	
	2000	1999
Operating activities	\$ 249,921	\$ 176,895
Investing activities	\$(699,375)	\$(494,204)
Financing activities	\$ 473,813	\$ 262,131

Certain Cash Requirements

The Company has budgeted approximately \$101,017 for capital expenditures (excluding acquisitions) over the next year as follows:

	Total	New York City Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
Expenditures to maintain the assets	\$ 66,036	\$ 21,969	\$ 5,580	\$ 14,018	\$ 5,700(1)	\$ 18,769(2)
Tenant allowances	34,981	21,349	1,847	11,785	--	--
	\$101,017	\$ 43,318	\$ 7,427	\$ 25,803	\$ 5,700	\$ 18,769

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

(2) Includes \$11,269 in connection with the Hotel Pennsylvania.

In addition to the expenditures noted above, the Company has budgeted leasing commissions of \$12,900, of which \$11,000 attributable to New York City Office properties and \$1,900 is attributable to Merchandise Mart properties.

Tenant allowances and leasing commissions for the New York City Office properties approximate \$17.00 per square foot for renewal space and \$42.00 per square foot for vacant space. Historically, approximately two-thirds of existing tenants renew their leases.

In addition to the capital expenditures reflected above, the Company is currently engaged in or considering certain development and redevelopment projects for which it has budgeted approximately \$258.8 million to be expended as outlined in the "Development and Redevelopment Projects" section of Item 1--Business. The \$258.8 million does not include amounts for other projects which are also included in the "Development and Redevelopment Projects" section of Item 1 -Business, as no budgets for them have been finalized. There can be no assurance that any of the above projects will be ultimately completed, completed on time or completed for the budgeted amount.

No cash requirements have been budgeted for the capital expenditures and amortization of debt of Alexander's, CESC, or Newkirk, which are partially owned by the Company. These investees are expected to fund their own cash requirements. Alexander's is prohibited by its loan agreements from paying dividends. In 2001, the Company expects to receive at a minimum, preferred distributions from CESC of approximately \$15 million (a blended yield of 6.2%) and common distributions of approximately \$4.1 million based on 2000's dividend rate. The minimum preferred distribution rate increases from 6.2% in 2001 to 6.46% in 2002 and 6.5% thereafter. Further, the Company will receive distributions of approximately \$8.5 million from its investment in the Newkirk Joint Ventures.

Financing Activities

CORPORATE

On March 1, 2000 the Company completed a \$500,000 private placement of 10-year, 7.93% mortgage notes, cross-collateralized by 42 shopping center properties, resulting in net proceeds of approximately \$490,000. In connection therewith, the Company repaid \$228,000 of existing mortgage debt scheduled to mature on December 1, 2000 and \$262,000 outstanding under its revolving credit facility.

On March 21, 2000, the Company renewed its \$1,000,000 revolving credit facility for an additional three years. The covenants of the facility include, among others, maximum loan to value ratio, minimum debt service coverage and minimum capitalization requirements. Interest is at LIBOR plus .90% (7.66% at December 31, 2000). The Company paid origination fees of \$6,700 and pays a commitment fee quarterly of .20% per annum on the facility amount.

On May 1, 2000 the Company sold an aggregate of \$21,000 of 8.25% Series D-6 Cumulative Redeemable Preferred Units in the Operating Partnership to an institutional investor in a private placement, resulting in net proceeds of approximately \$20,475. The Perpetual Preferred Units may be called without penalty at the option of the Operating Partnership commencing on May 1, 2005.

On May 25, 2000 the Company sold an aggregate of \$180,000 of 8.25% Series D-7 Cumulative Redeemable Preferred Units in the Operating Partnership to institutional investor in a private placement, resulting in net proceeds of approximately \$175,500. The Perpetual Preferred Units may be called without penalty at the option of the Operating Partnership commencing on May 25, 2005.

On December 8, 2000, the Company sold an aggregate of \$9,000 of 8.25% Series D-8 Cumulative Redeemable Preferred Units in the Operating Partnership to institutional investors in a private placement, resulting in net proceeds of approximately \$8,775. The Perpetual Preferred Units may be called without penalty at the option of the Operating Partnership commencing on December 8, 2005.

OFFICE

On March 1, 2000, the Company refinanced its Two Park Avenue office building for \$90,000. Of the proceeds received, the Company repaid the existing debt of \$65,000. The new 3-year debt matures on February 28, 2003 and bears interest at Libor + 1.45% (8.21% at December 31, 2000).

On August 11, 2000, the Company completed a \$173,500 mortgage financing, cross-collateralized by its 770 Broadway and 595 Madison Avenue office buildings. The loan bears interest at LIBOR + .40% (7.16% at December 31, 2000) and matures on August 1, 2002. At December 31, 2000, the proceeds of the loan are in a restricted mortgage escrow account, which bears interest at the same rate as the loan.

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

The Company has an effective shelf registration under which it can offer an aggregate of approximately \$1.4 billion of equity securities and an aggregate of \$1.0 billion of debt securities.

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

ACQUISITION ACTIVITY

As a result of acquisitions, the book value of the Company's assets have grown from \$5,479,218 at December 31, 1999 to \$6,370,314 at December 31, 2000.

World Trade Center

On February 22, 2001, the Company entered into a 20-day exclusive negotiation period with the Port Authority of NY & NJ to complete the contract and associated documents for the net lease of the 11 million square foot World Trade Center complex in New York. The 99-year net lease of the World Trade Center has been valued by the Port Authority's advisors at approximately \$3.25 billion. The Board of the Commissioners of the Port Authority has instructed their staff and advisors to present the final contract for approval at a special Port Authority Board meeting scheduled for March 14, 2001. In connection therewith, the Company has provided the Port Authority with a \$100 million refundable and non-drawable letter of credit.

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

RECENTLY ISSUED ACCOUNTING STANDARDS

The Financial Accounting Standards Board (FASB) has issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended, which establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The Statement requires that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met.

In 2001, the Company will reclassify a previously recognized charge of approximately \$4,000, from other comprehensive income to income, relating to the mark-to-market on public and private technology company warrants, as the cumulative effect of adopting Statement 133. The Company does not currently anticipate utilizing hedge accounting for its derivative positions following the adoption of Statement 133.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

(\$ in thousands, except per share amounts)

	2000			1999	
	December 31, Balance	Weighted Average Interest Rate	Effect of 1% Change In Base Rates	December 31, Balance	Weighted Average Interest Rate
Wholly-owned debt:					
Variable rate.....	\$1,593,751	8.00%	\$15,938(1)	\$1,275,168	7.59%
Fixed rate.....	1,063,146	7.61%	--	773,636	7.02%
	\$2,656,897		15,938	\$2,048,804	
	=====		-----	=====	
Partially-owned debt:					
Variable rate.....	\$ 204,462	8.40%	2,045	\$ 85,380	8.02%
Fixed rate.....	1,123,926	7.54%	--	1,109,185	7.72%
	\$1,328,388		2,045	\$1,194,565	
	=====		-----	=====	
Minority interest.....			(2,608)		

Total decrease in the Company's annual net income...			\$ 15,375		
			=====		
Per share-diluted.....			\$.17		
			=====		

The fair value of the Company's debt at December 31, 2000, based on discounted cash flows at the current rate at which similar loans would be made to borrowers with similar credit ratings for the remaining term of such debt approximates its carrying value.

In July 1998, the Company entered into an interest rate cap agreement to reduce the impact of changes in interest rates on its \$275,000 One Penn Plaza loan. The agreement caps the Company's interest rate in the event that LIBOR increases above 8.5% through January 20, 2000 and 9% thereafter, until the termination date of the cap agreement on July 30, 2001 (the debt matures in June 2002). The Company is exposed to credit loss in the event of nonperformance by the other parties to the interest rate cap agreement. However, the Company does not anticipate nonperformance by the counterparty. The fair value of the interest rate cap agreement at December 31, 2000 approximates its cost.

On September 21, 1999, the Company bought an interest rate cap, capping the interest rate on its \$250,000 Merchandise Mart loan in the event that LIBOR increases above 9.25% through the termination date of the agreement in September 2002. Simultaneously with this transaction, the Company sold an interest rate cap to a third party on the same terms as the cap the Company purchased.

(1) Excludes the effect of a \$173,500 mortgage financing, cross-collateralized by the Company's 770 Broadway and 595 Madison Avenue office properties, as the proceeds are in a restricted mortgage escrow account which bears interest at the same rate as the loan.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

	PAGE
Independent Auditors' Report.....	70
Consolidated Balance Sheets at December 31, 2000 and 1999.....	71
Consolidated Statements of Income for the years ended December 31, 2000, 1999 and 1998.....	72
Consolidated Statements of Shareholders' Equity for the years ended December 31, 2000, 1999 and 1998.....	73
Consolidated Statements of Cash Flows for the years ended December 31, 2000, 1999 and 1998...	75
Notes to Consolidated Financial Statements.....	76

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

Not applicable.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Vornado Realty Trust as of December 31, 2000 and 1999, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2000. Our audits also included the financial statement schedules listed in the Index at Item 14. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Vornado Realty Trust at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP

Parsippany, New Jersey
March 1, 2001

VORNADO REALTY TRUST

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31,	
	2000	1999
(amounts in thousands, except share and per share amounts)		
ASSETS		
Real estate, at cost:		
Land	\$ 870,023	\$ 826,477
Buildings and improvements	3,395,024	3,080,174
Leasehold improvements and equipment	29,795	14,856
Total	4,294,842	3,921,507
Less accumulated depreciation and amortization	(393,787)	(308,542)
Real estate, net	3,901,055	3,612,965
Cash and cash equivalents, including U.S. government obligations under repurchase agreements of \$27,793 and \$43,675	136,989	112,630
Escrow deposits and restricted cash	214,359	30,571
Marketable securities	120,340	106,503
Investments and advances to partially-owned entities, including Alexander's of \$178,413 and \$159,148	1,459,211	1,315,387
Due from officers	20,549	17,190
Accounts receivable, net of allowance for doubtful accounts of \$9,343 and \$7,292	47,937	36,408
Notes and mortgage loans receivable	188,722	49,719
Receivable arising from the straight-lining of rents	111,504	79,298
Deposits in connection with real estate acquisitions	3,309	8,128
Other assets	166,339	110,419
	\$ 6,370,314	\$ 5,479,218
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes and mortgages payable	\$ 2,231,897	\$ 1,681,804
Revolving credit facility	425,000	367,000
Accounts payable and accrued expenses	130,464	107,036
Officer's compensation payable	38,424	34,996
Deferred leasing fee income	7,852	8,349
Other liabilities	1,798	2,634
Total liabilities	2,835,435	2,201,819
Minority interest of unitholders in the Operating Partnership	1,456,159	1,222,031
Commitments and contingencies		
Shareholders' equity:		
Preferred shares of beneficial interest:		
no par value per share; authorized 45,000,000 shares;		
Series A: liquidation preference \$50.00 per share; issued and outstanding 5,789,239 shares	288,507	285,632
Series B: liquidation preference \$25.00 per share; issued and outstanding 3,400,000 shares	81,805	81,805
Series C: liquidation preference \$25.00 per share; issued and outstanding 4,600,000 shares	111,148	111,148
Common shares of beneficial interest: \$.04 par value per share; authorized, 150,000,000 shares; issued and outstanding, 86,803,770 and 86,335,741 shares	3,472	3,453
Additional capital	1,709,284	1,696,557
Accumulated deficit	(90,366)	(116,979)
	2,103,850	2,061,616
Accumulated other comprehensive loss	(20,426)	(1,448)
Due from officers for purchase of common shares of beneficial interest	(4,704)	(4,800)
Total shareholders' equity	2,078,720	2,055,368
	\$ 6,370,314	\$ 5,479,218
	=====	=====

See notes to consolidated financial statements.

VORNADO REALTY TRUST

CONSOLIDATED STATEMENTS OF INCOME

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
(amounts in thousands, except per share amounts)			
Revenues:			
Property rentals	\$ 695,078	\$ 591,270	\$ 425,496
Expense reimbursements	120,056	96,842	74,737
Other income (including fee income from related parties of \$1,978, \$1,857 and \$2,327)	11,398	8,846	9,627
Total revenues	826,532	696,958	509,860
Expenses:			
Operating	318,360	282,118	207,171
Depreciation and amortization	99,846	83,585	59,227
General and administrative	47,911	40,151	28,610
Total expenses	466,117	405,854	295,008
Operating income	360,415	291,104	214,852
Income applicable to Alexander's	13,053	7,427	3,123
Income from partially-owned entities	90,404	82,310	32,025
Interest and other investment income	32,926	18,359	24,074
Interest and debt expense	(170,273)	(141,683)	(114,686)
Net gain on sales of real estate	10,965	--	--
Net gain from insurance settlement and condemnation proceeding	--	--	9,649
Minority interest:			
Perpetual preferred unit distributions	(62,089)	(19,254)	(756)
Minority limited partnership earnings	(38,320)	(33,904)	(14,822)
Partially-owned entities	(1,965)	(1,840)	(605)
Income before extraordinary item	235,116	202,519	152,854
Extraordinary item	(1,125)	--	--
Net income	233,991	202,519	152,854
Preferred stock dividends (including accretion of issuance expenses of \$2,875 in 2000, 1999 and 1998)	(38,690)	(33,438)	(21,690)
NET INCOME applicable to common shares	\$ 195,301	\$ 169,081	\$ 131,164
NET INCOME PER COMMON SHARE-BASIC	\$ 2.26	\$ 1.97	\$ 1.62
NET INCOME PER COMMON SHARE-DILUTED	\$ 2.20	\$ 1.94	\$ 1.59

See notes to consolidated financial statements.

VORNADO REALTY TRUST

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	PREFERRED SHARES	COMMON SHARES	ADDITIONAL CAPITAL	ACCUMULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS
	-----	-----	-----	-----	-----
(amounts in thousands, except per share amounts)					
BALANCE, JANUARY 1, 1998	\$ 279,884	\$ 2,887	\$ 1,146,385	\$ (109,561)	\$ (840)
Net Income	--	--	--	152,854	--
Dividends paid on Series A Preferred Shares (\$3.25 share)	--	--	--	(21,690)	--
Dividends paid on common shares (\$1.64 per share)	--	--	--	(131,110)	--
Net proceeds from issuance of common shares	--	445	444,118	--	--
Common shares issued in connection with Mendik RELP properties acquisition	--	34	29,029	--	--
Common shares issued under employees' share plan	--	2	907	--	--
Conversion of units to common shares	--	35	32,745	--	--
Capital contribution to Vornado Operating Company	--	--	--	(23,330)	--
Accretion of issuance expenses on preferred shares	2,874	--	--	--	--
Common shares issued in connection with dividend reinvestment plan	--	--	24	--	--
Change in unrealized losses on securities available for sale	--	--	--	--	(5,047)
Appreciation of securities held in officer's deferred compensation trust	--	--	--	--	(10,464)
Pension obligations	--	--	--	--	(2,606)
Forgiveness of amount due from officers	--	--	--	--	--
BALANCE, DECEMBER 31, 1998	282,758	3,403	1,653,208	(132,837)	(18,957)
Net Income	--	--	--	202,519	--
Dividends paid on Preferred Shares Series A Preferred Shares (\$3.25 per share)	--	--	--	(21,690)	--
Series B Preferred Shares (\$1.68 per share)	--	--	--	(5,720)	--
Series C Preferred Shares (\$1.31 per share)	--	--	--	(6,028)	--
Net proceeds from issuance of preferred shares	192,953	--	--	--	--
Dividends paid on common shares (\$1.80 per share)	--	--	--	(153,223)	--
Common shares issued under employees' share plan	--	5	2,458	--	--
Conversion of units to common shares	--	44	40,214	--	--
Accretion of issuance expenses on preferred shares	2,874	--	--	--	--
Common shares issued in connection with dividend reinvestment plan	--	1	677	--	--
Change in unrealized net loss on securities available for sale	--	--	--	--	15,603
Depreciation of securities held in officer's deferred compensation trust	--	--	--	--	579
Pension obligations	--	--	--	--	1,327
Forgiveness of amount due from officers	--	--	--	--	--
BALANCE, DECEMBER 31, 1999	\$ 478,585	\$ 3,453	\$ 1,696,557	\$ (116,979)	\$ (1,448)

	DUE FROM OFFICERS	SHAREHOLDERS' EQUITY	COMPREHENSIVE INCOME
	-----	-----	-----
(amounts in thousands, except per share amounts)			
BALANCE, JANUARY 1, 1998	\$ (4,993)	\$ 1,313,762	\$ 61,181
Net Income	--	152,854	\$ 152,854
Dividends paid on Series A			

Preferred Shares (\$3.25 share)	--	(21,690)	--
Dividends paid on common shares (\$1.64 per share)	--	(131,110)	--
Net proceeds from issuance of common shares	--	444,563	--
Common shares issued in connection with Mendik RELP properties acquisition	--	29,063	--
Common shares issued under employees' share plan	--	909	--
Conversion of units to common shares	--	32,780	--
Capital contribution to Vornado Operating Company	--	(23,330)	--
Accretion of issuance expenses on preferred shares	--	2,874	--
Common shares issued in connection with dividend reinvestment plan	--	24	--
Change in unrealized losses on securities available for sale	--	(5,047)	(5,047)
Appreciation of securities held in officer's deferred compensation trust	--	(10,464)	(10,464)
Pension obligations	--	(2,606)	(2,606)
Forgiveness of amount due from officers	96	96	--
	-----	-----	-----
BALANCE, DECEMBER 31, 1998	(4,897)	1,782,678	\$ 134,737
			=====
Net Income	--	202,519	\$ 202,519
Dividends paid on Preferred Shares Series A Preferred Shares (\$3.25 per share)	--	(21,690)	--
Series B Preferred Shares (\$1.68 per share)	--	(5,720)	--
Series C Preferred Shares (\$1.31 per share)	--	(6,028)	--
Net proceeds from issuance of preferred shares	--	192,953	--
Dividends paid on common shares (\$1.80 per share)	--	(153,223)	--
Common shares issued under employees' share plan	--	2,463	--
Conversion of units to common shares	--	40,258	--
Accretion of issuance expenses on preferred shares	--	2,874	--
Common shares issued in connection with dividend reinvestment plan.....	--	678	--
Change in unrealized net loss on securities available for sale.....	--	15,603	15,603
Depreciation of securities held in officer's deferred compensation trust	--	579	579
Pension obligations	--	1,327	1,327
Forgiveness of amount due from officers	97	97	--
	-----	-----	-----
BALANCE, DECEMBER 31, 1999	\$ (4,800)	\$ 2,055,368	\$ 220,028
	=====	=====	=====

See notes to consolidated financial statements.

	PREFERRED SHARES	COMMON SHARES	ADDITIONAL CAPITAL	ACCUMULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS
(amounts in thousands, except per share amounts)					
BALANCE, DECEMBER 31, 1999	\$ 478,585	\$ 3,453	\$ 1,696,557	\$ (116,979)	\$ (1,448)
Net Income	--	--	--	233,991	--
Dividends paid on Preferred Shares					
Series A Preferred Shares					
(\$3.25 per share)	--	--	--	(21,689)	--
Series B Preferred Shares					
(\$1.68 per share)	--	--	--	(7,225)	--
Series C Preferred Shares					
(\$1.31 per share)	--	--	--	(9,776)	--
Dividends paid on common shares					
(\$1.97 per share)	--	--	--	(168,688)	--
Common shares issued under					
employees' share plan	--	15	9,913	--	--
Conversion of units to					
common shares	--	3	1,789	--	--
Accretion of issuance expenses on					
preferred shares	2,875	--	--	--	--
Common shares issued in connection					
with dividend reinvestment plan	--	1	1,025	--	--
Change in unrealized net loss					
on securities available for sale	--	--	--	--	(18,399)
Appreciation of securities held					
in officer's deferred					
compensation trust	--	--	--	--	(579)
Forgiveness of amount due					
from officers	--	--	--	--	--
BALANCE, DECEMBER 31, 2000	\$ 481,460	\$ 3,472	\$ 1,709,284	\$ (90,366)	\$ (20,426)

	DUE FROM OFFICERS	SHAREHOLDERS' EQUITY	COMPREHENSIVE INCOME
(amounts in thousands, except per share amounts)			
BALANCE, DECEMBER 31, 1999	\$ (4,800)	\$ 2,055,368	\$ 220,028
Net Income	--	233,991	\$ 233,991
Dividends paid on Preferred Shares			
Series A Preferred Shares			
(\$3.25 per share)	--	(21,689)	--
Series B Preferred Shares			
(\$1.68 per share)	--	(7,225)	--
Series C Preferred Shares			
(\$1.31 per share)	--	(9,776)	--
Dividends paid on common shares			
(\$1.97 per share)	--	(168,688)	--
Common shares issued under			
employees' share plan	--	9,928	--
Conversion of units to			
common shares	--	1,792	--
Accretion of issuance expenses on			
preferred shares	--	2,875	--
Common shares issued in connection			
with dividend reinvestment plan	--	1,026	--
Change in unrealized net loss			
on securities available for sale	--	(18,399)	(18,399)
Appreciation of securities held			
in officer's deferred			
compensation trust	--	(579)	(579)
Forgiveness of amount due			
from officers	96	96	--
BALANCE, DECEMBER 31, 2000	\$ (4,704)	\$ 2,078,720	\$ 215,013

See notes to consolidated financial statements.

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
(amounts in thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 233,991	\$ 202,519	\$ 152,854
Adjustments to reconcile net income to net cash provided by operations:			
Extraordinary item	1,125	--	--
Depreciation and amortization (including debt issuance costs)	99,846	83,585	59,227
Straight-lining of rental income	(32,206)	(29,587)	(17,561)
Net gain on sales of real estate	(10,965)	--	--
Minority interest	102,374	54,998	16,183
Equity in (income) loss of Alexander's	(13,053)	(1,021)	3,363
Equity in income of partially-owned entities	(90,404)	(82,310)	(32,025)
Gain on marketable securities	--	(382)	(1,530)
Gain from insurance settlement and condemnation proceeding	--	--	(9,649)
Changes in operating assets and liabilities	(40,787)	(50,907)	18,544
Net cash provided by operating activities	249,921	176,895	189,406
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions of real estate and other	(199,860)	(224,654)	(896,800)
Additions to real estate	(171,782)	(171,139)	(68,085)
Investments in partially-owned entities	(99,974)	(118,409)	(308,000)
Proceeds from sale of real estate	47,945	--	--
Proceeds from sale of Temperature Controlled Logistics assets	--	22,769	--
Investments in mortgage loans receivable	(144,225)	(59,787)	(6,620)
Repayment of mortgage loans receivable	5,222	20,751	57,600
Cash restricted, primarily mortgage escrows	(183,788)	13,624	(14,716)
Distributions from partially-owned entities	68,799	16,938	3,200
Real estate deposits and other	4,819	14,819	23,788
Purchases of securities available for sale	(26,531)	(21,614)	(73,513)
Proceeds from sale or maturity of securities available for sale	--	12,498	25,779
Net cash used in investing activities	(699,375)	(494,204)	(1,257,367)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings	1,195,108	455,000	1,427,821
Repayments of borrowings	(633,655)	(668,957)	(883,475)
Costs of refinancing debt	(18,445)	(8,059)	(11,418)
Proceeds from issuance of preferred shares	--	192,953	--
Proceeds from issuance of preferred units	204,750	525,013	85,313
Proceeds from issuance of common shares	--	--	445,247
Dividends paid on common shares	(168,688)	(153,223)	(154,440)
Dividends paid on preferred shares	(35,815)	(30,563)	(18,816)
Distributions to minority shareholders	(80,397)	(52,491)	(11,229)
Exercise of share options	10,955	2,458	812
Net cash provided by financing activities	473,813	262,131	879,815
Net increase (decrease) in cash and cash equivalents	24,359	(55,178)	(188,146)
Cash and cash equivalents at beginning of year	112,630	167,808	355,954
Cash and cash equivalents at end of year	\$ 136,989	\$ 112,630	\$ 167,808
Supplemental Disclosure of Cash Flow Information:			
Cash payments for interest (including capitalized interest of \$12,269, \$7,012 and \$1,410 in 2000, 1999 and 1998)	\$ 165,325	\$ 143,665	\$ 111,089
NON-CASH TRANSACTIONS:			
Financing in connection with acquisitions	\$ 46,640	\$ 188,000	\$ 526,000
Shares issued in connection with acquisitions	--	--	29,000
Minority interest in connection with acquisitions	9,192	302,100	184,000
Unrealized (loss) gain on securities available for sale (Appreciation) depreciation of securities held in officer's deferred compensation trust	(18,399)	15,603	(5,047)
	(579)	579	10,464

See notes to consolidated financial statements.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(\$ in thousands, except where indicated)

1. ORGANIZATION AND BUSINESS

Vornado Realty Trust is a fully-integrated real estate investment trust ("REIT"). Vornado conducts its business through Vornado Realty L.P., ("the Operating Partnership"). Vornado is the sole general partner of, and owned approximately 86% of the common limited partnership interest in, the Operating Partnership at February 1, 2001. All references to the "Company" and "Vornado" refer to Vornado Realty Trust and its consolidated subsidiaries, including the Operating Partnership.

The Company currently owns directly or indirectly:

Office Properties ("Office"):

(i) all or portions of 22 office properties in the New York City metropolitan area (primarily Manhattan) aggregating approximately 14.4 million square feet;

(ii) a 34% limited partnership interest in Charles E. Smith Commercial Realty L.P. ("CESCR"), a limited partnership which owns and manages approximately 12.5 million square feet of office properties in Northern Virginia and Washington, D.C., and manages an additional 5.8 million square feet of office and other commercial properties in the Washington, D.C. area;

Retail Properties ("Retail"):

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

Merchandise Mart Properties:

(iv) the Merchandise Mart Properties portfolio containing approximately 8.1 million square feet, including the 3.4 million square foot Merchandise Mart in Chicago;

Temperature Controlled Logistics:

(v) a 60% interest in partnerships that own 88 warehouse facilities nationwide with an aggregate of approximately 438.9 million cubic feet of refrigerated space leased to AmeriCold Logistics;

Other Real Estate Investments:

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

(vii) the Hotel Pennsylvania in New York City consisting of a hotel portion containing 800,000 square feet with 1,700 rooms and a commercial portion containing 400,000 square feet of retail and office space;

(viii) a 30% interest in the Newkirk joint ventures which own various equity and debt interests relating to 120 limited partnerships which own real estate, primarily office and retail, net leased to credit rated tenants;

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

(x) other real estate investments.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

On January 1, 2001, the Company acquired the common stock of the preferred stock affiliates and converted them to taxable REIT subsidiaries. Accordingly, these entities will be consolidated in 2001.

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

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

REAL ESTATE: Real estate is carried at cost, net of accumulated depreciation and amortization. Betterments, major renewals and certain costs directly related to the acquisition, improvement and leasing of real estate are capitalized. Maintenance and repairs are charged to operations as incurred. Depreciation is provided on a straight-line basis over the assets estimated useful lives which range from 7 to 40 years. Tenant allowances are amortized on a straight-line basis over the lives of the related leases. Additions to real estate include interest expense capitalized during construction of \$12,269, \$7,012 and \$1,410 for the years ended December 31, 2000, 1999 and 1998.

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

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

MARKETABLE SECURITIES: The Company has classified debt and equity securities which it intends to hold for an indefinite period of time (including warrants to acquire equity securities to be classified as available for sale) as securities available for sale, equity securities it intends to buy and sell on a short term basis as trading securities and its preferred stock investment in Capital Trust as securities held to maturity. Unrealized gains and losses are included in earnings for trading securities and as a component of shareholders' equity and other comprehensive income for securities available for sale. Realized gains or losses on the sale of securities are recorded based on average cost.

At December 31, 2000 and 1999, marketable securities had an aggregate cost of \$129,023 and \$96,787 and an aggregate market value of \$120,340 and \$106,503 (of which \$12,213 and \$9,826 represent trading securities and \$48,682 and \$48,606 represent securities held to maturity and reported at amortized cost). Gross unrealized gains and losses were \$8,159 and \$16,842 at December 31, 2000, and \$19,374 and \$9,658 at December 31, 1999. Included in marketable securities available for sale at December 31, 2000 are warrants to acquire 2,781,718 common shares with a market value of \$1,595.

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

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

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

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

INCOME TAXES: The Company operates in a manner intended to enable it to continue to qualify as a REIT under Sections 856-860 of the Internal Revenue Code of 1986 as amended. Under those sections, a REIT which distributes at least 95% of its REIT taxable income as a dividend to its shareholders each year and which meets certain other conditions will not be taxed on that portion of its taxable income which is distributed to its shareholders. The Company has distributed to shareholders an amount greater than its taxable income. Therefore, no provision for Federal income taxes is required. Dividend distributions for the years ended December 31, 2000 and 1999, were characterized for Federal income tax purposes as ordinary income. Dividend distributions for the tax year ended December 31, 1998 were characterized as ordinary income (81%), return of capital (17%) and capital gain (2%).

The net basis of the Company's assets and liabilities for tax purposes is approximately \$1,033,000 lower than the amount reported for financial statement purposes.

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

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

RECENTLY ISSUED ACCOUNTING STANDARDS

The Financial Accounting Standards Board (FASB) has issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities as amended, which establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The Statement requires that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

In 2001, the Company will reclassify a previously recognized charge of approximately \$4,000, from other comprehensive income to income, relating to the mark-to-market on public and private technology company warrants, as the cumulative effect of adopting Statement 133. The Company does not currently anticipate utilizing hedge accounting for its derivative positions following the adoption of Statement 133.

3. ACQUISITIONS AND DISPOSITIONS

The Company completed approximately \$404.1 million of real estate acquisitions or investments from January 1, 2000 through March 2001 and \$771.0 million in 1999. These acquisitions were consummated through subsidiaries or preferred stock affiliates of the Company and were recorded under the purchase method of accounting. Related net assets and results of operations have been included in these financial statements since their respective dates of acquisition. The respective purchase costs were allocated to acquired assets and assumed liabilities using their relative fair values as of the closing dates, based on valuations and other studies that are not yet complete. Accordingly, the initial valuations are subject to change as such information is finalized. The Company believes that any such change will not be significant since the allocations were principally to real estate.

ACQUISITIONS:

Office:

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

In December 1998, the Company sold approximately 1.7% of the outstanding partnership units of CESCR to Vornado Operating for an aggregate price of approximately \$12,900. In connection with this purchase, the Company granted Vornado Operating an option to require the Company to repurchase the units. The option was exercised on March 4, 1999. Accordingly, the Company reacquired the CESCR units from Vornado Operating for \$13,200.

On March 4, 1999 the Company made an additional \$242,000 investment in CESCR by contributing to CESCR the land under certain CESCR office properties in Crystal City, Arlington, Virginia and partnership interests in certain CESCR subsidiaries. The Company acquired these assets from Commonwealth Atlantic Properties, Inc. ("CAPI"), an affiliate of Lazard Freres Real Estate Investors L.L.C., immediately prior to the contribution to CESCR. Together with the Company's investment in CESCR made in 1997 and the units it reacquired from Vornado Operating, Vornado now owns approximately 34% of CESCR's limited partnership units. In addition, the Company acquired from CAPI for \$8,000 the land under a Marriott Hotel located in Crystal City.

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

In connection with these transactions, the Company agreed to make a five-year \$41,200 loan to CAPI with interest at 8%, increasing to 9% ratably over the term. The loan is secured by approximately \$55,000 of the Company's Operating Partnership units issued to CAPI as well as certain real estate assets.

888 SEVENTH AVENUE

On January 12, 1999, the Company acquired 888 Seventh Avenue, a 46 story Manhattan office building, for \$117,000, of which \$55,000 was indebtedness.

909 THIRD AVENUE

On July 21, 1999, the Company acquired 909 Third Avenue, a 33 story Manhattan office building, for \$123,000, of which \$109,000 was indebtedness.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

595 MADISON AVENUE

On September 15, 1999, the Company acquired 595 Madison Avenue (the "Fuller Building"), a 40 story Manhattan office building, for \$125,000 in cash.

GREENPOINT LEASEHOLD INTEREST

On December 16, 1999, the Company acquired GreenPoint Financial Corporation's 99-year leasehold interest in 56,000 square feet, adjacent to One Penn Plaza, as part of its redevelopment plan for the Penn Plaza district for \$37,300.

7 WEST 34TH STREET

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

Retail:

VORNADO-CERUZZI JOINT VENTURES

In the first quarter of 2000, the Company and its joint venture partner acquired 2 fee interests containing 210,000 square feet and 6 leasehold interests containing 567,000 square feet in properties located in Pennsylvania, Virginia, Maryland and Ohio formerly occupied by Hechinger, Inc., a home improvement retailer which was liquidated. The purchase price was \$27,425, of which the Company's share was 80%.

Merchandise Mart Properties:

33 NORTH DEARBORN STREET

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

L.A. MART

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

Other Real Estate Investments:

HOTEL PENNSYLVANIA

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

After the acquisitions noted above, the Company owns 100% of the commercial portion of the building (retail and office space) and 98% of the hotel portion which is owned through a preferred stock affiliate in which the Company owns all of the preferred equity and none of the common equity.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NEWKIRK JOINT VENTURES

On March 9, 1999, the Company and its joint venture partner completed an acquisition of additional equity interests in certain limited partnerships. The Company's additional investment of \$52,435 consisted of \$47,790 in Operating Partnership Units and \$4,645 in cash.

On October 15, 1999, the Company completed the acquisition of \$15,600 of securitized debt of the Newkirk Joint Ventures which has an average yield of 14.28%.

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

STUDENT HOUSING JOINT VENTURE

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

ALEXANDER'S

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

LOAN TO NORTHSTAR PARTNERSHIP L.P.

On September 19, 2000, the Company acquired \$75,000 of subordinated unsecured debt of NorthStar Partnership, L.P. ("NorthStar"), a private real estate company, for \$65,000. The loan bears interest at 11.5% per annum, requires quarterly principal payments of \$2,500 and matures in May 2002. The effective yield on the loan is approximately 22% including the amortization of the discount. During the third quarter of 2000, NorthStar filed suit against the Company seeking to enjoin Vornado from taking any action with respect to the debt, to rescind the Company's acquisition of the debt and for damages. In the opinion of management, after consultation with legal counsel, NorthStar's suit is without merit and the Company intends to vigorously defend against it. On January 19, 2001, the Company agreed to withdraw its motion to dismiss NorthStar's complaint without prejudice and NorthStar agreed to take no action in the proceeding until after providing written notice that NorthStar wishes to recommence proceedings in the action. If NorthStar does not give such notice by April 2, 2001, its complaint will be dismissed without prejudice.

LOAN TO PRIMESTONE INVESTMENT PARTNERS, L.P.

On September 28, 2000, the Company made a \$62,000 subordinated loan to Primestone Investment Partners, L.P. secured by partnership units in Prime Group Realty LP, the operating partnership of Prime Group Realty Trust (NYSE:PGE). The Company has received a 1% upfront fee and will be entitled to receive certain other fees aggregating approximately 3% upon repayment of the loan. The debt bears interest at 16% per annum and matures on October 26, 2001 with an eleven month extension option. The effective yield on the loan is approximately 20% including the fees.

DISPOSITIONS:

The Company sold (i) its three shopping centers located in Texas on March 2, 2000 for \$25,750, resulting in a gain of \$2,560 and (ii) its Westport, Connecticut office property on August 30, 2000 for \$24,000, resulting in a gain of \$8,405. In addition, the Company entered into an agreement on February 1, 2001 to sell its 50% interest in 570 Lexington Avenue, a New York City office property, for approximately \$60,000, which will result in a gain of approximately \$9,000. The sale is expected to be completed in the third quarter of 2001 subject to customary closing conditions.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

4. INVESTMENTS IN PARTIALLY-OWNED ENTITIES

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

BALANCE SHEET DATA:

	COMPANY'S INVESTMENT		100% OF THESE ENTITIES					
			TOTAL ASSETS		TOTAL DEBT		TOTAL EQUITY	
	2000	1999	2000	1999	2000	1999	2000	1999
INVESTMENTS:								
Temperature Controlled Logistics (60% interest)	\$ 469,613	\$ 481,808	\$1,406,299	\$1,524,385	\$ 561,321	\$ 630,540	\$ 755,603	\$ 756,808
Alexander's (33.1% interest)	178,413	159,148	\$ 403,305	\$ 366,496	\$ 367,788	\$ 329,161	\$ 17,695	\$ 12,498
Charles E. Smith Commercial Realty L.P. (34% interest)	325,328	317,812	\$1,279,810	\$ 951,414	\$1,492,301	\$1,152,164	\$(318,963)	\$(241,399)
Newkirk Joint Ventures.....	163,157	142,670						
Hotel Pennsylvania.....	73,531	59,176						
Partially - Owned Office Buildings.....	61,002	59,510						
Vornado Ceruzzi Joint Ventures.....	28,847	--						
Fort Lee.....	28,208	16,663						
Park Laurel.....	70,007	24,695						
Management companies and other.....	61,105	53,905						
	\$1,459,211	\$1,315,387						

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Below is a summary of the debt of partially owned entities as of December 31, 2000 and 1999, none of which is guaranteed by the Company.

	AMOUNT OF PARTIALLY-OWNED ENTITIES DEBT	
	2000	1999
	-----	-----
Alexander's (33.1% interest):		
Term loan secured by all of Alexander's assets except for the Kings Plaza Regional Shopping Center:		
Portion financed by the Company due on March 15, 2002 with interest at 15.72% prepayable without penalty (see below).....	\$ 95,000	\$ 95,000
Portion financed by a bank, due March 15, 2001, with interest at LIBOR + 1.85% (8.56% at December 31, 2000)(1).....	20,000	20,000
Unsecured Line of Credit financed by the Company, due on March 15, 2002 with interest at 15.72% (see below).....	20,000	--
Kings Plaza Regional Shopping Center mortgage payable, due on June 1, 2001, with interest at LIBOR plus 1.25% (8.06% at December 31, 2000) (prepayable without penalty)(2).....	114,525	95,676
Rego Park mortgage payable, due in 2009, with interest at 7.25% (prepayable after June 2004 without penalty).....	82,000	82,000
Other notes and mortgages payable.....	36,262	36,485
Temperature Controlled Logistics (60% interest):		
Mortgage notes payable collateralized by 58 temperature controlled warehouses, due in 2008, requires amortization based on a 25 year term with interest at 6.89% (prepayable with yield maintenance).....	527,207	536,502
Other notes and mortgages payable.....	34,114	94,038
Hotel Pennsylvania - Hotel (98% interest):		
Mortgage payable, due in 2002, requires amortization based on a 25 year term, with interest at LIBOR + 1.60% (8.42% at December 31, 2000) (prepayable without penalty).....	70,514	71,641(3)
Newkirk Joint Ventures (30% interest):		
Portion of first mortgages and contract rights held by 96 of the 120 Limited Partnerships, collateralized by the partnerships' real estate, due from 2001 to 2024, with a weighted average interest rate of 8.06% at December 31, 2000.....	1,560,354	800,060
Other debt.....	--	28,000
Charles E. Smith Commercial Realty L.P. (34% interest):		
28 mortgages payable due from 2001 through 2025, with interest from 6.51% to 10.21% at December 31, 2000 (prepayable with yield maintenance).....	1,458,301	1,152,164
Unsecured line of credit due in 2003, with interest at 9.39% at December 31, 2000 (prepayable without penalty).....	34,000	--
Partially Owned Office Buildings:		
330 Madison Avenue (25% interest) mortgage note payable, due in 2008, with interest at 6.52% (prepayable with yield maintenance).....	60,000	60,000
Other notes and mortgages payable (50% owned by Vornado).....	43,768	43,968
Las Catalinas Mall (50% interest):		
Mortgage notes payable, due in 2013 with interest at 6.97% (prepayable after December 2002 with yield maintenance).....	69,430	70,212
Other mortgages payable.....	13,000	13,000

(1) This loan has been extended to March 15, 2002 at the same interest rate.

(2) Alexander's is currently negotiating the refinancing of the debt.

(3) The balance of the mortgage of \$47,009 applicable to the commercial portion of the building is reflected in the Company's wholly-owned debt in 2000, see Note 5.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

INCOME STATEMENT DATA:

	COMPANY'S INCOME FROM PARTIALLY OWNED ENTITIES			100% OF THESE ENTITIES					
				TOTAL REVENUES			NET INCOME (LOSS)		
	2000	1999	1998	2000	1999	1998	2000	1999	1998
Income Applicable to Alexander's:(1).....									
33.1% share of equity in income (loss) (29.3% prior to October 1999).....	\$ 1,105	\$ 1,021	\$(2,272)	\$ 63,965	\$ 64,390	\$ 51,663	\$ 5,197	\$ 5,524(2)	\$(6,055)(2)
Interest income.....	11,948	6,406	5,395	=====	=====	=====	=====	=====	=====
	-----	-----	-----						
	\$13,053	\$ 7,427	\$ 3,123						
	=====	=====	=====						
Temperature Controlled Logistics: 60% share of equity in net income(3).....	\$23,244	\$31,468	\$10,249	\$154,341	\$264,266	\$567,867	\$37,284	\$54,198	\$16,988
				=====	=====	=====	=====	=====	=====
Management Fee (40% of 1% per annum of the Total Combined Assets, as defined).....	5,534	5,254	4,942						
	-----	-----	-----						
	28,778	36,722	15,191						
Charles E. Smith Commercial Realty L.P.(4).....	25,724	18,817	4,754	\$344,043	\$310,038		\$76,695	\$61,102	
				=====	=====		=====	=====	
Newkirk Joint Ventures.....	24,526	19,922	2,712						
Hotel Pennsylvania.....	8,072	5,095	3,678						
Partially-Owned Office Buildings(5).....	2,832	1,743	3,276						
Management Companies and other.....	472	11	2,414						
	-----	-----	-----						
	\$90,404	\$82,310	\$32,025						
	=====	=====	=====						

(1) Fee income is included in equity in income of Management Companies.

(2) 1999 is net of \$4,877 resulting from the write-off of the asset arising from the straight-lining of rents; 1998 includes the write-off of the carrying value of the Lexington Avenue buildings of \$15,096.

(3) Revenues and net income reflect lease payments from AmeriCold Logistics from March 11, 1999 through December 31, 1999 and business operations for the periods prior.

(4) 15% interest from October 1997 to December 1998, 9.6% interest from January 1999 to March 1999 and 34% interest thereafter.

(5) Represents the Company's interests in 330 Madison Avenue (24.8%), and 570 Lexington Avenue (50%). In 1998 the Company had a 40% interest in Two Park Avenue which is now wholly-owned.

ALEXANDER'S

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

	DECEMBER 31,	
	2000	1999
Common stock, net of \$3,396 and \$2,796 of accumulated depreciation of buildings.....	\$ 58,719	\$ 59,912
Loan receivable.....	115,000	95,000
Leasing fees and other receivables.....	1,146	2,393
Equity in income.....	3,548	1,843
	-----	-----
	\$178,413	\$159,148

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

On October 21, 1999, the Company increased its ownership in Alexander's from 29.3% to 32% by acquiring an additional 135,600 shares of Alexander's common stock for approximately \$8,956. On March 31, 2000, the Company increased its ownership in Alexander's from 32% to 32.9% by acquiring 41,500 shares of Alexander's common stock for approximately \$2,740. On April 11, 2000, the Company acquired an additional 10,400 shares of Alexander's common stock for approximately \$674 thereby increasing its ownership interest to 33.1%.

At December 31, 2000, the Company has loans receivable from Alexander's of \$115,000, including \$20,000 drawn under the \$50,000 line of credit the Company granted to Alexander's on August 1, 2000. The terms of the line of credit are the same as Alexander's original \$95,000 loan from the Company, including the interest rate of 15.72%. The maturity date of the original \$95,000 loan has been extended to March 15, 2002, which is also the maturity date of the new line of credit. The interest rate on the loan and line of credit will reset on March 15, 2001, using the same spread to treasuries as presently exists.

Alexander's has completed the excavation and lying foundation for its Lexington Avenue property as part of the proposed development of a large multi-use building. The proposed building is expected to be comprised of a commercial portion, which may include retail stores, offices, hotel space, extended-stay residences, residential rentals and parking; and a residential portion, consisting of condominium units. The capital required for the proposed building will be in excess of \$650,000.

If the residential portion of the property is developed, the air rights representing the residential portion would be transferred to a taxable REIT subsidiary, as a REIT is not permitted to sell condominiums without being subject to a 100% excise tax on the gain from the sale of such condominiums.

Alexander's is managed by and its properties are leased by the Company, pursuant to agreements with a one-year term expiring in March of each year which are automatically renewable. The annual management fee payable to the Company by Alexander's is equal to the sum of (i) \$3,000, (ii) 3% of the gross income from the Kings Plaza Mall, and (iii) 6% of development costs with minimum guaranteed fees of \$750 per annum.

The leasing agreement provides for the Company to generally receive a fee of (i) 3% of sales proceeds and (ii) 3% of lease rent for the first ten years of a lease term, 2% of lease rent for the eleventh through the twentieth years of a lease term and 1% of lease rent for the twenty-first through thirtieth year of a lease term, subject to the payment of rents by Alexander's tenants. Such amount is receivable annually in an amount not to exceed \$2,500 until the present value of such installments (calculated at a discount rate of 9% per annum) equals the amount that would have been paid had it been paid on September 21, 1993, or at the time the transactions which gave rise to the commissions occurred, if later. At December 31, 2000, there are no fees due to the Company.

On January 12, 2001, Alexander's sold its Fordham Road property located in Bronx, New York for \$25,500, which resulted in a gain of \$19,100. In addition, Alexander's paid off the mortgage on this property at a discount, which resulted in an extraordinary gain from early extinguishment of debt of \$3,500 in the first quarter of 2001.

As of December 31, 2000, Interstate Properties and its partners owned approximately 17.7% of the common shares of beneficial interest of the Company and 27.5% of Alexander's common stock. Interstate Properties is a general partnership in which Steven Roth, David Mandelbaum and Russell B. Wight, Jr. are partners. Mr. Roth is the Chairman of the Board and Chief Executive Officer of the Company, the Managing General Partner of Interstate Properties, and the Chief Executive Officer and a director of Alexander's. Messrs. Mandelbaum and Wight are trustees of the Company and are also directors of Alexander's.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

5. DEBT

Following is a summary of the Company's debt:

(amounts in thousands)	DECEMBER 31,	
	2000	1999
Notes and Mortgage Payable:		
Fixed Interest:		
Cross collateralized mortgages payable, due in 2010, requires amortization based on a 30 year term with interest at 7.93% (prepayable with penalty until 2009)(1)	\$ 496,764	\$ 224,865
Eleven Penn Plaza mortgage payable, due in 2007, requires amortization based on a 25 year term with interest at 8.39% (prepayable after 2003 with yield maintenance)	52,289	53,129
866 UN Plaza mortgage payable, due in 2004, with interest at 7.79% (prepayable without penalty)	33,000	33,000
Monteheidra Town Center mortgage pass-through certificates, due in 2007 (\$51,044) and 2009 (\$9,977), requires amortization based on 30 year term with interest at 8.23% (prepayable with yield maintenance)	61,021	61,618
Two Penn Plaza mortgage payable, due in 2004, requires amortization based on a 25 year term with interest at 7.08% (prepayable with penalty fee)(2)	160,518	163,147
Washington Office Center mortgage payable, due in 2004, requires amortization based on a 25 year term with interest at 6.80% (prepayable with yield maintenance)	48,102	49,537
Green Acres Mall and Plaza mortgage payable, due in 2008, requires amortization based on a 30 year term with interest at 6.75% (prepayable with yield maintenance)	154,928	156,798
Other mortgages payable	56,524	31,542
	1,063,146	773,636
Variable Interest:		
Washington Design Center mortgage payable, due on November 27, 2001, requires amortization based on a 25 year term with interest at LIBOR plus 1.35% (8.11% at December 31, 2000) (prepayable without penalty)	23,632	23,932
Two Park Avenue mortgage payable, due on March 1, 2003, interest at LIBOR plus 1.45% (8.21% at December 31, 2000) (prepayable without penalty)(3)	90,000	65,000
Merchandise Mart mortgage payable, due in September 2002, interest at LIBOR plus 1.50% (7.39% at December 31, 2000) (prepayable with penalty fee)(4)	250,000	250,000
33 North Dearborn Street mortgage payable, due in 2003, interest at LIBOR + 1.75% (8.21% at December 31, 2000) (prepayable without penalty)	19,000	--
One Penn Plaza mortgage payable, due in 2002, interest at LIBOR plus 1.25% (8.00% at December 31, 2000) (prepayable without penalty) (3)	275,000	275,000
Hotel Pennsylvania - (commercial) mortgage payable, due in 2002, requires amortization based on a 25 year term, with interest at LIBOR + 1.60% (8.42% at December 31, 2000) (prepayable without penalty)	47,009	47,761
350 North Orleans mortgage payable, due in 2002, interest at LIBOR + 1.65% (8.46% at December 31, 2000) (prepayable with yield maintenance)(5)	70,000	40,000
909 Third Avenue mortgage payable, due in 2003, interest at LIBOR + 1.65% (8.43% at December 31, 2000) (prepayable with penalty fee)	107,879	108,754
888 Seventh Avenue mortgage payable, due in 2001, interest at LIBOR + 1.75% (8.50% at December 31, 2000) (prepayable with yield maintenance)(6)	55,000	55,000
770 Broadway/595 Madison Avenue cross-collateralized mortgage payable, due on August 1, 2002, interest at LIBOR + .40% (7.16% at December 31, 2000)(7)	173,500	--
Five individual notes or mortgages payable collateralized by the Market Square Complex with maturity dates ranging from 2001 through 2011 and interest rates ranging from 8.76% to 9.38% at December 31, 2000	57,731	42,721
Total notes and mortgages payable	2,231,897	1,681,804
Unsecured revolving credit facility, interest at LIBOR plus .90% (7.66% at December 31, 2000) (prepayable without penalty)(8)	425,000	367,000
Total Debt	\$2,656,897	\$2,048,804

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

(2) On February 18, 1999, the Company completed a \$165,000 refinancing of its Two Penn Plaza office building and prepaid the then existing \$80,000 debt on the property.

(3) On March 1, 2000, the Company refinanced its Two Park Avenue office building for \$90,000. Of the proceeds received, the Company repaid the existing debt of \$65,000. The new 3-year debt matures on February 28, 2003 and bears interest at Libor + 1.45% (8.21% at December 31, 2000).

(4) On September 21, 1999, the Company completed a \$250,000 mortgage refinancing of its Merchandise Mart property in Chicago of which \$50,000 is further secured by a letter of credit. The letter of credit will be reduced over the term of the loan as cash flow increases. The Company bought an interest rate cap with a notional amount of \$250,000, capping the interest rate in the event that LIBOR increases above 9.25% through the termination date of the agreement in September 2002. Simultaneously with this transaction, the Company sold an interest rate cap with a notional amount of \$250,000 to a third party on the same terms as the cap the Company purchased.

(5) On July 18, 1999, the Company completed a \$70,000 mortgage financing of its 350 North Orleans property in Chicago. On such date, the Company received proceeds of \$40,000. The balance of the proceeds were received on March 14, 2000.

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

(7) On August 11, 2000, the Company completed a \$173,500 mortgage financing, cross-collateralized by its 770 Broadway and 595 Madison Avenue office buildings. The loan bears interest at LIBOR + .40% (7.16% at December 31, 2000) and matures on August 1, 2002. At December 31, 2000, the proceeds of the loan are in a restricted mortgage escrow account, which bears interest at the same rate as the loan.

(8) On March 21, 2000, the Company renewed its \$1,000,000 revolving credit facility for an additional three years. The covenants of the facility include, among others, maximum loan to value ratio, minimum debt service coverage and minimum capitalization requirements. Interest is at LIBOR plus .90% (7.66% at December 31, 2000). The Company paid origination fees of \$6,700 and pays a commitment fee quarterly of .20 % per annum on the facility amount.

The net carrying value of properties collateralizing the notes and mortgages amounted to \$2,952,979 at December 31, 2000. As at December 31, 2000, the maturities for the next five years and thereafter are as follows:

YEAR ENDING DECEMBER 31, -----	AMOUNT -----
2001	\$ 27,308
2002	914,643
2003	651,800
2004	241,620
2005	--
Thereafter	821,526

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

6. SHAREHOLDERS' EQUITY

During the three years ended December 31, 2000, the Company sold \$445,000 of Common Shares and \$193,300 of Cumulative Redeemable Preferred Shares. The following are the details of the sales.

Sale of Common Shares

In April 1998, the Company completed the sale of 10,000,000 common shares of beneficial interest, par value \$.04 per share pursuant to an effective registration statement with net proceeds to the Company of approximately \$401,000. On April 29, 1998, the Company sold 1,132,420 common shares to a unit investment trust, which were valued for the purpose of the trust at \$41.06 per share, resulting in net proceeds of approximately \$44,000.

Sale of Cumulative Redeemable Preferred Shares

On March 17, 1999, the Company completed the sale of 3 million 8.5% Series B Cumulative Redeemable Preferred Shares, at a price \$25.00 per share, pursuant to an effective registration statement with net proceeds to the Company of approximately \$72,200. Further on March 22, 1999, 400,000 shares were sold when the underwriters exercised their over-allotment option resulting in additional net proceeds to the Company of \$9,700. The perpetual preferred shares may be called without penalty at the option of the Company commencing on March 17, 2004.

On May 17, 1999, the Company completed the sale of 4 million 8.5% Series C Cumulative Redeemable Preferred Shares, at a price of \$25.00 per share, pursuant to an effective registration statement with net proceeds to the Company of approximately \$96,900. Additionally, on May 19, 1999, 600,000 shares were sold when the underwriters exercised their over-allotment option resulting in additional net proceeds to the Company of \$14,500. The perpetual preferred shares may be called without penalty at the option of the Company commencing on May 17, 2004.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

7. EMPLOYEES' SHARE OPTION PLAN

Under the Omnibus Share Plan (the "Plan"), various officers and employees have been granted incentive share options and non-qualified options to purchase common shares. Options granted are at prices equal to 100% of the market price of the Company's shares at the date of grant. 921,697 shares vest on a graduated basis, becoming fully vested 27 months after grant, 3,500,000 shares (granted in connection with Mr. Fascitelli's employment agreement) vest on a graduated basis becoming fully vested 60 months after grant, and 7,050,655 shares vest on a graduated basis, becoming fully vested 36 months after grant. All options expire ten years after grant.

The Plan also provides for the award of Stock Appreciation Rights, Performance Shares and Restricted Stock, as defined, none of which have been awarded as of December 31, 2000.

If compensation cost for Plan awards had been determined based on fair value at the grant dates, net income and income per share would have been reduced to the pro-forma amounts below, for the years ended December 31, 2000, 1999 and 1998:

	DECEMBER 31,		
	2000	1999	1998
(amounts in thousands, except share amounts)			
Net income applicable to common shares:			
As reported	\$195,301	\$169,081	\$131,164
Pro-forma	177,075	151,836	117,938
Net income per share applicable to common shares:			
Basic:			
As reported	\$ 2.26	\$ 1.97	\$ 1.62
Pro-forma	2.05	1.77	1.46
Diluted:			
As reported	\$ 2.20	\$ 1.94	\$ 1.59
Pro forma	2.00	1.74	1.43

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The fair value of each option grant is estimated on the date of grant using an option-pricing model with the following weighted-average assumptions used for grants in the periods ending December 31, 2000, 1999 and 1998.

	DECEMBER 31,		
	2000	1999	1998
Expected volatility.....	17%	19%	19%
Expected life.....	5 years	5 years	5 years
Risk-free interest rate.....	5.0%	6.4%	4.6%
Expected dividend yield.....	6.0%	5.9%	5.3%

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

	2000		1999		1998	
	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE
Outstanding at January 1.....	11,472,352	\$32.65	8,724,316	\$32.35	5,529,917	\$24.43
Granted.....	4,863,750	31.02	3,301,550	33.53	3,436,250	44.99
Exercised.....	(377,440)	26.29	(132,119)	18.64	(41,851)	21.95
Cancelled.....	(97,402)	34.86	(421,395)	37.71	(200,000)	32.93
Outstanding at December 31.....	15,861,260	\$32.26	11,472,352	\$32.65	8,724,316	\$32.35
Options exercisable at December 31...	7,272,878		4,546,429		2,703,407	
Weighted-average fair value of options granted during the year ended December 31 (per option).....	\$2.98		\$4.43		\$5.33	

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The following table summarizes information about options outstanding under the Plan at December 31, 2000:

RANGE OF EXERCISE PRICE	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	NUMBER OUTSTANDING AT DECEMBER 31, 2000	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE AT DECEMBER 31, 2000	WEIGHTED-AVERAGE EXERCISE PRICE
\$ 6- \$12	43,402	2.1 Years	\$11	43,402	\$11
\$17- \$19	339,644	4.1 Years	18	339,644	18
\$23- \$24	3,500,000	5.9 Years	23	2,800,000	23
\$26- \$27	164,500	6.1 Years	26	164,500	26
\$30- \$32	5,143,917	8.8 Years	31	596,867	30
\$32- \$36	3,470,602	8.1 Years	34	1,197,341	34
\$36- \$40	277,565	7.4 Years	39	164,485	39
\$41- \$44	101,075	7.1 Years	43	69,922	43
\$45- \$46	2,555,555	7.0 Years	45	1,719,167	45
\$48- \$49	265,000	7.1 Years	48	177,550	48
\$ 6- \$49	15,861,260	7.5 Years	32	7,272,878	32

Shares available for future grant under the Plan at December 31, 2000 were 6,956,879.

In connection with the acquisition of Arbor in December 1997, the Company issued 60,000 options to a third party outside of the Plan parameters. These options were granted at \$43.75 per share and immediately vested. No expense was incurred related to this issuance as it was accounted for as component of the acquisition price.

8. RETIREMENT PLAN

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

Pension expense includes the following components:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
(amounts in thousands, except percentages)			
Interest cost on projected benefit obligation.....	\$ 567	\$ 559	\$ 594
Actual return on assets.....	(374)	(387)	(334)
Net amortization and deferral.....	30	53	51
Net pension expense.....	\$ 223	\$ 225	\$ 311
Assumptions used in determining the net pension expense:			
Discount rate.....	7 3/4%	7 3/4%	6 3/4%
Rate of increase in compensation levels.....	--*	--*	--*
Expected rate of return on assets.....	7%	7%	7%

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

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Change in benefit obligation			
Benefit obligation at beginning of year.....	\$ 7,918	\$ 8,952	\$ 8,337
Interest cost.....	567	559	594
Benefit payments.....	(637)	(777)	(599)
Experience loss/(gain).....	(318)	(816)	620
Benefit obligation at end of year.....	7,530	7,918	8,952
Change in plan assets			
Fair value of plan assets at beginning of year.....	5,284	5,551	4,254
Employer contribution.....	698	362	1,531
Benefit payments.....	(637)	(777)	(599)
Actual return on assets.....	387	148	365
Fair value of plan assets at end of year.....	5,732	5,284	5,551
Funded status.....	(1,798)	(2,634)	(3,401)
Unrecognized loss.....	1,279	1,279	2,270
Net Amount Recognized.....	\$ 519	\$ (1,355)	\$ (1,131)
Amounts recognized in the statement of financial position consist of:			
Accrued benefit liability.....	\$ (1,798)	\$ (2,634)	\$ (3,401)
Accumulated other comprehensive income.....	1,279	1,279	2,270
Net amount recognized.....	\$ (519)	\$ (1,355)	\$ (1,131)

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

9. LEASES

As lessor:

The Company leases space to tenants in shopping centers and office buildings under operating leases. Most of the leases provide for the payment of fixed base rentals payable monthly in advance. Shopping center leases provide for the pass-through to tenants of real estate taxes, insurance and maintenance. Office building leases generally require the tenants to reimburse the Company for operating costs and real estate taxes above their base year costs. Shopping center leases also provide for the payment by the lessee of additional rent based on a percentage of the tenants' sales. As of December 31, 2000, future base rental revenue under non-cancelable operating leases, excluding rents for leases with an original term of less than one year and rents resulting from the exercise of renewal options, is as follows:

YEAR ENDING DECEMBER 31:	AMOUNT
2001.....	\$ 646,149
2002.....	620,774
2003.....	578,014
2004.....	539,107
2005.....	485,822
Thereafter.....	2,673,476

These amounts do not include rentals based on tenants' sales. These percentage rents approximated \$4,825, \$2,213 and \$2,493 for the years ended December 31, 2000, 1999 and 1998.

Bradlees, which accounts for 14.3% of the Retail property rentals and 2.2% of total property rentals, filed for protection under Chapter 11 of the U.S. Bankruptcy Code and closed all of its stores in February 2001. The Company leases 16 locations to Bradlees. Of these 16 locations, the leases for 14 are fully guaranteed and the fifteenth is guaranteed as to 70% of the rent by Stop & Shop Companies, Inc., under a Master Agreement and Guaranty, dated May 1, 1992. Stop & Shop is a wholly-owned subsidiary of Koninklijke Ahold NV (formerly Royal Ahold NV), a leading international Food retailer. The effectiveness of Stop & Shop's guarantee to Vornado of Bradlees' lease obligations is not affected by Bradlees' bankruptcy. None of these leases have been either rejected or assumed.

The lease for the 14th Street and Union Square property is not guaranteed. In 1999, the Company paid Bradlees \$11,000 to modify the terms of this lease to increase the rent by approximately \$1,100 per annum to \$4,600 effective March 2000, and to change the lease expiration date from

October 2019 to March 15, 2002. On February 9, 2001, Bradlees rejected this lease. The Company is currently considering various redevelopment alternatives for this site which will include a combination of office and retail space.

None of the Company's tenants represented more than 10% of the Company's total revenues for the year ended December 31, 2000.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

As lessee:

The Company is a tenant under operating leases for certain properties. These leases will expire principally during the next thirty years. Future minimum lease payments under operating leases at December 31, 2000, are as follows:

YEAR ENDING DECEMBER 31:	AMOUNT
-----	-----
2001.....	\$ 14,800
2002.....	14,400
2003.....	13,700
2004.....	12,800
2005.....	12,800
Thereafter.....	392,000

Rent expense was \$15,248, \$14,269 and \$5,937 for the years ended December 31, 2000, 1999 and 1998.

10. COMMITMENTS AND CONTINGENCIES

At December 31, 2000, in addition to the \$425.0 million balance outstanding under the Company's revolving credit facility, the Company had utilized \$93.6 million of availability under the facility for letters of credit and guarantees primarily related to pending acquisitions.

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

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

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

11. NET GAIN FROM INSURANCE SETTLEMENT AND CONDEMNATION PROCEEDING

In September 1998, Atlantic City condemned the Company's vacant property. In the third quarter of 1998, the Company recorded a gain of \$1,694, (which reflects the condemnation award of \$3,100, net of the carrying value of the property of \$1,406). The Company is appealing the amount of the award.

In April 1997, the Company's Lodi shopping center was destroyed by a fire. In the third quarter of 1998, the Company and its insurer agreed that the estimated cost to reconstruct the shopping center is approximately \$9,012 and the Company recorded a gain of \$7,955 (the agreed upon amount, net of the carrying value of the shopping center of \$1,057). The insurance carrier has previously advanced \$5,550 to the Company. The reconstruction of the shopping center was completed in 1999.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

12. REPURCHASE AGREEMENTS

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

13. OTHER RELATED PARTY TRANSACTIONS

At December 31, 2000, the loan due from Mr. Roth, in accordance with his employment arrangement, was \$13,123 (\$4,704 of which is shown as a reduction in shareholders' equity). During 1999, the Company amended Mr. Roth's loan to, (i) reset the interest rate to 4.49% per annum (based on the applicable Federal rate) from a floating rate equal to the broker call rate and (ii) extend the maturity to January 2006 from December 2002. The Company also provided Mr. Roth with the right to draw up to \$15,000 of additional loans on a revolving basis. Each additional loan will bear interest, payable quarterly, at the applicable Federal rate on the date the loan is made and will mature on the sixth anniversary of the loan.

At December 31, 2000, loans due from Mr. Fascitelli, in accordance with his employment agreement, aggregated \$8,600. The loans mature in 2003 and bear interest, payable quarterly at a weighted average interest rate of 5.39% (based on the applicable Federal rate). In addition, in accordance with his employment agreement, in December 1996 Mr. Fascitelli received a deferred payment consisting of \$5,000 in cash and a \$20,000 convertible obligation payable at the Company's option in 919,540 of its common shares or the cash equivalent of their appreciated value but not less than \$20,000. Accordingly, the cash and common shares are being held in an irrevocable trust (the fair value of this obligation was \$37,544 at December 31, 2000). The Company recorded a charge to equity of \$10,464 which represented the appreciation in the value of the stock from the date the trust was established (at which time the price of the stock was \$21.75 per share) to September 30, 1998 (at which time the price of the stock was \$33.13 per share). In all subsequent periods, appreciation in the stock's price above \$33.13 is recognized as compensation expense and, if the price fluctuates between \$33.13 and \$21.75, equity is adjusted. For the year ended December 31, 2000, the Company recognized approximately \$1,968 of compensation expense. For the year ended December 31, 1999, approximately \$340 was recognized as a reduction of compensation expense and approximately \$579 was recorded as a reduction of stockholders' equity.

Two other executive officers of the Company have loans outstanding pursuant to employment agreements of \$3,000 at December 31, 2000. The loans bear interest at either the applicable Federal rate provided or the broker call rate (8.25% at December 31, 2000).

The Company currently manages and leases the real estate assets of Interstate Properties pursuant to a management agreement for which the Company receives a quarterly fee equal to 4% of base rent and percentage rent and certain other commissions. The management agreement has a term of one year and is automatically renewable unless terminated by either of the parties on sixty days' notice at the end of the term. Although the management agreement was not negotiated at arms length, the Company believes based upon comparable fees charged by other real estate companies, that its terms are fair to the Company. For the years ended December 31, 2000, 1999 and 1998, \$1,418, \$1,262 and \$1,365 of management fees were earned by the Company pursuant to the management agreement.

The Mendik Group (Messrs. Mendik and Greenbaum and certain entities controlled by them) owns an entity which provides cleaning and related services and security services to office properties, including the Company's Manhattan office properties. Although the terms and conditions of the contracts pursuant to which these services are provided were not negotiated at arms length, the Company believes, based upon comparable amounts charged to other real estate companies, that the terms and conditions of such contracts are fair to the Company. In connection with these contracts, the Company paid \$47,493, \$40,974 and \$25,686 for the years ended December 31, 2000, 1999 and 1998.

At December 31, 2000, the common stock of the preferred stock affiliates which owned interests in the Temperature Controlled Logistics Companies, Hotel Pennsylvania and related management companies was owned by Officers and Trustees of Vornado. In January 2001, the Company acquired the common stock of the preferred stock affiliates and converted them to taxable REIT Subsidiaries.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

14. MINORITY INTEREST

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

Unit Series	Outstanding Units at		Per Unit Liquidation Preference	Preferred or Annual Distribution Rate	Conversion Rate Into Class A Units
	December 31, 2000	December 31, 1999			
Common:					
Class A (a)	6,456,749	6,247,829	--	\$1.97	N/A
Class D	869,387	876,543	--	\$2.04125	1.0 (b)
Convertible Preferred:					
5.0% B-1 Convertible Preferred ..	899,566	899,566	\$ 50.00	\$2.50	.914
8.0% B-2 Convertible Preferred ..	449,783	449,783	\$ 50.00	\$4.00	.914
6.5% C-1 Convertible Preferred ..	747,912	747,912	\$ 50.00	\$3.25	1.1431
6.25% E-1 Convertible Preferred	4,998,000	4,998,000	\$ 50.00	\$3.09375 (c)	1.1364
Perpetual Preferred: (d)					
8.5% D-1 Cumulative Redeemable Preferred	3,500,000	3,500,000	\$ 25.00	\$2.125	N/A
8.375% D-2 Cumulative Redeemable Preferred	549,336	549,336	\$ 50.00	\$4.1875	N/A
8.25% D-3 Cumulative Redeemable Preferred	8,000,000	8,000,000	\$ 25.00	\$2.0625	N/A
8.25% D-4 Cumulative Redeemable Preferred	5,000,000	5,000,000	\$ 25.00	\$2.0625	N/A
8.25% D-5 Cumulative Redeemable Preferred	7,480,000	7,480,000	\$ 25.00	\$2.0625	N/A
8.25% D-6 Cumulative Redeemable Preferred	840,000	--	\$ 25.00	\$2.0625	N/A
8.25% D-7 Cumulative Redeemable Preferred	7,200,000	--	\$ 25.00	\$2.0625	N/A
8.25% D-8 Cumulative Redeemable Preferred	360,000	--	\$ 25.00	\$2.0625	N/A

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

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

(c) Increases to \$3.25 over the next two years and fixes at \$3.38 in March 2007.

(d) Convertible at the option of the holder for an equivalent amount of the Company's preferred shares and redeemable at the Company's option after the 5th anniversary of the date of issuance (ranging from December 1998 to December 2000).

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

15. INCOME PER SHARE

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

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
(amounts in thousands, except per share amounts)			
Numerator:			
Income before extraordinary item	\$ 235,116	\$ 202,519	\$ 152,854
Extraordinary item	(1,125)	--	--
Net income	233,991	202,519	152,854
Preferred stock dividends	(38,690)	(33,438)	(21,690)
Numerator for basic and diluted income per share--net income applicable to common shares	\$ 195,301	\$ 169,081	\$ 131,164
Denominator:			
Denominator for basic income per share--weighted average shares	86,521,195	85,666,424	80,724,132
Effect of dilutive securities:			
Employee stock options	2,170,894	1,621,386	1,931,818
Denominator for diluted income per share--adjusted weighted average shares and assumed conversions	88,692,089	87,287,810	82,655,950
INCOME PER COMMON SHARE - BASIC:			
Income before extraordinary item	\$ 2.27	\$ 1.97	\$ 1.62
Extraordinary item	(.01)	--	--
Net income per common share	\$ 2.26	\$ 1.97	\$ 1.62
INCOME PER COMMON SHARE - DILUTED:			
Income before extraordinary item	\$ 2.21	\$ 1.94	\$ 1.59
Extraordinary item	(0.1)	--	--
Net income per common share	\$ 2.20	\$ 1.94	\$ 1.59

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

16. SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

The following summary represents the results of operations for each quarter in 2000 and 1999:

	REVENUE	NET INCOME	NET INCOME PER	
		APPLICABLE TO COMMON SHARES	COMMON SHARE (1)	
	-----	-----	BASIC	DILUTED
			-----	-----
(amounts in thousands, except share amounts)				
2000				
March 31	\$195,279	\$47,523 (2)	\$.55	\$.54
June 30	198,745	47,281	.55	.53
September 30	215,655	58,447 (2)	.68	.65
December 31	216,853	42,050	.48	.47
1999				
March 31	\$163,564	\$42,754 (3)	\$.50	\$.49
June 30	166,188	42,758 (3)	.50	.49
September 30	183,555	44,487 (3)	.52	.51
December 31	183,651	39,082	.45	.45

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

(2) Net income for the quarters ended March 31, 2000 and September 30, 2000 included net gains on sale of real estate of \$2,560 (\$.03 per share) and \$8,405 (\$.09 per share), respectively.

(3) Net income for each of the first three quarters of 1999 has been restated to reflect a correction for depreciation expense of a partially-owned entity. The effect of such restatement for each of the first three quarters on net income and net income per common share is as follows: \$462 (\$.01 per share), \$887 (\$.01 per share), and \$887 (\$.01 per share), respectively.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

17. SEGMENT INFORMATION

The Company has four business segments: Office, Retail, Merchandise Mart Properties and Temperature Controlled Logistics.

	December 31, 2000					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Total revenues	\$ 826,532	\$ 472,527	\$ 177,787	\$ 155,213	\$ --	\$ 21,005
Total expenses	466,117	267,899	73,802	83,006	--	41,410
Operating income	360,415	204,628	103,985	72,207	--	(20,405)
Income applicable to Alexander's ...	13,053	--	--	--	--	13,053
Income from partially-owned entities	90,404	29,210	667	2,111	28,778(6)	29,638
Interest and other investment income	32,926	6,162	--	1,474	--	25,290
Interest and debt expense	(170,273)	(62,162)	(53,180)	(38,566)	--	(16,365)
Net gain on sale of real estate ...	10,965	8,405	2,560	--	--	--
Minority interest	(102,374)	(46,917)	(16,550)	(12,660)	(12,483)	(13,764)
Income before extraordinary item ...	235,116	139,326	37,482	24,566	16,295	17,447
Extraordinary item	(1,125)	--	(1,125)	--	--	--
Net income	233,991	139,326	36,357	24,566	16,295	17,447
Extraordinary item	1,125	--	1,125	--	--	--
Minority interest	102,374	46,917	16,550	12,660	12,483	13,764
Net gain on sale of real estate	(10,965)	(8,405)	(2,560)	--	--	--
Interest and debt expense (4)	260,573	96,224	55,741	38,566	27,424	42,618
Depreciation and amortization (4) ..	167,268	76,696	18,522	20,627	34,015	17,408
Straight-lining of rents (4)	(30,001)	(19,733)	(2,295)	(5,919)	(1,121)	(933)
Other	14,510	--	(1,654)	1,358	4,064	10,742(7)
EBITDA(1)	\$ 738,875	\$ 331,025	\$ 121,786	\$ 91,858	\$ 93,160	\$ 101,046
Balance sheet data:						
Real estate, net	\$ 3,901,055	\$ 2,388,393	\$ 551,183	\$ 862,003	\$ --	\$ 99,476
Investments and advances to partially-owned entities	1,459,211	394,089	31,660	41,670	469,613	522,179
Capital expenditures:						
Acquisitions	246,500	128,000	--	89,000	--	29,500
Other	200,181	106,689	7,251	37,362	28,582	20,297

Footnotes are explained on page 101.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

December 31, 1999

	Total	Office	Merchandise Retail	Temperature Controlled Mart	Logistics	Other(2)
Total revenues	\$ 696,958	\$ 379,795	\$ 170,538	\$ 135,921	\$ --	\$ 10,704
Total expenses	405,854	227,680	74,062	74,624	--	29,488
Operating income	291,104	152,115	96,476	61,297	--	(18,784)
Income applicable to Alexander's	7,427	--	--	--	--	7,427
Income from partially-owned entities ...	82,310	19,055	938	--	36,722	25,595
Interest and other investment income ...	18,359	1,786	--	737	--	15,836
Interest and debt expense	(141,683)	(49,624)	(27,635)	(29,509)	--	(34,915)
Minority interest	(54,998)	(25,854)	(14,628)	(6,819)	(7,697)	--
Net income	202,519	97,478	55,151	25,706	29,025	(4,841)
Minority interest	54,998	25,854	14,628	6,819	7,697	--
Interest and debt expense (4)	226,253	82,460	30,249	29,509	27,520	56,515
Depreciation and amortization (4)	143,499	64,702	16,900	17,702	31,044	13,151
Straight-lining of rents (4)	(25,359)	(16,386)	(2,120)	(4,740)	(1,698)	(415)
Other	7,451	365	--	--	2,054(3)	5,032
EBITDA(1)	\$ 609,361	\$ 254,473	\$ 114,808	\$ 74,996	\$ 95,642	\$ 69,442
Balance sheet data:						
Real estate, net	\$ 3,612,965	\$ 2,208,510	\$ 575,633	\$ 753,416	\$ --	\$ 75,406
Investments and advances to partially-owned entities	1,315,387	382,417	3,057	32,524	481,808	415,581
Capital expenditures:						
Acquisitions	394,006	388,436	--	--	--	5,570
Other	204,591	85,833	22,859	41,134	51,000	3,765

Footnotes are explained on page 101.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

December 31, 1998

	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Total revenues	\$ 509,860	\$ 247,499	\$ 167,155	\$ 86,521	\$ --	\$ 8,685
Total expenses	295,008	151,573	70,334	50,761	--	22,340
Operating income	214,852	95,926	96,821	35,760	--	(13,655)
Income applicable to Alexander's	3,123	--	--	--	--	3,123
Income from partially-owned entities .	32,025	10,854	258	(1,969)	15,191	7,691
Interest and other investment income .	24,074	4,467	2,159	639	--	16,809
Interest and debt expense	(114,686)	(25,175)	(32,249)	(18,711)	--	(38,551)
Net gain from insurance settlement and condemnation proceeding	9,649	--	--	--	--	9,649
Minority interest	(16,183)	(7,236)	(5,853)	(2,070)	(1,024)	--
Net income	152,854	78,836	61,136	13,649	14,167	(14,934)
Minority interest	16,183	7,236	5,853	2,070	1,024	--
Interest and debt expense (4)	164,478	40,245	32,709	18,711	26,541	46,272
Depreciation and amortization (4)	104,299	39,246	15,520	9,899	33,117	6,517
Net gain from insurance settlement and condemnation proceeding	(9,649)	--	--	--	--	(9,649)
Straight-lining of rents (4)	(16,132)	(6,845)	(3,203)	(4,882)	--	(1,202)
Other.....	15,055	(79)	--	--	8,872(3)	6,262(5)
EBITDA(1)	\$ 427,088	\$ 158,639	\$ 112,015	\$ 39,447	\$ 83,721	\$ 33,266
Balance sheet data:						
Real estate, net	\$ 3,089,075	\$ 1,777,919	\$ 565,723	\$ 729,485	\$ --	\$ 15,948
Investments and advances to partially-owned entities	827,840	118,337	2,946	26,638	459,172	220,747
Capital expenditures:						
Acquisitions	2,059,000	923,000	38,000	745,000	175,000	178,000
Other	80,548	51,162	5,535	10,314	12,463	1,074

Footnotes are explained on page 101.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Notes to segment information:

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

(2) Other EBITDA is comprised of:

	2000	1999	1998
	-----	-----	-----
Investment in Newkirk Joint Ventures	\$ 50,985	\$ 39,796	\$ 5,379
Investments in other partially-owned entities (Hotel Pennsylvania,* Alexander's and other)	43,067	34,827	25,323
Investment Income	25,290	15,836	16,809
Unallocated general and administrative expenses	(25,166)	(23,288)	(18,147)
Other	6,870	2,271	3,902
	-----	-----	-----
Total	\$ 101,046	\$ 69,442	\$ 33,266
	=====	=====	=====

* The Commercial portion of the Hotel was wholly-owned as of August 5, 1999, and accordingly consolidated.

(3) Includes (i) the reversal of income taxes (benefit) which are considered non-recurring because of the conversion of the Temperature Controlled Logistics Companies to REIT's in 2000 and (ii) the add back of non-recurring unification costs.

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

(5) Primarily represents the Company's equity in Alexander's loss for the write-off resulting from the razing of Alexander's building formerly located at its Lexington Avenue site.

(6) Net of \$9,780, of rent not recognized as income.

(7) Includes the reversal of \$4,765 of expenses in connection with a deferred compensation arrangement.

18. SUBSEQUENT EVENTS

On February 22, 2001, the Company entered into a 20-day exclusive negotiation period with the Port Authority of NY & NJ to complete the contract and associated documents for the net lease of the 11 million square foot World Trade Center complex in New York. The 99-year net lease of the World Trade Center has been valued by the Port Authority's advisors at approximately \$3.25 billion. The Board of the Commissioners of the Port Authority has instructed their staff and advisors to present the final contract for approval at a special Port Authority Board meeting scheduled for March 14, 2001. In connection therewith, the Company has provided the Port Authority with a \$100 million refundable and non-drawable letter of credit.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information relating to trustees of the Registrant will be contained in a definitive Proxy Statement involving the election of trustees which the Registrant will file with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 not later than 120 days after December 31, 2000, and such information is incorporated herein by reference. Information relating to Executive Officers of the Registrant appears at page 45 of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

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

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

PART IV

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

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

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

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

	PAGES IN THIS ANNUAL REPORT ON FORM 10-K -----
II--Valuation and Qualifying Accounts--years ended December 31, 2000, 1999 and 1998.....	105
III--Real Estate and Accumulated Depreciation as of December 31,2000.....	106

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

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

EXHIBIT NO.	
12	Consolidated Ratios of Earnings to Fixed Charges and Combined Fixed Charges and Preferred Share Dividend Requirement
21	Subsidiaries of the Registrant
23	Consent of Independent Auditors

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

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

PERIOD COVERED: (DATE OF EARLIEST EVENT REPORTED) -----	ITEMS REPORTED -----	DATE FILED -----
December 8, 2000	Issuance of Series D-8 Preferred Units of Vornado Realty L.P.	December 28, 2000

**VORNADO REALTY TRUST
AND SUBSIDIARIES**

**SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS**

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
-----	-----	-----	-----	-----
DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS CHARGED AGAINST OPERATIONS	DEDUCTIONS DESCRIPTION	BALANCE AT END OF YEAR
-----	-----	-----	AMOUNT -----	-----
DESCRIPTION	(AMOUNTS IN THOUSANDS)			-----
YEAR ENDED DECEMBER 31, 2000:				
Deducted from accounts receivable, allowance for doubtful accounts.....	\$7,292 =====	\$2,957 =====	Uncollectible accounts written-off	\$ 906 =====
				\$ 9,343 =====
YEAR ENDED DECEMBER 31, 1999:				
Deducted from accounts receivable allowance for doubtful accounts.....	\$3,044 =====	\$5,131 =====	Uncollectible accounts written-off	\$ 883 =====
				\$ 7,292 =====
YEAR ENDED DECEMBER 31, 1998:				
Deducted from accounts receivable, allowance for doubtful accounts.....	\$ 658 =====	\$2,547 =====	Uncollectible accounts written-off	\$ 161 =====
				\$ 3,044 =====

**VORNADO REALTY TRUST
AND SUBSIDIARIES**

**SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2000
(AMOUNTS IN THOUSANDS)**

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E		
DESCRIPTION	ENCUMBRANCES	INITIAL COST TO COMPANY(1)		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		
-----	-----	LAND	BUILDINGS AND IMPROVEMENTS	-----	LAND	BUILDINGS AND IMPROVEMENTS	TOTAL (2)
-----	-----	-----	-----	-----	-----	-----	-----
OFFICE BUILDINGS							
NEW YORK							
MANHATTAN							
One Penn Plaza	\$ 275,000	\$ --	\$ 412,169	\$ 55,780	\$ --	\$ 467,949	\$ 467,949
Two Penn Plaza	160,518	53,615	164,903	48,009	52,689	213,838	266,527
909 Third Avenue	107,879	--	120,723	9,118	--	129,841	129,841
770 Broadway	94,072	52,898	95,686	68,340	52,898	164,026	216,924
Eleven Penn Plaza	52,289	40,333	85,259	8,387	40,333	93,646	133,979
Two Park Avenue	90,000	43,609	69,715	3,694	43,609	73,409	117,018
90 Park Avenue	--	8,000	175,890	13,316	8,000	189,206	197,206
888 Seventh Avenue	55,000	--	117,269	18,364	--	135,633	135,633
330 West 34th Street	--	--	8,599	3,985	--	12,584	12,584
1740 Broadway,	--	26,971	102,890	6,899	26,971	109,789	136,760
150 East 58th Street	--	39,303	80,216	6,337	39,303	86,553	125,856
866 United Nations Plaza	33,000	32,196	37,534	6,187	32,196	43,721	75,917
595 Madison (Fuller Building)	79,427	62,731	62,888	873	62,731	63,761	126,492
640 Fifth Avenue	--	38,224	25,992	29,921	38,224	55,913	94,137
40 Fulton Street	--	15,732	26,388	2,341	15,732	28,729	44,461
689 Fifth Avenue	--	19,721	13,446	1,011	19,721	14,457	34,178
20 Broad Street	--	--	28,760	2,010	--	30,770	30,770
7 West 34th Street	--	34,595	93,703	--	34,595	93,703	128,298
WESTCHESTER							
550/600 Mamaroneck Avenue	--	--	21,770	985	--	22,755	22,755
Total New York	947,185	467,928	1,743,800	285,557	467,002	2,030,283	2,497,285
NEW JERSEY							
PARAMUS							
Total New Jersey	--	--	8,345	9,174	--	17,519	17,519
Total New Jersey	--	--	8,345	9,174	--	17,519	17,519
TOTAL OFFICE BUILDINGS	947,185	467,928	1,752,145	294,731	467,002	2,047,802	2,514,804

SHOPPING CENTERS							
NEW JERSEY							
Bordentown	8,236*	498	3,176	1,096	713	4,057	4,770
Bricktown	16,645*	929	2,175	9,181	929	11,356	12,285
Cherry Hill	15,308*	915	3,926	3,296	915	7,222	8,137

COLUMN F	COLUMN G	COLUMN H	COLUMN I
ACCUMULATED DEPRECIATION AND AMORTIZATION	DATE OF CONSTRUCTION(3)	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTE
-----	-----	-----	-----

OFFICE BUILDINGS			
NEW YORK			
MANHATTAN			
One Penn Plaza	\$32,765	1972	1998
Two Penn Plaza	21,509	1968	1997
909 Third Avenue	4,951	1969	1999
770 Broadway	6,777	1907	1998
Eleven Penn Plaza	9,184	1923	1997
Two Park Avenue	8,167	1928	1998
90 Park Avenue	15,744	1964	1997
888 Seventh Avenue	6,163	1980	1999
330 West 34th Street	476	1925	1998
1740 Broadway,	10,780	1950	1997
150 East 58th Street	5,923	1969	1998
866 United Nations Plaza	4,508	1966	1997
595 Madison (Fuller Building)	2,095	1968	1999
640 Fifth Avenue	3,844	1950	1997

40 Fulton Street	2,100	1987	1998	39 Years
689 Fifth Avenue	819	1925	1998	39 Years
20 Broad Street	1,868	1956	1998	39 Years
7 West 34th Street	389		2000	40 Years
WESTCHESTER				
550/600 Mamaroneck Avenue	1,340	1971/1969	1998	39 Years

Total New York	139,402			

NEW JERSEY				
PARAMUS				
	3,827	1967	1987	26 - 40 Years
Total New Jersey	-----			
	3,827			

TOTAL OFFICE BUILDINGS				
	143,229			

SHOPPING CENTERS				
NEW JERSEY				
Bordentown	3,822	1958	1958	7 - 40 Years
Bricktown	5,396	1968	1968	22 - 40 Years
Cherry Hill	5,664	1964	1964	12 - 40 Years

**VORNADO REALTY TRUST
AND SUBSIDIARIES**

**SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2000
(AMOUNTS IN THOUSANDS)**

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E				
DESCRIPTION	ENCUMBRANCES	INITIAL COST TO COMPANY(1)		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD			TOTAL (2)
		LAND	BUILDINGS AND IMPROVEMENTS	LAND	BUILDINGS AND IMPROVEMENTS			
Delran	6,561 *	756	3,184	2,626	756	5,810	6,566	
Dover	7,502 *	224	2,330	2,437	204	4,787	4,991	
East Brunswick	23,242 *	319	3,236	6,506	319	9,742	10,061	
East Hanover I	27,864 *	376	3,063	3,645	476	6,608	7,084	
East Hanover II	--	1,756	8,706	--	1,756	8,706	10,462	
Hackensack	25,534 *	536	3,293	7,261	536	10,554	11,090	
Jersey City	19,548 *	652	2,962	1,796	652	4,758	5,410	
Kearny (4)	3,816 *	279	4,429	(1,208)	290	3,210	3,500	
Lawnside	10,817 *	851	2,222	1,351	851	3,573	4,424	
Lodi	9,586 *	245	9,339	117	245	9,456	9,701	
Manalapan	12,793 *	725	2,447	4,972	725	7,419	8,144	
Marlton	12,439 *	1,514	4,671	566	1,611	5,140	6,751	
Middletown	16,792 *	283	1,508	3,939	283	5,447	5,730	
Morris Plains	12,292 *	1,254	3,140	3,166	1,104	6,456	7,560	
North Bergen (4)	4,047 *	510	3,390	(956)	2,308	636	2,944	
North Plainfield	11,112 *	500	13,340	394	500	13,734	14,234	
Totowa	30,155 *	1,097	5,359	10,941	1,163	16,234	17,397	
Turnersville	4,172 *	900	2,132	597	900	2,729	3,629	
Union	34,245 *	1,014	4,527	2,947	1,014	7,474	8,488	
Vineland	--	290	1,594	1,253	290	2,847	3,137	
Watchung (4)	13,817 *	451	2,347	6,857	4,178	5,477	9,655	
Woodbridge	22,572 *	190	3,047	709	220	3,726	3,946	
Total New Jersey	349,095	17,064	99,543	73,489	22,938	167,158	190,096	
NEW YORK								
14th Street and Union Square, Manhattan	--	12,566	4,044	15,146	24,079	7,677	31,756	
Albany (Menands)	6,348 *	460	1,677	2,649	460	4,326	4,786	
Buffalo (Amherst)	7,153 *	402	2,019	2,162	636	3,947	4,583	
Freeport	15,110 *	1,231	3,273	2,848	1,231	6,121	7,352	
New Hyde Park	7,626 *	--	--	4	--	4	4	
North Syracuse	--	--	--	23	--	23	23	
Rochester (Henrietta)	--	--	2,124	1,151	--	3,275	3,275	
				COLUMN F	COLUMN G	COLUMN H	COLUMN I	
DESCRIPTION			ACCUMULATED DEPRECIATION AND AMORTIZATION	DATE OF CONSTRUCTION (3)	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTE		
Delran			3,228	1972	1972	16 - 40 Years		
Dover			3,174	1964	1964	16 - 40 Years		
East Brunswick			6,018	1957	1957	8 - 33 Years		
East Hanover I			4,998	1962	1962	9 - 40 Years		
East Hanover II			490	1979	1998	40 Years		
Hackensack			5,341	1963	1963	15 - 40 Years		
Jersey City			3,928	1965	1965	11 - 40 Years		
Kearny (4)			1,275	1938	1959	23 - 29 Years		
Lawnside			2,363	1969	1969	17 - 40 Years		
Lodi			293	1999	1975	40 Years		
Manalapan			4,297	1971	1971	14 - 40 Years		
Marlton			3,910	1973	1973	16 - 40 Years		
Middletown			3,049	1963	1963	19 - 40 Years		
Morris Plains			5,212	1961	1985	7 - 19 Years		
North Bergen (4)			142	1993	1959	30 Years		
North Plainfield			5,308	1955	1989	21 - 30 Years		
Totowa			6,557	1957/1999	1957	19 - 40 Years		
Turnersville			1,740	1974	1974	23 - 40 Years		
Union			5,436	1962	1962	6 - 40 Years		
Vineland			1,973	1966	1966	18 - 40 Years		
Watchung (4)			1,112	1994	1959	27 - 30 Years		
Woodbridge			3,097	1959	1959	11 - 40 Years		
Total New Jersey			87,823					
NEW YORK								

14th Street and Union Square, Manhattan	1,188	1965	1993	36 - 39 Years
Albany (Menands)	2,219	1965	1965	22 - 40 Years
Buffalo (Amherst)	2,810	1968	1968	13 - 40 Years
Freeport	3,151	1981	1981	15 - 40 Years
New Hyde Park	123	1970	1976	6 - 10 Years
North Syracuse	23	1967	1976	11 - 12 Years
Rochester (Henrietta)	2,239	1971	1971	15 - 40 Years

**VORNADO REALTY TRUST
AND SUBSIDIARIES**

**SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2000
(AMOUNTS IN THOUSANDS)**

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E		
DESCRIPTION	ENCUMBRANCES	INITIAL COST TO COMPANY(1)		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		
DESCRIPTION	ENCUMBRANCES	LAND	BUILDINGS AND IMPROVEMENTS	ACQUISITION	LAND	BUILDINGS AND IMPROVEMENTS	TOTAL (2)
Rochester	--	443	2,870	958	443	3,828	4,271
Valley Stream (Green Acres)	161,900	140,069	99,586	4,751	139,910	104,496	244,406
Total New York	198,137	155,171	115,593	29,692	166,759	133,697	300,456
PENNSYLVANIA							
Allentown	23,728 *	70	3,446	10,197	334	13,379	13,713
Bensalem (4)	6,557 *	1,198	3,717	1,177	2,727	3,365	6,092
Bethlehem	4,150 *	278	1,806	3,904	278	5,710	5,988
Broomall	9,979 *	734	1,675	1,455	850	3,014	3,864
Glenolden	7,484 *	850	1,295	728	850	2,023	2,873
Lancaster	--	606	2,312	2,732	606	5,044	5,650
Levittown	--	193	1,231	35	183	1,276	1,459
10th and Market Streets, Philadelphia	9,140 *	933	3,230	5,729	933	8,959	9,892
Upper Moreland	7,095 *	683	2,497	564	683	3,061	3,744
York	4,196 *	421	1,700	1,173	409	2,885	3,294
Total Pennsylvania	72,329	5,966	22,909	27,694	7,853	48,716	56,569
MARYLAND							
Baltimore (Belair Rd.)	--	785	1,333	3,419	785	4,752	5,537
Baltimore (Towson)	11,628 *	581	2,756	678	581	3,434	4,015
Baltimore (Dundalk)	6,301 *	667	1,710	3,222	667	4,932	5,599
Glen Burnie	5,984 *	462	1,741	1,489	462	3,230	3,692
Hagerstown	3,353 *	168	1,453	984	168	2,437	2,605
Total Maryland	27,266	2,663	8,993	9,792	2,663	18,785	21,448
CONNECTICUT							
Newington	6,683 *	502	1,581	2,003	1,652	2,434	4,086
Waterbury	--	--	2,103	1,435	667	2,871	3,538
Total Connecticut	6,683	502	3,684	3,438	2,319	5,305	7,624
MASSACHUSETTS							
Chicopee	--	510	2,031	358	510	2,389	2,899
Springfield (4)	3,190 *	505	1,657	808	2,586	384	2,970
Total Massachusetts	3,190	1,015	3,688	1,166	3,096	2,773	5,869

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I
DESCRIPTION	ACCUMULATED DEPRECIATION AND AMORTIZATION	DATE OF CONSTRUCTION (3)	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTE
Rochester	2,616	1966	1966	10 - 40 Years
Valley Stream (Green Acres)	7,915	1956	1997	39 - 40 Years
Total New York	22,284			
PENNSYLVANIA				
Allentown	5,876	1957	1957	20 - 42 Years
Bensalem (4)	1,291	1972/1999	1972	40 Years
Bethlehem	3,888	1966	1966	9 - 40 Years
Broomall	2,206	1966	1966	9 - 40 Years
Glenolden	1,166	1975	1975	18 - 40 Years
Lancaster	3,419	1966	1966	12 - 40 Years
Levittown	1,212	1964	1964	7 - 40 Years
10th and Market Streets, Philadelphia	1,502	1977	1994	27 - 30 Years
Upper Moreland	2,050	1974	1974	15 - 40 Years

York	1,878	1970	1970	15 - 40 Years

Total Pennsylvania	24,488			

MARYLAND				
Baltimore (Belair Rd.)	3,227	1962	1962	10 - 33 Years
Baltimore (Towson)	2,362	1968	1968	13 - 40 Years
Baltimore (Dundalk)	3,157	1966	1966	12 - 40 Years
Glen Burnie	1,930	1958	1958	16 - 33 Years
Hagerstown	1,533	1966	1966	9 - 40 Years

Total Maryland	12,209			

CONNECTICUT				
Newington	1,687	1965	1965	9 - 40 Years
Waterbury	1,954	1969	1969	21 - 40 Years

Total Connecticut	3,641			

MASSACHUSETTS				
Chicopee	1,900	1969	1969	13 - 40 Years
Springfield (4)	99	1993	1966	28 - 30 Years

Total Massachusetts	1,999			

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E		
DESCRIPTION	ENCUMBRANCES	INITIAL COST TO COMPANY(1)		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		
		LAND	BUILDINGS AND IMPROVEMENTS		LAND	BUILDINGS AND IMPROVEMENTS	TOTAL(2)
PUERTO RICO (SAN JUAN) Montehiedra	61,022	9,182	66,701	314	9,182	67,015	76,197
TOTAL SHOPPING CENTERS	717,722	191,563	321,111	145,585	214,810	443,449	658,259
MERCHANDISE MART PROPERTIES							
ILLINOIS							
Merchandise Mart, Chicago	250,000	64,528	319,146	20,531	64,528	339,677	404,205
350 North Orleans Chicago	70,000	14,238	67,008	21,817	14,238	88,825	103,063
33 North Dearborn Chicago	19,000	6,624	30,680	--	6,624	30,680	37,304
WASHINGTON, D.C.							
Washington Office Center	48,102	10,719	69,658	342	10,719	70,000	80,719
Washington Design Center	23,632	12,274	40,662	5,780	12,274	46,442	58,716
Other	--	9,175	6,273	29	9,175	6,302	15,477
NORTH CAROLINA							
Market Square Complex, High Point	63,424	11,969	85,478	39,029	14,010	122,466	136,476
National Furniture Mart, High Point	13,568	1,069	16,761	189	1,069	16,950	18,019
CALIFORNIA							
Gift and Furniture Mart, Los Angeles	10,840	10,141	43,422	997	10,141	44,419	54,560
TOTAL MERCHANDISE MART	498,566	140,737	679,088	88,714	142,778	765,761	908,539

	COLUMN F	COLUMN G	COLUMN H	COLUMN I
	ACCUMULATED DEPRECIATION AND AMORTIZATION	DATE OF CONSTRUCTION(3)	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTE
PUERTO RICO (SAN JUAN) Montehiedra	6,292	1996	1997	40 Years
TOTAL SHOPPING CENTERS	158,736			
MERCHANDISE MART PROPERTIES				
ILLINOIS				
Merchandise Mart, Chicago	24,033	1930	1998	40 Years
350 North Orleans Chicago	7,474	1977	1998	40 Years
33 North Dearborn Chicago	255		2000	40 Years
WASHINGTON, D.C.				
Washington Office Center	4,877	1990	1998	40 Years
Washington Design Center	3,477	1919	1998	40 Years
Other	436		1998	40 Years
NORTH CAROLINA				
Market Square Complex, High Point	5,234	1902-1989	1998	40 Years
National Furniture Mart, High Point	911	1964	1998	40 Years
CALIFORNIA				
L.A. Mart, Los Angeles	271		2000	40 Years
TOTAL MERCHANDISE MART	46,968			

**VORNADO REALTY TRUST
AND SUBSIDIARIES**

**SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2000
(AMOUNTS IN THOUSANDS)**

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E			
DESCRIPTION	ENCUMBRANCES	INITIAL COST TO COMPANY(1) LAND	BUILDINGS AND IMPROVEMENTS	COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD LAND BUILDINGS AND IMPROVEMENTS		TOTAL(2)
WAREHOUSE/INDUSTRIAL							
NEW JERSEY							
East Brunswick	--	--	4,772	2,869	--	7,641	7,641
East Hanover	--	576	7,752	7,248	693	14,883	15,576
Edison	--	705	2,839	1,435	704	4,275	4,979
Garfield	--	96	8,068	4,918	96	12,986	13,082
TOTAL WAREHOUSE/INDUSTRIAL	--	1,377	23,431	16,470	1,493	39,785	41,278
OTHER PROPERTIES							
NEW JERSEY							
Montclair	1,964*	66	470	330	66	800	866
Total New Jersey	1,964	66	470	330	66	800	866
NEW YORK							
Hotel Pennsylvania (Commercial) 1135 Third Avenue	47,009	12,542	51,047	--	12,542	51,047	63,589
Riese	--	7,844	7,844	--	7,844	7,844	15,688
	--	19,135	7,294	1,391	19,725	8,095	27,820
Total New York	47,009	39,521	66,185	1,391	40,111	66,986	107,097

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I
DESCRIPTION	ACCUMULATED DEPRECIATION AND AMORTIZATION	DATE OF CONSTRUCTION(3)	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTE
WAREHOUSE/INDUSTRIAL				
NEW JERSEY				
East Brunswick	4,608	1972	1972	18-40 Years
East Hanover	10,803	1963-1967	1963	7-40 Years
Edison	2,508	1954	1982	12-25 Years
Garfield	9,988	1942	1959	11-33 Years
TOTAL WAREHOUSE/INDUSTRIAL	27,907			
OTHER PROPERTIES				
NEW JERSEY				
Montclair	554	1972	1972	4-15 Years
Total New Jersey	554			
NEW YORK				
Hotel Pennsylvania (Commercial) 1135 Third Avenue	4,166	1919	1997	40 Years
Riese	588		1997	40 Years
	662	1911-1987	1997	39 Years
Total New York	5,416			

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E		
DESCRIPTION	ENCUMBRANCES	INITIAL COST TO COMPANY(1)		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		
		LAND	BUILDINGS AND IMPROVEMENTS		LAND	BUILDINGS AND IMPROVEMENTS	TOTAL(2)
FLORIDA							
Student Housing Joint Venture	19,451	3,722	21,095	473	3,763	21,527	25,290
Total Florida	19,451	3,722	21,095	473	3,763	21,527	25,290
TOTAL OTHER PROPERTIES	68,424	43,309	87,750	2,194	43,940	89,313	133,253
LEASEHOLD IMPROVEMENTS, EQUIPMENT AND OTHER				38,709		38,709	38,709
TOTAL - DECEMBER 31, 2000	\$2,231,897	\$844,914	\$2,863,525	\$586,403	\$870,023	\$3,424,819	\$4,294,842

DESCRIPTION	COLUMN F	COLUMN G	COLUMN H	COLUMN I
	ACCUMULATED DEPRECIATION AND AMORTIZATION	DATE OF CONSTRUCTION(3)	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTED
FLORIDA				
Student Housing Joint Venture	494	1996-1997	2000	40 Years
Total Florida	494			
TOTAL OTHER PROPERTIES	6,464			
LEASEHOLD IMPROVEMENTS, EQUIPMENT AND OTHER	10,483			3 - 20 Years
TOTAL - DECEMBER 31, 2000	\$393,787			

* These encumbrances are cross collateralized under a blanket mortgage in the amount of \$496,764 at December 31, 2000.

Notes:

- 1) Initial cost is cost as of January 30, 1982 (the date on which Vornado commenced real estate operations) unless acquired subsequent to that date -- see Column H.
- 2) The net basis of the company's assets and liabilities for tax purposes is approximately \$1,033,000 lower than the amount reported for financial statement purposes.
- 3) Date of original construction ---- many properties have had substantial renovation or additional construction ---- see Column D.
- 4) Buildings on these properties were demolished. As a result, the cost of the buildings and improvements, net of accumulated depreciation, were transferred to land.

In addition, the cost of the land in Kearny is net of a \$1,615 insurance recovery.

**VORNADO REALTY TRUST
AND SUBSIDIARIES**

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

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

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Real Estate			
Balance at beginning of period.....	\$3,921,507	\$3,315,891	\$1,564,093
Additions during the period:			
Land.....	57,669	83,153	308,261
Buildings & improvements.....	357,367	522,463	1,464,595
	4,336,543	3,921,507	3,336,949
Less: Asset sold and written-off	41,701	--	21,058
Balance at end of period	\$4,294,842	\$3,921,507	\$3,315,891
	=====	=====	=====
ACCUMULATED DEPRECIATION			
Balance at beginning of period	\$ 308,542	\$ 226,816	\$ 173,434
Additions charged to operating expenses.....	91,236	81,726	59,227
	399,778	308,542	232,661
Less: Accumulated depreciation on assets sold and written-off.....	5,991	--	5,845
Balance at end of period.....	\$ 393,787	\$ 308,542	\$ 226,816
	=====	=====	=====

EXHIBIT INDEX

EXHIBIT NO. -----			
3.1	--	Amended and Restated Declaration of Trust of Vornado, amended April 3, 1997--Incorporated by reference to Exhibit 3.1 of Vornado's Registration Statement on Form S-8 (File No. 333-29011), filed on June 12, 1997.....	*
3.2	--	Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on October 14, 1997 - Incorporated by reference to Exhibit 3.2 of Vornado's Registration Statement on Form S-3 (File No. 333-36080), filed on May 2, 2000.....	*
3.3	--	Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on April 22, 1998 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated April 22, 1998 (File No. 001-11954), filed on April 28, 1998.....	*
3.4	--	Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on November 24, 1999 - Incorporated by reference to Exhibit 3.4 of Vornado's Registration Statement on Form S-3 (File No. 333-36080), filed on May 2, 2000.....	*
3.5	--	Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on April 20, 2000 - Incorporated by reference to Exhibit 3.5 of Vornado's Registration Statement on Form S-3 (File No. 333-36080), filed on May 2, 2000.....	*
3.6	--	Articles Supplementary Classifying Vornado's \$3.25 Series A Preferred Shares of Beneficial Interest, liquidation preference \$50.00 per share - Incorporated by reference to Exhibit 4.1 of Vornado's Current Report on Form 8-K, dated April 3, 1997 (File No. 001-11954), filed on April 8, 1997....	*
3.7	--	Articles Supplementary Classifying Vornado's Series D-1 8.5% Cumulative Redeemable Preferred Shares of Beneficial Interest, no par value (the "Series D-1 Preferred Shares") - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated November 12, 1998 (File No. 001-11954), filed on November 30, 1998.....	*
3.8	--	Articles Supplementary Classifying Additional Series D-1 Preferred Shares - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K/A, dated November 12, 1998 (File No. 001-11954), filed on February 9, 1999.....	*
3.9	--	Articles Supplementary Classifying 8.5% Series B Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share, no par value - Incorporated by reference to Exhibit 3.3 of Vornado's Current Report on Form 8-K, dated March 3, 1999 (File No. 001-11954), filed on March 17, 1999.....	*
3.10	--	Articles Supplementary Classifying Vornado's Series C Preferred Shares - Incorporated by reference to Exhibit 3.7 of Vornado's Registration Statement on Form 8-A (File No. 001-11954), filed on May 19, 1999.....	*

* Incorporated by reference

- 3.11 -- Articles Supplementary Classifying Vornado Realty Trust's Series D-2 Preferred Shares, dated as of May 27, 1999, as filed with the State Department of Assessments and Taxation of Maryland on Incorporated May 27, 1999 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated May 27, 1999 (File No. 001-11954), filed on July 7, 1999..... *
- 3.12 -- Articles Supplementary Classifying Vornado's Series D-3 Preferred Shares, dated September 3, 1999, as filed with the State Department of Assessments and Taxation of Maryland on September 3, 1999 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated September 3, 1999 (File No. 001-11954), filed on October 25, 1999..... *
- 3.13 -- Articles Supplementary Classifying Vornado's Series D-4 Preferred Shares, dated September 3, 1999, as filed with the State Department of Assessments and Taxation of Maryland on September 3, 1999 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated September 3, 1999 (File No. 001-11954), filed on October 25, 1999..... *
- 3.14 -- Articles Supplementary Classifying Vornado's Series D-5 Preferred Shares - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated November 24, 1999 (File No. 001-11954), filed on December 23, 1999..... *
- 3.15 -- Articles Supplementary to Declaration of Trust of Vornado Realty Trust with respect to the Series D-6 Preferred Shares, dated May 1, 2000, as filed with the State Department of Assessments and Taxation of Maryland on May 1, 2000 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated May 1, 2000 (File No. 001-11954), filed May 19, 2000..... *
- 3.16 -- Articles Supplementary to Declaration of Trust of Vornado Realty Trust with respect to the Series D-7 Preferred Shares, dated May 25, 2000, as filed with the State Department of Assessments and Taxation of Maryland on June 1, 2000 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated May 25, 2000 (File No. 001-11954), filed on June 16, 2000..... *
- 3.17 -- Articles Supplementary to Declaration of Trust of Vornado Realty Trust with respect to the Series D-8 Preferred Shares - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated December 8, 2000 (File No. 1-11954), filed on December 28, 2000..... *
- 3.18 -- Amended and Restated Bylaws of Vornado, as amended on March 2, 2000 - Incorporated by reference to Exhibit 3.12 of Vornado's Annual Report on Form 10-K for the period ended December 31, 1999 (File No. 1-11954), filed on March 9, 2000..... *
- 3.19 -- Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of October 20, 1997 - Incorporated by reference to Exhibit 3.4 of Vornado's Annual Report on Form 10-K for the year ended December 31, 1997 filed on March 31, 1998 (the "1997 10-K")..... *
- 3.20 -- Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of December 16, 1997--Incorporated by reference to Exhibit 3.5 of the 1997 10-K..... *
- 3.21 -- Second Amendment to Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of April 1, 1998 - Incorporated by reference to Exhibit 3.5 of Vornado's Registration Statement on Form S-3 (File No. 333-50095), filed on April 14, 1998..... *

* Incorporated by reference

EXHIBIT
NO.

- 3.22 -- Third Amendment to Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of November 12, 1998 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated November 12, 1998 (File No. 001-11954), filed on November 30, 1998 *
- 3.23 -- Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of November 30, 1998 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated December 1, 1998 (File No. 001-11954), filed on February 9, 1999 *
- 3.24 -- Exhibit A, dated as of December 22, 1998, to Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership - Incorporated by reference to Exhibit 3.4 of Vornado's Current Report on Form 8-K/A, dated November 12, 1998 (File No. 001-11954), filed on February 9, 1999 *
- 3.25 -- Fifth Amendment to Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of March 3, 1999 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated March 3, 1999 (File No. 001-11954), filed on March 17, 1999 ... *
- 3.26 -- Exhibit A to Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of March 11, 1999 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated March 3, 1999 (File No. 001-11954), filed on March 17, 1999 *
- 3.27 -- Sixth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of March 17, 1999 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated May 27, 1999 (File No. 001-11954), filed on July 7, 1999 *
- 3.28 -- Seventh Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 20, 1999 - Incorporated by reference to Exhibit 3.3 of Vornado's Current Report on Form 8-K, dated May 27, 1999 (File No. 001-11954), filed on July 7, 1999 *
- 3.29 -- Eighth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 20, 1999 - Incorporated by reference to Exhibit 3.4 of Vornado's Current Report on Form 8-K, dated May 27, 1999 (File No. 001-11954), filed on July 7, 1999 *
- 3.30 -- Ninth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 20, 1999 - Incorporated by reference to Exhibit 3.3 of Vornado's Current Report on Form 8-K, dated September 3, 1999 (File No. 001-11954), filed on October 25, 1999 *
- 3.31 -- Tenth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 20, 1999 - Incorporated by reference to Exhibit 3.4 of Vornado's Current Report on Form 8-K, dated September 3, 1999 (File No. 001-11954), filed on October 25, 1999 *
- 3.32 -- Eleventh Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of November 24, 1999 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated November 24, 1999 (File No. 001-11954), filed on December 23, 1999 *

* Incorporated by reference

EXHIBIT
NO.

- 3.33 -- Twelfth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 1, 2000 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated May 1, 2000 (File No. 001-11954), filed on May 19, 2000..... *
- 3.34 -- Thirteenth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 25, 2000 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated May 25, 2000 (File No. 001-11954), filed on June 16, 2000..... *
- 3.35 -- Fourteenth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of December 8, 2000 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated December 8, 2000 (File No. 001-11954), filed on December 28, 2000..... *
- 4.1 -- Instruments defining the rights of security holders (see Exhibits 3.1 through 3.18 of this Annual Report on Form 10-K)..... *
- 4.2 -- Indenture dated as of November 24, 1993 between Vornado Finance Corp. and Bankers Trust Company, as Trustee - Incorporated by reference to Vornado's current Report on Form 8-K dated November 24, 1993 (File No. 001-11954), filed December 1, 1993..... *
- 4.3 -- Specimen certificate representing Vornado's Common Shares of Beneficial Interest, par value \$0.04 per share - Incorporated by reference to Exhibit 4.1 of Amendment No. 1 to Registration Statement on Form S-3 (File No. 33-62395), filed on October 26, 1995..... *
- 4.4 -- Specimen certificate representing Vornado's \$3.25 Series A Preferred Shares of Beneficial Interest, liquidation preference \$50.00 per share - Incorporated by reference to Exhibit 4.2 of Vornado's Current Report on Form 8-K, dated April 3, 1997 (File No. 001-11954), filed on April 8, 1997..... *
- 4.5 -- Specimen certificate evidencing Vornado's Series B 8.5% Cumulative Redeemable Preferred Shares of Beneficial Interest - Incorporated by reference to Exhibit 4.2 of Vornado's Registration Statement on Form 8-A (File No. 001-11954), filed on March 15, 1999..... *
- 4.6 -- Specimen certificate evidencing Vornado's 8.5% Series C Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preferences \$25.00 per share, no par value - Incorporated by reference to Exhibit 4.2 of Vornado's Registration Statement on Form 8-A (File No. 001-11954), filed May 19, 1999..... *
- 4.7 -- Indenture and Servicing Agreement, dated as of March 1, 2000, among Vornado, Lasalle Bank National Association, ABN Amro Bank N.V. and Midland Loan Services, Inc. - Incorporated by reference to Exhibit 10.48 of Vornado's Annual Report on Form 10-K for the period ended December 31, 1999 (File No. 1-11954), filed on March 9, 2000..... *
- 10.1 -- Vornado Realty Trust's 1993 Omnibus Share Plan, as amended - Incorporated by reference to Exhibit 4.1 of Vornado Realty Trust's registration statement on Form S-8 (File No. 001-11954), filed on July 30, 1996..... *
- 10.2 -- Second Amendment, dated as of June 12, 1997, to Vornado's 1993 Omnibus Share Plan, as amended - Incorporated by reference to Vornado's Registration Statement on Form S-8 (File No. 333-29011) filed on June 12, 1997..... *
- 10.3 -- Master Agreement and Guaranty, between Vornado, Inc. and Bradlees New Jersey, Inc. dated as of May 1, 1992 - Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for quarter ended March 31, 1992 (File No. 001-11954), filed May 8, 1992..... *

* Incorporated by reference

- 10.4** -- Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated as of November 24, 1993 made by each of the entities listed therein, as mortgagors to Vornado Finance Corp., as mortgagee - Incorporated by reference to Vornado's Current Report on Form 8-K dated November 24, 1993 (File No. 001-11954), filed December 1, 1993 *
- 10.5** -- 1985 Stock Option Plan as amended - Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for quarter ended May 2, 1987 (File No. 001-11954), filed June 9, 1987..... *
- 10.6** -- Form of Stock Option Agreement for use in connection with incentive stock options issued pursuant to Vornado, Inc. 1985 Stock Option Plan - Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for quarter ended October 26, 1985 (File No. 001-11954), filed December 9, 1985..... *
- 10.7** -- Form of Stock Option Agreement for use in connection with incentive stock options issued pursuant to Vornado, Inc. 1985 Stock Option Plan--Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for quarter ended May 2, 1987 (File No. 001-11954), filed June 9, 1987..... *
- 10.8** -- Form of Stock Option Agreement for use in connection with incentive stock options issued pursuant to Vornado, Inc. 1985 Stock Option Plan--Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for quarter ended October 26, 1985 (File No. 001-11954), filed December 9, 1985..... *
- 10.9** -- Employment Agreement between Vornado Realty Trust and Joseph Macnow dated January 1, 1998 - Incorporated by reference to Exhibit 10.7 of Vornado's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998 (File No. 001-11954), filed November 12, 1998..... *
- 10.10** -- Employment Agreement between Vornado Realty Trust and Richard Rowan dated January 1, 1998 - Incorporated by reference to Exhibit 10.8 of Vornado's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998 (File No. 001-11954), filed November 12, 1998..... *
- 10.11** -- Employment Agreement between Vornado Realty Trust and Irwin Goldberg, dated December 11, 1997 - Incorporated by reference to Exhibit 10.10 of Vornado's Annual Report on Form 10-K/A for the year ended December 31, 1997 (File No. 001-11954), filed on April 14, 1998..... *
- 10.12** -- Employment Agreement between Vornado Realty Trust and Michael D. Fascitelli dated December 2, 1996 - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1996 (File No. 001-11954), filed March 13, 1997..... *
- 10.13 -- Promissory Notes from Steven Roth to Vornado, Inc. dated December 29, 1992 and January 15, 1993 - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993..... *
- 10.14 -- Registration Rights Agreement between Vornado, Inc. and Steven Roth Dated December 29, 1992 - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993..... *
- 10.15 -- Stock Pledge Agreement between Vornado, Inc. and Steven Roth dated December 29, 1992 - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993..... *

* Incorporated by reference ** Management contract or compensatory plan

EXHIBIT
NO.

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- 10.16 -- Promissory Note from Steven Roth to Vornado Realty Trust dated April 15, 1993 and June 17, 1993
- Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended
December 31, 1993 (File No. 001-11954), filed March 24, 1994 *
 - 10.17 -- Promissory Note from Richard Rowan to Vornado Realty Trust - Incorporated by reference to
Vornado's Annual Report on Form 10-K for the year ended December 31, 1993 (File No.
001-11954), filed March 24, 1994 *
 - 10.18 -- Promissory Note from Joseph Macnow to Vornado Realty Trust - Incorporated by reference to
Vornado's Annual Report on Form 10-K for the year ended December 31, 1993 (File No.
001-11954), filed March 24, 1994 *
 - 10.19 -- Management Agreement between Interstate Properties and Vornado, Inc. dated July 13, 1992
- Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended
December 31, 1992 (File No. 001-11954), filed February 16, 1993 *
 - 10.20 -- Real Estate Retention Agreement between Vornado, Inc., Keen Realty Consultants, Inc. and
Alexander's, Inc., dated as of July 20, 1992 - Incorporated by reference to Vornado's Annual
Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February
16, 1993 *
 - 10.21 -- Amendment to Real Estate Retention Agreement dated February 6, 1995 - Incorporated by reference
to Vornado's Annual Report on Form 10-K for the year ended December 31, 1994 (File No.
001-11954), filed March 23, 1995 *
 - 10.22 -- Stipulation between Keen Realty Consultants Inc. and Vornado Realty Trust re: Alexander's
Retention Agreement - Incorporated by reference to Vornado's annual Report on Form 10-K for
the year ended December 31, 1993 (File No. 001-11954), filed March 24, 1994 *
 - 10.23 -- Stock Purchase Agreement, dated February 6, 1995, among Vornado Realty Trust and Citibank, N.A.
Incorporated by reference to Vornado's Current Report on Form 8-K dated February 6, 1995 (File
No. 001-11954), filed February 21, 1995 *
 - 10.24 -- Management and Development Agreement, dated as of February 6, 1995 - Incorporated by reference
to Vornado's Current Report on Form 8-K dated February 6, 1995 (File No. 001-11954), filed
February 21, 1995 *
 - 10.25 -- Standstill and Corporate Governance Agreement, dated as of February 6, 1995 - Incorporated by
reference to Vornado's Current Report on Form 8-K dated February 6, 1995 (File No. 001-11954),
filed February 21, 1995 *
 - 10.26 -- Credit Agreement, dated as of March 15, 1995, among Alexander's Inc., as borrower, and Vornado
Lending Corp., as lender - Incorporated by reference from Annual Report on Form 10-K for the
year ended December 31, 1994 (File No. 001 - 11954), filed March 23, 1995 *
 - 10.27 -- Subordination and Intercreditor Agreement, dated as of March 15, 1995 among Vornado Lending
Corp., Vornado Realty Trust and First Fidelity Bank, National Association - Incorporated by
reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1994 (File
No. 001-11954), filed March 23, 1995 *
 - 10.28 -- Form of Intercompany Agreement between Vornado Realty L.P. and Vornado Operating, Inc.
- Incorporated by reference to Exhibit 10.1 of Amendment No. 1 to Vornado Operating,
Inc.'s Registration Statement on Form S-11 (File No. 333-40701), filed on January 23, 1998 *

* Incorporated by reference

EXHIBIT
NO.

- 10.29 -- Form of Revolving Credit Agreement between Vornado Realty L.P. and Vornado Operating, Inc., together with related form of Note - Incorporated by reference to Exhibit 10.2 of Amendment No. 1 to Vornado Operating, Inc.'s Registration Statement on Form S-11 (File No.333-40701)..... *
- 10.30 -- Registration Rights Agreement, dated as of April 15, 1997, between Vornado Realty Trust and the holders of Units listed on Schedule A thereto - Incorporated by reference to Exhibit 10.2 of Vornado's Current Report on Form 8-K (File No. 001-11954), filed on April 30, 1997 *
- 10.31 -- Noncompetition Agreement, dated as of April 15, 1997, by and among Vornado Realty Trust, the Mendik Company, L.P., and Bernard H. Mendik - Incorporated by reference to Exhibit 10.3 of Vornado's Current Report on Form 8-K (File No. 001-11954), filed on April 30, 1997 *
- 10.32 -- Employment Agreement, dated as of April 15, 1997, by and among Vornado Realty Trust, The Mendik Company, L.P. and David R. Greenbaum - Incorporated by reference to Exhibit 10.4 of Vornado's Current Report on Form 8-K (File No. 001-11954), filed on April 30, 1997 *
- 10.33 -- Agreement, dated September 28, 1997, between Atlanta Parent Incorporated, Portland Parent Incorporated and Crescent Real Estate Equities, Limited Partnership - Incorporated by reference to Exhibit 99.6 of Vornado's Current Report on Form 8-K (File No. 001-11954), filed on October 8, 1997 *
- 10.34 -- Contribution Agreement between Vornado Realty Trust, Vornado Realty L.P. and The Contributors Signatory - thereto - Merchandise Mart Properties, Inc. (DE) and Merchandise Mart Enterprises, Inc. Incorporated by reference to Exhibit 10.34 of Vornado's Annual Report on Form 10-K/A for the year ended December 31, 1997 (File No. 001-11954), filed on April 8, 1998 *
- 10.35 -- Sale Agreement executed November 18, 1997, and effective December 19, 1997, between MidCity Associates, a New York partnership, as Seller, and One Penn Plaza LLC, a New York Limited liability company, as purchaser - Incorporated by reference to Exhibit 10.35 of Vornado's Annual Report on Form 10-K/A for the year ended December 31, 1997 (File No. 001-11954), filed on April 8, 1998 *
- 10.36 -- Promissory Notes from Michael D. Fascitelli to Vornado Realty Trust dated March 2, 1998 and April 30, 1998. Incorporated by reference to Exhibit 10.37 of Vornado's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998 (File No. 001-11954), filed May 13, 1998 *
- 10.37 -- Credit Agreement dated as of June 22, 1998 among One Penn Plaza, LLC, as Borrower, The Lenders Party hereto, The Chase Manhattan Bank, as Administrative Agent - Incorporated by reference to Exhibit 10 of Vornado's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 (File No. 001-11954), filed August 13, 1998 *
- 10.38 -- Registration Rights Agreement, dated as of April 1, 1998 between Vornado and the Unit Holders named herein - Incorporated by reference to Exhibit 10.2 of Amendment No. 1 to Vornado's Registration Statement on Form S-3 (File No. 333-50095), filed on May 6, 1998 *
- 10.39 -- Registration Rights Agreement, dated as of August 5, 1998 between Vornado and the Unit Holders named therein - Incorporated by reference to Exhibit 10.1 of Vornado's Registration Statement on Form S-3 (File No. 333-89667), filed on October 25, 1999 *
- 10.40 -- Registration Rights Agreement, dated as of July 23, 1998 between Vornado and the Unit Holders named therein - Incorporated by reference to Exhibit 10.2 of Vornado's Registration Statement on Form S-3 (File No. 333-89667), filed on October 25, 1999 *

* Incorporated by reference

EXHIBIT
NO.

10.41	-- Consolidated and Restated Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of March 1, 2000, between Entities named therein (as Mortgagors) and Vornado (as Mortgagee) - Incorporated by reference to Exhibit 10.47 of Vornado's Annual Report on Form 10-K for the period ended December 31, 1999 (File No. 1-11954), filed on March 9, 2000....	*
10.42	-- Employment Agreement, dated January 22, 2000, between Vornado Realty Trust and Melvyn Blum - Incorporated by reference to Exhibit 10.49 of Vornado's Annual Report on Form 10-K for the period ended December 31, 1999 (File No. 1-11954), filed on March 9, 2000.....	*
10.43	-- First Amended and Restated Promissory Note of Steven Roth, dated November 16, 1999 - Incorporated by reference to Exhibit 10.50 of Vornado's Annual Report on Form 10-K for the period ended December 31, 1999 (File No. 1-11954), filed on March 9, 2000.....	*
10.44	-- Letter agreement, dated November 16, 1999, between Steven Roth and Vornado Realty Trust - Incorporated by reference to Exhibit 10.51 of Vornado's Annual Report on Form 10-K for the period ended December 31, 1999 (File No. 1-11954), filed on March 9, 2000.....	*
10.45	-- Promissory Note of Melvyn Blum, dated March 24, 2000 - Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000 (File No. 001-11954) filed on May 5, 2000.....	*
10.46	-- Promissory Note of Melvyn Blum, dated April 4, 2000 - Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000 (File No. 001-11954) filed on May 5, 2000.....	*
10.47	-- Revolving Credit Agreement dated as of March 21, 2000 among Vornado Realty L.P., as borrower, Vornado Realty Trust, as general partner, and UBS AG, as Bank - Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000 (File No. 001-11954) filed on May 5, 2000.....	*
12	-- Consolidated Ratios of Earnings to Fixed Charges and Combined Fixed Charges and Preferred Share Dividend Requirements	
13	-- Not applicable	
14	-- Not applicable	
15	-- Not applicable	
19	-- Not applicable	
21	-- Subsidiaries of the Registrant	
22	-- Not applicable	
23	-- Consent of independent auditors	
25	-- Not applicable	
29	-- Not applicable	

* Incorporated by reference

EXHIBIT 12

VORNADO REALTY TRUST

CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES AND COMBINED FIXED CHARGES AND

**PREFERRED SHARE DIVIDEND
REQUIREMENTS**

	DECEMBER 31,				
	2000	1999	1998*	1997*	1996*
EARNINGS:					
Net income applicable to common shareholders	\$ 195,301	\$ 169,081	\$ 131,164	\$ 45,474	\$ 61,364
Minority interest not reflected in fixed charges below	16,668	14,428	3,732	--	--
Equity in income from certain partially owned entities in excess of distributions	(19,757)	(16,391)	(983)	(1,325)	(1,108)
Fixed Charges	312,021	227,459	152,217	66,397	17,214
Earnings	\$ 504,233	\$ 394,577	\$ 286,130	\$ 110,546	\$ 77,470
FIXED CHARGES:					
Interest and debt expense	\$ 170,273	\$ 141,683	\$ 114,686	\$ 42,888	\$ 16,726
Capitalized interest	12,269	7,012	1,410	--	--
Preferred stock dividends	38,690	33,438	21,690	15,549	--
Preferred unit distributions reflected in minority interest	85,706	40,570	12,452	7,293	--
1/3 of rent expense--interest factor	5,083	4,756	1,979	667	488
Total Fixed Charges	\$ 312,021	\$ 227,459	\$ 152,217	\$ 66,397	\$ 17,214
Ratio of Earnings to Fixed Charges	1.62	1.73	1.88	1.66	4.50
Rent Expense	\$ 15,248	\$ 14,268	\$ 5,937	\$ 2,001	\$ 1,465

* Restated to reflect equity in income from certain partially owned entities in excess of distributions and preferred unit distributions.

EXHIBIT 21

**VORNADO REALTY TRUST
SUBSIDIARIES OF THE REGISTRANT**

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

NAME OF SUBSIDIARY

STATE OF ORGANIZATION

Atlanta Parent Inc.	Delaware
Atlantic City Holding L.L.C.	New Jersey
B & B Park Avenue, L.P.	Delaware
BBE GP Corporation	Delaware
Bensalem Holding Company L.L.C.	Pennsylvania
Bensalem Holding Company L.P.	Pennsylvania
Bensalem VF L.L.C.	Pennsylvania
Bensalem VF L.P.	Pennsylvania
Bethlehem Holding Company L.L.C.	Pennsylvania
Bethlehem Holding Company L.P.	Pennsylvania
Bethlehem Properties Holding Co. L.L.C.	Pennsylvania
Bethlehem Properties Holding Co. L.P.	Pennsylvania
Bethlehem VF L.L.C.	Pennsylvania
Bethlehem VF L.P.	Pennsylvania
Bordentown Holding L.L.C.	New Jersey
Bordentown II VF L.L.C.	New Jersey
Bordentown VF L.L.C.	New Jersey
Brentwood Development L.L.C.	New York
Bricktown VF L.L.C.	New Jersey
Bridgeland Warehouses L.L.C.	New Jersey
Broomall VF L.L.C.	Pennsylvania
Broomall VF L.P.	Pennsylvania
Camden Holding L.L.C.	New Jersey
Canadian Craft Show LTD.	Canada
Carmar Freezers Russelville L.L.C.	Delaware
Carmar Group, Inc.	Delaware
Charles E. Smith Commercial Realty L.P.	Delaware
Cherry Hill VF L.L.C.	New Jersey
Chicopee Holding L.L.C.	Massachusetts
Clementon Holding L.L.C.	New Jersey
Conrans VF L.L.C.	New Jersey
Cross Avenue Broadway Corporation	New York
Cumberland Holding L.L.C.	New Jersey
Darby Development Corp.	Florida
Delran Holding L.L.C.	New Jersey
Delran VF L.L.C.	New Jersey
Design Center Owner (D.C.) L.L.C.	Delaware
Dover Holding L.L.C.	New Jersey
Dover VF L.L.C.	New Jersey
DSAC L.L.C.	Texas
Dundalk VF L.L.C.	Maryland
Durham Leasing L.L.C.	New Jersey
East Brunswick VF L.L.C.	New Jersey
Eleven Penn Plaza L.L.C.	New York
Evesham Holding L.L.C.	New Jersey
Freeport VF L.L.C.	New York
Freezer Services Kentucky Inc.	Delaware
Fuller Madison L.L.C.	New York
Gallery Market Holding Company L.L.C.	Pennsylvania
Gallery Market Holding Company L.P.	Pennsylvania
Gallery Market Properties Holding Co. L.L.C.	Pennsylvania
Gallery Market Properties Holding Co. L.P.	Pennsylvania
Glen Bernie VF L.L.C.	Maryland
Glenolden VF L.L.C.	Pennsylvania
Glenolden VF L.P.	Pennsylvania
Green Acres Mall L.L.C.	Delaware

NAME OF SUBSIDIARY

STATE OF ORGANIZATION

Greenwich Holding Corporation	New York
Guillford Associates L.L.C.	Delaware
Hackbridge L.L.C.	New Jersey
Hackensack VF L.L.C.	New Jersey
Hagerstown VF L.L.C.	Maryland
Hanover Conran's Plaza L.L.C.	New Jersey
Hanover Holding L.L.C.	New Jersey
Hanover Industries L.L.C.	New Jersey
Hanover Leasing L.L.C.	New Jersey
Hanover Public Warehousing L.L.C.	New Jersey
Hanover VF L.L.C.	New Jersey
Henrietta Holding L.L.C.	New York
HHC L.L.C.	Maryland
Interior Design Show Inc.	Canada
Jersey City Leasing L.L.C.	New Jersey
Jersey City VF L.L.C.	New Jersey
Kearny Holding L.L.C.	New Jersey
Kearny Holding VF L.L.C.	New Jersey
Kearny Leasing L.L.C.	New Jersey
Kearny Leasing VF L.L.C.	New Jersey
L.A. Mart Properties L.L.C.	Delaware
Lancaster Leasing Company L.L.C.	Pennsylvania
Lancaster Leasing Company L.P.	Pennsylvania
Landthorp Enterprises L.L.C.	Delaware
Lawnside Holding L.L.C.	New Jersey
Lawnside II VF L.L.C.	New Jersey
Lawnside III VF L.L.C.	New Jersey
Lawnside VF L.L.C.	New Jersey
Lawnwhite Holding L.L.C.	New Jersey
Littleton Holding L.L.C.	New Jersey
Lodi II VF L.L.C.	New Jersey
Lodi Industries L.L.C.	New Jersey
Lodi Leasing L.L.C.	New Jersey
Lodi VF L.L.C.	New Jersey
M 393 Associates L.L.C.	New York
M/H Two Park Associates	New York
Manalapan Industries L.L.C.	New Jersey
Manalapan VF L.L.C.	New Jersey
Market Square Hotel L.L.C.	Delaware
Market Square Main Street L.L.C.	Delaware
Market Square Condominium L.L.C.	Delaware
Market Square Furniture Plaza L.L.C.	Delaware
Market Square Hamilton Center L.L.C.	Delaware
Market Square L.L.C.	Delaware
Marlton VF L.L.C.	New Jersey
Marple Holding Company L.L.C.	Pennsylvania
Marple Holding Company L.P.	Pennsylvania
Mart Franchise Center, Inc.	Illinois
Mart Franchise Venture, L.L.C.	Delaware
Mart Parking L.L.C.	Delaware
Menands Holding Corporation	New York
Menands Holding L.L.C.	New York
Menands VF L.L.C.	New York
Mendik Management Inc.	New York
Merchandise Mart Enterprises, Inc.	Delaware
Merchandise Mart L.L.C.	Illinois

NAME OF SUBSIDIARY

STATE OF ORGANIZATION

NAME OF SUBSIDIARY	STATE OF ORGANIZATION
Merchandise Mart Properties, Inc. (NC)	Delaware
Merchandise Mart Properties, Inc. (IL)	Illinois
Merchandise Mart Properties, Inc. (DE)	Delaware
Middletown Holding L.L.C.	New Jersey
Middletown VF L.L.C.	New Jersey
Montclair Holding L.L.C.	New Jersey
Montclair VF L.L.C.	New Jersey
Morris Plains Holding VF L.L.C.	New Jersey
Morris Plains Leasing L.L.C.	New Jersey
Morris Plains Leasing VF L.L.C.	New Jersey
MRC Management L.L.C.	New York
National Furniture Mart (NC) L.L.C.	Delaware
National Hydrant Corporation	New York
National Hydrant L.L.C.	New York
New Hanover L.L.C.	New Jersey
New Hyde Park VF L.L.C.	New York
New Woodbridge L.L.C.	New Jersey
Newington Connecticut Holding L.L.C.	Connecticut
Newington VF L.L.C.	Connecticut
NFM Corp.	Delaware
NFM Partners L.P.	Delaware
Ninety Park Lender L.L.C.	New York
Ninety Park Lender QRS, Inc.	Delaware
Ninety Park Manager L.L.C.	New York
Ninety Park Option L.L.C.	New York
Ninety Park Property L.L.C.	New York
North Plainfield Holding L.L.C.	New Jersey
North Bergen Stores L.L.C.	New Jersey
North Bergen VF L.L.C.	New Jersey
North Dearborn L.L.C.	Delaware
North Plainfield VF L.L.C.	New Jersey
Office Center Owner (D.C.) L.L.C.	Delaware
One Penn Plaza L.L.C.	New York
Philadelphia Holding Company L.L.C.	Pennsylvania
Philadelphia Holding Company L.P.	Pennsylvania
Philadelphia VF L.L.C.	Pennsylvania
Philadelphia VF L.P.	Pennsylvania
Phillipsburg Holding L.L.C.	New Jersey
Pike Holding Company L.L.C.	Pennsylvania
Pike Holding Company L.P.	Pennsylvania
Portland Parent Inc.	Delaware
PowerSpace & Services, Inc.	New York
Rochester Holding L.L.C.	New York
South Capital L.L.C.	Delaware
Springfield Holding L.L.C.	Massachusetts
Springfield Member VF L.L.C.	Delaware
Springfield VF L.L.C.	Massachusetts
SR VC Investments, L.L.C.	Delaware
Star Universal L.L.C.	New Jersey
Stardial GP Corporation	Delaware
T 53 Condominium, L.L.C.	New York
T.G. Hanover L.L.C.	New Jersey
TGSI L.L.C.	Maryland
The Second Lawnside L.L.C.	New Jersey
The Second Rochester Holding L.L.C.	New York
Totowa VF L.L.C.	New Jersey

NAME OF SUBSIDIARY

STATE OF ORGANIZATION

NAME OF SUBSIDIARY	STATE OF ORGANIZATION
Towson VF L.L.C.	Maryland
Turnersville Holding L.L.C.	New Jersey
Turnersville VF L.L.C.	New Jersey
Two Guys From Harrison Holding Co. L.P.	Pennsylvania
Two Guys From Harrison Holding Co. L.L.C.	Pennsylvania
Two Guys From Harrison L.L.C.	New Jersey
Two Guys from Harrison N.Y. L.L.C.	Delaware
Two Guys From Harrison N.Y. L.L.C.	New York
Two Guys From Harrison NY, Inc.	New York
Two Guys Mass. L.L.C.	Massachusetts
Two Guys-Connecticut Holding L.L.C.	Connecticut
Two Park Company	New York
Two Penn Plaza REIT, Inc.	New York
Unado L.L.C.	New Jersey
Union Square East L.L.C.	New York
Union VF L.L.C.	New Jersey
Upper Moreland Holding Company L.L.C.	Pennsylvania
Upper Moreland Holding Company L.P.	Pennsylvania
Upper Moreland VF L.L.C.	Pennsylvania
Upper Moreland VF L.P.	Pennsylvania
URS Logistics, Inc.	Delaware
URS Real Estate, L.P.	Delaware
URS Realty, Inc.	Delaware
VC Freezer Amarillo, L.P.	Delaware
VC Freezer Babcock, L.L.C.	Delaware
VC Freezer Bartow L.L.C.	Delaware
VC Freezer Fort Worth L.L.C.	Delaware
VC Freezer Fremont, L.L.C.	Delaware
VC Freezer Garden City, L.L.C.	Delaware
VC Freezer Massillon, L.L.C.	Delaware
VC Freezer Omaha Amarillo, L.L.C.	Delaware
VC Freezer Ontario L.L.C.	Delaware
VC Freezer Phoenix, L.L.C.	Delaware
VC Freezer Russelville, L.L.C.	Delaware
VC Freezer Sioux Falls, L.L.C.	Delaware
VC Freezer Springdale, L.L.C.	Delaware
VC Freezer Strasburg, L.L.C.	Delaware
VC Freezer Texarkana L.L.C.	Delaware
VC Missouri Holdings, L.L.C.	Delaware
VC Missouri Real Estate Holdings, L.L.C.	Delaware
VC Omaha Holdings, L.L.C.	Delaware
VC Omaha Real Estate Holdings, L.L.C.	Delaware
VFC Connecticut Holding L.L.C.	Delaware
VFC Massachusetts Holding L.L.C.	Delaware
VFC New Jersey Holding L.L.C.	Delaware
VFC Pennsylvania Holding L.L.C.	Delaware
VFC Pennsylvania Holding L.P.	Delaware
VNK Corp.	Delaware
VNO 63rd Street L.L.C.	New York
VNO Hotel L.L.C.	Delaware
Vornado - Westport L.L.C.	Connecticut
Vornado / VNJ L.L.C.	Delaware
Vornado 1740 Broadway L.L.C.	New York
Vornado 175 Lex, Inc.	Delaware
Vornado 330 West 34th Street L.L.C.	New York
Vornado 401 Commercial L.L.C.	New York

NAME OF SUBSIDIARY

STATE OF ORGANIZATION

NAME OF SUBSIDIARY	STATE OF ORGANIZATION
Vornado 401 Hotel II, Inc.	New York
Vornado 401 Hotel Inc.	New York
Vornado 550-600 Mamaroneck L.P.	New York
Vornado 570 Lexington L.L.C.	New York
Vornado 63rd Street Inc.	New York
Vornado 640 Fifth Avenue L.L.C.	New York
Vornado 90 Park Avenue L.L.C.	New York
Vornado 90 Park QRS, Inc.	New York
Vornado B&B L.L.C.	New York
Vornado Ballantrae Holdings, Inc.	Delaware
Vornado Caguas GP Inc.	Delaware
Vornado Caguas L.L.C.	Delaware
Vornado Caguas L.P.	Delaware
Vornado CAPI L.L.C.	Delaware
Vornado Catalinas GP Inc.	Delaware
Vornado Catalinas L.L.C.	Delaware
Vornado Catalinas L.P.	Delaware
Vornado CCA Gainesville, L.L.C.	Delaware
Vornado Center Building L.L.C.	New York
Vornado CESCR Holdings L.L.C.	Delaware
Vornado CESCR II L.L.C.	Delaware
Vornado CESCR L.L.C.	Delaware
Vornado Communications L.L.C.	Delaware
Vornado Crescent Atlanta Partnership	Delaware
Vornado Crescent Holding L.P.	Delaware
Vornado Crescent Omaha Partnership	Delaware
Vornado Crescent Portland Partnership	Delaware
Vornado Finance Corporation	Delaware
Vornado Finance GP L.L.C.	Delaware
Vornado Finance L.L.C.	Delaware
Vornado Finance L.P.	Delaware
Vornado Finance SPE, Inc.	Delaware
Vornado Fort Lee L.L.C.	New Jersey
Vornado Green Acres Acquisition L.L.C.	Delaware
Vornado Green Acres Delaware L.L.C.	Delaware
Vornado Green Acres Funding L.L.C.	Delaware
Vornado Green Acres Holdings, L.L.C.	Delaware
Vornado Green Acres SPE Managing Member, Inc.	Delaware
Vornado Holding Corporation	New York
Vornado Investments Corporation	Delaware
Vornado Investments L.L.C.	Delaware
Vornado Lending L.L.C.	New Jersey
Vornado M 330 L.L.C.	New York
Vornado M 393 L.L.C.	New York
Vornado M 393 QRS, Inc.	New York
Vornado Mamaroneck L.L.C.	New York
Vornado Management Corp.	New Jersey
Vornado MH L.L.C.	New York
Vornado Montehiedra Acquisition L.L.C.	Delaware
Vornado Montehiedra Acquisition L.P.	Delaware
Vornado Montehiedra Holding II L.P.	Delaware
Vornado Montehiedra Holding L.L.C.	Delaware
Vornado Montehiedra Holding L.P.	Delaware
Vornado Montehiedra Inc.	Delaware
Vornado Montehiedra OP L.P.	Delaware
Vornado Montehiedra OP L.L.C.	Delaware

NAME OF SUBSIDIARY

STATE OF ORGANIZATION

NAME OF SUBSIDIARY	STATE OF ORGANIZATION
Vornado Newkirk L.L.C.	Delaware
Vornado NK Loan L.L.C.	Mass
Vornado Omaha Holdings, Inc.	Delaware
Vornado PS, L.L.C.	Delaware
Vornado Realty L.L.C.	Delaware
Vornado Realty L.P.	Delaware
Vornado Riese Inc.	New York
Vornado RR Midtown L.L.C.	New York
Vornado RR, Inc.	New York
Vornado RTR, Inc.	Delaware
Vornado SC Properties L.L.C.	Delaware
Vornado TSQ L.L.C.	Delaware
Vornado Two Park Holding L.L.C.	Delaware
Vornado Two Penn Plaza L.L.C.	New York
Vornado/Tea Room L.L.C.	New York
VR L.L.C.	Delaware
VRT Development Rights L.L.C.	New York
VRT Massachusetts Holding L.L.C.	Delaware
VRT New Jersey Holding L.L.C.	Delaware
Washington Design Center L.L.C.	Delaware
Washington Office Center L.L.C.	Delaware
Watchung Holding L.L.C.	New Jersey
Watchung VF L.L.C.	New Jersey
Wayne VF L.L.C.	New Jersey
West Windsor Holding L.L.C.	New Jersey
Whitehorse Lawnside L.L.C.	New Jersey
Woodbridge VF L.L.C.	New Jersey
York Holding Company L.L.C.	Pennsylvania
York Holding Company L.P.	Pennsylvania
York VF L.L.C.	Pennsylvania
York VF L.P.	Pennsylvania

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the following Registration Statements of our report dated March 1, 2001 appearing in this Annual Report on Form 10-K of Vornado Realty Trust for the year ended December 31, 2000:

Vornado Realty Trust:

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

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

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

DELOITTE & TOUCHE LLP

Parsippany, New Jersey
March 1, 2001

End of Filing

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